

# Who is Alpha Wealth Funds, LLC

- Alpha Wealth Funds is the manager for The Insiders Fund, a long-short equity fund, sub advisor for Theta Funds, and an investment advisor registered with the State of Utah .
- Both The Insiders Fund and Theta Funds are best of breed emerging funds, ranked amongst the best performing fund managers in the world. \*
- Alpha Wealth Funds provides fee based separately managed accounts based on the 6 Step Methodology of the CFP. In addition it's Certified Financial Planning partners complete financial plans and implementation if desired.

As reported by Evestment, Barclay Hedge, and Morningstar

# Emerging Alpha

- Emerging fund managers are considered funds under a certain asset level.
- Alpha is most likely found in emerging fund managers.
- Small funds have many more opportunities to move the needle than giant funds.
- Large asset managers and family offices are seeking out alpha

# Financial Planning

There are six steps to the CFP financial planning process:

1. Establishing and defining the client-planner relationship
2. Gathering client data including goals
3. Analyzing and evaluating the client's current financial status
4. Developing and presenting recommendations and/or alternatives
5. Implementing the recommendations
6. Monitoring the recommendations

# Separately Managed Accounts

A **separately managed account** is a portfolio of individual securities **managed** on your behalf by our Certified Financial Professionals. You own the individual securities, which can provide the ownership, control, and transparency you deserve. Your accounts is not commingled with others and is in your complete control. We'll work with you to structure the portfolio that realizes your goals and is in line with your risk profile. And that's just the beginning. We will meet regularly with you to make certain that we are on track to meet your goals and expectations.



# General Partner Harvey Sax



Mr. Sax was SVP at Oppenheimer, Paine Webber, and Assoc Director at Bear Stearns prior to Sax Angle Partners

In addition to his financial acumen, Sax is recognized as a pioneer in the technology field. He is responsible for creating one of the first publicly traded Internet companies.

Mr. Sax holds a B.A from Emory University and a Masters of Security Analysis and Portfolio Management (MSAPM) Creighton University.

Stockbroker, Investment banker, CEO, Harvey has sat at most seats at the investment table. Mr. Sax's view is uniquely shaped by his 360 degree perspective.

# General Partner Chase Thomas



Chase Thomas has been trading stock for the past 20 years.

Chase began his career in the financial industry at Fidelity Investments. After three years as a Retirement Relationship Manager, overseeing a half billion of 401(k) assets, Chase achieved his Certified Financial Planner mark and went independent.

A Utah native from Park City and BYU graduate, Chase enjoys skiing, trail running, rock climbing, and the arts with his wife and son.

# Executive Summary

## TheInsiders Fund, LP

- The Insiders Fund, LP is a long-short equity fund and one of the top performing funds in the country as reported by Barclay Hedge, Evestment, and other independent data vendors.
- The Fund was established in February 2010. The founder, Harvey. Sax, has managed money in an identical fashion for over 15 years.
- Partnership prefers to trade securities or sectors that have significant insider purchases/sales
- Low minimum investments of \$200,000. No lock-ups
- Our risk adjusted performance is superior as measured by industry standard Sharpe & Sortino ratios

# Net Returns over Multiple Time Periods

17.36% 12 mo.

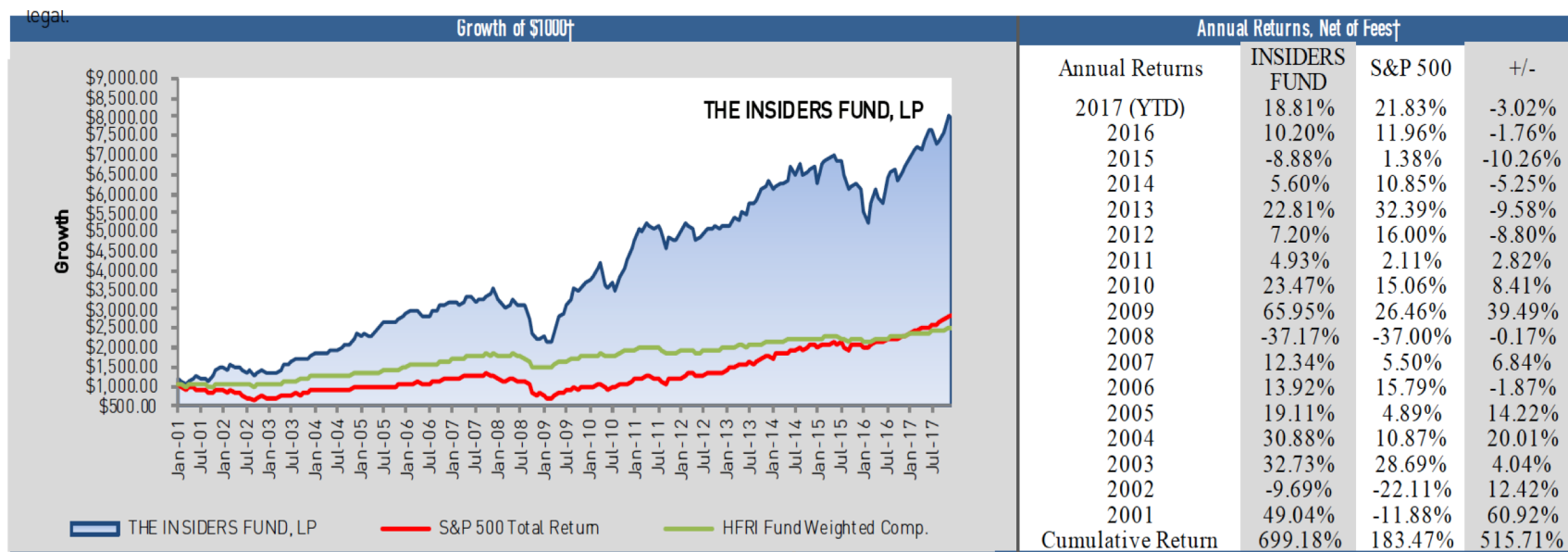
1.37% YTD

18.81% 2016

15.21% CAGR since inception

261.75% Cumulative

# Strategy has Returned 5x the Market



\*The performance data prior to Feb 2010 does **NOT** represent the performance of The Insiders Fund, LP (the “Fund”) but instead reflects the performance of personal trading accounts of Harvey Sax. The results reflect the deduction of: (i) an annual asset management fee of 2%, accrued monthly; (ii) a performance allocation of 20%, accrued monthly and taken annually, subject to a high water mark; and (iii) transaction fees and other expenses incurred by Harvey Sax. During the time period shown, the manager used only those investment strategies disclosed in the Fund’s Private Placement Memorandum and there were no material market or economic conditions that affected the results portrayed. Performance compared to Barclay Hedge data dated February 2012..

