

# PACIFICFRONT CAPITAL, LLC



July 2017

# Risk Disclosure



THE RISK OF LOSS IN TRADING COMMODITIES CAN BE SUBSTANTIAL. YOU SHOULD THEREFORE CAREFULLY CONSIDER WHETHER SUCH TRADING IS SUITABLE FOR YOU IN LIGHT OF YOUR FINANCIAL CONDITION. THE HIGH DEGREE OF LEVERAGE THAT IS OFTEN OBTAINABLE IN COMMODITY TRADING CAN WORK AGAINST YOU AS WELL AS FOR YOU. THE USE OF LEVERAGE CAN LEAD TO LARGE LOSSES AS WELL AS GAINS.

IN SOME CASES, MANAGED COMMODITY ACCOUNTS ARE SUBJECT TO SUBSTANTIAL CHARGES FOR MANAGEMENT AND ADVISORY FEES. IT MAY BE NECESSARY FOR THOSE ACCOUNTS THAT ARE SUBJECT TO THESE CHARGES TO MAKE SUBSTANTIAL TRADING PROFITS TO AVOID DEPLETION OR EXHAUSTION OF THEIR ASSETS. THE DISCLOSURE DOCUMENT CONTAINS A COMPLETE DESCRIPTION OF THE PRINCIPAL RISK FACTORS AND EACH FEE TO BE CHARGED TO YOUR ACCOUNT BY THE COMMODITY TRADING ADVISOR ("CTA").

THE REGULATIONS OF THE COMMODITY FUTURES TRADING COMMISSION ("CFTC") REQUIRE THAT PROSPECTIVE CUSTOMERS OF A CTA RECEIVE A DISCLOSURE DOCUMENT WHEN THEY ARE SOLICITED TO ENTER INTO AN AGREEMENT WHEREBY THE CTA WILL DIRECT OR GUIDE THE CLIENT'S COMMODITY INTEREST TRADING AND THAT CERTAIN RISK FACTORS BE HIGHLIGHTED. THIS BRIEF STATEMENT CANNOT DISCLOSE ALL OF THE RISKS AND OTHER SIGNIFICANT ASPECTS OF THE COMMODITY MARKETS. THEREFORE, YOU SHOULD PROCEED DIRECTLY TO THE DISCLOSURE DOCUMENT AND STUDY IT CAREFULLY TO DETERMINE WHETHER SUCH TRADING IS APPROPRIATE FOR YOU IN LIGHT OF YOUR FINANCIAL CONDITION. YOU MAY ALSO REQUEST DELIVERY OF A HARD COPY OF THE DISCLOSURE DOCUMENT, WHICH WILL ALSO BE PROVIDED TO YOU AT NO ADDITIONAL COST. THE CFTC HAS NOT PASSED UPON THE MERITS OF PARTICIPATING IN ANY OF THESE TRADING PROGRAMS NOR ON THE ADEQUACY OR ACCURACY OF ANY OF THESE DISCLOSURE DOCUMENTS.

OTHER DISCLOSURE STATEMENTS ARE REQUIRED TO BE PROVIDED YOU BEFORE A COMMODITY ACCOUNT MAY BE OPENED FOR YOU. ADDITIONAL DISCLOSURE REQUIRED FOR ADMINISTRATIVE FEES. A COMPLETE DISCUSSION OF FEES AND CHARGES ARE REPORTED IN THE CTA'S DISCLOSURE DOCUMENT.

**PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.  
FUTURES AND OPTIONS TRADING INVOLVE SUBSTANTIAL RISK OF LOSS AND IS NOT SUITABLE FOR ALL INVESTORS.**

# PacificFront Trading Program



- PacificFront Capital, LLC is a registered Commodity Trading Advisor (“CTA”) and member of the National Futures Association (“NFA”). PacificFront manages accounts for Investors, buying and selling contracts in a variety of futures markets using proprietary investment strategies. Managed Futures is an alternative investment that provides a low correlation to the traditional asset class of stocks and bonds .
- PacificFront Capital's trading program was created to target superior annual returns for investors with appropriate risk-return metrics. It serves as an alternative investment vehicle with little to no correlation to major markets and other CTAs.
- The program utilizes proprietary models to generate trade ideas based on the agreement of price action, pattern data, specific technical indicators, and fundamentals. The models are geared to direct the manager’s attention to a particular market, but execution is ultimately based on discretion.

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# Benefits of Managed Futures



A well balanced managed futures portfolio can provide a diversified global investment opportunity for investors. The main benefits include:

## Reduced Volatility

The opportunity to reduce the volatility risk of a portfolio.

## Global Diversification

The opportunity to participate in global markets.



## Enhanced Return

The opportunity to enhance a portfolio's returns.

