AG Capital

Modern Portfolio Theory: Blended Portfolio of 80% Stocks/20% AG Capital Investments ("AGC")

Modern Portfolio theory has long been used by institutions, pension funds and sophisticated investors. According to Modern Portfolio Theory, investing in uncorrelated assets with stocks can increase performance and reduce risk in an overall securities portfolio. Studies have shown 20% invested in managed futures can potentially have the most meaningful impact. The potential for managed futures to increase performance and reduce risk in a stock and bond portfolio has been substantiated by a landmark study by Dr. John Lintner of Harvard University in which he wrote: "… the combined portfolios of stocks (or stocks and bonds) after including judicious investments … in leveraged managed futures accounts show substantially less risk at every possible level of expected return than portfolios of stocks (or stocks and bonds) alone."

Diversified Portfolio with the S&P 500 TR and AG Capital Investments*

First Quarter of 2020

The S&P 500TR declined 20% during the first quarter of 2020. AGC returned 33%. If an investor had 20% of their portfolio invested with ACG and 80% in stocks, <u>their loss would substantially be reduced to 9.4% instead of 20%!</u>

October 2014 Through March 2020

Hypothetical Performance Comparison

Now let's look at what would have happened if an investor was 100% invested in stocks represented by the S&P 500TR and if 20% of their portfolio was invested with AGC since the inception of AGC's managed account program in October 2014.

	Compounded Annualized ROR
100% in S&P	7%
100% in AGC	25%
20% AGC / 80% Stocks	10.6%
% Increase in Blended Portfolio	51.4%

THIS COMPOSITE PERFORMANCE RECORD IS HYPOTHETICAL AND THESE TRADING ADVISORS HAVE NOT TRADED TOGETHER IN THE MANNER SHOWN IN THE COMPOSITE. HYPOTHETICAL PERFORMANCE RESULTS HAVE MANY INHERENT LIMITATIONS, SOME OF WHICH ARE DESCRIBED BELOW. NO REPRESENTATION IS BEING MADE THAT ANY MULTI-ADVISOR MANAGED ACCOUNT OR POOL WILL OR IS LIKELY TO ACHIEVE A COMPOSITE PERFORMANCE RECORD SIMILAR TO THAT SHOWN. IN FACT, THERE ARE FREQUENTLY SHARP DIFFERENCES BETWEEN A HYPOTHETICAL COMPOSITE PERFORMANCE RECORD AND THE ACTUAL RECORD SUBSEQUENTLY ACHIEVED.

ONE OF THE LIMITATIONS OF A HYPOTHETICAL COMPOSITE PERFORMANCE RECORD IS THAT DECISIONS RELATING TO THE SELECTION OF TRADING ADVISORS AND THE ALLOCATION OF ASSETS AMONG THOSE TRADING ADVISORS WERE MADE WITH THE BENEFIT OF HINDSIGHT BASED UPON THE HISTORICAL RATES OF RETURN OF THE SELECTED TRADING ADVISORS. THEREFORE, COMPOSITE PERFORMANCE RECORDS INVARIABLY SHOW POSITIVE RATES OF RETURN. ANOTHER INHERENT LIMITATION ON THESE RESULTS IS THAT THE ALLOCATION DECISIONS REFLECTED IN THE PERFORMANCE RECORD WERE NOT MADE UNDER ACTUAL MARKET CONDITIONS AND, THEREFORE, CANNOT COMPLETELY ACCOUNT FOR THE IMPACT OF FINANCIAL RISK IN ACTUAL TRADING.

FURTHERMORE, THE COMPOSITE PERFORMANCE RECORD MAY BE DISTORTED BECAUSE THE ALLOCATION OF ASSETS CHANGES FROM TIME TO TIME AND THESE ADJUSTMENTS ARE NOT REFLECTED IN THE COMPOSITE.

Trading futures and options involves substantial risk of loss and is not suitable for all investors. There is no guarantee of profit no matter who is managing your money. Past performance is not necessarily indicative of future results.

***Results based on S&P 500 Tr and AG Capital Performance from October 2014 through March 2020. The S&P 500 indices are designed to reflect all sectors of the U.S. equity markets. The S&P 500 includes 500 blue chip, large cap stocks, which together represent about 75% of the total U.S. equities market. Companies eligible for addition to the S&P 500 have market capitalization of at least U.S. $3.5 billion.The TR index accounts for the reinvestment of dividends.**