

AlphaSeeker Strategy Introduction

May 2018

KAIZEN ADVISORY LLC

Decades of experience managing portfolios and trading VIX derivatives



Thomas R. Young
PRESIDENT

40 years industry experience
University of Illinois - Chicago Circle

Tom Young is a Managing Member at Kaizen Advisory, LLC. Tom is an accomplished financial services industry veteran with prior experience as an advisor, wholesaler and business owner. As an advocate for "Positive Change" within the investment industry, Tom had the great fortune to help individual investors and business owners. Tom's successful career is the result of collaboration among top advisers and investment managers to create long term investment strategies through sharing his deep industry experience and broad knowledge.



Michael Thompson, CFA
CHIEF INVESTMENT OFFICER

17 years industry experience
BS in Economics,
University of Illinois at Urbana/Champaign

Mike Thompson has over 17 years experience constructing and managing portfolios, including senior roles at William Blair & Company and Northern Trust Company. Mike later provided derivatives modeling and management expertise for a start-up derivatives exchange in Chicago. From 2008 through 2012, Mike co-developed a VIX futures strategy that began trading on a proprietary basis in October 2011. In 2013, Mike began trading the strategy as a principal of Advocate Asset Management, LLC, and subsequently for a registered CTA, Typhon Capital Management. Mike is a member of the CFA Society of Chicago.



Matt Thompson, CFA
DIRECTOR OF RESEARCH

15 years industry experience
BS in Economics,
University of Illinois at Urbana/Champaign

Matt Thompson has over 15 years of securities and futures management experience. Previously, Matt served in business development and financial modeling roles for a Chicago-based start-up derivatives exchange. From 2008 through 2012, Matt co-developed a proprietary VIX futures strategy that began trading in October 2011. In 2013, Matt began trading the strategy as a principal of Advocate Asset Management, LLC, and subsequently for a registered CTA, Typhon Capital Management. Matt is a member of the CFA Society of Chicago.

IMPORTANT DISCLOSURES

Information presented does not involve the rendering of personalized investment advice, but is limited to the dissemination of general information on products and services. This information should not be construed as an offer to buy or sell, or a solicitation of any offer to buy or sell the securities mentioned herein.

This presentation should not be regarded as a complete analysis of the subjects discussed. All expressions of opinion reflect the judgment of the adviser as of the date of the presentation and are subject to change.

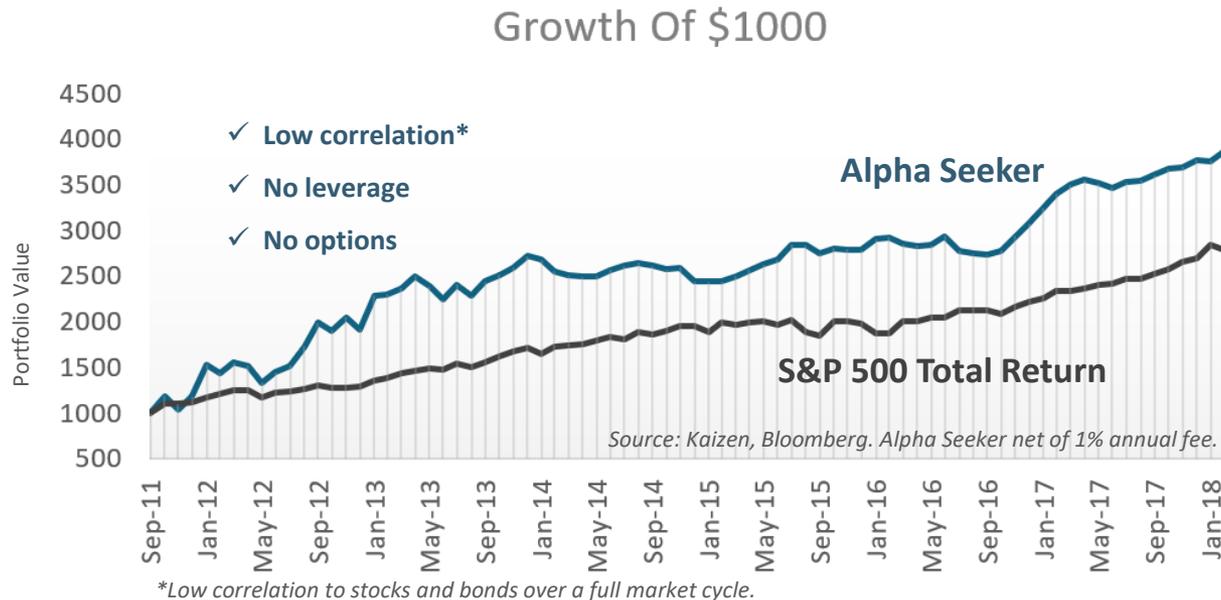
Investments and/or investment strategies involve risk including the possible loss of principal. There is no assurance that any investment strategy will achieve its objectives. For a complete description of investment risks, fees and services review the Kaizen Advisory firm brochure (ADV Part 2) which is available from your Investment Advisor Representative or by contacting Kaizen Advisory.

