

# **AIS Capital Management, L.P.**

## **TAAP Presentation for Prospective Investors**

**For Presentation in Calendar Year 2017**



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# AIS Capital Management, L.P.

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## □ **Registered:**

- SEC Registered Investment Advisor
- NFA Registered CTA and CPO

## □ **Products:**

- MAAP discretionary global macro diversified futures accounts
- TAAP asset allocation accounts
- AIS Gold Fund L.P. Portfolio of Junior Mining Companies

## □ **Individualized Portfolios**

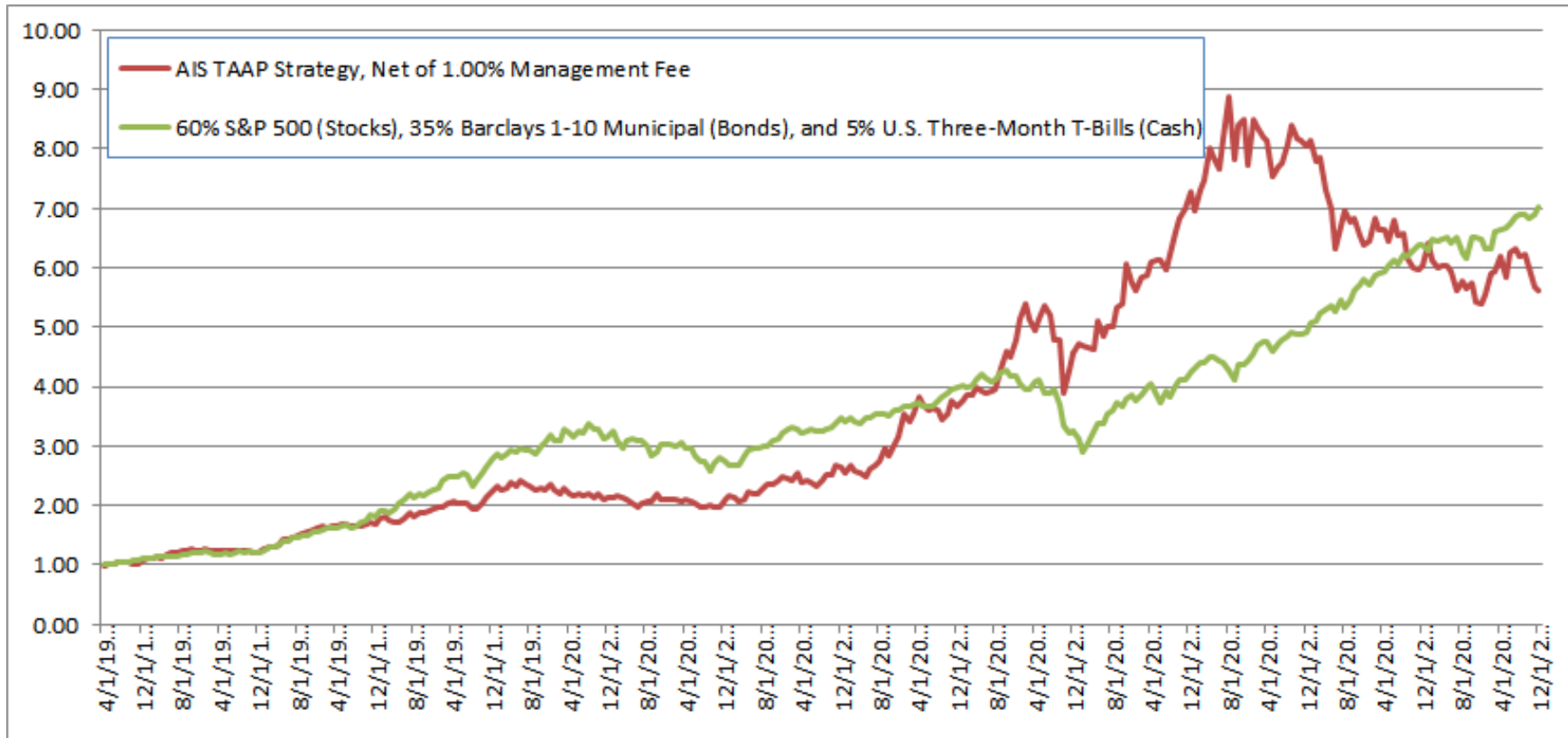
- Designed to meet client goals
- Manage risk

# TAAP

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- **TAAP is a Long-Only Portfolio That Can Invest in U.S. Bonds, Stocks, Gold and Cash**
  
- **Portfolio Management Combining:**
  - Human experience and discretion
  - Trend-identifying programs built on decades of price data cycles
  - Fundamental research
  
- **Effective Asset Management During Difficult Times for Financial Assets**
  
- **Daily Liquidity for Separately Managed Accounts**

# TAAP Composite Net Returns (December 31, 2016)



March 1992 -December 2016	AIS TAAP Strategy, Net of 1.00% Management Fee	60% S&P 500 (Stocks), 35% Barclays 1-10
Net Return:	7.2%	8.2%

