GLOBAL RETURN
ASSET MANAGEMENT, LLC

October 18, 2016

Re: Q3 2016 Quarterly Update

Dear Friends,

Year-to-date we've generated a [redacted]

Performance Results (%)	2016 YTD	Q3	Q2	Q1
[redacted]				

Our Q3 2016 activity includes the following:

New positions	2
Exited positions	5
Positions increased	5
Total positions	23
Cash balance	19%

Unfortunately, time constraints have made this letter unusually short, in length, but hopefully not short in content. The focus of our letter is on capital allocation, cash as an active strategy and purposeful investing.

Please contact me if you have any questions or would like to discuss my investment strategy or risk management principles.

Respectfully,

Elliot Trexler

PAST PERFORMANCE DOES NOT GUARANTEE FUTURE PERFORMANCE

1. All data as of September 30, 2016. Actual Results. Non-levered. Net of management and performance fees of 1.5% and 15%, respectfully. See Appendix A for more information and Appendix B for important disclosures.
2. Compounded annual growth rate since inception. Net of management and performance fees.
3. Return since Inception Date of January 1, 2013. Net of management and performance fees.

Purposeful Investing™

I'm thrilled to report we received our official Trademark Certification from the U.S. Patent and Trademark Office for **"Purposeful Investing"**!

Obtaining our trademark was a challenging process that took more than a year to complete because our ownership rights were contested by a large financial institution. Nevertheless, I was determined to trademark **Purposeful Investing** because it permeates everything we do at Global Return.

When I decided to start Global Return the first thing I did was take a blank piece of paper and list adjectives that I wanted to describe this new company. The outcome of this exercise was our name "Global Return" and the phrase "**Purposeful Investing**".

The phrase **Purposeful Investing** has a broader meaning than just "integrating ESG analysis" and "buying stocks." It's also about making meaningful investments of our time, effort and money into our corporate culture and principles; our operations and infrastructure; our risk management and analysis; our existing and prospective clients; and into ourselves, into our continuing education and into maximizing our potential. **Purposeful Investing** permeates everything we do at Global Return, and Global Return is being built by purposeful investments.

Maybe you're asking: Why was the trademark contested and what makes it so valuable?

Well first, it's a great trademark. But beyond that, the investment industry is undergoing a transformation so it can acquire the next generation of prospective clients – the Millennials – who, by 2020, will represent 1 in 3 adults in the U.S. Collectively, this generation is the largest and soon-to-be-wealthiest group of people on the planet who stand to inherit $59 trillion dollars.

Research shows 84% of Millennials want sustainable investing options that include Socially Responsible Investing and ESG factors. As such, Millennials are "two times more likely to invest in companies or funds that target specific social or environmental outcomes".[4] In response to this demand, financial institutions are crafting their marketing strategies to appeal to Millennials; hence the phrase "*purposeful investing,"* and that's how I landed in their crosshairs.

When my application for **Purposeful Investing** appeared at the U.S. Patent and Trademark Office, a financial institution with $2 trillion in assets sent me a "cease and desist" letter. This institution wanted to own our phrase because they were going to use it as their slogan in advertisements to Millennials. Their attorney claimed he was contesting my application because his client had built nationwide goodwill using the phrase; that it had tremendous value to the institution; and they were going to "pursue all remedies available".

[4] *"Sustainable Signals: The Individual Investor Perspective."* Choi, A., CEO of Morgan Stanley Institute of Sustainable Investing. February 2015.

So with the U.S. Patent and Trademark Office as arbiter, I contented ownership of the phrase and over a year later I have my official certificate.

