



CARMIKA
Partners LLP

Investor Presentation
July 2019

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“Risk means more things can happen than will happen.”

- Prof. Elroy Dimson, London Business School

Contents

Overview	5-7
Investment Team	8
Challenges of Traditional Hedging Strategies	9
Carmika's Advantage	10
Index Universe	11
Investment Process	12
Investment Objective	13
Strategy Performance – US Broad Market Beta Exposure	14-16
Terms and Service Providers	17
Why Carmika Partners?	18
Strategy Performance Disclosures	19
Contact details	20

Overview

Carmika Partners LLP ("Carmika") is a discretionary hedging firm that offers fully customized portfolio solutions.

The Fund seeks to maximize positive returns during market downturns and attempts to maintain a negative correlation to risk assets. The Fund also aims to provide stability and positive returns through varied economic cycles.

Diversified Value Driven Options Strategy

The strategy takes an options valuations approach to buying portfolio insurance, and to create a positive convexity portfolio with positive carry.

Process Driven Approach

Our quantitative approach leverages proprietary models to analyze risk in a disciplined manner, controlling issues of market timing and monetization.

Institutional Standards

Carmika is one of 2 equity volatility managers chosen for the Hydra Platform managed by Kettera Strategies, a hedge fund platform that delivers best in breed managers, unparalleled transparency, third party oversight and administration.

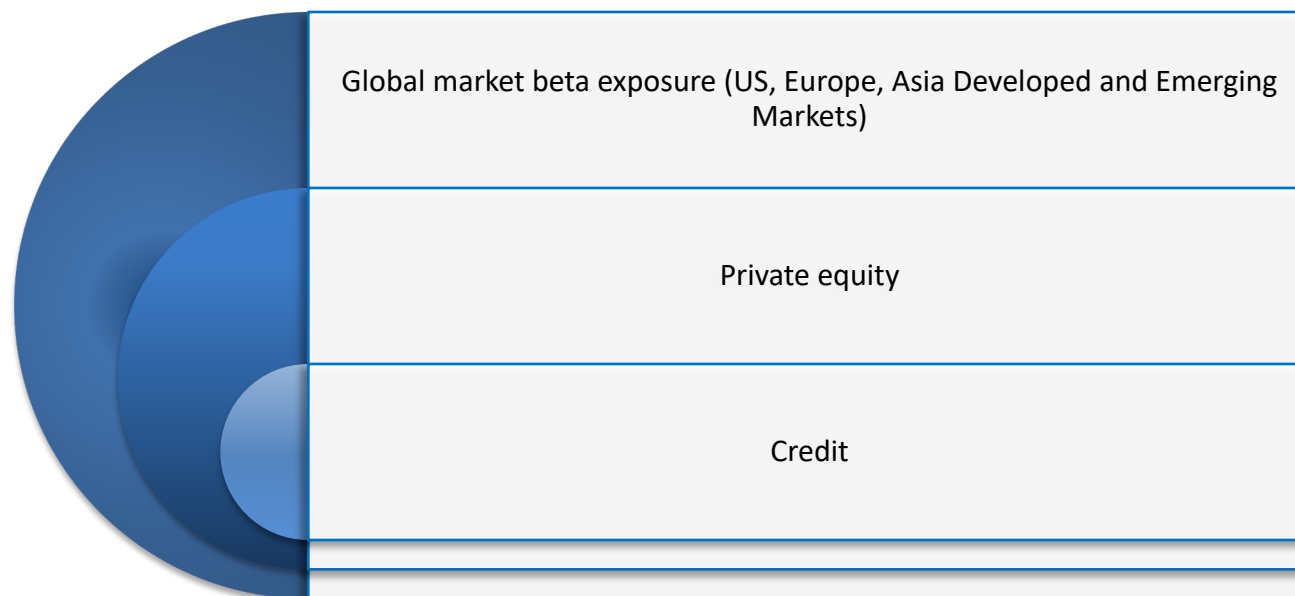
Aligned Interests

The partners and key employees are currently using this strategy to hedge risk assets.

