PATTON WEALTH | RESEARCH

The Flex Strategy against the fund universe

February 2010 to September 2026 · Investor edition, prepared November 19, 2026 from the analysis of November 8, 2026 · Analysis by Anthropic's Claude for Patton Fund Management

---

What was asked. How has the Patton Flex Strategy done against every diversified mutual fund and ETF in the Steele fund database over its real record? Where a fund appears to have done better, how much of that was a strong market rather than a strong strategy? And how do the setbacks compare?

What was compared. The Patton Flex Strategy's actual results, net of the 1.5 % management fee, from February 2010, the first full month of real trading. January 2010 is simulated and is left out everywhere. The fund database runs to September 2026, so every window ends 2026-09-30.

A few terms

- **Return %/yr** is the annualised compound return. **Std dev** (standard deviation) is how widely monthly returns swing, annualised; higher means bumpier.
- **Maximum drawdown** is the largest fall from a month-end high to a later month-end low. **Worst 12 months** is the worst rolling twelve-month return.
- **Beta** is how much a fund tends to move for each 1 % move in the S&P 500. **R^2** is the share of a fund's month-to-month movement that the S&P 500 explains: 1.00 means the fund is the market, 0.00 means the market tells you nothing about it. **Alpha** is the return a fund earned beyond what its market exposure alone would have delivered, per year.
- **Sharpe** and **Sortino** are return per unit of risk (Sortino counts only downside swings); **Calmar** is return divided by the maximum drawdown. **Up capture** and **down capture** are the share of the market's gains and losses a fund tended to take.
- **Percentile** ranks a fund within the universe for a period: 100 is the best fund, 0 the worst.

1. The short answer

- **Over its whole real record (February 2010 to September 2026, 200 months) Flex beat 3,667 of the 3,680 diversified funds that existed the whole time.** The 13 that beat it are all large-growth funds, nine of them the Nasdaq-100 or Nasdaq Composite in one wrapper or another. Every one of the 13 owes 81-100 % of its return above T-bills to the market (R^2 0.54-0.89, beta 1.1-1.4), fell further than Flex in its worst drawdown (-32 % to -46 % against -27.5 %) and has a lower alpha. Flex's R^2 to the S&P 500 is 0.17: the market explains a sixth of its month-to-month movement, and its alpha of 8.6 % a year is the highest in the universe.
- **Had the S&P 500 returned its long-run 10 % a year instead of 14.6 %, Flex would have been first.** Keeping each fund's own alpha and beta and resetting the market's contribution to 10 %, Flex lands at

15.6 % a year, the best of the 13 at 15.6 % (with a 45 % drawdown) and the Nasdaq-100 funds at 14.0-14.3 %. Flex's record is a strategy result; theirs is mostly a market result.

- **Drawdowns are Flex's weak side, not its strong side.** Its three large falls (-27.5 % in 2018, -24.3 % in 2022-23, -25.4 % in July-August 2026) were its own, not the market's: the S&P 500 was down 9.6 %, up 6.1 % and up 2.7 % over the same months. Flex spent 46 months below its January 2018 peak. In the market's own setbacks Flex was the better holding five times out of six (2018 Q4 the exception). 58 % of the universe had a smaller maximum drawdown than Flex, and Flex is more volatile than 96 % of it (22.9 % a year against the S&P 500's 14.3 %).
- **Over ten years the picture is weaker.** Flex's 13.1 % a year lags the S&P 500's 15.3 %, and 593 of 5,272 funds (11 %) beat it. 579 of those 593 have an R^2 above 0.5, so they are mostly market; 30 have a higher alpha than Flex; one fund ($39 m in assets) beat it with a low R^2 and a smaller drawdown. Under the 10 %-market counterfactual 97 of the 593 would still beat Flex over this period.
- **Against funds of its own kind** (long-short, hedged-equity, multistrategy, market-neutral, event-driven, macro, trend and tactical funds) nothing came close over the whole record: the best long-short fund made 14.4 % a year and the long-short category averaged 7.5 %.

2. The universe and the method

Data. One row per fund and period, every statistic computed by one method from the same monthly total-return records: the fund returns in the Steele database (dividends reinvested, net of fund expenses, before any sales load), the Flex series, the S&P 500 total return and T-bills. Beta, correlation, R^2 and alpha are all measured against the S&P 500 (Steele's own beta and R^2, which are to each fund's primary index, are not used); alpha is Jensen's, annualised, with T-bills the risk-free rate; standard deviation is of monthly returns, annualised; drawdowns are month-end to month-end. The month-by-month work (rolling windows, episodes, calendar years, counterfactuals) was done from the same monthly records.

Exclusions. Oldest share class of each fund only (so a fund counts once); no fund in a "Trading" category and no fund flagged leveraged or inverse (420 of them); no sector or single-theme category: Technology, Health, Real Estate, Global Real Estate, Financial, Natural Resources, Equity Energy, Equity Precious Metals, Utilities, Communications, Industrials, Consumer Cyclical, Consumer Defensive, Infrastructure, Miscellaneous Sector, Energy Limited Partnership, Commodities Broad Basket, Commodities Focused, Single Currency, Digital Assets, Defined Outcome, Target Maturity; and no single-country or regional equity category (Greater China, India, Japan, Europe, Pacific/Asia ex-Japan, Focused Region). Everything else stays, bond, money-market, allocation, target-date and alternative funds included, because the question "did anything do better" should not be narrowed in advance. A fund is in a period's universe only when it has a complete monthly record for it.

