



The Four Pillars Trading Solution

Decision Making Architecture for Successful Trading

The Four Pillars Core ETF Strategy

Description

The Four Pillars Core ETF is a core long-only strategy that combines 4 successful, stand alone analysis methods into one highly effective trading framework for trading; equities, precious metals and fixed income ETFs.

Suitable Investor

The Four Pillars Core ETF (The Strategy) is suitable for individuals and families who want to participate in future bull markets in equities, precious metals and bonds, but are not interested in being bound by the whims of the capital markets. During bear markets, the investor does not want to be subject to major portfolio losses, but would rather be situated in another asset class that is in a bull market, be positioned to profit from the bear market or simply be in low volatility fixed income securities until the bear market is over.

Account Types

Account types include both taxable accounts and retirement accounts (IRA, SEP IRA, etc.). Each account is separately managed and segregated from other client assets. The portfolio manager has full discretion over account trading, but no access to client funds. Minimum account accepted is US \$100,000.

Custodian

Each client has their own account held at Interactive Brokers, which was awarded the #1 Online Broker of 2014 (3 years in a row) by Barron's. Cara Trading Advisors has access to trade each client account as one account grouping, but client accounts remain separately owned at Interactive Brokers.

Fees

Each client pays Cara Trading Advisors their own management fee, based on their account value according to the fee schedule below. Fees are billed on a daily basis by the custodian, Interactive Brokers, who automatically deducts the fee from client account and sends to Cara Trading Advisors (with written authorization by the client at account setup). Client also pays Interactive Brokers a brokerage fee (roughly ½ a cent or \$0.005 per traded share), of which Cara Trading Advisors has no financial interest. Client may terminate their contract within 5 days written notice.

Fee Schedule:

\$100,000 - \$250,000	2.0%
\$250,001 - \$500,000	1.75%
\$500,001 - \$750,000	1.50%
\$750,001 - \$1,000,000	1.25%
\$1,000,000+	Negotiable

Methods of Analysis

The Four Pillars Core ETF Strategy incorporates four different analysis methods to establish a risk-controlled growth portfolio. By incorporating a systematic approach, both risk and return are controlled in an effort to maximize risk adjusted returns.

The Four Pillars:

1. Fundamental Analysis
2. Technical Analysis
3. Sentiment Analysis
4. Time Cycle Analysis

(See advisor for details on application of the Four Pillars analysis)

Portfolio Construction

The portfolio is constructed using 5 units of 20% each.

Security types: equities, precious metals, precious metal mining equities, fixed income.

Portfolio Construction:

Security Type	Target Units	Target %	Minimum %	Maximum %
Equities	2 Units	40%	0%	100%
Precious Metals	1 Unit	20%	0%	40%*
PM Mining Equities	1 Unit	20%	0%	40%*
Fixed Income	1 Unit	20%	0%	100%**

** Maximum Percentage of Precious Metals and PM Mining Stocks combined is 40% of account value*

*** Fixed Income allocation may be at a high level during equity bear markets, but not during equity bull markets*

Investable ETF Universe:

Market	S&P 500, Nasdaq 100 Russell 2000	Leveraged: S&P 500, Nasdaq 100 Russell 2000	Inverse: S&P 500 Nasdaq 100
Objective	Active Equity	Enhanced Equity	Downside Participation

Market	Gold / Silver	PM Miners	Inverse Gold / Silver	Inverse PM Miners
Objective	Active Metals	Active Miners	Downside Participation	Downside Participation

Market	US Treasuries	Leveraged US Treasuries	Inverse US Treasuries	Short Duration
Objective	Active Fixed Income	Enhanced Fixed Income	Downside Participation	Capital Preservation

Material Risks

Systematic Risk: diversification through portfolio allocation techniques helps to mitigate general market risk, but there is no guarantee that a portfolio will avoid a large drawdown in a catastrophic event.

ETF Risk: ETFs closely track the targeted index, but during times of extreme volatility, the tracking mechanism may not correlate perfectly to the index. The types of ETFs used are the most liquid available, but there is no FDIC guarantee for ETFs in the case of stock holding company failure.

Strategy Risk: the portfolio manager incorporates both strategic and tactical methods in order to mitigate risk while maximizing potential return. However, it is impossible to alleviate all portfolio risk including, but not limited to: interest rate risk, economic risk, market risk, political risk, regulatory risk, etc.

Institutional Risk: trading risk includes institutional risk, which can be the suspension of trading in the broad securities markets and/or an individual security. A trading stoppage may lead to substantial loss.