Overview

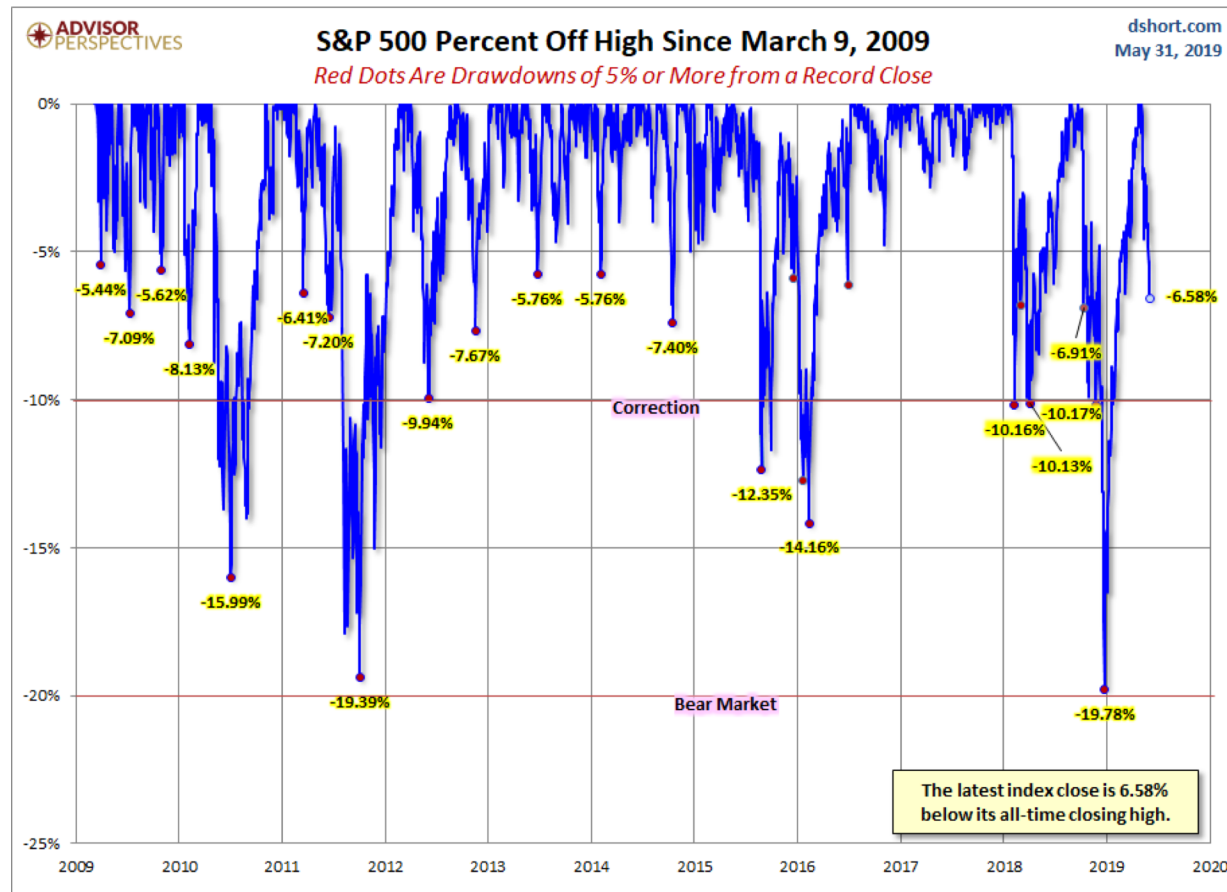
The Investment Team have over 40 years of combined experience in risk management and derivatives/volatility trading.

Focus on constructing a portfolio hedge and liquidity for Family Offices, RIAs, OCIOs, Endowments/Foundations, and Public Pension Plans to protect drawdowns for:



Overview

S&P500 drawdowns in excess of -5% occur on average 3x / year. The average Bear market takes 22 months to recover from previous levels (nominal terms) and falls -30% from peak to trough.



Source: Advisor Perspectives since Mar 9, 2009 June 1, 2019

Investment Team

Manjeet Mudan

Partner & Portfolio Manager



Prior to joining Carmika Partners, Manjeet was a founding partner and senior trader in volatility arbitrage and trading system development at ADG. He has over 20 years of experience in risk management, quantitative option trading and option market making. Before founding ADG, Manjeet was head of European automated market making for listed equity options at Morgan Stanley in London between 2004 and 2006, and head of financial engineering and global volatility arbitrage at Mako Global Derivative between 2002 and 2004. Manjeet started his career as a financial engineer at Hull Trading, acquired by Goldman Sachs in 1999, specializing in volatility arbitrage, automated trading algorithms and risk management. He spent 9 years at Hull Trading, 1993 to 2002, making partner in 1998.

Manjeet holds a Ph.D. in Experimental Particle and Astro-Physics from University College London, with research conducted at University of Michigan, Ann Arbor. Manjeet also holds a B.Sc. in Physics from the University of Edinburgh and won the National Astronomical Society Bruno Rossi prize for Astrophysics in 1988.