# World Class Ranking



## HSAX PARTNERS

was **ranked #5** amongst  
all long-short equity  
funds in the world.

## #1 in the West

by Barclay Hedge, a  
leading independent  
alternative investment  
database vendor.

### TOP 30 HEDGE FUNDS\* EQUITY LONG/SHORT CATEGORY ONLY\*\* Ending February 2012 RANKED BY 18MTH COMPOUND ANNUAL RETURN

Fund Name	CAR Last 18 Months	CAR Last 12 Months	CAR Last 3 Yrs.	CAR Last 5 Yrs.	18 Mth Sharpe Ratio	Minimum Account Size
1 Infinium Global Fund	104.26	103.02	N/A	N/A	28.82	100K
2 Mangrove Partners LP	50.70	27.63	N/A	N/A	2.58	500K
3 Kinetics Small Cap Partners LP	42.46	-42.43	17.97	N/A	0.52	1000K
4 Thunder Partners LP	35.44	-16.73	54.33	-0.33	0.76	250K
5 HSAX Partners LP	32.88	4.32	N/A	N/A	2.16	200K
6 Senvest Israel Partners LP	32.66	-2.88	76.30	18.30	0.96	250K
7 Privet Fund LP	29.88	0.56	16.51	13.41	1.45	1000K
8 Courant Fund Ltd	28.16	27.67	28.58	N/A	3.40	100K
9 Kinetics Institutional Partners LP	27.27	-3.34	40.37	-1.23	0.91	1000K
10 Hartzell Long/Short LLC	26.27	10.40	19.67	26.71	1.31	250K

# World Class Ranking

The Insiders Fund was  
was **ranked #8** long-short equity  
fund on trailing 12 month  
returns and positive returns YTD  
in June of 2017..

32  
Years

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277 Programs matched the following search criteria: HF, Equity Long/Short, Geographical Allocation is N. America, Min. Account greater than or equal to \$100,000

Result Page : 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

	Manager	Minimum Account	Total Return	Maximum Drawdown	2017 YTD Return	1 Year Return
		CHANGE	CHANGE	CHANGE	CHANGE	CHANGE
+	SJL MarketDNA Hedge Fund LP	\$ 250K	240.38%	10.94%	19.70%	191.70%
+	Gator Financial Partners, LLC	\$ 100K	621.46%	34.80%	3.30%	61.68%
+	Lazarus Behavioral Finance Strategy	\$ 250K	42.84%	2.24%	15.24%	42.84%
+	Mangrove Partners Fund, L.P.	\$ 1,000K	466.99%	8.19%	3.87%	36.34%
+	Mangrove Partners Fund (Cayman) LTD	\$ 1,000K	100.44%	10.21%	3.76%	36.14%
+	PCM Partners L.P.	\$ 200K	939.83%	40.05%	11.65%	35.08%
+	Gagnon Investment Associates LLC	\$ 250K	246.89%	66.45%	18.10%	33.74%
+	The Insider's Fund, LP	\$ 200K	102.05%	25.30%	13.57%	33.02%
+	Quantitative Tactical Aggressive Fund LLC	\$ 1,000K	551.68%	20.67%	48.18%	32.72%
+	Bhatt Innovation Capital LP	\$ 1,000K	32.32%	6.93%	16.89%	32.02%
+	Eversept Global Healthcare Fund, L.P.	\$ 5,000K	221.02%	12.14%	7.39%	30.22%
+	Herbst Capital Management, LLC	\$ 250K	-11.45%	75.38%	5.57%	30.10%
+	Gratia Capital Concentrated Master Fund	\$ 1,000K	28.78%	22.57%	7.70%	29.74%
+	Eli Steinberger SMA	\$ 500K	61.14%	6.28%	23.33%	28.90%
+	Invitational Partners Fund, L.P.	\$ 100K	200.27%	49.81%	9.04%	26.97%
+	Vazirani Capital LP	\$ 500K	49.02%	5.42%	18.82%	26.71%
+	Central Square Capital LP	\$ 500K	193.48%	28.84%	2.42%	26.36%
+	Tonga Partners, L.P.	\$ 1,000K	3,010.46%	50.33%	-1.41%	25.71%
+	Sagil Latin American Opportunities Fund Class B	\$ 3,000K	113.57%	15.35%	10.33%	25.50%
+	NorthStar Fund III, L.P.	\$ 1,000K	538.96%	20.57%	7.86%	24.94%
+	Financial Opportunity Long/Short Fund LLC (FJ Capital)	\$ 1,000K	37.00%	3.80%	7.29%	24.81%
+	Ion Israel Fund	\$ 500K	173.03%	17.67%	12.15%	23.50%



# World Class Ranking

 EVESTMENT <sup>®</sup> <a href="#">Clients</a> ▾ <a href="#">Products</a> ▾ <a href="#">Resources</a> ▾ <a href="#">About</a> ▾ <a href="#">Contact</a> ▾ <a href="#">Careers</a> <a href="#">Submit Data</a>						
	Firm Name	Product Name	RM	Returns - 1 Year (02/2017)	Returns - YTD (02/2017)	Returns - 2016
1	Eagle Global Advisors, LLC	Eagle Income Appreciation II, L.P.	Net	59.90	2.35	34.43
2	Bortel Investment Management	Tiburon Opportunity Fund, L.P.	Net	47.09	9.41	22.38
3	SYW Capital Management LLC	SYW MASTER LP	Net	45.46	26.99	40.77
4	Senvest Managment L.L.C.	Senvest Partners, Ltd.	Net	44.43	3.41	23.23
5	Lawndale Capital Management, LLC	Diamond A Partners, L.P.	Net	42.65	-6.40	17.14
6	Elizabeth Park Capital Management	Elizabeth Park Capital, L.P.	Net	40.96	3.56	22.01
7	Stanley Capital Management LLC	Stanley Partners Fund, LP	Net	37.14	3.21	17.77
8	<b>Sax Angle Partners, LP</b>	<b>Sax Angle Partners, LP</b>	<b>Net</b>	<b>36.43</b>	<b>6.55</b>	<b>10.22</b>
9	OpusPoint Partners	Opus Point Healthcare Innovations Fund, L.P.	Net	34.75	18.28	-17.17
10	Rhino Investment Partners	The Rhino Small Cap Financial Fund, L.P.	Net	34.71	0.18	28.49

## HSAX PARTNERS

was **ranked #2** long-short equity fund on trailing 12 month returns and positive returns YTD February 2017



# Investment Strategy

THE INSIDERS FUND is a long-short equity fund focused on companies with significant insider buying and/or selling.