Period	Window	Months	Funds in the universe
Whole record	2010-02 to 2026-09	200	3,680
15 years	2011-10 to 2026-09	180	4,019
10 years	2016-10 to 2026-09	120	5,272
7 years	2019-10 to 2026-09	84	6,020
5 years	2021-10 to 2026-09	60	6,563
3 years	2023-10 to 2026-09	36	7,195

Period	Window	Months	Funds in the universe
1 year	2025-10 to 2026-09	12	8,155

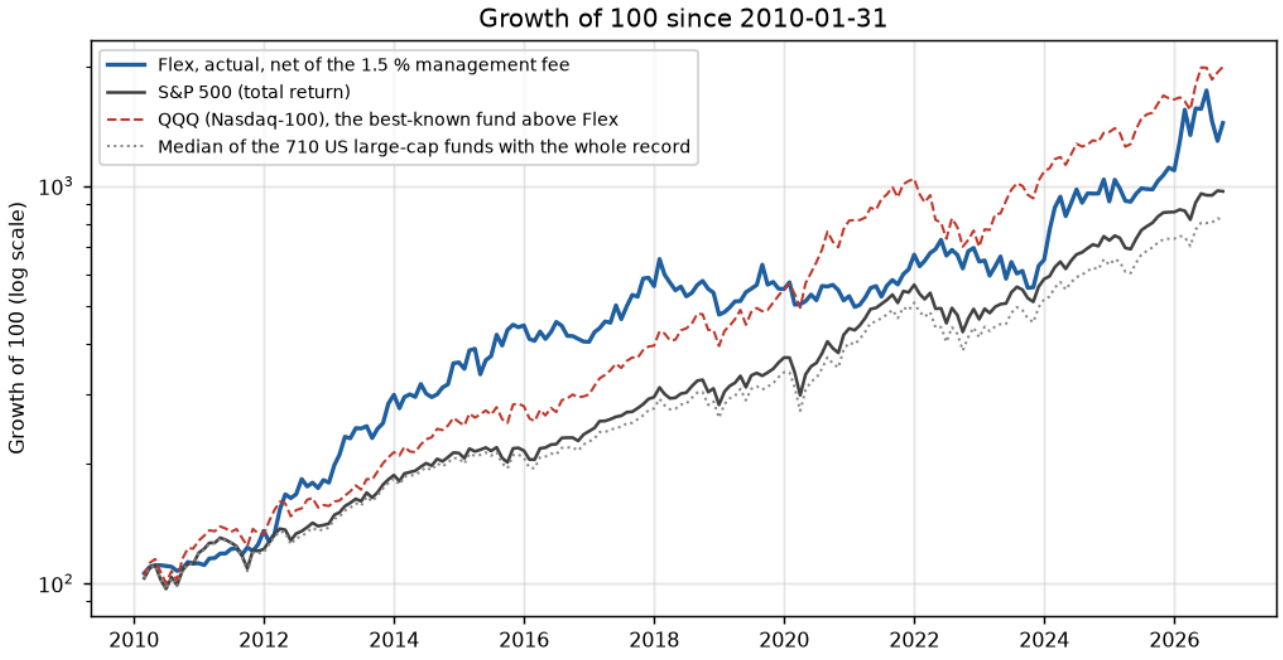
A 20-year period is not used: its first four years of Flex would be simulated.

3. The whole record, February 2010 to September 2026

Series	Return %/yr	Std dev %	Max drawdown %	Worst 12 months %	Beta	R^2	Alpha %/yr	Sharpe	Sortino	Up capture	Down capture	Calmar
Flex, actual, net of mgmt fee	17.35	22.9	-27.5	-26.4	0.65	0.17	8.6	0.76	1.28	85	53	0.63
S&P 500 total return	14.59	14.3	-23.9	-18.1	1.00	1.00	0.0	0.93	1.51	100	100	0.61
Median of 710 US large-cap funds	13.46	14.3	-24.2									
Median of 1,310 diversified US equity funds	12.28	15.2	-23.5									
T-bills	1.37											

Of the 3,680 funds: **13 beat Flex on return; 0 did so with an R^2 below 0.5; 0 did so with a smaller drawdown; 0 have a higher alpha.** 614 have a higher Sharpe ratio and 451 a higher Sortino (lower-volatility funds: bond, allocation and large-blend funds), 84 a higher Calmar, and 2,348 had a smaller maximum drawdown. Within the 1,310 diversified US equity funds alone: 13 beat Flex on return (the same 13), 494 on Sharpe, 485 had a smaller drawdown, none a higher alpha, none both a higher return and a smaller drawdown; their median R^2 is 0.82.

Flex's percentile in the wider universe (every oldest-share-class fund outside the trading, leveraged and inverse categories, 4,207 funds; 100 = best): return 99, alpha 100, Calmar 94, Sortino 88, Sharpe 84, maximum drawdown 42 (58 % of funds fell less), volatility 4 (96 % of funds are calmer).