Martin Vestergaard

Founding Partner & Portfolio Manager



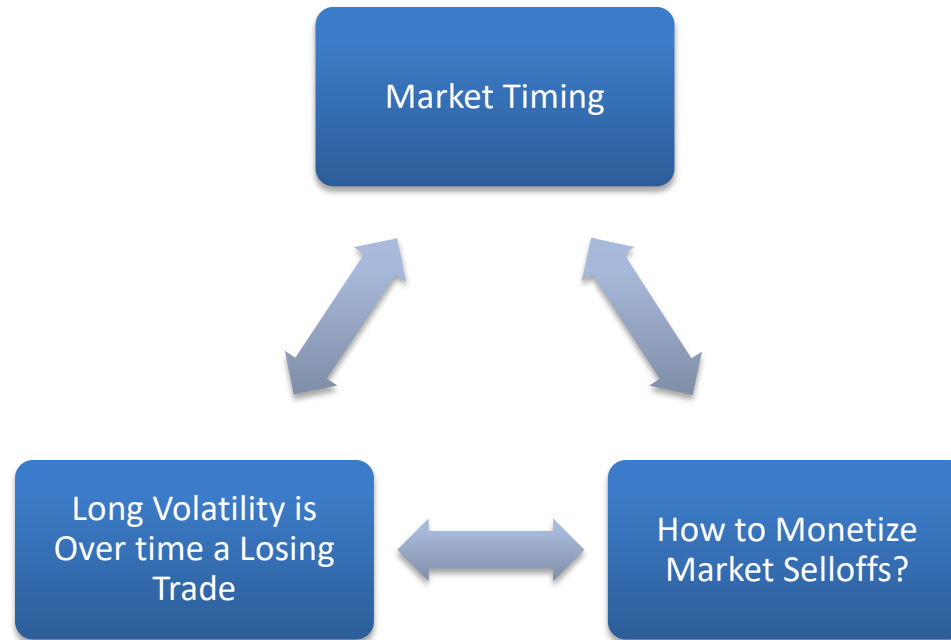
Martin has over 16 years of experience in risk management, quantitative option trading and option market making. Martin started his career at Arbitrage in Chicago on the floor of the CBOE, before becoming a financial engineer and trader at Hull Trading, where he met Manjeet in 2000. Martin moved internally to Goldman Sachs in London before leaving to join Horizon Asset Ltd in 2002. After spending 3 years at Horizon setting up their option business, Martin became a risk manager and volatility/macro trader at Centaurus Capital from 2005 until 2008, at which point he left to join Manjeet at ADG Capital Management. At ADG, Martin traded volatility arbitrage with a macro overlay until he left in 2012 to begin trading for himself. Before founding Carmika Partners, Martin was a non-executive director at Xenfin Capital between 2010 and 2015.

Martin holds a Masters of Science in Applied Statistics and Econometrics from the Technical University of Denmark. As a direct result of his masters thesis, he co-published a paper entitled "Estimation in Continuous-Time Stochastic Volatility Models Using Nonlinear Filters" in the International Journal of Theoretical and Applied Finance.

Challenges of Traditional Hedging Strategies

Carmika's strategy was developed to address the challenges faced by a Family Office in hedging its portfolio namely through systematically long put strategies, either outright or as some form of put spread (usually 1-3 months out):