Investment Advisory Services are offered through Kaizen Advisory, LLC, a Registered Investment Advisor, 1745 S. Naperville Road, Suite 103, Wheaton, IL 60189 – (630) 949-2070.

Additional information about Kaizen Advisory, LLC is also available on the SEC's website at www.adviserinfo.sec.gov. However, please note that registration as an Investment Advisor or Investment Advisor Representative does not imply any level of skill or training.

NON-CORRELATED RETURN FROM THE VIX

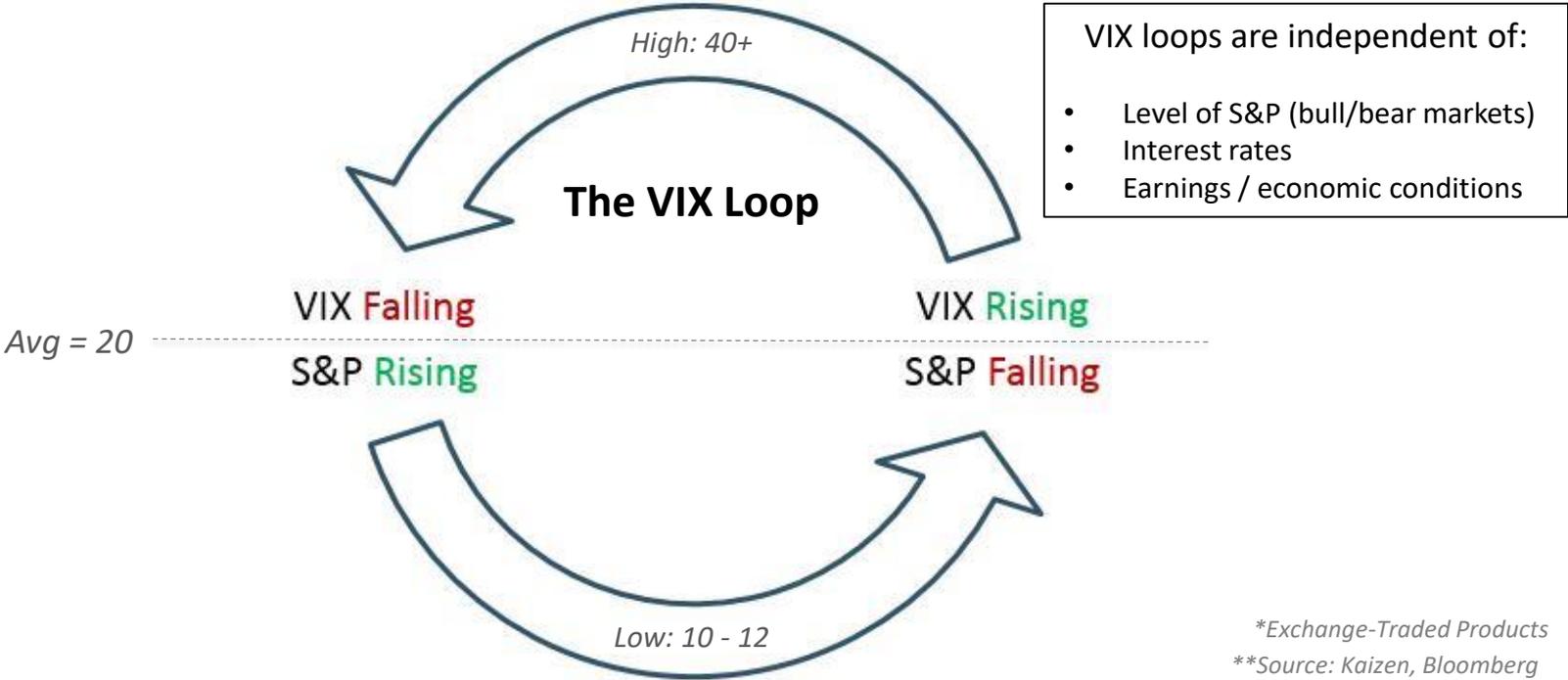
Using a proprietary process, the Kaizen AlphaSeeker strategy trades VIX ETPs seeking to produce returns in multiple market environments. The unique characteristics of the VIX space give the strategy **opportunity for returns** that we call “loops”.



