

EDELWEISS VOLATILITY FUND

OVERVIEW 2013

Edelweiss
Volatility
Fund
Overview
2013

ORGANISATION

organisation

advisors

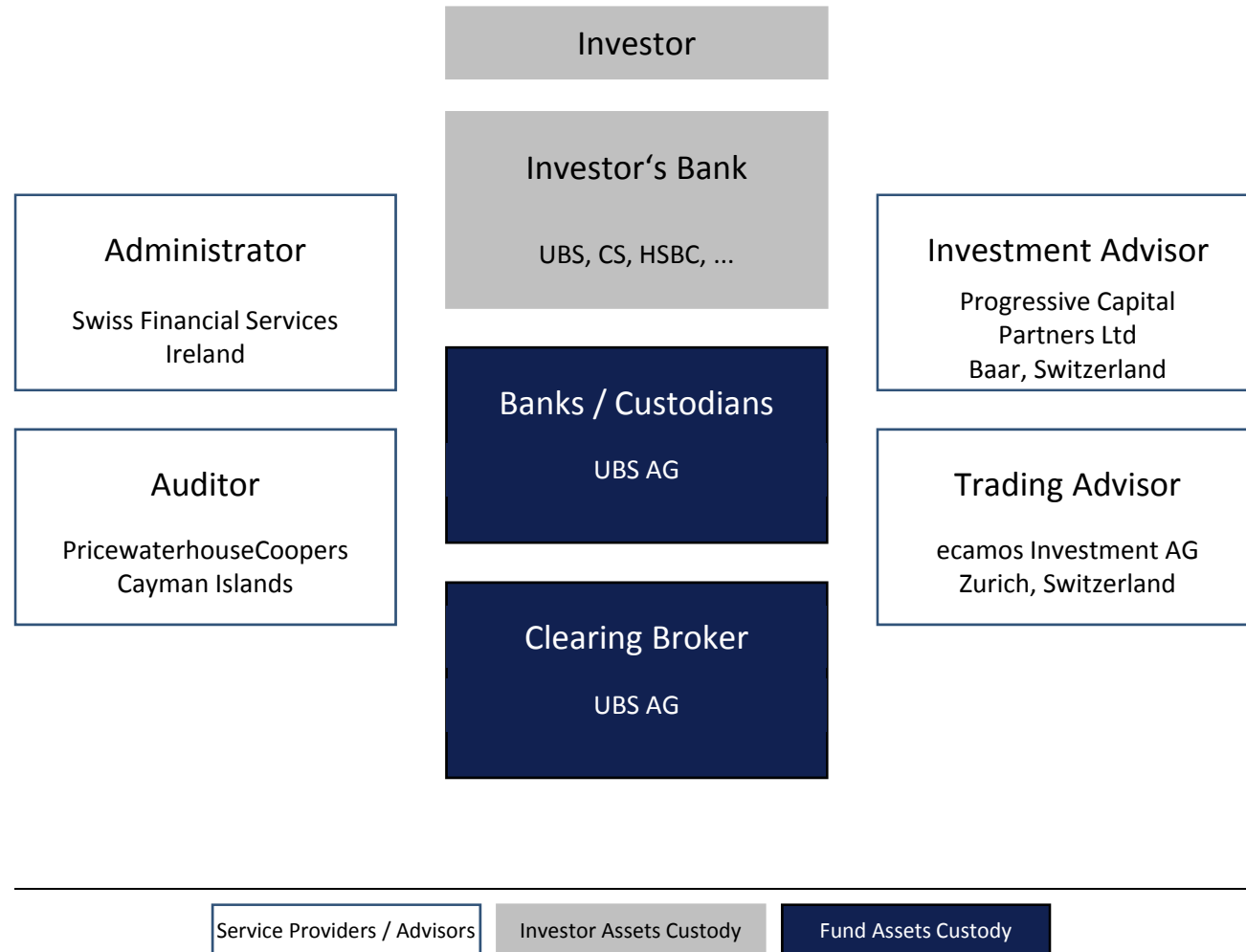
introduction

strategy

results

fund at a glance

disclaimer



INVESTMENT ADVISOR – COMPANY FACTS

organisation

advisors

introduction

strategy

results

fund at a glance

disclaimer

- Progressive Capital Partners Ltd
- based in Baar-Zug, Switzerland
- limited liability company, established in 2001
- entirely owned by its management
- team of 7 people
- advisor to 3 Fund of Hedge Funds and 3 Single Manager Hedge Funds
- AuM USD 640m
- registrations/memberships:
 - VQF – Financial Services Standards Association
 - AIMA – Alternative Investment Association

