SafeMoneyMetrics™

"Your Direct Risk Management Solution for Managed Futures"

CTA Reports

This CTA report reveals pertinent information that when integrated into your investment decisions, can prevent ill-fated loss and excessive capital waste. It provides objectivity, optimizes the initial advisor selection process and compliments traditional methods of risk analysis. Any investment in managed futures/options should only and always be used within an entire portfolio strategy. When considered in isolation any high leveraged investment is high risk and should probably be avoided. A Disclosure Document and further information is located at http://www.sanctity.com and http://www.safemoneymetrics.com

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This initial CTA report is based on SafeMoneyMetrics™ statistics and is not a solicitation for investment. The report has increased value when integrated with Traditional Risk Management and composite SafeMoneyMetrics Risk Management services applied to the entire investment process over time. Investment can only be made after reading the disclosure document related to this presentation which includes the CFTC Risk Disclosure, explanation of all SafeMoney statistics and custom analysis for each client.

Although data used for analysis is real. The CFTC requires the following statement. Hypothetical performance results have many inherent limitations, some of which are described below. No representation is being made that any account will or is likely to achieve profit or losses similar to those shown. In fact there are frequently sharp differences between hypothetical performance results and actual results subsequently achieved by any particular trading program. One of the limitations of hypothetical performance results is that they are generally prepared with the benefits of hindsight. In addition, hypothetical trading does not involve financial risk and no hypothetical trading record can completely account for the impact of the financial risk of actual trading. For example, the ability to withstand losses or to adhere to a particular trading program in spite of trading losses are material points which can adversely affect actual trading results. There are numerous other factors related to the markets in general or to the implementation of any specific trading program which cannot be fully accounted for in the preparation of hypothetical performance results and all of which can adversely affect actual trading results.

Strategy		Tim
Start Date:	Jan-00	
TodaysDate:	6/9/05	
DataPointsAll:	64	
TotalYears:	5.33	

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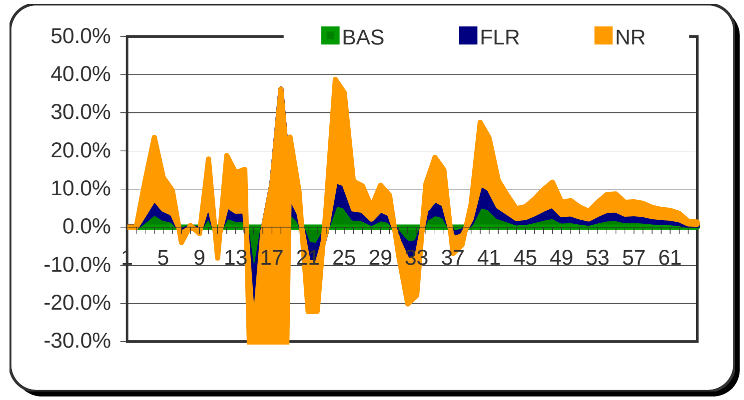
9. Billing Account		Funding Level		Margin Account (NR)	
BAStart:	$20,000	FLStart:	$20,000	MgnStart:	$5,000
BALast:	$37,218	FLLast:	$37,218	MgnLast:	$22,218
MgnBA:	25.0%	MgnFL:	25.0%	Mgn:	100%
An.CostBA:	2.7%	AnCost / FL:	2.7%	An.Cost / Mgn:	10.8%
Total Cost:	14.40%	Total Cost:	14.40%	TotalCost:	57.60%
BA-Return:	86.1%	FL-Return:	86.1%	Mgn-Return:	344.4%

Three funding levels are used. The billing account size, funding level and margin. Presented is the beginning balance and latest account value, margin to equity, annual and total cost relative to return for the total time being analyzed. Use the funding level account size as a "real for me" relationship.

