

Investment Manager: Overlay Capital LLC  
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### Trading Program Investment Objective

The objective of the 300% Program is to seek absolute capital appreciation in the long run by investing principally in the actively traded G10 currencies using a maximum 3 times leverage. The program runs systematically, and is designed to take advantage of a low drawdown/ low leverage style as a low correlation portfolio of currency pairs that employs 'Triangulation'. We define triangulation in FX terms, not as a trigonometric operation. The model manages all pairs independent of each other, at times it will call for same currency to have long and short positions in different pairs.

### Fund Information

Fund Domicile	USA
Investment Manager	Overlay Capital LLC
Launch Date	Jan 3, 2017
Dealing Frequency	Daily
Base Currency	USD
NAV per share (Class A)	USD 100.58
Use of Leverage	Yes - Maximum 3 times
Average leverage used	Less than 1.5 times
Management Fee	0%
Incentive Fee	30%

### Monthly Performance Hypothetical Data Jan 2012 through Dec 2016\* - Live Jan 2017 through May 31 2017

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	**StDev	***Sharpe Ratio
2012*	0.08%	1.86%	1.16%	0.59%	-1.49%	3.26%	-1.69%	2.04%	-1.30%	2.25%	-0.33%	2.78%	<b>9.20%</b>	6.72%	1.2
2013*	3.54%	1.53%	-1.20%	1.55%	0.53%	4.07%	2.44%	1.58%	-1.28%	1.79%	-0.98%	1.24%	<b>14.81%</b>	5.73%	2.4
2014*	-0.33%	0.53%	2.16%	-0.84%	1.17%	0.92%	0.23%	-0.51%	3.80%	1.77%	3.27%	2.01%	<b>14.18%</b>	4.18%	3.2
2015*	9.30%	0.21%	0.67%	1.17%	3.18%	0.50%	2.69%	6.80%	-0.15%	0.67%	1.48%	4.99%	<b>31.51%</b>	6.75%	4.5
2016*	0.87%	1.99%	-0.41%	2.30%	2.43%	5.79%	1.12%	1.57%	0.24%	0.46%	1.09%	0.02%	<b>17.46%</b>	3.66%	4.5
2017	<b>1.21%</b>	<b>1.71%</b>	<b>0.40%</b>	<b>0.12%</b>	<b>-2.85%</b>								<b>0.58%</b>		

#### 2017 Live Trading Performance (net of 30% incentive fee)

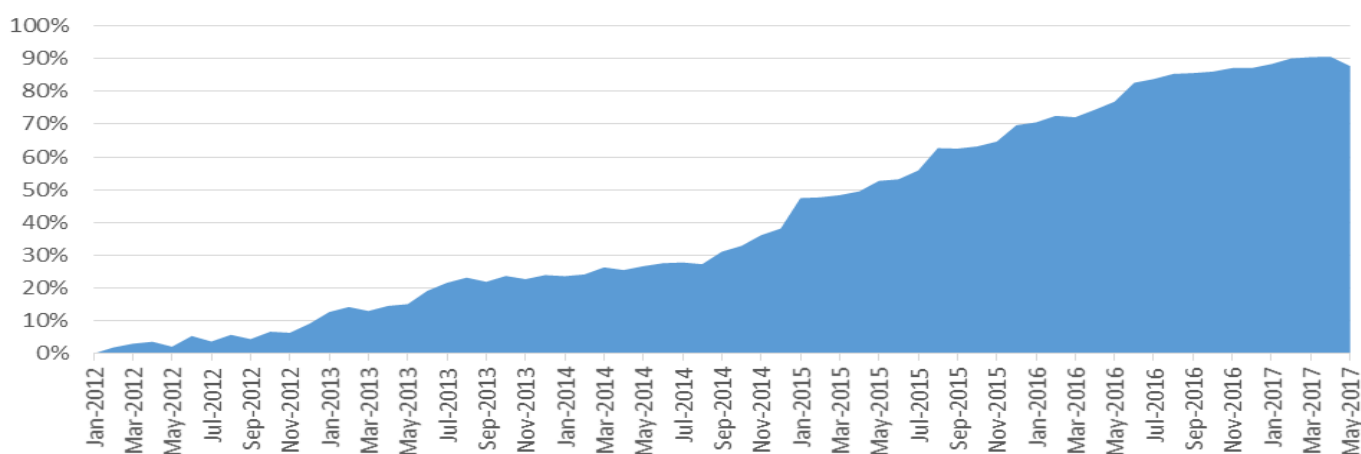
\*Hypothetical Returns.