The CBOE Volatility Index® (VIX®) is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices and has been considered by many to be a premier barometer of investor sentiment and market volatility. Kaizen trading inception date is 06/01/2016. Performance results prior to the Kaizen inception date includes accounts managed at another entity. The persons managing the account at Kaizen were primarily responsible for achieving the performance results at the prior firm and the strategy is currently being managed in a similar manner. The S&P 500 Index is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe. It is not available for direct investment. Total Return includes the reinvestment of dividends and capital gains, if any.

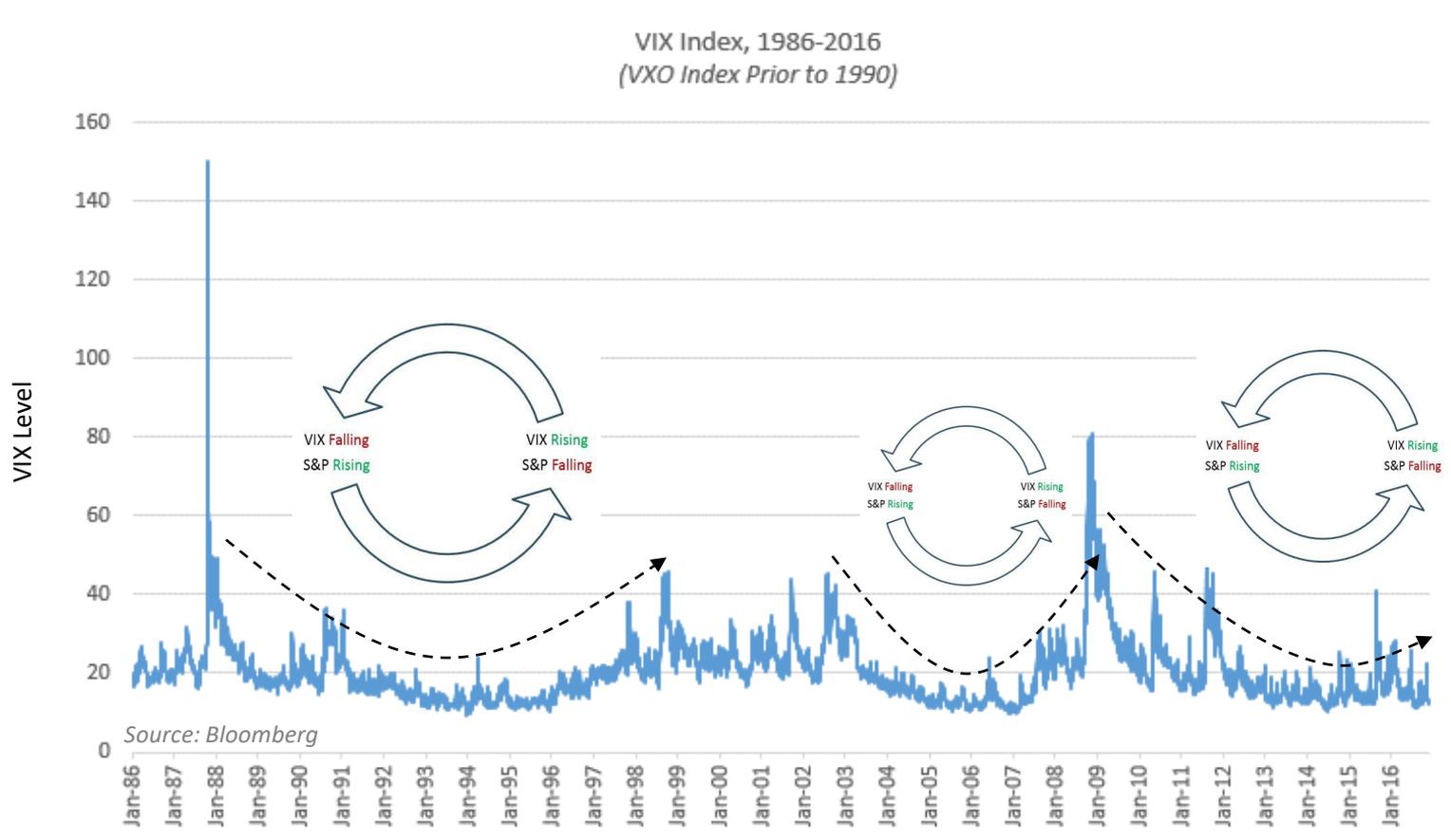
THE VIX IS A CLOSED LOOP

Since it tracks expectations for 30-day variability in the S&P 500, **the VIX Index is a closed loop**- it simply oscillates over and under its long term average price of about 20. Using VIX ETPs*, each loop can be a potential profit opportunity. The pace and size of loops may vary, *but this is all the VIX ever does.***



VIX LOOPS – LONG TERM

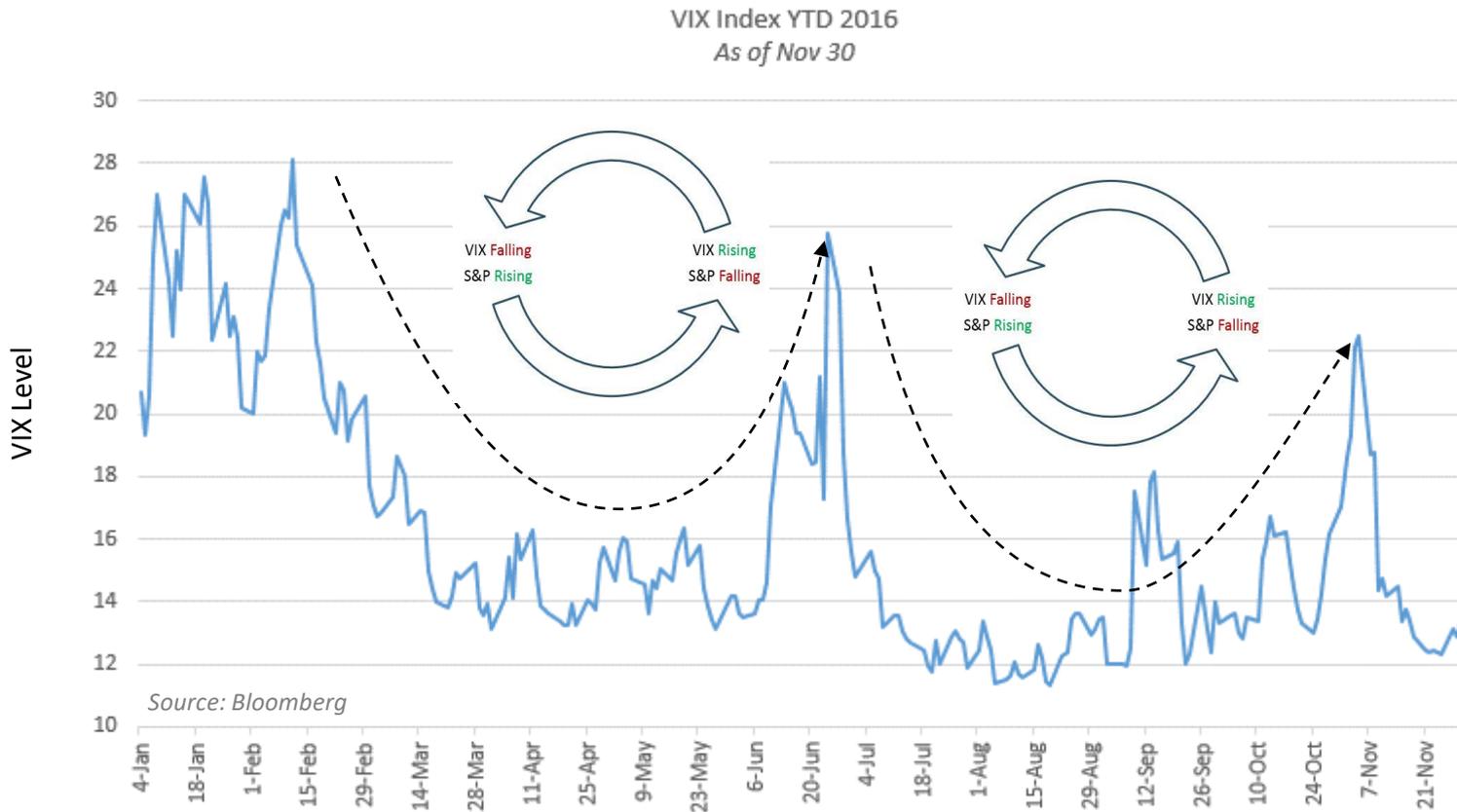
Large VIX loops happen over the course of **years**.