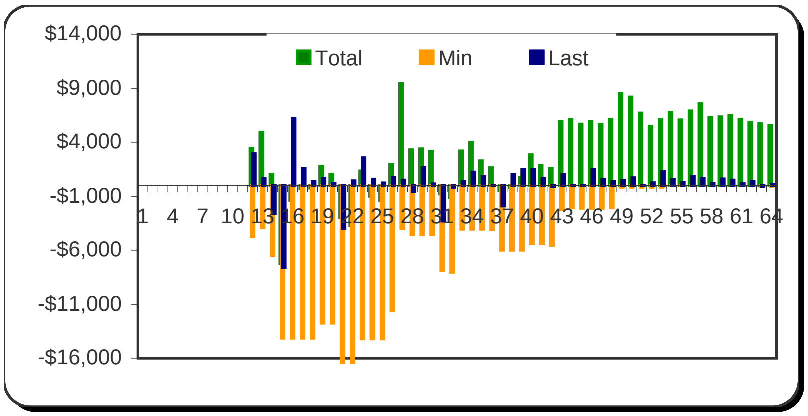
11. BAS, Funding Level and Net Ratio- 3 Month Average



Above are the 3 month average returns of the Billing Account, Funding Level and Net Ratio (Margin Account). The Net Ratio should be well above the funding level and further above the billing account return. Wide differences between net and funding level indicate exceptional risk control at the maximum leverage allowed. Narrow differences between the funding level and billing account indicate an efficient strategy and probably "fair" billing of management fees. Remember that excessive account sizes originated to reduce volatility "believed" as risky!

10. Profitability-Twelve Month Time Frames

Data Points 64



In lieu of annual returns, each bar in the chart represents a 12 month total profit or loss for that time frame. Minimum represents the composite loss within the same time frame. Absolute right on the chart is the most recent data and should carry the most weight!

12. Twelve Month Profit or Loss - Last 12 Time Frames

	Total	Min	Last	RVR	CV
1	$6,096	-$176	$1,314	0.93	1.08
2	$6,778	-$42	$547	1.10	0.91
3	$6,080	-$42	$318	1.02	0.98
4	$6,902	-$42	$849	1.19	0.84
5	$7,574	$0	$631	1.41	0.71
6	$6,322	$0	$226	1.56	0.64
7	$6,356	$0	$604	1.54	0.65
8	$6,470	$0	$510	1.55	0.64
9	$6,145	$0	$158	1.39	0.72
10	$5,831	$0	$398	1.32	0.76
11	$5,713	-$93	-$93	1.25	0.80
12	$5,565	-$93	$104	1.17	0.85

12. Twelve Month Profit or Loss - Data Table Explanation

The data table to the right summarizes profitability for the most recent 12, twelve month time frames. Last is most recent. Presented is total profitability relative to the cumulative maximum loss. The Reward to Variability Ratio (RVR) and Coefficient of Variation (CV) are calculated using all twelve months. A rising RVR and declining CV indicate improved risk management under the market conditions relative to the time frame being analyzed.

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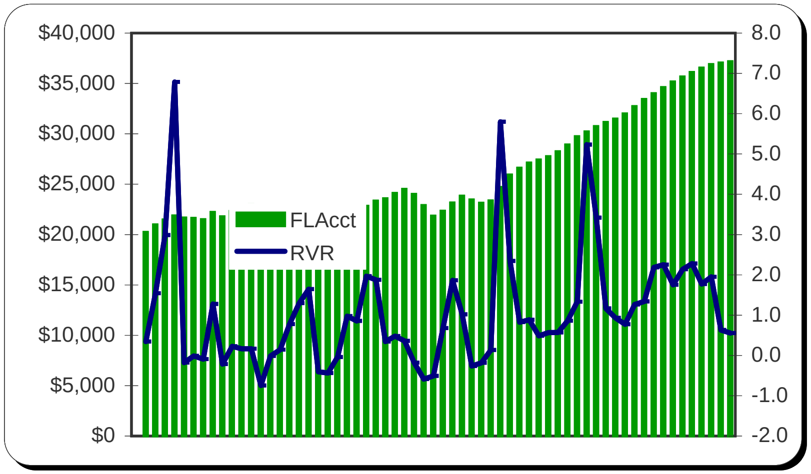
13. FL Account to RVRatio 3 Mo.Avg



Using 3 data points a hypothetical funding level account value relative to a Reward to Variability Ratio (RVR) is averaged. Efficient investments are indicated by high consistent RVR's. An upward slope to the RVR trend indicates "better than yesterday". Account value and volatility or risk assumed to achieve the return is expressed. Recent data is to your right. See RVR definitions above.

14. Asset Growth Relative to Monthly Returns

This chart uses monthly data. Positive returns (left scale) relative to stable or growing assets (right scale) is optimal. Declining returns relative to asset growth, can be one indicator or "early warning" of reduced future returns. The strategies ability to optimally function relative to current market conditions may also cause a decline in returns. Most recent data is on the right.

