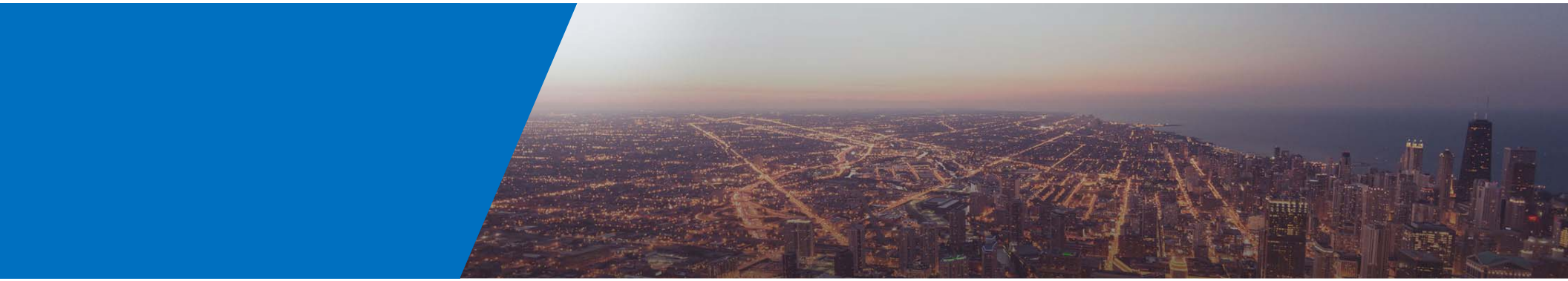
January 2025



# Coloma Relative Value Macro Fund, LP

Prospective Fund Investor
Presentation

4.7 Exempt, for Qualified Eligible Participants Only (QEP's)

**Offered by:**

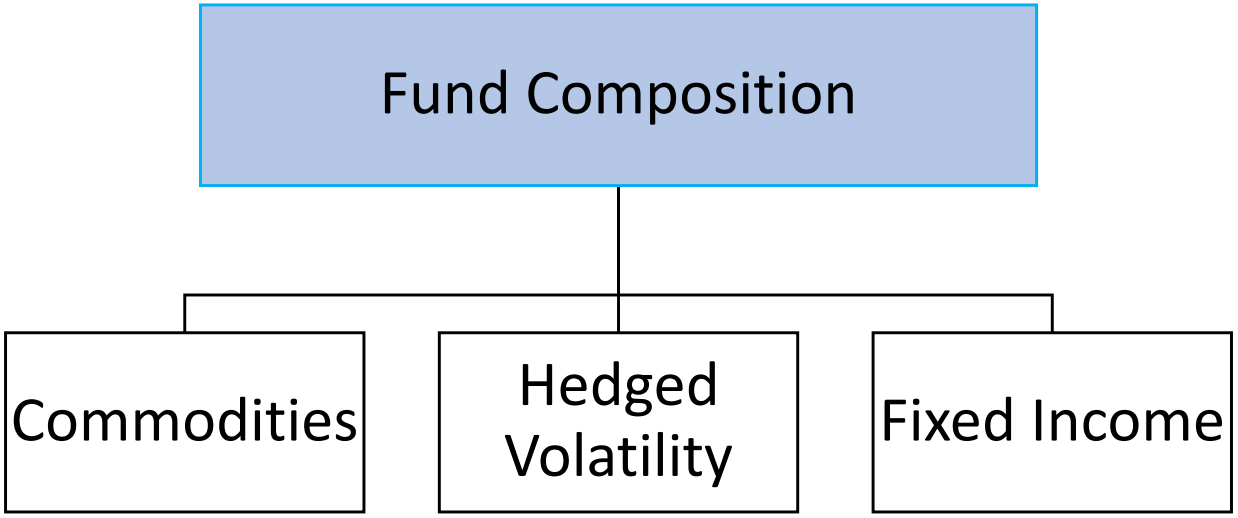
aiSOURCE FUNDS

# Coloma Relative Value Macro Fund

- Trading focus on corresponding long and short positions (spread trading)
- Intra- and inter-market spreads from fundamentally-driven signals

- Diversification across multiple non-correlated asset classes
- Global economic outlook with a focus on U.S. futures markets

# STRATEGY DESCRIPTION




The strategy focuses on three asset classes: **commodities, hedged volatility, and fixed income**. The strategy utilizes **non-correlated, fundamentally driven models** implemented by a combination of **discretionary, systematic and quantitative methods**. The strategy looks to take advantage of relative value mispricing opportunities across factors in diverse market environments. The focus is on offsetting risk via long and short positions (spread trading), with residual net exposure. All trading is conducted on regulated futures exchanges.