Past performance is no guarantee of future results. This chart is for illustrative purposes only and does not represent actual or future performance of any investment option. Please note that indexes are unmanaged and are not illustrative of any particular investment. It is not possible to invest directly in an index.

VIX LOOPS – SHORT TERM

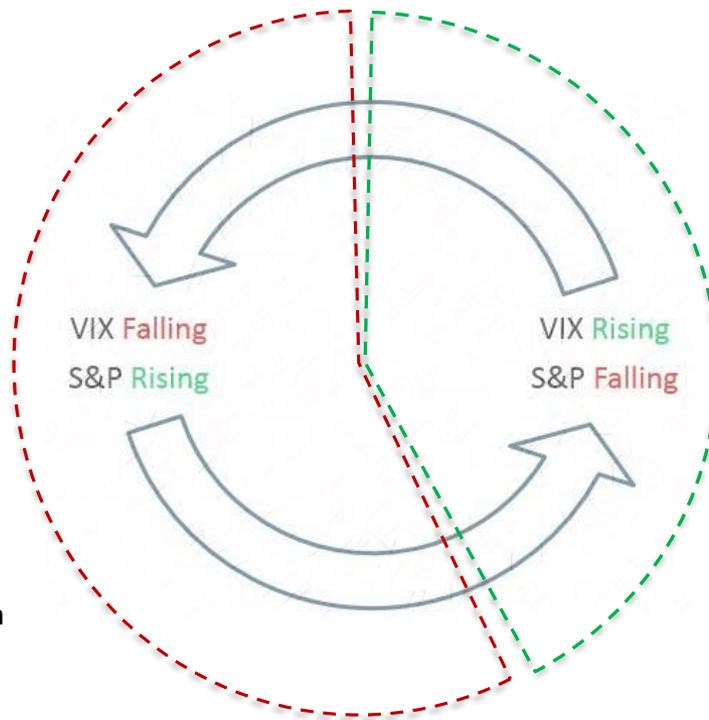
Smaller VIX loops happen over the course of **months**.



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ALPHA SEEKER TRADES VIX BASED ON LOOPS

Alpha Seeker uses VIX and VIX-like ETFs and ETNs to seek profit from VIX loops.