Growth of 100

3.1 The thirteen, and what they owe to the market

Fund	Category	Return %/yr	Beta	R^2	Alpha %/yr	Share of excess return from the market	Return if the S&P 500 had done 10 %/yr	Max DD %	Worst 12 m %	Corr. to Flex
Flex, net of mgmt fee	Patton	**17.35**	0.65	0.17	8.60	54 %	**15.6**	-27.5	-26.4	1.00
S&P 500	Index	14.59	1.00	1.00	0.00	100 %	10.0	-23.9	-18.1	0.41
BPTRX Baron Partners	Large Growth	20.28	1.44	0.54	1.84	101 %	15.6	-45.5	-42.6	0.19
FDGRX Fidelity Growth Company	Large Growth	20.15	1.19	0.83	3.01	84 %	14.6	-37.3	-33.8	0.37
FOCPX Fidelity OTC	Large Growth	19.70	1.16	0.80	2.99	83 %	14.4	-34.1	-32.1	0.37
QQQ Invesco QQQ (Nasdaq-100)	Large Growth	19.66	1.12	0.84	3.28	81 %	14.3	-32.5	-32.5	0.39
NASDX Shelton Nasdaq-100	Large Growth	19.37	1.12	0.84	3.05	82 %	14.1	-32.7	-32.7	0.39
VCNIX VALIC Nasdaq-100	Large Growth	19.29	1.12	0.84	2.95	83 %	14.0	-32.8	-32.8	0.39
USNQX Victory Nasdaq-100	Large Growth	19.28	1.12	0.84	2.94	83 %	14.0	-32.7	-32.7	0.39
FBGRX Fidelity Blue Chip Growth	Large Growth	18.73	1.19	0.83	1.81	90 %	13.4	-39.1	-38.5	0.37

Fund	Category	Return %/yr	Beta	R^2	Alpha %/yr	Share of excess return from the market	Return if the S&P 500 had done 10 %/yr	Max DD %	Worst 12 m %	Corr. to Flex
FAGOX Fidelity Advisor Growth Opps	Large Growth	18.70	1.20	0.80	1.66	92 %	13.4	-42.0	-38.9	0.34
RYOCX Rydex Nasdaq-100	Large Growth	18.40	1.12	0.84	2.19	87 %	13.2	-33.3	-33.3	0.39
ALGRX Alger Focus Equity	Large Growth	17.95	1.12	0.82	1.81	90 %	12.9	-36.5	-35.9	0.41
ONEQ Fidelity Nasdaq Composite ETF	Large Growth	17.50	1.14	0.89	1.13	93 %	12.3	-32.1	-32.1	0.36
FNCMX Fidelity Nasdaq Composite Index	Large Growth	17.42	1.14	0.89	1.04	94 %	12.3	-32.4	-32.4	0.36

"Share of excess return from the market" = beta x (S&P 500 minus T-bills) / (fund minus T-bills). "Return if the S&P 500 had done 10 %/yr" = T-bills + alpha + beta x (10 % minus T-bills): the fund keeps its own alpha and beta, the market's contribution is reset to its long-run average. The S&P 500's 14.6 % a year over these sixteen and a half years is an unusually strong stretch; a fund that is 80-90 % market has had 80-90 % of an unusually good thing.

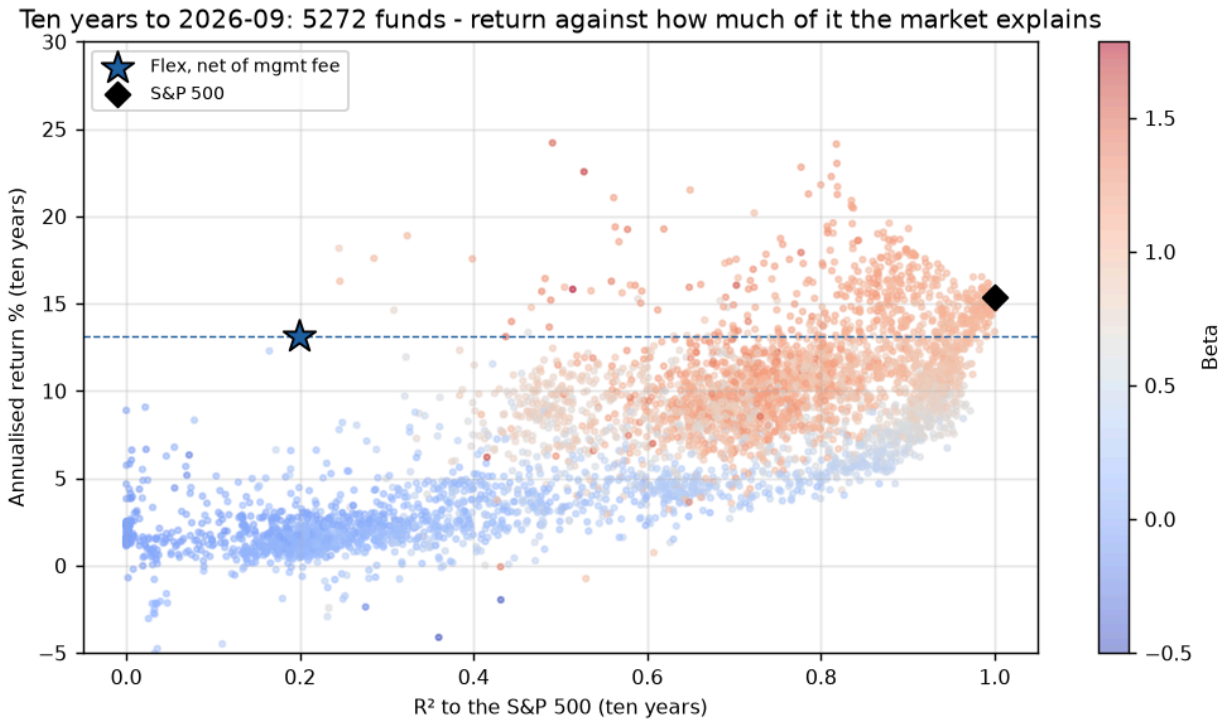
4. The shorter periods

Period	Flex %/yr	S&P 500 %/yr	Funds	Beat Flex on return	... of which R^2 < 0.5	... of which smaller drawdown	Higher Sharpe	Higher alpha	Smaller drawdown	Higher return + Sharpe + smaller DD
Whole record	17.3	14.6	3,680	13	0	0	614	0	2,348	0
15 years	17.8	15.7	4,019	26	0	0	1,018	0	2,562	0
10 years	13.1	15.3	5,272	593	14	298	2,059	30	3,468	298
7 years	14.3	16.2	6,020	651	17	244	1,982	57	3,531	244
5 years	20.6	13.8	6,563	10	8	8	450	23	4,760	8
3 years	37.5	22.9	7,195	29	10	15	2,416	70	7,137	15
1 year	39.9	15.7	8,155	66	13	65	1,874	23	8,097	65

