



MAXIMUM ALPHA - MANAGED FUTURES PROGRAM

Managed by Tech Trading Corporation

Alpha -- A measure of performance on a risk-adjusted basis. Alpha takes the volatility (price risk) of a fund and compares its risk-adjusted performance to a benchmark index. The excess return of the fund relative to the return of the benchmark index is a fund's alpha. Simply stated, alpha is often considered to represent the value that a portfolio manager adds to or subtracts from a fund's return.



Table of Contents

Disclaimer & Risk Disclosure Statement.....	3
Introduction & Methodology	4
Goals	7
Risk Management.....	7
Discipline	7
Trading System History & Goals	8
Trading System Components.....	8
Program Description.....	9
Markets.....	9
Meet the Manager.....	13
Tech Trading Corp. Offers.....	13
Program Fees and Expenses	14
Performance	14

Disclaimer & Risk Disclosure Statement

THIS DOCUMENT IS FOR EDUCATIONAL AND INFORMATIONAL PURPOSES ONLY. THE INFORMATION PRESENTED HERE DOES NOT CONSTITUTE A RECOMMENDATION TO BUY OR SELL A PARTICULAR INVESTMENT. YOU ARE SOLELY RESPONSIBLE FOR YOUR INVESTMENT DECISIONS. TECH TRADING CORPORATION AND ITS STAFF ARE NOT RESPONSIBLE FOR ANY TRADES YOU CHOOSE TO MAKE.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS. TRADING IN FUTURES AND OPTIONS IS SPECULATIVE AND NOT SUITABLE FOR ALL INVESTORS. AN INVESTOR CAN POTENTIALLY LOSE MORE THAN THEIR INITIAL INVESTMENT. INVESTORS MUST READ THE CURRENT DISCLOSURE DOCUMENT BEFORE THEY INVEST. THERE IS NO GUARANTEE OF PROFIT NO MATTER WHO IS MANAGING YOUR MONEY. A COMPLETE DISCUSSION OF FEES, CHARGES, AND RISKS ARE REPORTED IN TECH TRADING'S DISCLOSURE DOCUMENT.

Introduction & Methodology

It is the opinion of Tech Trading Corporation that the average investor with holdings in the stock and bond markets are taking on a disproportionate amount of risk relative to expected returns. Certainly they take on more risk than institutional investors who have an array of sophisticated investment options available. **PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.**

The U.S. equity market has gone sideways since 1997, with wide swings from two massive booms and busts. These wild boom/busts have caused tremendous damage to the world economy, devastating savings, the job market, and the psyche of people around the world.

Over the last two years, The Federal Reserve and U.S. Treasury has added more than \$2 trillion in new money supply to purchase treasury and mortgage-backed securities (aka “quantitative-easing”), and have spent more than a \$1.5 trillion in bail-outs to banks, AIG, Fannie/Freddie, the auto companies, and stimulus spending to keep states afloat. This spending has helped fuel the S&P 500 index to rise by 86.6% since March 2009 — one of the largest increases in history; even as unemployment is at 17% (counting the workers who have given-up looking, and those who are underemployed). Meanwhile, U.S. Treasury Bond yields are near 30 year lows. The 30 Yr T-Bond yield has fallen from 18% in 1981 to a present yield of approximately 3.0%. This dramatic drop in bond yields has happened as U.S. Federal Government Debt has risen from \$678 Billion in 1981 to more than \$15 Trillion in 2011.

Some headwinds and risks to consider:

- How long can interest rates stay at these levels? (How many more rounds of “Quantitative Easing” will happen given the fall-out and inflation from the past two rounds?)
- The U.S. Dollar Index (a measure of the value of the dollar against a basket of major currencies) currently sits in the low 80s. The all-time low is 76. What happens when this level is breached?
- The 2011 projected budget deficit = \$1.5 Trillion, which is \$4,808 per person in the U.S. The Federal Govt’s budget deficit is projected to be over \$1 trillion for many years, resulting in a projected debt of more than \$23 Trillion in 2015 at the current artificially low interest rates, and a doubling of this debt by 2020. (according to Congressional Budget Office)
- Federal Government revenues will be only 15% of GDP in 2011. That’s the lowest level since 1950.
- The President and Congress have promised significant cuts in spending to try to address the deficit. How will these cuts and the resulting large number of layoffs affect the economy and markets?
- State governments are projected to run \$185 billion in deficits over the next two years, and have to enact severe cost cutting measures to address these deficits. How will these cuts and the resulting large number of layoffs affect the economy and markets?

