Benefits of Managed Futures

Potential for Enhanced Portfolio Returns

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QUESTIONS OR COMMENTS: PLEASE EMAIL CLIENTSERVICES@ALTAVRA.COM OR CALL 1-800-998-7870.

Managed Futures / Managed Forex Database

To access the database:

1. Request a free access key at altavra.com.
   - The access key will be automatically generated and sent immediately to your email address.
2. After you receive the access key, you can access the database at login.altavra.com.

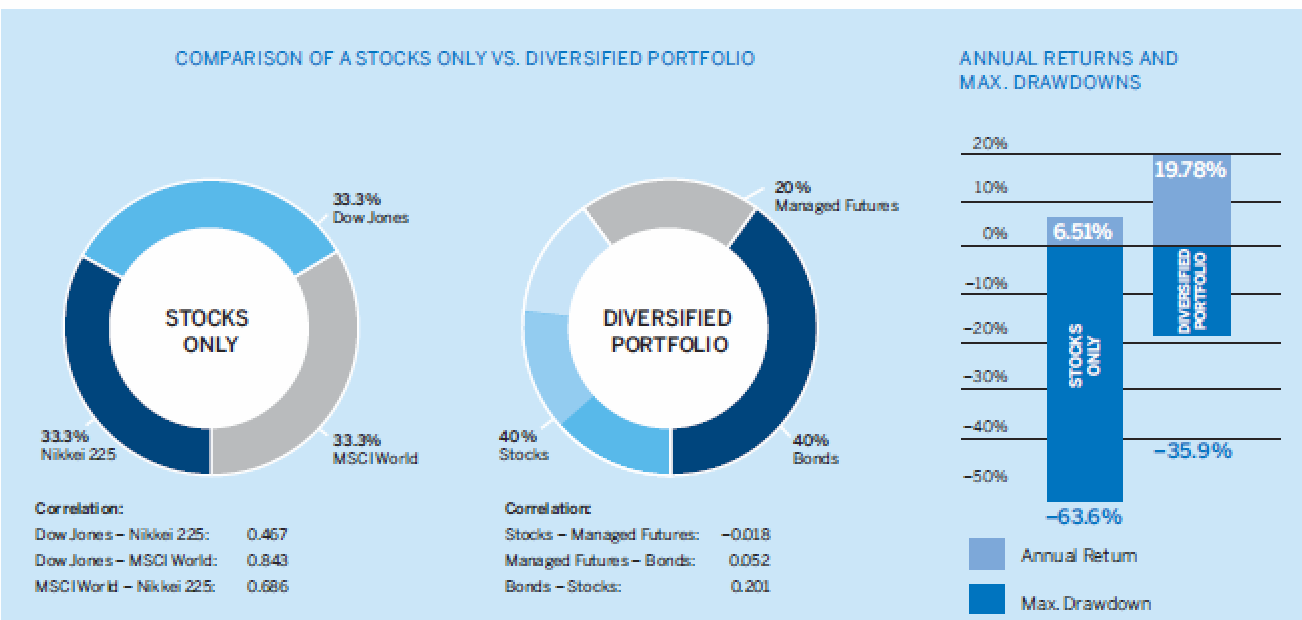
*PLEASE NOTE: There is no fee to access the database. This is not a trial access. The access key does not expire.

Portfolio Diversification: Potential for Enhanced Portfolio Returns

Does the addition of a managed futures component to a portfolio enhance overall returns?

By their very nature, managed futures provide a diversified investment opportunity. Trading advisors can participate in more than 150 global markets; from grains and gold to currencies and stock indices. It is also possible to further diversify by using several different Commodity Trading Advisors with different trading approaches.

In this example below, the overall risk (as measured by maximum drawdowns) is reduced from -63.6% to -35.9% and the return increases from 6.51% to 19.78%. This is mainly due to the lack of correlation and, in some cases, negative correlation between come of the portfolio components in the diversified portfolio. There is even negative correlation between stocks and managed futures in this example, as the two markets move independently from each other. Past results are not necessarily indicative of future results. The risk of loss in trading futures, options and off-exchange forex can be substantial.



