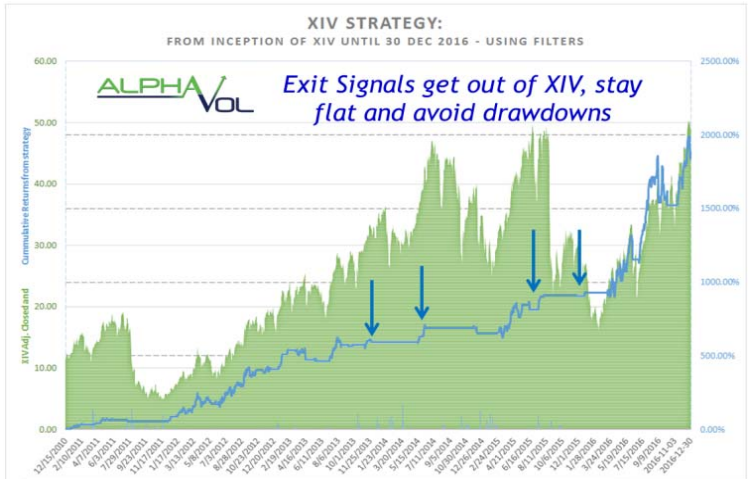# ALPHAVOL

System Approach:

Buy XIV when signal determines that VIX futures structure & volatility is optimal

Sell XIV when Exit trigger is detected, go to cash

Automated signal generated 30 minutes before market close: "Long" or "Out"

XIV STRATEGY:
FROM INCEPTION OF XIV UNTIL 30 DEC 2016 - USING FILTERS

Exit Signals get out of XIV, stay flat and avoid drawdowns

Trade Results in live trading accounts (after commissions)

In 2014 using buy & hold : 11.6 % realized return

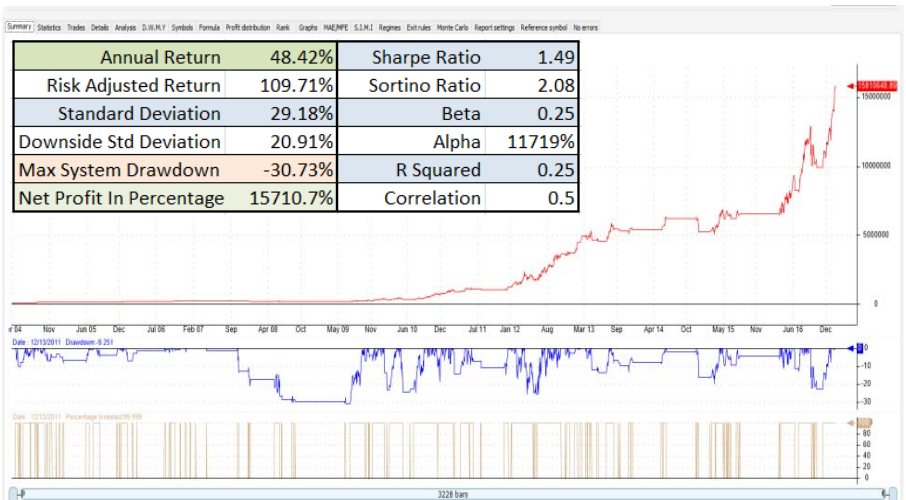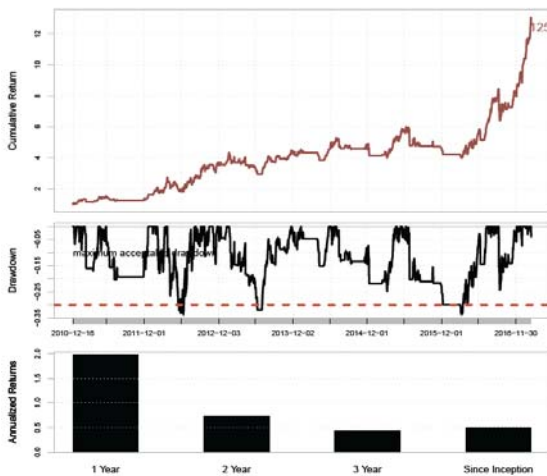In 2015 using buy & hold: 5.3% realized (-1% mark to market)

In 2016 using signals: 39% return realized on trades closed including some trades opened in 2015 (45% mark to market)

2017 YTD using signals: 40% return realized on trades thru April 20th

Discretion was used in 2016 to close out positions before Brexit event and re-enter afterwards. Discretion used to close positions before the 2016 Presidential Election as well. In the end, final live returns would have been higher without discretion.

Independent Back Testing Results from Two Separate Testers:

Trading Strategy Performance

Annual Return	48.42%	Sharpe Ratio	1.49
Risk Adjusted Return	109.71%	Sortino Ratio	2.08
Standard Deviation	29.18%	Beta	0.25
Downside Std Deviation	20.91%	Alpha	11719%
Max System Drawdown	-30.73%	R Squared	0.25
Net Profit In Percentage	15710.7%	Correlation	0.5

First independent testing showed 50% annual return, 31% max drawdown, and advantageous SPY Capture Ratio:

+1.81 long   -1.47 short

Dave Walton, former NAAIM Wagner Award winner, also independently tested the system and verified that the signal definitely added Alpha, even with slight variations in the filter levels, which shows robustness. His expertise is testing systems to avoid curve fitting and associated problems.