Key Challenges in Hedging



Carmika's Advantage

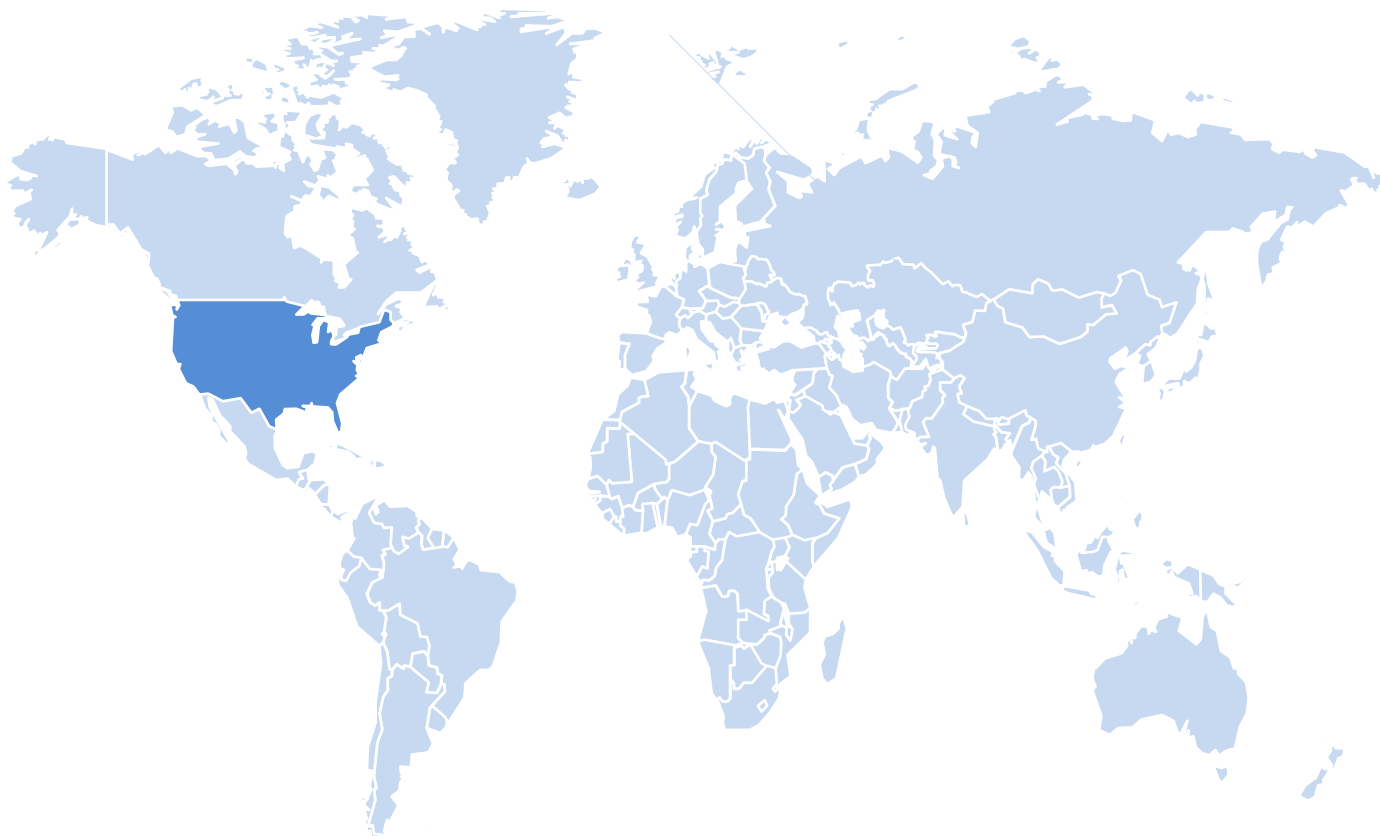


Criteria	Carmika Partners' Strategy	Traditional Hedges/Tail Risk Funds*
Manager Experience/Background	Over 40 years of combined derivatives and volatility experience working together	Individual or PM and/or team
Investment Structure	Individually tailored and transparent in separately managed accounts (SMAs) & Fund Flagship Fund Structure	Fund Structure (usually LP) no flexibility and not tailored
Portfolio Construction	Diversification across time horizons, US markets, trading styles – “option valuations are key drivers of returns”. Portfolio aims to be structured as positive carry	Concentration on short dated maturities, SPX, and VIX options with less emphasis on option valuations. Portfolio is negative carry
Trading Approach	Identifies cheapest valued hedge across correlated markets which can generate alpha, and neutralizes option decay and long volatility exposure. Unique upside protection in place. No market timing.	Focuses on short dated downside put protection, put spreads, and VIX options which lose value quickly
Portfolio Positioning	Dynamic positioning avoiding crowded hedges or “herding”.	Small number of highly concentrated option positions in short dated maturities, sometimes crowded trades.
Liquidity	Only liquid listed options on US indices & ETFs	Listed liquid global indices, options on ETFs, futures and some use OTCs
Monetizing P&L	Risk controlled and systematic monetization to capture P&L in market drawdowns	Based on individual or PM discretionary approach as to when to monetize P&L
Risk Management	Daily monitoring of portfolio risks, positioning and changes in option parameters. Hedge is always in place	Individually concentrated positions

Any investment in the strategy entails an inherent degree of risk and no assurance can be given that the strategy's investment objectives will be achieved or that investors will receive a return on their capital. An investor could lose all or a substantial portion of its investment.

*Advantages over Traditional Hedges and Tail Risk Funds are based on Bloomberg data as well as the CBOE Eurekahedge Tail Risk Index data,.

Index Universe



US Option Exchanges

CBOE

NYSE

ISE

NASDAQ

PHLX

AMEX

Commonly used investment indices: S&P, NDX

Investment Process

Analysis

- Run correlation analysis to seek out liquid indices appropriate for Family Office/Institution hedging concerns.
- Strong volatility backgrounds give a unique analytical approach to analyze volatility market micro structure.
- Option price screening for rich/cheap skew and convexity.

