303 Capital Partners

303 Proprietary

303 Capital Partners

▸ Founded in 2004, 303 Capital Partners has a nine year history of seeding and partnering with trading groups and hedge fund operators.

▸ Employees have, on average, approximately 20 years industry experience.

▸ Extensive experience seeding and incubating trading groups. We have launched 47 managers since 2004.

  Leads to significant ongoing deal flow.

▸ Generated over $260 million of profits for our investors.[1]

▸ Average Net 1.75% monthly return since 2004. [1]

▸ 79 winning months (77%) vs. 23 losing months (23%) [1]

▸ Experience across multiple asset classes. [2]

▸ AUM currently approximately $120 million. [1]

I: See slides 43 and 44 for reference data

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Organizational Structure
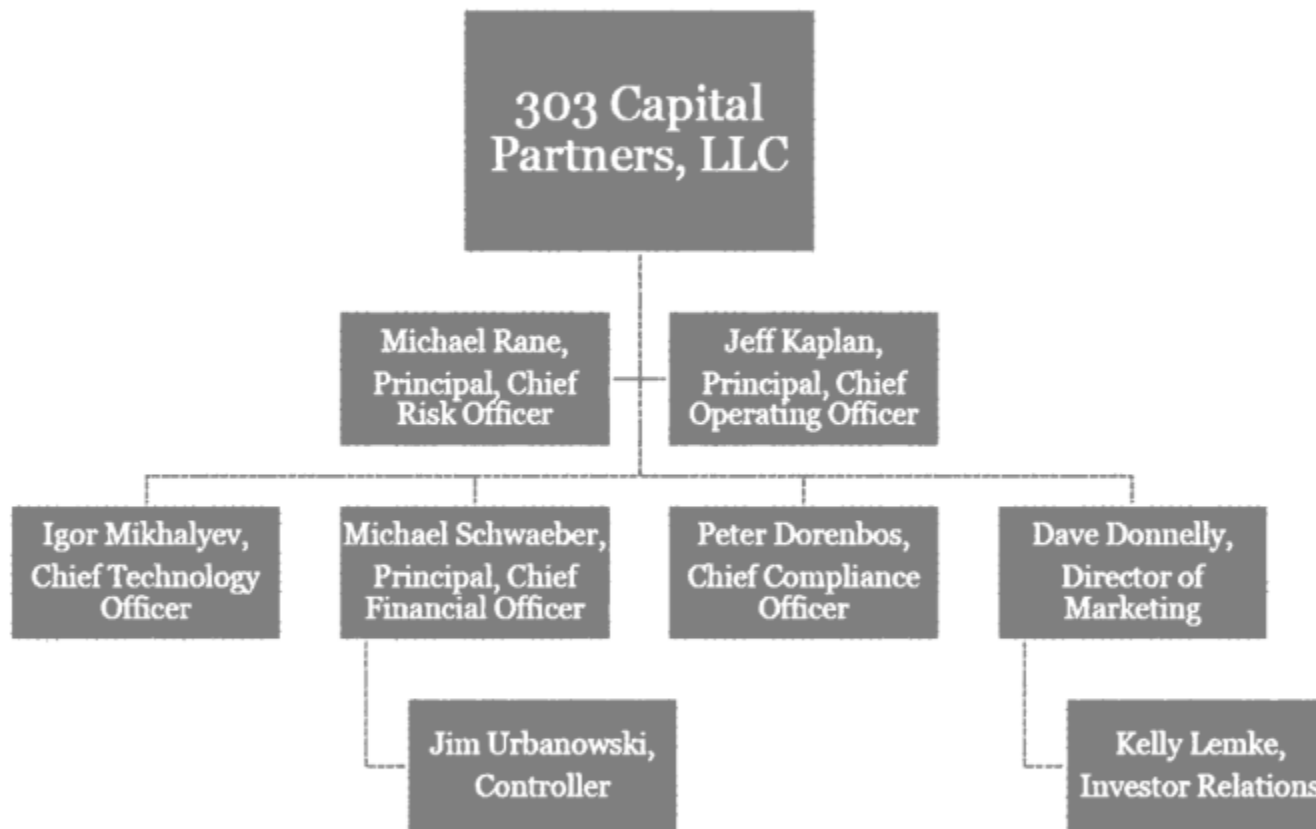
Three Zero Three Capital Partners, LLC provides infrastructure and middle-office support functions:

- Chief Financial Officer
- Chief Operating Officer
- Risk Oversight
- Compliance
- Marketing & Investor Relations

Three Zero Three Capital Partners, LLC is an Exempt Reporting Adviser with the SEC and is registered with the CFTC/NFA as a Commodity Pool Operator and Commodity Trading Advisor. As a Fund Manager, Three Zero Three manages and invests in other funds, and also appoints Trading Advisors to trade the assets of those Funds.

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The Opportunity

▸ 303 Capital Partners was able to acquire a fully-functioning, low-latency, high frequency trading company, and sign many of the existing trading groups, quantitative analysts, programmers and IT support. This has created the opportunity for outside investors to participate in the profits of this proprietary trading entity.

▸ **$15mm capital raise, $11mm currently raised**

▸ Initial investment expected to absorb some capital burn associated with reconnecting and restarting traders. Expected maximum loss ~20%

▸ Initial investors will have undilutable rights to trading profits of the Prop group indefinitely, expected annualized net return to investors ~30-60%.

Trading Groups with Live P&L

Performance history for a selection of signed trading groups

Live P&L Trading Groups – Pairs Arbitrage

Trade Description

Month	P/L		
	2010	2011	2012
Jan	119,862	237,917	424,178
Feb	114,929	250,953	304,606
Mar	212,602	139,888	307,191
Apr	216,799	230,045	269,186
May	144,789	290,839	423,550
Jun	234,292	216,858	366,756
Jul	204,702	242,523	58,102
Aug	127,280	264,452	229,417
Sep	175,312	142,275	74,904
Oct	175,986	244,126	154,052
Nov	117,673	103,749	50,956
Dec	193,166	152,333	-
	2,037,393	**2,515,959**	**2,662,897**

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Live P&L Trading Groups – Pairs Arbitrage
Laith Shabaan

▸ Laith's resume

Live P&L Trading Groups – Metals Arbitrage

This trade exploits a Copper arbitrage between the LME and Comex products. The trade utilizes a systematic approach, trading approximately 500 contracts daily and 10,000 monthly. The primary barrier to entry is the high level of difficulty in trading LME products. Quite simply, they are not user friendly contract specifications, which, combined with settlement issues, provide a great opportunity for alpha generation. The evolution of co-location of LME and Comex, has allowed for easier autospreading success. Further advantage is gained from additional knowledge of the spread's correlation to other products outside of the metals asset class. These correlations help us to have confidence in the way we lean into the copper arbitrage.