Explanations

Overview and Purpose

This report currently uses data from DB Stark database. Performance data was calculated on the advisors minimum account size, funding level and maximum margin to equity. Reports assume investment of one account from start to the most recent date reported by each advisor. A $15.00 commission rate was used to present the cost/return relationship. There is no impact on returns. The primary benefit of SMM Reports is that pertinent information revealed by SMM can prevent uninvited misfortune. Weaknesses and strengths defined below are as comprehensive as I am capable of perceiving at this time. (MJJ)

Basic Weaknesses:

Because this report accommodates public domain data:

1. Data nets out realized and unrealized returns into one number, therefore the only SafeMoneyMetrics Ratios it can produce are the Net and Funding Level.

2. This report analyzes past monthly data, the composite SMM service integrates individual trades relative to monthly data.

3. When trades are complied into one monthly number, risk to return ratios are imprecise because the composite monthly summary of capital at risk relative to return has no relevance to risk/return on individual trades.

4. Intra-day and intra-month account volatility cannot prudently be analyzed in this report.

5. Internal Benchmarks for each advisor and multi-advisor portfolio can only evolve from comprehensive analysis and risk management.

6. If the Capital at Risk value is erroneous SafeMoneyMetrics will produce invalid results.

Fundamental Strengths:

This report defines the following and more:

1. Net returns earned on actual capital at risk relative to net returns earned on the billing account size.

2. Potential risk of an account when funded at the minimum funding level over variable market conditions.

3. Capital Waste – Excess capital required by an advisor that management fees are paid on, relative to quality of investment returns.

4. Quality of investment return for this profile is defined by;

a) Net and Funding Level Ratio returns relative to billing account return

b) Cost relative to a Traditional, Net and FLR return;

c) Volatility of return at the Net and FLR level.

d) Asset growth relative to rate of return.

e) Profit and Loss – Average, maximum, minimum and last for every 12 data points in the analysis.

g) A Reward to Variability Ratio (RVR) relative to an individual account.

5. Hypothetical Funding Account Value - uses the advisors minimum funding value as if it was invested from the inception of trading. Additions, distributions or fees other than advisor and basic clearing costs are not accunted for.

6. Assets Relative to Rate of Return - total assets under management relative to the traditional rate of return for each corresponding month.

Definitions and Explanations

SafeMoneyMetrics monitors ratios in relationship to each other. For example: Analyzing the trend of a Net relative to Funding Level Ratio gives insight into risk associated with leverage used. If an investment trades many markets prudent diversification exists if the “returns” produced by each market constructively correlate with each other.

The two most important aspects of SafeMoneyMetrics are: 1) Analysis is based on a direct relationship to trading talent and results. Nothing else matters! 2) The “Benchmark” is always INTERNAL to the investment rather than external to it – WHY?

Universal Laws: Every form created from the beginning of time is self-complete – It’s just how God creates! Do you ever see a tree comparing itself to another tree so it “knows” how its doing? Do you see flowers in a field competing for air space – better yet do you ever see flowers taking petals or leaves from each other so they have more and the other flowers have less? Get a free investment guide called Standards for Advisor Evaluation at www.safemoneymetrics.com. You'll learn how we integrate Universal Laws into risk management

1. Capital at Risk (CAR): A formula that represents only capital used to produce a return. CAR is the foundation for all ratios, adapted for different situations. Two examples are actual margin requirements for each trade, or when evaluating monthly data, the advisors maximum margin to equity. CAR is also used to evaluate capital waste built into the investment.

Simply stated: Assume we're evaluating two advisors each having a $1M required billing account size. The advisor using the least amount of capital at risk to produce the highest realized return relative to the lowest volatility would probably be a better choice. (Highest RVR and Lowest CV- see #7 below)

2. Net Ratio (NR): Return on margin for this report.

3. Funding Level Ratios (FLR): Represents an advisor’s return based on the minimum funding level, or maximum allowable leverage. Account stability is indicated when the NR is consistently above the FLR, especially when the difference is wide. See Graph #14 in the presentation.

4. Billing Account (BA): Represents an advisor's return based on the account size required.

REMEMBER: Excessive account sizes hide volatility and high volatility does NOT necessarily infer high risk! Trading results can be volatile but if profitability is high relative to actual capital at risk WHO Cares? Be aware of advisors that require large accounts, charge management fees on that large account when only 5 or 10% of the total account is actually used for trading. Calculating a Net and Funding Level Ratio reveals trading skill relative to risk under current market conditions. Again, trading talent = positive returns. Nothing else matters!