Flex's percentile by period (wider universe, 100 = best): return 99 / 99 / 88 / 88 / 99 / 99 / 98; Sharpe 84 / 76 / 63 / 67 / 91 / 66 / 74; alpha 100 / 100 / 98 / 97 / 98 / 97 / 98; maximum drawdown 42 / 43 / 41 / 47 / 32 / 3 / 2 (the 3- and 1-year windows hold the July-August 2026 fall, when 97 % of funds fell less).

The 15-year beaters are 24 large-growth and 2 small-growth funds, R^2 0.82 on average. The 7- and 10-year beaters are dominated by plain large-blend index-like funds (R^2 0.96, beta 1.0, 252 of the 593 over ten years) and large-growth funds (224, R^2 0.85): the S&P 500 beat Flex over those two windows, so everything that tracks it did too.

5. Market or strategy: the R^2 test



Ten years: return against R^2

Ten years is the period that flatters the market most, so it is the one to test. The 593 funds above Flex, grouped by how much of their movement the S&P 500 explains:

R^2 to the S&P 500	Funds	Avg beta	Avg return %/yr	Avg alpha %/yr	Avg max DD %	Smaller DD than Flex	Higher alpha than Flex	Still above Flex with a 10 %/yr market
under 0.25	2	0.94	17.2	5.4	-32.6	0	2	2
0.25 to 0.50	12	1.13	16.3	1.5	-47.4	1	4	7
0.50 to 0.75	59	1.15	15.9	-0.2	-38.7	11	5	18
0.75 to 0.90	225	1.08	16.0	-0.1	-32.3	42	7	58
over 0.90	295	1.01	14.9	-0.4	-25.3	244	0	12

Flex over the same ten years: 13.1 % a year, beta 0.74, R^2 0.20, alpha 3.6 %, maximum drawdown -27.5 %; with a 10 %-a-year market it would read 11.5 %. Of the 593, 520 have negative or near-zero alpha: they beat Flex because the market did. The 97 that would still be ahead in an average market are mostly funds with beta 1.1-1.5 whose extra market exposure is counted as skill by the simple formula; the honest residue is the 30 with a higher alpha and the 14 with an R^2 under 0.5, listed here:

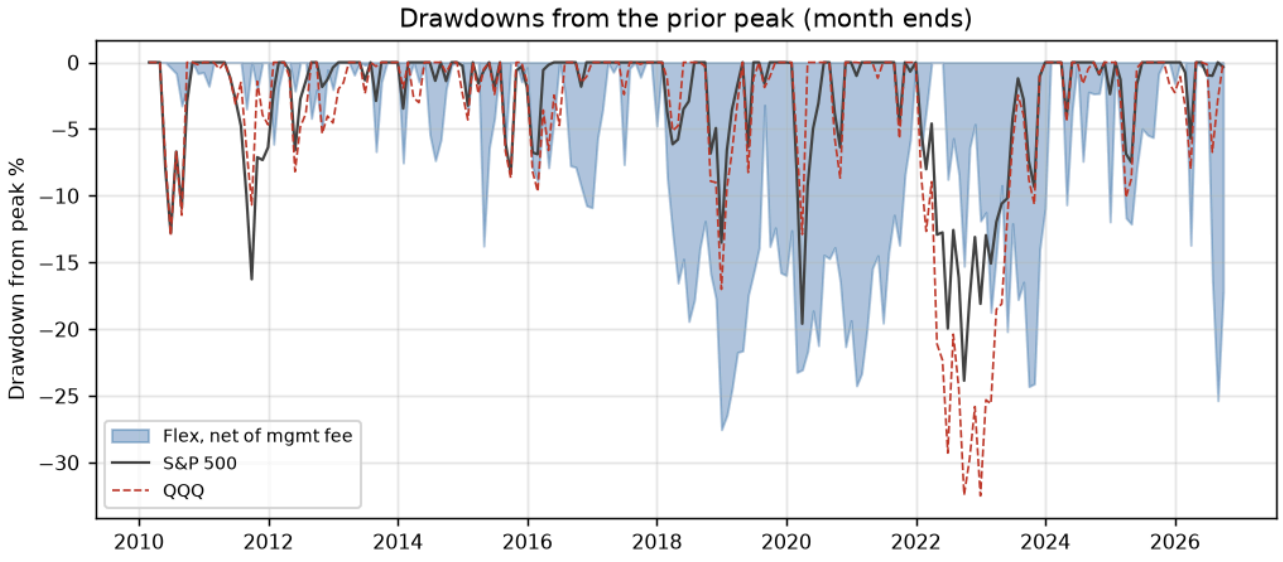
Fund	Category	Assets $m	Return %/yr	Std dev %	Max DD %	Worst 12 m %	Beta	R^2	Alpha %/yr	Sharpe	Top 10 holdings %	Holdings	Corr. to Flex
BPTRX Baron Partners	Large Growth	4,753	24.2	33.0	-45.5	-42.6	1.51	0.49	4.7	0.76	79	30	0.16

