

MAY 2014



**CENTURION SHORT TERM TRADING FUND**

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## CENTURION SHORT TERM TRADING FUND

STRATEGY AND  
APPROACH

- **Centurion Short Term Trading Fund** (the "Fund") seeks to capitalize on short term (intraday) gains through the systematic trading of the global futures markets.
- Our edge is identifying and capitalizing on observed market behavior which persists through time while overlaying comprehensive risk management.
- The portfolio consists of highly liquid global futures contracts including equity indices, commodities, interest rates and foreign exchange.
- Strives to generate high risk adjusted returns while maintaining virtually no correlation to both traditional and other alternative asset classes.
- Stringent risk controls to limit daily, weekly and monthly drawdowns while maintaining adequate exposures to meet our performance objectives.

EXPERIENCED  
INVESTMENT TEAM

- Centurion Investment Management, LLC has built a dedicated investment team specializing in trading across the most liquid global futures, commodities and foreign exchange markets. The operation is led by Stefan Behling and Umran Zia.
- Mr. Behling was former Head of Trading at Crabel Capital Management (CCM) where he was a member of the firm's Executive, Operating, and Research Committees. CCM is a short-term systematic hedge fund which trades futures and foreign exchange markets, including domestic and international equities.
- Mr. Zia was the former Global Head of FX Prime Brokerage (FXPB) at Bank of America Merrill Lynch (BAML) and served as a Member of Bank of Americas FX Operating and Executive Committees. In 2009, FXPB at BAML cleared over \$6 trillion in spot, forward and options.

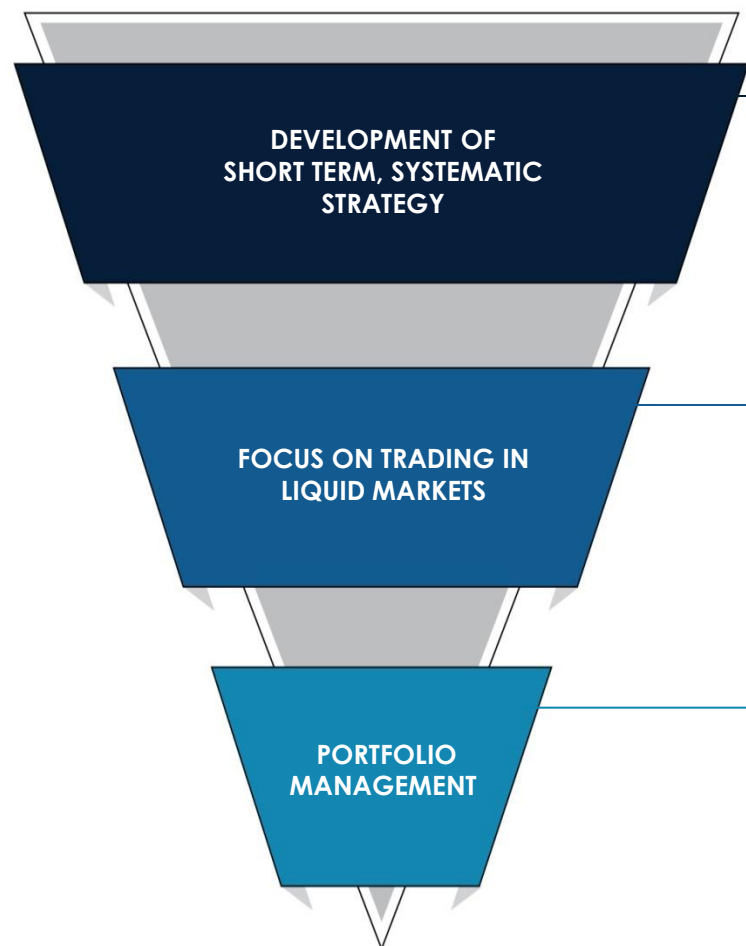
INVESTMENT  
OBJECTIVES

- The Fund seeks to employ a program designed to consistently produce superior, absolute risk-adjusted returns regardless of the overall direction of individual markets or asset classes.
- Provide our clients with transparency, uncorrelated returns to asset classes, and quality risk adjusted returns.