Structuring/ Implementation

- Subject to pricing, we sell expensive volatility/carry to help finance downside protection structure.
- Strategy contingent way to own volatility.
- Initially, we aim to be relatively flat volatility (depending on the level), short Delta and positive carry.
- As the market moves down the structure gets shorter Delta.
- When the inevitable spike in volatility occurs, we will aim to monetize positions so clients can generate cash to buy dislocated assets.

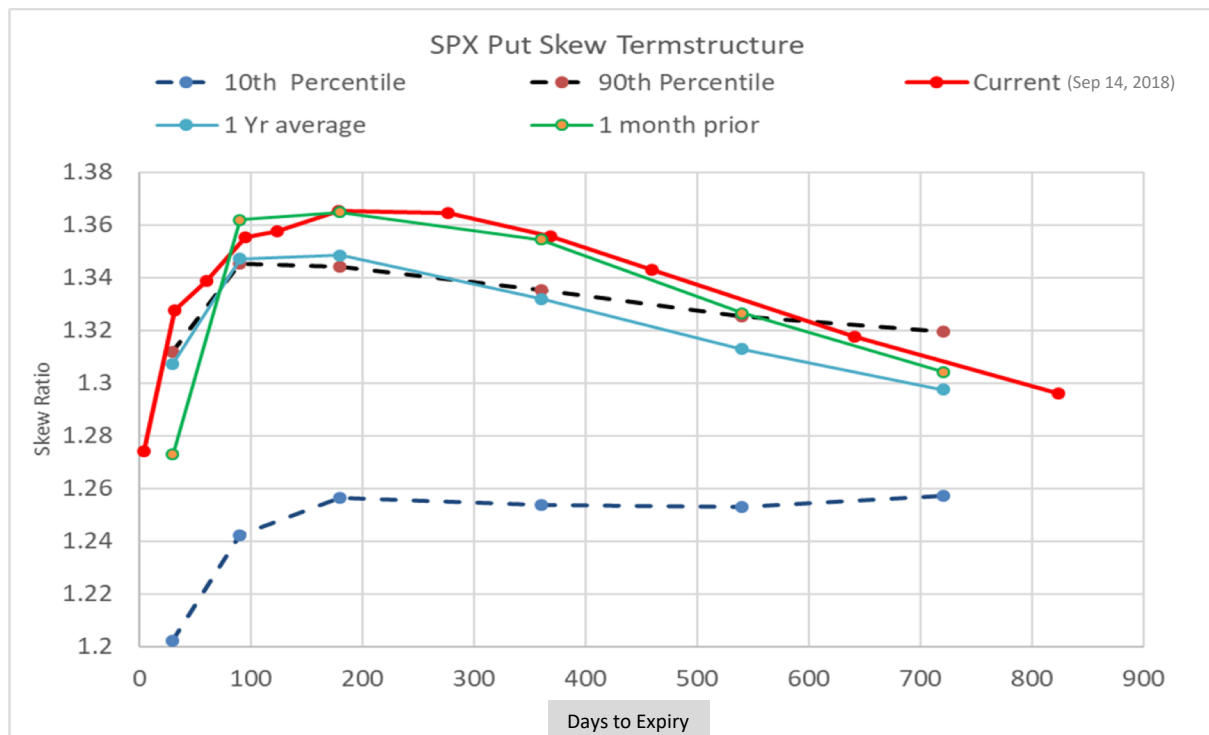
Risk Management

- Hedge is always in place and constructed opportunistically.
- Each part of the strategy is reset according to quantitative triggers that have been set to retain optimal exposure to the volatility curve at all times.
- Upside protection is always implemented via short maturity options, and long term downside protection is maintained and adjusted either up or down based on pre-determined triggers.
- The strategy gets reset if certain market conditions/triggers are met, e.g. either a move in the underlying index or moves in convexity, volatility or skew. This ensures the structure always owns the most optimal convexity and helps with monetization.

Investment Objective

The strategy's aim is to provide beta protection to the underlying portfolio and to **cover the cost of protection over time** through the selling of expensive convexity / volatility. It matters **where** and **when** you buy and sell convexity!

