SafeMoneyMetrics™ - CTA-Reports

" Your Direct Risk Management Solution for Managed Futures "

This CTA report reveals pertinent information that when integrated into your investment decisions, can prevent ill-fated loss and excessive capital waste. The report 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   Reproduction without permission is prohibited.

Comprehensive Risk Management -Trading Manager and Business Development Services:

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The primary source of traditional performance data underlying all SafeMoneyMetrics™ analysis is a third party data vendor. There is no direct relationship to SafeMoneyMetrics™. Although we believe the underlying data to be reliable, we do not represent that it is complete or accurate.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. Any managed futures or high leveraged investment can only be made after reading the related disclosure document and other disclosure information. Included is the CFTC Risk Disclosure, explanation of all SafeMoneyMetrics™ statistics and comprehensive analysis for each client.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS. FUTURESTRADING IS SPECULATIVE AND INVOLVES RISK OF SUBSTANTIAL LOSS.

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.

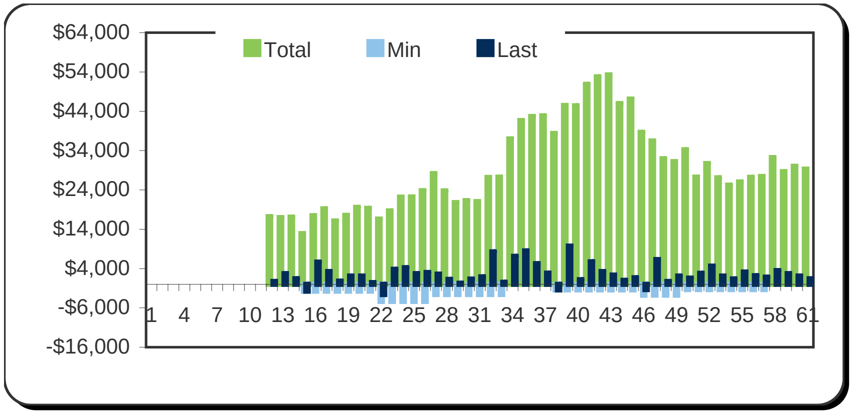
Diamond Capital Management		Stock Index Options	Latest Reporting Date	01/00/00
Start Date:	Dec-99	Default MFL Used:	Courtesy of:	Sanctity/SafeMoneyMetrics
TodaysDate:	5/2/07	Formula MFL Used:	E-Mail:	mj@safemoneymetrics.com
DataPointsAll:	61	Default M/E Used:	Contact:	Marlee-Jo Jacobson
TotalYears:	5.08	Default RT/M Used:	Telephone#:	212-777-3862

9. Billing Account — Funding Level — Margin Account (NR)

9. Billing Account		Funding Level		Margin Account (NR)	
BAStart:	$50,000	**FLStart:**	$50,000	**MgnStart:**	$31,500
BALast:	$195,462	**FLLast:**	$195,462	**MgnLast:**	$176,962
MgnBA:	63.0%	**MgnFL:**	63.0%	**Mgn:**	100%
An.CostBA:	3.0%	**AnCost/FL:**	3.0%	**An.Cost/Mgn:**	4.8%
Total Cost:	15.25%	**Total Cost:**	15.25%	**TotalCost:**	24.21%
BA-Return:	**290.9%**	**FL-Return:**	**290.9%**	**Mgn-Return:**	**461.8%**

Three funding levels are used. The billing (minimum account) account size , minimum 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 minimum funding level account size as a reasonable value for prudent analysis.