\*\*StDev measures volatility using daily returns for the year

\*\*\*Sharpe Ratio uses 1% for risk free rate

	1-Month	2-Months	3-Months	6-Months	1-Year	Annualized Return
Performance (net of 30% fee)	-2.85%	-2.73%	2.33%			1.40%

### Overlay Capital 300% Program Cumulative Performance



### Statistics for 300% Program (through May 31 2017)

Rolling 12 month return	16.15%	Annualized Standard Deviation	6.99%
Best Monthly Return	9.30%	Maximum Drawdown (monthly data)	2.82%
Worst Monthly Return	-2.85%	MAR Ratio	5.75
Average Monthly Return	1.35%	Calmar Ratio	17.88
Percentage of Months with Gain	80.0%	*Correlation with DXY	-0.56%
Average Monthly Gain	1.94%	*Correlation with SPY	-1.30%
Average Monthly Loss	-1.03%	*Correlation with MSCI World Index	-1.70%

\*Correlation calculations through Mar 31 2017

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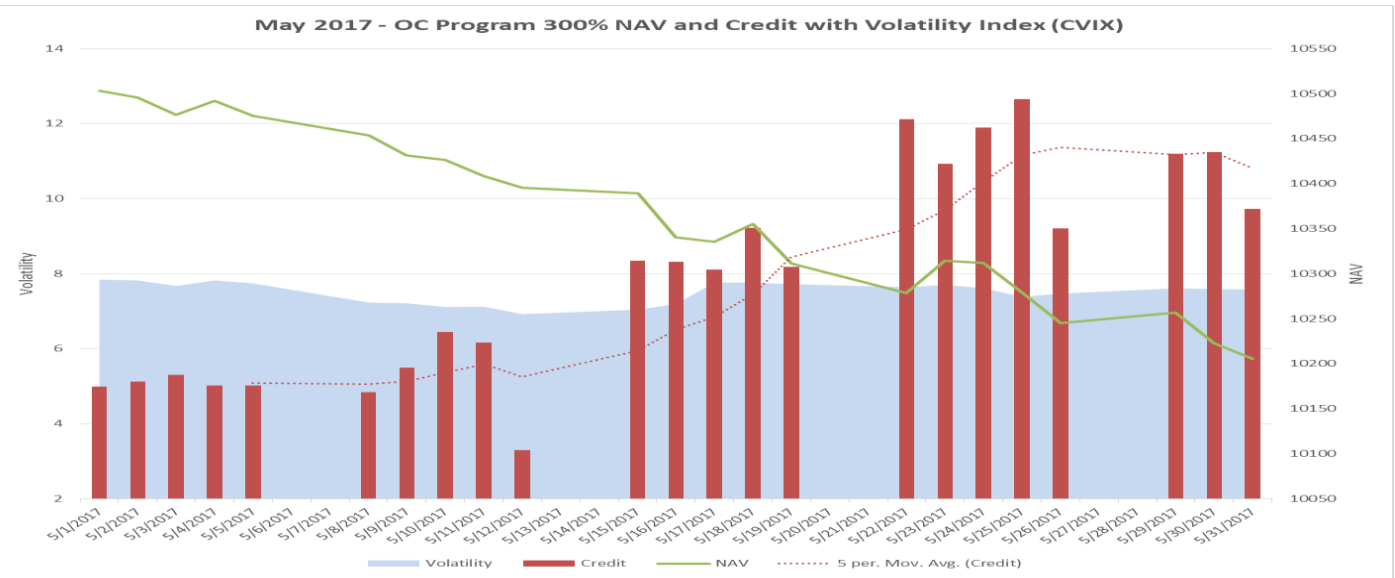
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## Monthly Trading Program Review

The model suffered its largest monthly drawdown at 2.85%. Another interesting data point was the actual leverage deployed was under 1x the notional size of the account. The average credit usage was only 0.80% for the month. GBPJPY contributed the largest portion of the loss for the month, followed by EURUSD and EURJPY. These 3 accounted for 80% of the negative performance in May. We had the French election results this month and they provided stability to the FX markets after the EUR tested the decade plus lows leading up to vote. The surge in implied vols was quickly reversed during the month, and ended down 3.5%.

Our research at Overlay Capital is an ongoing process, analyzing the data on a daily basis, determining market predictive properties of different indicators. The machine learning system is continuously studying market behavior and correlations between analytics and live trading. We continue expanding the universe of the data points we utilize, adding a number of interest based indicators this month to provide a wider set of factors for the system to study and provide input for signal direction and weighting.

We continue to work on our systems and will start to incorporate more pairs, along with intraday studies and additional analytical procedures to the process.



## Strategy Highlights from Hypothetical Research

- The cumulative return for the 5 year period was 124.51%. The annualized return was 17.56% with an annualized volatility of 6.33%, giving the program a 2.77 Sharpe Ratio.
- The largest drawdown on a monthly basis was 1.69% in July 2012. Drawdown using daily data was 2.82%.
- Longest days from that drawdown back to peak was 32 days. (Jul-Aug 2012)
- The average leverage in the 300% (3x) program is less than 1.5 times. Best/worse month 9.30% / -1.69%. Average daily P&L is 6.3 bps.
- The currencies in the 300% Program are the most liquid giving the program the ability to scale.
- Low/and negative correlations with other assets classes, including during stressful market conditions.

## Strategy Highlights from Live Trading

- Live trading began in January 2017.
- May 2017 saw a breach of both the daily and monthly drawdown for the program.
- We saw a daily drawdown of 2.98% and the month drawdown was 2.85%.
- The average leverage in the 300% (3x) program was less than even 1x leverage (actual average was 0.8%).
- There were no individual bad days, with the largest drop was 49 bps.
- There were only 5 up days with 18 down days.

**Risk Warning** - This document was prepared and issued by Overlay Capital LLC.

Investment involves risks. The Monthly Trading Review is an expression of our opinion. Opinions expressed in this letter are intended solely as a general market commentary and do not constitute investment advice or a guarantee of returns. All expressions of opinion are subject to change without notice.

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