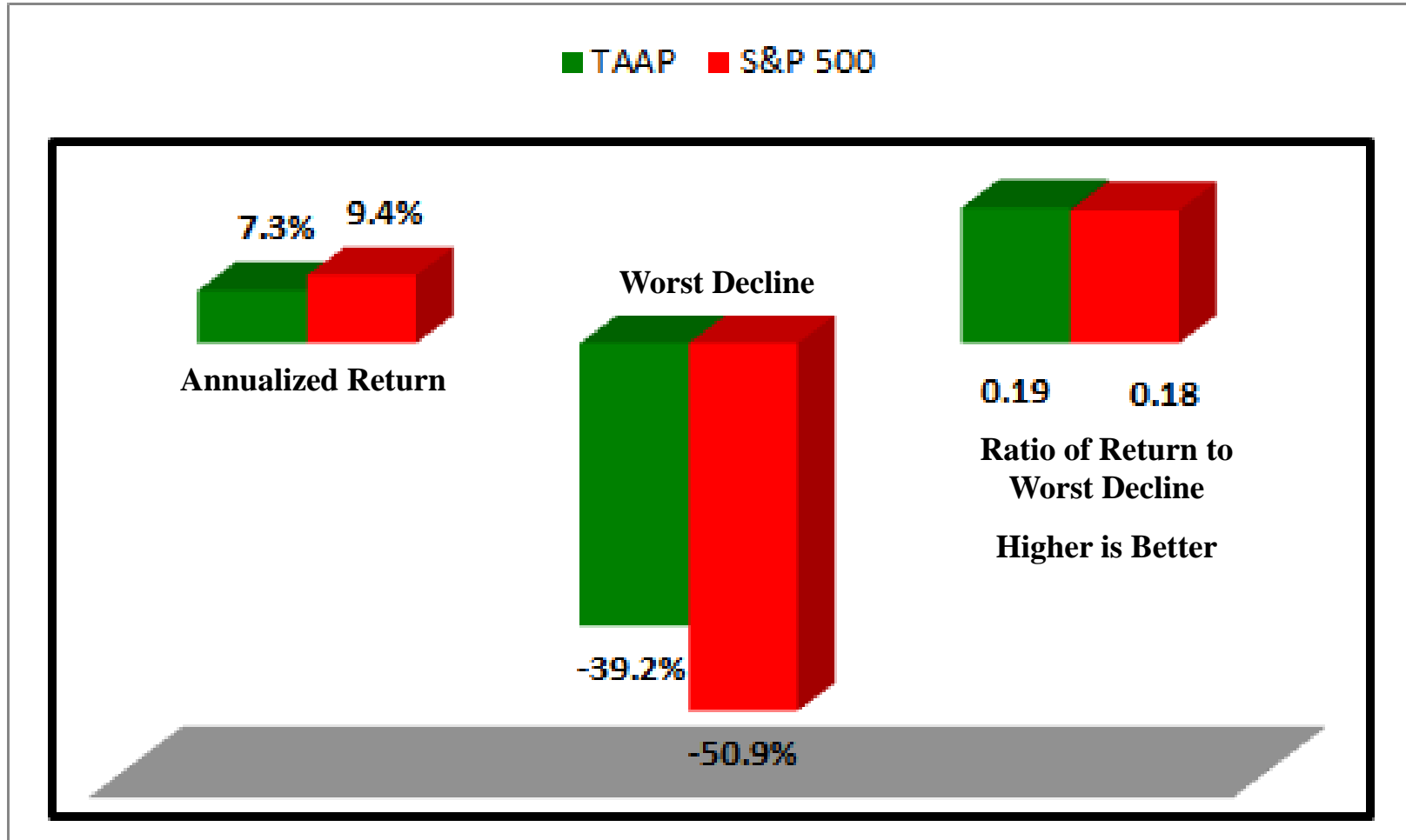
**Correlation**  
**.31**

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*S&P 500 Index returns shown are after reinvestment of earnings and dividends. Source: Ibbotson /Morningstar/Market Watch*

# Benefits of TAAP

03/31/1993 – 1/31/2017



*S&P 500 Index returns shown are after reinvestment of earnings and dividends. Source: Ibbotson /Morningstar/Market Watch*