## RISK MANAGEMENT

- The team implements proprietary risk management controls and models to effectively define and control risk including multi-dimensional applications.
- Risk is monitored real time and all strategies have strict stop loss, profit taking and time based exits

# INVESTMENT METHODOLOGY



- Strategies begin with a hypothesis based on observed market behavior and are rigorously verified through:
  - Modeling and back testing the idea
  - In-sample testing to confirm hypothesis and optimize model
  - Out-of-sample testing to confirm in-sample results and reduce over fitting
- If results are consistent both in and out of sample, strategy is added to portfolio
- New strategies are introduced at lower allocations until live results confirm testing
- Constantly adapting and revising core trading strategies with on going research

- Strategies applied to 52 of the most liquid global futures and foreign exchange markets
- Strategies are weighted based on market volatility, portfolio correlation and performance
- Volatility is measured on an individual market basis using daily ranges
- Holding periods range from intraday to 2 days with an average hold of 6 hours

- Research is based on observed market behavior using a team approach. Traders, researchers and programmers work closely to improve, enhance and create strategies
- Performance drivers include determining market environment, strict risk management techniques, allocation overlays and execution
- The portfolio consists of more than 75 independent momentum and mean-reversion trading strategies
- Individual strategies are weighted using various allocation variables, including but not limited to correlation and volatility

# RESEARCH



## WE BELIEVE RESEARCH IS A FUNDAMENTAL COMPONENT FOR ACHIEVING AN ADVANTAGE IN THE MARKET

- Idea generation is trading driven, not based on data mining
- A team concept is emphasized throughout the research process; traders work closely with research and programmers
- Multiple steps are taken to avoid curve-fitting and to discover robust, consistent strategies
  - Individual strategies must be logical, practical and explainable
  - Models are based on logical price patterns
  - Ideas are tested on in-sample and out-of-sample data
  - Access to out-of-sample data is limited to ensure integrity of the strategy
  - Ideas are generalized and must be robust across all asset classes
- Strategies are developed and tested using proprietary software
- Strategies are monitored in real-time to ensure performance meets expectations
- Current research database includes more than 50 diversified global futures and inter bank foreign exchange markets
- With market environments changing, our research/idea generation is dynamic and adapts to avoid stagnation
- Strict statistical measures need to be met before a strategy is added to the portfolio

# RISK MANAGEMENT



## THE TEAM IMPLEMENTS PROPRIETARY RISK MANAGEMENT CONTROLS AND MODELS TO EFFECTIVELY DEFINE AND CONTROL RISK

- Risk is managed and ultimately mitigated by the following:
  - Internal circuit breakers—trading is halted in the E-mini S&P if it moves 3% in a 5-second period
  - Strict stop loss levels on all trades and time exits
  - Backup platform for all trading infrastructure
  - Continuous human oversight of automated trading systems
- Real-time reporting of market impact and execution costs
- Risk is constantly monitored by market, sector, and overall portfolio exposure
- Trading is briefly paused during specific economic announcements while models continue to run; trading in interest rate markets is paused from 8:29-8:31 a.m. EST during the US non-farm payroll announcement
- Robust operational risk management
  - Clear separation of trading from portfolio management and risk control
  - Trade compliance and trade reconciliation
  - Leverage, liquidity and counterparty risk monitoring
- Position limits
- Internal performance circuit breakers: Daily (3% loss) and monthly (10% loss)

