GLOBAL RETURN
ASSET MANAGEMENT, LLC

July 24, 2017

Re: Q2 2017 Review

Dear Friends,

Year-to-date through the end of Q2 2017, we've generated a 7.04% net return.[1] In Q2 2017 we generated a 1.32% net return and ended the quarter with over 30% of assets in Cash.

Performance Results (%)	YTD	Q2 2017	Q1 2017
Global Return	7.04	1.32%	5.64
CAGR since inception[2]	10.99%		
Return since inception[3]	59.87%		

Our Q2 2017 activity includes the following:

New positions	2
Exited positions	0
Positions increased	3

In the letter below I breakdown a stock's sources of return and then discuss the components of earnings growth. In the last section, I describe the methods by which I analyze prospective investments.

I would like to thank our newest partners for trusting us with their capital. Abby and I have nearly 100% of our own money invested alongside yours; hence, I'm motivated to work hard and perform well.

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

Respectfully,

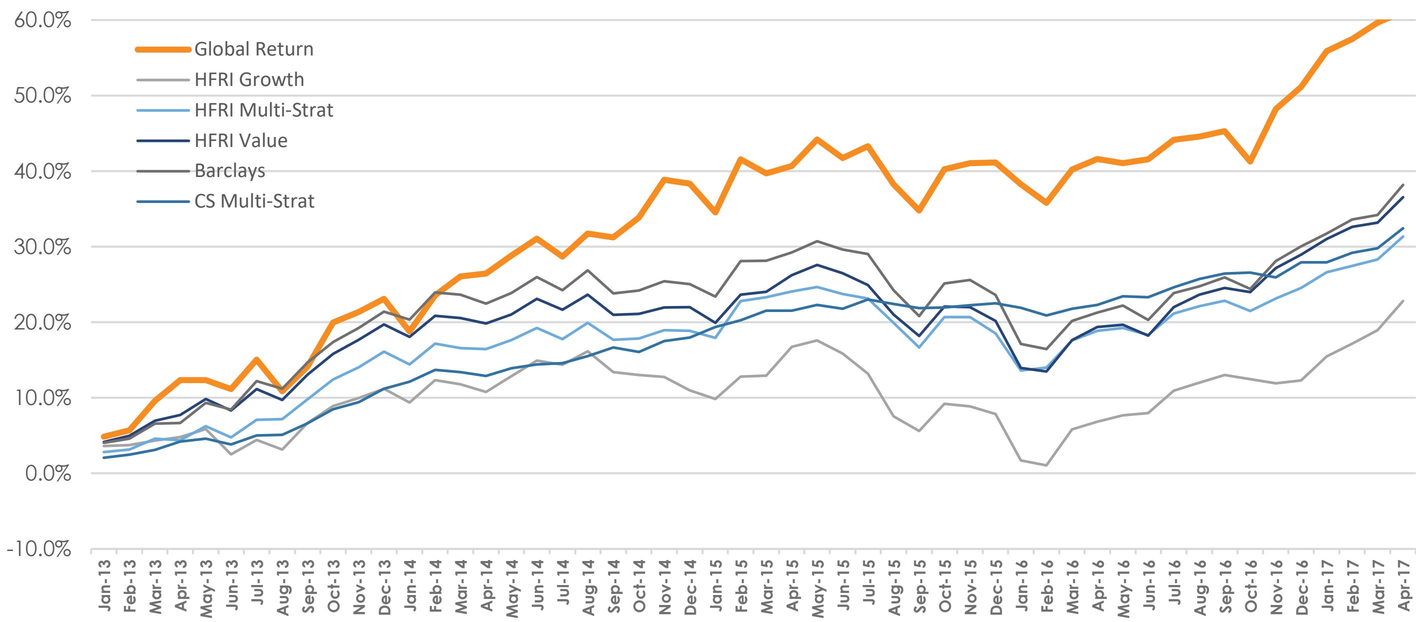
Elliot Trexler

Elliot Trexler

PAST PERFORMANCE DOES NOT GUARANTEE FUTURE PERFORMANCE

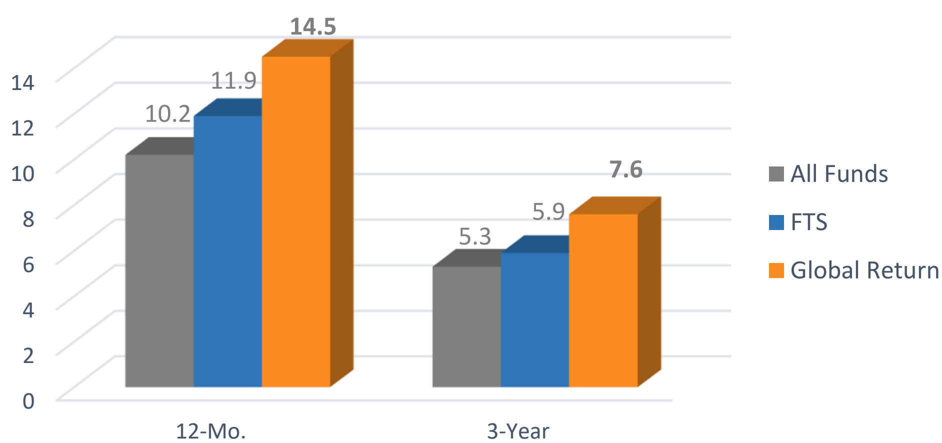
1. All data as of June 30, 2017. Actual Results. Includes net expense ratio of 1.5%. See Appendix A for more information and Appendix B for important disclosures.
2. Compounded annual growth rate since inception, January 1, 2013. Includes net expense ratio of 1.5%.
3. Return since Inception, January 1, 2013. Includes net expense ratio of 1.5%.

Global Return versus Peer Group



Data as-of June 30, 2017. Global Return's performance data reflects a Net Expense Ratio of 1.5%. See Appendix B for additional information and important disclosures.

Preqin: Performance of First-Time Funds