# STRATEGY ASSET CLASSES

## Commodities

- Analyze fundamental changes in relative supply and demand by positioning in different delivery dates (calendar spreads), and between related commodities (inter-market spreads).
- Focus on hard assets on various futures exchanges, such as energies, softs, livestock, and grains.
- Pure alpha capture – not beta driven and has historical negative correlation with S&P GSCI™ and BCOM™

## Hedged Volatility

- US equity market participants exaggerate the pricing of volatility on a time-relative and absolute basis. We look to take advantage of these mis-pricings.
- VIX futures are used for liquidity, transparency and operational effectiveness. Positions are hedged with S&P futures.
- Strategy can be both long or short volatility (with corresponding S&P hedge). Options are not utilized.

## Fixed Income

- Bond markets exhibit money flow tendencies around macro and government announcements. We look to take advantage of expected dislocations by going long or short treasury futures combinations of different durations.
- We utilize interest rate futures for liquidity and transparency while duration spreads have zero correlation to bond prices.
- Strategy has been tested over inverted and normal yield markets and provides exposure to various maturities along the yield curve.

The asset class diversification offers non-correlated exposure to various markets. The performance of each asset class strategy is also non-correlated with each other. Full markets traded list available upon request.

# STRATEGY PERFORMANCE HISTORY

Coloma Capital Proprietary Accounts Performance | Fund Performance

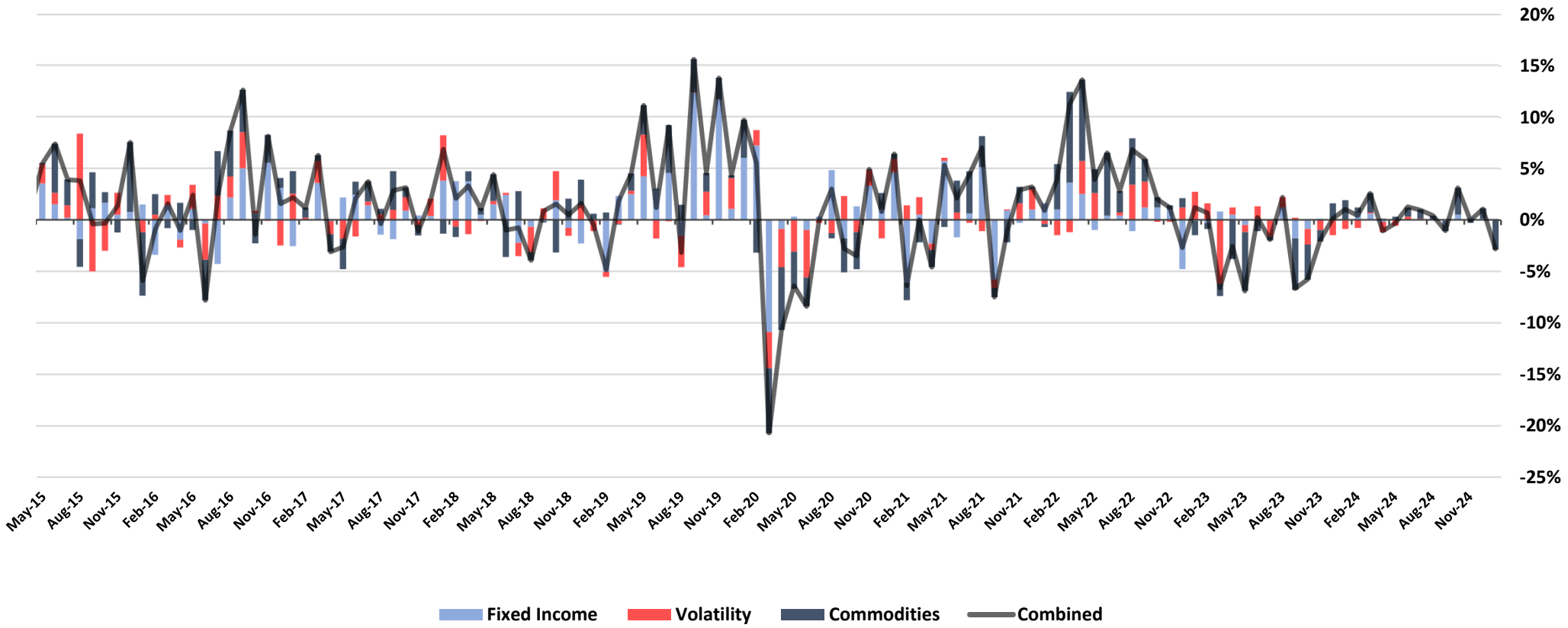
| | Jan | Feb | Mar | Apr | May | Jun | July | Aug | Sept | Oct | Nov | Dec | YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2015** | | | | +0.7% | +4.1% | +5.5% | +2.9% | +2.8% | (0.5%) | (0.4%) | +1.2% | +5.6% | **+23.7%** |
| **2016** | (6.0%) | (1.0%) | +1.5% | (1.1%) | +2.3% | (7.9%) | +2.3% | +8.6% | +9.7% | (1.5%) | +6.4% | +1.1% | **+13.7%** |
| **2017** | +1.6% | +0.8% | +4.6% | (3.2%) | (2.7%) | +2.0% | +3.6% | (0.5%) | +2.3% | +2.3% | (1.2%) | +1.8% | **+11.6%** |
| **2018** | +5.1% | +1.5% | +2.4% | +0.7% | +3.2% | (1.1%) | (0.8%) | (4.0%) | +0.8% | +1.5% | +0.4% | +1.5% | **+11.4%** |
| **2019** | (0.6%) | (4.9%) | +1.8% | +4.4% | +8.6% | +0.8% | +6.7% | (3.3%) | +12.4% | +3.3% | +10.4% | +3.3% | **+50.3%** |
| **2020** | +7.9% | +4.9% | (20.7%) | (11.2%) | (6.8%) | (8.9%) | +0.7% | +2.6% | (2.8%) | (3.5%) | +4.7% | +0.6% | **(30.1%)** |
| **2021** | +6.1% | (6.6%) | +0.2% | (4.8%) | +5.1% | +1.6% | +4.1% | +6.8% | (7.7%) | (1.4%) | +2.6% | +2.7% | **+7.7%** |
