

# C2 Financial Technology Alternative Products

August 2016



# Important Disclosures

The information in this Presentation relates solely to the ScoutAlpha Index Trading Program and the ScoutAlpha Electorate Trading Program (“Programs”) offered by C2 Financial Technology (“C2FT”), and does not address any additional trading programs that may be offered by C2FT at any time.

The information contained in this Presentation is accurate as of the date indicated and reflects present intention only. This information is subject to change at any time, and C2FT is under no obligation to provide you with any updates or amendments to this Presentation.

The information contained in this Presentation is not complete and does not contain certain material information about C2FT and the strategies underlying the Programs, including important risk disclosures. Accordingly, the Presentation must be read in conjunction with, and is qualified in its entirety by, the Disclosure Document for the Programs dated May 25, 2016, as amended or updated from time to time (“Disclosure Document”). An investment in either of the Programs is not suitable for all qualifying investors, and C2FT is not, and does not purport to be, an advisor as to legal, taxation, accounting, financial or regulatory matters in any jurisdiction. Before making an investment in either of the Programs, you should independently evaluate and judge the matters referred to in this Presentation and thoroughly review the Disclosure Document with your professional advisor(s) to determine whether such an investment is suitable for you in light of your investment objectives and financial situation. This Presentation is not a solicitation to invest assets in either of the Programs or any other investment products managed and/or advised by C2FT. Any solicitation of an investment may be made only by delivery of the Disclosure Document and other appropriate documentation to qualifying clients and only in those jurisdictions where permitted by law.

## NOTES TO HYPOTHETICAL PERFORMANCE

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.



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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.

C2FT HAS HAD LITTLE OR NO EXPERIENCE ALLOCATING ASSETS AMONG PARTICULAR TRADING ADVISORS. BECAUSE THERE ARE NO ACTUAL ALLOCATIONS TO COMPARE TO THE PERFORMANCE RESULTS FROM THE HYPOTHETICAL ALLOCATION, CUSTOMERS SHOULD BE PARTICULARLY WARY OF PLACING UNDUE RELIANCE ON THESE RESULTS.

The hypothetical composite performance results contained herein are for informational purposes only, and are not meant to imply that the trading programs offered or created by C2FT (or any account utilizing a similar trading strategy) will produce results similar to the hypothetical composite performance results contained herein. There can be no assurance that any such program will make any profit at all or will be able to avoid incurring substantial losses. No representation is made that C2FT's investment processes or investment objectives will or are likely to be successful or achieved.



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Hypothetical results are based on subjective assessments and assumptions and may use one among several alternative methodologies, which could lead to divergent results. There can be no assurance that C2FT would have allocated assets to the component strategies whose returns are reflected herein, or in the proportions assumed herein, during the time periods covered by the hypothetical composite record, or that C2FT would have maintained such allocations throughout the relevant period (including during drawdowns) without having the benefit of hindsight and subsequent performance data for the component strategies. In addition, since the performance record presented herein does not represent the trading of an actual investment portfolio under actual market conditions, the backtested results may have over- or under-compensated for the impact, if any, of certain market factors that could impact allocation decisions made under actual market conditions. For example, the ability of a client to withstand losses and C2FT's willingness to adhere to a particular investment program in spite of losses are material points which can also adversely affect actual trading results. There are numerous other factors related to the markets in general or to the implementation of any specific investment program which cannot be fully accounted for in the preparation of hypothetical performance results and all of which can adversely affect actual results.

PLEASE REFER TO THE DISCLOSURES ON PAGE 8 FOR ADDITIONAL IMPORTANT INFORMATION ON THE COMPILATION OF THE HYPOTHETICAL COMPOSITE PERFORMANCE RECORD INCLUDED HEREIN.

Any statements regarding market events, future events or other similar statements constitute only subjective views, are based upon expectations or beliefs, should not be relied on, are subject to change due to a variety of factors, including fluctuating market conditions, and involve inherent risks and uncertainties, both general and specific, many of which cannot be predicted or quantified and are beyond C2FT's control. In light of these risks and uncertainties, there can be no assurance that these statements are now or will prove to be accurate or complete in any way. PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS

No representation is made that C2FT's investment processes, strategies or investment objectives will or are likely to be successful or achieved. The past performance of C2FT, its affiliates and any of its members, principals or employees is not indicative of future results. An investment in either of the Programs, like all investments, contains risks including the risk of total loss.