Contact Brad Hartman today for more information or to subscribe to our signal:

info@alphavol.com
brad@hartmanfinancialplanning.com

www.alphavol.com

888-3-OPTION (367-8466)
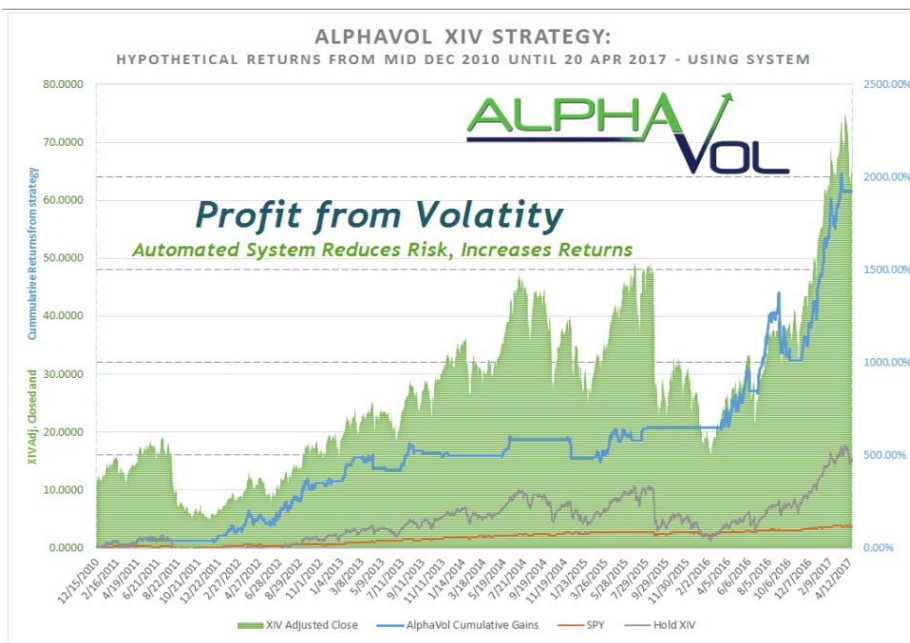661-505-8437

Adds alpha to portfolios while risking less capital

Increase returns of existing portfolios
Additional / alternative asset class
Not directly correlated to equities
Market Volatility is more mean reverting than indices
Can make money even if the equity market doesn't rise

Can be used in IRAs and other limited accounts:

No options or shorts are used; Uses XIV an Exchange Traded Note (ETN)
Great to add to fixed income portfolios to enhance yield
We allocate 10 to 25% of a client's portfolio to this system

Reduced drawdowns are key to protect capital

Uses mechanical indicators and filters to get out quickly

ALPHAVOL XIV STRATEGY:
HYPOTHETICAL RETURNS FROM MID DEC 2010 UNTIL 20 APR 2017 - USING SYSTEM

Profit from Volatility
Automated System Reduces Risk, Increases Returns

XIV Adjusted Close · AlphaVol Cumulative Gains · SPY · Hold XIV

Year	AlphaVol Hypothetical Return	SPY Annual Return	Hold XIV Annual Return
2010 Partial	3.34%	1.86%	4.72%
2011	60.18%	1.93%	-94.19%
2012	176.97%	13.86%	53.73%
2013	30.52%	25.46%	56.95%
2014	-2.22%	12.29%	-10.50%
2015	28.32%	1.22%	-20.88%
2016	77.09%	9.87%	44.28%
AVG	52.70%	10.77%	4.90%
CAGR	67%	15.00%	31.36%
2017 YTD	39.49%	5.47%	42.59%

Hypothetical XIV strategy returns before fees & trade costs, which should have minimal effect:

AlphaVol	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	ANNUAL
2011	15.1%	-1.8%	4.5%	25.1%	0.8%	-7.6%	-3.5%	0.0%	0.0%	0.0%	0.0%	20.5%	60.2%
2012	17.2%	5.0%	37.1%	-2.8%	-16.8%	29.6%	6.4%	16.0%	15.8%	8.0%	2.6%	-1.2%	177.0%
2013	19.5%	7.1%	-1.1%	-8.8%	-1.7%	0.0%	19.6%	0.0%	-1.7%	0.0%	-1.5%	-0.8%	30.5%
2014	0.0%	0.0%	0.0%	0.0%	6.0%	8.1%	0.0%	0.0%	0.0%	0.0%	-1.1%	-13.7%	-2.2%
2015	0.0%	2.2%	2.4%	15.2%	0.4%	-4.2%	9.4%	1.0%	0.0%	0.0%	0.0%	0.0%	28.3%
2016	0.0%	0.0%	10.2%	1.2%	21.3%	-6.8%	29.9%	11.1%	-16.9%	-2.0%	11.3%	7.4%	77.1%
2017	29.9%	5.5%	11.0%										