

2700 Glades Circle, Suite 120
Fort Lauderdale, FL 33327

ir@btam.co
www.btam.co



BodhiTree
ASSET MANAGEMENT

Dear Bodhi Tree Partner

We continue to hold our own for the month and are in the black. I can't promise where we'll end, but I am optimistic.

Moreover, we haven't achieved this result by "cashing out," instead we're running a fully grossed-up book of alpha-generating longs coupled with effective (most of the time) risk-premia expansion hedges.

Remember, our new strategy was built exactly to take advantage of the current environment. I have been asked how are old ETF strategy would be faring in this environment. My answer, "NOT GOOD!"

Below, for instance, is an ETF managed by Pacer that employs a "poor man's" version of our former strategy. While our old strategy was superior, it would not be immune to market forces. These movements are crazy and clearly show broken correlations. Everything I thought could happen IS happening.

Figure: Pacer "Wealth Shield" ETF



At this point, I think I may be one of the few persons in the world to have shut down years of work on the basis of the market dynamics in 2H-2019.

I am proud of my decision; I am proud of the team that helped me get to this point; I feel vindicated; and I think that along with profits, we'll have a story to tell one day.

But at present, markets are becoming rather uncomfortable. While we have made significant progress toward reaching our Macro Cycle target levels for increasing gross exposure, we're still not there yet, and as such, I remain extremely disciplined in our hedging strategies.

Unless rectified quickly, the rise in Investment Grade yields over the past few days is incredibly untimely and puts into play some of the worse case scenarios.

Unfortunately, I think it's going to take a rather substantial earth-shaking decline to create a true capitulation. **This may involve shutting down the equity market temporarily.** At that moment, I want to see Treasuries and Gold skyrocket to signal reflation, as well as volatility levels begin to decline.

At some point markets will bottom and we will have, I hope, an intact track record, with investment process fully intact to pick up some of the best bargains in a generation.

Sincerely,

Shalin