



25 Questions **Every Investor Should Know** About

eco Capital Management
eco Global Opportunities

eco Global Opportunities is a disciplined, multi-model futures program that seeks to identify and profit from multi-day price movement that tends to accompany expansion in short-term market volatility. The program: Trades a diversified portfolio of liquid global futures products using the same rules for every market; Is uncorrelated with traditional investments (-0.10 with the S&P 500 Index) and can profit in bear markets; Utilizes capital efficiently by typically maintaining a low margin-to-equity ratio; Employs proprietary Volatility Targeting and Concentrated Exposure filters that aim to control portfolio risk and stabilize volatility over time; Has an average hold of less than 5 days.

1.) What is the name of the program/programs and who are the listed Principals?

Program: eco Global Opportunities
Principals: Kevin Doyle and Robert Friedl

2.) Can you provide us with some details of your corporate background?

Both principals have a long tenure in the CTA money management industry (see 4).

3.) Who are the Principals with trading authority?

The trading models are systematic with the principals and the trading staff of eco Capital having trading authority.

4.) Can you provide details on the principal and/or manager's education, career and trading background?

Kevin Doyle – Managing Principal

Mr. Doyle has over 26 years direct industry experience in trading and money management with long-term positions held at Trout Trading Company and Crabel Capital Management. Mr. Doyle began his career with

Cargill Investor Services working as a broker on the London International Financial Futures Exchange (LIFFE), spending 1993 working in Chicago on both the CBOT and CME trading floors. In 1994, he joined Trout Trading Management Company in Bermuda in a trading position implementing the company's trading strategy as well as participating in research and the development of the trading operations. Mr. Doyle left Trout Trading in March 2000 to take a travel sabbatical.

In 2002, Mr. Doyle joined Crabel Capital Management as a senior trader developing the trade-desk operations as well as working on system and portfolio development as the company dramatically expanded in assets. In 2004, Mr. Doyle moved into the full time role of researcher, system developer and portfolio manager working directly with Mr. Crabel in developing the companies trading models and programs. During that time, Mr. Doyle also developed his own trading models and internal portfolios which accounted for a significant percentage of assets traded in the Crabel program. Mr. Doyle left Crabel in March 2012 after the company relocated to Los Angeles, choosing to stay in Chicago.

Mr. Doyle then spent a period working with Emil van Essen focused on commodity term structure (spread) and relative value research. In early 2013, Mr. Doyle explored the opportunity to be involved with and

develop eco Capital Management LLC and the eco Global Opportunities program. In July 2013, Mr. Doyle joined eco Capital Management LLC as an associated person and became a branch office manager in November 2013 opening an office in Chicago. In April 2014, Mr. Doyle became the co-owner and the Managing Principal of eco Capital Management. Among his roles Mr. Doyle is responsible for the day to day business operations of eco Capital Management as well as overseeing implementation of the current portfolio along with new model and portfolio research, development and deployment.

Mr. Doyle is Series 3 and Series 30 certified. Mr. Friedl is the Founding Principal of eco Capital Management, with over 28 years in the futures industry. His experience covers all aspects of the CTA business from company formation and operations to system development and portfolio management. Mr. Friedl began his career in 1987 as a back office clerk on the Chicago exchanges for B.L. Rice, Inc. and then KTZ Trading, both proprietary trading firms. In September 1988 he was employed by Limitless Options Partners, a proprietary trading and floor brokerage group, where he supervised the back-office operations. He was responsible for the daily option valuations as well as risk management for options, futures and cash/currency positions.

Mr. Friedl then moved to the Fall River Group as an in-house trader for the company's proprietary commodity account. Here he developed his trading ideas leading him to trade proprietary capital in the S&P 500 and 30-year Treasury Bond futures markets. In 1991, Mr. Friedl stepped away from the trading floors to co-found Webster Management Group, a company that focused on producing systematic trading models for the futures markets. As well as research and product development in creating the companies trading models, Mr. Friedl also managed the trading operations where he supervised the design and implementation of Webster's back-office and account management software. Mr. Friedl left Webster Capital to cofound Fall River Capital in January 2000.

Mr. Friedl's responsibilities included the research, programming and implementation of the companies



trading models and portfolios as well as managing the back office systems and operations. In 2008 the company's assets peaked at over \$350m. In 2010, with the retirement of his partner, Mr. Friedl took 100% ownership of the company. At this time he looked to consolidate the intellectual property of the company, and maintain the track record of the eco Global Opportunities program that he had developed. Early 2012, the eco Global Opportunities program, trading staff and IP were rolled into eco Capital Management, LLC. In April 2014, Mr. Friedl formed an official partnership with Mr. Doyle becoming a co-owner of eco Capital Management. Mr. Friedl is a graduate of the University of Wyoming with a Bachelor of Science degree (1986) and is Series 3 certified.

5.) Which firm calculates your performance numbers?

NAV Consulting, Inc.

6.) What is the minimum investment for your program?

We recommend a minimum account size of \$2m to help reduce tracking drift; we may consider minimum accounts as low as \$1m with the client's acknowledgement that tracking drift will increase due to more contract rounding.

7.) Do you accept notional funding?

Yes.

8.) What is your management and incentive fee structure?

We work off a base fee structure of 2% management and 20% performance, but are flexible and can work with the client to try to fit their investment objectives.

9.) What is your program's capacity?

