

## KEY EXECUTIVES

**John Donahue** - Chief Executive Officer  
**Geoff Goodell** - Chief Investment Officer  
**Pinaki Chatterjee** - Director of Research

## BOARD OF MANAGERS

**James Pallotta** - Raptor Group Holdings  
**Stuart Porter** - Denham Capital Management LP  
**Eric Pritchett** - Potamus Trading LLC  
**Robert Tishman** - Lightkeeper LLC  
**John Donahue** - PhaseCapital LP

## FUND PROFILE

**Type:** Systematic Macro  
**Minimum Investment:** \$2,000,000  
**Redemption Terms:** Monthly, 15 day notice  
**Additions:** Monthly  
**Lock Up/Gate:** None

**FEES** (Founders Class)  
**Management Fee:** 1.25%  
**Performance Fee:** None

## INVESTMENT VEHICLES

Phase II Fund LP  
Phase II Fund Ltd  
Separately Managed Accounts

## SERVICE PROVIDERS

**Prime Broker:** NewEdge USA, LLC  
**Auditor:** PriceWaterhouseCoopers  
**Administrator:** SEI Global Services, Inc.  
**Legal Advisor:** Bingham McCutchen LLP  
**Cayman Legal Advisor:** Maples FS Limited  
**Custodian:** NewEdge USA, LLC

## FIRM OVERVIEW

PhaseCapital LP ("PhaseCapital") is a Boston-based registered investment adviser that was founded in 2007 by a team of seasoned financial professionals and academic researchers. The firm's heritage includes operating as a market maker in the equity listed securities markets and the management of the requisite risks at higher frequency timescales. The firm spun out its market-making effort in 2011 and focused on developing a systematic macro strategy that was launched in 2012. The core of the team has been together since the firm's inception.

## FIRM INVESTMENT OBJECTIVE

PhaseCapital seeks to deliver attractive risk-adjusted returns through various market environments by capturing a consistent level of volatility. PhaseCapital believes that forecasting is increasingly problematic for all investment managers. Instead, PhaseCapital seeks to measure risk and adjust our portfolio accordingly to outperform static portfolios.

## INVESTMENT UNIVERSE

**Equities:** S&P 500 and Russell 2000 e-mini futures contracts, State Street Sector SPDR ETFs  
**Credit:** iShares iBoxx corporate bond ETFs  
**Commodities:** Futures contracts representing energy, base metals and agricultural sectors  
**Interest Rates:** US Treasury futures representing 2, 5, 10, and 30 year maturities, plus the iShares TIPS ETF

## CORE INVESTMENT STRATEGY

PhaseCapital employs an investment process that rejects forecasting and instead emphasizes real-time measurement of risk and risk relationships within and across asset classes. The strategy encompasses risk budgeting, intraday rebalancing and enhanced diversification to provide the right risk at the right time across a spectrum of risk premia.

PhaseCapital's flagship fund is most commonly compared to systematic macro strategies. Some investors see it as an evolved version of risk parity, and due to its solid performance in various macroeconomic environments, the fund is often compared to absolute return approaches. The fund is also a candidate to replace portions of static long-only equity and fixed income portfolios in order to help investment programs respond more dynamically to changing investment environments.

## MARKET OPPORTUNITY

PhaseCapital uses the tools and data collection capabilities of sophisticated broker-dealers and traders to measure risk and execute trades.

By systematically rebalancing its portfolio throughout each trading day, PhaseCapital offers its investors an edge over strategies that rely on static portfolio targets, daily sampling methodologies and/or forecasting.

PhaseCapital dynamically captures broad sets of risk premia it believes will appreciate over a market cycle. This dynamism allows PhaseCapital to reduce or eliminate its exposure to certain risk premia during market dislocations in order to protect its portfolio.

## PORTFOLIO CONSTRUCTION

Portfolio construction begins by strategically budgeting risk contributions across asset classes. The baseline allocation approximates a traditional allocation of stocks (60%), bonds (30%) and commodities (10%). The risk contribution approach allows the portfolio to systematically adjust the baseline allocation as diversification benefits between the asset classes change over time.

Next, to deliver a more consistent volatility over time, the strategy dynamically alters individual asset class exposures as risk and risk relationships change within the portfolio. Using dense intraday data sets, PhaseCapital is able to quickly reach statistically sound conclusions and tactically respond to changing risk environments within and across asset classes.

Finally, within each asset class represented in the portfolio, the strategy builds a “smarter beta” by employing some of the most liquid instruments associated with sectors or subcategories to further harvest diversification.

## RISKS TO CORE STRATEGY

Since PhaseCapital uses leverage and has broad exposures to various markets, the strategy is exposed to “gap risk”, or the risk that market drawdowns over a short period of time will lead to drawdowns in the strategy.

Rallies accompanied by high volatility will likely cause PhaseCapital’s strategy to underperform simple balanced portfolios.

During periods of prolonged deflation with low volatility, the PhaseCapital strategy may underperform due to its use of leverage and exposure to dollar-denominated assets.

## TEAM BIOGRAPHIES

**Pinaki Chatterjee** - Director of Research, Portfolio Manager - Formerly at Bank of America/Merrill Lynch, Finlabs, Ph.D. Astronomy Harvard University, M.Sci Physics, University of Cambridge.

**John Donahue** - Chief Executive Officer - Formerly at DeMatteo Monness, Compass Point Research, SG Cowen, B.S. Accountancy, Villanova

**Brian Drew** - Director of Operations - Formerly at Harvard Management Company, B.S. Fairfield University

**Chad FitzGerald** - Director of Business Development - Formerly at MatlinPatterson, SkyBridge Capital, GPS Partners, B.S. Political Science, Georgia Southern University

**Geoff Goodell** - Chief Investment Officer - Formerly at Goldman Sachs & Company, Ph.D. Computer Science, Harvard, S.B. Mathematics, Massachusetts Institute of Technology

**Jackie Kelleher** - Investor Relations - Boston College

**David Korsnack** - Director of Trading - Formerly at AT&T, B.S. Business Administration, Boston University

**Colin McSwiggen** - Investment Research Associate - Formerly at New England Complex Systems Institute, NJCTL, S.B. Mathematics S.B. Physics, Massachusetts Institute of Technology, M.A. Industrial Design Engineering, Royal College of Art, M.Sc. Industrial Design Engineering, Imperial College London

**Lorena Timko** - Financial Controller and Chief Compliance Officer - Formerly at CYS Investments, Ernst & Young, M.S. Accounting, B.B.A. University of Massachusetts Amherst, CPA

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