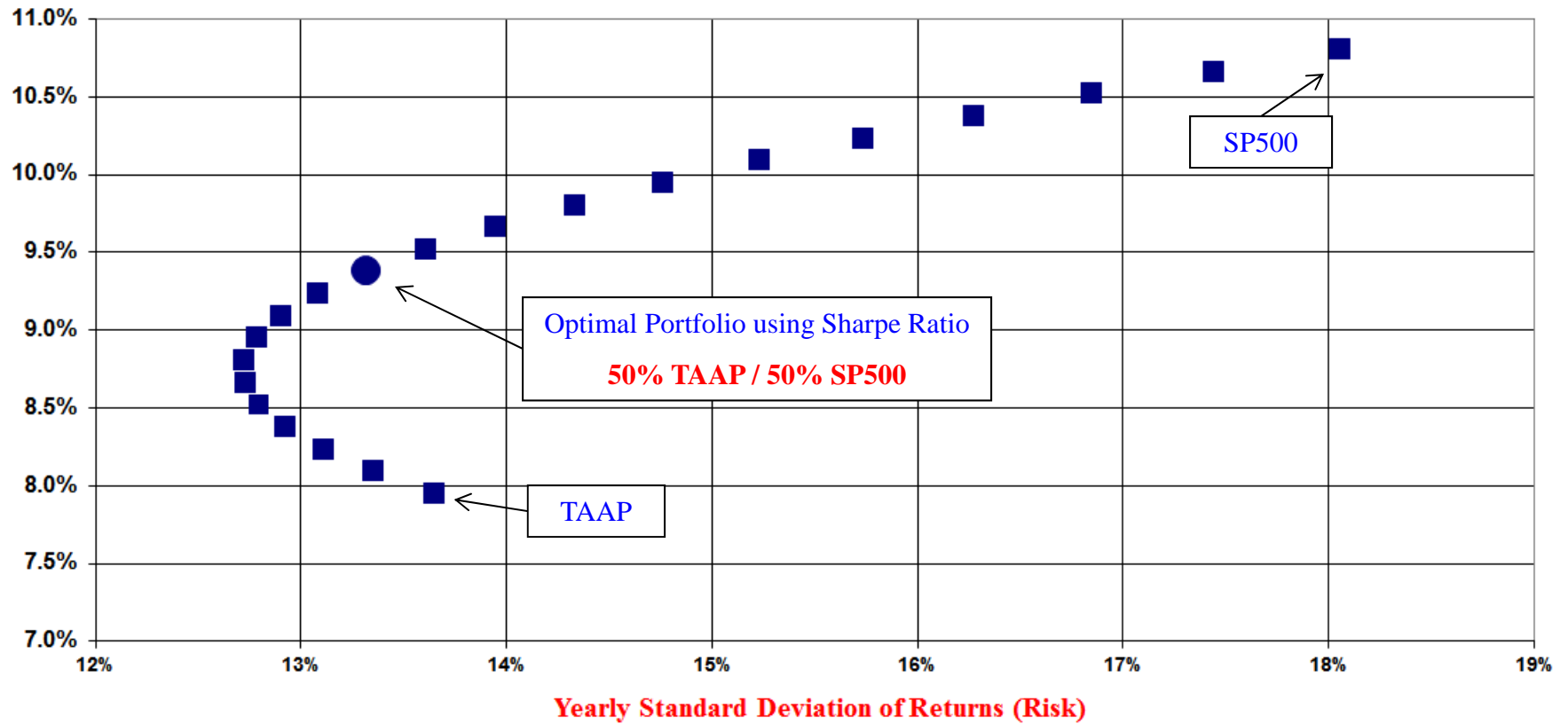
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# Benefits of TAAP Shown on Efficient Frontier

Due to Correlation between TAAP and S&P500 of .40

Value of Combining TAAP with SP500  
(Complete Years 1993 - 2016)  
(Optimal Point Determined by Sharpe Ratio)

Return





# TAAP Investment Components

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## □ Active Allocation Shifts of Long Term Assets and Cash

- Equities
- Bonds
- Gold
- Cash Equivalents

# TAAP Equity Component

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- Fundamental Macro Economic Review:
  - Find companies that have product/service pricing power
  - Find companies that have greater than average sales growth
  
- Individual Stock Selection:
  - Screen universe of 2000 names (market cap above 1B).
  - Portfolio of 20-60 names
  - Positive price momentum
  
- Goal Outperform Market 12-18 Month Horizon.

# TAAP Bond Component

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- Fundamental Macro Economic Review:
  - Identify times of probable disinflation
  
- Individual Bond Selection:
  - Invest in U.S. treasury bonds
  - Invest in longest duration
  
- Goal to Earn Capital Gains from Price Appreciation

# TAAP Gold Component

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## □ Fundamental Macro Economic Review:

- Are currencies being debased in the aggregate?
- Are real interest rates negative?

## □ Investment Vehicle Selection:

- Invest in gold bullion bars when able
- Invest in Gold ETF as an alternative
- Invest in futures otherwise

## □ Goal to Protect Purchasing Power

# TAAP Cash Component

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## □ Fundamental Macro Economic Review:

