



▶ AG Capital

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# INVESTOR PRESENTATION

SEPTEMBER 2020

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## LEGAL NOTICE

THE RISK OF LOSS IN COMMODITY INTEREST TRADING CAN BE SUBSTANTIAL. YOU SHOULD, THEREFORE, CAREFULLY CONSIDER WHETHER SUCH TRADING IS SUITABLE FOR YOU IN LIGHT OF YOUR FINANCIAL CONDITION. THE HIGH DEGREE OF LEVERAGE THAT IS OFTEN OBTAINABLE IN COMMODITY INTEREST TRADING CAN WORK AGAINST YOU AS WELL AS FOR YOU. THE USE OF DIFFERENT STRATEGIES UTILIZED IN COMMODITY INTEREST TRADING AND SIGNIFICANT CONSIDERATIONS SHOULD BE GIVEN TO WHICH STRATEGY IS APPROPRIATE FOR YOUR PARTICULAR FINANCIAL SITUATION. ALL INVESTMENTS IN THE COMMODITY INTEREST MARKET SHOULD BE MADE WITH RISK CAPITAL ONLY. PLEASE ENSURE THAT YOU ARE FULLY AWARE AND UNDERSTAND ALL RISKS, FEES, AND OTHER CONCERNS RELATED TO YOUR INVESTMENT BY REQUESTING THE COMPANY'S COMPLETE DISCLOSURE MATERIALS. THE RISK OF TRADING IN FUTURES AND OPTIONS CAN BE SUBSTANTIAL. PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.

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# BUSINESS OVERVIEW



## FIRM: AG CAPITAL IS A GLOBAL MACRO INVESTMENT FIRM

- Strategy takes concentrated positions in high conviction themes, complemented by shorter-term contrarian trades, all while carefully managing position sizing and risk
- Annualized net returns above 20% since inception in 2014



## STRATEGY: FUNDAMENTALLY ORIENTED, DISCRETIONARY LONG/SHORT INVESTING

- Markets traded include major currencies, commodities, equity indices, and interest rates
- Pure alpha approach with no underlying beta to equity, commodity, or fixed income markets
- Target returns of 10+ percent per year



## PORTFOLIO MANAGER: ASIM GHAFAR

- 20 years of experience as a foreign exchange and futures trader
- Professional background at Charles River Associates, Bain & Company, Cambridge Associates
- Significant portion of PM's liquid net worth invested in program; PM's interests aligned with investors'



# PHILOSOPHY & VALUE PROPOSITION

## PHILOSOPHY

- ✓ Longer-term (3+ month) market movements occur for fundamental reasons
- ✓ Quantitative/algorithmic/high-frequency trading impacts short-term (intra-day to multi-day) market behaviors, but has not changed the monthly/quarterly/yearly movements
- ✓ Investing and trading is an *art form* as much as it is a *science*
- ✓ In a world starved for return, where traditional asset classes (stocks, bonds, real estate) have been expensive for decades, investors need strong absolute returns to meet their objectives
- ✓ Some volatility is necessary to deliver strong returns: it's important to limit drawdowns, but an incessant focus on volatility means losing the ability to deliver strong returns

## VALUE PROPOSITION

- ✓ AG Capital: classic, discretionary macro investing style
- ✓ Our edge:
  - 20 years of experience in futures markets
  - + strong fundamental analysis
  - + controlled risk taking
  - = sustained, repeatable profits
- ✓ Transparency of our thought process, explained in person and in our quarterly letters
- ✓ Idea driven and agnostic about market direction: equally able to go long and short across all markets
- ✓ Substantial part of our own assets in the strategy: we believe it's the best way to compound our own wealth

# AG CAPITAL RISK MANAGEMENT



## RISK MANAGEMENT FEATURES

- Position sizing based on stop loss positioning and market volatility – 0.25 - 2% of equity risked upon trade initiation
- Leverage is an output of the system; leverage is never predetermined
  - The market opportunity, the capital risked in the trade, and the correlation with existing positions all inform the leverage applied
  - 15% average margin-to-equity (normally ranges 5-25%)
- Portfolio manager discretion and technical measures used as final input into position sizing