With such large imbalances, and after being burned twice in the last 10 years, it is not surprising that investors are worried about investing in the stock market, and many are realizing with interest rates so low and the debt so high, there is a disproportionate amount of risk to reward for holding treasuries and most fixed-income products.

Over the last 13 years, a buy and hold approach to investing has proven to be ineffective. Our approach is to use computer algorithms to help determine the best time to buy and sell, and to use structures trades (futures and options) to profit from these trends while managing risk. This approach will help to protect past gains, and benefit from natural periods of economic decline, as well as, periods of economic growth.

We offer professionally managed futures programs with minimums as low as \$25,000 so that more investors have the opportunity to participate in investment vehicles whose performance is not correlated to the general stock market. Our goal is to provide an alternative to risky stock and bond investments, which can yield high returns in any economic environment, especially the one we find ourselves in now.

This document will discuss the managed futures investment program, Maximum Alpha. It will highlight some of the tools/elements of the system, and the exceptional strength these elements have, when used collectively. It will review the back-tested performance results when using over 30 years of historical data. This system and associated tools have been developed and refined over the last 15 years by James Taylor, President of Tech Trading Corporation (TTC). This system (methods and processes) is the result of years of research and development.

TTC is an investment advisory/management business located in Greenwich, Connecticut. TTC provides individual account management services to consumers, corporations, & pensions plans. TTC provides investment guidance using a 2-part strategy, which incorporates [fundamental and technical analysis](#). TTC's investing methodology is: monitor the underlying economic fundamentals and use sophisticated computerized trading systems to:

- 1) Determine market trends and overbought/oversold levels,
- 2) Optimize trade entry and exit points,
- 3) Model futures and option structured positions to manage risk, and enhance profitability, and
- 4) Compute price/time probability.

TTC offers highly personalized professional services to its clients, applying prudent policies in order to safeguard clients' capital and investments. TTC's approach to trading is to take positions and to assume market risk only when technical models identify high confidence patterns typically associated with profitable trades. This approach may result in the system avoiding trade entries for markets experiencing initial sharp trend changes. The system will wait for a lower-risk entry point before entering the trade in order to minimize the draw-down, and confirm the market's new trend direction. Our trading programs utilize a short to medium-term trend following approach, that incorporates a countertrend methodology which allows us to take profits at extreme highs and lows preventing large give backs that are the bane of long-term trend followers. **THE RISK OF LOSS IN TRADING COMMODITIES CAN BE SUBSTANTIAL. YOU SHOULD THEREFORE CAREFULLY CONSIDER WHETHER SUCH TRADING IS SUITABLE FOR YOU IN LIGHT OF YOUR FINANCIAL CONDITION.**

TTC strives to be **flexible** and **patient** when trading. TTC uses flexibility in several ways:

- 1) We are not married to a particular view of the market, and instead we flow with the trend of the market. We listen to what the market is telling us by its actual price action (using technical analysis). However, we feel that it is very important to trade a market with knowledge of its fundamentals in order to manage risk and know the direction of the long lasting trends.
- 2) We determine the mix of instruments (futures & options) to maximize the profit for a given trade, based upon the current market environment, the relative over/under-valuation of option prices (which is due to time to expiration and volatility), as well as, the current and expected government policies and monitoring how the market reacts to them.
- 3) Before entering trades, we wait for our system to generate trading signals; until then, accounts remain in cash. Sitting on the sidelines is a position, a 'neutral' position. We only trade when the conditions are slanted in our favor and historically have shown a high probability of profit. This is one of the secrets to our high past returns.
- 4) We prudently measure our position type and size based upon market factors and option prices.