| **2022** | +0.4% | +3.3% | +10.4% | +13.1% | +3.4% | +6.0% | +2.5% | +5.6% | +4.9% | +1.4% | +0.9% | (2.9%) | **+60.3%** |
| **2023** | +1.0% | 0.0% | (6.9%) | (3.0%) | (6.8%) | 0.0% | (2.1%) | +1.8% | (7.2%) | (6.3%) | (2.3%) | (0.4%) | **(28.4%)** |
| **2024** | +0.5% | (0.1%) | +2.2% | (1.6%) | (0.6%) | +1.0% | +0.8% | +0.3% | (1.2%) | +2.6% | (1.0%) | +0.2% | **+3.0%** |
| **2025** | (4.3%) | | | | | | | | | | | | **(4.3%)** |

The above performance results from April 2015 through October 2019 are from Coloma Capital Futures' proprietary accounts pro forma adjusted for a 1% management fee and a 25% incentive fee. Returns from November 2019 onwards are for the Coloma Relative Value Macro Fund, LP for Class A investors. 2019 YTD Returns are combination of Coloma Capital Futures' proprietary performance and the fund's performance. Please see full disclaimer on page 14 of this presentation.

**PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS**

**FUTURES TRADING IS SPECULATIVE AND SUBJECT TO RISK**

# GROSS ASSET CLASS PERFORMANCE

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# RISK MANAGEMENT

## FUND LEVEL

- All three asset classes target an equal volatility weight to each other
- Asset classes have low/negative correlation with each other
- All asset classes take a hedged approached, whether through negative correlations or directly offsetting positions
- Combination of discretionary and quantitative techniques diversifies method

## ASSET CLASS LEVEL

- Commodities (live trading started in 2009):
  - Focus on intra-market (calendar) and inter-market (e.g., crack) spreads
  - Diversified across energies, grains, softs and livestock
- Hedged Volatility (live trading started in 2013):
  - Trades highly liquid VIX and S&P e-mini/micro (as hedge) futures
  - Hard-coded declining position size if volatility spikes
  - Short volatility ~55%, long volatility ~25%, no position 20%
  - Multifactor model built on positive and negative markets during the modern era
- Fixed Income (live trading started in 2015):
  - Tested over inverted and normal markets
  - Position-sizing based on bond market volatility

# 2020 Drawdown: Lessons Learned

In March 2020, the reaction to the COVID-19 outbreak hit the quantitative strategies hard. As economies around the world ground to a halt, markets reacted abnormally and excessively:

- Fixed Income - March 6th and 9th, the flight to safety far exceeded usual standard deviations.
- Commodities - March 12th, which was the first of the major reactions in the energy markets.
- Hedged Volatility - March 20th and March 31st, the equity markets made sudden new lows.