United States of America

United States Patent and Trademark Office

Purposeful Investing

Reg. No. 5,055,996

Registered Oct. 04, 2016

Int. Cl.: 36

Service Mark

Principal Register

GLOBAL RETURN Asset Management, LLC (NEW YORK LIMITED LIABILITY COMPANY)

CLASS 36: Capital investment; Funds investment; Investment by electronic means; Investment management; Management of a capital investment fund; Public equity investment management

FIRST USE 6-25-2013; IN COMMERCE 6-25-2013

THE MARK CONSISTS OF STANDARD CHARACTERS WITHOUT CLAIM TO ANY PARTICULAR FONT STYLE, SIZE OR COLOR

No claim is made to the exclusive right to use the following apart from the mark as shown: "INVESTING"

SER. NO. 86-755,194, FILED 09-13-2015
LAURA ELIZABET FIONDA, EXAMINING ATTORNEY

Now let's talk about purposeful investing as it relates to capital allocation. The remainder of this letter discusses how we allocate capital among three investment categories and why maintaining Cash is an active investment strategy.

Capital Allocation

At Global Return we have a systematic process for making capital allocation decisions, and every stock we purchase is grouped into one of the three categories below. We developed these categories because they allow us to maintain our risk management principles yet respond to market opportunities.

Examples of the Core, Growth and Alternative categories are, Walgreens Boots Alliance, Zoetis and Wabco, respectively.[5]

You'll notice that Cash is included in the Alternative category. Maintaining Cash is an intentional capital allocation decision and shouldn't be perceived as inactivity. We're happy to be fully invested, yet we believe there are occasions when maintaining Cash actually helps increase our returns. Let me explain.

Cash is a Capital Allocation Strategy

Maintaining Cash is an active strategy that provides us flexibility to optimize our returns. For example, when the market gets frantic and irrational, which occasionally happens, it's giving us an opportunity to either enter new positions or increase the size of existing positions at favorable prices; neither of which I could do without cash or selling existing positions into weakness to generate Cash.

For example, in July of this year Wabco Holdings (WBC) satisfied our criteria to be purchased for our Alternative category. We began buying the stock in the first week of July and by the end of the month we had about 5.5% of our assets invested in the company.[6]

At that time, I believed WBC offered a margin of safety and would generate about a 15% return over a 12-month period. [redacted]

[5] These companies are listed for illustrative purposes only. This is not a recommendation to buy or sell these securities. Global Return may or may not own stock in these companies.
[6] This is not a recommendation to buy or sell Wabco Holdings. This example is for illustrative purposes only.
[7] This is not a recommendation to buy or sell Wabco Holdings. This example is for illustrative purposes only. This return does not include a management fee. Past performance is not necessarily indicative of future performance.

In September, our net composite return was [redacted] If we didn't have any Cash in July we couldn't have bought Wabco and our return for the month would've been [redacted] so the profit realized by the sale of Wabco represented the entire month's return.

Therefore, our "Cash Balance" was highly productive for both our composite returns and for the cash used to buy Wabco. Taking this one step further, assuming this Cash isn't redeployed into other opportunities, it could sit fallow for the next two years and still have produced a [redacted] return per year from our WBC investment.

Although Wabco is an excellent example of an Alternative category investment, and highlights the value of maintaining Cash in certain climates, I would like to underscore two points. One, Alternative category investments are considered short-term, which I define as less than two years. I didn't anticipate Wabco would achieve my price target so quickly. Second, I don't seek opportunities that I believe could be sold for a profit after a few weeks or months. Since inception, our average portfolio turnover is about 30%, so we generally hold stocks for several years, Wabco was just an anomaly.

Total Return

Long-time readers of our quarterly letters have read my varying opinions on which benchmark we should be compared with. I've wrestled finding the right benchmark because there isn't one with similar characteristics to what we offer.

For example, our holdings range in market capitalization size from $200 million to over $600 billion. We don't own 500 different companies like the S&P 500 (which actually has 502 companies). In the past we've owned equity options and we currently own convertible warrants. And as discussed above, we'll hold Cash when we believe that's the best use for it.