## RISK MONITORING

- Value-at-Risk (VaR) and exchange margin requirements monitored
- Intra-day, real-time portfolio information monitored by PM and risk manager
- Liquidity monitored based on open interest and daily volume of markets being traded
- Correlation and diversification analysis conducted
- Gross and Net exposures reviewed daily



## OPERATIONAL CONTROLS

- Portfolio management and risk management separated into two roles – risk manager conducts independent reviews of positions
- Independent third-party valuation of portfolio at month end
- 100% exchange cleared portfolio, continuously marked at exchange prices
- Business continuity and disaster recovery process tested monthly

# MARKETS & EXCHANGES TRADED

## MARKETS:

FULL SPECTRUM OF MAJOR, LIQUID NORTH AMERICAN FUTURES MARKETS



### CURRENCIES

- Australian Dollar
- British Pound
- Canadian Dollar
- Euro
- Japanese Yen
- Mexican Peso
- Swiss Franc



### EQUITY INDICES

- DJIA
- S&P 500
- Nasdaq
- Nikkei



### INTEREST RATES

- Treasury Bond
- 10-Year T-Note
- 5-Year T-Note
- 2-Year T-Note
- Eurodollars



### ENERGY

- Crude Oil
- Heating Oil
- RBOB Gasoline
- Natural Gas



### METALS

- Gold
- Silver
- Copper
- Platinum
- Palladium



### AGRICULTURE

- Corn
- Wheat
- Soybeans
- Soybean Oil
- Soybean Meal
- Live Cattle
- Lean Hogs
- Sugar
- Cotton
- Cocoa
- Coffee

## EXCHANGES:



Note: All trades are done in exchange-traded instruments.



# AG CAPITAL PERFORMANCE

## NET MONTHLY RETURNS (%)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2014										11.9	22.0	-11.5	20.9%
2015	20.7	-4.8	-5.6	-4.9	-0.4	11.6	18.9	-2.6	1.4	-4.7	9.7	-0.3	40.3%
2016	4.3	3.5	-5.5	-2.8	-2.0	8.1	1.2	-6.7	-15.0	24.8	-8.0	-0.8	-3.9%
2017	-16.1	4.1	8.2	0.2	8.3	-3.5	7.0	16.3	8.4	6.4	-7.4	2.3	34.5%
2018	9.2	3.8	-1.6	-3.0	-0.4	-6.7	-1.7	-3.7	-4.0	-5.1	0.0	5.7	-8.2%
2019	14.0	-1.5	8.4	-1.5	2.3	10.2	-6.1	5.5	-1.7	-2.3	-4.5	2.4	25.8%
2020	3.1	4.9	22.7	5.9	-7.8	-0.8	8.0	3.4	4.0				49.4%
SI (annualized)													24.9%