TRADING ADVISOR – COMPANY

organisation

advisors

introduction

strategy

results

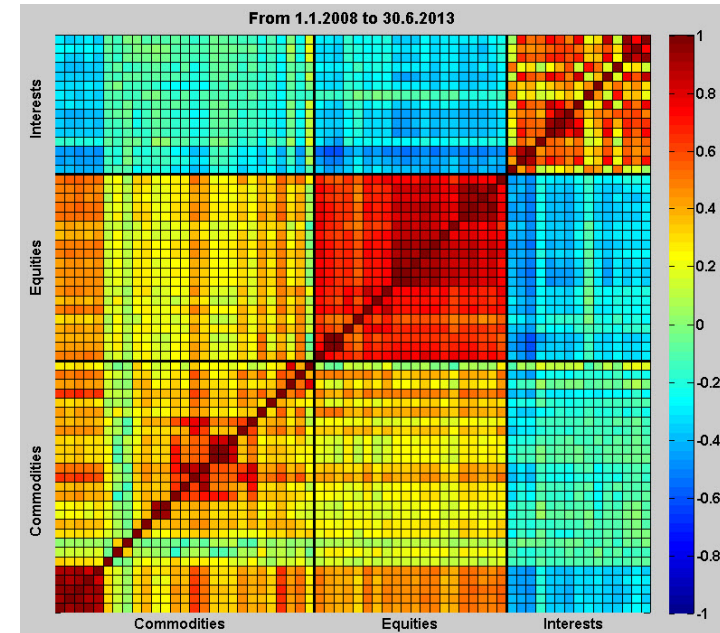
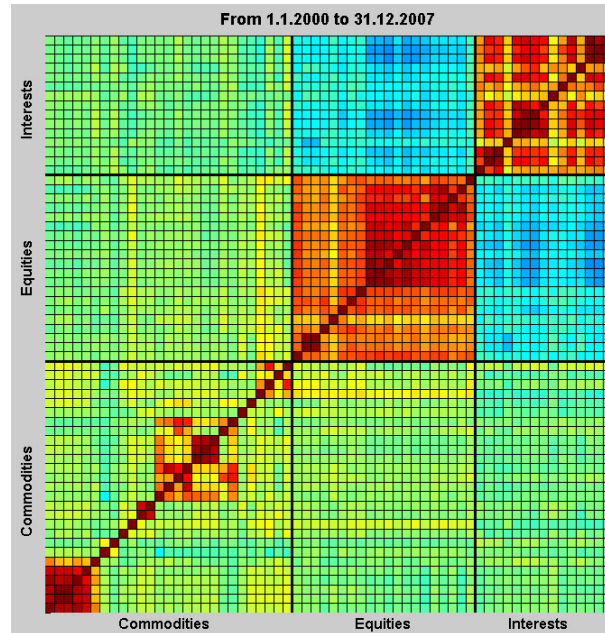
fund at a glance

disclaimer

- ecamos Investment AG
- limited liability company, established in 2004
- based in Zurich, Switzerland, regulated by Polyreg
- team of 5 dedicated investment professionals
- focus on building systematic investment models with economic sense
- AuM USD 79m in 2 programs

CHALLENGE NOWADAYS?

