

# Kent Avenue Capital Partners



QARMA Investment Strategy

January 2012

## FY 2011

QARMA: +42.31%

S&P 500: +0.95%

## Fund Information

Strategy: Systematic  
Long/Short Sector

Liquidity: Monthly

Lockup: None

Fees: 2/20

Bank: Citibank

Administrator:  
Custom House

Prime Broker /  
Custodian:  
Interactive Brokers

Counsel: Gipson,  
Hoffman & Pancione

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Kent Avenue Capital Partners is offering QARMA as our flagship offering. At Kent Capital we swear by "3C's" of investments - creativity, consistency and credibility. We believe that you have to have creative thinking to identify and exploit market imperfections; yet consistent in the way we go about doing it. Our credibility will be derived from superior risk adjusted return we will provide to clients. We will always be good stewards of our

clients' money and transparent in our doings. We will never find ourselves on the front pages for the wrong reasons and never do others what we will hate to be done to our own money. Finally, our principals shall be fully vested in providing best returns as well as best service to investors.

The Principals bring together long experience in all parts of investment value chain including as P&L leader of

investments in listed companies, as pioneer of academic thoughts and as leader of large scale investment operations. We are proud also to have ready access to finest analytical minds globally.

At Kent Capital, the future has just begun and we welcome you to join us in a long journey to prosperity and shared success.

## QARMA Strategy

QARMA is a process driven, dollar neutral and ETF arbitrage strategy that has been developed with academic quality rigor. Our alpha is derived from exotic alpha, specifically, relative performance between GICS 10 sectors of S&P. on this. Our decision making process is very sophisticated, technically superior and academically

rigorous. We pride ourselves in approaching the issue comprehensively, being flexible by design and yet consistent in implementation though all market turns.

The concept, however, is simple. We create a dollar neutral portfolio of SPDR ETF's where the shorts are sectors we

believe will underperform and that funds the long positions in sectors that we expect to outperform. We recreate our model at every rebalance and never take explicit leverage, nor do we use any derivatives or non-cash instruments. We would be most happy to discuss more.

## Salient Statistics<sup>1</sup>

This material is furnished on a confidential basis to a limited number of current and potential investors in the fund. The material is neither an offer to sell, nor a solicitation to purchase any shares in the fund in any jurisdiction. Nor shall it form the basis of any related contract. It is only intended to provide a broad overview of the fund and its activities. Investing in the fund is speculative and only suitable for experienced and sophisticated investors.

Analysis of Live Trade on QARMA Strategy														
As of	Absolute Performance				Relative Performance		Downside Analysis of Live Trade							
	QARMA Strategy Demo Account				Index = HFR EMN									
	Strategy (Net)	St Dev	Sharpe	Average Beta	Index Perf	Relative Performance								
12/31/2011							Peak to trough drawdown	-3.42%	Occurred	9/27/2011	It happened over 2 consecutive losing days			
ITD	68.66%	9.46%	5.18	11.80%	0.85%	67.80%	% Days with	38.41%	Average Drawdown on down days	-0.37%	Min 1 day return (net)	-2.80%	Occurred	10/4/2011
YTD	42.31%	10.16%	4.11	6.82%	-2.92%	45.22%	Up capture %	67.93%	Average Strategy Return on Up days / Average S&P Return on Up Days	23.2%			Average ITD Beta (ex-post)	11.80%
QTD	10.78%	12.10%	4.13	6.77%	0.60%	10.19%	Down capture % days	46.85%	Average Strategy Return on Down days / Average S&P Return on Down Days	-11.2%			Average YTD Beta (ex-post)	6.64%

<sup>1</sup> Based on live trade on Demo Account implementing QARMA Strategy