![I KnowFirst — Daily Market Forecast logo]

Hedge Fund Model

Daily Re-Adjustment Swing Trading

Stocks + Interest rates + Currencies

Swing Trading

Time Period: July 1st, 2014 – October 31st, 2015

Stocks (60%), Interest Rates (30%), Currencies G10 (10%) – leveraged by 10

Swing Trading Model

Following the development of Dr. Lipa Roitman's understanding of relying on the 5 day simple moving average as a secondary trigger for entry and exit, the I Know First R&D team has developed a complementary model to support his thesis. The results were positive, and incorporating the 5 day SMA trigger allows us to design day trading strategies which further enhance returns and reduce risks. The following portfolio invests in the best stocks, interest rate ETFs, and currency pairs as identified by the algorithm and the specified selection process. The trades selection takes place daily before the market opens. Good opportunities are continuously replaced by even better ones to ensure the portfolio is at its optimum with respect to the algorithmic predictions. Both long and short positions are taken, regardless of market direction and trend. The equity is allocated to 60% in stocks, 30% in interest rates, and 10% in G10 currencies x10 leveraged. **The overall return in the one year period from July 1st, 2014 to October 31st, 2015 is 102.5% while the S&P 500 increased by just +6.1% during the same period.**
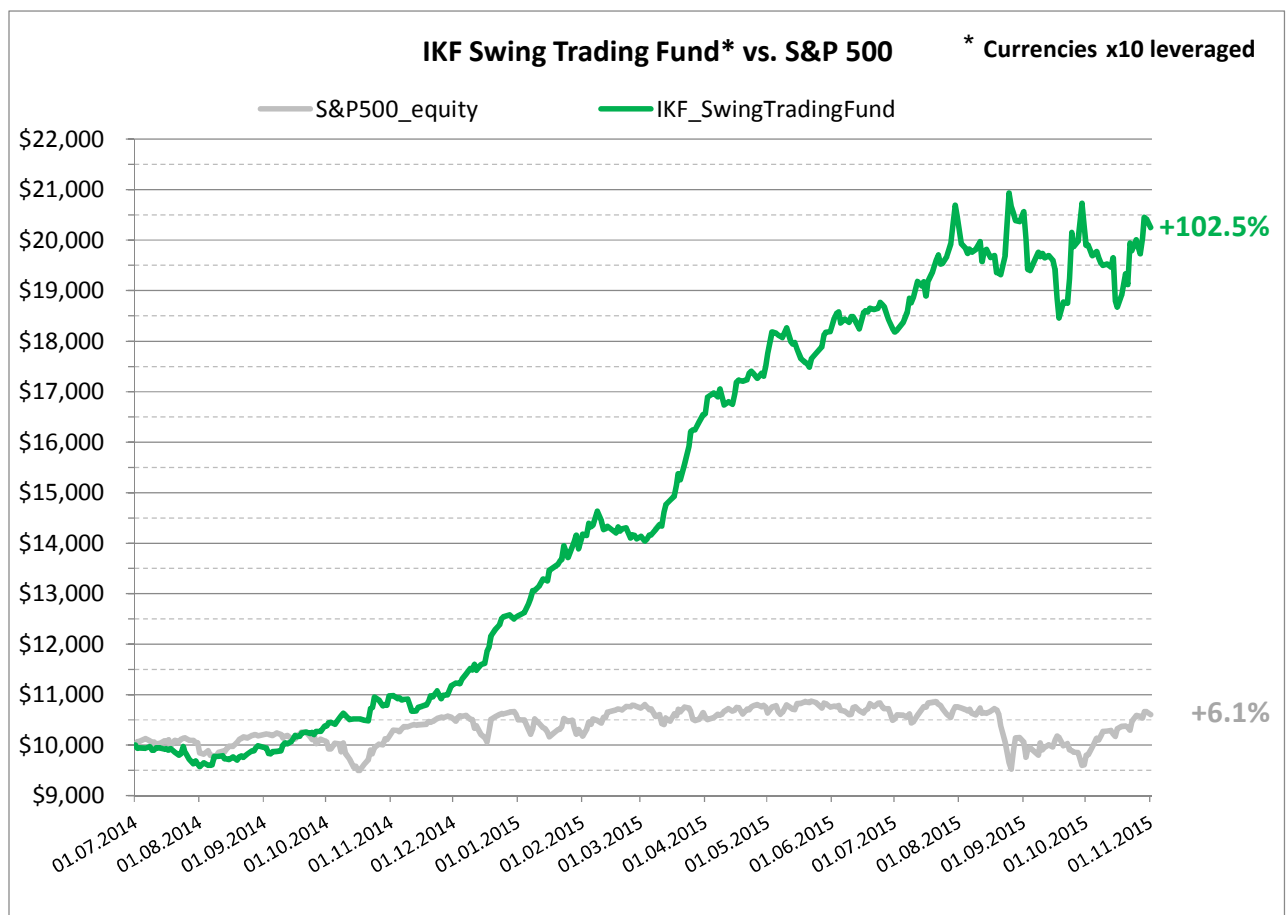
IKF Swing Trading Fund* vs. S&P 500 * **Currencies x10 leveraged**