organisation
advisors
introduction
strategy
results
fund at a glance
disclaimer

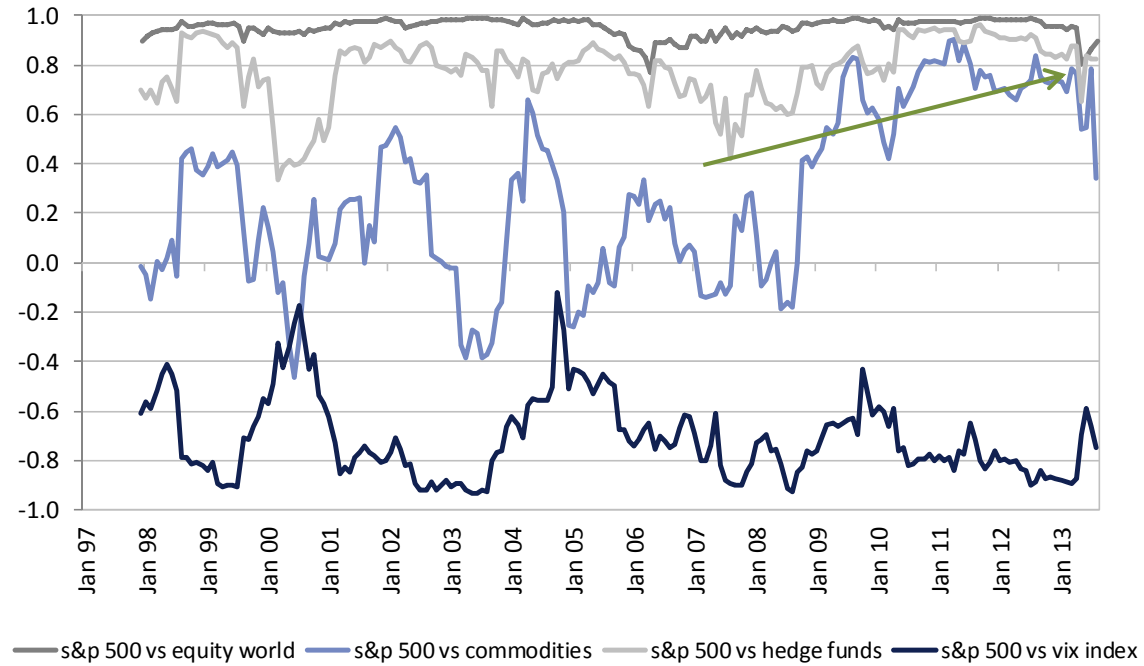


- correlation between asset classes has increased
- difficult to hide in major draw downs
- will interest rates comply with expectations?!?

data source: ecamos Investment AG

DIVERSIFICATION – THE ONLY FREE LUNCH

- organisation
- advisors
- introduction
- strategy
- results
- fund at a glance
- disclaimer