Fund	Category	Assets $m	Return %/yr	Std dev %	Max DD %	Worst 12 m %	Beta	R^2	Alpha %/yr	Sharpe	Top 10 holdings %	Holdings	Corr. to Flex
DEMIX Nomura Emerging Markets	Emerging Mkts	6,448	18.9	28.0	-42.7	-36.2	1.04	0.32	5.1	0.68	85	100	0.44
KMKNX Kinetics Market Opportunities	Mid-Cap Growth	198	18.2	26.4	-28.7	-22.0	0.85	0.25	6.6	0.68	81	90	0.32
KSCOX Kinetics Small Cap Opportunities	Small Growth	302	17.6	29.1	-34.4	-30.1	1.02	0.29	4.7	0.63	86	75	0.30
QSTFX Quantified STF	Tactical Allocation	207	17.6	26.9	-46.1	-46.1	1.11	0.40	2.9	0.66	99	9	0.34
NESGX Needham Small Cap Growth	Small Blend	57	16.4	27.1	-49.0	-39.5	1.23	0.48	0.3	0.62	48	70	0.30
WWNPX Kinetics Paradigm	Mid-Cap Growth	457	16.3	31.8	-36.5	-34.6	1.03	0.25	4.1	0.57	95	47	0.34
CPODX Morgan Stanley Insight	Large Growth	377	15.7	29.3	-67.8	-64.4	1.32	0.48	-0.9	0.58	65	38	0.23
MSEQX Morgan Stanley Inst Growth	Large Growth	1,145	15.2	28.6	-65.8	-61.7	1.31	0.49	-1.4	0.57	68	31	0.23
AVERX Ave Maria Value Focused	Mid-Cap Blend	132	14.8	21.7	-29.2	-23.8	0.97	0.47	1.1	0.65	62	34	0.34
WWWEX Kinetics Global	Global Aggressive Alloc.	39	14.6	20.5	-23.6	-23.6	0.75	0.31	3.7	0.67	74	87	0.32
MPEGX Morgan Stanley Inst Discovery	Mid-Cap Growth	257	14.0	30.2	-71.0	-65.7	1.32	0.44	-2.1	0.52	66	41	0.21
IALAX Transamerica Capital Growth	Large Growth	427	13.7	28.7	-65.9	-61.9	1.31	0.49	-2.7	0.52	67	30	0.23
MEIFX Meridian Hedged Equity	Equity Hedged	28	13.3	14.3	-27.8	-18.4	0.64	0.46	3.0	0.81	60	60	0.25

Top-ten and holdings figures are the latest fund profiles. The pattern is plain: a low R^2 here means concentration, not a strategy. Four of the fourteen hold 81-95 % of assets in their top ten names with 3-5 % annual turnover; another holds 79 % in ten names; another 85 %; three of them lost two thirds of their value

in 2021-22. Only two of the fourteen paired a return above Flex's with a drawdown near or below Flex's, and both are very small funds ($39 m and $28 m).

6. Drawdowns and recoveries



Drawdowns

Flex's own setbacks (falls of 10 % or more from a month-end peak), with the S&P 500 and the median fund over the same months:

Peak	Trough	Flex %	S&P 500 same months %	Median fund %	Flex percentile	Months to trough	Back at the peak	Months under water
2015-03	2015-04	-13.8	+1.0	+0.3	0	1	2015-07	3
2016-06	2016-12	-10.9	+7.8	+4.0	0	6	2017-03	8
2018-01	2018-12	**-27.5**	-9.6	-8.6	1	11	2021-12	**46**
2022-05	2023-09	**-24.3**	+6.1	+0.2	0	16	2024-01	19
2024-03	2024-04	-10.7	-4.1	-2.9	0	1	2024-06	2
2024-11	2025-04	-12.1	-7.2	-2.4	12	5	2025-10	10
2026-02	2026-03	-13.7	-5.0	-4.4	0	1	2026-04	1
2026-06	2026-08	**-25.4**	+2.7	+0.6	0	2	not by September (October +5.4 %)	3 so far

Every one of these was a Flex event rather than a market event: in each, Flex ranked at or near the bottom of the universe for those months. The 2018 fall took 46 months to recover, against 23 for the S&P 500's longest