Data as-of May 30, 2017. Annualized results for first-time funds (FTS) with assets under management of $300M or less. Global Return's performance includes a Net Expense Ratio of 1.5%. Data provided by Preqin.[4]

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[4] Volume 9, Issue 5. Page 2.

CASH BALANCE

Our Cash Balance grew significantly during May and June because we welcomed several new partners into the fund. It would have been easy to invest their cash into our existing positions but there were several problems with doing this.

First, throughout May and June the value of our stocks increased to prices beyond where I'm a buyer. Second, the fund's newest investors will be better served if I wait to purchase our holdings at prices that offer better risk/return ratios. And finally, Global Return's compounded annual growth rate, which is the main metric by which I judge our success, would've been harmed if I invested this cash at existing stock prices. In summary, no one with a vested interest in the fund would have benefited.

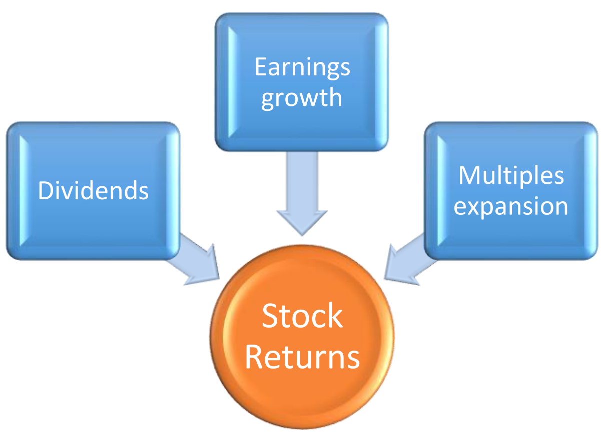
Thankfully I have the greatest group of clients a fund manager could ask for and they understand why I maintained the Cash – because I'm trying to generate superior risk-adjusted returns.

SOURCES OF RETURN

My primary focus is on identifying and capturing above-average risk-adjusted returns.

For long-term fundamental investors like us, a stock has only three sources of return: its dividend, earnings growth[5] and multiples expansion[6].[7]

Another factor impacting a stock's return is the length of time elapsed between buying and selling the stock, but this is an extrinsic factor and not a *source* of return.



[5] This could be earnings per share or free cash flow per share.
[6] Such-as the P/E ratio, P/B ratio, P/FCF ratio, etc.
[7] I'm excluding inflation because it's an entire topic unto itself.