Month	P/L	
	2011	2012
Jan	-	376,304
Feb	-	359,303
Mar	140,519	(1,344)
Apr	263,919	(398,589)
May	338,188	143,663
Jun	298,164	202,845
Jul	327,486	267,483
Aug	70,521	159,189
Sep	467,493	218,430
Oct	501,840	283,368
Nov	160,553	(35,241)
Dec	97,252	-
	2,665,937	**1,575,411**

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Live P&L Trading Groups – Metals Arbitrage
Christian Faber

Achievements

▸ Only four months of drawdown during the eight year period with direct P&L responsibility.

▸ Trained and mentored a number of successful traders, who were able to build their own revenue-generating teams.

▸ Designated Market Maker for Euribor and Euro Swap Note Futures on LIFFE Exchange in London.

▸ Self-taught Visual Basic, Python Programming and Trading Technologies Algo Design Lab.

Experience

Buttonwood Group Trading LLC

▸ Responsible for the double butterfly book in short term interest rate futures across the globe (US, UK, Europe, and Brazil in particular).

▸ Fixed income sovereign spread trading with proven track record.

AM Rosenthal LLC

▸ Member of Fixed Income Relative Value Group responsible for short term interest rate spreads and treasury curve strategies.

▸ Strong development of valuation models, which improved my ability to rapidly identify and take action on curve and credit dislocations.

Independent Fixed Income Trader

▸ Seat holder on the Chicago Mercantile Exchange, clearing through Advantage Futures.

▸ Traded government cash securities and CME, LIFFE and Eurex fixed income futures products by integrating basis, yield curve, inter-commodity, and calendar spreads.

▸ Used a unique strategy to exploit dislocations Eurodollar and Euribor curves.

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Live P&L Trading Groups – Metals Arbitrage
Christian Faber (cont.)

<u>TransMarket Group L.L.C.</u>

▸ Ran a fixed income futures and cash portfolio with roughly $400,000 daily Value-at-Risk.

▸ Specific emphasis on TED spreads in Euribor, Eurodollar, and Short Sterling.

▸ Responsible for development and risk of ten traders in the NY office, most of whom have been taught fixed income trading from scratch by myself.

▸ Additional exposure in Basis Trades, Treasury curve plays, and Crude Oil futures butterflies in the back months.

▸ Strong understanding of front end systems to allow for auto execution of multiple leg execution.

Education

<u>MSc. Econometrics – Thesis on Measuring Risk in Transition Economies of Eastern Europe</u>
London School of Economics, 2000-2001

<u>Bachelor of Arts – Economics</u>
Middlebury College, 1988-1992

Computer Skills

Languages: Visual Basic
Software: Trading Technologies, RTS, ION, CQG, Bloomberg
SFA Qualified Futures & Options Representative (UK Regulatory Authority)

Live P&L Trading Groups – FX 5

Trade Description

Month	P/L		
	2010	2011	2012
Jan	119,862	237,917	424,178
Feb	114,929	250,953	304,606
Mar	212,602	139,888	307,191
Apr	216,799	230,045	269,186
May	144,789	290,839	423,550
Jun	234,292	216,858	366,756
Jul	204,702	242,523	58,102
Aug	127,280	264,452	229,417
Sep	175,312	142,275	74,904
Oct	175,986	244,126	154,052
Nov	117,673	103,749	50,956
Dec	193,166	152,333	-
	2,037,393	**2,515,959**	**2,662,897**

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Live P&L Trading Groups – FX 5
Adil Iftikhar

Summary

Extensive and diverse financial industry experience ranging from information technology to the automated trading desks. Possess excellent ability to independently recognize, analyze and resolve complex problems. Reliable, hard working and dedicated team player who works well under pressure. Ability to communicate effectively and under pressure and adapt to changing situations with ease.

Experience

Buttonwood Group Trading LLC - Algorithmic Trader

▸ Generated steady profits utilizing high frequency strategies in FX spot and futures.

▸ Applied mathematical/statistical concepts in generating microstructure valuation models and signal analysis.

▸ Automated human-decision based trading strategies and prototyped algo trades from trading ideas.

▸ Developed data analysis tools to analyze/optimize existing algorithms.

▸ Communicated system optimizations to developers and helped troubleshoot platform issues.

Buttonwood Group Trading LLC - System Administrator

▸ Provided platform and IT infrastructure support including incident, problem, request, and change mgmt.

▸ Administered enterprise level system monitoring and support for proprietary trading systems.

▸ Documented systems incidents for report generation and future troubleshooting.

▸ Configured, optimized and deployed enterprise level HPC servers for trading platforms.

▸ Analyzed various system logs (FIX, Pcap etc) to troubleshoot market data and OMS issues.

▸ Provided 1st and 2nd level technical support for 3rd party trading platforms (RTS, ORC, TT).

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Live P&L Trading Groups – FX 5
Adil Iftikhar (cont.)

<u>HunGroup PTE - Algorithmic Trader</u>

▸ Developed and deployed multiple high frequency trading algorithms across multiple asset classes.

▸ Achieved above average returns through utilization of spreading, hedging and arbitrage strategies.

▸ Utilized various techniques in identifying price discovery in markets.

▸ Monitored various high frequency trading algorithms and optimized them to yield maximum profits.

<u>Rosenthal Global Securities - Junior Trader</u>

▸ Actively traded US treasuries utilizing synthetic yield curve model.

▸ Developed in-depth knowledge of fixed income mathematics and bond pricing methodologies.

▸ Aided the development of in-house auto-spread platform.