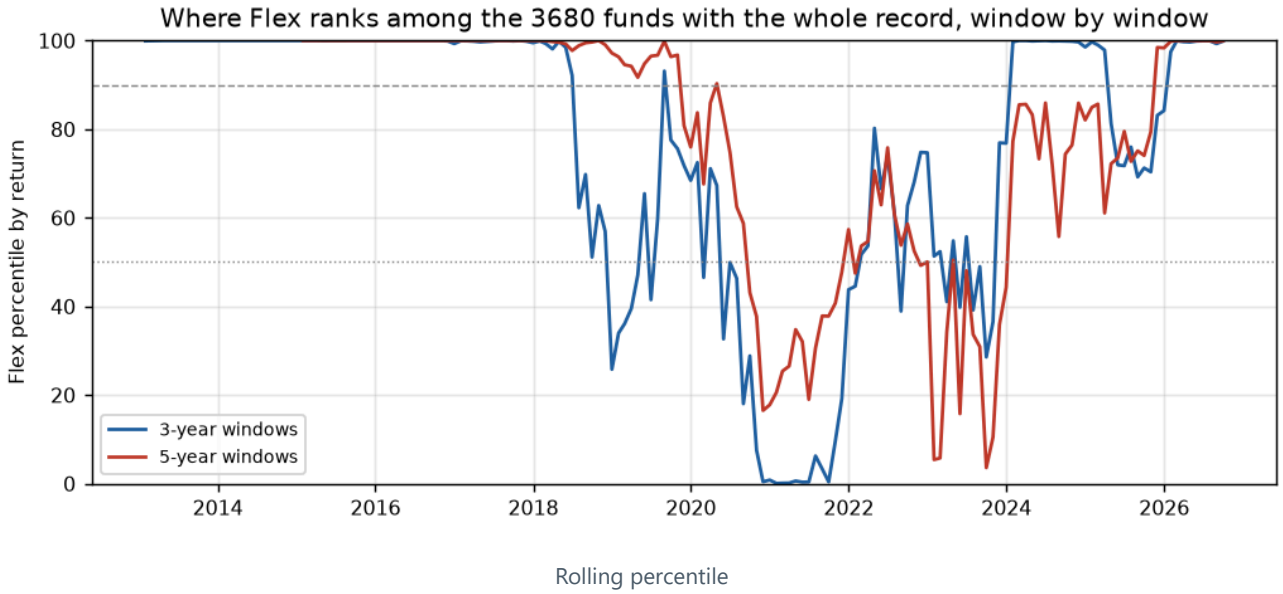
spell (2022-23) and a universe median of 30 (quartiles 23 and 45). The 2026 fall is the sharpest: +18 %, +20 %, -14 %, +17 %, 0 %, +11 %, -16 %, -11 %, +11 % month by month from January to September, a one-year standard deviation of 41.5 % against the S&P 500's 12.6 %.

The market's setbacks (S&P 500 falls of 8 % or more), with Flex over the same months:

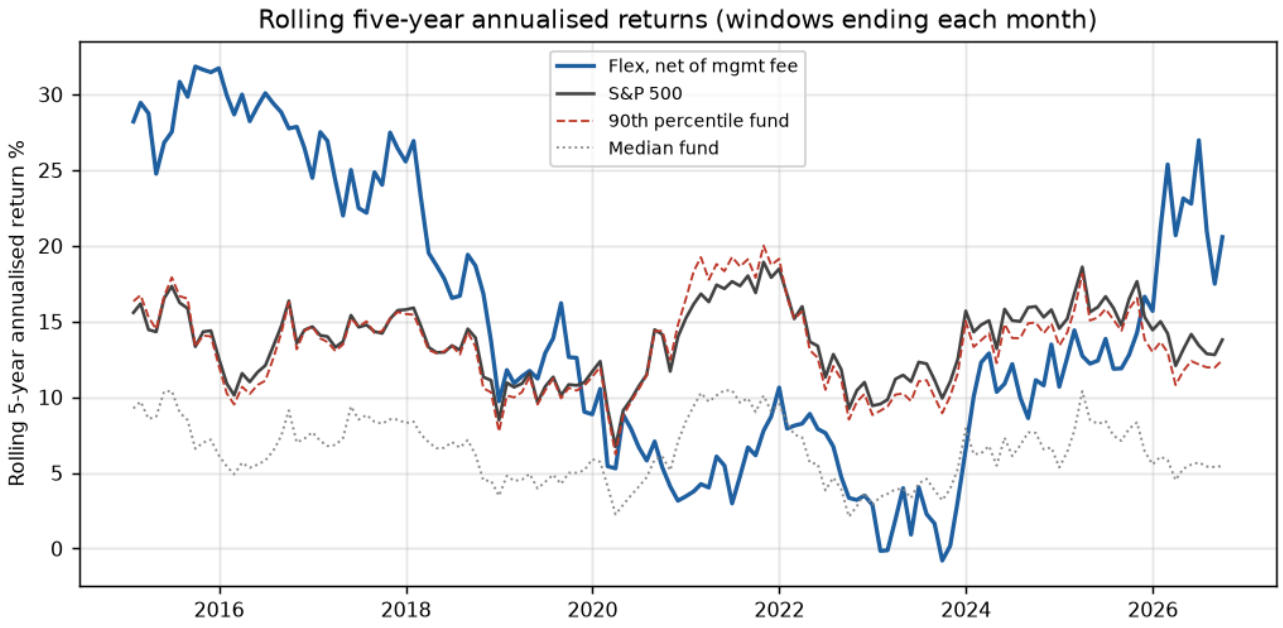
Peak	Trough	S&P 500 %	Flex %	Flex percentile	Median fund %	Median of the 13 beaters %	S&P 500 back at its peak	Flex back at its peak-month level
2010-04	2010-06	-12.8	-0.4	72	-9.5	-13.4	2010-10	2010-05
2011-04	2011-09	-16.3	+3.6	88	-14.9	-15.7	2012-02	2011-05
2015-07	2015-09	-8.3	+2.8	100	-7.2	-9.7	2016-05	2015-09
2018-09	2018-12	-13.5	-17.7	10	-9.7	-16.8	2019-04	2019-08
2019-12	2020-03	-19.6	-8.4	70	-16.7	-11.8	2020-07	2020-01
2021-12	2022-09	-23.9	-7.7	87	-19.3	-32.7	2023-12	2022-03

In five of the six Flex was the better holding, and in 2011, 2015 and 2022 it protected capital where the 13 beaters fell as far as or further than the index. Month by month: in the S&P 500's 63 down months Flex averaged -1.6 % against the index's -3.5 % and was positive in 43 % of them (the typical US equity fund: 2-5 %); in the 137 up months it averaged 3.0 % against 3.4 %, so it gave up a sixth of the upside for half the downside.