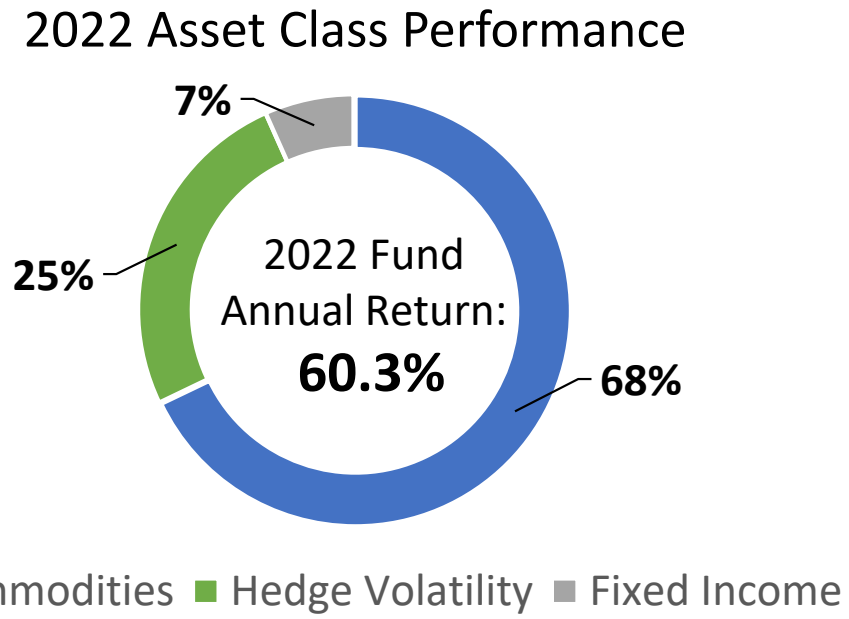
In summary, the market moves on the specific above-mentioned days exceeded usual standard deviations causing the sub-strategies and overall fund to underperform.

## Lessons Learned:

- Risk markets deviate from usual trending / reversion patterns and fundamental signals
- Asset class volatility changes non-sequentially
- Closer monitoring of position correlations between the asset classes required

# 2022 Outperformance

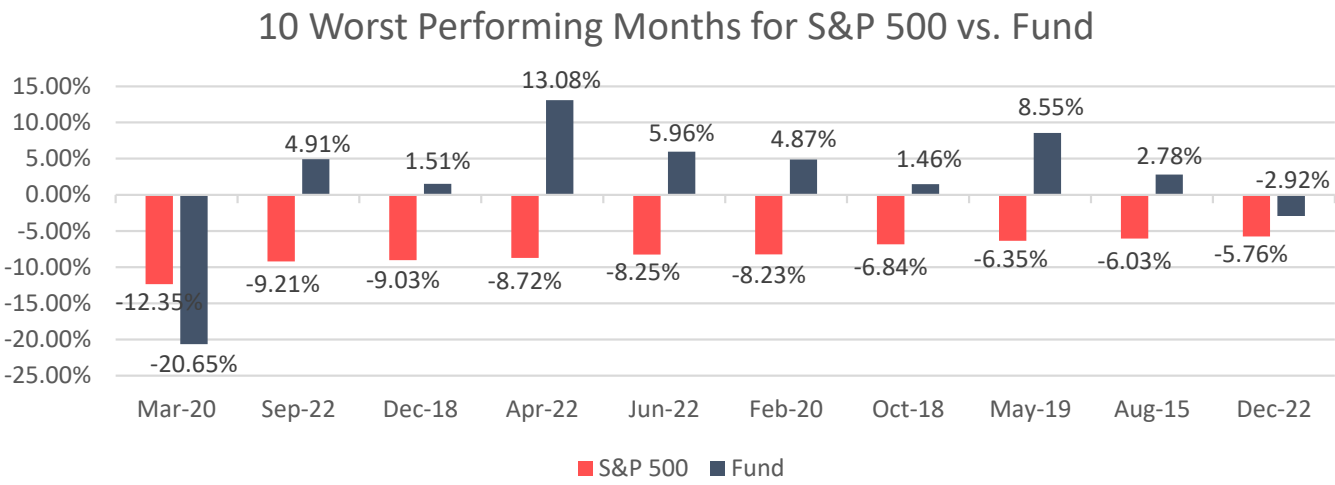
- Entire 2020 drawdown was recovered, reaching high water mark in September 2022
- 2022 annual return was generated off smaller and dynamic position sizing to adjust for market volatility, particularly in systematic energy trading and quantitative volatility hedging
- Positive 11 of the 12 months in 2022 with high winning percentage on a per trade basis