Education

<u>Bachelors of Science in Finance</u>

Iowa State University, 1992-1996

Skills

Windows, Linux, HPC, networking (TCP, UDP, multicast), FIX, VBA, SQL, Python, Perl, Bash, Java, C++, R, Visio

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Live P&L Trading Groups – Equity Pairs

The basis for this equity pairs trade contains an automated strategy with significant quantitative inputs. Fully systematic in execution, this strategy trades on average 300,000 shares daily, with a peak that was 1mm shares in a day. The strategy offers diversification across a range of instruments and markets. Risk is managed by limiting the allocation to each particular instrument group. Trades are initiated dollar-neutral, and there is a reliance on arbitrage bounds that limit risks to pre-defined levels. The strategy is also equity market neutral, and is best described as statistical arbitrage. There are automated, construct bounded tradable processes that will not trade beyond certain pre-defined level(s). Ongoing research calibrates the model on historical data to maximize Sharpe ratio.

Month	P/L	
	2011	2012
Jan	-	33,221
Feb	-	58,331
Mar	-	-65,454
Apr	-	42,746
May	-	-28,551
Jun	335	251,157
Jul	3,703	39,146
Aug	145,075	102,858
Sep	89,256	71,655
Oct	38,311	26,333
Nov	104,477	-71,889
Dec	37,659	-
	418,816	**459,552**

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Live P&L Trading – Equity Pairs
Alex Gerasev

Experience

Quanterra Advisors - Managing Director

▸ Responsible for ongoing hedge fund operations, trading, and risk management.

▸ Oversee a group of traders and quants working on delivery of highly quantitative profitable trading models.

Buttonwood Group Trading LLC - Senior Trader (account managed by Quanterra Advisors)

▸ Successfully implemented and executed quantitative trading models that delivered annualized return in excess of 45%.

▸ Responsible for all aspects of day-to-day trading and risk management on a long/short equities book of up to $50 million exposure.

The Royal Bank of Scotland - Senior Project Manager

▸ As part of the Global Banking & Markets unit, oversaw implementation of complex business and technology solutions in many of the bank's mission-critical areas including liquidity management system with over $400 billion in daily volume.

▸ Successfully executed four major projects 100% on time and within budget.

ABN AMRO - Team Lead

▸ Worked in some of the bank's most mission-critical business areas and applications including ABN AMRO Trade Desk, Risk Management Group, ABN AMRO GlobalTrade trade finance system, LaSalleBank.com and CashproWeb.com retail and commercial banking platforms, and ABN AMRO MTS funds transfer system.

▸ Collaborated with Senior Vice President and Executive Vice President level managers; supervised teams of up to 30 people.

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Live P&L Trading – Equity Pairs
Alex Gerasev (cont.)

Motorola (Munchen, Germany) - Software Developer

▸ Designed and developed high-performance, low-latency software application to streamline Motorola's internal information flows in 16 Technical Information Centers worldwide.

Education

Master of Science in Financial Mathematics
University of Chicago, 2010

Bachelor of Science in Physics & Information Technologies
Novosibirsk State University (Russia), 2001

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Live P&L Trading Groups – Eurodollar Options

The concentration of the Eurodollar options trade has been focused on the front end of the fixed income markets. Primary emphasis is on the first five years of the Eurodollar futures market. Trades are typically relative value yield curve and/or term structure of volatility driven. Generally these are not pure up/down bets, but directional bias from a macro perspective can frequently be part of the trading strategy.

Simply put, I define views and associated parameters, then, through analysis, I identify the best strategies to take advantage of these views and parameters. Strategy timelines range from hours to over a year, but average one to three months. Strategies employed usually number about a half dozen. The current trading approach could comfortably employ up to $50MM and still remain liquid and nimble.

Month	P/L				
	2008	2009	2010	2011	2012
Jan		120,000	-31,000	450,000	-175,000
Feb		289,000	1,129,000	641,000	-573,000
Mar		305,000	776,000	702,000	81,000
Apr		179,000	141,000	322,000	-18,000
May		704,000	467,000	-185,000	631,000
Jun		-560,000	1,083,000	-1,155,000	99,000
Jul	167,000	367,000	-133,000	687,000	938,000
Aug	235,000	249,000	733,000	923,000	458,000
Sep	-45,000	218,000	1,066,000	-53,000	349,000
Oct	404,000	462,000	55,000	313,000	-98,000
Nov	552,000	571,000	-1,420,000	-183,000	444,000
Dec	-26,000	648,000	626,000	1,247,000	299,000
	1,287,000	**3,552,000**	**4,492,000**	**3,709,000**	**2,435,000**

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Live P&L Trading Groups – Eurodollar Options
Brian Donnally

Experience

Currently Trading for 303 Proprietary

Independent Trader

- Grew $565k into $4.8mm from 2008-2010

Principia Partners

- Co-founder and Partner
- Software company focused on structured products

Republic National Bank

- Co-founder and head of trading at global derivatives desk
- Never had a losing month in this post (1992-1994)

Mercadian Capital (a joint venture with New England Mutual)

- Led global trading

Drexel Burnham

- Ran interest rate derivative trading desk

Bank of America

- Ran minor currency trading desk in New York

Education

University of Pennsylvania Wharton School of Business, 1981

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ODIN

Platform Description

Month	P/L
	2012
Jan	(1,375)
Feb	6,848
Mar	39
Apr	9,335
May	23,048
Jun	5,364
Jul	8,710
Aug	11,317
Sep	20,763
Oct	9,285
Nov	5,528
Dec	-
	98,862

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The ODIN Platform

▸ Developed over the last 5 years, the Odin Platform provides trading groups with:

    1. Superior order management

    2. Testing environment with rich data sets

    3. Trade execution

▸ The robustness of the ODIN Platform has attracted a variety of seasoned quantitative analysts from the US and Europe.

ODIN Team Bios – Ted Peterson

Experience

Buttonwood Group Trading LLC - Director of Systematic Trading

▸ Architected an agreement with Transmarket to bring a team of four to Buttonwood with the IP including the Models, OMS and middle office systems.

▸ Requited, hired and managed traders, quants, developers and technologist.

▸ Brought FX models online in two to three months and became cash flow positive one to two months later.