7. Consistency



Rolling windows, among the 3,680 funds with the whole record. Three-year windows (165 of them): Flex's median percentile by return is 99; it is in the top decile in 55 % of windows and below the median in 21 %; its worst window is the three years to January 2021 (percentile 0). Five-year windows (141): median percentile 86, top decile in 50 %, below median in 20 %, worst the five years to September 2023 (percentile 4). By Sharpe ratio the medians are 60 and 54. Of the 3,680 funds, 303 beat Flex in at least half of the five-year windows, none in more than 64 % of them; the median fund wins 22 % of windows.



Rolling five-year returns

Calendar years. Flex beat the S&P 500 in ten of the seventeen and was in the universe's top decile in eight; it was in the bottom decile in four, each a year the market rose.

Year	Flex %	S&P 500 %	Difference	Flex percentile	Funds	Median fund %
2010 (Feb-Dec)	12.3	19.4	-7.0	38	3,707	15.7
2011	20.6	2.1	+18.5	99.5	3,881	0.2
2012	32.2	16.0	+16.2	99.8	4,140	13.3
2013	66.4	32.4	+34.0	100	4,381	18.7
2014	20.6	13.7	+6.9	99.5	4,620	5.5
2015	23.9	1.4	+22.5	100	4,843	-0.5
2016	-9.1	11.9	-21.0	0.6	5,117	6.5
2017	38.1	21.8	+16.3	97.7	5,355	14.3
2018	-15.2	-4.4	-10.8	9.1	5,620	-4.8
2019	16.0	31.5	-15.5	40.5	5,865	19.9
2020	-4.0	18.4	-22.4	2.7	6,111	8.9
2021	27.2	28.7	-1.5	88.0	6,352	10.9
2022	-4.0	-18.1	+14.1	86.0	6,643	-13.4

Year	Flex %	S&P 500 %	Difference	Flex percentile	Funds	Median fund %
2023	1.1	26.3	-25.2	1.6	6,941	12.7
2024	40.2	25.0	+15.1	99.3	7,318	8.3
2025	19.7	17.9	+1.8	81.3	7,750	10.9
2026 (to Sep)	31.6	12.7	+18.8	99.1	8,320	6.3

8. Flex against funds of its own kind

Flex is a long-short, rule-driven strategy, so the fairest peer group is the alternative categories rather than plain stock funds. Over the whole record none of them came close. The best long-short equity fund made 14.4 % a year to Flex's 17.3 %, and the long-short category averaged 7.5 %; equity-hedged funds averaged 4.8 %, multistrategy 2.1 %, event-driven 3.4 %, systematic trend 3.0 %. Over ten years one of 30 long-short funds beat Flex on return, and none of 35 hedged-equity, 22 multistrategy, 17 trend or 10 market-neutral funds did.

The five years to September 2026 are the one period in which genuinely market-independent funds show up among the beaters: ten funds beat Flex's 20.6 % a year, eight of them with an R^2 under 0.5, and the market-independent ones among them did it with far less volatility than Flex and drawdowns of 5-16 %. Over their whole records, measured against Flex over the same months, each of them trailed Flex by 1 to 6 percentage points a year and each lost 30-48 % in 2018-2020, a stretch in which Flex's drawdown was similar but its recovery faster. Their best year relative to Flex was 2022 (+12 % to +31 % against Flex's -4 %); Flex's best relative years were 2015, 2017 and 2024.

9. Where Flex is weaker

An honest comparison has to carry these:

- **Volatility.** 22.9 % a year against the index's 14.3 %; more volatile than 96 % of the universe. Its Sharpe ratio (0.76) is below the index's (0.93) and 614 funds beat it on that measure, most of them bond, allocation and large-blend funds. Flex earns its return by taking more risk than an index fund, not less; what it does differently is where the risk sits (R^2 0.17).
- **Four down years in rising markets**: 2016 (-9.1 % against +11.9 %), 2018 (-15.2 % against -4.4 %), 2020 (-4.0 % against +18.4 %) and 2023 (+1.1 % against +26.3 %). Each put Flex in the bottom decile of the universe for the year, and the 2018 fall took 46 months to recover.
- **2026's swings.** Nine months with four moves of 16 % or more, a one-year standard deviation of 41.5 %, and a 25.4 % fall in July-August with the index up. The year-to-date result (+31.6 %, 99th percentile) is excellent; the path to it is what a risk-focused reader will see first, and the 3-year and 1-year drawdown percentiles (3 and 2) record it.
- **Rising market exposure.** Beta to the S&P 500 is 0.65 over the whole record but 1.04 over five years and 1.38 over three (R^2 still 0.27-0.30): since the 2021 enhancement Flex moves with the market more than its long history suggests, and the "it is not the market" argument is weaker for the recent years than for the record as a whole. Alpha remains high (8.5 % and 9.4 % a year over five and three years).

- **The performance-fee series.** Partners who pay the performance fee instead of the management fee saw 12.9 % a year over the whole record, below the S&P 500's 14.6 %, with a -25.4 % drawdown; this analysis is of the management-fee series.