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

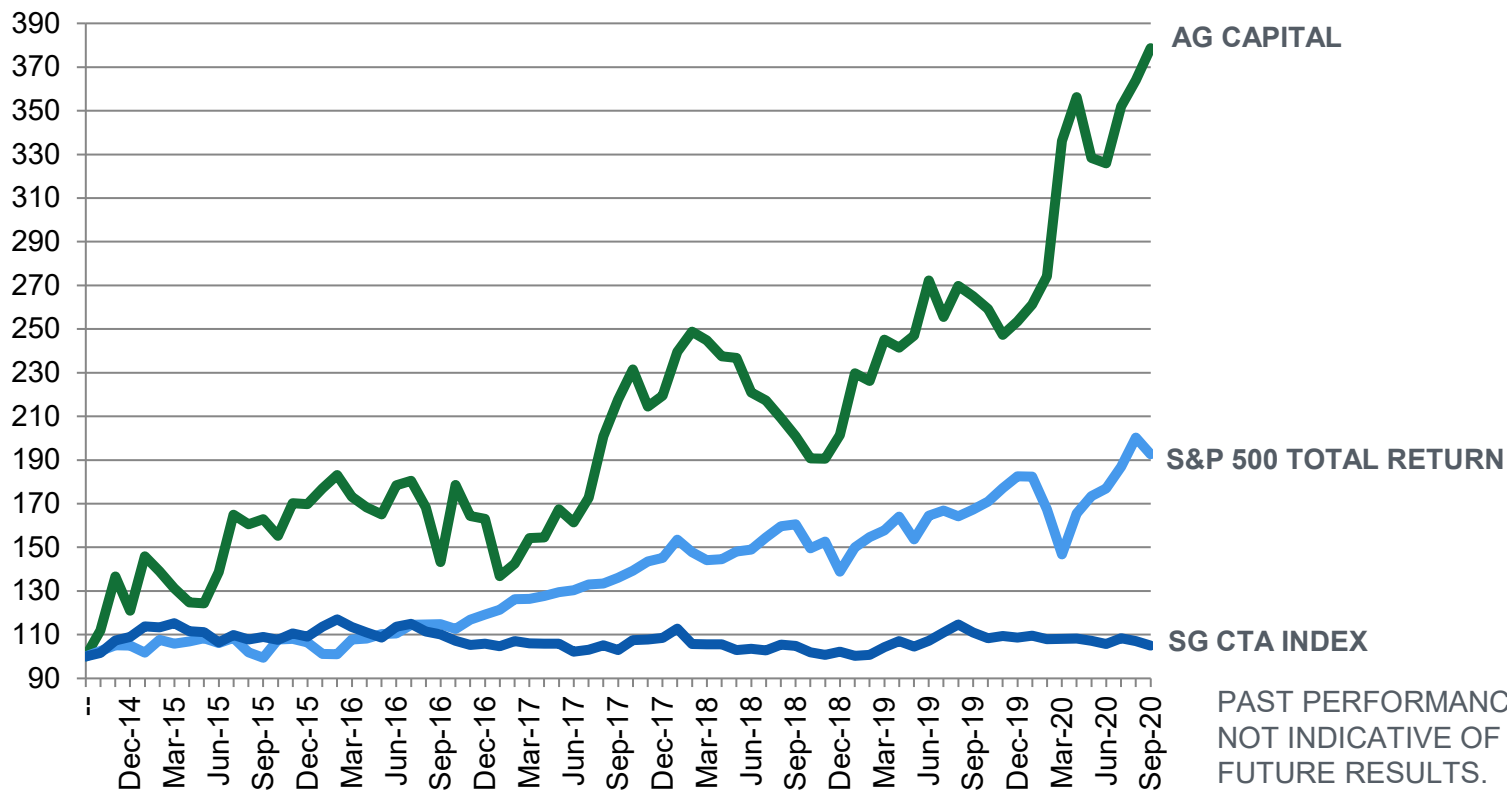
- **Sharpe ratio: 0.9**
- **Worst month: -16.1% (Jan 2017)**
- **Max drawdown: -25.3% (Feb 2016 - Jan 2017)**
- **24.9% annualized net return**
- **Average margin-to-equity: 15% (range 5% - 25%)**
- **Correlation: -0.14 to S&P 500; 0.33 to SG CTA Index**

Note: Performance shown is for composite of all separate accounts managed. Returns are net of fees and brokerage commissions.

# BENCHMARKING | INDEXED PERFORMANCE

OCTOBER 2014 – SEPTEMBER 2020

Since inception, the Discretionary Global Macro Program has added 186 percentage points of alpha relative to the S&P 500 Index and 274 percentage points relative to the SG CTA Index



Note: Returns are net of fees and brokerage commissions and represent the composite performance of individual managed accounts (and not a fund or pool). S&P 500 Total Return Index assumes dividends are reinvested. HFRI data is courtesy of Hedge Fund Research, Inc. The SG CTA Index is an equal-weighted composite of the largest 20 (by AUM) CTA managers open for investment. The Index is not investable and represents the performance of only those large funds that report to the Societe Generale database and not the entire universe of hedge funds.



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# OUR TEAM



**ASIM GHAFFAR**

CHIEF INVESTMENT OFFICER

Asim founded AG Capital in 2014. He has a background in economics, strategy, and investment consulting, as well as futures trading and risk management. Most recently, he worked as an investment consultant in Cambridge Associates, LLC's Boston office, where he advised foundations, universities, private clients, and insurance groups in the U.S. ranging in size from \$100 million to \$20 billion. Prior to joining Cambridge Associates, Asim was a Principal at Partners Capital Investment Group, LLC, an international investment advisory firm. Before that, he was a strategy consultant at Bain & Company, Inc. He began his career as an economics and business consulting analyst at Charles River Associates, Inc.