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Below is a summary given for the total, daily and annualized performance including the respective key risk metrics - for each of the allocation pools separately as well as for their total combination into the fund. For the Currencies it is differentiated between leveraged (x10) and unleveraged.

Performance, risk metrics	IKF Fund	IKF Fund G10 leveraged	IKF Stocks	IKF Interest Rates	IKF Currencies G10	IKF Currencies G10 leveraged	S&P500
Whole time period returns							
Total Return (TR)	**25.57%**	**102.47%**	**26.92%**	**22.82%**	**25.70%**	**794.66%**	**6.08%**
linearly annual. TR	19.13%	76.64%	20.14%	17.07%	19.22%	594.37%	4.55%
discr. comp. (estim. trading days) annual.	18.57%	69.49%	19.52%	16.62%	18.66%	414.98%	4.51%
discr. comp.(gen. assumption) annual.	**18.50%**	**69.20%**	**19.45%**	**16.56%**	**18.59%**	**412.30%**	**4.50%**
std.dev. annualized	**14.98%**	**17.46%**	**21.96%**	**20.03%**	**3.89%**	**38.92%**	**14.27%**
max drawdown	**-18.47%**	**-11.82%**	**-22.17%**	**-21.59%**	**-2.02%**	**-19.65%**	**-12.35%**
recovery duration (in trading days)	**not recovered**	**not recovered**	**not recovered**	**not recovered**	**not recovered**	**not recovered**	**not recovered**
average drawdown	**-2.065%**	**-1.630%**	**-2.953%**	**-3.506%**	**-0.345%**	**-3.470%**	**-1.934%**
# drawdowns	23	36	22	19	34	33	23
minimum equity value	9618.33	9577.17	9584.03	9508.58	9934.35	9349.93	9501.39
Trading day returns							
geom. average return	**0.067%**	**0.209%**	**0.071%**	**0.061%**	**0.068%**	**0.650%**	**0.017%**
arithm. average return	**0.072%**	**0.215%**	**0.080%**	**0.069%**	**0.068%**	**0.680%**	**0.021%**
max	3.94%	6.31%	5.26%	6.18%	1.03%	10.27%	3.90%
min	-2.94%	-4.30%	-4.81%	-3.99%	-0.88%	-8.76%	-3.94%
Std.Dev of returns	**0.94%**	**1.10%**	**1.38%**	**1.26%**	**0.25%**	**2.45%**	**0.90%**
Std.Dev of negative returns	0.58%	0.65%	0.91%	0.78%	0.16%	1.56%	0.65%
1%-quantile	-2.56%	-2.66%	-3.43%	-2.78%	-0.48%	-4.83%	-2.40%
5%-quantile	**-1.32%**	**-1.38%**	**-2.00%**	**-1.97%**	**-0.32%**	**-3.23%**	**-1.52%**
50%-quantile(or median)	**0.034%**	**0.150%**	**0.000%**	**0.000%**	**0.036%**	**0.362%**	**0.006%**
95%-quantile	1.62%	1.95%	2.48%	1.96%	0.48%	4.79%	1.35%
99%-quantile	2.60%	3.37%	3.79%	4.03%	0.87%	8.70%	2.27%
Risk-return measures							
return/vola-ratio on a trading day basis	0.08	0.20	0.06	0.05	0.28	0.28	0.02
returns' correlation with S&P500	-0.14	-0.30	0.04	-0.26	-0.29	-0.29	1.00
MAR ratio (return / max drawdown)	**1.00**	**5.86**	**0.88**	**0.77**	**9.20**	**20.98**	**0.36**
Sterling ratio (return/avg. drawdown)	8.96	42.45	6.59	4.73	53.87	118.82	2.32
Sortino ratio (return/std.dev of neg.returns)	2.02	6.74	1.35	1.33	7.50	16.63	0.43
Sharpe ratio*	**1.10**	**3.85**	**0.79**	**0.73**	**4.26**	**10.54**	**0.17**