- Stocks and bonds in a bear market
- Gold fully valued or in a bear market

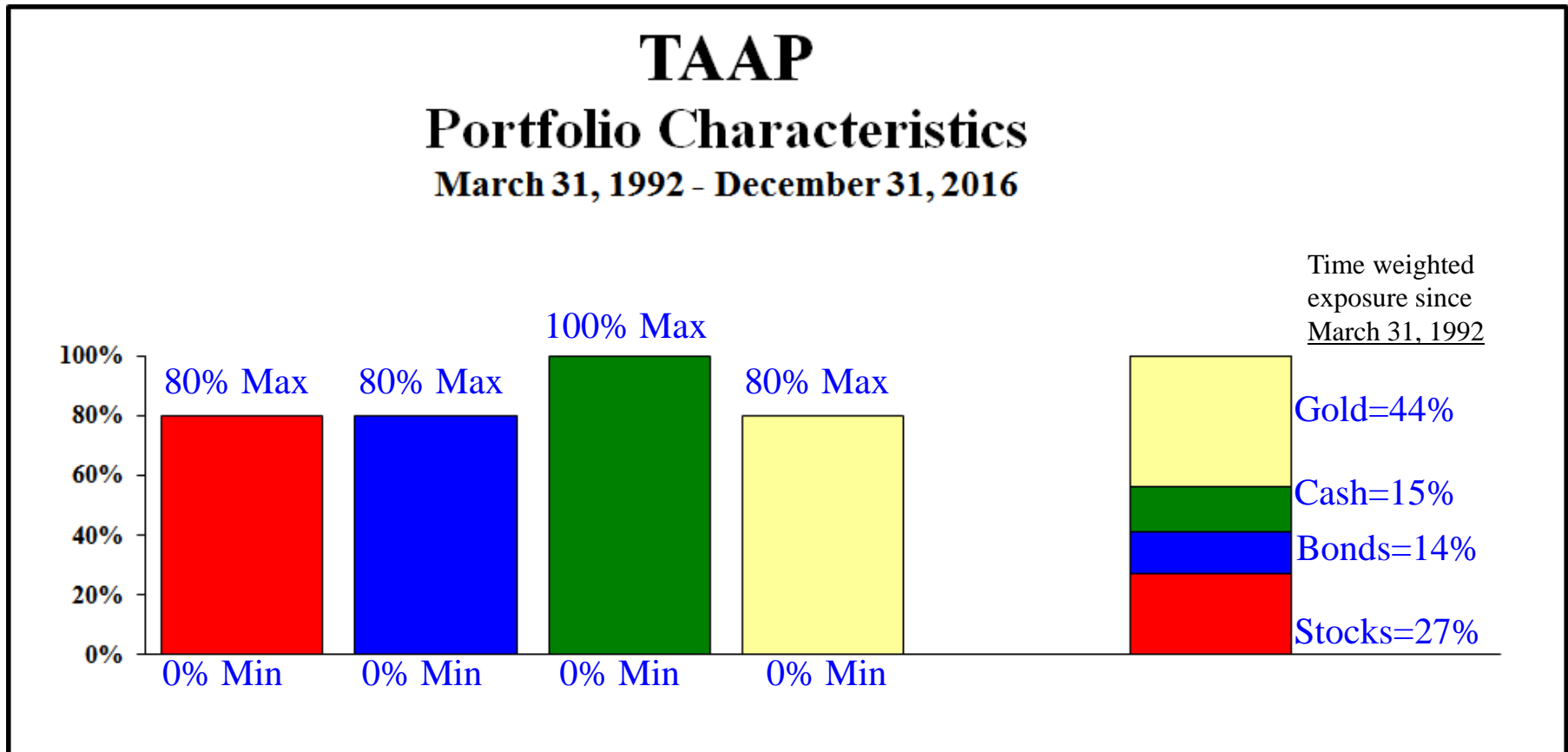
## □ Cash and Cash Equivalent Selection:

- Seek the safety of government or government agency
- Only the highest liquidity
- Less concern over yield than over safety

## □ Goal is to Protect Assets Until Opportunity for Strong Risk Adjusted Returns Exists in One or More of the Other Asset Classes

# TAAP Portfolio Characteristics

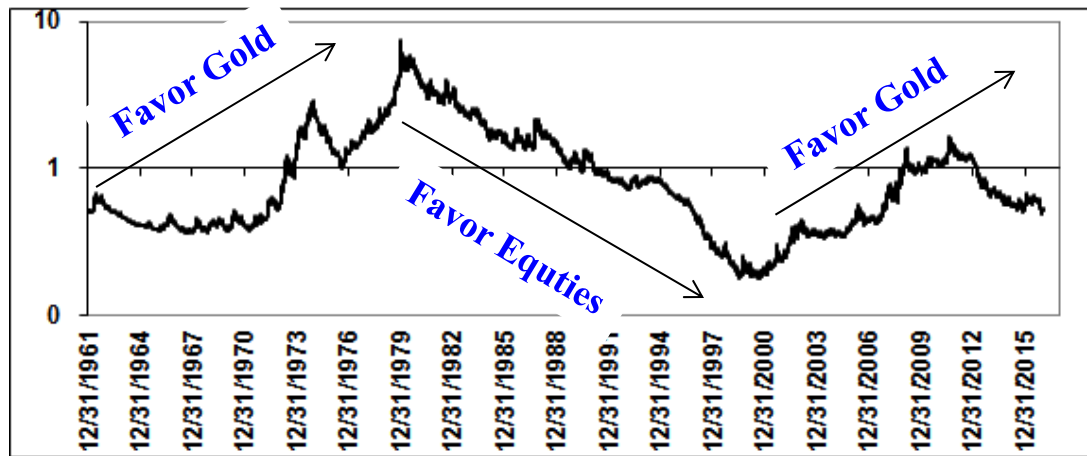
March 31, 1992 – December 31, 2016



While this chart displays the actual time weighted exposure and the maximum allocations currently available, these numbers were different in the past and may change in the future. For example, Gold's maximum allocation began at 20% and gradually moved to 80% over the years. **Past TAAP allocations may be very different than future TAAP allocations even in similar environments.**