## Profit Potential

The opportunity to profit in both rising and falling markets.

The addition of managed futures to a client's portfolio does not mean that a portfolio will be profitable or that it will not experience substantial losses and that the studies conducted in the past may not be indicative of current time periods or of the performance of any individual CTA.

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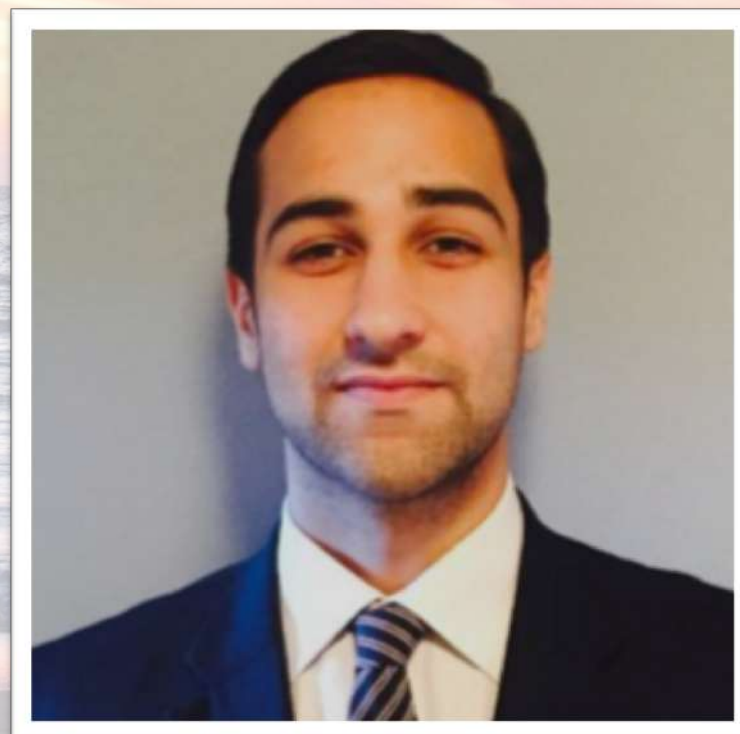
# Chief Executive Officer



## Michael Abdul Salam

Michael is the Founder and CEO of PacificFront Capital. Born and raised in Newport Beach, CA, Michael has been developing his strategy for over six years. He came from a futures industry family, where he was mentored by his father, who was a successful trader over multiple decades, and his mother who ran her own brokerage firm.

Michael attended University of California, Irvine where he received a BA in Business Economics and was part of the Campuswide Honors Program. While attending school, Michael worked at Roth Capital Partners, a full-service investment bank.



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# Chief Operating Officer



## Esther Goodman

Esther is the COO of PacificFront Capital and is responsible for managing all operational aspects of the firm.

For most of her 30+ year career in the alternative investment/futures industry, Esther was Senior Executive Vice President and Global Chief Operating Officer of The Kenmar Group, a fund of funds with peak assets of \$4.5 billion and 55 employees. At Kenmar, Esther was responsible for managing the front to back office operations of the firm, including marketing and client services, legal, compliance, operations and administration, finance and IT. She was a member of Kenmar's Investment Committee and served as Chairman of the Operational Risk Committee.

Ms. Goodman was a Founding Member and Director of the Managed Futures Trade Association, the industry's first trade association and in 2014 she received the Lifetime Achievement Award from CTA Expo. She has spoken at numerous investment seminars and conferences.

Esther received her BA in Child Psychology from Stanford University.



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# Program Overview



## Investment Information

Account Structure:	Separately Managed Accounts
Investors:	Retail Clients, High-Net Worth Investors, Family Offices, Institutions
Management Fee:	1%
Performance Fee:	25%
Start Date:	April 2016
Minimum Investment:	\$100,000
Trading Frequency:	≈1500 RTs / Million / Year
Capacity:	\$500,000,000
High Water Mark:	Yes
Notional Funding:	Yes

## General Information

Long / Short - No directional bias

85% Technical / 15% Fundamental

Diversification over numerous high volume liquid markets.

Executes trades on discretion accompanied by proprietary models.

Proprietary models have been built on years of experience through numerous market conditions.

Program is uncorrelated to major markets and other money managers.

- Correlation to S&P 500: -0.03

## Trading Style

Position Trading:

- Low Frequency, no day trades
- 1 – 5 trades per month
- 20 – 50 trades per year

Typical Trade Length:

- Winning trades: 1 to 8 weeks
- Losing trades: 0 to 2 weeks

Return to Risk: A 5:1 Return to Risk Ratio is required to initiate trade

Program may remain in 100% cash for extended periods of time

Typically, positions start with 25-50% of intended final position size. Contracts are added accordingly.