## STRATEGY VS. S&P500

**S&P500 10 Worst Performing Months**

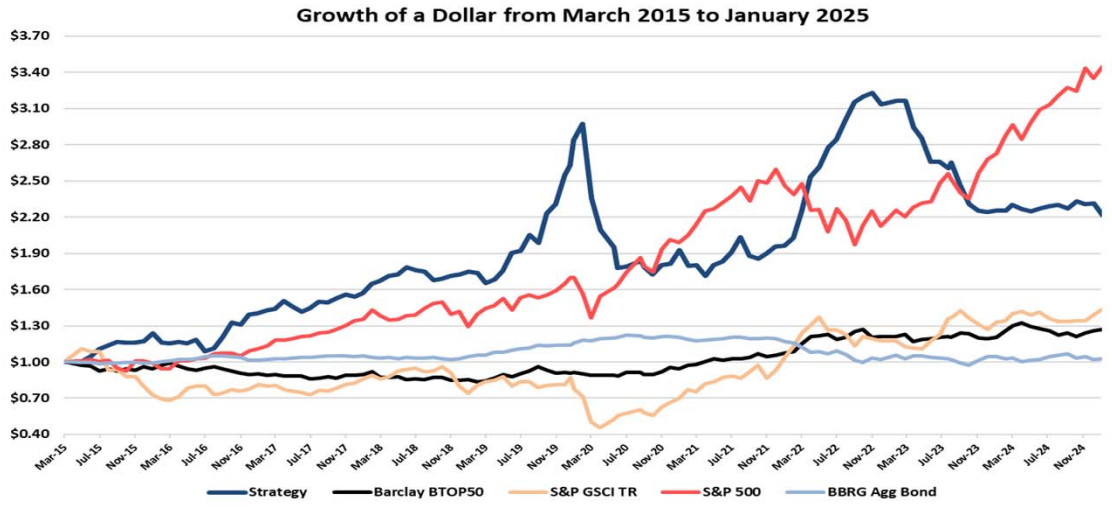
| Date | S&P 500 | Fund | Out Performance |
|---|---|---|---|
| Mar-20 | -12.35% | -20.65% | -8.30% |
| Sep-22 | -9.21% | 4.91% | 14.12% |
| Dec-18 | -9.03% | 1.51% | 10.54% |
| Apr-22 | -8.72% | 13.08% | 21.80% |
| Jun-22 | -8.25% | 5.96% | 14.21% |
| Feb-20 | -8.23% | 4.87% | 13.10% |
| Oct-18 | -6.84% | 1.46% | 8.30% |
| May-19 | -6.35% | 8.55% | 14.90% |
| Aug-15 | -6.03% | 2.78% | 8.81% |
| Dec-22 | -5.76% | -2.92% | 2.84% |




## STRATEGY VS. TRADITIONAL PORTFOLIO OF 50% STOCKS 50% BONDS

**Risk/Return Statistics**

| | Strategy | 50/50 |
|---|---|---|
| **Total Return** | 121.31% | 92.85% |
| **Annualized Return** | 8.41% | 6.91% |
| **Winning Months (%)** | 62.71% | 69.49% |
| **Sharpe** | 0.57 | 0.79 |
| **Correlation vs. S&P 500** | 0% | 0.97% |
| **Std. Deviation (monthly)** | 4.78% | 2.59% |




**PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. FUTURES TRADING IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK.**

**Traditional Portfolio performance is weighted using 50% - BBRG Agg Bond Total Return and 50% S&P 500 Total Return. A risk-free rate of 0% is used in the illustration.**

# PORTFOLIO MANAGER, CIO

**David Burkart, CFA**, is the head portfolio manager/CIO. He began managing money in the commodity markets in August of 2000 when he created, built and managed a $800 million institutional commodities business at Barclays Global Investors (BGI), which was later acquired by Blackrock (BR). In 2009, David started his own firm, Coloma Capital Futures, where he was able to expand on his research and portfolio development from his days at BGI/BR. The fund utilizes Coloma's various investment strategies and combines them into one fund offering.