We look for trading opportunities that provide the following:

- 1) Magnification of gains when we are correct.
- 2) Strategies that can be profitable over a wide range of prices.
- 3) Strategies that can sometimes make money when our prediction of market direction is wrong.

Goals

The objective of TTC's management activities is to achieve consistent, above average, compound annual returns, and consistent superior long term capital appreciation with relatively low volatility and without being dependent on or correlated with the direction of financial markets.

To accomplish this goal, TTC uses proprietary fundamental and technical timing models to indicate whether any given equity market, bond market, currency market, or market sector present a positive investment environment. Assets are only allocated to those areas showing the most favorable environment according to these models.

Risk Management

The investment advisors at TTC strongly believe that return of principle is much more important than return on principle. However being risk averse does not imply that substantial and consistent total returns are not achievable. The firm will attempt to reduce risk by:

- using computer models to determine optimal entry/exit points,
- hedging via the use of options,
- limiting position size

Discipline

TTC follows a disciplined, systematic investment process, that through rigorous research, has shown to have a positive expectation.

Trading System History & Goals

When designing this system, the goal was to develop an automated process of investing that has the following features:

- a system that has a high percentage of winning trades; we want as close to 100% winning trades as possible.
- a system that hedges risk, and limits losses on losing trades
- a system that stays out of the market, and in cash, until the conditions are optimal and a winning trade is highly likely, and exits the trade when the special condition/imbalance which triggered the trade has been returned to normal.
- a system that gives trading signals that optimally times the trades with the goal being that the trade is immediately profitable (within the first 3-4 days of trade entry), and has a low amount of draw-down.
- a system which can profit in any market direction, and in any economic environment.
- a system that consistently shows profits in all markets tested -- proving the reliability and durability of the algorithm across markets and history
- a system which can earn profits even if the trading signal is wrong (i.e. being profitable if the market goes down or sideways after receiving a 'buy' signal).
- a system which takes the emotion and opinion out of trading, and uses algorithms to objectively enter and exit trades.

Trading System Components

The system combines the following tools and disciplines:

- 1) Trend analysis (to identify the short-term and intermediate-term trend of the market being traded) – See Figure 1 (without trend analysis) & Figure 2 (with).
- 2) Overbought/Oversold levels -- to identify when a market has moved to extreme levels, and would likely reverse itself. See Figure 2 (overbought/oversold days).
- 3) Statistical analysis -- the use of statistics to determine the probability of price levels being reached by a specified period of time.
- 4) Option Trading Strategies -- the use of structured option trades to hedge/limit risk, enhance performance, and smooth daily equity levels.
- 5) Trading Experience – James Taylor, Portfolio Manager for Tech Trading has more than 15 years of experience trading the financial markets, is an expert commodity, stock, and option trader; is professionally trained in market technical analysis, and has been a consultant to many of America's largest financial institutions to implement quantitative trading and securities valuation systems.

Program Description

TTC offers a managed futures program, Maximum Alpha, which combines a sophisticated computerized market timing system to determine the optimal entry and exit points for the markets it trades, as well as, consideration of the fundamentals of a given market, and the market's correlation to the other markets being traded.

Maximum Alpha utilizes a short to medium-term trend following approach that incorporates some of the qualities of reversal/trading-range systems. This counter-trend methodology allows it to take profits at extreme highs and lows preventing large give backs that are the bane of long-term trend following systems

The system uses predetermined stop levels which TTC uses to gauge risk. If the stop level is breached, the position will be exited OR the initial hedge is increased. We take positions and assume market risk only when technical models identify high confidence patterns typically associated with profitable trades. This approach may result in the system avoiding trade entries for markets experiencing an initial sharp change in the direction of trend. The system will wait for a lower-risk entry point before entering the trade in order to minimize the draw-down, and confirm the market's new trend direction.

TTC's systems takes into consideration: 1) the current trend direction, 2) the support and resistance levels, and 3) the amount of time the market has already traded in the direction of the trend. The system uses multiple time dimensions, takes into consideration the market's personality (which includes the market's tendency to trend and its historical volatility), and determines the price levels to exit winning trades and to minimize losses on losing trades.