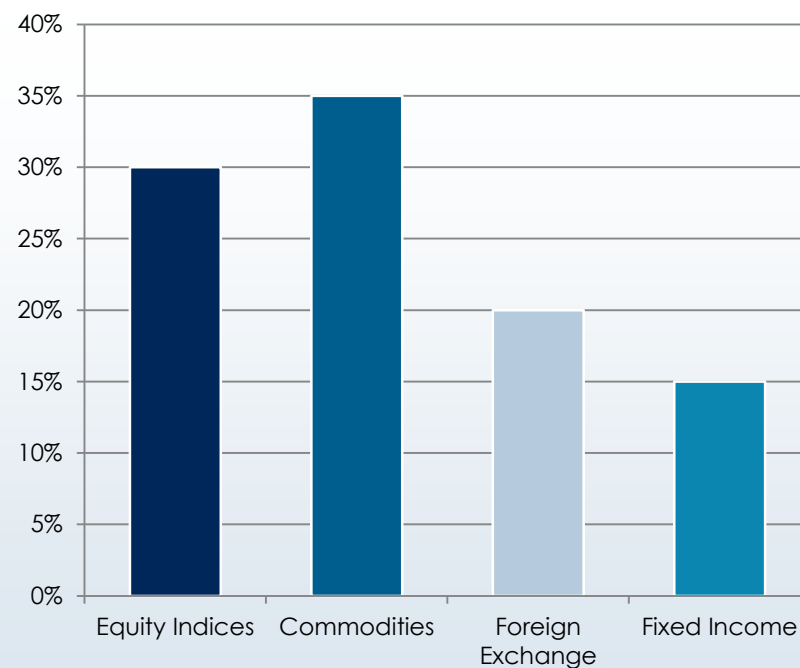
# TRADING



**CENTURION**  
INVESTMENT MANAGEMENT

- Order execution is fully automated using proprietary and third-party algorithms (FCM)
- All markets and sectors have strict position limits based on individual market liquidity, individual market volatility (daily average range), and overall portfolio exposure
- Trades are “crossed” when possible to minimize trading and execution costs. Market Impact is continuously monitored in real-time
- All trades have strict stop-loss levels and a time based exit
- Holding periods range from intraday to 2 days with an average hold of 6 hours
  - 48 % of trades are intraday
  - 57 % of trades are profitable, and
  - 76 % of months are positive
- Execution and slippage are monitored real time
- Trading is monitored continuously with a 24hr staff
- Traders are actively involved in idea generation

## ALLOCATIONS BY SECTOR



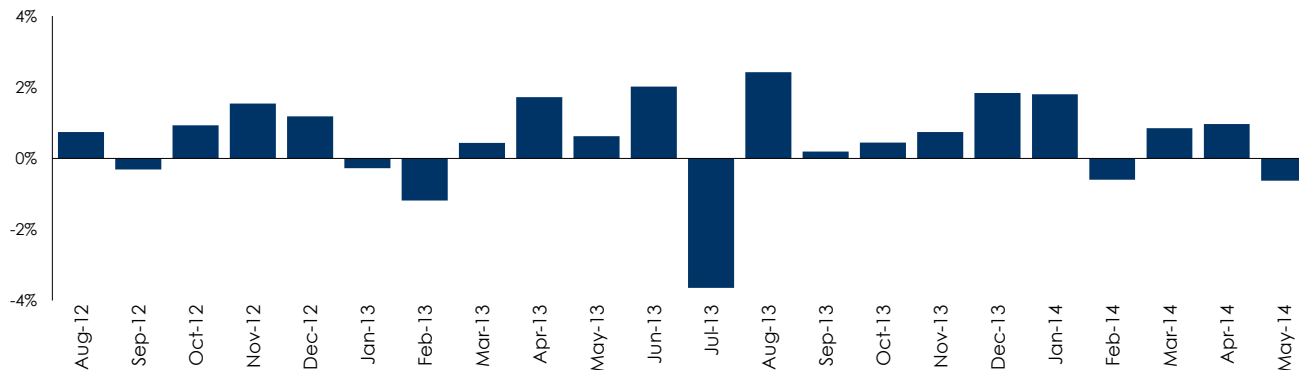
## PERFORMANCE



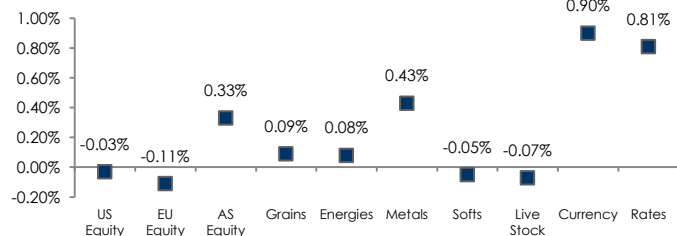
## MONTHLY RETURNS (%)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	ANNUAL
2014	1.80 %	-0.60 %	0.85 %	0.96 %	-0.63 %								2.38 %
2013	-0.28 %	-1.19 %	0.43 %	1.72 %	0.62 %	2.02 %	-3.65 %	2.42 %	0.19 %	0.44 %	0.74 %	1.84 %	5.28 %
2012								0.74 %	-0.32 %	0.92 %	1.54 %	1.18 %	4.12 %