*Conservative assumption for the risk free rate of 2%

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The respective trade statistics are presented in the table below:

| Separate asset trades of the strategies	IKF Fund	IKF Fund G10 leveraged	IKF Stocks	IKF Interest Rates	IKF Currencies G10	IKF Currencies G10 leveraged	S&P500
Count							
# total			1221	604	926	926	338
# profitable			604	292	549	549	173
# losing			609	284	361	361	165
# neutral			8	28	16	16	0
Hit ratios							
profitable/losing			99.18%	102.82%	152.08%	152.08%	104.85%
profitable/all			49.47%	48.34%	59.29%	59.29%	51.18%
(profitable+neutral)/all trades			50.12%	52.98%	61.02%	61.02%	51.18%
losing/all			49.88%	47.02%	38.98%	38.98%	48.82%
Trades returns statistics							
average			0.09%	0.08%	0.10%	0.99%	0.02%
max			14.48%	6.90%	3.55%	35.49%	3.90%
min			-12.27%	-5.15%	-2.03%	-20.30%	-3.94%
Std.Dev.			2.51%	1.64%	0.48%	4.79%	0.90%
1%-quantile			-6.15%	-4.14%	-1.08%	-10.85%	-2.40%
5%-quantile			-3.74%	-2.58%	-0.64%	-6.38%	-1.52%
50%-quantile (or median)			0.000%	0.000%	0.077%	0.765%	0.006%
95%-quantile			4.17%	2.91%	0.91%	9.05%	1.35%
99%-quantile			6.69%	6.04%	1.43%	14.31%	2.27%
avg/stddev			0.04	0.05	0.21	0.21	0.02
Profitable trades returns							
average			1.89%	1.23%	0.38%	3.76%	0.65%
Losing trades returns							
average			-1.69%	-1.10%	-0.32%	-3.16%	-0.64%
abs(average pos./average neg.)			1.11	1.12	1.19	1.19	1.02