The same securities are often traded multiple times as opposed to a buy and hold strategy.

The Fund views its capital as inventory, seeking to find the equilibrium between the most efficient inventory turnover and maximum return on investment.

Strict risk management rules are adhered to regarding liquidity, diversification, and leverage.

# Investment Process

- Our process is not to be confused with day trading or momentum trading, as all positions are analyzed from both a *fundamental* and *technical* point of view.
- We start our due diligence with the understanding that no one knows a business as well as the people running it. Therefore the Partnership prefers to trade securities or sectors that have significant insider purchases/sales, buying and selling the securities at prices and points in time determined by our own **proprietary** technical analysis.
- We spend a great deal of effort and time analyzing insider behavior and exploiting the “short swing rule.” We also have developed a proprietary calendar and set of trading tools to exploit significant catalysts.

# Exploiting the “short swing rule”

The **short swing** rule restricts officers and insiders of a company from making short-term profits at the expense of the firm. It’s part of United States federal securities law, and is a measure intended to guard against so-called insider trading.

The rule mandates that if an officer, director, or any shareholder holding more than 10% of outstanding shares of a publicly traded company makes a profit on a transaction with respect to the company's stock during a given six month period, that officer, director, or shareholder must pay the difference back to the company.

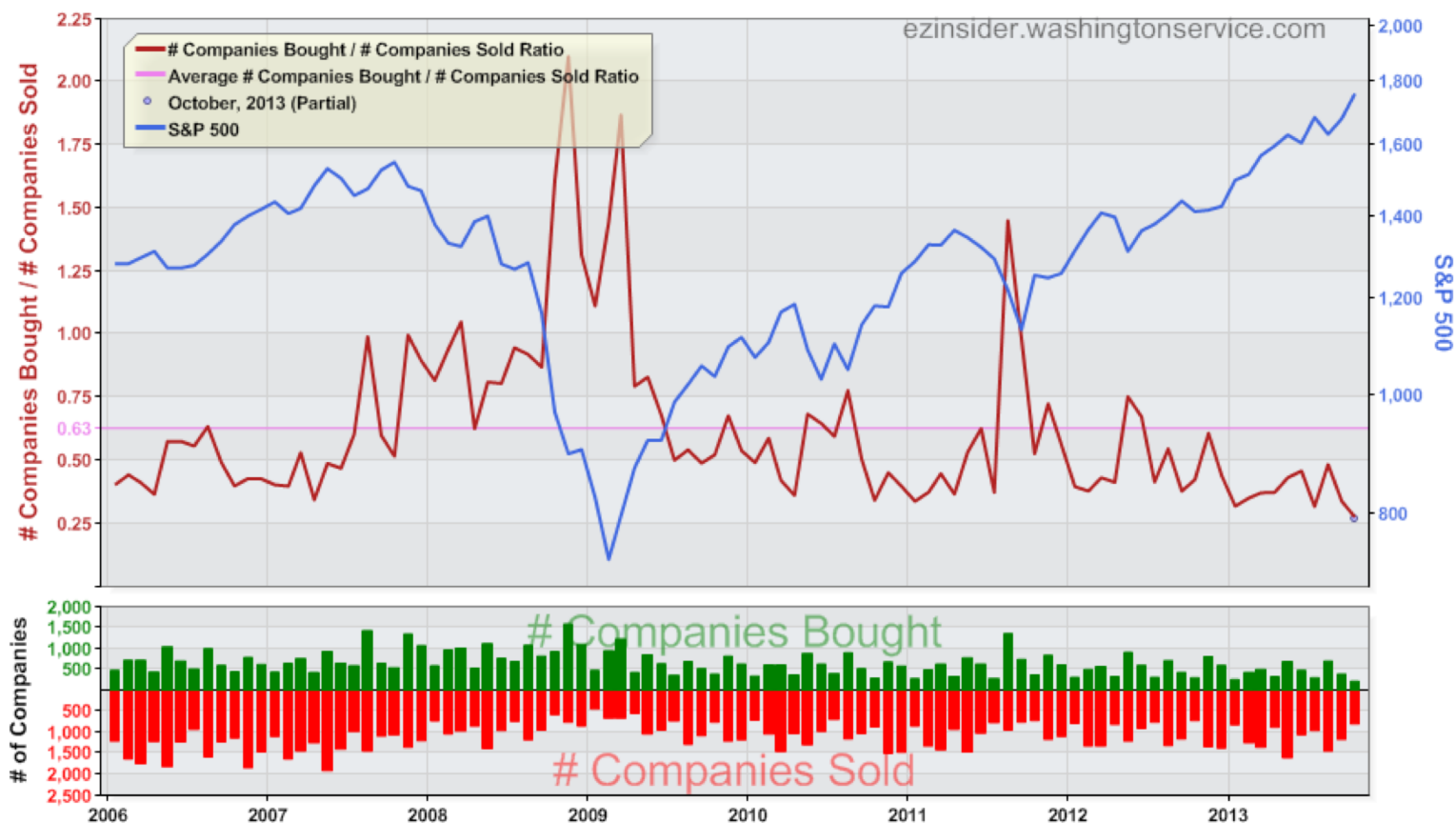
# Insiders have a proven superior investment track record.



**Average Annualized Insider  
Return  
46.5% vs. 19% for S&P 500**

- ◇ Over the last 12 months 2017 we tracked 475 insiders that bought \$100,000 or more of their company's stock.
- ◇ We omitted from this 10% owners as we view them more like hedge funds and not working C-level officers of the Company.
- ◇ We don't look at numbers less than \$100,000 because that can be window dressing, simply execs trying to pump up investor interest.