Markets

TTC will trade highly liquid futures and options-on-futures contracts. Primarily, the financial futures markets (index and interest rate futures) will be traded. TTC currently does not currently trade commodities listed on foreign exchanges.



Figure 1. Basic bar (open-high-low-close) chart of the S&P 500 Index. PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

This chart shows a standard bar chart of the S&P 500 Index. Without being able to see: 1) the underlying trends, 2) the bar patterns (Japanese candlestick patterns), and, 3) the overbought/oversold levels, an investment manager would be flying blind when trading.

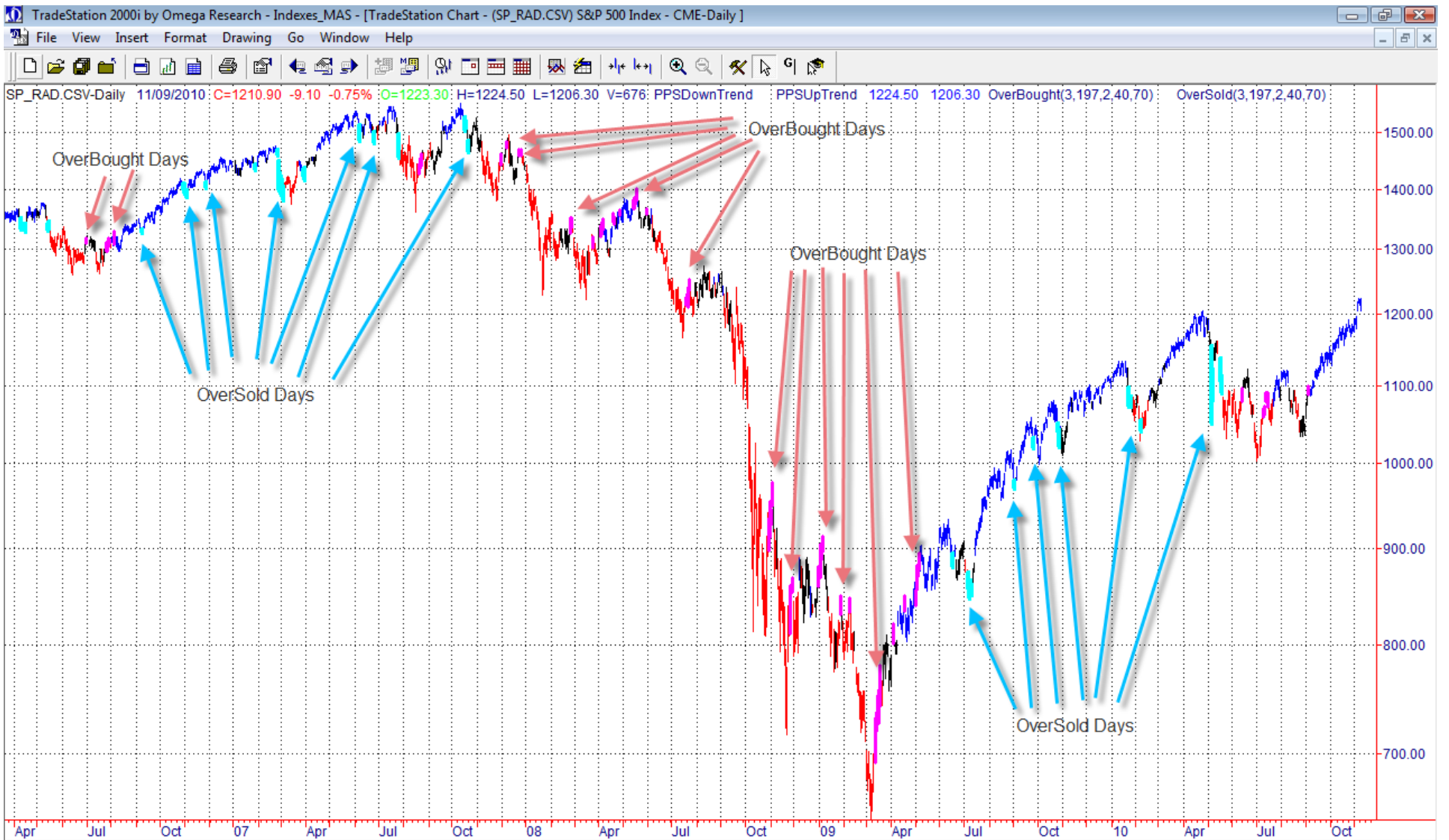
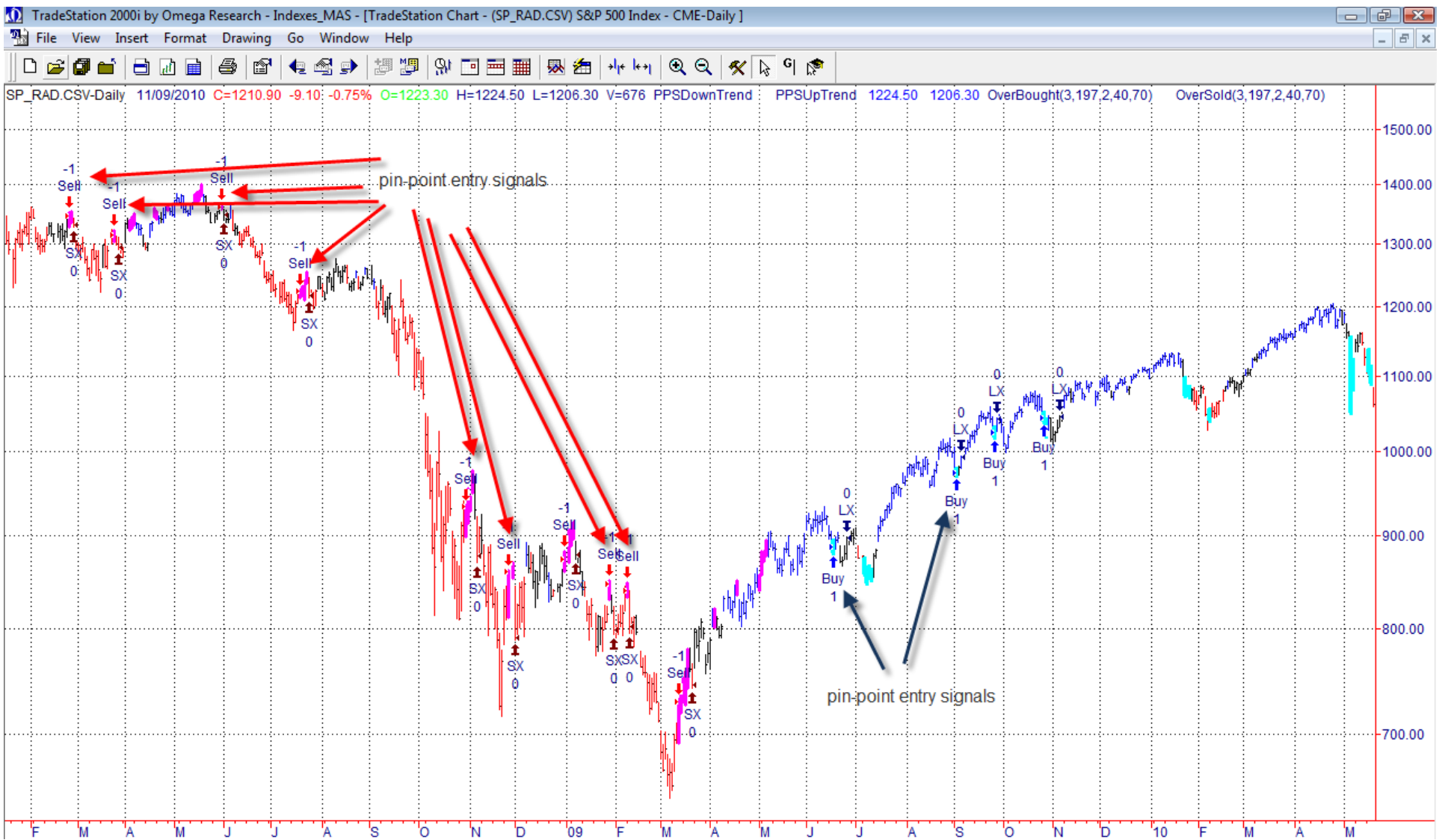


