



# AX Momentum, L.P.

May 1<sup>st</sup>, 2018



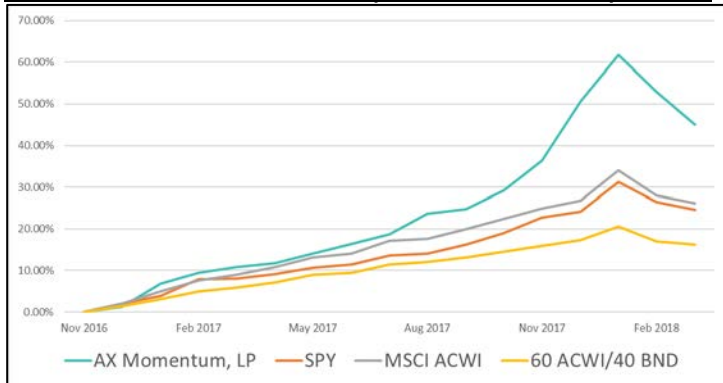
## Fund Description and Our Edge:

We use proprietary computer models to trade global indexes using a blend of relative and absolute momentum signals seeking to exploit price momentum anomalies in global asset markets. We strategically invest Partnership capital in the global indexes that our models have identified as having the strongest sustainable positive price momentum. We tactically weight portfolio positions using adaptive risk-reducing algorithms and adhere to strict portfolio diversification standards. Our process is designed to reduce volatility, avoid large drawdowns and deliver investment outcomes that exceed traditional index investing. Please see our complete offering documents for additional information on risks associated with investing and full investor eligibility requirements. We accept deposits monthly in U.S. dollars and select cryptocurrencies.

## Investment Strategy:

Partnership capital is tactically allocated utilizing multiple independent proprietary momentum-based investment strategies. Each strategy utilized is designed to deliver unique investment opportunities to the Partnership's portfolio while analyzing a "mutually exclusive and collectively exhaustive" universe of more than 180 diverse global asset categories. Once investment opportunities are identified, dynamic weighting algorithms work on a daily basis to adjust portfolio holdings and ensure optimal diversification across global regions, currencies, industries, sectors and macro-economic themes. Since loss avoidance is a key objective for the Partnership, algorithms are designed to avoid highly correlated investments and quickly default to cash when market risks rise.

## Audited Performance Since Inception: Dec. 2016 – April 2018\*



Strategy	Inception*	Year to Date†
<b>AX Momentum L.P.</b>	<b>45.05%</b>	<b>-3.70%</b>
S&P 500 Index Fund (SPY)	21.82%	-1.39%
MSCI All Country World Index Fund (ACWI)	26.09%	-0.55%
Global Benchmark - 60 ACWI/40 BND	16.25%	-0.86%

\*Inception December 1<sup>st</sup>, 2016 performance as of March 31<sup>st</sup>, 2018, audited, net of fees  
†Performance January 1<sup>st</sup>, 2018 through March 31<sup>st</sup>, 2018, audited, net of fees

## Investment Process:

On a daily basis:

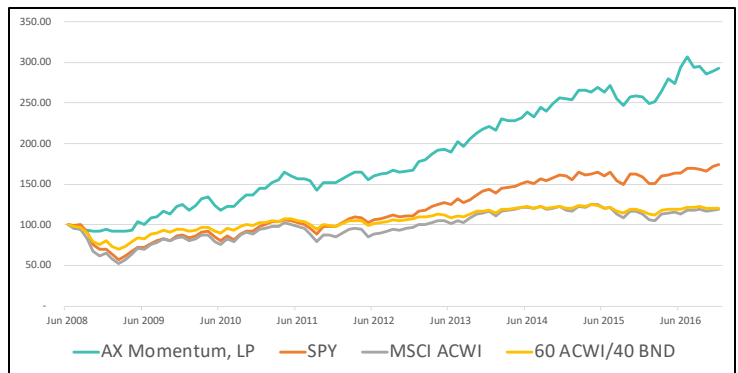
- (1) Global trends are measured on a relative basis. Trends that have weakened are sold and are replaced with the strongest relative trends not currently in the portfolio.
- (2) Updated macroeconomic and cross-asset correlation data is incorporated into risk management algorithms before being used to optimize position weightings.