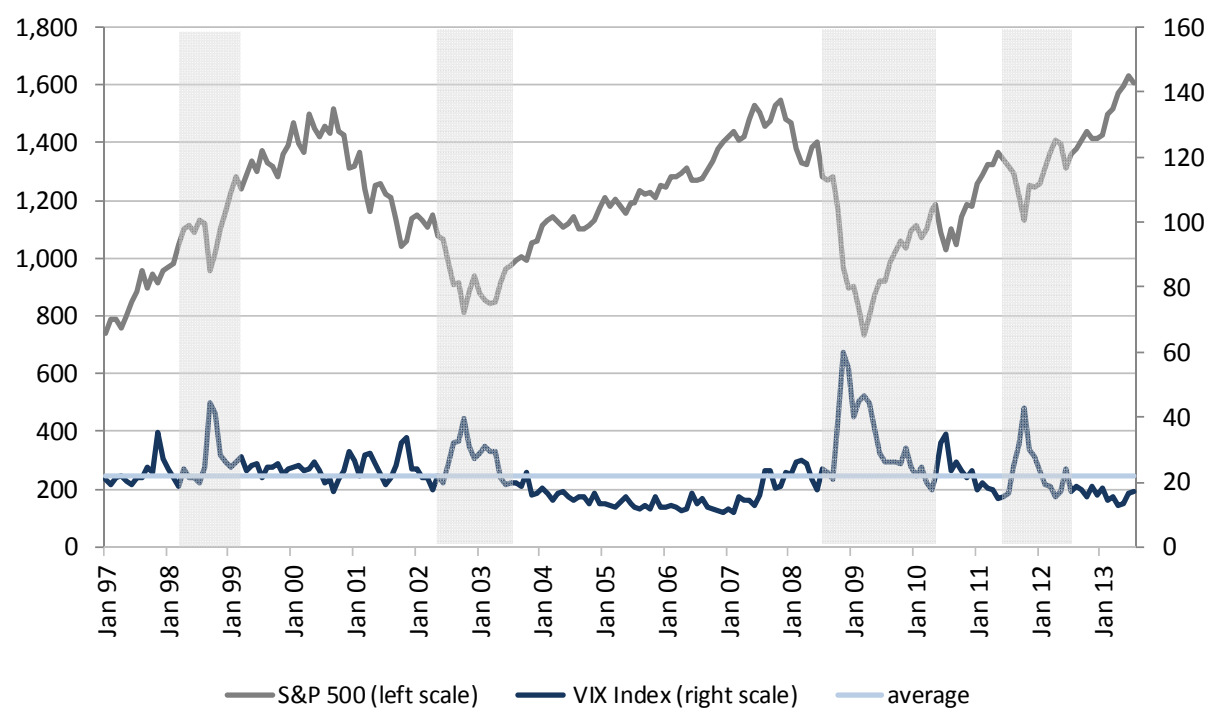


- volatility can provide low correlation in difficult market environments

data source: bloomberg, indices used: MSCI World, DJUBSTR Index, HFRI Fund weighted Index (12month rolling correlation)

VIX INDEX BEHAVIOUR

organisation
advisors
introduction
strategy
results
fund at a glance
disclaimer

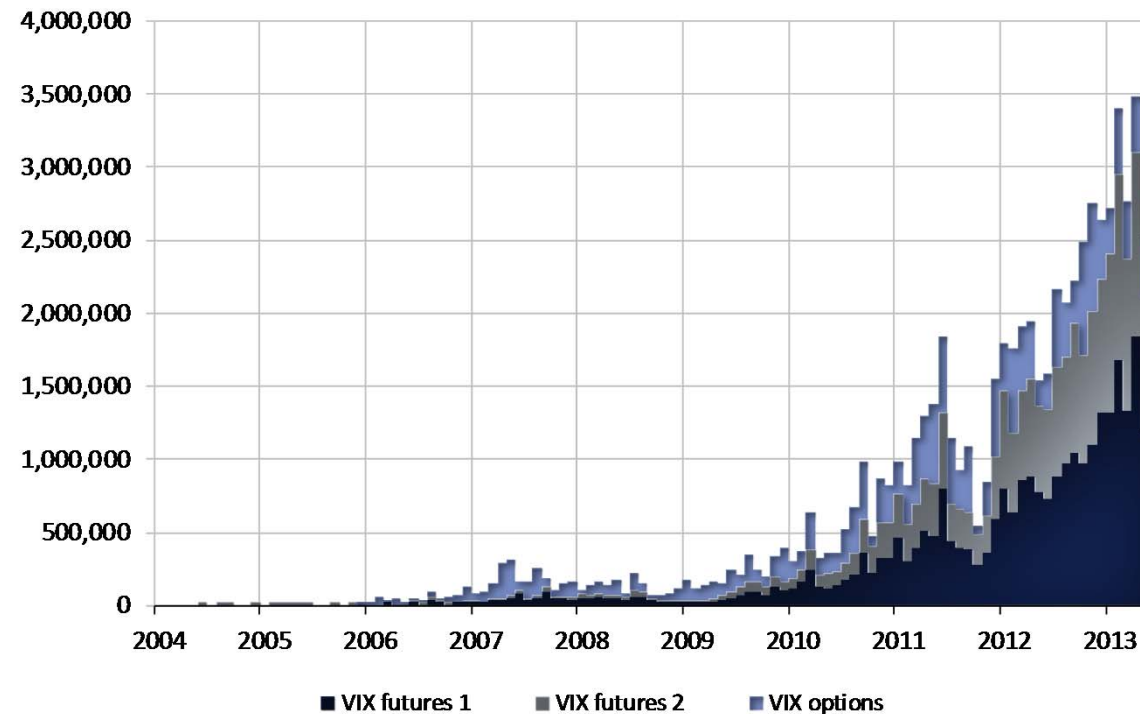


- market sell-offs typically result in volatility spikes
- volatility spikes:
 - tend to be large in magnitude
 - tend to occur infrequently
 - are strongly mean reverting

data source: bloomberg

DAILY TRADING VOLUME

organisation
advisors
introduction
strategy
results
fund at a glance
disclaimer



- trading volume has increased substantially in the past years
- current volume provides sufficient liquidity to take advantage of the broad opportunity set