David holds a BA in Economics from the University of California at Santa Barbara, a MA in Foreign Affairs from the University of Virginia and an MBA in Finance from University of Pennsylvania, Wharton School of Business. David eventually went on to obtain his CFA charter in 1999.

## Notable Career Highlights:

**August 2009 to Current**:

- Managing Member & CIO at Coloma Capital Futures®, LLC
- Member of CBOE Trade Advisory Committee & Former Chair of CFA Institute Seminar for Global Investors. Author and reviewer for CFA Institute examination materials

**August 2000 to April 2009**:

- Portfolio Manager & Team Leader at Barclays Global Investors
- Created & managed a $800 million institutional commodities business
- Led $9 billion iShares commodities portfolio management & strategy

**Prior to 2000:**

- Various corporate finance positions at Gap Inc and Bank of America, NA

# GENERAL PARTNER BIO / COMMODITY POOL OPERATOR

**aiSource Funds** was founded by the partners of aiSource in order to *give investors access to various liquid alternative trading strategies through fund structures*.

aiSource is an investment advisory firm strictly focused on liquid strategies within the managed futures space. Since 2004, aiSource has allocated *$700M+* across more than *200* different strategies via separately managed accounts.

aiSource has been allocating capital to Coloma Capital Futures continuously since 2010. aiSource's strong conviction in Coloma has led to the formation of the Coloma Relative Value Macro Fund, LP in order to grant investors access to Coloma's investment strategies through lower investment amounts.

# INVESTMENT TERMS

- **Minimum Investment:** $100,000 USD (QEP Only)
- **Fees:**

  Early Investors Class A (For the first $10 million in AUM)

  1% Management Fee

  10% Incentive Fee*

  Standard Class A

  1% Management Fee

  25% Incentive Fee
- **High Watermark:** Yes
- **Redemption:** Monthly with 5 days' notice
- **Lock Up:** None
- **Strategy Capacity**: $250M to $300M

* Incentive Fee reverts to 25% once Early Class A investors achieve a total net return of 100%