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# Portfolio Exposure



## Major Commodities

- Crude Oil, Gold, Copper, Soybeans, Wheat, Soybean Oil, Corn, Sugar, Cocoa

## Currencies

- EUR, YEN, AUD, CAD

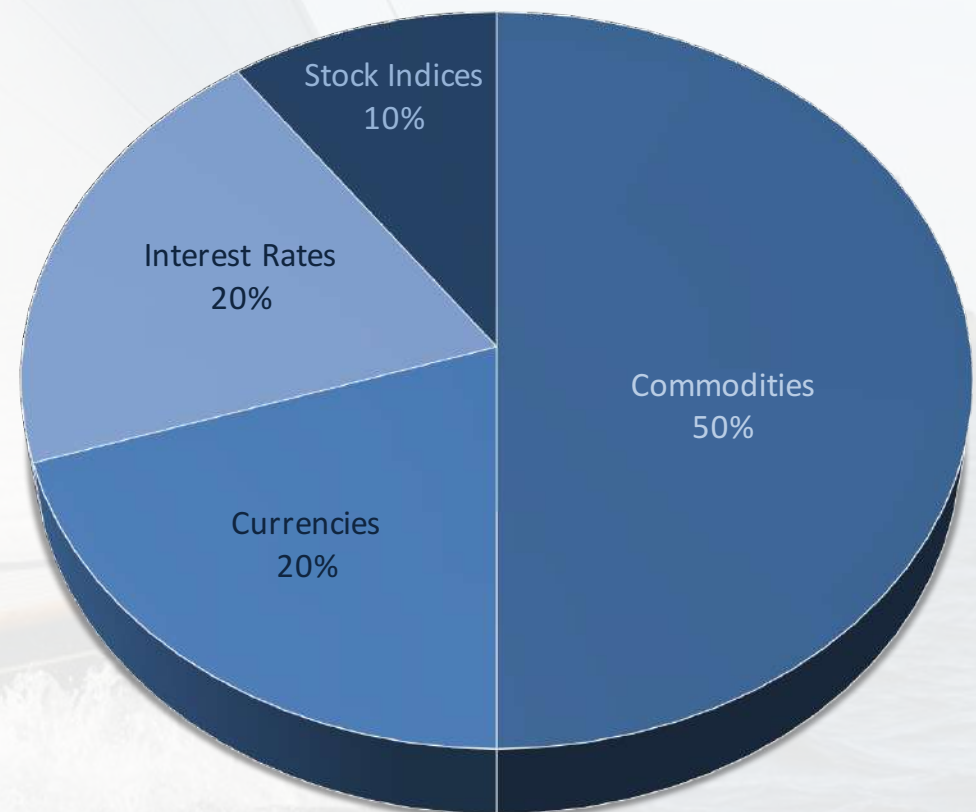
## Interest Rates

- 30 Year Bonds, 10 Year Notes

## Stock Indices

- S&P 500 Index

## General Market Concentration



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# Client Performance Capsule\*



From initial client trading period beginning April 2016 \*\*

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2016				11.61	38.76	-9.58	16.36	3.93	9.05	9.19	0.58	12.64	128.44%
2017	-0.65	-7.92	2.48	-1.28	7.82	-2.13	-6.74						-8.93%

Trading Advisor: PacificFront Capital, LLC

Trading Program: PFC Futures Trading Program

Inception of Trading for the Advisor: 4/1/2016

Funds began trading in Program: 4/1/2016

Total Nominal Assets under Advisor's Management: \$18,065,631

Total Nominal Assets in this Capsule: \$18,065,631

Worst Monthly Drawdown: (9.58%) - Jun-16

Worst Peak to Valley Drawdown (1): (9.58%)

Drawdown Dates: May 2016 – June 2016

## Return/Risk Summary

Avg. Margin to Equity: 10-15%

Avg. Equity Risk per Trade: 2%

Sharpe Ratio (2): 1.6

Sortino Ratio (3): 4.5

Calmar Ratio: 7.6

Average Monthly Gain: 11.24%

Average Monthly Loss: -4.72%

Total Return: 108.04%

\* Information Compiled by Compliance Supervisors International Inc. Formatted for best visual effect. Full PDF available on request.