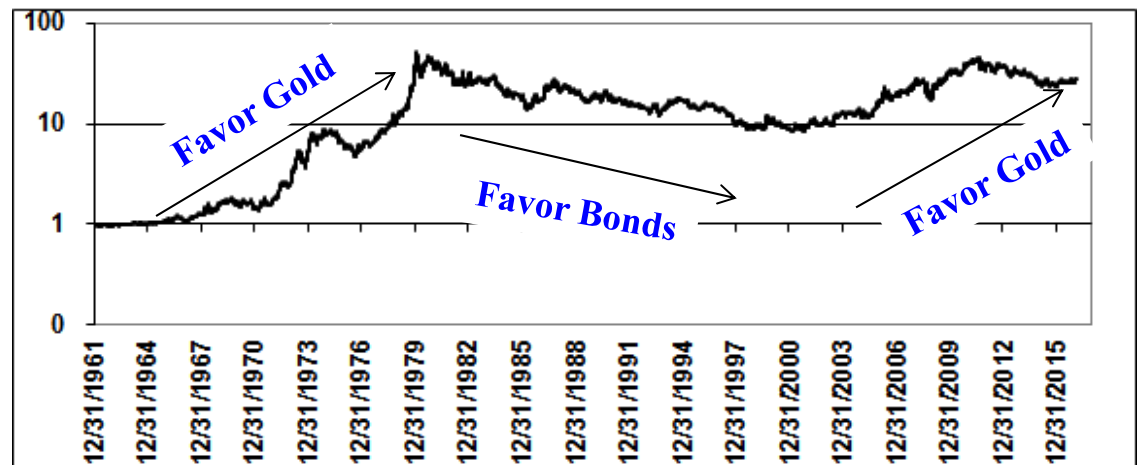
# TAAP seeks longer-term trends

Gold, stocks or bonds can outperform for multi-year periods. TAAP seeks to identify and position for longer-term trends.



- 1966 – 1980, period to favor gold.
- 1980 – 1999, period to favor equities
- 2000 – present, period to favor gold.

- 1966 – 1980, period to favor gold.
- 1980 – 1999, period to favor bonds.
- 2000 – present, period to favor gold.



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# The World Today...

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## ❑ Two trends in global economy

- ❑ Developing world is primary engine of economic growth
  - ❑ Unprecedented expansion of middle class
  - ❑ Intense urbanization/infrastructure development
  - ❑ Significant fluctuations in raw material prices globally
- ❑ Developed world growth stagnating due to excess debt, growing entitlement spending, lack of capital investment
  - ❑ Quantitative easing creates distortions
  - ❑ Depreciating fiat currencies relative to hard assets
  - ❑ Profit margins under pressure in developed world