▸ Decreased operation cost for trading FX.

▸ Leveraged relationships and brought equities trading online with new a new clearing relationship.

▸ Created new and leveraged existing relationships with bank for direct FX trading.

▸ Created relationships and began trading in equities dark pools.

▸ Managed the process to bring research tools such as historical data collection online.

▸ Managed the ongoing evolution of the trading process

▸ Worked clearing for system risk due diligence

Transmarket Group, L.L.C - Director of Systematic Trading

▸ Built a systematic trading team from the ground up in a broker dealer firm. The system was designed for low to higher frequency trading.

▸ Managed the creation an operational OMS trading in futures, equities, and FX.

▸ Steering committee participant for new alpha acceptance and deployment.

▸ Responsible for risk and compliance for the groups trading.

▸ Managed the relationships with prime/clearing.

▸ Hired and managed a team of developers, traders quants and technologist.

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ODIN Team Bios – Ted Peterson (cont.)

Citadel Investment Group, L.L.C - Senior Network Engineer

▸ Managed infrastructure projects internationally, with a methodology of scoping business requirements and implementing solutions, for trading on exchanges worldwide.

▸ International project management experience with the business, architects and engineers under aggressive time lines.

▸ Managed project to increase operational efficiencies by standardizing code revision, in turn reducing risk.

▸ Created standards and best practices.

▸ Managed project reducing maintenance cost of telephony infrastructure by over 40%.

▸ Managed project to conduct and publish evaluation of multiple vendor 10 Gigabit Ethernet switching for demanding market data delivery requirements.

Education

Doctorate candidate
University of Illinois, Chicago

Doctoral research
Argonne National Lab

M.S. Physics
Northern Illinois University

B.S. Physics
Illinois State University

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ODIN Team Bios – Chris Adams

Skills & Abilities

▸ Managed a team consisting of developers, quants, and traders which built entire low latency, and very scalable, OMS, historical data collection and storage, real time P&L system, robust risk management, compliance, etc. with access to over 40 liquidity sources across FX, futures, and equities asset classes.

▸ Managed all PB/clearer, exchange/ECN relationships as well as all disclosed counterparty trading relationships.

▸ Negotiated fee structures with all counterparties.

▸ Can bring a trading model from initial idea, through evaluation, testing, development, QA, and into production.

Experience

Buttonwood Group Trading LLC - Director of Automated trading

▸ Managed trade team consisting of developers, quants and trader.

▸ Developed our own strategies as well as recruited talent to join the team.

▸ Developed a team atmosphere where additions by one quant/developer could be leveraged by all on the Odin system.

▸ Managed all PB, exchange, ECN, direct bank trading relationships.

▸ Evaluated new technologies, trades, execution techniques and oversaw the implementation of multiple models from idea to production.

▸ Managed risk for trades on Odin system.

▸ Helped develop a full OMS, market data collection technique, reporting, etc.

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ODIN Team Bios – Chris Adams (cont.)

Transmarket Group L.L.C. - Financial Project Manager

▸ Managed trade development from idea to production.

▸ Managed all PB, exchange, ECN, direct bank relationships to provide trading environment.

▸ Managed and optimized multiple trades. Part of trade development team.

Citadel Investment Group - Senior Network Engineer/Architect

▸ Worked with business units to develop appropriate solutions to trade requirements and issues.

▸ Helped to develop new ideas for improving existing trades.

▸ Managed global network and oversaw the architecture/design of new initiatives.

▸ Researched new technologies and how to best leverage to improve model performance.

ABN AMRO - Senior Network Engineer/Architect

▸ Worked with business unit to help design trade floor architecture.

▸ Developed strategy for US ATM network.

Cendant Corp - Global Network Architect

▸ Developed architecture and managed deployment of global network for United Airlines.

▸ Lead designer for core network services as well as airport design and implementation.

▸ Evaluated new technologies and network strategies.

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303 Proprietary Trading Groups

Recent Additions

Additions to 303 Proprietary

Last Year's Revenues - Existing Teams Are Investing & Building Upon a Strong Track Record:

▸ Generated $10mm+ in 2011 and $12mm + in 2012

▸ Invested & grown at double digit growth rates each year

New Revenues - R&D Summary:

▸ Attracting New Teams & Quants/Traders

▸ We see tremendous opportunity to continue growth:

Team/Trader	Focus & Target Start	2013 Target Revenues
London Ph.D.	Forward Price Prediction, Initially US Equities; Jan 1, 2013	$5M
Currency Futures Traders	Currency Futures; Live (Nov '12)	$1.7M to 2.4M
High Frequency US Equities Ph.D.	Intraday, US Equities; Mid Q1 '13	$15M
Top 10 London FX Trader, Ph.D.	FX; Dec 1, 2012	$5M to 7M+
FX Trader, New York	FX; Nov 22, 2012	$3M to 4.5M+
TLT Team	Med Frequency Strategies, Futures Live since Oct 1, 2012	$1M to 2M+
		$35.7M to $40.9M*

* Risk exists in bringing each new revenue to market; however if we are successful in bringing more than 30% to 50% of the pipeline in R&D to fruition, we will have exceeded our growth expectations for the year, while continuing to diversify our revenues.

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303 Proprietary Trading Groups

London Ph.D Quant
2013 Target Revenues $5M

History & Key Successes
- GSA Capital, 10-25% return on capital of about $100m, Sharpe 1.5
- Goldman Sachs, $7m, Sharpe of 6.
- Partner/shareholder in three different multi-billion dollar hedge funds, member of management and investment committees
- Built a 13-strong quant research and development team as a Head of Research for a startup hedge fund (that grew to $2bn+)
- Portfolio manager for the futures fund

Models & Revenue Forecasts
- $5m with Sharpe between 2 and 5
- Price prediction directional machine learning based strategies
    - Models work on principals of systematically finding small signs of predictability (alphas) and combining them into executable strategies using modern Machine Learning methods.
    - All alphas decay over time, the key is not to rely on any single alpha, but build intelligent research processes for searching and discovering them
    - Arguably, it may be the only sustainable way to build long term systematic business as proven by the success of companies such as RenTech, Citadel (HF) and GSA.
- Initial model research in listed US Equities

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303 Proprietary Trading Groups

London Ph. D. Quant cont'd
2013 Target Revenues $5M

- Scaling trading to a large number of markets will require more computational resources for simulations.   Anticipate growth into use of Amazon EC2 or similar cloud services in 2013
    - The approach does not rely on a single trade idea, rather on a process of discovering them from the data.
    - It requires significant initial investments in terms of development time, investment into the data collection, quality assurance, simulation infrastructure, but then it is a lot better positioned for scaling it up to a large number of markets and asset classes.
- The costs of cloud services are designed to be flexible, expect them to scale with realized P&L of production strategies.