data source: bloomberg, VIX futures daily volume 1st and 2nd maturities

TERM STRUCTURE ANALYSIS - BASICS

organisation

advisors

introduction

strategy

results

fund at a glance

disclaimer

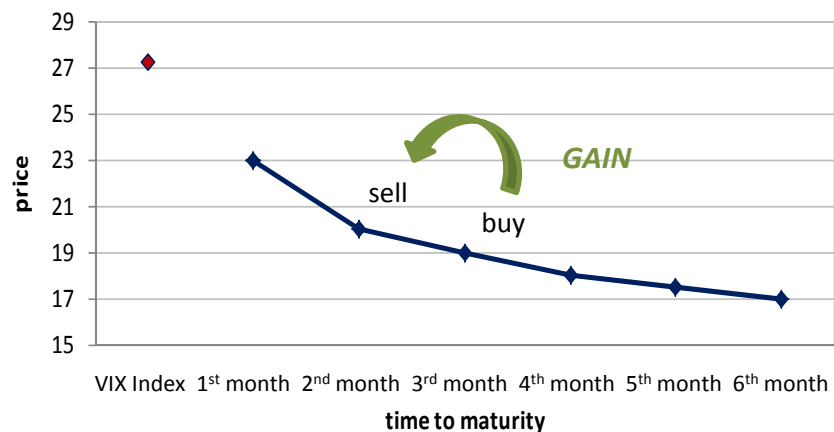


contango:

the longer the time to expiration,
the higher the price

normal market situation

roll costs are a kind of risk premium for
portfolio protection



backwardation:

the longer the time
to expiration, the lower the price

stressed market situation

roll returns arise because markets
are anticipating normalisation of volatility
“mean reverting”

LONG ONLY RESULTS

organisation
advisors
introduction
strategy
results
fund at a glance
disclaimer



- buying expiring future contracts results in significant losses due to the roll-costs of futures
- a well-framed trading strategy can capitalize on this effect
- however – hedging the substantial gap risk is necessary