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The following charts depict the individual development of the stocks, interest rates, and currencies (un-leveraged) over time.
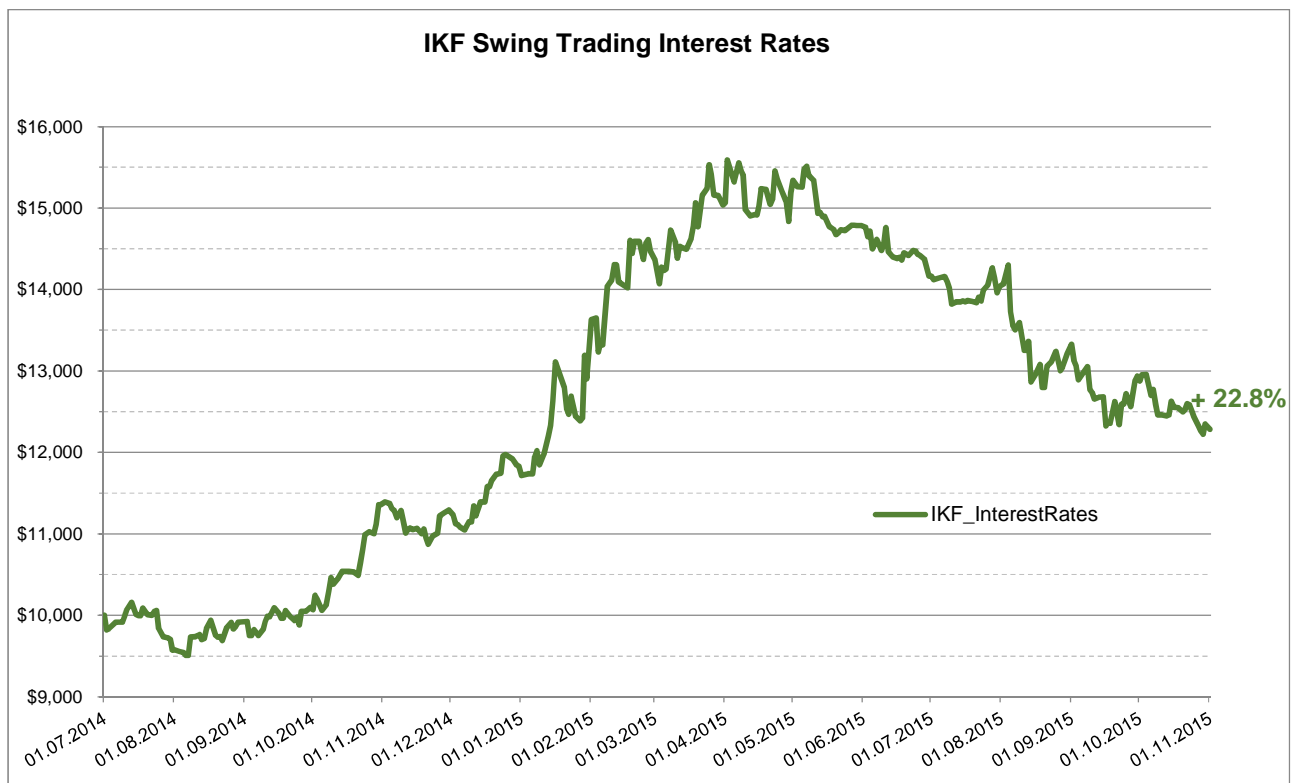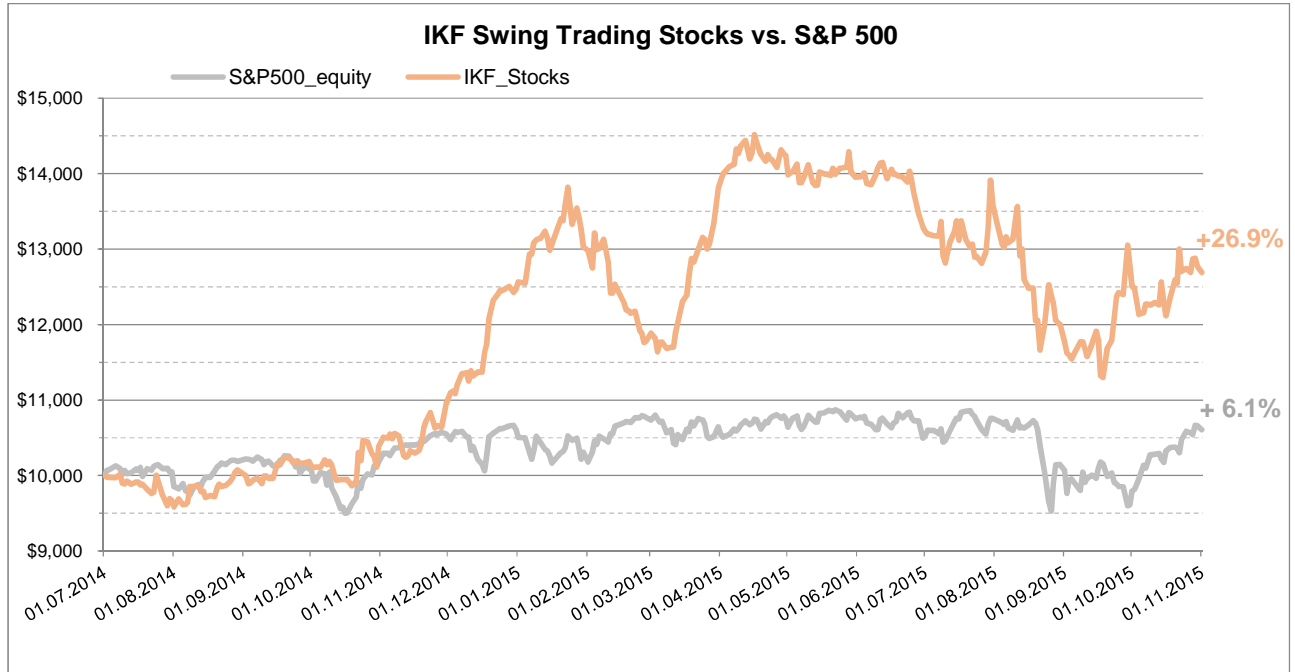
IKF Swing Trading Stocks vs. S&P 500