Of these sources of return, we prefer investing in companies with earnings growth potential. There are several reasons for this:

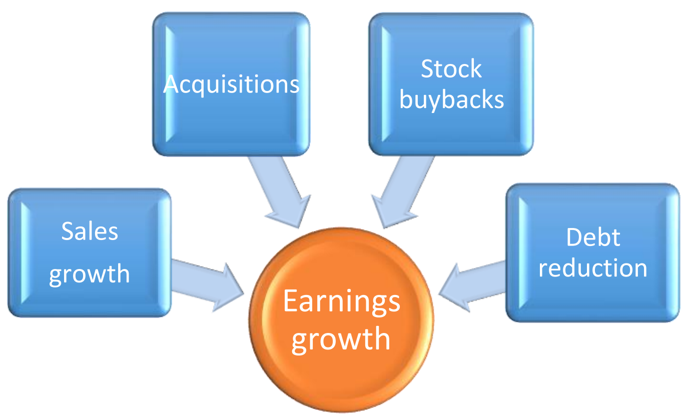
1. Earnings growth offers the best asymmetrical risk-reward ratio
2. We can estimate the probability that the earnings growth will occur and then quantify the intrinsic value created from this growth
3. While we do derive returns from multiples expansion, we don't make investments when the potential return is predicated on the stock's multiples expanding. And why not? To do this is a risky proposition – the Investing Gods have never promised to restore a stock's multiples to their previous levels or take them to new highs.

And the final reason is perhaps the most important: A company's earnings growth is the direct result of its competitive advantages. Simultaneously, a company's ability to survive or grow is dependent upon the durability of its competitive advantages. Therefore, because we want to invest in formidable companies with asymmetric risk/reward ratios, we seek companies with earnings growth potential.

And where does earnings growth come from?

SOURCES OF EARNING GROWTH

A company's earnings growth can come from any of these sources:



We prefer investing in companies that grow earnings from sales growth, which results from either price increases or market expansion.

And while we like sales growth from price increases, we favor sales growth from market expansion. This is because as a company expands its market, a portion of its profits are reinvested to further increase its sales and earnings growth. And as stated above, earnings growth is the result of a company's competitive advantages, so each time a company reinvests its profits, it's also fortifying and expanding its competitive advantages.

Now that you know what we're looking for, you probably want to know how we identify it. Right?

THIS IS HOW WE DO IT

The human brain collects, interprets and processes tens of thousands of pieces of data all day, every day. And because we generally have the same routine every day, our brains "chunk" together our activities; think of chunking as "muscle memory". For example, when you brush your teeth you don't tell yourself, "Pickup your toothbrush with your left hand, then use your right hand to pickup the toothpaste," this just happens automatically.

Our brains also chunk our work routines, but unfortunately, the consequences of chunking at work are far greater than forgetting to brush your teeth.

So what's the solution?

CHECKLISTS and DECISION TREES

At Global Return, we've created proprietary Checklists and Decision Trees for every aspect of our financial analysis process.

I know...every fund managers claim to use a "proprietary process" to conduct their investment analysis. Well we too make this claim. But unlike many, we have nearly 200 pages of information that details our process – I researched, developed, and wrote all 200 pages myself – it's *truly* proprietary.

> I'll pause here because I'm assuming you have two questions, so I'll answer them now. Yes, these 200 pages are available to current and prospective investors. And no, we don't use all 200 pages for every prospective investment.

Below I describe how we use Checklists and Decision Trees to identify companies we want to invest in.

Checklists

Here's a simple question for you that will be very difficult to answer:

> How much money will you earn (to the penny), after you pay your living expenses, retirement savings, medical costs and miscellaneous expenses three months from now?

That's a tough question to answer, right?

Then how does a publicly traded company with, for example, $100 million in revenue and several thousand employees know how much it's going to earn – to the penny – three months from now?

Companies accomplish this miraculous feat using U.S. GAAP, which is as malleable as silly putty. But just because U.S. GAAP is legal doesn't mean it provides useful information about a company's financials.

Armed with this kindergarden logic, we created 14 different Checklists to assess the **quality** of a company's financial statements.