Percentile Ranking of SPX Put Skew over Last 10 years



Source: Carmika Partners Sep 14, 2008 to Sep 14, 2018, Skew Ratio is defined as the volatility of the D15 Put/volatility of the D50 Put

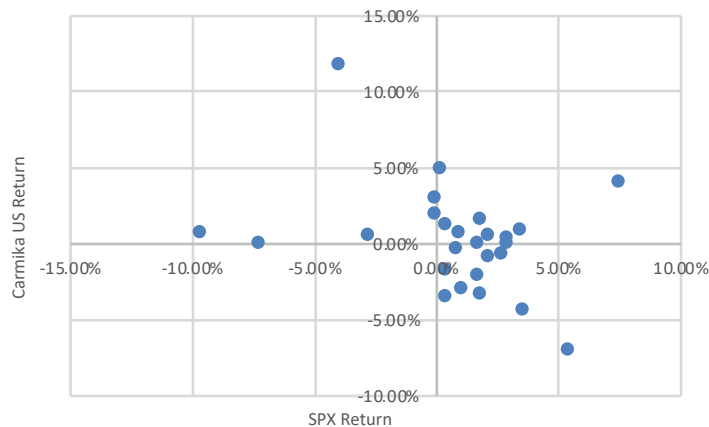
Strategy Performance – US Broad Market Beta Exposure

Illustrated below is Carmika's US Alpha Hedge Strategy ("Strategy") plotted against the S&P 500. The Strategy went live on Jan 17th, 2017. Please see full performance disclosures on slide 18*.

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD*
2019	Carmika Hedge	4.1%	-0.2%	-0.2%	1.2%	4.3%	0.6%							9.8%
	SPX	7.9%	3.0%	1.8%	3.9%	-6.6%	6.9%							16.9%
	SPX+Carmika (1 for 1)	12.0%	2.8%	1.6%	5.1%	-2.3%	7.5%							26.7%
2018	Carmika Hedge	-7.0%	11.8%	0.4%	4.8%	0.6%	-3.7%	0.8%	0.2%	-1.8%	0.1%	-2.2%	0.6%	4.6%
	SPX	5.6%	-3.9%	-2.7%	0.3%	2.2%	0.5%	3.6%	3.0%	0.4%	-6.9%	1.8%	-9.3%	-5.4%
	SPX+Carmika (1 for 1)	-1.4%	7.9%	-2.3%	5.1%	2.8%	-3.2%	4.4%	3.2%	-1.4%	-6.8%	-0.4%	-8.7%	-0.8%
2017	Carmika Hedge	0%*	-4.8%	2.9%	-0.4%	-3.0%	1.2%	1.5%	1.9%	-3.5%	-0.9%	-0.7%	0.7%	-5.1%
	SPX	1.80%	3.7%	0.0%	0.9%	1.2%	0.5%	1.9%	0%	1.9%	2.2%	2.9%	1.0%	17.9%
	SPX+Carmika (1 for 1)	2.1%	-1.1%	2.9%	0.5%	-1.8%	1.7%	3.4%	1.9%	-1.6%	1.3%	2.2%	1.7%	12.8%

Source: Carmika Partners LLP reported Hedge from Jan 17, 2017 to April 30, 2019. Bloomberg "SPX Index" reported from Jan 17, 2017 to June 30, 2019.

Monthly Returns Carmika US vs SPX



Source: Carmika Partners LLP reported from Jan 17th, 2017 to May 31, 2019

	Carmika Hedge	CBOE Tail Risk Eureka	SPX	Carmika Hedge + SPX	CBOE Eureka + SPX
Standard Deviation (Month)	11.7%	6.9%	10.1%	14.2%	14.8%
Max Month	11.8%	7.1%	8.0%	11.7%	10.0%
Worst Month	-7.0%	-4.0%	-6.5%	-9.0%	-9.6%
Max Drawdown	-7.0%	-11.6%	-9.3%	-9.0%	-8.5%
% of Positive Months	53.6%	24.5%	70.6%	64.3%	63.3%
Avg Monthly Return	0.2%	-0.9%	0.9%	1.2%	0.8%
Sharpe	0.20	N/A	1.09	1.00	0.62

