

as of December 31, 2016

Small Cap Dynamic Hedge

Combining Opportunity and Tactical Views

INVESTMENT PHILOSOPHY AND STRATEGY

We believe that stock selection is the key to creating excess returns and fundamental research is the foundation for selecting those stocks. Our bottom-up approach to stock selection is driven by numerous management meetings and extensive research, leading us to uncover investment themes in the market. Once these themes are identified, we look horizontally at the competitors and vertically at the suppliers and customers in the group to identify the companies we believe are best positioned to capitalize on the themes. Only the companies that we believe have the best overall business models, management teams and valuations enter the portfolio.

PORTFOLIO DESCRIPTION

The 1492 Small Cap Dynamic Hedge Strategy is an alternative small cap strategy which combines a core stock portfolio of 20 to 30 of what we believe are the most compelling small cap growth and small cap value stocks together with sector-based, volatility-based and/or inverse exchange traded funds ("ETFs"), futures and options. These instruments are traded tactically alongside the core holdings to provide downside market protection through the use of hedging strategies and/or to generate alpha for the portfolio. The use of these instruments embed the tactical views of the portfolio investment team to help lock in short-term market gains, to provide downside protection and/or to otherwise optimize market participation during more volatile and uncertain market environments. Taken together, we believe that we offer clients a customized, fundamentally driven, research-based long-term portfolio and a short-term tactical overlay that could enhance return and reduce risk. The 1492 Small Cap Dynamic Hedge is a dynamic investment strategy designed to fully utilize the firm's intellectual capital and to meet greater client customization objectives.

SELL DISCIPLINE

Our approach also incorporates a risk management process that includes an alert when a company exhibits fundamental deterioration and is not performing consistent with its peers and the overall market. Generally, we will sell a security when it reaches its target price, when we no longer believe it meets its investment criteria, or when a more attractive investment is discovered.

Portfolio Managers

Adam France
Joe Frohna
Rodney Hathaway
Judson Just

Investment Objective

The 1492 Small Cap Dynamic Hedge strategy is an alternative small cap strategy which seeks capital appreciation by combining a core stock portfolio of 20 to 30 of the most compelling small cap growth and small cap value stocks together with sector-based, volatility-based and/or inverse exchange traded funds ("ETFs"), futures and options. These instruments are traded tactically alongside the core holdings to provide downside market protection through the use of hedging strategies and/or to generate alpha for

Investment Details

Market Segment:
Small Cap Core
Benchmarks:
Russell 2000 @ Index
CSLS Equity Hedge Fund Index
Account Minimum: \$500,000

Portfolio Statistics

Market Capitalization:
In line with Russell 2000 Index
20 to 40 holdings

Contact Us

1492 CAPITAL MANAGEMENT, LLC
309 North Water Street
Suite 505
Milwaukee, WI 53202

Strategy Performance as of December 31, 2016

**Supplemental Information

Inception date: 1/1/12	MTD	QTD	YTD Return	3-Year*	5-Year*	Since Inception*
Gross Return	1.24%	10.70%	14.11%	-3.43%	8.65%	8.65%
Net Return	1.08%	10.18%	11.92%	-5.30%	6.56%	6.56%
Russell 2000® (B2)	2.80%	8.83%	21.31%	6.74%	14.46%	14.46%
CSLS Equity Hedge Fund Index (B1)	0.86%	-0.21%	-3.43%	1.80%	6.09%	6.09%
Net Excess Return v. B1	0.22%	10.39%	15.35%	-7.10%	0.47%	0.47%

* Annualized Performance

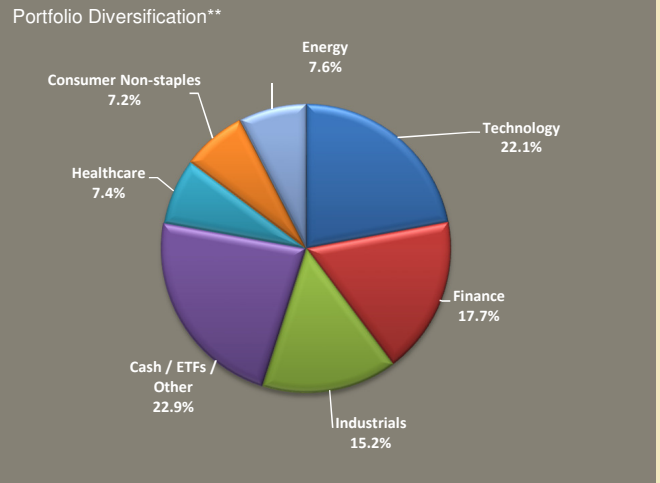
(B1) Beginning 1/1/14 an additional benchmark was added. The Credit Suisse Long/Short Equity Hedge Fund Index measures the aggregate performance of long/short equity funds. Long/short equity funds typically invest in both long and short sides of equity markets, generally focusing on diversifying or hedging across particular sectors, regions or market capitalizations. Managers typically have the flexibility to shift from value to growth; small to medium to large capitalization stocks; and net long to net short. Managers can also trade equity futures and options as well as equity related securities and debt or build portfolios that are more concentrated than traditional long-only equity funds.

Past performance does not guarantee future results. No investment firm, including 1492 Capital Management, guarantees gains or that loss may not occur from the strategies applied to manage portfolios. However, we are committed to minimizing downside risk by applying strategies that we believe will minimize that risk through diversification of investments determined to be consistent with each client's investment objective. **Supplemental Information. This information supplements the 1492 Small Cap Dynamic Hedge Strategy Composite presentation on page 2 of this document.