(1) The Worst Peak-to-Valley is the worst drawdown % loss over the indicated period of time, (2) the Sharpe Ratio is calculated based on a 0% Risk Free Rate of Return, and (3) the Sortino Ratio is calculated using a 0% Minimum Acceptable ROR

\*\* The performance presented in the following capsule from April 2016 to September 2016 represents the trading results for two accounts traded pursuant to power of attorney provided to the Advisor's sole trading principal Michael Salam. The first account began trading in April 2016 and the second account began trading in June 2016. Michael Salam operated pursuant to an exemption provided for in Commodity Exchange Act section 4m whereby he did not hold himself out generally to the public as a CTA and he had not furnished commodity trading advice to more than 15 persons during the course of the last twelve months. Client returns from April 2016 to September 2016 are pro-forma at a 1% management fee and 25% performance fee. Beginning October 2016, the Advisor, began managing client accounts and the trading results are the composite's actual performance.

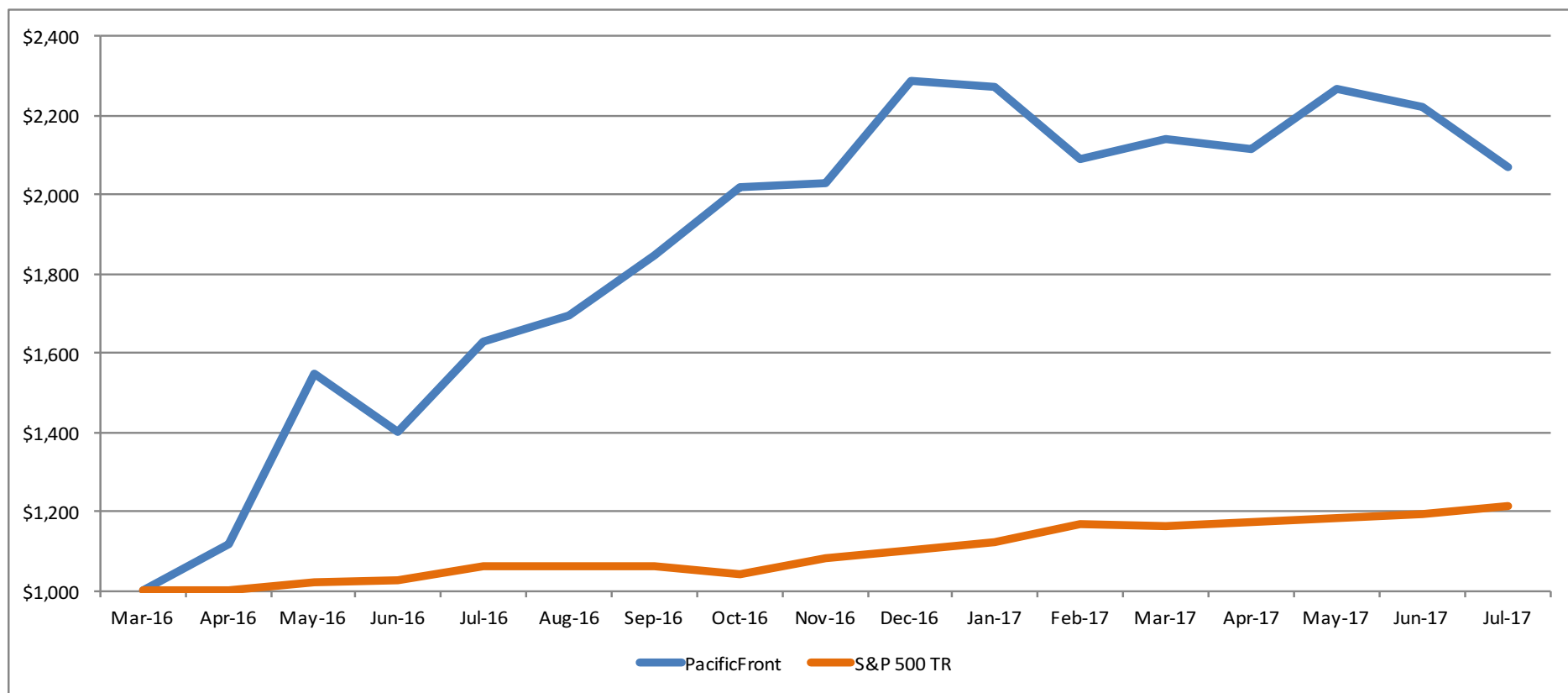
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# VAMI (Value Added Monthly Index)\*



VAMI (Value of initial \$1,000 Investment)



PacificFront client returns have significantly outperformed the S&P 500 TR Index from April 2016 to June 2017 with a correlation of **-0.03**

\*VAMI is an index that tracks the monthly performance of a hypothetical \$1,000 investment.

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# Principal's Participation

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- Michael A. Salam invests his own funds into the trading program
- Typically, every position that is placed in the PFC Futures Trading Program is included in the principal's personal account
- Generally, greater leverage is used in the principal's account compared to clients
- In addition to the positions taken in the PFC Futures Trading Program, the principal also makes trades on new strategies that are in the development phase and are considered to have more risk

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