Key Deliverables & Milestones
- Implemented data sampling and conversion processes
- Implemented various components of the research process: alpha calculations, dimensionality reduction, alpha aggregation/signal construction, execution models
- Combined all components into a simulation and optimization framework, obtained initial simulation results
- Has started integration with C++ production infrastructure

Next Steps in 2012 (November & December)
Key Deliverables and improvements anticipated are:
- Complete integration with C++ production infrastructure
- Target Initial Production: Mid December

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303 Proprietary Trading Groups

High Frequency US Equities Trader, Ph. D.
2013 Target Revenues $15M

History & Key Successes
- Extensive experience as a quantitative trader and researcher at Tower Research Capital for two years;
- Responsible for alpha signal generation for multi-asset trading strategy with revenues over 30MM/year, leveraged annualized return on capital of over 700% and combined cross-product Sharpe ratio over 10;
- Prior to Tower spent 8 years as a lead algorithmic execution quant at BNY ConvergeX, responsible for algorithmic execution of over 1B$/daily in client flow in international and domestic equity markets;

Models & Revenue Forecasts
- 2013 Strategy highlights:
    - Intraday, high frequency US equity strategy;
    - Trades hundreds of equities using advanced statistical models;
    - Does not rely on rebates;
    - Live Sharpe ratio is projected in 5-6 range;
    - Expected annualized leveraged return on capital of around 1000%;
    - Expected overall revenue of over 15MM for 2013;
- Resources & Leveraging BGT Infrastructure & Growth
    - Leverage ODIN Trading Platform, Servers & Co-Location (Nasdaq Initially)
    - Access to other major US Equity venues and dark pools may be utilized as part of expansion subject to cost/benefit analysis: ARCA/NYSE, BATS, Direct Edge and etc.;
    - Low latency lines between Carteret, Mahwah, Weehawken and Jersey City utilized as part of the above venue addition;
    - Access to a research server farm with at least 100 available nodes will be a significant benefit in optimizing trading parameters and further improving profitability;
    - Leverage Bloomberg systems for upcoming corporate actions

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303 Proprietary Trading Groups

High Frequency US Equities Trader, Ph. D. cont'd
2013 Target Revenues $15M

Next Steps in 2012 (November & December)
- November and early December: complete execution optimization to bring slippage within cost limits, implement live trading API interface.
- Mid December: start live trading. Since all simulations use pessimistic execution assumptions, live performance is expected to be very close to backtest at lower exposure levels.

Scaling Up in 2013
- January: trade all 200 instruments in mixed lots - there is no odd lot penalty on Nasdaq. This allows to keep Sharpe at the highest level at the sensitive time of initial deployment. Exposure 2-10MM.   Revenue Approx. $ 200K/month.
- February-March: exposure 10-20MM.
- March: Add all dark pools, BATS and Direct Edge. Revenue Approx.$ 500K/month
- April: evaluate cost-benefit of adding NYSE/ARCA
- April-May: exposure 30-40MM. Revenue Approx.$ 1M/month
- June-July: exposure 50-70MM using all venues. Revenue Approx.$ 1.5M/month
- August and beyond: analyze market impact and depending on results scale to 100MM. Revenue Approx.$ 2M/month

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303 Proprietary Trading Groups

Currency Futures Trader
2013 Target Revenues $1.7M to 2.4M

History & Key Successes
- High Frequency Foreign Exchange Trader at XR Trading 2010 – 2012
- Former Head of High Frequency FX Trading @ Hanley Group, 2007 – 2010
- Bank One – JP Morgan 1994 – 2006 Vice President / Various Roles including Asian FX Desk, Treasury Services Product Sales, etc.
- Successfully grew emerging market desk at Bank One, both FX forwards and cash
- Extensive knowledge of FX futures cash FX market, using this experience to develop, deploy, and manage trading models
- Successfully traded currency futures model at $7K-$10K/day

Models & Revenue Forecasts
- Started with BGT in Mid-August 2012
- Overview of Model - Market making model (Initially in Currency Futures) that trades around a theoretical value. Each trade we make is designed to get book edge based on where we believe the market's value.
- Sharpe Ratio of models directly responsible for between 7-10
- Return on capital of 100%
- Models deploy a combination of passive and aggressive strategies
- Models are operational and in the process of scaling up, with additional servers being deployed late Oct/Early November

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303 Proprietary Trading Groups

Currency Futures Trader cont'd
2013 Target Revenues $1.7M to 2.4M

Key Deliverables & Milestones
- There have been significant improvements including better setup and management of the GUI and preparation and deployment of a dedicated machine for trading.
- Significant analysis of CME iLink speeds, inclusive of a new measurement tool, have been developed in November

Next Steps in 2012 (November & December)
- Key Revenue Goals & Ramp-up in Q4 2012 are to expand to $1K/day daily average by early December and then to the $7K to $10K daily average for January & moving forward
- Re-balancing to faster iLinks, optimization, and scaling up is planned for December

Outlook for 2013
Extensions of model - We will use the same theory in order to identify turns in the market in order to get better queue position and have more trades. We will also look to be more aggressive and allow the model to improve the market.

Additional markets for model - The model is designed for markets that are FIFO. Any market that has decent volume is a candidate. The initial asset classes we will target are energy, equities, and grains.

Additional models - There is opportunity to run similar models with some tweaks. These include the crosses, micros, and mini contracts in FX at the CME. Calendar spreading is also being targeted, especially the last 2-3 weeks of each contract month.