# Waves of Insider Buying at Historic Market Bottoms



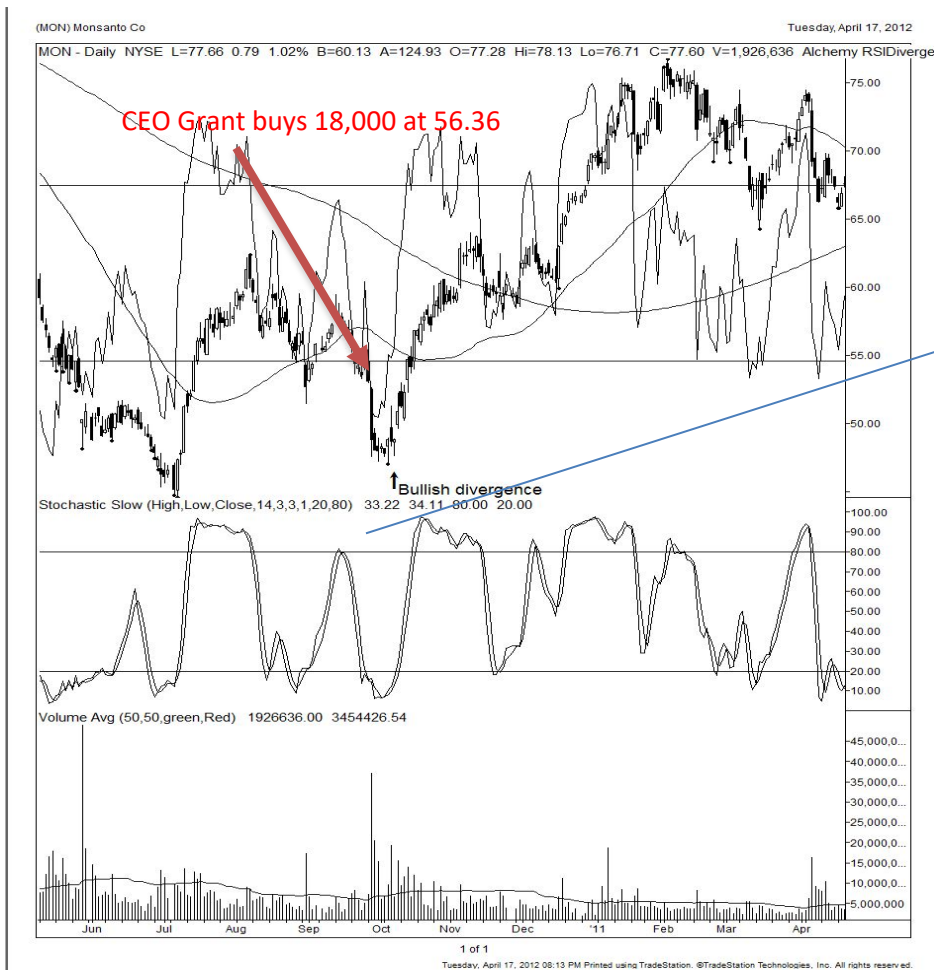
Reflects data as of 10/28/13.

Most recent period reflects ratio for trailing 30 days activity.

# Comprehensive Review

- 1.CHART-** *Technical set-up, favorable chart pattern for buy/sell decision*
- 2.ANALYSTS-** *third party research analysis*
- 3.INSIDERS-** *strong emphasis on insider buying more so than selling*
- 4.MANAGEMENT DISCUSSION 10Q AND 10K-** *review of important SEC filings*
- 5.MARKET DIRECTION-** *80% of stocks follow market direction in the short term*
- 6.SECTOR OUTLOOK-** *buying a good stock in a bad sector can be a humbling experience*
- 7.CASH FLOW-** *cash flow is more accurate than earnings. Earnings can be more easily manipulated.*
- 8.PEG RATIO-** *it's good to find a company growing faster than it's multiple.*
- 9.VALUATION-** *contrary to popular opinion, valuation does matter. Use a discounted cash flow analysis. If the stock is trading for substantially less than its DCF, that's a 1.*
- 10.CATALYST-** *what's going to change the status quo?.*

# Technical combined with Fundamental Analysis



Insider buying combined with technical analysis portends immense Monsanto rally 4<sup>th</sup> quarter 2010.