# SERVICE PROVIDERS / CONTACT

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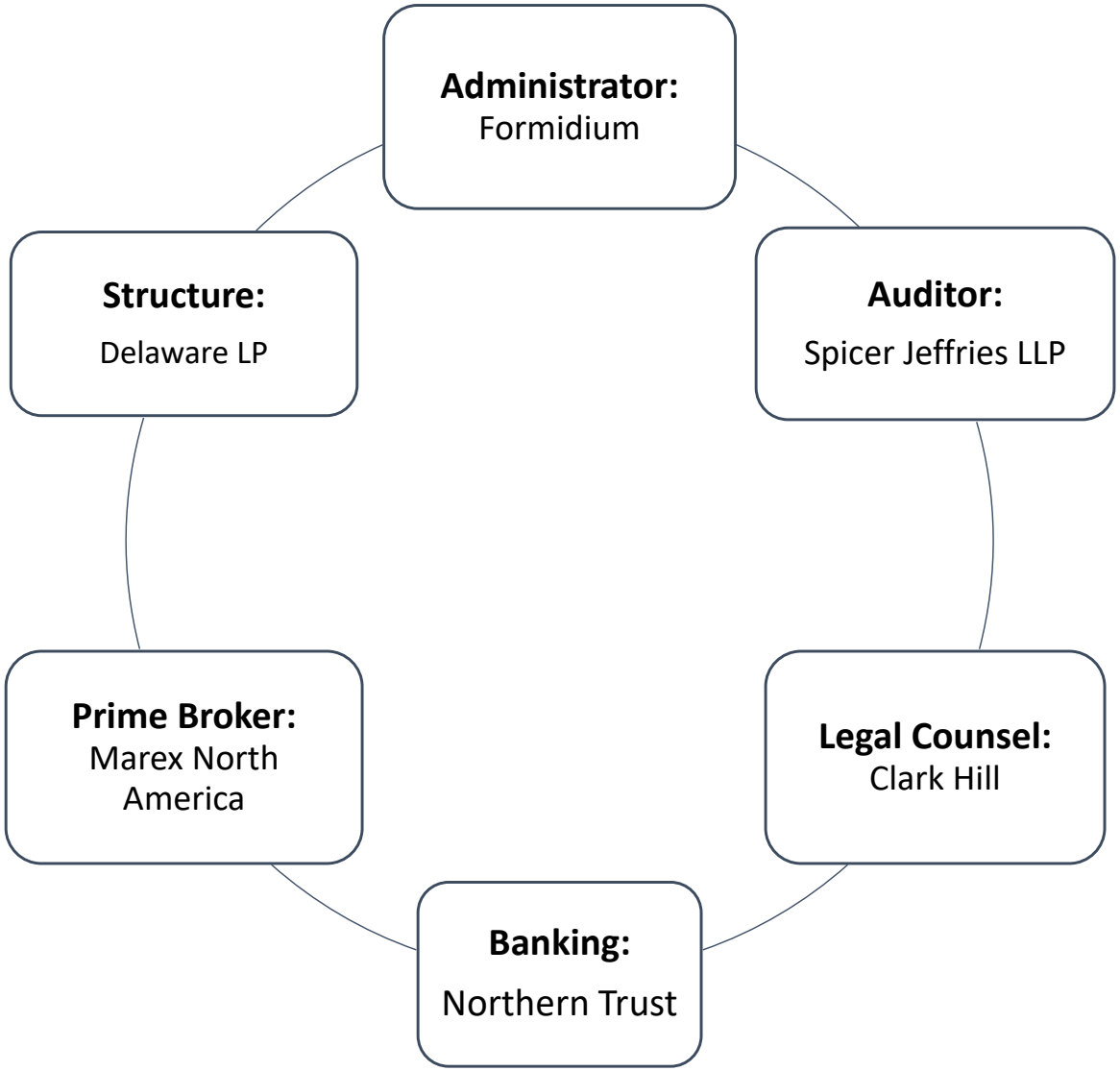
fund@theaisource.com



# DISCLAIMER

**THE INCLUDED FIGURES ARE FOR INFORMATIONAL PURPOSES ONLY.** Performance results from April 2015 through October 2019 are from Coloma Capital Futures' proprietary accounts pro forma adjusted for a 1% management fee and a 25% incentive fee. From April 2015 to August 15th 2018, the performance is based on a fixed ratio between Coloma Capital Futures LLC's Commodities (2 units), Equity Volatility (1 unit) and Fixed Income (6 units) strategies traded in three separate proprietary accounts. From August 15th 2018 through October 2019, the three strategies were traded in the same ratio but in a single proprietary account. Returns from November 2019 onwards are for the Coloma Relative Value Macro Fund, LP for Class A investors. 2019 YTD Returns are combination of Coloma Capital Futures' proprietary performance and the fund's performance.

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Sources: Bloomberg, LP, Coloma Capital Futures®, LLC, BarclaysHedge.com and Standard & Poor's.

The BTOP50 Index includes the largest investable trading advisor programs, as measured by assets under management, In each calendar year the selected trading advisors represent, in aggregate, no less than 50% of the investable assets of the Barclay CTA Universe. This index is not representative of the entire managed futures industry, individuals cannot invest in the index itself and only CTAs or CPOs that submitted their performance data were rated. Full methodology, limitations and constituents for the BTOP50 can be found here: https://www.barclayhedge.com/barclay-investable-benchmarks/btop50-index/

The S&P GSCI is calculated primarily on a world production weighted basis and comprises the principal physical commodities that are the subject of active, liquid futures markets. There is no limit on the number of contracts that may be included in the S&P GSCI; any contract that satisfies the eligibility criteria and the other conditions specified in this methodology are included. Full methodology and limitations can be found here: https://us.spindices.com/indices/commodities/sp-gsci

The S&P500 Index The index measures the performance of the large-cap segment of the market. Considered to be a proxy of the U.S. equity market, the index is composed of 500 constituent companies. Full methodology and limitations can be found here https://us.spindices.com/indices/equity/sp-500.

The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency). Full methodology and limitations can be found here https://data.bloomberglp.com/indices/sites/2/2016/08/2017-02-08-Factsheet-US-Aggregate.pdf

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