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303 Proprietary Trading Groups

NY FX Trader

2013 Target Revenues $3M to $4.5M

History & Key Successes
- Spent the previous 5 years running systematic trading at a proprietary trading firm.
- Prior to 2007, was a market maker and proprietary trader specializing in FX for JP Morgan Chase and Bank Hapoalim.
- In the past several years, I have been running several automated trading strategies
- My recent trading performance has averaged a 30% -45% Return on Capital in each of the last 3 years

Models & Revenue Forecasts
- Several automated trading strategies, several of which I am now employing at Buttonwood.
- The past couple of months have been spent diligently coding up and deploying these strategies. These strategies have been trading in production and will be scaled up in coming weeks.
- 2013 projections are to achieve similar results, and on discussed capital allocation, this should lead to Net Revenue between $3m and $4.5m.
- Sharpe Ratio of the entire trading portfolio averages between 2.5 and 3.

Future Growth
- With further advancements, and deployment of new strategies, (currently researching several possibilities) , projections for 2013 may be raised by approximately 10-20%
- Capital Allocation is the greatest factor in the revenue projections. The strategies are highly scalable, allowing for the greater capital allocation thus higher potential Net Revenue, with the ROC remaining very similar.
- There are not currently new large technical requirements or expenditures foreseen in 2013.

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303 Proprietary Trading Groups

NY FX Trader cont'd
2013 Target Revenues $3M to $4.5M

Key Deliverables & Milestones Since Joining BGT
- Code Development includes deployment of 4 strategies trading FX Spot Market
- Consumption of market data from Bloomberg
- Prior to production, the strategies were tested extensively, one by one, then integrated with assistance from the Odin group, ultimately any bugs or issues found were rectified and code redeployed.
- Initial Production Results have shown promise in simulation, however November is our first month of uninterrupted production. As such, actual production data is still very limited.
- There have been significant improvements including better setup and management of the GUI and preparation and deployment of a dedicated machine for trading.

Next Steps in 2012 (November & December)
- Key Revenue Goals & Ramp-up in Q4 2012 are to expand capital allocation to $1m per portfolio. This ramp up should last for 1-2 weeks while we continue to run all strategies.
- With continued operational success, the plan is to further increase capital allocation in December. The goal will be to achieve profit targets between $300k - $400k beginning January 2013.
- Key Deliverables and improvements anticipated in 2012
    - Improved optimization of current strategies
    - Improved reporting of positions and PNL in coordination with Odin
    - Increasing risk capital allocated to the portfolio
    - Further research on new potential strategies, continue research on better optimization of current portfolio.

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303 Proprietary Trading Groups

Top 10 London FX Trader, Ph.D.
2013 Target Revenues $5M to 7M+

History & Key Successes
- Trinity College, University of Cambridge, Cambridge; PhD, Faculty of Economics and Politics. Dissertation: Approximation Methods in Financial Econometrics (passed with no corrections)
- Holds a chair at the Department of Economics of Royal Holloway, University of London.
- Expert in Prop High Frequency FX Trading. Owns the IP of several prop trading strategies ranging from taking, making and mean reverting on all major pairs.
- FX Models With Very Successful Track Record ($10M++/annum), with live Sharpe ratios in excess of 7, trading more than 5 yards a day.
- Prior to joining BGT in July - Bank of America Merrill Lynch, London as Systematic algorithmic trader.
- While at Celeritas, was among the top 10 in the world for daily volumes in EBS and Reuters; He held the post as head of trading for the London office of Celeritas, a small, but innovative high frequency shop based in London.

Models & Revenue Forecasts
- Initial strategy on 10-15 FX liquid pairs and possibly a second strategy
- Implementation of test strategy has been completed in simulation
- Model coding and refinements are in progress
- Target date for initial production of strategies is mid November, w/ EBS & Reuters
- Revenue Forecasts & Metrics
  - The goal is to have a daily PnL of USD 10K for the initial period of 1-3 months gradually scaling to 50K (end of year 1 target) after more capital deployment and using mid term strategies with no overnight risk.
- Projected Sharpe for the year should be in the order of 6-8 & daily volumes 5-10 yards a day
- Capital deployment and using mid term strategies with no overnight risk.

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303 Proprietary Trading Groups

Top 10 London FX Trader, Ph.D. cont'd
2013 Target Revenues $5M to 7M+

Key Deliverables & Milestones
- Data / Research: Worked closely with ODIN to make sure that data are properly collected to highest quality standards. Data can now be used throughout the firm by other traders.
- Code Development: Helped devising a flexible code base and framework within which different strategies can be implemented. The approach is based on general configuration files and I understand it was new to the firm and can be used as more traders come on board.
- IP & Differentiation: Improved the IP of my strategies in a continuous strive to keep up with complex market dynamics.
- Integration & Testing: The general framework used by the strategies I have brought to the firm is fully integrated to the existing BGT infrastructure. It is also now running everyday on testing environment.
- Overall, the joint team effort is producing an FX infrastructure that is state of the art where proper auditing of the strategies is automated.

Next Steps in 2012 (November & December)
- Following data validation, going live and show some P&L
- The goal is to go live asap and comply with Phase 1 P&L and Sharpe ratio expectation: 10K a day and Sharpe > 4

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303 Proprietary Trading Groups

Medium Frequency Diversified Algorithmic Futures Trading
2013 Target Revenues $ 1M to $2M

History & Key Successes
- Two person team has extensive experience as a quantitative trader and researcher at top flight Chicago based proprietary trading firms over 10 years;
- Previously developed algorithmic trading models with annualized return over 200% in live trading; capacity of several hundred million dollars.

Models & Revenue Forecasts
- 2012 Results: $90K October (1st Month) & similar pace in November
- 2013 Strategy highlights:
  - Diversified futures trading; holding periods of 2-4 days;
  - Targeting expansion into all suitable liquid global futures markets; equities;
  - Not latency or commission structure dependent
  - Live Sharpe ratio is projected in 5-6 range;
  - Capacity of models expected to grow to $1Billon;
- Resources & Leveraging BGT Infrastructure & Growth
  - Leverage RTD Tango Trading Platform, Servers & Co-Location
  - Access to other major US and global exchanges;
  - Possibility of raising outside funding for a fund vehicle; given our large capacity / scalability

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303 Proprietary Trading Groups

Medium Frequency Diversified Algorithmic Futures Trading cont'd
2013 Target Revenues $ 1M to 2M

Next Steps in 2012 (November & December)
- November and December: continue ramping up models in production, and deploy two additional models
- Deploy capital from investor into our class structure; thereby increasing market exposure and income opportunities for Buttonwood and the new Class

Scaling Up in 2013
- Expand in Softs, other U.S. exchanges (ICE)
- Targeting porting algorithms to U.S. equities, global exchanges (Eurex, LIFFE, etc.)