10. Caveats

- **Survivorship.** The fund database holds the funds alive today; funds that closed or merged in 2010-2026 are gone, and they were on average the poor ones. The universe is therefore better than the real opportunity set was, and Flex's percentiles are, if anything, understated.
- **Fees.** Fund returns are net of expense ratios and before sales loads and taxes; Flex is net of the 1.5 % management fee and the fund's expenses. A load-paying investor in the 13 beaters did worse than the table shows.
- **Alpha and beta** are to the S&P 500 only. A fund tilted to small caps, growth or emerging markets shows "alpha" that a multi-factor model would attribute to those tilts; the same is true of Flex's long book. The R^2 grouping is the robust part of the argument, the alpha figures the indicative part.
- **Window ends** matter: the ten-year window starts in October 2016, two months before Flex's 2016 low, and the five-year window starts in October 2021, at the start of the market's 2022 fall. The rolling-window and calendar-year sections are there so that no single window decides.

Important information

The Flex Strategy figures are the actual results of the Patton Flex Strategy from February 2010 to September 2026, net of the 1.5 % management fee and the fund's expenses, with dividends reinvested. Mutual fund and ETF figures are from the Steele fund database, net of each fund's expense ratio and before sales loads and taxes. Past performance does not guarantee future results; the strategy is volatile and has had falls of 24 % to 28 % that took months or years to recover. Nothing here is a recommendation to buy or sell any fund or security, and the named funds are listed only because they are the ones the comparison produced. This is not an offer to invest; an investment in the Flex Strategy is made only by the fund's offering documents.

Important information about the figures above

Patton Flex Strategy on a public page: the results shown

What the Flex figures are. The Patton Flex Strategy results shown are actual results from February 2010, the strategy's first full month, net of the 1.50% annual management fee and the fund's trading and other expenses, with dividends and other earnings reinvested. No simulated or back-tested month is included. Investors who pay the performance fee instead (0.00% management fee and 50% performance fee above 12% annually) earned less over the same period; both fee series are available to clients on the Strategy Portal. Flex is offered as a private fund (Patton Flex Fund, L.P.) and as a separately managed account strategy; an investment is made only through the fund's offering documents or an advisory agreement, and only investors who meet the applicable eligibility standards may invest.

Annualized returns through December 31, 2025 (the latest calendar year-end), Flex net of the management fee and the S&P 500 total return index: 1 year 19.73% and 17.89%; 5 years 15.69% and 14.43%; 10 years 9.40% and 14.82%; since inception (February 2010) 16.22% and 14.47%. Figures above that end at a later month are stated in the content.

The comparison funds. Mutual fund and ETF figures come from the Steele Mutual Fund Expert database: monthly total returns with dividends reinvested, net of each fund's expense ratio and before sales loads and taxes; the oldest share class of each fund; categories that are leveraged, inverse, trading, sector, single-theme, single-country or regional are left out. The database holds the funds alive today, so funds that closed or merged during the period are missing (survivorship bias), which tends to flatter the fund universe. Statistics (R-squared, beta, alpha, standard deviation, drawdowns) are computed by Patton from the same monthly records, all against the S&P 500; drawdowns use month-end values, so a loss inside a month can be larger. The S&P 500 is an unmanaged index with no fees and cannot be invested in directly. Funds named are named only because the comparison produced them; nothing here is a recommendation to buy or sell any fund or security.

Risk. The strategy is volatile: over the period shown it was more volatile than most of the fund universe, had three falls of 24% to 28% from a month-end peak, two of them while the S&P 500 rose, and took almost four years to regain its January 2018 peak. Investors may lose money, and should expect to lose money during significant market declines and at other times, in this strategy. Past performance does not guarantee future results.

Source data for analysis

Any analysis reflecting daily performance for any Patton Investment Strategy is actual data for the periods available and back-tested data for prior periods. Daily data for diversified portfolios uses an applicable index fund (see the Asset Classes table in this Disclosure "Index Fund" column) performance less the applicable fees.

Mutual fund performance and performance statistics come from Steele Mutual Fund Expert (https://steelesystems.com/).

Click here to access the Legal Notice.

Information about past performance

Not indicative of future returns. Past performance is not indicative of future returns, which may vary. Accordingly, future returns are not guaranteed and there can be no assurance that any Patton Fund, Strategy, or Portfolio (“Patton Investments”) will achieve comparable investment results or its investment objective. You may lose money on your investment in a Patton Investment.

Strategy Developed based on Back-testing. The investment strategies used by Patton were developed, in part, by back-testing its investment program against past market and economic conditions. In other words, the strategies were designed to succeed based on knowledge of events that occurred in the past. One limitation of such a strategy is that it is inherently focused on the past, and cannot necessarily take account of market and economic conditions that may arise in the future. If future market and economic conditions are different from past market and economic conditions, and if investors behave differently from past investors, Patton’s investment strategies may not work as anticipated and the Strategy, Fund, or any Patton Investments, may lose money.

Fees and Distributions. The performance information shown reflects the deduction of actual expenses of the applicable Patton Investment for periods during which the Patton Investment has been in operation (see below). The performance figures shown reflect the reinvestment of all dividends, interest and other income, and assume that the applicable Patton Investment has not made any distributions to investors. Estimated fees and expenses including brokerage commissions, borrowing costs, and advisory fees, have been deducted from all back-tested performance.

Portfolio Characteristics. Portfolio characteristics, including specific holdings, contributors to performance, and country, sector and industry exposure, are shown as of the date indicated only, and are subject to change without notice. Portfolio characteristics are designed to illustrate the application of the Patton Investments' investment style only, and should not be considered a recommendation.

Third Party Information. Information contained herein is based on data obtained from statistical services, company reports or communications, or other sources. Patton Fund Management believes these sources to be reliable. However, we have not verified this information, and we make no representations whatsoever as to its accuracy or completeness.

Full Disclosure: www.pattonwealth.com/disclosure.html