## ❑ Potential Challenges

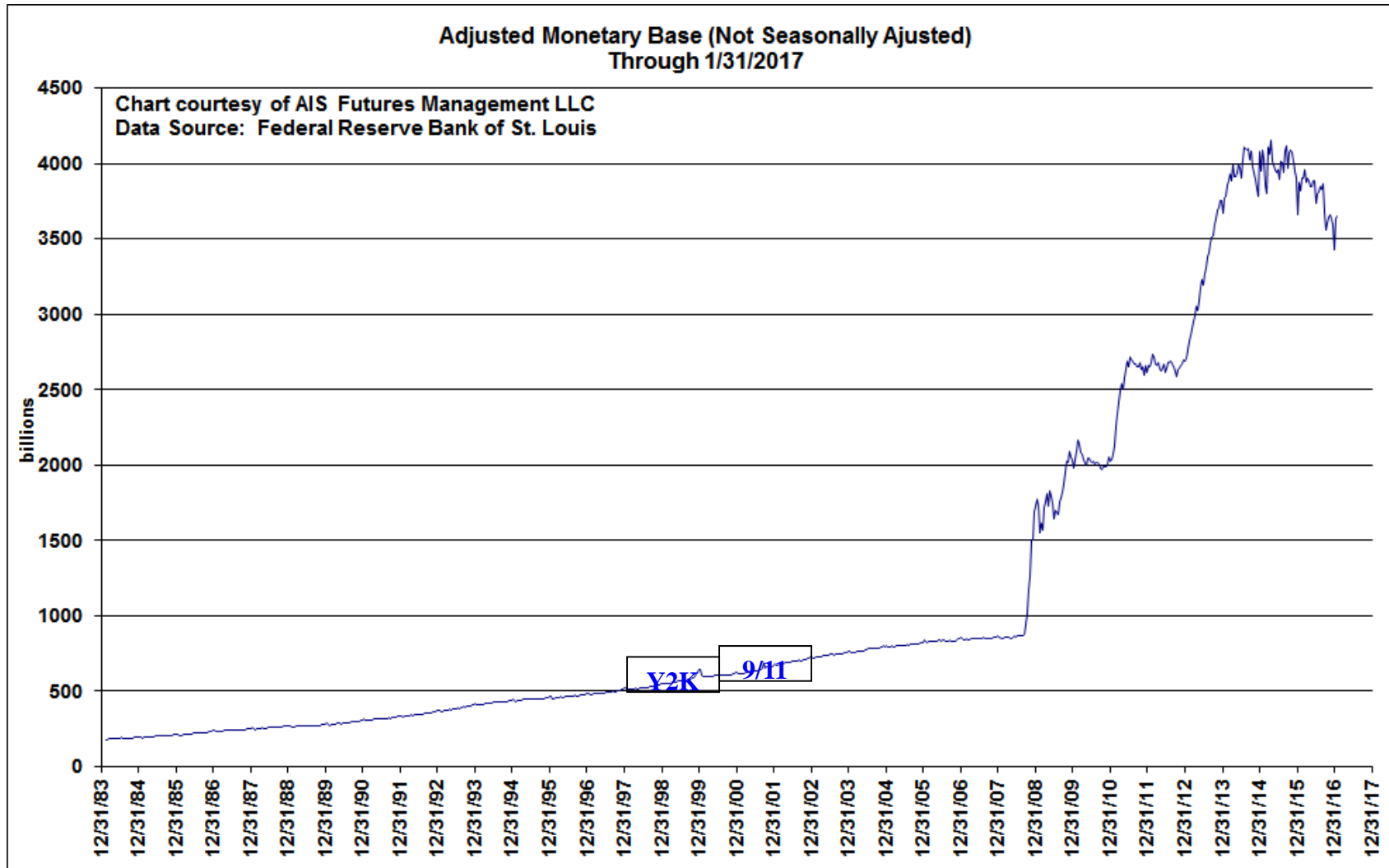
- ❑ Inflation
- ❑ Profit margins excessively high: vulnerable to mean reversion
- ❑ Physical assets undervalued both absolutely and relative to financial assets
- ❑ Leverage rewarded, but cash flows less certain
- ❑ Potential for shrinking P/E ratios

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# Adjusted Monetary Base

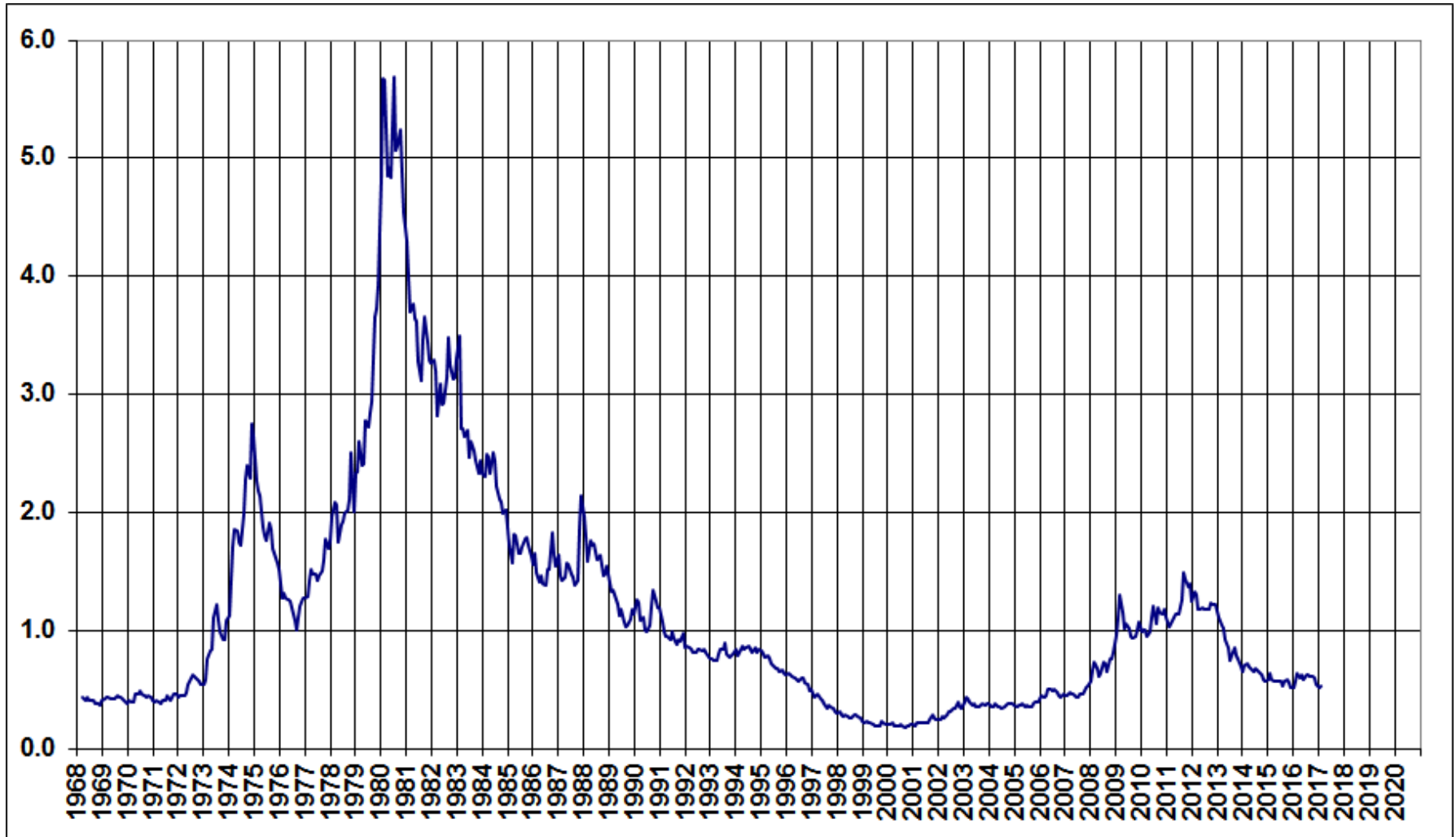
(Not Seasonally Adjusted) Through 1/31/2017