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Additional Prop Opportunities

▸ Additional P&L from low/no-margin groups who have been attracted to the ODIN Platform

▸ 303's relationships in the Chicago prop world provide the benefit of seeing many trading groups

▸ Ability to attract trading groups who can eventually scale beyond the prop model, and for whom we can raise additional capital

> Profitable teams in fund complexes that otherwise remain underwater from financial crisis leading to emergence of top quality talent.

> Investment Banks shedding prop traders due to regulatory environment.

▸ Acting as capital source when there is a shortage of early stage capital from traditional sources:

> Investment banks no longer seeding hedge funds.

> Fund of funds focused on only seeding funds with large capacity.

> Supply/demand displacement leads to more favorable terms.

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303 Proprietary

**Profit Sharing Net of Expenses
No Management Fee**

- Trading Groups
- Management
- Investors
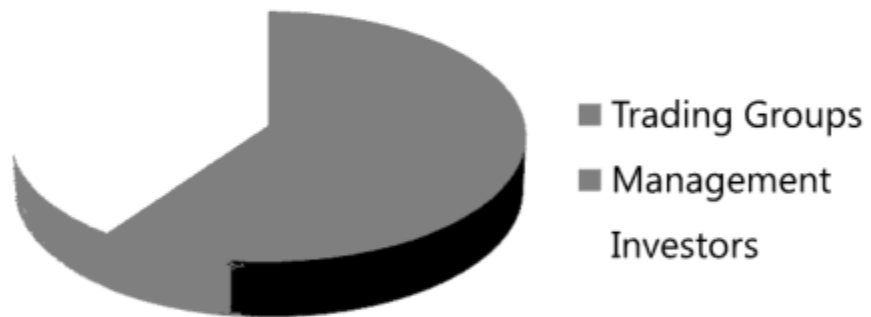
Trading Profits, net of trading costs, will be split in the following manner:

Traders receive 40% of the profits they generate. Investors and Management split the remaining 60% of profits such that up until a 20% net return is realized, each calendar year, Investors receive 2/3 of the after-trader profit and management receives 1/3. After the Investor has achieved a net 20% return, profits will be divided evenly between Investors and Management.

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303 Capital Partners - Bios

PROFESSIONAL	EXPERIENCE	EDUCATION
Jeffrey Kaplan Partner	• 25 years experience; Founded 303 Capital in 2004. • Joined MARS Asset Management in 2002. • Formed interest rate derivatives trading group, called Acme Options Group, in 1996. • Floor Broker at the Chicago Mercantile Exchange since 1990.	• Bachelor of Science degree in Hospitality Management from the University of New Hampshire's Whittemore School of Business and Economics.
Michael Rane Partner Risk Manager	• 15 years experience; Founded 303 Capital in 2004. • Formed MARS Asset Management in 2000. • Member of the Chicago Mercantile Exchange, 1997 - 2004. • Practicing attorney, with focus on litigation, from 1991 – 1997.	• J.D. from Syracuse University. • Bachelor of Arts degree in Political Science and Philosophy from the University of Wisconsin (Madison).
Michael Schwaeber Chief Financial Officer	• 22 years experience; joined 303 Capital in 2004. • Headed design of fund-of-funds guaranteed note product at GE Capital in 2002 – 2003. • Co-founder, Managing Partner, and CFO of Uhlmann Investments from 1996 – 2002. • Senior Analyst at R. W. Graybill from 1994 – 1996. • Began his career with Ernst & Young in New York.	• MBA from J. L. Kellogg Graduate School of Management. • BBA in Finance from George Washington University.
Peter Dorenbos Chief Compliance Officer	• 26 years experience; joined 303 Capital in 2008. • Joined TJM Investments, LLC as CCO in 2012. • Director, Compliance at Merrill Lynch Pro Clearing in 2005 – '08 • Compliance VP at O'Connor & Co. (now ABN AMRO) in 2003. • Began his career in market operations and then the Department of Compliance at the Chicago Board of Options Exchange.	• Bachelor of Arts in Economics from the University of Illinois (Chicago).

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303 Capital Partners - Bios

PROFESSIONAL	EXPERIENCE	EDUCATION
Dave Donnelly Director of Marketing	· 10 years experience; joined 303 Capital in 2012. · Manager of Sales and Marketing at Scully Capital Management from 2010 to 2012. · Began at Lord, Abbett & Co. in 2003 and became the Regional Manager in 2008.	· Master of Business Administration degree from the University of Chicago Booth School of Business · Bachelor of Science in Mathematics and Economics degrees from the University of Illinois (Urbana-Champaign).
Igor Mikhalyev Chief Technology Officer	· 23 years experience; joined 303 Capital in 2009. · Developer at Distributed Software Development in Moscow and then Chicago from 1998-2008. · Co-founded OKTANT, LLC, a software development company, in 1994. · Began his career as a software developer for the Russian Air Force.	· Master of Science degree in Aerodynamics from the Moscow Institute of Physics and Technology.
James Urbanowski Controller	· 25 years experience; joined 303 Capital in 2006. · Operations Manager at Chicago Analytic Capital Management. · Controller at Shay Financial Services 2000 – 2001. · Began his career at Noddings Investment Group, Inc. and became CFO; 1987 – 1999. · Earned his CPA certification in 1985.	· Bachelor of Science degree in Accounting from the University of Illinois (Urbana-Champaign).
Kelly Lemke Investor Relations	· Operations Specialist at KCM Management, an affiliate of 303 Capital, since 2008. · Executive Recruiter at Ajilon Finance.	· Bachelor of Arts degree in Business from the University of Wisconsin (Eau Claire).