Figure 2. Japanese Candlestick chart of the S&P 500 Index with TTC's Up-Trend & Down-Trend, and Over-Bought/Over-Sold Color-Bars. PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

We first apply our up-trend & down-trend bar coloring (red=down-trend, blue=uptrend), and our over-bought & over-sold bar coloring (magenta=overbought, light blue=oversold) to a Japanese candlestick style chart. Similar to an infra-red lens, the hottest (best) entry-points for trades begin to emerge.



PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

We next apply our proprietary trading system to the chart. This chart shows trade entries and exits for futures trades. Based upon back-testing results, this system realizes 70-76% winning trades in all financial futures markets tested. Since financial markets historically only spend 35+% of the time trending, and the other 65% of the time the markets trade in a back-and-fill / sideways manner, we utilize structured option trades instead of only futures contracts.

Meet the Manager



James Taylor
Portfolio Manager

Mr. Taylor graduated in December 1985 from Purdue University, Hammond, Indiana with a Bachelor of Science degree in Computer Science, and an MBA from the University of Illinois, Chicago, in 1989, majoring in finance and economics. Upon graduation he founded Advanced Custom Software (ACS), a software consulting firm that specialized in building custom solutions for the financial sector. Some of the systems that ACS has built include: a stock pricing and selection system for Wellington Management -- enabling portfolio managers and analysts to scan thousands of securities to identify potential trading opportunities, mortgage-backed security

pricing calculator for Banc of America Securities, a portfolio management system and equity derivative trading system for Wells Fargo Capital Markets, and a bond amortization model for the Federal Home Loan Bank of SF, to name a few.

Mr. Taylor has been an active trader since August 1995, testing his methods and skills in the stock, futures, and options markets. Mr. Taylor is a trained technical market analyst with 15+ years experience building automated market-timing/trading systems; experienced in inter-market analysis, trend analysis, probability theory, time series analysis, technical and fundamental analysis, derivative pricing, hedging and risk management.

Mr. Taylor serves as President, and Portfolio Manager of Tech Trading Corporation which was formed in September, 2002. Tech Trading Corporation has been registered with the National Futures Association (NFA) and the Commodity Futures Trading Commission (CFTC) as a CTA since September 05, 2002.

Tech Trading Corp. Offers....

- **An alternative to risky stock and bond investments**

The TTC portfolio offers exposure to markets not normally available in traditional asset classes. This provides the opportunity to generate returns when other asset classes, such as stocks and bonds, suffer.

- **Sound investment philosophy**

- **Defined risk control measures**

- **Potential to profit in any economic climate**

- **Transparency not normally available with many alternative investments**

Program Fees and Expenses

TTC charges clients a .166% monthly management fee (2% annually) and a monthly incentive fee equal to 20% of New Net Profits.

Performance

PERFORMANCE INFORMATION – CUSTOMER ACCOUNT PERFORMANCE

NAME OF CTA.....	Tech Trading Corporation.
Inception of Trading for Advisor.....	October 2003
Name of Trading Program.....	Maximum Alpha Program
Inception of trading pursuant to Program.....	May 2011
Number of accounts currently traded by Program.....	5
Total assets managed pursuant to Program.....	\$149,000
Assets currently under management.....	\$149,000
Worst monthly percentage drawdown.....	(20.76%) Aug 2011
Worst peak to valley percentage drawdown.....	(31.41%) May 2011 – Aug 2011
Number of profitable accounts opened and closed.....	N/A
Range of returns experienced by profitable accounts.....	N/A
Number of losing accounts opened and closed.....	N/A
Range of returns experienced by unprofitable accounts.....	N/A

YEAR-TO-DATE

23.71% ↑

DEC 2.07%

Min. Investment	\$ 25k	Inception	May 2011	Assets	\$ 149k
Mgmt Fee	2.00%	Sharpe (RFR=1%)	0.70	Worst DD	-31.42
Perf Fee	20.00%	CAROR	-	S&P Correlation	-0.16

[🔔 Add Alert](#) |
 [➕ Add to Blender](#) |
 [➕ Add to Portfolio](#) |
 [➕ Add to Watchlist](#) |
 [🖨 Print](#) |
 [📄 Export](#)



PERFORMANCE

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	DD
2011					-0.41	-5.79	-7.75	-20.76	24.58	-3.44	46.91	2.07	23.71	-31.42

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. THE RISK OF LOSS IN TRADING COMMODITY FUTURES, OPTIONS, AND FOREIGN EXCHANGE ("FOREX") IS SUBSTANTIAL.