From: Managed Futures: Portfolio Diversification Opportunities (http://altavra.co/wpacn). Based on a period from 1/80 to 3/12. Managed Futures Barclay CTA Index, Bonds BarCap US Agg Total Return Value Unhedged, Stocks MSCI World Index. Source: Bloomberger / CME Group. The Barclay CTA Index is a leading industry benchmark of representative performance of Commodity Trading Advisors. There are as of March 2012, 602 programs included in the calculation of the Barclay CTA Index for the year 2012, which is unweighted and rebalanced at the beginning of each year. To qualify for inclusion in the CTA Index, an advisor must have four years of prior performance history. Additional programs introduced by qualified advisors are not added to the Index until after their second year. These restrictions, which offset the high turnover rates of Commodity Trading Advisors as well as their artificially high short-term performance results, ensure the accuracy and reliability of the Barclay CTA Index.

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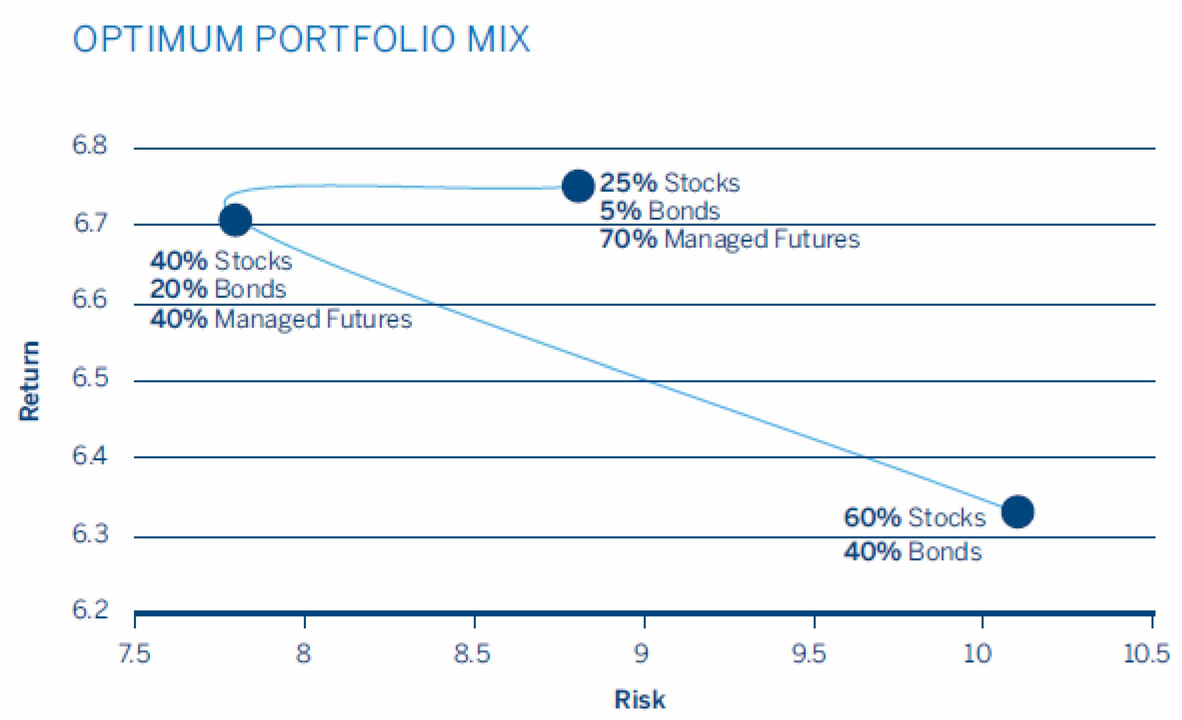
A portfolio that includes managed futures, historically, would have provided higher returns and lower risk than one without managed futures at all. In this Efficient Frontier example, the addition of managed futures to the typical stock and bond portfolio increases the annual rate of return, while lowering the volatility of the portfolio. There is a point of diminishing returns, and the curve can help find maximum efficiency. In this case, the data from 1994 to February 2012 sees the optimal portfolio for the highest return at the lowest risk level to be 40% stocks, 40% managed futures, and 20% bonds. There's no guarantee that this curve will look the same five years from now, or even a year from now. And the Efficient Frontier has a flaw in that it considers only volatility when assessing risk when there are other factors to be considered.



From: Managed Futures: Portfolio Diversification Opportunities (http://altavra.co/wpacn). Based on a period from January 1994 to February 2012. DJCS Managed Futures Index, CitiWorld Bond Index, S&P 500.