4. Cost Ratio (CR): Defined by a relationship between account costs relative to the Net or Funding Level Ratio. Traditionally costs are evaluated as a percent of the billing account size annualized. Cost analysis is improved when evaluated relative to return and capital at risk. For example - one of the industry's most prominent traders had a 20% cost factor. People “perpetuated the illusion” that 20% had to be exceeded before clients benefit. This thinking is 100% inaccurate. The trader earned over 100% annually on the fully funded account using 25% margin (Capital at risk). Now we “see” that 400% was earned on capital at risk and costs were 20% relative to the 400% return or Net Ratio.

5. Billing Account Return (BA): Also called the Traditional Rate of Return (TR). SafeMoneyMetrics uses the BA relative to the Net and Funding Level Ratios for evaluating fair costs relative to skill and stability at variable degrees of leverage. See Table #9 and Graph #11 in the presentation.

6. *****A Primary Benchmark: Reward to Variability Ratio (RVR): When applied to SafeMoneyMetrics, the RVR estimates ability to produce realized profits with respect to managing open trade risk. Traditionally the RVR is calculated by dividing the Risk Premium (RP is a return above the risk free ROR) by the Standard Deviation (SD) of returns. Since SD measures volatility and RP risk premium, the result is a risk/reward ratio. For this analysis the average Net and Funding Level Ratios are averaged and divided by their Standard Deviation (NR/StD and FLR/StD). A high RVR indicates a higher return relative to the amount of risk taken. For example, assume the FLR = 23%, a Standard Deviation of the FLR Ratio for the same time frame is 30%, then 40% and 55%. 23/30=0.76%, 23/40=0.575% and 23/55=0.418%.

As the Standard Deviation increases or Net Ratio decreases the RVR decreases. The RVR Benchmark is expressed as one number and applied to every aspect of analysis, including comparison of investments.

7.***Secondary Benchmarks:** Coefficient of Variation (CV): From statistics the CV measures absolute and relative dispersion. If absolute dispersion is a standard deviation (S) and average (A) is the mean, then relative dispersion is called the coefficient. When a mean or average is close to zero, the CV is not useful. CV=S/A.

When applied to SafeMoneyMetrics the CV is a multi-purpose Benchmark. It monitors an average of ratios over time frames relative to the last for that time frame. When used with the RVR benchmark and capital account value, it indicates an advisor's risk management and efficiency trend relative to profitability. The CV is also used to compare advisors. Assume two trading advisors, one returns 55% with a StD of 35% and the other returns 35% with a StD of 15%. 35/55=63.63% and 15/35=42.85% The second advisor is more efficient. Remember we want HIGH RVR's and LOW CV's.

Billing Acct Size (BAS): Also called a fully funded or notional account size accepted by the advisor (Management fees are calculated on this account size).
Minimum Funding Level (FL): Cash used to fund an account expressed as a percentage of the Billing Account Size.
Margin Account (MA): Only capital used for trading.
Margin Minimum %: Margin account expressed as a percent of the billing account size.
Margin Funding%: Margin account expressed as a percent of the minimum funding level.
An.Cost/BA: Annual cost relative to the Billing Account Size (BA) and the traditional return calculations.
An.Cost/FL: Annual cost relative to the Minimum Funding Level (FL) and funding level returns. See # 4 Cost Ratio.
An.**Cost/MA:** Annual cost relative to return on capital at risk. Also called the margin account or Net Ratio returns.
Total Cost: Total cost for the time frame being analyzed
BA, FL and Margin (Net Ratio) Return: Based on the hypothetical account size for time frame being analyzed. See Table **#9** in the presentation.

Max: The best value within the time frame specified.
Min: The worst value within the time frame specified.

Profitability 12 Data Points Graphics and Tables: A subtotal return, maximum minimum and last P&L for every 12 data points is offered graphically. The most recent 12 twelve month time frame are presented in table format. See Graph **#10** and Table **#12**.
Time Frames: Ratios and benchmark over a specific time frames.
Last: Use the presentation date to determine time frame of data in this column.

For further information:
http://www.safemoneymetrics.com/asmarticles/asmarticles
Contact: Marlee-Jo Jacobson 212-777-3862

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We have the finest regulatory model in the United States of America. Daily I pray that the Federal Government wakes up and applies it regulating lawyers, accountants and doctors, before my experience on this planet is over.