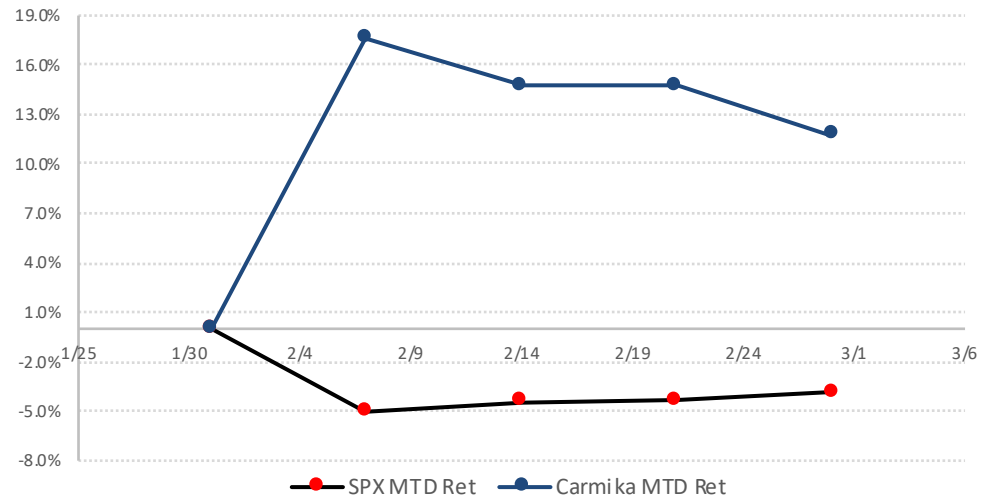
Source: Carmika Partners LLP reported from Jan 17th, 2017 to May 31, 2019, CBOE Eureka Tail Risk Fund index

Strategy Performance –Feb 5th SPX Drawdown

Below shows the live performance of the Carmika US Alpha Hedge (“Strategy”) during the Feb 5th SPX market drawdown. The 3 day PL of the Strategy in the drawdown was up 24.8% with the SPX down -4.6%.

Date	Carmika Daily Return	SPX Daily Return	Cumulative SPX+Carmika
2/1/18	1.4%	-0.1%	101.3%
2/2/18	2.8%	-2.1%	101.9%
2/5/18	88.8%	-4.2%	186.5%
2/6/18	-66.8%	1.7%	121.4%
2/7/18	-8.5%	-0.5%	112.4%
2/8/18	-2.5%	-3.8%	106.1%
2/9/18	-2.7%	1.5%	104.9%
2/12/18	-1.2%	1.4%	105.0%
2/13/18	0.7%	0.3%	106.0%
2/14/18	2.9%	1.3%	110.2%
2/15/18	-1.3%	1.2%	110.2%
2/16/18	1.2%	0.0%	111.4%
2/20/18	-1.3%	-0.6%	109.5%
2/21/18	1.3%	-0.6%	110.3%
2/22/18	1.5%	0.1%	111.8%
2/23/18	-4.0%	1.6%	109.5%
2/26/18	-0.5%	1.2%	110.2%
2/27/18	-0.4%	-1.3%	108.5%
2/28/18	0.4%	-1.1%	107.8%
Month to Date	11.8%	-4.0%	7.8%

S&P500, Carmika US Alpha Hedge February 2018 Weekly % Returns



Source: Carmika Partners LLP reported Hedge from February 1st, 2018 to February 28, 2018. Results are estimated and unaudited net of fees and operating costs.

Source: Carmika Partners LLP reported Hedge from February 1st, 2018 to February 28, 2018. Results are estimated and unaudited net of fees and operating costs.

Strategy Performance – Drawdown Sensitivity Analysis

Everyisk Technologies, an independent risk technology firm produced the following shock analysis on the expected P&L based on Carmika's US portfolio dated June 12, 2019. The analysis shows moves risk adjusted across asset classes for a similar +/- 6% move in the S&P500.

Everyisk Technologies – Sensitivity Analysis based on Projected S&P -6/+6% drop/rise risk adjusted by asset class

Returns Stats				
Portfolio	Index	Shock	E[PL]	type
Carmika_20190612	SP500	-6.00	6.79	percent
Carmika_20190612	CCC OAS spreads	1.42	4.35	spread
Carmika_20190612	US High Yield	-3.19	5.28	percent
Carmika_20190612	US Real Estate	-6.83	3.71	percent
Carmika_20190612	EM bonds	-3.08	3.55	percent
Carmika_20190612	European High Yield	-2.06	4.16	percent

Returns Stats				
Portfolio	Index	Shock	E[PL]	type
Carmika_20190612	SP500	6.00	-1.49	percent
Carmika_20190612	CCC OAS spreads	-1.30	-1.21	spread
Carmika_20190612	US High Yield	3.20	-1.95	percent
Carmika_20190612	US Real Estate	6.92	-1.23	percent
Carmika_20190612	EM bonds	3.08	-1.23	percent
Carmika_20190612	European High Yield	2.51	-1.63	percent

Source: Everyisk Technologies June 21, 2019

Terms and Service Providers

Terms	Fees
Minimum Notional	US \$1 million
Management Fee	1.0%
Incentive Fee	15%
High Water-Mark	Yes
Lock-Up	None
Liquidity	5 Business Days
Service Providers	
Prime Broker	Interactive Brokers, EDF Man, Goldman Sachs International
Compliance	Compliance Risk Concepts (US), Newgate (UK)

Why Carmika Partners?