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303 Performance

Cumulative Net Returns Since Inception**

Distribution of Returns
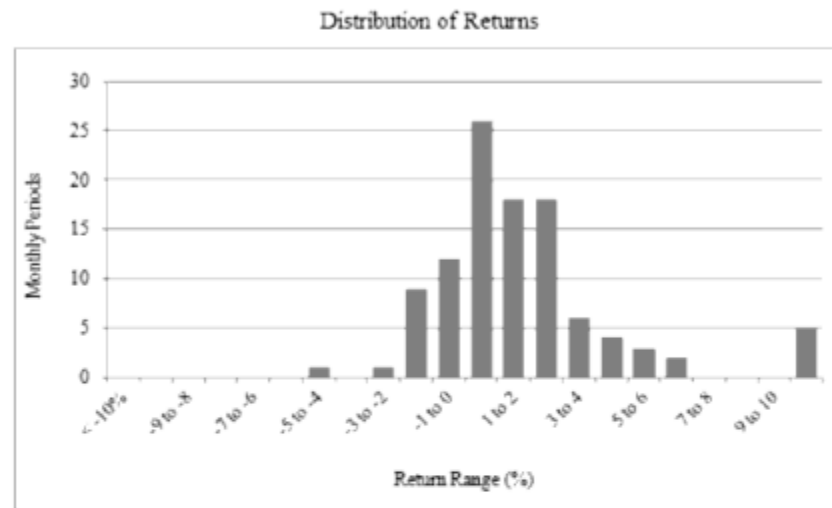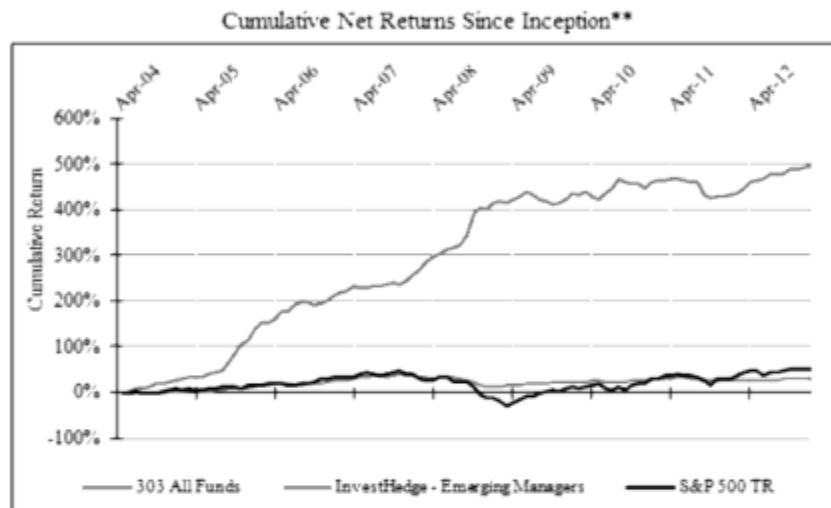
Monthly Performance (%) Net of Trader Fees**

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2012	0.36%	1.91%	3.12%	0.04%	1.03%	1.70%	0.21%	0.01%	1.46%	0.26%	0.76%	0.30%	11.69%
2011	1.01%	-0.27%	0.72%	0.00%	-0.55%	-0.96%	-0.04%	-4.66%	-1.66%	0.63%	0.09%	1.00%	-4.72%
2010	-0.99%	1.81%	-2.41%	-1.23%	2.98%	1.73%	3.90%	-0.98%	-1.11%	0.15%	-1.95%	2.47%	4.20%
2009	0.78%	-0.68%	1.79%	0.84%	1.88%	-1.33%	-1.80%	-0.38%	-1.71%	1.07%	1.08%	2.95%	4.45%
2008	2.97%	4.91%	2.78%	2.09%	2.69%	0.30%	2.43%	4.58%	10.06%	2.70%	-0.21%	2.39%	44.43%
2007	2.61%	1.11%	3.66%	-1.53%	0.70%	0.24%	0.13%	1.40%	0.87%	-0.58%	2.09%	3.21%	14.69%
2006	5.91%	0.12%	2.56%	6.47%	0.09%	5.07%	1.72%	-0.16%	-1.94%	1.85%	1.80%	2.98%	29.48%
2005	2.07%	1.39%	0.44%	0.85%	3.64%	4.34%	0.91%	12.33%	12.05%	11.44%	4.34%	11.79%	87.15%
2004				-0.12%	2.52%	5.81%	0.98%	2.60%	6.15%	0.75%	3.60%	2.91%	27.99%

** Performance of 303 Managers reflects the weighted return of ALL Trading groups engaged by 303 Capital since the firm's inception in 2004. Performance is AFTER the Trader's incentive allocation and AFTER a hypothetical 1% Management Fee and 10% Incentive Allocation, as well as, expenses related to a TopCo fund vehicle.

It should be noted that investing in all the Managers engaged by 303 Capital may have not been possible during some or many periods due to, among other reasons, capacity constraints of certain strategies and investor suitability.

303 Performance

Fund Statistics**

	303 Funds	InvestHedge - Emerging Managers	S&P 500
Cumulative Return	495.06%	50.03%	51.74%
Compounded Annual Return	22.61%	3.05%	4.88%
Sharpe Ratio*	1.85	3.20	0.25
Sortino Ratio*	6.74	0.22	0.24
Standard Deviation (Annual)	10.22%	5.19%	15.22%
Gain Deviation (Annual)	9.64%	2.47%	8.48%
Loss Deviation (Annual)	3.53%	4.42%	12.25%
Correlation to S&P 500	-0.02		
Largest Drawdown	-7.72%	-20.03%	-50.95%
Longest Losing Streak	May - Sep 2011	Jun - Dec 2008	May - Sep 2011
Percent Up Months	78.10%	67.62%	64.76%
Average Monthly Gain	2.58%	1.06%	2.94%
Average Monthly Loss	-1.18%	-1.45%	-4.00%
Largest Monthly Gain	12.33%	3.04%	10.93%
Largest Monthly Loss	-4.66%	-7.42%	-16.79%

*Based on an average risk-free rate of 2.13% per year.

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