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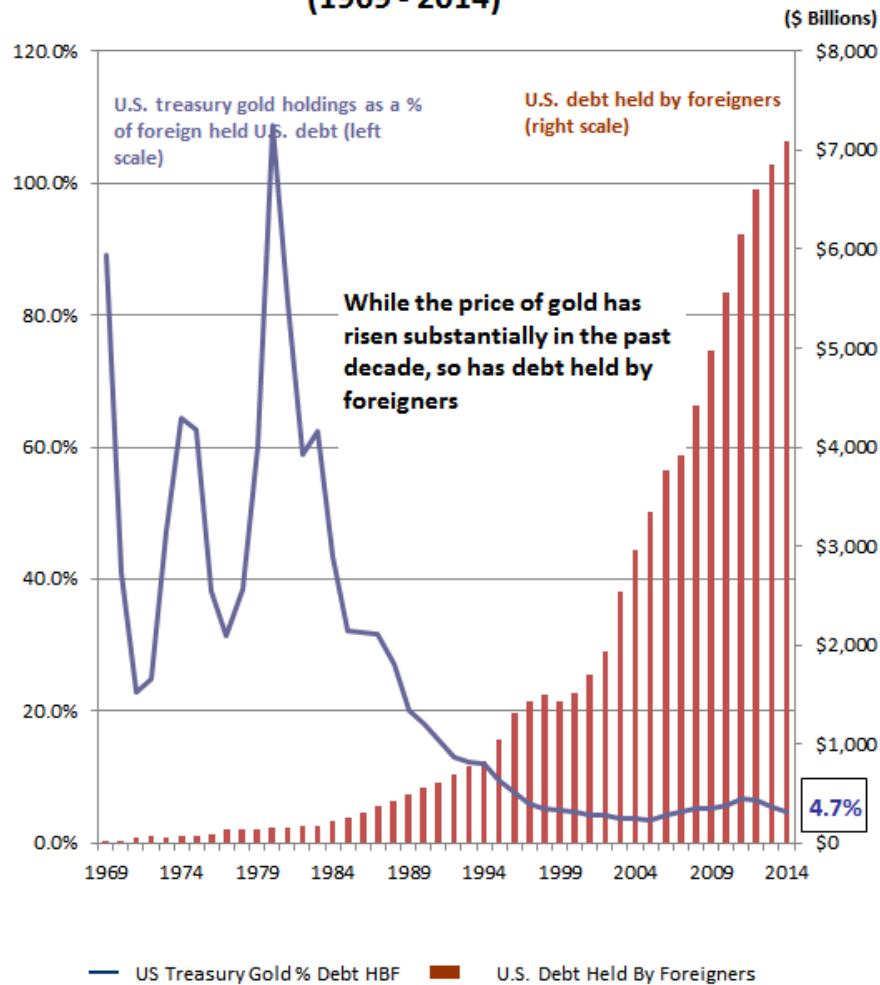
# Gold / S&P 500 Index