Fully customized and dynamic hedging solutions across all asset classes

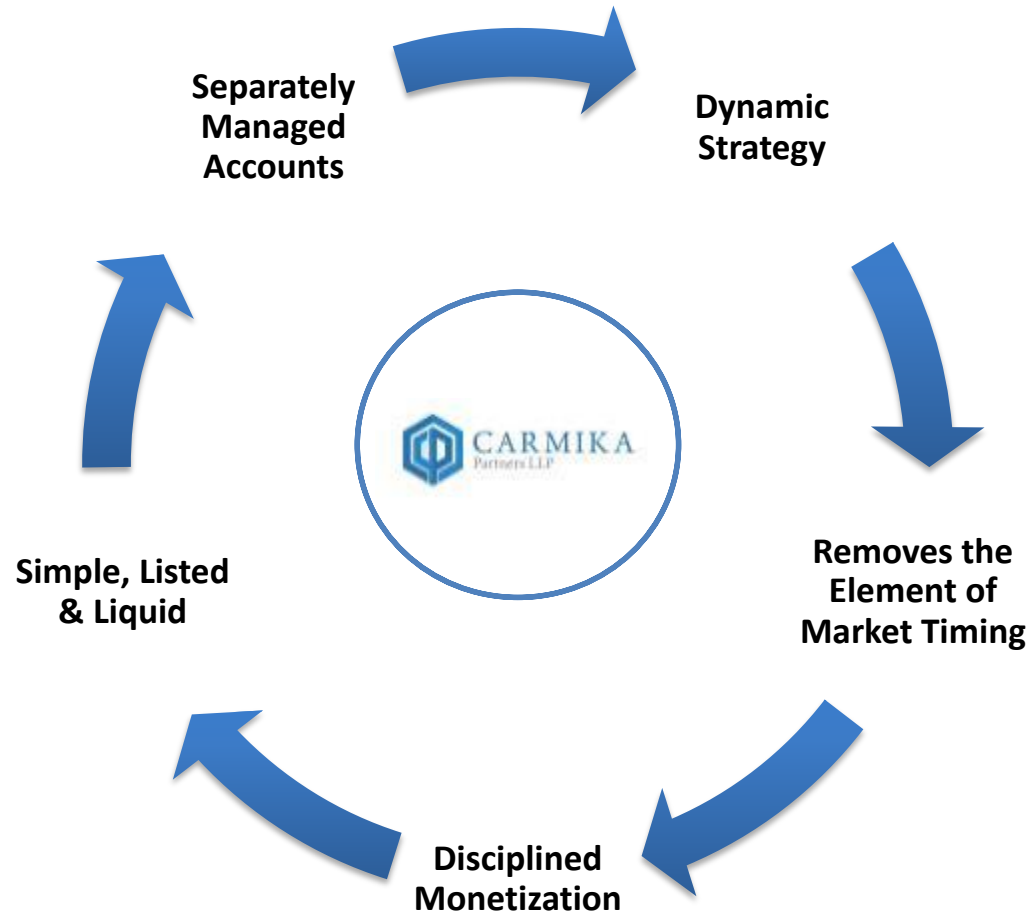
Strategy avoids expensive premium outlays and market timing issues

Only operate in listed liquid global markets

Transparent trading activity in SMAs, no lock-ups

Managers with considerable customized hedging expertise and experience

Rigorous risk management process



Strategy Performance-Disclosures*

Hedge Performance Disclosures (from slide 14)

- ✓ Performance results contained herein may be estimated or unaudited, and are net of 0.2% expenses, 1.0% management fees and 15% performance which are applied on a monthly basis only, and assume that an investor has held the Carmika's US Alpha Hedge Strategy since the Strategy inception on January 17, 2017. Investors who invested at a different time or investors may experience different returns.
- ✓ Past performance results are not indicative of future returns. Rates of Exchange may affect the value of investments. All investment strategies have the potential for profit or loss. Changes in investment strategies, contributions or withdrawals, strategy and market volatility may materially alter the performance.
- ✓ The CBOE Eureka Tail Risk Index is a multi-manager peer group comparison index, whose strategy implementation may be considerably different than Carmika's Hedge.
- ✓ There are no material conditions, objectives, or investment strategies used in calculating the performance returns.
- ✓ No investment objectives or investment strategies changed materially during the performance reporting period.
- ✓ The information presented in this document is provided by Carmika Partners LLP as of May 2019 and should not be an indication that the information will remain the same in the future.

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