# Proven Methodology

TradeStation RadarScreen - Insider Buying																	9:56		10/24/2013	
Symbol	Description	Industry	Last	Harve Sax Net Chg	Net %Chg	Volume Today	Volume Avg	Stoch Slow Radar	Alchem RSIDiverge	Dividend	EPS									
			ertPric				Vol	VolAvg	SlowK	SlowD	Yield	MRQ	FY	GR 3 Yr	GR 5 Yr	GR 10 Yr				
ANF	Abercrombie & Fitch Co/A	Retail (Apparel)	69.28	35.51	-0.33	-0.47%	1,061,650	1,080,988	2,928,299		1.01%	\$1.03	\$1.67	-32.56%	-15.56%	0.78%				
ACRN	Acorn Energy Inc	Software & Programs	4.01	8.37	0.13	3.47%	63,855	63,855	31,523			\$0.25								
AECR	Aegion Pharmaceuticals Inc	Biotechnology & Drugs	18.85	15.26	2.20	13.23%	20,157	19,859	35,252			\$0.92								
ATSG	Air Transport Services Group	Air Courier	7.81	5.18	0.05	0.77%	193,273	191,105	300,607			\$0.19	\$0.62	35.11%	3.76%					
ARG	Argus Inc	Chemical Manufactur	68.08	64.50	0.05	0.07%	493,970	492,423	1,477,881		1.71%	\$0.65	\$2.34	6.88%	14.51%	15.58%				
AKAM	Akamai Technologies	Computer Services	40.45	41.70	0.47	1.18%	5,433,860	5,416,095	5,764,952			\$0.27	\$0.90	17.23%	-15.58%					
AIN	Albany WFA	Paper & Paper Product	24.23	22.97	-0.03	-0.12%	54,396	59,802	142,248		1.98%	\$0.68	\$1.21	39.10%	-11.47%	-0.30%				
AB	AllianceBernstein Holding L.P.	Investment Services	21.59	22.47	-0.03	-0.14%	206,846	207,243	526,655		8.93%	\$0.42	\$1.32	-32.63%	-15.25%	-7.65%				
ACG	AllianceBernstein Income Fd	Misc. Financial Service	7.65	7.58	0.03	0.39%	645,440	646,033	681,202		6.29%	\$0.35	\$0.87	-4.00%	5.78%	4.94%				
CRMT	America's Car-Mart	Retail (Specialty)	24.13	22.03	-0.23	-0.90%	20,583	19,859	50,533			\$0.52	\$2.27	85.73%	8.70%	9.44%				
APP	American Apparel Inc	Retail (Apparel)	1.56	1.35	0.32	25.91%	4,381,684	4,410,288	752,864			(\$0.27)								
AEO	American Eagle Outfitters Inc	Retail (Apparel)	15.99	13.68	-0.02	-0.12%	1,900,426	1,899,621	4,107,548		2.75%	\$0.44	\$0.90	-20.82%	-6.49%	7.60%				
AMSC	American Superconductor	Electronic Instr. & Cont	11.98	30.08	0.24	2.02%	1,739,553	1,730,806	2,295,523			\$0.33								
AWK	American Water Works Co Inc	Water Utilities	28.38	27.53	0.07	0.23%	562,717	540,482	1,133,067		3.11%	\$0.23								
APU	Amgen Partners L.P.	Oil & Gas Operations	47.03	45.72	0.12	0.26%	41,493	40,983	79,315		6.01%	\$1.28	\$2.81	-4.80%	20.59%	22.87%				
APH	Amphenol Corp/A	Electronic Instr. & Cont	54.73	29.90	-0.07	-0.13%	1,112,468	1,105,664	1,349,136		0.11%	\$0.72	\$2.82	13.31%	19.81%	16.17%				
AOL	AOL Inc	Computer Services	19.77	20.97	0.28	1.43%	985,659	982,642	1,305,706			\$0.12	\$0.42	62.24%		2.47%				
APAC	Aqua Customer Services	Business Services	5.76	5.39	-0.11	-1.89%	139,416	138,319	155,900			\$0.22								
AINV	Apollo Investment Corp	Misc. Financial Service	11.84	12.35	0.10	1.61%	1,200,795	1,181,758	1,229,016		9.61%	\$0.43	\$1.65	-23.14%	18.37%					
ANG	Argo Group International Ltd	Insurance (Prop. & Cas)	31.29	35.49	-0.05	-0.15%	78,522	74,575	134,318		1.53%	\$0.44	\$2.76	-2.83%	-0.74%					
ARTC	Arturo Corp	Medical Equipment & S	34.11	28.50	-0.22	-0.63%	176,403	175,473	176,297			\$0.31	\$1.03	292.80%	2.96%	4.19%				
AGO	Assured Guaranty	Insurance (Prop. & Cas)	17.03	14.18	-0.10	-0.68%	1,087,548	1,010,563	2,538,554		1.05%	\$0.80			2.77%					
AF	Astonia Financial Corp	S&L/Savings Banks	14.30	13.15	-0.07	-0.49%	1,133,470	1,137,140	794,027		3.62%	\$0.30	\$0.78	-16.53%	-19.08%	-5.90%				
ATNI	Atlantic Tele-NetWork Inc	Communications Ser	35.26	36.07	-0.15	-0.42%	22,867	22,545	77,120		2.49%	\$0.21	\$2.48	0.06%	17.61%	9.49%				
ATIL	Atmel Corp	Semiconductors	14.72	5.86	-0.13	-0.88%	5,750,424	5,712,357	9,516,284			\$0.47	\$0.90	108.50%	4.98%					
ATW	Atwood Oceanics Inc	Oil Well Services & Eq	43.77	33.97	-0.08	-0.14%	377,292	376,015	619,869			\$0.81	\$3.95	21.94%	56.83%	25.25%				
AVTR	Avatar Hlds	Real Estate Operations	18.61	17.89	-0.05	-0.29%	16,113	15,807	31,578			(\$0.81)								
BWINB	Baldwin & Lyons CFB	Insurance (Miscellaneous)	23.37	23.93	-0.15	-0.68%	4,147	3,864	10,999		38.32									
BAC	Bank of America Corporation	Money Center Banks	12.44	13.10	0.13	1.04%	12,167,330	11,280,640	38,506,149		0.32%	\$0.17								
BKS	Barnes & Noble	Retail (Specialty)	8.90	20.05	-0.25	-2.44%	988,980	999,264	1,207,807			\$1.06								
BDO	Becton, Dickinson	Medical Equipment & S	83.92	65.50	-0.08	-0.10%	1,219,687	1,216,685	1,365,853		1.95%	\$1.35	\$4.90	14.04%	12.38%	12.04%				
BMS	Bemis Co	Containers & Packagin	31.87	28.71	-0.12	-0.38%	71,112	712,786	787,055		29.51									
BBDO	Black Box Corp	Computer Networks	34.44	29.45	-0.25	-0.71%	34,823	26,313	61,527		0.69%	\$0.78	\$1.97	-0.56%	5.35%	2.76%				
BLK	Blackrock Inc/A	Investment Services	167.13	153.37	-1.75	-0.88%	803,444	796,143	1,232,277		0.40%	\$2.89	\$10.55	12.71%	24.71%	22.86%				
BA	Boeing Co	Aerospace & Defense	74.90	71.56	-0.54	-0.72%	2,520,525	2,505,788	4,903,409		2.23%	\$1.56	\$4.45	-5.41%	6.87%	6.18%				
BSX	Boston Scientific Corporation	Medical Equipment & S	7.33	6.84	0.17	2.37%	23,869,936	23,817,652	17,595,578			\$0.01								
BR	Broadridge Finl Solutions Inc	Misc. Financial Service	22.65	22.65	0.08	0.35%	389,598	383,263	738,727		2.63%	\$0.08	\$1.62	4.59%	6.18%					
BRKR	Brinker Corporation	Scientific & Technical	20.00	14.30	-0.18	-0.88%	271,895	266,699	817,142			\$0.18	\$0.58	-1.47%	42.97%	34.38%				
CA	CA Inc	Software & Programs	24.16	23.77	0.00	0.00%	2,622,477	2,692,394	4,000,547		74.82									
CACI	Caci Intl Inc	Software & Programs	59.88	48.85	-0.26	-0.43%	107,868	104,009	240,513		41.69									
CDNS	Cadence Design Systems	Software & Programs	8.96	9.77	0.05	0.50%	1,059,108	1,057,204	2,996,135			(\$0.14)	\$0.48	-21.21%	-2.96%	9.60%				
CCC	Calgon Carbon	Chemical Manufactur	16.95	14.58	-0.67	-3.80%	701,368	700,767	820,064		76.88									
CLMT	Calumet Specialty Products	Oil & Gas Operations	23.43	16.35	0.34	1.47%	374,795	374,795	295,599		94.38		8.23%	\$0.26	\$0.46	-43.84%	-0.15%			
CMO	Capstead Mortgage Corporation	Real Estate Operations	12.88	11.40	-0.03	-0.23%	315,885	310,283	750,086		45.53		12.70%	\$0.33	\$3.52	99.60%				
CECO	Career Education	Schools & Program	21.50	17.50	0.31	1.48%	528,940	528,459	698,471			\$0.19	\$2.06	19.41%	-2.96%	21.83%				
CMRG	Casual Male Retail Group	Retail (Apparel)	4.19	3.07	-0.13	-0.30%	123,873	121,435	128,538			\$0.11	\$0.32	52.67%	1.49%	9.98%				
CBL	CBL & Associates Prop	Real Estate Operations	17.95	5.98	0.16	0.90%	2,054,421	2,018,769	1,538,688		81.28		4.72%	\$0.12	\$0.21	-35.39%	-36.08%			
CE	Celanese Corporation	Chemical Manufactur	46.35	19.37	-0.10	-0.21%	1,290,772	1,289,745	1,544,229		74.21%									
CELG	Celgene Corp	Biotechnology & Drugs	66.38	10.00	-0.05	-0.09%	1,511,712	1,576,117	3,589,805			\$0.44	\$1.69	51.74%	60.29%					
CETV	Central Euro Media Enter/A	Broadcasting & Cable	20.28	21.77	-0.22	-0.70%	214,357	213,579	361,706		4.06		(\$0.41)							

Software designed to exploit inefficiencies in the market like “short swing” rule, overbought/oversold stochastics, RSI divergence, breakout volume, etc.