We estimate our capacity to be approximately \$250m as we trade only liquid markets, but as AUM increases we will be continually monitoring our market interactions and slippage in order to make a better assessment of this over time.

10.) When did you start trading this program?

September 2007.

11.) What type of accounts do you manage?

We manage accounts for high net worth individuals and institutional clients.

12.) Can you give a brief description of your program?

eco Global Opportunities Program is a systematic multi-model futures program with the objective of capturing short-term directional price drift that tends to accompany volatility expansion regardless of long-term market trend. The individual models seek to determine

a favorable environment along with a directional bias entering the market at an early stage of price expansion.

The portfolio as a whole is governed by both the Concentrated Exposure filter and Volatility Targeting filter that assess the individual model and market states, dynamically adjusting trade and market exposure with the aim of moderating clusters of correlated portfolio risk and stabilizing volatility over time. The portfolio is comprised of 38 global futures products covering Asia, Europe and the US and has an average hold of approximately 4.5 days.

13.) Do you have a systematic or discretionary approach to the market and what are your program goals?

The program is 100% systematic in signal generation. The goal is to capture multi-day directional price drift that tends to accompany volatility expansion regardless of overall market trend while targeting an annualized portfolio volatility of approximately 10%.

14.) What is the average holding period for each trade?

Average holding period is approximately 4.5 days for the portfolio as a whole with losing trades averaging approximately 2 days and winning trades approximately 8 days.

15.) Do you trade options within your program? If yes, please describe the types of options traded and how options risk is monitored.

We do not trade options.

16.) Are there any liquidity constraints in the markets you trade?

The 38 markets we currently trade were chosen due to their liquidity so there are no constraints at this time. We do continuously monitor our market interactions with regard to this aspect.

17.) In what types of market environments does your trading program do well and /or struggle?

The strategy tends to perform well when volatility is expanding as the market breaks from an area of price value (consolidation) to another over a multi-day period. This may be considered short-term momentum. These environments can take place at any point within a market's long-term range regardless of trend. This allows us to capture price expansion from mid-range areas as well as turning points in the long-term and short-term trends. These 'turning points' may be considered somewhat contrarian plays.

The strategy tends to perform poorly in areas of tight continuous consolidation or where multi-day ranges are expanding but there is little overall directional price movement over time.

18.) What is the standard range of margin to equity usage for the program and how long do you hold the average trade?

Average margin to equity is approximately 9% with a historical maximum of approximately 20%. Our average hold is approximately 4.5 days.

19.) How do you manage risk/reward and what metrics are employed?

Each individual model has its own constraints built-in with regard to risk (for example stops, profit levels, hold periods) which is then further governed by filters that are applied to the portfolio as a whole. At a model level, each is given the same amount of fixed fractional portfolio risk based on its historic and ongoing return stream.

At a portfolio level, our Concentrated Exposure filter identifies clusters of correlated market and model exposure in both existing and possible positions and reduces this exposure where needed. Further, our Volatility Targeting model will target the portfolio volatility with the objective of staying in range of our

targeted annualized volatility level of 10% regardless of general market environments.

20.) What are the optimal market conditions for your strategy?

Our optimal market state would tend to be that of expanding volatility with multi-day directional price movement (momentum).

21.) Describe your worst drawdown to date, how did it happen and what actions have been taken (if any) to prevent similar drawdowns?

The program's worst drawdown to date took place in 2009. At that time, the program consisted of a single model which was unduly affected by the large shifts in volatility and increase in market correlations over that period.

Since that time, additional models with a low correlation to one another have been added to the portfolio as well as the implementation of the Concentrated Exposure filter to help reduce clusters of correlated market risk. The Concentrated Exposure filter was a direct consequence of the 2008/2009 period after observing correlations of normally unrelated markets increase and the general benefit of market diversification decline.

22.) What are your investment goals?

Our goal is to continuously evolve an objective trading program that captures short-term directional price drift that tends to accompany volatility expansion while maintaining a superior risk-adjusted return for our clients based on a targeted annualized volatility targeted of 10%.

23.) What makes your program unique and different from other managers in your sector?

Our multiple models share a low correlation to each other yet target the same objective of capturing market expansion. This diversification of models (along

with diversification of markets) allows us to identify different aspects of price structure preceding market expansion and maximizes our opportunities to capture such moves.

The multiple models also allow us to benefit from different price structure in exiting the position capturing both short-term and longer-term directional price movement regardless of the overall market trend.

The models are further enhanced with our proprietary Concentrated Exposure and Volatility Targeting filters that bind the portfolio together as a whole. The aim of the filter is controlling clusters of correlated market and model risk while targeting portfolio volatility. This has allowed us to successfully navigate hundreds of trends, and unexpected events.

We have seen wild weather markets and quiet trading range markets and everything in-between. We also feel that both our spread trading and our use of options help to limit risk in our portfolios. In addition, our small

margin-to-equity ratio (rarely more than 15%) helps to control the downside during the inevitable losing periods. Finally, the fact that we specialize in agriculture is an advantage, because it gives our clients exposure to that particular sector. Our program is not correlated with the stock and bond market.

24.) Do you feel you have an edge if so what is it?

The program has the ability to benefit from both short-term and longer-term directional price movement regardless of overall market trend.

25.) What is the one piece of advice that you would give to a new start-up CTA?

In developing a systematic model or portfolio, be objective in what you are trying to capture from the markets and understand how and why you are achieving that objective within your research.

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For Investors



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