On a weekly, monthly and quarterly basis:

- (1) Global trends are measured on an absolute basis; trends that have weakened are sold and are replaced with the strongest absolute trends not currently in the portfolio.

## Investment Strategy Backtested Results: July 2008 – 2016†

The backtested returns below show the hypothetical performance of the strategy if it had been implemented starting on July 1<sup>st</sup>, 2008.



	Partnership Strategy	S&P 500 Index Fund (SPY)	MSCI World Index Fund (ACWI)	Global 60/40 Benchmark
<b>Cumulative</b>	<b>192.5%</b>	74.7%	19.7%	21.0%
<b>Annualized</b>	<b>13.5%</b>	6.8%	2.1%	2.3%
<b>Sharpe Ratio (0% RFR)</b>	<b>1.01</b>	0.41	0.11	0.20
<b>Sortino Ratio (0% RFR)</b>	<b>2.08</b>	0.64	0.17	0.31
<b>Max Loss (Drawdown)</b>	<b>-13.7%</b>	-42.6%	-47.5%	-30.5%
<b>Beta vs SPY</b>	<b>0.57</b>	1.00	1.13	0.67
<b>Beta vs ACWI</b>	<b>0.50</b>	0.82	1.00	0.60

**Important Backtest Limitations and Disclosures:** Due to data constraints, only 8 of the 12 strategies currently present in AX Momentum, LP were available over the entire 8.5 year backtest period and were included in the backtest (Global Relative Strength, Global Absolute, US Absolute, US Value Absolute, Global Dual Momentum, US Dual Momentum, and Negative Beta Dual Momentum) These strategies represent approximately 80% of our current portfolio. Strategies were equally weighted from July 2008 through end-of-year 2010, then were weighted based on a trailing 24-month Sharpe Ratio, subject to a minimum weight of 5% and a maximum weight of 20%, rebalanced annually, consistent with our current rules. Cryptocurrency exposure was not included and would have increased performance. Additional backtest disclosures can be found in the footnote below.

## Risk Management:

Maximum Leverage: capped at 50% of total assets  
Single Trend Exposure: capped at 15% of total assets  
Cryptocurrency Exposure: capped at 5% of total assets  
LP Withdrawals & Additions: monthly on the first business day

## Team:

John Sarson – Managing Partner – Chief Risk Officer  
Brittany Keels – Director of Operations – Head of Compliance  
Chaster Johnson – Director of Data Science – Chief Security Officer

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†Performance during the back tested period is not based on live results produced by an investor's actual investing and does not reflect all components of the strategy suggested by AX Momentum, LP. The backtest shown was achieved by the retroactive application of a model designed with the benefit of hindsight. Trading fees, expenses, transaction costs, commissions and taxes have not been netted from the gross performance results except as is otherwise indicated. The performance results include reinvestment of dividends, capital gains and other earnings. Actual, live client results may have materially differed from the presented performance results. Past performance does not guarantee future results. A risk-free rate of 0% was assumed across the timeframe. ACWI, SPY and BND are exchange traded fund (ETF) proxies for broad global indexes and are used to simulate the investment results that, before trading expenses and commissions, correspond generally to the performance of the MSCI All Country World Index (which seeks to capture general equity returns in 23 developed and 23 emerging markets), the S&P 500 and the U.S. Investment-Grade Bond Market, respectively. The actual performance of any ETF may differ materially from the actual performance of the index that the ETF seeks to track, due to fees, taxes and other considerations. The investment advisor to AX Momentum, LP has been selected by the general partner to be ETF Momentum Investing, LLC an Indiana based RIA that specializes in quantitative investment portfolios. This strategy requires suitability testing and satisfactory completion of anti-money laundering and know-your-client provisions before investing.

Available to Accredited Investors Only - No Bank Guarantee - Not FDIC Insured - May Lose Value