data source: bloomberg

EDELWEISS STRATEGY - OVERVIEW

organisation

advisors

introduction

strategy

results

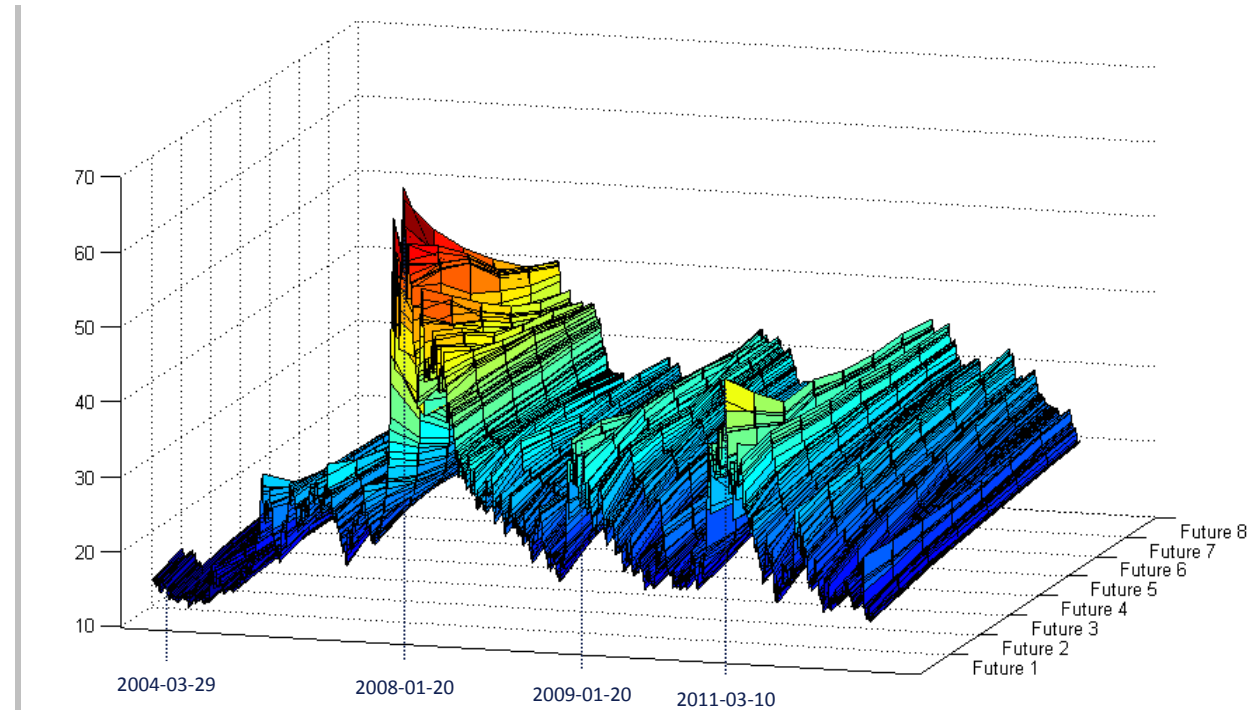
fund at a glance

disclaimer

- systematic trading strategy
- taking advantage of term structures of VIX futures
- diversification over multiple trading models
- long / short exposure
- target volatility of 20% - 25% p.a.
- daily risk adjustment

TERM STRUCTURE – HEAT MAP

organisation
advisors
introduction
strategy
results
fund at a glance
disclaimer



- most of the time the term structure is in contango
- **volatility is strongly mean reverting**

data source: ecamos Investment AG

EDELWEISS POSITIONING

(1/2)

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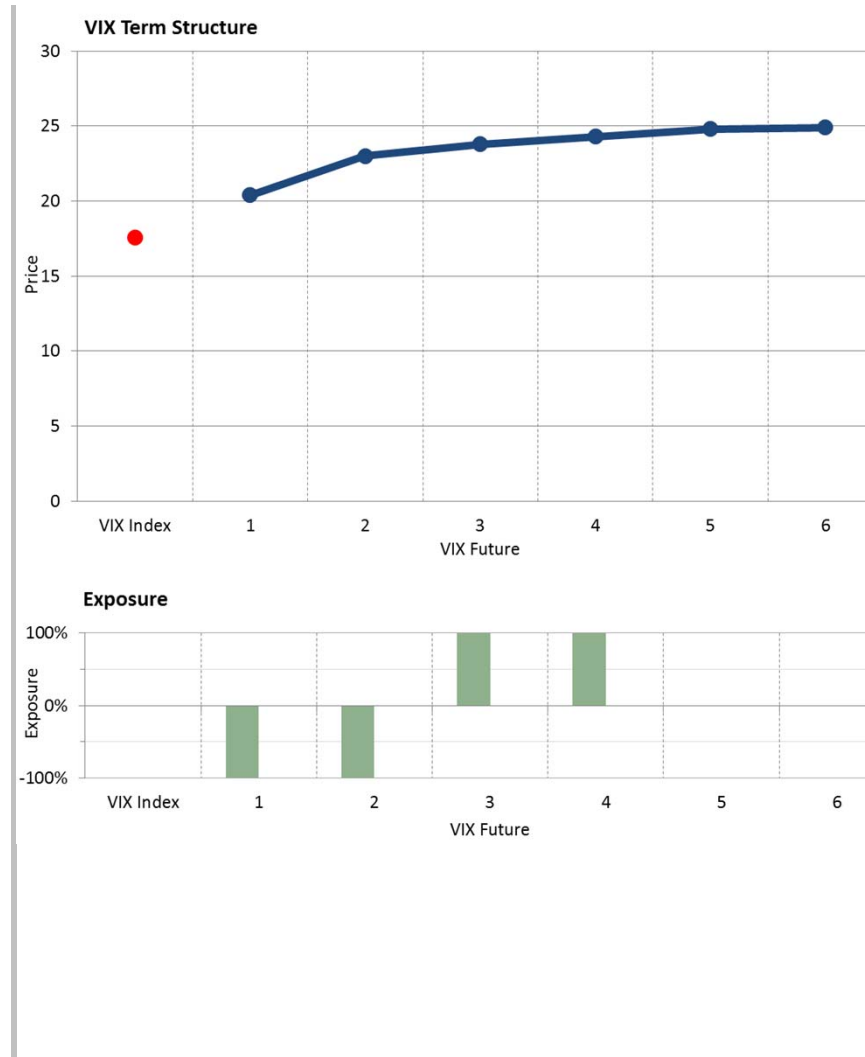
introduction

strategy

results

fund at a glance

disclaimer



contango:

the longer the time to expiration,
the higher the price

normal market situation

roll costs are a kind of risk premium for
portfolio protection

**EDELWEISS is positioned short
on the first two future contracts
on the term structure curve and
hedged on the third and forth
contract**