Main: 414.276.1492
Fax: 414.224.9158

www.1492CapitalManagement.com

Portfolio Characteristics (Equity Only)**			Top 10 Equity Holdings**	
	Portfolio	iShares Russell 2000 ETF**	Holdings	%
# of Holdings	33	1,979	Direxion Daily Small Cap Bear 3x Shares	20.9%
Wtd Avg Market Cap	\$1,326 million	\$2,082 million	Franklin Financial Network, Inc.	4.9%
EV/Sales ('17)	3.0x	1.5x	CenterState Banks, Inc.	3.8%
EV/EBITDA ('17)	7.5x	9.1x	Hackett Group, Inc.	3.3%
Dividend Yield	0.2%	1.0%	NeoGenomics, Inc.	3.3%
Inside Ownership	9.7%	10.5%	Oclaro, Inc.	3.3%
			Customers Bancorp, Inc.	3.0%
			Swift Transportation Company Class A	3.0%
			Integrated Device Technology, Inc.	3.0%
			Seacoast Banking Corporation of Florida	2.9%



**Supplemental Information. This information supplements the 1492 Small Cap Dynamic Hedge strategy Composite presentation below. **The ETF is used as a proxy for the information contained in the Russell 2000® Index.

1492 Small Cap Dynamic Hedge Strategy Composite Performance

Year	COMPOSITE			BENCHMARKS				COMPOSITE			% of Firm Assets	Firm Assets (\$MM)	% Non-Fee Paying Assets
	Gross	Net	3-Yr Std Dev (Gross)	B1 Returns	B2 Returns	B1 3-Yr Std Dev (Gross)	B2 3-Yr Std Dev (Gross)	Accts at End of Year	Assets (\$MM)	Internal Dispersion			
	2016	14.11%	11.92%	13.39%	-3.43%	21.31%	4.45%	15.76%	8	4.54			
2015	-7.13%	-8.94%	11.41%	3.55%	-4.41%	4.63%	13.96%	10	4.79	1.27%	3%	149.8	11.58%
2014	-15.01%	-16.43%	12.72%	5.55%	4.89%	5.46%	13.12%	11	5.60	1.10%	3%	163.7	14.30%
2013	28.03%	25.60%	NA	17.74%	38.82%	NA	NA	5	1.40	N/M	1%	188.4	34.99%
2012	31.28%	28.80%	NA	8.21%	16.35%	NA	NA	1	0.20	N/M	0%	103.4	100.00%

1492 Capital Management, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with GIPS standards. 1492 Capital Management, LLC has been independently verified for the years 2009 through 2012. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. The Small Cap Growth, Small Cap Value, Small Cap Core Alpha, and Small Cap Dynamic Hedge composites have been examined for 2009 through 2012. The 2013 and 2014 verifications are ongoing. The verification and performance examination reports are available upon request.

1492 Capital Management, LLC ("1492 Capital Management") is an independent investment management firm established in September 2008. The firm began managing portfolios in December 2008. 1492 Capital Management, LLC, manages primarily small cap equity assets in the Small Cap Dynamic Hedge strategy.

The composite for the Small Cap Dynamic Hedge strategy began on 1/1/12.

The results shown are from fully discretionary accounts having 1492 Capital Management's Small Cap Dynamic Hedge strategy applied to them. The Small Cap Dynamic Hedge strategy is a portfolio combining 20 to 30 stocks which have already been selected for either the Small Cap Growth or Small Cap Value strategy and incorporates an overlay strategy. For comparison purposes, the composite is measured against the Russell 2000® Index (B2) which does not include an overlay hedging strategy using options, futures or ETF's and the Credit Suisse Long/Short Equity Hedge Fund Index (B1) which may include other than small cap equities. Beginning 1/1/14 the Credit Suisse Long/Short Equity Hedge Fund Index was added as an additional benchmark. Volatility may be different due to the overlay component and the difference in the number of securities in the index compared with the strategy. The minimum asset level to be included in a composite is \$100,000.

The Russell 2000® Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000® is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The Credit Suisse Long/Short Equity Hedge Fund Index measures the aggregate performance of long/short equity funds. Long/short equity funds typically invest in both long and short sides of equity markets, generally focusing on diversifying or hedging across particular sectors, regions or market capitalizations.

Managers typically have the flexibility to shift from value to growth; small to medium to large capitalization stocks; and net long to net short. Managers can also trade equity futures and options as well as equity related securities and debt or build portfolios that are more concentrated than traditional long-only equity funds.

Returns are calculated on a total return, time-weighted basis and include all dividends and interest, realized and unrealized gains or losses and are net of all brokerage commissions, execution costs, but without application of any taxes.

Valuations are computed and performance is reported in U.S. dollars. Returns for periods of less than one year are not annualized. Clients having portfolios containing securities other than used in the calculations, and portfolios subject to different objectives, or to tax, client-imposed or other restrictions, would have had higher or lower returns than the actual performance shown.

The data used for this report was obtained from sources deemed reliable and then organized by the staff at 1492 Capital Management, LLC. Performance calculations were prepared using standard industry software and formulas consistent with GIPS standards.

Gross-of-fees returns are presented before management and custodial fees and include dividends and interest, realized and unrealized gains or losses, and transaction costs. A client's returns will be reduced by the management fees and other expenses it may incur. The investment management fee for the Small Cap Dynamic Hedge is 1.95%. Net of fees performance was calculated using maximum possible investment fees. Non-fee paying accounts are represented in the composite and their respective weights are shown in the table above.

Internal dispersion is calculated using the equal-weighted standard deviation of annual gross returns of those portfolios that were included in the composite for the entire year.

A list of composite descriptions as well as policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

Past investment results are not necessarily indicative of future investment results.