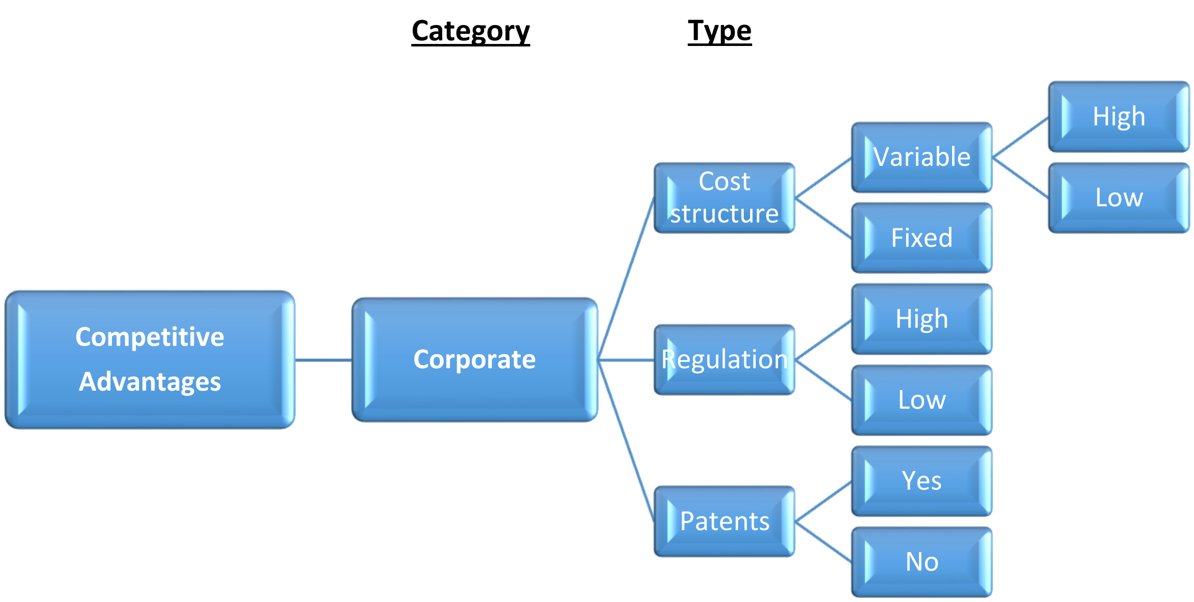
For example, some companies use **Aggressive Revenue Recognition** to boost sales. This would be like a commission salesman telling his wife he earned $50,000 dollars but not telling her he may never close the deal or receive the $50,000. Other companies use **Balance Sheet Adjustments** to improve cash flow. For example, imagine this same salesman takes a cash advance from his credit card and then tells his wife he's generated cash from his commission paying job.

To be clear, **Aggressive Revenue Recognition** and **Balance Sheet Adjustments** aren't illegal, but they do indicate the **quality** of a company's financial statements. Over long periods of time, companies with high-quality financial statements perform better than companies with low-quality financial statements, and our Checklists help us ferret-out these companies.

Decision Trees

We love Decision Trees because they're a roadmap for making successful decisions. When used properly, a Decision Tree empowers the user to make informed decisions based on probable outcomes.

Here's an abridged version a Decision Trees we use to assess a company's **Competitive Advantages**:



Competitive advantages are classified as either **Consumer** or **Corporate**. For brevity, I've omitted the **Consumer** category, as well as many other Types of competitive advantages and their subsequent nodes.

Here's how to use the Decision Tree: On the top right is the node "Variable" followed by the nodes "High" and "Low". Here, the fund manager is reminded to assess whether the company's variable cost structure is high or low. He can then determine whether this poses a risk, and if so, quantify that risk by analyzing the company's Degree of Operating Leverage or Degree of Total Leverage. Once complete, he can assign the appropriate node a risk/reward ratio, probability or expected result.

Every prospective investment is evaluated using our Decision Trees. Specifically, each node is given a risk/reward ratio, or probability, and the expected result(s). When complete, we simply follow the appropriate branches and calculate the risk/reward ratios, or probabilities, to determine whether to proceed with the investment.

There are multiple advantages to using Checklists and Decision Trees:

1. No two investments are exactly alike and because our brains chunk information, Checklists and Decision Trees ensure we follow a systematic process to evaluate prospective investments
2. They're the most efficient and effective process for analyzing prospective investments
3. These tools help remove biases and opinions we may have
4. They help us calculate the probabilities of an investment
5. They're a template that can be improved over time

In summation, I've listed the three sources of return a stock offers. I then outlined how a company can grow its earnings and described why we prefer investing in companies growing earnings from sales growth. In the last section, I provided two examples of the tools we use to identify investments.