More importantly, I've come to accept that when I compare our results to a broader index, like the S&P 500, I'm inadvertently influencing my investment decisions. Here I'm referring to the often-cited criticism of portfolio managers as "closet indexers" or "index huggers" (for those who don't know, this is a portfolio manager who earns merely what his benchmark does, or doesn't lose much more than his benchmark, so he can keep his clients). I'll wager most managers don't begin their careers with the intention of being an index hugger but I can now see how this transpires when fixated on the results of an index. In sum, making capital allocation decisions that are reactionary to a benchmark's performance will erode my investment process; hence, removing any benchmarks diminishes this possibility.

There are many peer groups we can be evaluated against. You can decide which groups to use, but their characteristics should include, long-only, long-biased, concentrated equities, U.S. domestic equities, fundamental value or multi-strategy.

On a going forward basis, we encourage clients and prospective clients to evaluate us on our 3-year and 5-year trailing compounded annual growth rate.

[8] Past performance is not necessarily indicative of future performance.

Conclusion

I have no prognosis for what the market will do for the remainder of 2016. I'll continue pushing aside the screaming headline news to maintain my focus on buying high-quality companies.

As stock prices decline, the sentiment of my letters will change to bullishness. I yearn for declining prices because this is when our Cash is most productive – I can buy more stock with less money. It should not be ironic that declining prices offer reduced risk and increased returns, which, after all, is what every investor wants.

At the organizational level, I'm very happy with our progress. We continue adding clients to our already-impressive roster. Thank you everyone who has joined us or referred prospective clients to us!

Please contact me if you would like to discuss my investment or risk management strategy.

Respectfully,

Elliot Trexler
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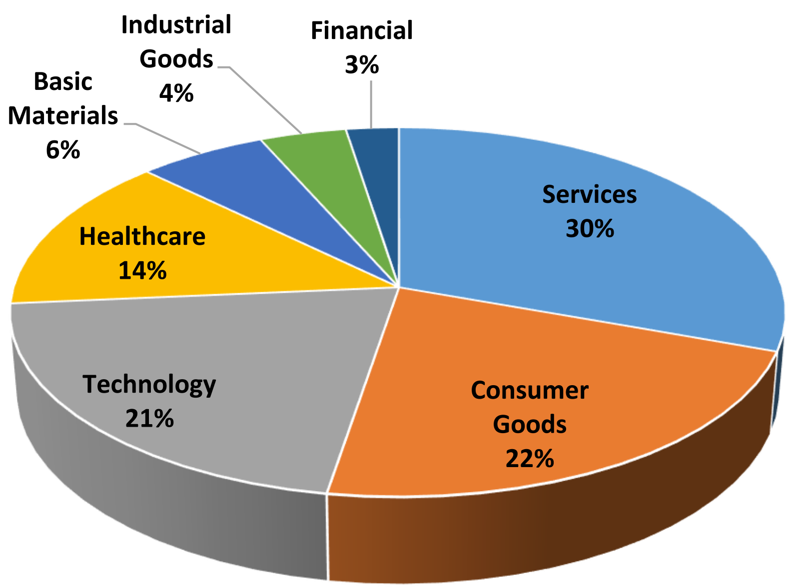
646-838-8182

Appendix A

UNAUDITED MONTHLY RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013	[redacted]												
2014													
2015													
2016													
CAGR[9]													
ITD[10]													
Avg. CB[11]													

Allocation by Sector



Portfolio Information

Number of Equity Holdings	23
Year-to-date Turnover	36%
Cash Balance	19%
Median Market Cap (billions)	$27
Avg. Weighted Market Cap (billions)	$52
Dividend Yield (at Cost)	2.71%

Data as-of September 30, 2016.

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[9] Compounded annual growth rate since inception. Net of management and performance fees of 1.5% and 15%, respectfully.
[10] Return since inception on January 1, 2013. Net of management and performance fees.
[11] Average cash balance since inception.

Appendix B

IMPORTANT DISCLOSURES

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