- MBA, MIT Sloan School of Management
- BA, Economics, Dartmouth College



**ROGER DOWD**

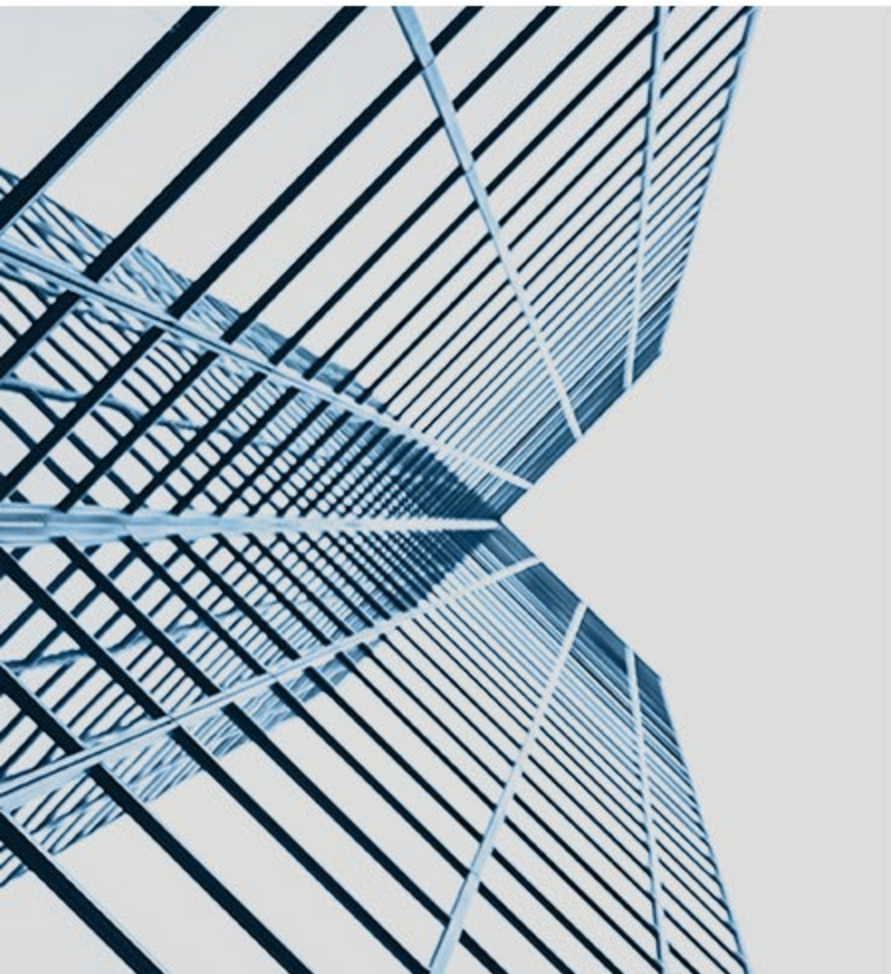
MANAGING DIRECTOR

Roger has a background in derivatives trading and private wealth management. Prior to joining AG Capital, Roger founded Axiom Capital where he was principal trader of managed futures accounts trading equity index, interest rate, currency and commodity futures. While at Axiom he traded outside capital in separately managed accounts from 2007 to 2014. Before that he worked in UBS' and Morgan Stanley's Private Client Groups where he helped families build municipal bond portfolios designed for tax free income. Roger began his career at Caxton Associates on the FX desk for USD/JPY. He lives in Boston and is a distance runner.

- BA, Psychology and Philosophy, Marist College

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# CONTRACT TERMS



01

## FEES

- 2% annual management fee (invoiced monthly)
- 20% incentive fee (invoiced quarterly)

02

## INVESTMENT VEHICLES

- Managed accounts (SMAs): \$1M minimum with daily liquidity
- 3(C)1 Delaware fund: \$1M minimum and monthly liquidity with 30-days notice

03

## COMPLIANCE, PERFORMANCE ACCOUNTING, LEGAL & FEE CALCULATIONS

- Compliance and performance accounting: Turnkey Trading Partners
- Middle and back office: HedgeFacts
- Legal: Akin Gump