Our software allows us to monitor hundreds of securities in real time based on technical indicators some of which are proprietary to us.



# Portfolio Risk Management

- The Fund invests in Level 1 securities exclusively.
- Strict diversification guidelines avoid concentrations one sector and in any one security.
- Fund may hedge trades with pairs trades, ETF' s, futures, and/or derivatives.
- Small agile fund may be entirely in cash or short within seconds notice

# Theta Capital Partners

***Make use of time, let not advantage slip.***

- William Shakespeare

***We must use time as a tool, not as a crutch.***

- John Fitzgerald Kennedy

# Russell Kellites



Mr. Kellites has 29 years of investment experience, with over 5 years managing Theta Capital Partners. Russ graduated cum laude with a BS in Computer Science from Columbia University. After matriculating in the MS Computer Science program specializing in artificial intelligence, he entered the Columbia Graduate School of Business where he received his MBA in Finance.

After business school, Kellites joined Goldman Sachs & Co. as an Associate, then rose to become a Vice President at Bank of America Merrill Lynch. He is now the managing partner of Theta Capital Partners, LLC.

# Executive Summary

## **Objective:**

Deliver a long-term investment strategy that works well in good times and bad. Equity-like returns with lower volatility and drawdowns in all markets.

## **Strategy:**

Invest in call and put options on the S&P 500 to achieve capital preservation and appreciation in all market conditions.

## **Strategy Targets:**

- Low volatility
- Low market correlation
- Strong risk adjusted returns
- Tight risk control

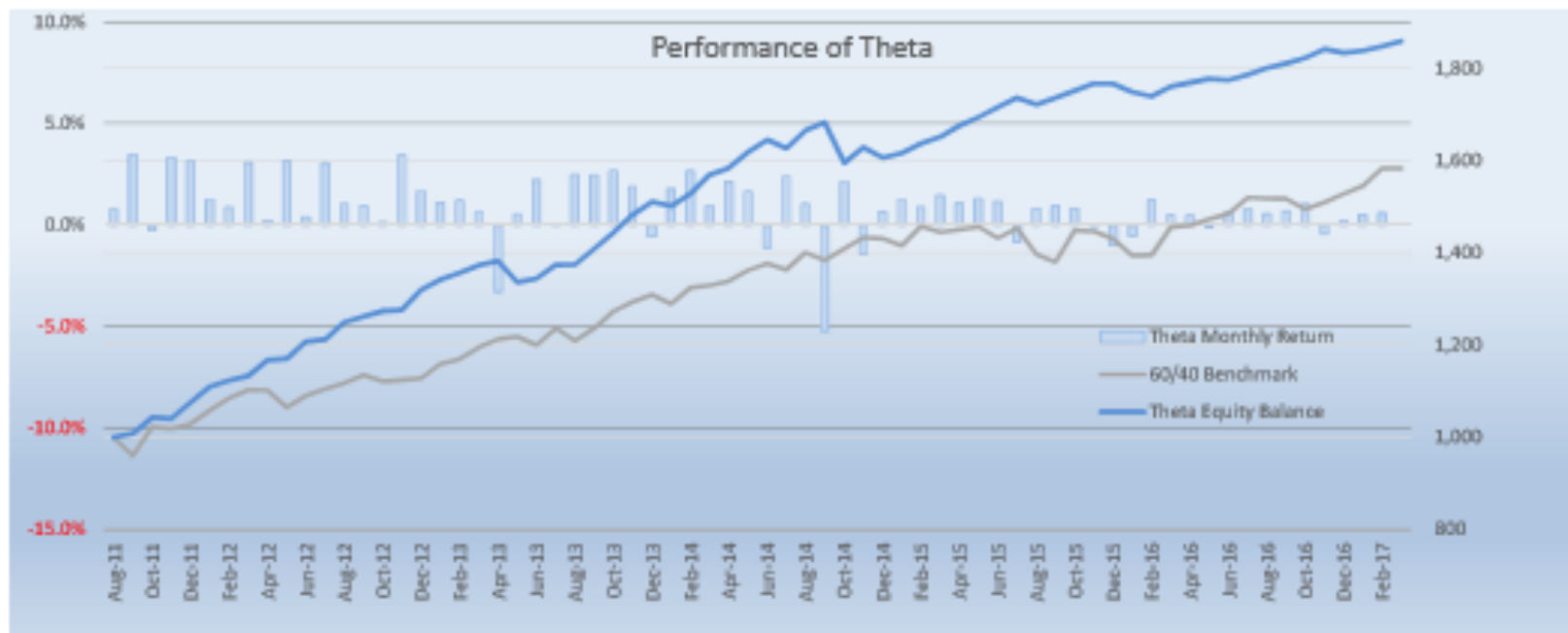
# Financial Results

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2017	0.23%	0.53%	0.59%	0.53%	0.50%	0.54%	0.37%						3.34%
2016	-1.00%	-0.55%	1.23%	0.49%	0.47%	-0.13%	0.63%	0.80%	0.56%	0.68%	1.04%	-0.43%	3.82%
2015	0.66%	1.27%	0.89%	1.47%	1.09%	1.31%	1.16%	-0.83%	0.83%	0.94%	0.84%	-0.04%	10.01%
2014	-0.57%	1.78%	2.68%	0.96%	2.15%	1.64%	-1.12%	2.40%	1.04%	-5.25%	2.15%	-1.41%	6.32%
2013	1.68%	1.10%	1.20%	0.67%	-3.30%	0.55%	2.23%	0.04%	2.50%	2.46%	2.69%	1.90%	14.44%
2012	3.15%	1.26%	0.87%	3.07%	0.23%	3.15%	0.41%	3.05%	1.05%	0.94%	0.14%	3.46%	22.76%
2011									0.80%	3.49%	-0.28%	3.35%	7.51%

Total Return	Avg Annual Return	Sharpe Ratio	Percent Profitable	Profitable Months	Average Profit	Losing Months	Avg Loss	Up / Down Capture	S&P Correlation	S&P Sharpe Ratio
89.5%	15.1%	2.3	83%	59	1.35%	12	-1.24%	41% / -10%	37%	1.4