	Customer Acct. Perf.
Customer Account Performance (05/2011 -12/2011)	23.71 %
1 Year Return	23.71 %
3 Year Return	N/A %
5 Year Return	N/A %
Profitable Percentage (Months >= 0)	37.50 %
Highest 12 Month Return	82.45 %
Lowest 12 Month Return	51.28 %
Average Annual Return	23.71 %
Average Monthly Return	4.43 %
Highest Monthly Return	46.91 %
Lowest Monthly Return	(20.76) %
Average Monthly Gain	24.52 %
Average Monthly Loss	(7.63) %
Standard Deviation (Annual)	0.00 %
Loss Standard Deviation (Monthly)	7.83 %
Win Standard Deviation (Monthly)	20.88 %
Sharpe Ratio (Annualized)	0.00 %
Maximum Drawdown	(31.41) %
Maximum RunUp	48.32 %

Instruments Traded: S&P Index Futures, T-Bond Futures,
Options on S&P Index, Options on T-Bond Futures

**performance return is net of the standard 20% incentive fee.

PERFORMANCE INFORMATION – PROPRIETARY ACCOUNT PERFORMANCE

NAME OF CTA..... Tech Trading Corporation.
 Inception of Trading for Advisor..... January 2009
 Name of Trading Program..... Maximum Alpha Program trading proprietary funds
 Inception of trading pursuant to Program..... January 2009
 Number of accounts currently traded by Program.....2
 Total assets managed pursuant to Program.....\$188,000
 Assets currently under management..... \$70,000
 Worst monthly percentage drawdown..... (21.81%) Nov 2009
 Worst peak to valley percentage drawdown..... (35.02%) Jun 2009 – Aug 2009
 Number of profitable accounts opened and closed..... 1
 Range of returns experienced by profitable accounts..... 64% - 322%
 Number of losing accounts opened and closed..... 0
 Range of returns experienced by unprofitable accounts..... N/A

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2010	(9.60)	16.18	(3.79)	(3.12)	39.11	15.15	13.62	16.24	(9.26)	(14.58)	20.11	(5.37)	82.45 %
2009	43.72	31.17	(4.88)	(15.94)	10.43	(5.23)	(17.09)	(12.70)	0.06	34.77	(21.81)	25.66	51.28 %

**performance return is net of the standard 20% incentive fee.

	Proprietary Acct. Perf.
Proprietary Account Performance (01/2009 -12/2010)	133.73 %
1 Year Return	82.45 %
3 Year Return	N/A %
5 Year Return	N/A %
Profitable Percentage (Months >= 0)	50.00 %
Highest 12 Month Return	82.45 %
Lowest 12 Month Return	51.28 %
Average Annual Return	66.87 %
Average Monthly Return	5.95 %
Highest Monthly Return	43.72 %
Lowest Monthly Return	(21.81) %
Average Monthly Gain	22.19 %
Average Monthly Loss	(10.28) %
Standard Deviation (Annual)	22.04 %
Loss Standard Deviation (Monthly)	6.10 %
Win Standard Deviation (Monthly)	12.89 %
Sharpe Ratio (Annualized)	2.90 %
Maximum Drawdown	(35.02) %
Maximum RunUp	93.61 %

Starting Equity: \$50,000
Instruments Traded: S&P Index Futures, Interest Rate Futures, Crude Oil Futures,
Options on S&P Index

See TechTrading's DataPoints (factoids and articles that highlight and show patterns in the economy), and the economic report located on www.techtrading.com for more details on the fundamentals of America's economy.