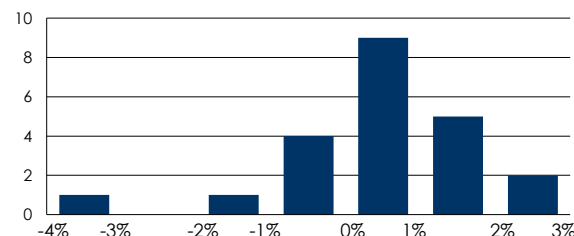
\* Managed account GIPS Composite net returns (excludes interest)



## SECTOR PERFORMANCE (YEAR-TO-DATE)



## DISTRIBUTION OF MONTHLY RETURNS



## RISK/RETURN STATISTICS

Sharpe Ratio (Rf = 1m Tbill)	1.41
Sortino Ratio (Rf = 1m Tbill)	1.46
Compounded Annual Return	6.49 %
Annualized Volatility	4.60 %
Value at Risk (daily 5%)	0.41 %
Worst Drawdown	-3.65 %
Longest Drawdown (months)	5
Trades Held Overnight	52 %
Winning Trades	57 %
Winning Months	73 %
Average Daily Margin / Equity	2.49 %
Max Daily Margin / Equity	9.00 %
Round Turns / \$Million / Year	6000
Current Firm AUM	\$150M

## INDEX CORRELATIONS (MONTHLY)

Barclays Hedge Fund Index	-0.56
Barclays US Aggregate Bond Index	-0.15
GSCI Commodity Index	-0.20
MSCI World Index	-0.60
S&P 500	-0.64
VIX	-0.03

No representation is being made that any account will or is likely to achieve profit or losses similar to those shown above.



# MARKETS TRADED



## EQUITY INDICES

- AEX (Euronext)
- CAC40 (Euronext)
- Dax (EUREX)
- E-mini Dow Jones (CBOT)
- E-mini NASDAQ 100 (CME)
- E-mini Russell 1000 (ICE/NYBOT)
- E-mini S&P 500 (CME)
- E-mini S&P Mid Cap 400 (CME)
- Euro Stoxx 50 (EUREX)
- FTSE 100 (Euronex)
- Hang Seng Index (HKEx)
- H-Shares (HKEx)
- MSCI Taiwan (SGX)
- Nikkei 225 (SGX/OSE)
- SPI 200 Index (ASX)
- Swiss Market Index (Eurex)
- Topix (TSE)

## BONDS

- 5-Year Note (CBOT)
- 10-Year Note (CBOT)
- 30-Year Bond (CBOT)
- Bobl (EUREX)
- Bund (EUREX)
- Gilts Long (Euronext)
- Japanese 10 Year Bond (TSE)

## COMMODITIES

- Brent Crude (ICE)
- Cocoa (ICE/NYBOT)
- Coffee (ICE/NYBOT)
- Corn (CBOT)
- Cotton (ICE/NYBOT)
- Crude Oil (NYMEX)
- Gas Oil (ICE)
- Gold (COMEX)
- Heating Oil (NYMEX)
- High Grade Copper (COMEX)
- Live Cattle (CME)
- Lean Hogs (CME)
- Natural Gas (NYMEX)
- RBOB (NYMEX)
- Silver (COMEX)
- Soybeans (CBOT)
- Soybean Meal (CBOT)
- Sugar #11 (ICE/NYBOT)
- Wheat (CBOT)