Through January 31, 2017



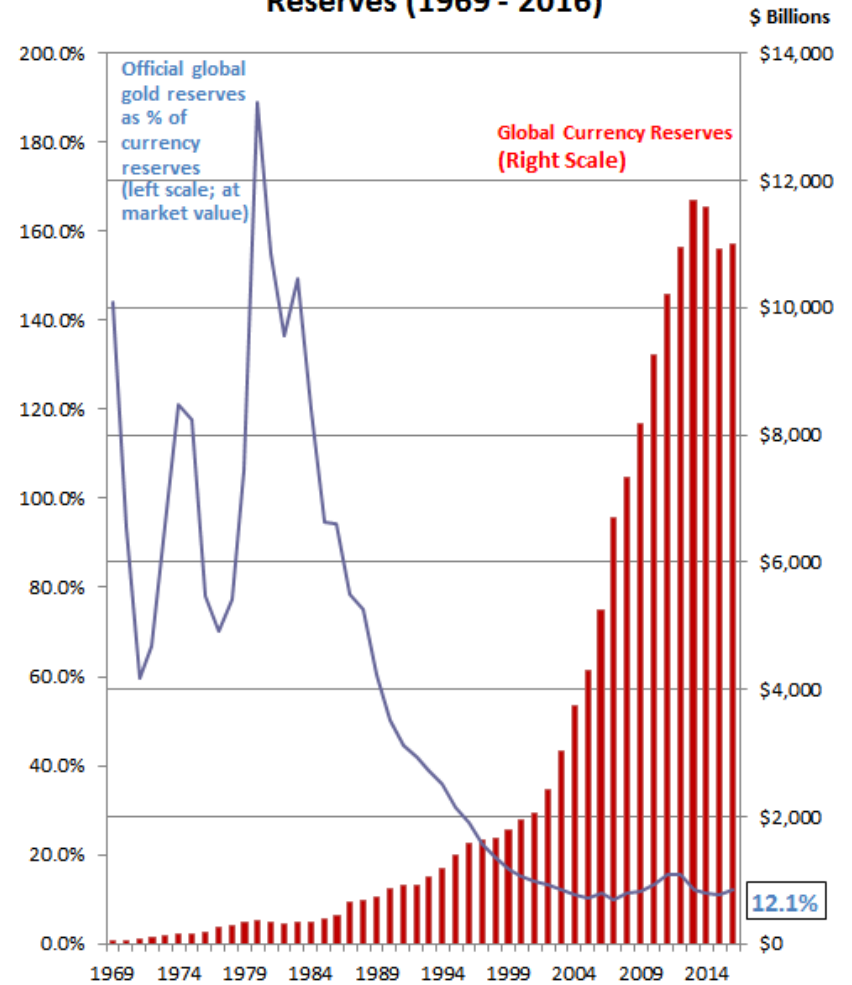
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### U.S. Gold Reserves Versus U.S. Treasury and Treasury Guaranteed Agency Debt Held by Foreigners (1969 - 2014)



Note: Price of gold and debt are as of 12/31/14.

### Total Global Government Gold Reserves Versus Total Global Government Foreign Exchange Reserves (1969 - 2016)



Note: Price of gold and currency reserves are as of 12/31/16.

# TAAP Summary

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- **TAAP's Primary Objective is Conservative Long-Term Growth of Capital and Preservation of Purchasing Power**
  
- **TAAP is One of the Few Investments That Can Profit During Times of Rising Inflation:**
  - Changing economic environment evolving in TAAP's favor
  - Capital gains opportunities in gold bullion
  
- **Low Correlation With Other Tactical Asset Allocation Funds and Financial Markets:**
  - Lowers volatility of a diversified portfolio

# AIS Biographies

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**John R. Hummel**, Principal, Chief Investment Officer. Mr. Hummel has over 40 years experience in portfolio management. He has managed assets for Fortune 500 retirement plans, endowments, foundations and the Federal Reserve retirement plan, as well as high net worth individuals. Prior to founding AIS, Mr. Hummel was a partner at Cowen & Co., a partner at Matuschka & Co., and a managing director at Mitchell Hutchins Asset Management. Mr. Hummel holds a B.S. in Investment Management from Northwestern University. He serves on the Young Life Board of Trustees and the board of directors of Tyndale Seminary, and Family Institute of Connecticut.

**Bradley C. Stern**, Principal, Chief Compliance Officer. Mr. Stern has over 20 years experience in investment management with an emphasis on statistics and capital markets theory. Prior to the founding of AIS, Mr. Stern was an associate at Cowen & Co. where he designed the proprietary modeling system that would later

**Linna Ru**, Partner, Chief Accounting Officer. Ms. Ru has 25 years of experience in business operations, computer programming and financial reporting. Prior to joining AIS, Ms. Ru worked for TexInnova Company. She holds an M.S. in Computer Science from WuHan University in China and an M.S. in Applied Mathematics from Toledo University.

**Roger A. Wilkin**, Partner, Client Service. Mr. Wilkin has 40+ years experience in both corporate and non-profit organizations. Prior to joining AIS, Mr. Wilkin served as national director of development of the New York metropolitan area for Young Life. Prior to this he was with AT&T Bell Laboratories. Mr. Wilkin holds a B.S. in Electrical Engineering from Union College (Magna Cum Laude), an M.S. in Operations Research from Cornell University, and a Masters of Divinity from New Brunswick Reformed Seminary.

**Lu-Ann Roth**, Information Technology & Administration. Ms. Roth has 20+ years experience in IT infrastructure and business administration. Prior to joining AIS, Ms. Roth spent 15 years with GE Capital Corporation where she provided leadership in information technology and LAN management.