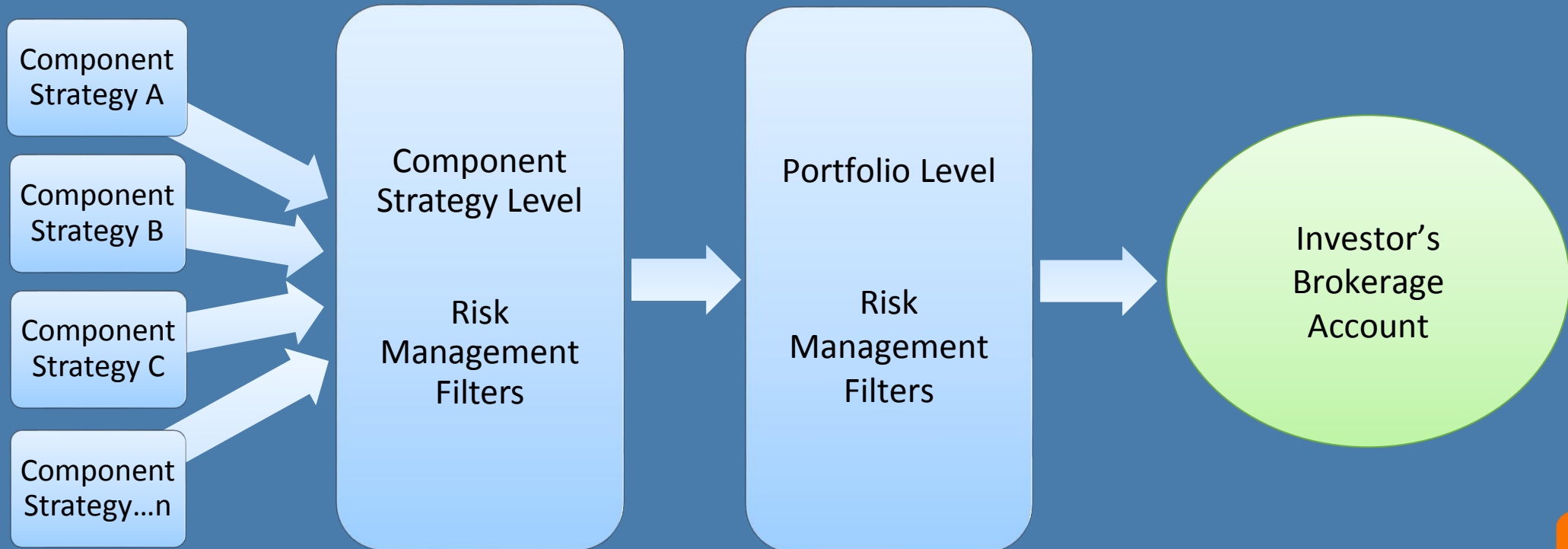
# C2FT Alternative Products Overview

- Collective2 was founded in 2000 and hosts and tracks over 57,000 trading strategies created by 19,000 traders
- Some investors do not have the time or experience to choose from thousands of possible strategies on the Collective2 web site, or to manage their selections
- Collective2's CTA affiliate, C2FT, has created two trading programs ("Programs") based "component strategies" available on the Collective2 platform
- These Programs provide C2FT clients with the ability to access selected component strategies through the Collective2 platform in an advisory product
- These Programs were designed with the following goals:
  - Absolute returns in a variety of market environments
  - Preservation of capital in adverse markets
  - Low beta and correlation to traditional asset classes, and
  - Diversification across investment strategies, time frames, and risk tolerances



# C2FT Program Trading

- Trading signals generated from component strategies are filtered through C2FT's risk management controls
- If permitted, signals will automatically execute trades in client accounts



# Program Construction

- **Strategy Research:**  
Manager conversations, component strategy analytics, performance history, risk management analysis, sectors and time frames traded
- **Capital Market Assumptions:**  
C2FT also evaluates the component strategies included in a Program in light of the market environment and market changes
- **Program Construction:**  
In making allocation decisions, C2FT seeks to achieve a low correlation among the selected component strategies, as well as between the Programs and other traditional asset classes
- **Monitor:**  
C2FT's systems provide it with real-time monitoring capabilities and risk management trade filters, including the ability to quickly add/remove component strategies
- **Review:**  
C2FT intends to conduct ongoing reviews of component strategies and the overall Programs



	January	February	March	April	May	June	July	August	September	October	November	December	Total
2015										-3.0%	-0.8%	+5.9%	+2.0%
2016	+8.3%	+15.6%	+0.1%	-0.1%	-4.6%	+9.5%	+1.7%						+33.1%

