

# FlowPoint High Income Strategy

## August 2020



### FUND TERMS

Domicile	South Dakota
Min. Subscription	\$25,000
Fees	0.75%
AUM	\$2.3 million*
High Water Mark	No
Subscriptions	Monthly
Redemptions	Weekly

\*As of 8/23/2020

### SERVICE PROVIDERS

Trust Agent	Expedition Trust Co.
Auditor	Berkower & Assoc.
Administrator	EFSI
Legal	Sichenzia Ross Ference

### INVESTMENT TEAM

Team	Industry Start Date
Peter DeCaprio	1989
Gary Dvorchak	1992

### CONTACT INFORMATION

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617-951-9390  
[www.fppinvest.com](http://www.fppinvest.com)  
Peter DeCaprio

### PORTFOLIO MANAGEMENT

Gary Dvorchak, CFA - Portfolio Manager  
Crow Point Partners, LLC  
Channel Island Partners, LP  
Aviance Capital Management  
Provident Investment Counsel

### STRATEGY OVERVIEW

A total return equity fund striving to generate an attractive level of current income and capital appreciation over time.

Strategy combines upside potential of large cap growth stocks with manager expertise in producing income using dividend rotation to boost effective yield. A full capital commitment is not needed to generate desired income – strategy uses cash as a buffer on volatility.

### OBJECTIVE

Distribute at least 8% annually in dividend income paid monthly plus a positive total return. Current LTM yield on the portfolio is 14%.

### INVESTMENT PROCESS

Strategy exploits an anomaly: stock behavior has reflected dividend payment for only very short periods. For the past ten years, price recovery from the ex-dividend date has averaged two-weeks for most S&P 500 stocks.

- Own dividend paying stock for short period before and after dividend record date
- Short commitment time of capital enables capturing several dividend payments over time period

Example:

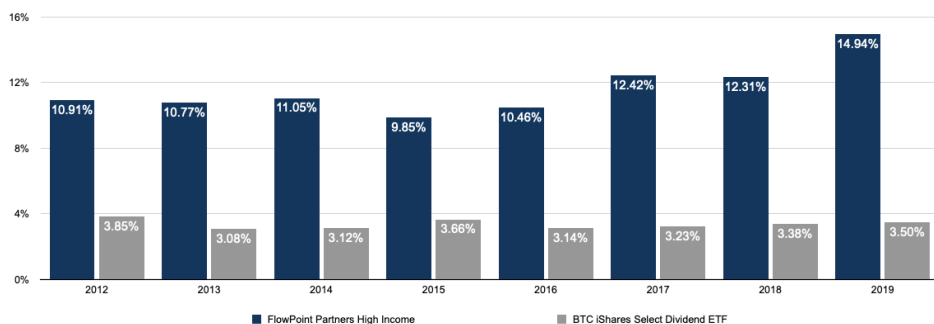
Owning a 3% yielding stock for 1 quarter generates 3% annualized income  
Capturing three 3%-yield payments for 1 quarter generates 9% annualized income

### RISK CONTROLS

- Short holding period: two weeks to one month is target
- Match stock price volatility to dividend size: price change should easily overwhelm ex-ex-div decline
- Avoid very high yield stocks. May indicate extreme business risk
- Favor lower beta stocks

### YIELD FPHI VS DVY

Yield	2012	2013	2014	2015	2016	2017	2018	2019	Average
FPHI	10.91%	10.77%	11.05%	9.85%	10.46%	12.42%	12.31%	14.94%	11.59%
DVY	3.85%	3.08%	3.12%	3.66%	3.14%	3.23%	3.38%	3.50%	3.37%



## RISK STATISTICS

Measure	FPP High Inc.	DVY
LTM Yield	14.94%	4.49%
LTM Total Return*	10.62%	-13.69%
Standard Deviation	3.86%	13.50%
Ave. Ann. Ret.	8.57%	9.68%
Beta*		1.103
Correlation		0.938

\*Beta and Correlation are calculated relative to SPY.

## ABOUT FLOWPOINT PARTNERS

Gary Dvorchak was the sub-advisor to the First Trust Active Dividend Income Fund, a publicly-traded closed-end fund listed on the NYSE under the symbol FAV which utilized a dividend rotation strategy. Gary attended the Kellogg Graduate School of Management at Northwestern University in Chicago. He graduated Phi Beta Kappa from the University of Iowa with a Bachelor of Science in Computer Science. Gary earned the Chartered Financial Analyst designation in 1996.

## SECTOR DISTRIBUTION

S&P 500 Sector	Portfolio Weight %
Cash	25.00
Technology Services	18.40
Electronic Technology	14.68
Finance	14.05
Health Technology	10.93
Retail Trade	10.81
Consumer Non-Durables	6.07
Consumer Services	5.11
Producer Manufacturing	3.21
Utilities	2.77
Health Services	2.18
Process Industries	2.13
Communications	2.06
Energy Minerals	1.90
Transportation	1.88
Consumer Durables	1.17
Commercial Services	0.88
Industrial Services	0.81
Distribution Services	0.53
Non-Energy Minerals	0.42

Note: sector weights sum to more than 100% including cash. Weights calculated on the 75% invested assets.

## MONTHLY PERFORMANCE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2020	-0.76	-10.60	-11.19	12.89	5.85	1.35	0.36						-4.23
2019	6.27	1.84	-0.07	4.17	-7.89	7.38	0.07	-0.74	8.21	2.31	2.04	3.01	28.80
2018	1.94	-4.33	-1.09	0.42	2.51	0.81	2.40	1.06	-0.01	-3.15	3.17	-7.63	-4.40
2017	2.83	0.54	-0.29	-0.50	-0.26	1.70	1.38	-1.81	2.45	1.22	3.83	1.15	12.79
2016	-4.54	0.55	2.59	-0.08	1.72	-0.21	6.14	-5.70	-0.68	-2.94	1.26	-1.85	-4.23
2015	-3.34	6.83	-1.59	2.32	1.02	-1.48	1.88	-4.62	0.04	4.98	-0.97	-1.56	2.94
2014	-3.97	3.07	0.21	0.63	3.66	1.66	-1.20	3.72	-2.20	1.41	0.91	-3.00	4.63
2013	4.74	1.42	4.24	1.39	2.41	-1.19	5.34	-5.89	6.42	5.29	2.10	2.01	31.43
2012	3.99	4.18	2.42	-0.20	-7.43	2.86	1.14	2.48	0.80	-2.43	2.71	-0.88	9.39

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