EDELWEISS POSITIONING

(2/2)

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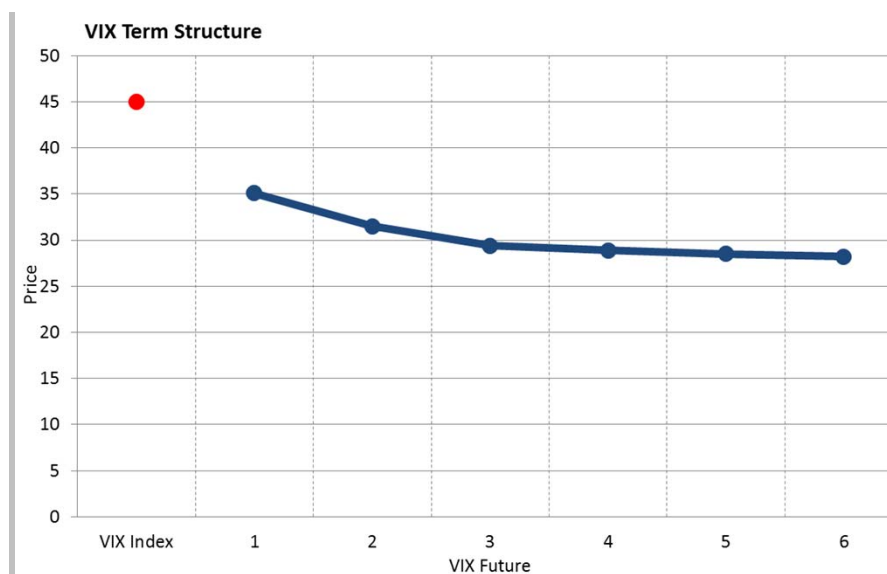
introduction

strategy

results

fund at a glance

disclaimer

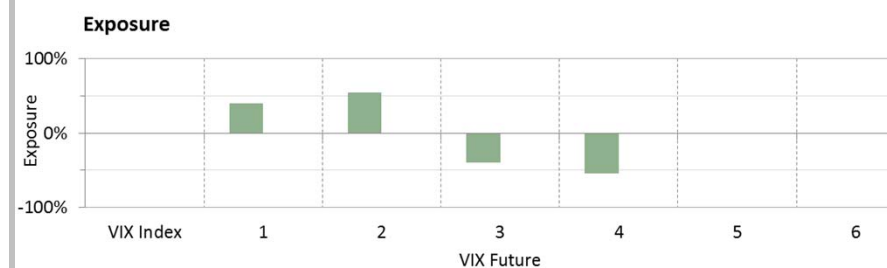


backwardation:

the longer the time
to expiration, the lower the price

stressed market situation

roll returns arise because markets
are anticipating normalisation of
volatility "mean reverting"



**EDELWEISS is positioned long
on the first two future contracts
and hedged on the third and fourth
contract**

TABLE OF MONTHLY RETURNS (in USD)

organisation

advisors

introduction

strategy

results

fund at a glance

disclaimer

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2004									18.4%	-7.8%	2.4%	1.0%	13.0%
2005	10.8%	0.8%	-4.8%	2.4%	2.3%	8.3%	2.4%	4.4%	5.0%	-3.0%	0.2%	3.3%	36.0%
2006	3.1%	7.2%	3.4%	-1.0%	3.8%	-0.9%	-2.9%	4.2%	5.8%	13.7%	1.6%	3.2%	48.5%
2007	8.9%	-1.1%	-4.0%	-2.0%	-3.2%	-5.4%	-1.1%	9.5%	-1.8%	-0.9%	-7.2%	5.3%	-4.3%
2008	13.6%	0.4%	1.0%	6.2%	7.7%	6.3%	0.0%	0.0%	0.4%	29.5%	5.2%	2.3%	95.8%
2009	2.4%	-4.9%	4.6%	-0.7%	3.2%	2.3%	-2.3%	-2.3%	6.1%	2.9%	-0.5%	8.4%	20.0%
2010	7.3%	6.6%	5.6%	-5.1%	-13.9%	-1.8%	11.1%	5.0%	2.5%	11.1%	-0.8%	6.5%	35.8%
2011	5.3%	-1.8%	-1.8%	10.9%	3.4%	2.5%	-7.2%	7.3%	1.0%	-2.9%	-0.4%	-2.2%	13.6%
2012	8.8%	6.0%	7.6%	-2.5%	-0.5%	8.3%	2.8%	6.2%	4.1%	-5.4%	12.6%	-7.9%	45.5%
2013	9.6%	-0.3%	3.3%	1.2%	-5.8%	-1.6%	9.8%	-2.2%					13.6%