# Financial Results

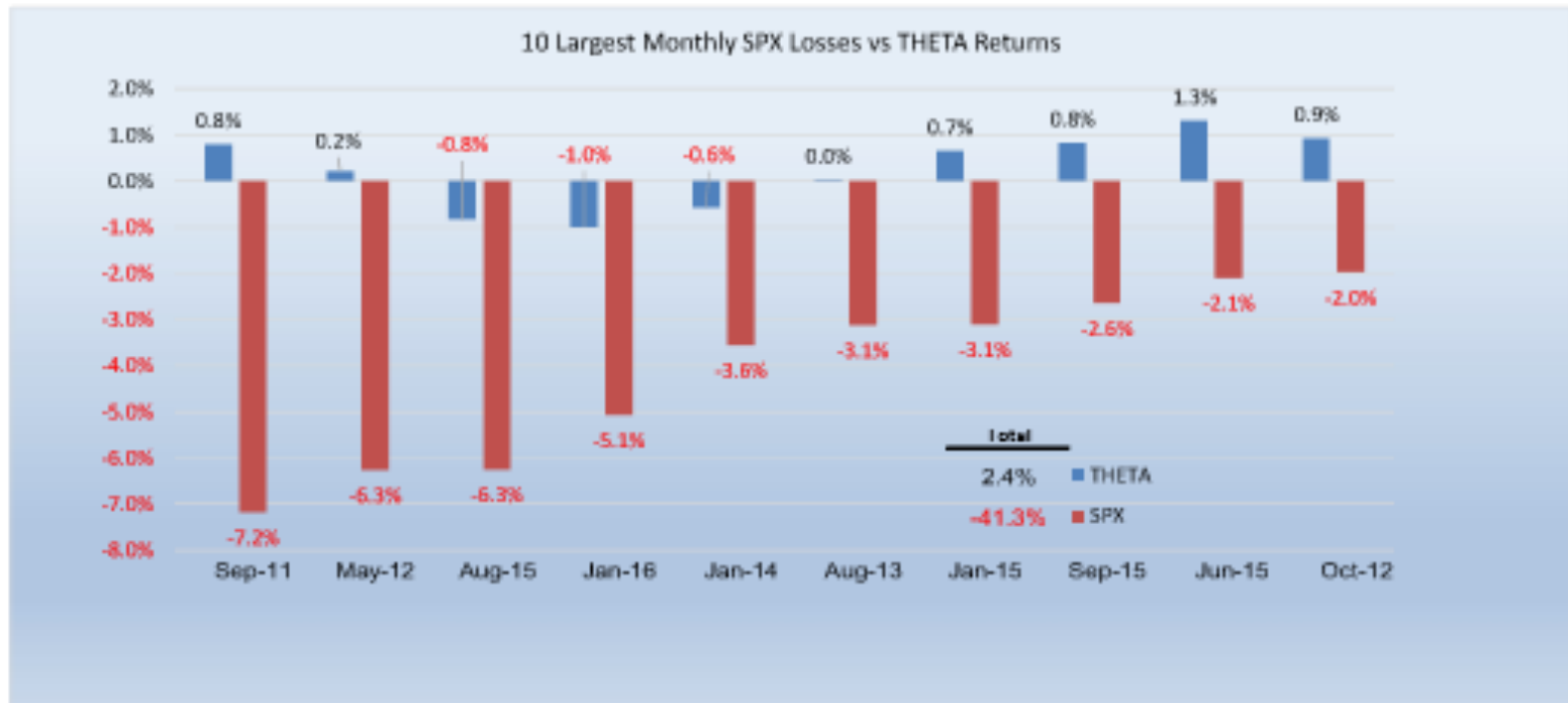


Strategy	End Value	2011 *	2012	2013	2014	2015	2016	2017 *	Standard Deviation	Annualized Return	Sharpe Ratio
60/40 Benchmark **	1,583	2.9%	9.6%	16.1%	9.3%	0.0%	6.8%	3.6%	6.8%	8.6%	1.27
Theta	1,859	7.5%	22.8%	14.4%	6.3%	10.0%	3.8%	1.4%	5.1%	11.7%	2.28
Growth of \$1		Growth of \$1,000		* From September		* YTD		Risk			

\*\* Reflects returns of the S&P 500 (SPXY), iShares core US aggregate bond (AGG) in a ratio of 60% and 40%, respectively with monthly rebalancing.