10. Profitability-Twelve Month Time Frames — Data Points 61

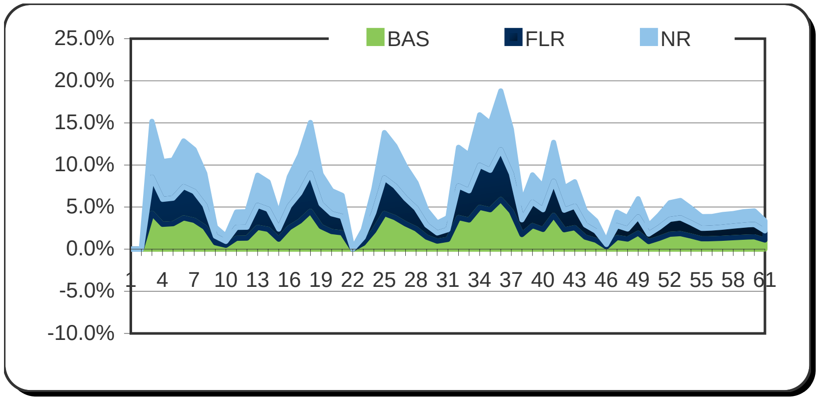


In lieu of annual returns, each bar in the chart represents a 12 month total profit or loss for that time frame. Minimum represents the composite loss within the same time frame. Absolute right on the chart is the most recent data and probably most influential!

12. Twelve Month Profit or Loss - Data Table Explanation

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 cumulative maximum loss. The RVR and CV are calculated using all 12 months. A rising reward to Variability Ratio (RVR) and declining Coefficcient of Variation (CV) indicate improved risk management under prevailing market conditions. (See Explanations Below)

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

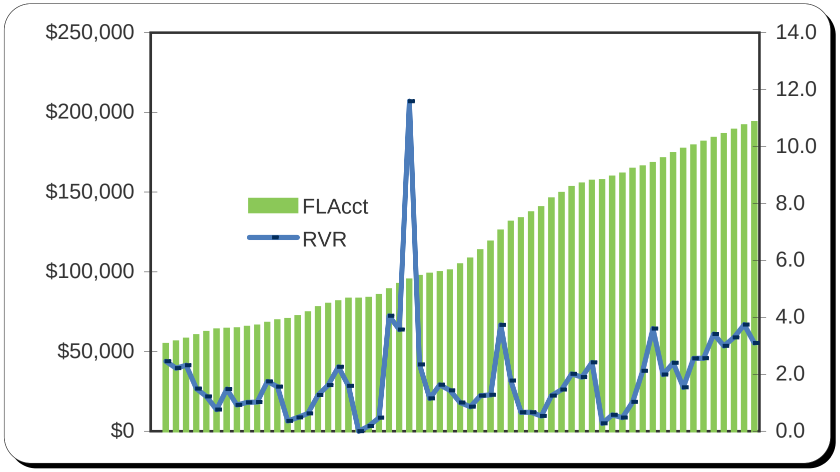


Above are the 3 month average returns for the Billing Account, Funding Level and Net Ratio (Margin Account). The Net Ratio should be well above the funding level and further above the billing account return. Wide differences between net and funding level ratios indicate exceptional risk control at the maximum leverage allowed. Narrow differences between the funding level and billing account indicate an efficient strategy and probably "fair" billing of management fees.