## FOREIGN EXCHANGE

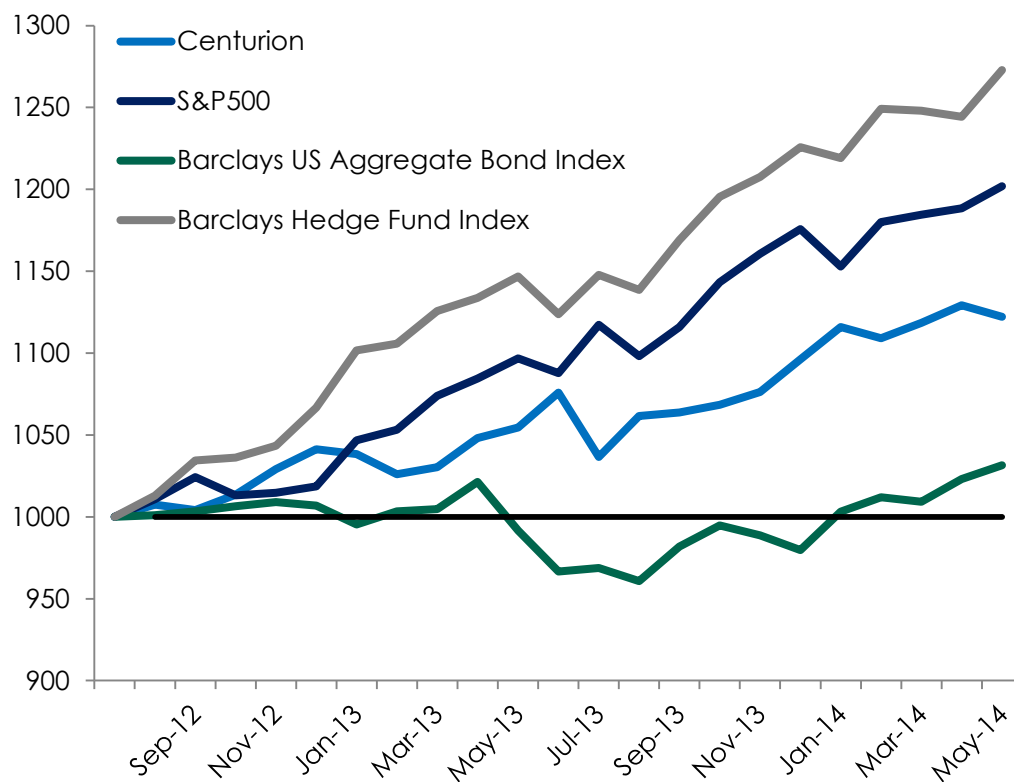
- Aussie Dollar (CME)
- British Pound (CME)
- Canadian Dollar (CME)
- Dollar Index (ICE)
- Euro Currency (CME)
- Japanese Yen (CME)
- Mexican Peso (CME)
- New Zealand Dollar (CME)
- Swiss Franc (CME)

# LIQUIDITY ADVANTAGES & LOW EQUITIES CORRELATION



- In 2008, Investors learned the hard lesson about diversification
  - As equity, bond and real estate prices plunged, liquidity vanished and financial markets buckled
  - For many investors, diversification failed
- Relying on diversification across multiple managers, index funds and mutual funds, that invest in similar markets, does not work
- Short term systematic trading based on sophisticated research has consistently outperformed markets with little market correlation and compelling risk adjusted returns
- Exploit and profit from short-term historical price patterns (intra-day to two day hold)
- Testing is done using a proprietary research platform and strict risk management controls

## VAMI Performance



# KEY FUND INVESTMENT TERMS



<b>Investment Fund</b>	<ul style="list-style-type: none"> <li>Centurion Short Term Trading Fund LLC/LTD</li> </ul>
<b>Fund Structure</b>	<ul style="list-style-type: none"> <li>Delaware LLC and Cayman Islands Exempted Company</li> </ul>
<b>Investment Manager</b>	<ul style="list-style-type: none"> <li>Centurion Investment Management, LLC</li> </ul>
<b>Minimum Investment</b>	<ul style="list-style-type: none"> <li>Please contact Investment Manager</li> </ul>
<b>Fees</b>	<ul style="list-style-type: none"> <li>2X Product: 2% Management Fee; 20% Incentive Fee</li> <li>1X Product: 1% Management Fee; 20% Incentive Fee</li> </ul>
<b>Liquidity</b>	<ul style="list-style-type: none"> <li>Monthly with 30 days written notice (no lock up)</li> </ul>
<b>High Water Mark</b>	<ul style="list-style-type: none"> <li>Yes</li> </ul>
<b>Prime Broker</b>	<ul style="list-style-type: none"> <li>Jefferies Bache</li> </ul>
<b>US Legal Counsel</b>	<ul style="list-style-type: none"> <li>Katten Muchin Rosenman LLP</li> </ul>
<b>Cayman Legal Counsel</b>	<ul style="list-style-type: none"> <li>Mourant Ozannes</li> </ul>
<b>Administrators/Back Office</b>	<ul style="list-style-type: none"> <li>NAV Consulting, Inc.</li> </ul>

\* Separately Managed Accounts also available.