# Low Drawdown

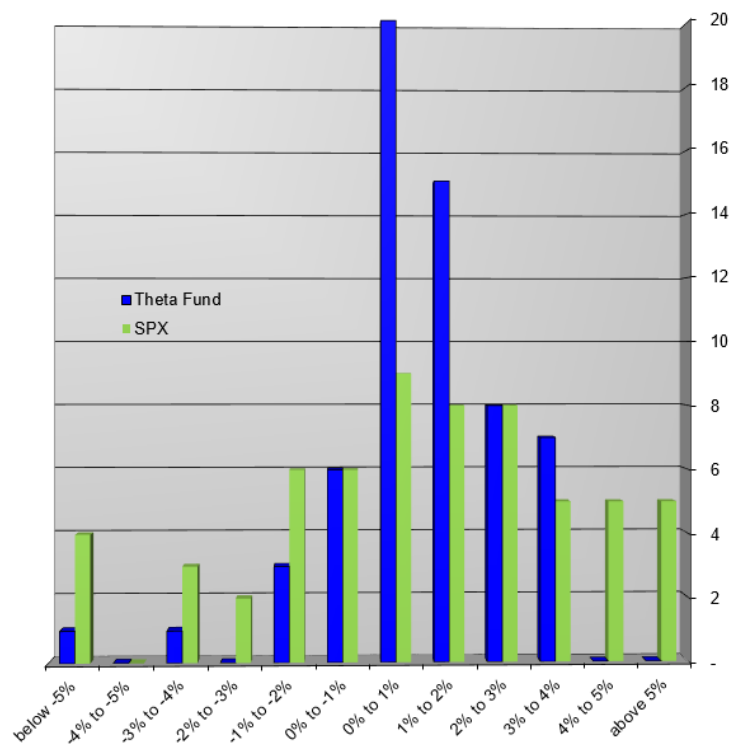
## Low correlation to SPX losses



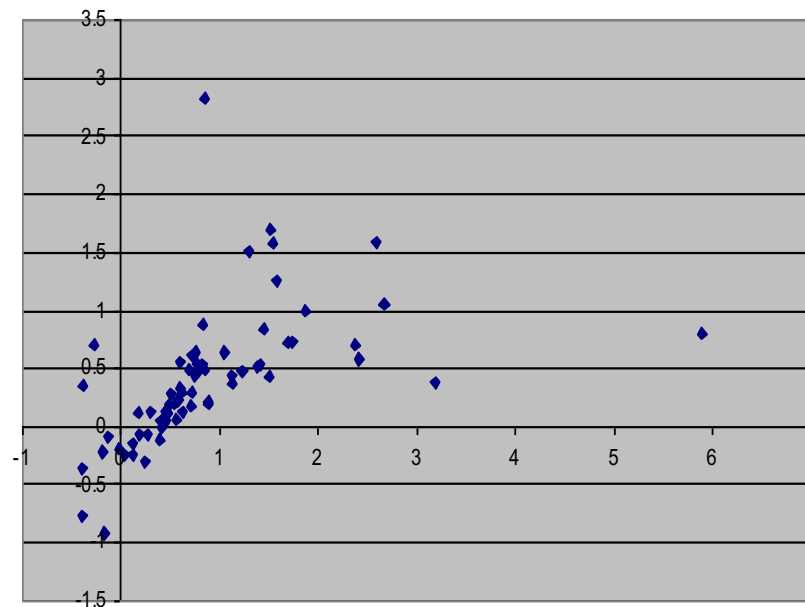
The chart above illustrates the effectiveness of the Theta strategy during large market declines. The 10 largest S&P 500 market declines during the 5-year history of Theta Funds total a 41% loss, while Theta had losses in only 3 of the 10 periods and total profits of 2%.

# Consistency of Returns

## Monthly Return Distribution

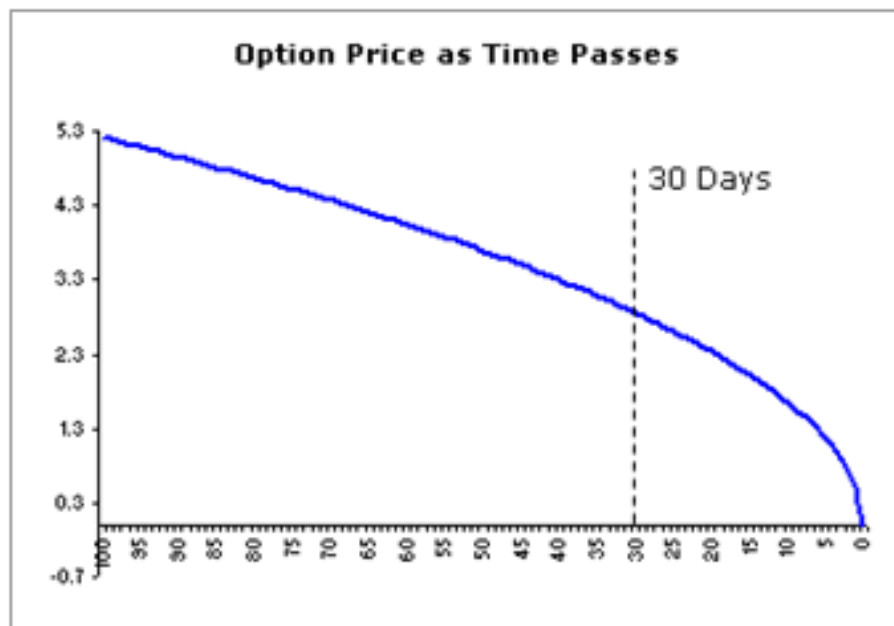


## Alpha and Sharpe Ratio





# Most Options expire Worthless



- As options are expiring assets, the entire extrinsic value is exposed to time decay, which will, all else held equal, eat away at the value of an option every day.
- The amount of time decay will increase as the option approaches expiration.
- An option has no time value at expiration and is only worth its intrinsic value.

# Methodology

## **APPROACH:**

For each put option that is sold, the long option portfolio is rebalanced.

## **IMPLEMENTATION:**

The initial positions and subsequent adjustments are based on an algorithm developed by analyzing market data since 1985 with artificial intelligence programs, taking into consideration:  
Initial positions have a greater than 97% probability of expiring worthless.

## **POSITIONS:**

Position sizing will decrease and distance from the market will increase based on:  
Theta option pricing model.  
Theta Market Volatility Forecaster.  
Theta Market Range Forecaster.

## **RISK MANAGEMENT:**

Delta hedging is done with S&P 500 futures and long options  
Partial hedging is done with a fund loss of 0.5% to 1%.  
Positions are 25% liquidated with a fund loss of 2.5%.  
Positions are 50% liquidated with a fund loss of 5.0%.  
Positions are 75% liquidated with a fund loss of 7.5%.  
Positions are completely liquidated with a fund loss of 10%.

# Tax Advantages

**Tax Efficiency is Performance:** favorable tax treatment is equivalent to a 20% return premium

All gains are taxed at effective rate of 28% or less, using IRS Section 1256 contracts, regardless of investor or Fund holding period.

Theta Fund utilizes Broad Market Futures and Options.

These instruments qualify as IRS Section 1256 Contracts Gains/Losses are taxed at:

- 60% are taxed at the Long Term Capital Gains Tax Rate (20%)

- 40% are taxed at the Short Term Capital Gains Tax Rate (39.6%)

Effective Tax Rate reduced from 39.6% to under 28%

\* Note: Theta is estimating ordinary income/ST capital gains tax rate at the maximum 39.6% and LT capital gains tax rate at 20%.  $60\% \times 20\% + 40\% \times 39.6\% = 28\%$  vs 39.6%; Tax rates are subject to change.

# Financial Results

- Monthly performance and shareholder reports supplied by an independent administration firm
- Public Accounting Oversight Board certified firm conducts annual audit and prepares partners K-1's
- No lock ups. Investors can withdraw funds at any time 30 day notice or immediately upon the event of death or incapacitation of Principal(s)
- Outside counsel has experienced and specialized hedge fund practice
- Harvey Sax and Russell Kellities have a long unblemished background in the securities industry. Harvey Sax was the CEO of a public company.

# Fund Structure and Terms

Name of Fund	The Insiders Fund	Management Fee	2.00% Annually
General Partner	Alpha Wealth Funds	Incentive Allocation	20% of Profits with High Water
Legal Entity	Limited Partnership	Lock-up	No Lock-up
Prime Broker	TradeStation Securities, Inc.	Redemption Period	Monthly with 30 Days Notice
Attorney	The Investment Law Group	Minimum Investment	\$200,000
Independent Administrator	NAV Consulting		
Auditor	Akram & Associates		