IKF Swing Trading Interest Rates

Swing Trading

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IKF Swing Trading G10 Currencies (unleveraged)

Legend: IKF_G10_Currencies_unleveraged

+ 25.7%
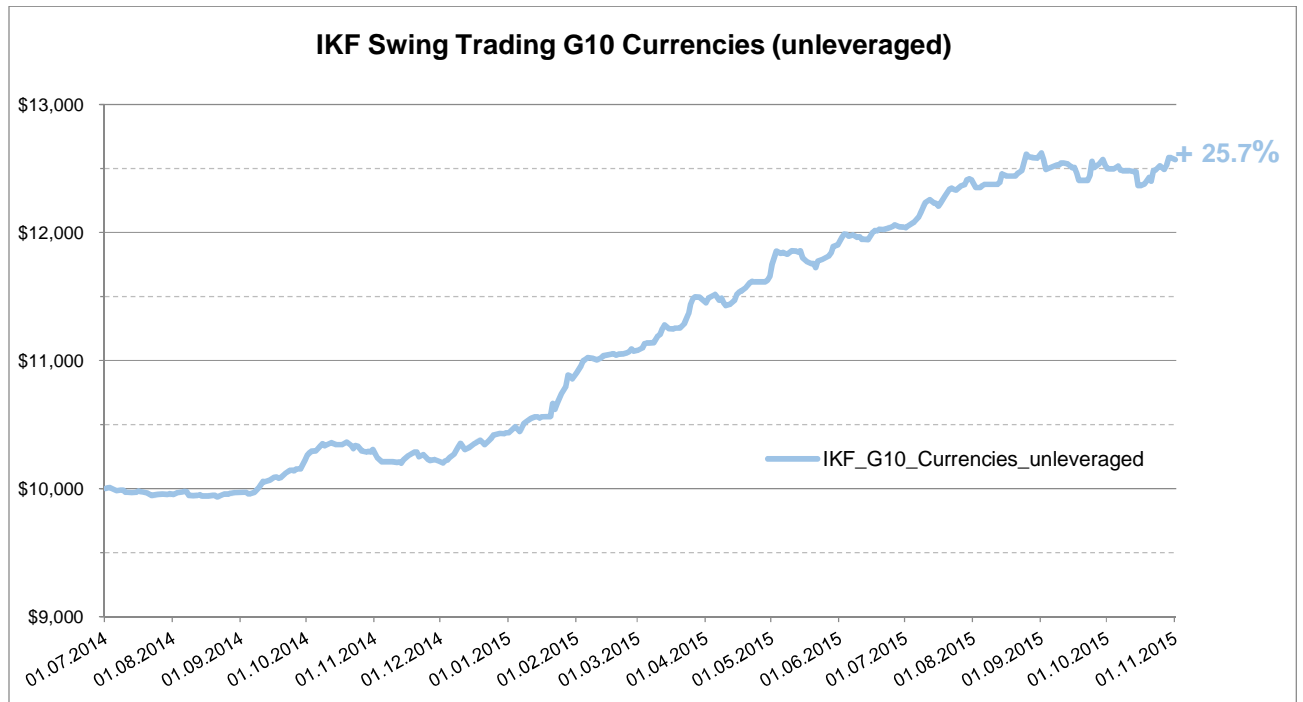
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