## TEAM BIOS



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**STEFAN BEHLING**  
Head of Trading  
& Senior Portfolio  
Manager

Mr. Behling was former Head of Trading at Crabel Capital Management (CCM) where he was a member of the firm's Executive, Operating and Research Committees. CCM is a short-term systematic hedge fund which trades futures and foreign exchange markets, including domestic and international equities

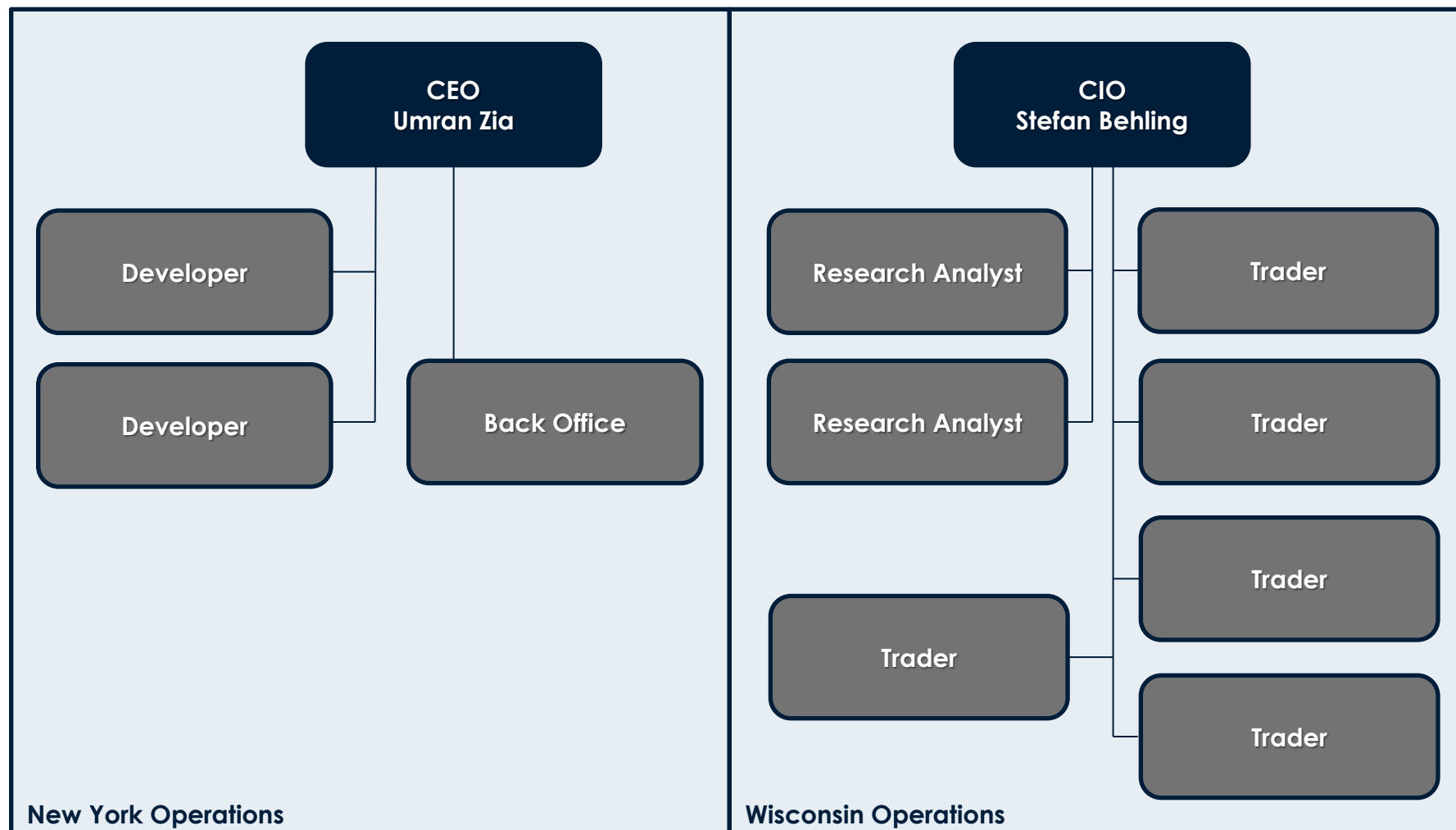
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**UMRAN ZIA**  
President & CEO

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## ORGANIZATIONAL CHART



## CONTACT US



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