Conclusion

I have no prognosis for what the market will do for the remainder of 2017. As stock prices decline, the sentiment of my letters will change to bullishness. I prefer 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 and for that I'm very grateful. I also continue meeting with prospective employees and partners, please continue sending your friends to us.

Please feel free to contact me if you would like to discuss our investment or risk management strategies.

Respectfully,

Elliot Trexler

Elliot Trexler
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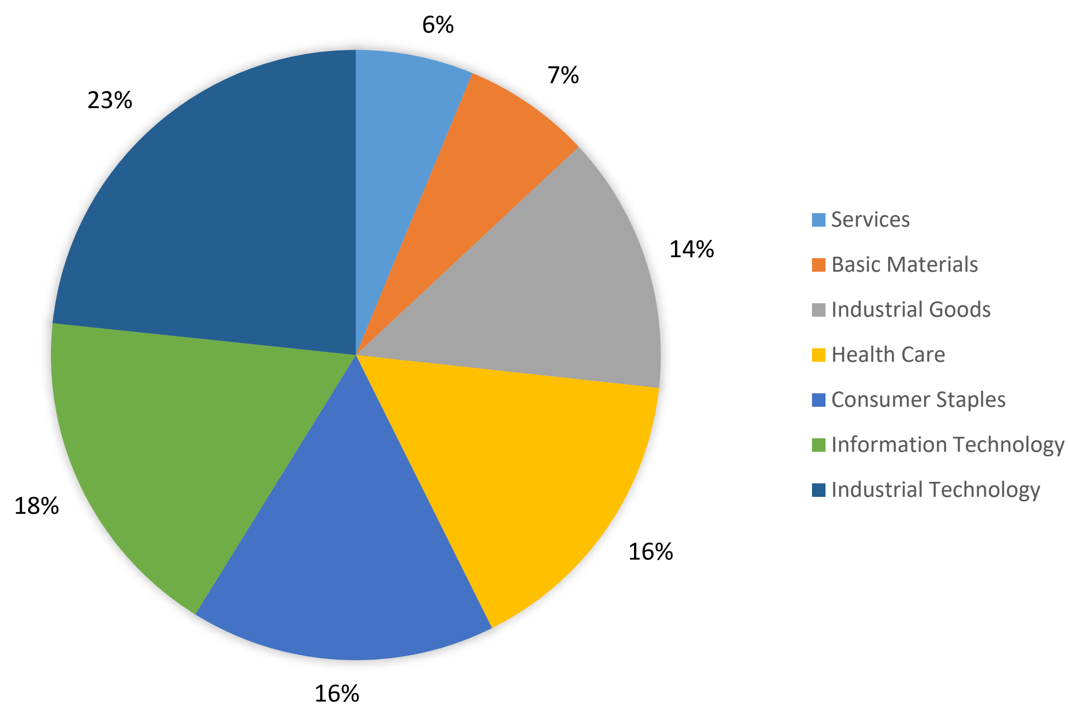
Appendix A

UNAUDITED MONTHLY RETURNS

Unaudited Returns (%)		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013	Gain or Loss	4.86	0.78	3.71	2.49	0.02	-1.06	3.51	-3.66	2.94	5.12	1.19	1.41	23.08
	Cash Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.06	5.28	5.27	
2014	Gain or Loss	-3.50	4.04	2.00	0.30	1.89	1.73	-1.80	2.38	-0.40	2.00	3.74	-0.36	12.40
	Cash Balance	9.14	5.00	4.90	8.37	8.22	8.08	11.83	10.97	17.08	15.30	12.66	13.92	
2015	Gain or Loss	-2.77	5.25	-1.34	0.72	2.48	-1.71	1.12	-3.53	-2.51	4.05	0.60	0.04	2.02
	Cash Balance	23.83	17.72	14.67	14.57	13.34	34.06	28.63	32.24	30.96	28.16	27.06	28.50	
2016	Gain or Loss	-2.02	-1.79	3.25	0.98	-0.38	0.37	1.83	0.27	0.50	-2.76	4.93	1.96	7.10
	Cash Balance	31.29	20.97	19.79	20.87	22.07	19.02	13.37	14.19	18.28	15.14	14.15	14.73	
2017	Gain or Loss	3.14	1.03	1.38	2.07	-0.38	-0.36							7.04
	Cash Balance	14.41	15.77	23.34	23.48	< 30	< 30							
CAGR[8]	10.99													
ITD[9]	59.87													
Avg. CB[10]	15.46													

SECTOR ALLOCATION



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[8] Compounded annual growth rate since inception, January 1, 2013. Includes a Net Expense Ratio of 1.5%.
[9] Return since inception on January 1, 2013. Includes a Net Expense Ratio of 1.5%.
[10] Average cash balance since inception, January 1, 2013.