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

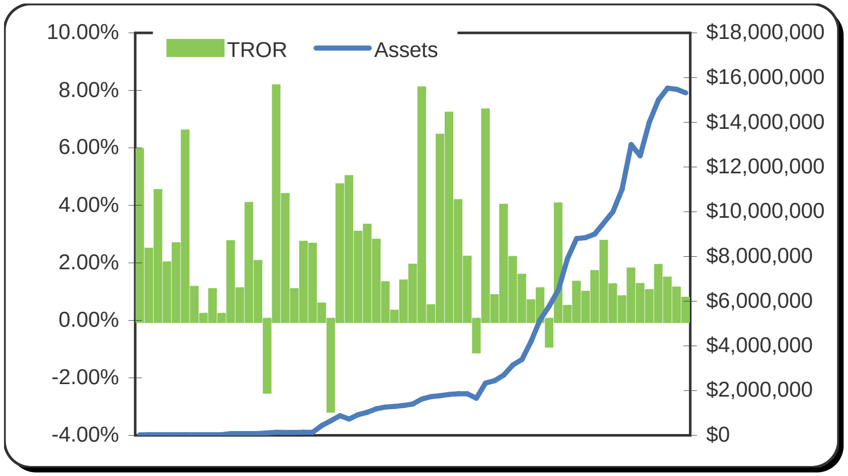
	Total	Min	Last	RVR	CV
1	$8,188	-$176	$711	1.15	0.87
2	$6,711	-$176	$25	1.00	1.00
3	$5,456	-$176	$251	0.95	1.05
4	$6,096	-$176	$1,314	0.95	1.05
5	$6,778	-$42	$547	1.14	0.88
6	$6,080	-$42	$318	1.06	0.94
7	$6,902	-$42	$849	1.24	0.80
8	$7,574	$0	$631	1.50	0.66
9	$6,322	$0	$226	1.56	0.64
10	$6,356	$0	$604	1.57	0.64
11	$6,470	$0	$510	1.61	0.62
12	$6,145	$0	$158	1.45	0.69

13. FL Account to RVRatio 3 Mo.Avg



Account value and volatility or risk assumed to achieve the return is expressed above. Using 3 data points, a hypothetical funding level account value relative to the 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". Recent data is to your right.

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

The primary source of traditional performance data is a third party data vendor. We believe the information to be reliable however do not represent that data is complete or accurate. SafeMoneyMetrics performance data was calculated on the advisors minimum account size, funding level and maximum margin to equity, rather than total assets.

The report assumes 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: Many advisors do not report or calculate a "Minimum Funding Level", "Margin/Equity" or "Round Turns Per Million". For those advisors, we used default values.
75% for the minimum funding level 25% for the Margin/Equity value and 1200 RT/Million.

The minimum funding level for some advisors, is determined by the client and clearing firm, in those instances we used a formula. Margin/Equity +10%.

When default values or formulas are used, the analysis is obviously inaccurate. Inaccuracies are automatically corrected when appropriate data is reported.

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, and is only useful as a pre-account opening service.
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 any 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.

Many weaknesses in this report are reduced or eliminated when other aspects of SafeMoneyMetrics are integrated into a composite risk management strategy.

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 provides 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?

Download a complimentary investment guide called Standards for Advisor Evaluation at www.safemoneymetrics.com. It explains the foundation of SafeMoneyMetrics. The risk management principles of SMM are based in hedging and Universal Laws.

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?

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, or capital at risk 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 #11 in the presentation.

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

REMEMBER: Excessive account sizes hide volatility. 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 3 to 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.

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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.

DefaultMFL: When the minimum funding level default is used this cell is YES.
DefaultM/E: When the margin/equity default is used this cell is YES
FormulaMFL: When a formula is used as a minimum funding level this cell is YES
DefaultRT/M: When the RT/Million defauly is used this cell is YES.
Billing Acct Size (BAS): Also called a fully funded or minimum 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): Margin/Equity or 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. The graph uses all available data for the program. 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.htm
Contact: Marlee-Jo Jacobson 212-777-3862

Related Sites and Services

Sanctity Capital Management
http://www.sanctity.com

Limited risk investment management and business development in managed futures. For sophisticated investors, hedge funds, institutions and advisors. All strategies use SafeMoneyMetrics. Sanctity has library links to traditional educational resources in managed futures. Health, spirit and philosophy libraries are also included.

SafeMoneyMetrics™
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SafeMoneyMetrics™ Advisor Analysis is an interactive on-line risk management service that optimizes potential returns in managed futures by revealing information that can prevent ill-fated losses. It is useful to investors, investment professionals, hedge funds and institutions.

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An affiliate program developed to disseminate SafeMoneyMetrics™. The service is useful to national and international financial professionals, institutions, media, financial web sites, associations as a benefit to membership and vendors of traditional software. Compensation is 20% of gross revenue generated from several services of which advisor analysis is one. Service and revenue profiles included.

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