## Hypothetical Performance of \$100,000 for ScoutAlpha Index Trading Program (October 22, 2015 to July 17, 2016)



Statistics for time period shown	
Mean (Arithmetic)	3.3%
Standard Deviation	6.4%
Max Drawdown	-8.7%
Max DD Peak to Valley	10/22/15 - 12/8/2015
Max DD Recovery (days)	61
Number of Trades	829
% Profitable	52.8%

**HYPOTHETICAL PERFORMANCE DOES NOT REFLECT THE RESULTS OF ACTUAL TRADING AND IS SUBJECT TO A NUMBER OF INHERENT LIMITATIONS. SEE NOTES TO HYPOTHETICAL PERFORMANCE ON PAGES 2 to 4 FOR IMPORTANT ADDITIONAL DISCLOSURES.**

The foregoing charts represent a hypothetical backtest of C2FT's ScoutAlpha Index Trading Program, as if C2FT had been allocating assets to component strategies pursuant to such trading program from October 2015 to July 2016, using the methodology described below. These results assume a hypothetical allocation of assets among a group of between 6 and 8 component strategies selected by C2FT from among the strategies available on the Collective2 platform that satisfy the criteria for inclusion in the ScoutAlpha Index Trading Program. Specifically, to be eligible for inclusion in the composite, each of the component strategies must (1) trade exclusively one of the eligible index futures contracts identified in the Disclosure Document, and (2) as of the date of its inclusion in the composite, must have had either a track record of at least 6 months on the Collective2 platform or at least 150 completed trades (with a single trade defined as the complete close-out of an open long or short futures position—e.g., Buy 1, Buy 1, Sell 1, Buy 1, Sell 2, would be considered 1 completed trade). Consistent with C2FT's anticipated implementation of the Index Trading Program upon the commencement of actual trading, the composite assumes that each component strategy received an equal allocation, based on the exposure parameters that C2FT intends to apply to each component strategy in actual trading, and that no interest was earned on uninvested cash in excess of amounts that would have been required to margin the relevant positions. The hypothetical fill prices used in the composite reflect either (a) the hypothetical fill price reported to Collective2 for component strategies not engaged in live trading, or (b) for component strategies engaged in live trading for Collective2 subscribers, the average of the actual fill prices received by such subscribers.

The hypothetical composite has been computed net of representative fees that would be payable to C2FT under the terms of the trading program (i.e., 1.5% Management Fee, 15% Performance Fee and Administrative Fee of \$50 per month, each as further described in the Disclosure Document), as well as the estimated trading expenses that would be incurred in connection with the hypothetical trades (at an assumed \$4.00/round turn commission charge). The returns assume an initial investment of \$100,000 in the program, and assume that such investment is held from the beginning to the end of the period shown, with no additions or withdrawals, and with all profits being reinvested in the program. An actual investor's rate of return may vary based on a number of factors, including the terms and timing of its investment in the program, the amount invested by such investor, and the timing and pricing of orders placed for such investor's account (including the impact of price slippage and fill price allocations), which could cause an actual investor's experience to vary materially from the hypothetical composite.



# Potential Investor Benefits

- Transparency
  - Investors can see real-time positions and account valuations in their own brokerage accounts
- Liquidity
  - Programs generally will permit trading in only established, liquid futures markets
- Control
  - Investors maintain control of their own assets



# C2FT ScoutAlpha Programs

- Current Programs available:
  - ScoutAlpha Index Trading Program - available June 2016
    - The ScoutAlpha Index Trading Program is expected to consist of component strategies trading primarily futures contracts on equity indices. This Program may include, but will not be limited to, strategies that have historically traded the following futures contracts: S&P 500 E-mini, Nasdaq 100 E-mini, Russell E-mini, Dow E-mini, DAX Mini index, DAX index, DJ Euro Stoxx 50, and other equity index futures contracts.
  - ScoutAlpha Electorate Trading Program- available Q4 2016
- The foregoing descriptions of the Programs represent C2FT's present intentions in view of current market conditions and other factors. C2FT may vary the foregoing investment objectives and strategies to the extent it determines doing so would be in the best interest of its clients.



# C2FT Program Terms & Information

- Management Fee: 1.5% per year
- Performance Fee: 15.0% subject to high-water mark
- Administration Fee: \$50 per month
- Brokerage Commissions and charges: Approximately \$4.06 per round turn
- Liquidity: Daily
- Lock-up: None
- Eligible Investors: TBD
- Minimum Investment: \$100,000 (per Program)



# Contact

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