Appendix B

IMPORTANT DISCLOSURES

This document is confidential and intended solely for the addressee. It is intended for information purposes only and should be used only by sophisticated investors who are knowledgeable of the risks involved in investing. This document does not constitute an offer to sell or the solicitation of an offer to purchase securities and may not be published or distributed without the express written consent of Global Return Asset Management, LLC ("Global Return"). An offer may be made only by use of a confidential private offering memorandum and only in jurisdictions where permitted by law. This information is not intended to be a description of the risks of an investment in any fund (the "Fund") or separately managed account managed by Global Return or its investment strategies. This material is not meant as a general guide to investing or as a source of any specific investment recommendation and makes no implied or express recommendations concerning the matter in which any accounts or the Fund should or would be handled.

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There can be no assurances that the Fund or separately managed accounts managed by Global Return will have a return on invested capital similar to the returns of other accounts managed by Global Return because among other reasons, there may be differences in investment policies, economic conditions, regulatory climate, portfolio size, and expenses. The fact that other accounts managed by Global Return have realized gains in the past is not an indication that the Fund or separately managed accounts managed by Global Return will realize any gains in the future. Prior performance is not necessarily indicative of future results.

Investment returns and the principal value of an investment will fluctuate so that an investor's units, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance shown. Performance data current to the most recent month may be obtained by calling 646-838-8182. The Fund imposes a 1.00% redemption fee on units held 30 days or less. Performance shown does not reflect the redemption fee, and if it had, returns would have been lower. Figures include reinvestment of capital gains and dividends.

An investor cannot invest directly into an index. Indexes listed include:

HFRI Fundamental Value strategies employ investment processes designed to identify opportunities which trade at valuation metrics the manager determines to be inexpensive and undervalued compared with relevant benchmarks. Investment theses are focused on the firm's financial statements in both an absolute sense and relative to other similar securities and more broadly, market indicators. Fundamental Value strategies typically focus on equities which currently generate high cash flow, but trade at discounted valuation multiples, possibly as a result of limited anticipated growth prospects or generally out of favor conditions, which may be specific to sector or specific holding.

HFRI Fundamental Growth employ techniques in which the investment thesis is predicated on assessment of the valuation characteristics on the underlying companies which are expected to have prospects for earnings growth and capital appreciation exceeding the broader equity market. Investment theses are focused on the firm's financial statements in both an absolute sense and relative to other similar securities and more broadly, market indicators. Strategies employ investment processes designed to identify opportunities in companies which are experiencing or expected to experience abnormally high levels of growth compared with relevant benchmarks growth in earnings, profitability, sales or market share.

HFRI Multi-Strategy Investment Managers maintain positions both long and short in primarily equity and equity derivative securities. A wide variety of investment processes can be employed to arrive at an investment decision, including both quantitative and fundamental techniques; strategies can be broadly diversified or narrowly focused on specific sectors and can range broadly in terms of levels of net exposure, leverage employed, holding period, concentrations of market capitalizations and valuation ranges of typical portfolios. EH Multi-Strategy managers typically do not maintain more than 50% exposure in any one Equity Hedge sub-strategy.

Barclay Equity Long Bias Index is recalculated and updated real-time on this page as soon as the monthly returns for the underlying funds are recorded. Only funds that provide us with net returns are included in the index calculation. The number of funds that are currently included in the calculations for the most recent months can be found in the footnotes below. Please note that the calculation for the number of funds is time-stamped and that the number of funds will continue to increase until all funds categorized within the sector have reported monthly returns.

Credit Suisse Multi-Strategy Index measures the aggregate performance of multi-strategy funds. Multi-strategy funds typically are characterized by their ability to allocate capital based on perceived opportunities among several hedge fund strategies. Through the diversification of capital, managers seek to deliver consistently positive returns regardless of the directional movement in equity, interest rate or currency markets. Strategies adopted in a multi-strategy fund may include, but are not limited to, convertible bond arbitrage, equity long/short, statistical arbitrage and merger arbitrage.