Ancile Capital Management, LLC
Global Markets Program

May 2018

Achieve Portfolio Diversification

Ancile Global Markets Program
Investment Thesis

- Assembles portfolio of Stock Index, Bond, Currency and Commodity positions via liquid futures markets to make what the manager believes to be an ideal investment portfolio for that point in time

- Applies techniques aimed at maximizing risk-adjusted performance: trend following, diversification, risk balancing and volatility targeting

- Historical correlation to stocks roughly zero, provides diversification to portfolio of traditional assets

- Long term approach reduces trading costs

COMMODITY TRADING INVOLVES SUBSTANTIAL RISK OF LOSS AND IS NOT APPROPRIATE FOR ALL INVESTORS.

Ancile Global Markets Program
Value Proposition

- The Portfolio Manager has 15 Years experience in running the trading program

- Small manager size means ability to include in portfolio less liquid markets such as Tin, Lumber, Orange Juice and Rice. These markets often have less correlation to other more liquid markets and provide added diversification

Net Performance Since Inception

Year	Total Return
2005	20.35%
2006	21.89%
2007	12.55%
2008	19.85%
2009	0.61%
2010	4.18%
2011	12.38%
2012	-9.40%
2013	1.47%
2014	42.74%
2015	4.64%
2016	15.90%
2017	-6.73%
2018 YTD Through Apr	-2.23%

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. THIS TABLE REPRESENTS THE COMPOSITE PERFORMANCE OF ALL CUSTOMER ACCOUNTS TRADED BY ANCILE CAPITAL MANAGEMENT, LLC SINCE 2005, NET OF ALL FEES AND COMMISSIONS AND INCLUDING INTEREST EARNED. THIS TABLE DOES NOT REFLECT THE PERFORMANCE OF ANY ONE ACCOUNT, BUT RATHER A COMBINATION OF THE HISTORICAL PERFORMANCE OF MULTIPLE ACCOUNTS AND PORTFOLIOS WITH VARIED FEE STRUCTURES. THEREFORE, AN INDIVIDUAL ACCOUNT AND A PARTICULAR TRADING PORTFOLIO MAY HAVE REALIZED MORE OR LESS FAVORABLE RESULTS THAN THE COMPOSITE INDICATES.

Performance Metrics

Metric	Performance
Annualized Return	9.76%
Standard Deviation	15.22%
Sharpe Ratio (0.75% RFR)	0.59
Skewness	0.22
Kurtosis	1.11
% Up Months	59.2%
Average Up Month	3.65%
Average Down Month	-3.21%

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Low Historical Correlation to Other Investments

Investment / Index	Correlation to GMP
S&P 500	0.05
Vanguard Total Bond Market Index Fund	0.17
VIX	-0.20
SocGen CTA Index	0.62
Barclay Hedge Fund Index	0.14

Drawbacks of a Traditional Portfolio

- A traditional 60/40 portfolio is dominated by the equities component of the portfolio. Because equities are more volatile than bonds, the portfolio is not balanced and the portfolio is highly correlated with equities. The portfolio is thus subject to large drawdowns, which equities experience periodically. Such drawdowns are highly damaging to a portfolio's ability to sustain withdrawal rates.

- By adding Diversification, Risk Balancing, Trend Following and Volatility Targeting, the manager believes the Program can achieve significant improvements in returns over a simpler static securities portfolio.

Add Diversification

- A traditional 60/40 portfolio with stocks and bonds should perform well primarily in environments conducive to stocks (typically decreasing inflation and rising growth) and, to a lesser extent, bonds (typically decreasing inflation and declining growth)

- By adding commodities and currencies, the portfolio gains the ability to profit in other environments (increasing inflation, and also unique environments impacting particular commodities)

- This is demonstrated by portfolios such as Harry Mark's Permanent Portfolio and Ray Dalio's All Weather Portfolio, which add allocations to gold and commodities. Historically these portfolios would have been able to perform well in a range of environments, including some with rising inflation

- The Ancile Global Markets Program is highly diversified, typically maintaining open positions in about 40 to 60 markets at a time

Add Risk Balancing

- A portfolio with a fixed percentage of value allocated to several classes of investments will not be balanced if the weight allocated is not proportional to the inverse of the classes' volatilities. Eg, stocks and commodities may be much more volatile than bonds, so the returns of a portfolio with an equal dollar weighting to stocks and bonds will likely be dominated by the stocks.

- By allocating to investments based on relative volatilities instead of fixed percentages, investments can be balanced based on an approximation of risk presented by the constituent investments. The result should be that portfolio performance is balanced between the investments rather than dominated by the most volatile assets.

- The Ancile Global Markets Program balances the risk of its positions based on the inverse of their relative volatility.

Add Trend Following

▫ A buy and hold investment in any asset is subject to the risk that the investment may sustain a large drawdown. Deep drawdowns require large gains to recover from. E.g., recovery from a 25% drawdown requires 33.3% gains; from a 33.3% drawdown requires 50% gains; and from a 50% drawdown requires 100% gains.

▫ Volatile investments such as stocks and commodities have periodically sustained deep drawdowns. US stock indices drew down roughly 90% during the depression, while oil prices fell about 75% during the 2008 financial crisis.

▫ By applying a trend following approach, research has shown a portfolio may dramatically reduce drawdowns without compromising returns.

▫ The Ancile Global Markets Program uses a trend following approach that systematically closes losing positions.