returns from September 2004 to October 2011 (grey) are simulated results based on the systematic trading model with pro forma adjustments made for the Fund's fees. Returns since November 2011 are real traded figures of a managed account adjusted for the fund's target volatility of 20-25%, management and performance fees. As such, such returns do not represent actual returns of the Fund during such time periods prior to May 16, 2013 (inception date). Hypothetical performance results have many inherent limitations, some of which are described below. No representation is being made that the Fund will or is likely to achieve profits or losses similar to those shown. In fact, there are frequently sharp differences between hypothetical performance results and the actual results subsequently achieved by any particular trading program. One of the risks of hypothetical performance results is that they are generally prepared with the benefit of hindsight. In addition, hypothetical trading does not involve financial risk, and no hypothetical trading record can completely account for the impact of financial risk in actual trading.

SCENARIO ANALYSIS

organisation

advisors

introduction

strategy

results

fund at a glance

disclaimer

Stress in S&P 500 vs. VIX Index and VIX futures with different maturities

	2007-02-27	2011-08-08
S&P 500	-3.5%	-6.7%
VIX Index	64.2%	50.0%
VIX futures 1	29.0%	25.4%
VIX futures 2	16.0%	15.3%
VIX futures 3	9.0%	13.0%
VIX futures 4	5.0%	9.9%

Flash crash 6th of May 2010

	intra day low / high	close
S&P 500	-8.6%	-3.2%
VIX Index	63.4%	31.7%
VIX futures 1	68.8%	20.9%
VIX futures 2	87.6%	14.3%
VIX futures 3	22.0%	11.0%
VIX futures 4	30.4%	9.1%

data source: ecamos Investment AG

GAP ANALYSIS

organisation

advisors

introduction

strategy

results

fund at a glance

disclaimer

strategy results during the biggest moves of the S&P 500 in 2008

best	Edelweiss Volatility Fund	S&P 500	worst	Edelweiss Volatility Fund	S&P 500
2008-10-20	2.9%	6.1%	2008-10-15	-2.5%	-9.9%
2008-11-13	1.1%	6.4%	2008-12-01	-1.6%	-8.9%
2008-11-24	4.0%	7.1%	2008-11-20	-4.2%	-7.9%
2008-10-28	8.0%	12.5%	2008-09-29	-2.9%	-7.9%
2008-10-13	12.3%	14.1%	2008-10-09	-2.0%	-7.0%

worst days of the strategy ever

worst	Edelweiss Volatility Fund
2010-05-06	-6.7%
2007-02-27	-5.3%
2010-05-07	-4.4%
2008-11-20	-4.2%
2012-06-11	-4.1%
2011-02-22	-4.0%

returns from September 2004 to October 2011 are simulated results based on the systematic trading model with pro forma adjustments made for the Fund's fees. Returns from November 2011 till now are real traded figures of a managed account. As such, such returns do not represent actual returns of the Fund during such time periods.

data source: ecamos Investment AG

FACTS AND FIGURES

organisation

advisors

introduction

strategy

results

fund at a glance

disclaimer

	Edelweiss Volatility Fund
strategy	Systematic Volatility Strategy
product	Single Strategy
target volatility	20% - 25%
domicile	Cayman Islands
subscription	1 st and 16 th
redemption	1 st and 16 th
currencies	USD, EUR, CHF, JPY, GBP, AUD, CNH
min. investment	institutional: USD 1m private: USD 25,000
reporting	monthly/weekly
management fee (p.a.)	institutional: 1% on TL private: 1.5% on TL
performance fee (high watermark)	institutional: 20% private: 20%
fund assets	USD 29m

DISCLAIMER & CONTACT INFORMATION

organisation

advisors

introduction

strategy

results

fund at a glance

disclaimer

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