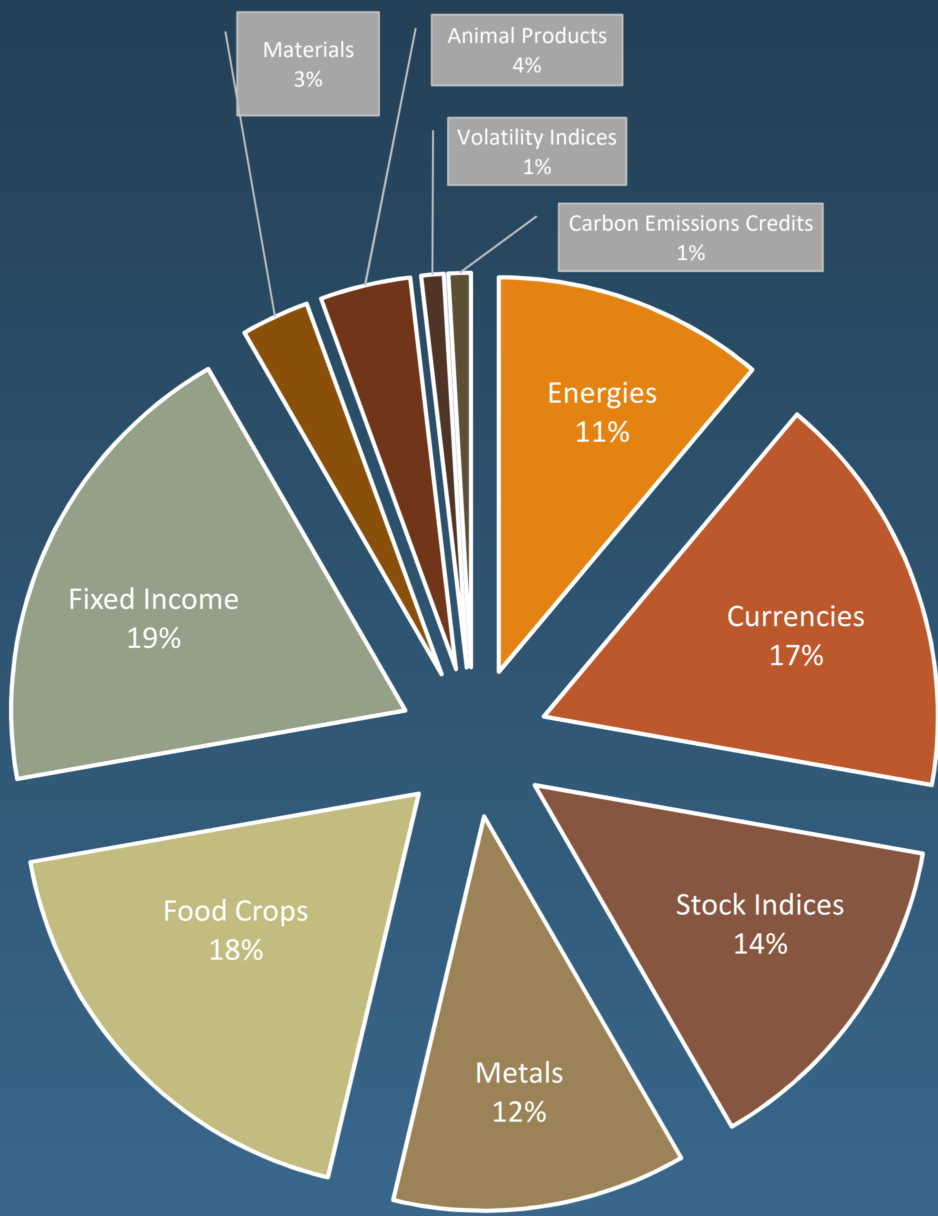
Add Volatility Targeting

- A highly diversified and risk balanced portfolio, while theoretically capable of profiting from a much broader range of environments and achieving superior risk adjusted returns, generally will also have lower volatility as a result of dampened returns.

- By measuring the volatility of the portfolio and applying and adjusting leverage, a manager may be able to achieve a targeted volatility level. For a highly diversified and risk balanced portfolio, this will generally mean a higher volatility than if leverage had not been applied.

- The Ancile Global Markets Program uses volatility targeting, and targets a volatility level of 15% annualized standard deviation of daily returns.

Market Sectors: Broad Diversification



Risk Management

- Manager Adjusts Portfolio Leverage On a Weekly Basis to Meet Target Volatility
- Positions Closed at Stop Points or Profit Targets

Investment Philosophy

- Diversify Broadly Across Markets and Strategies
- Employ Long Term Approach
- Apply Effective and Adaptive Risk Management
- Use Technical and Systematic Trading Methods
- Pre-Specify Decision-Making Processes

Investment Terms

- 2% Annualized Management Fee, Paid Monthly
- 20% Incentive Fee, Paid Quarterly
- $1 Million Minimum Investment for Separate Managed Account

Manager

Ancile Capital Management, LLC

- $2.0M AUM in Global Markets Program
- Founded by Neal Stevens in 2003
- Based in Downtown Manhattan, NYC
- Registered CTA / CPO

Neal Stevens

- Founder, Principal and CEO
- Managed Ancile Since 2003
- Colgate BA, Law Degrees from Wisc and NYU

Contact Information

Neal Stevens
Ancile Capital Management, LLC
150 Franklin Street
5th Floor
New York, NY 10013
212-431-4638
neal.stevens@ancilecapital.com