ETPs That Profit From **Falling** VIX

- SVXY:** ProShares Inverse VIX Short Term
- ZIV:** VelocityShares Inverse VIX Med Term
- UPRO:** ProShares UltraPro S&P 500

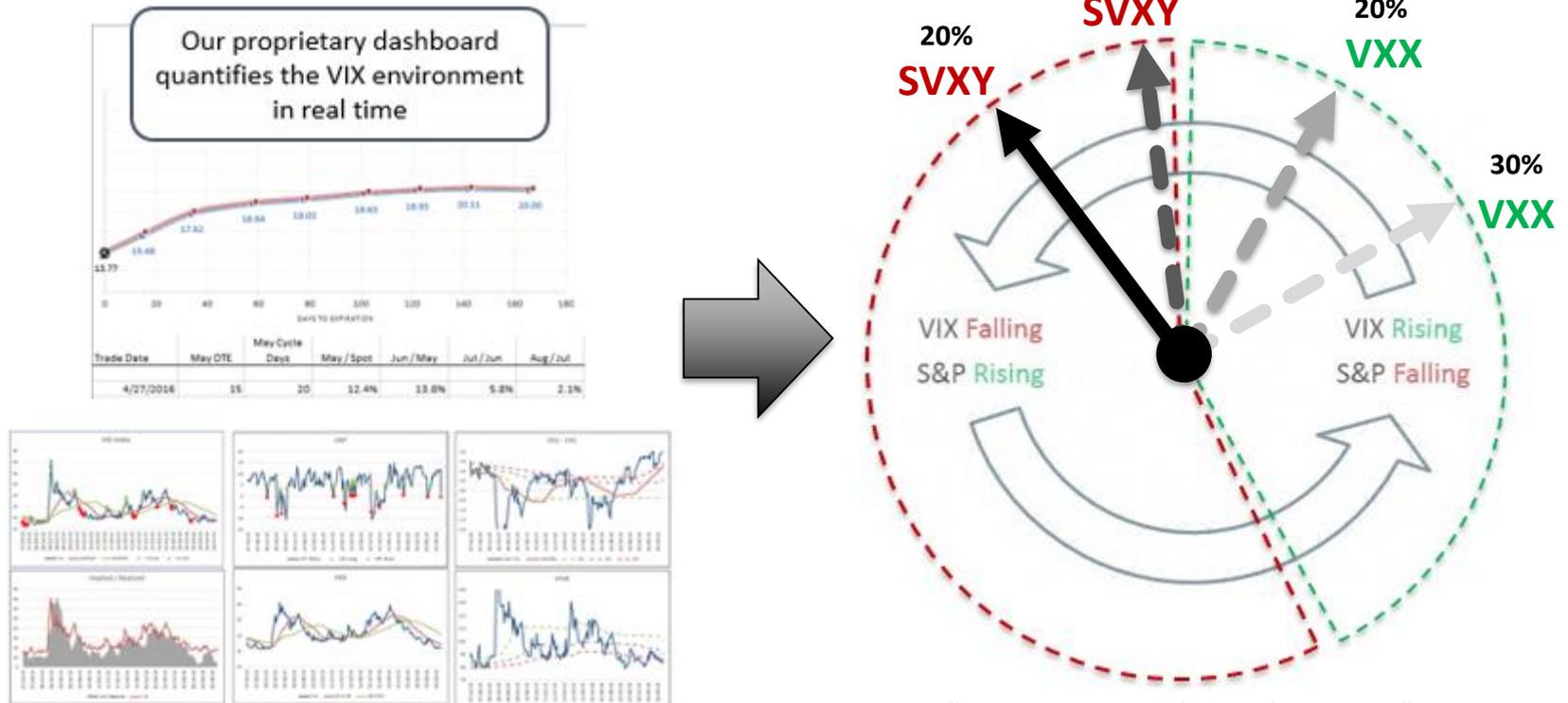
ETPs That Profit From **Rising** VIX

- VXX:** iPath S&P 500 VIX Short Term
- VIXY:** ProShares VIX Short Term
- UVXY:** ProShares Ultra VIX Short Term

Exchange Traded Funds involve risk including possible loss of principal. An investor should consider the Fund's investment objective, risks, charges, and expenses carefully before investing. This and other information is contained in each Fund's prospectus. Please review the prospectus before investing.

INVESTMENT PROCESS

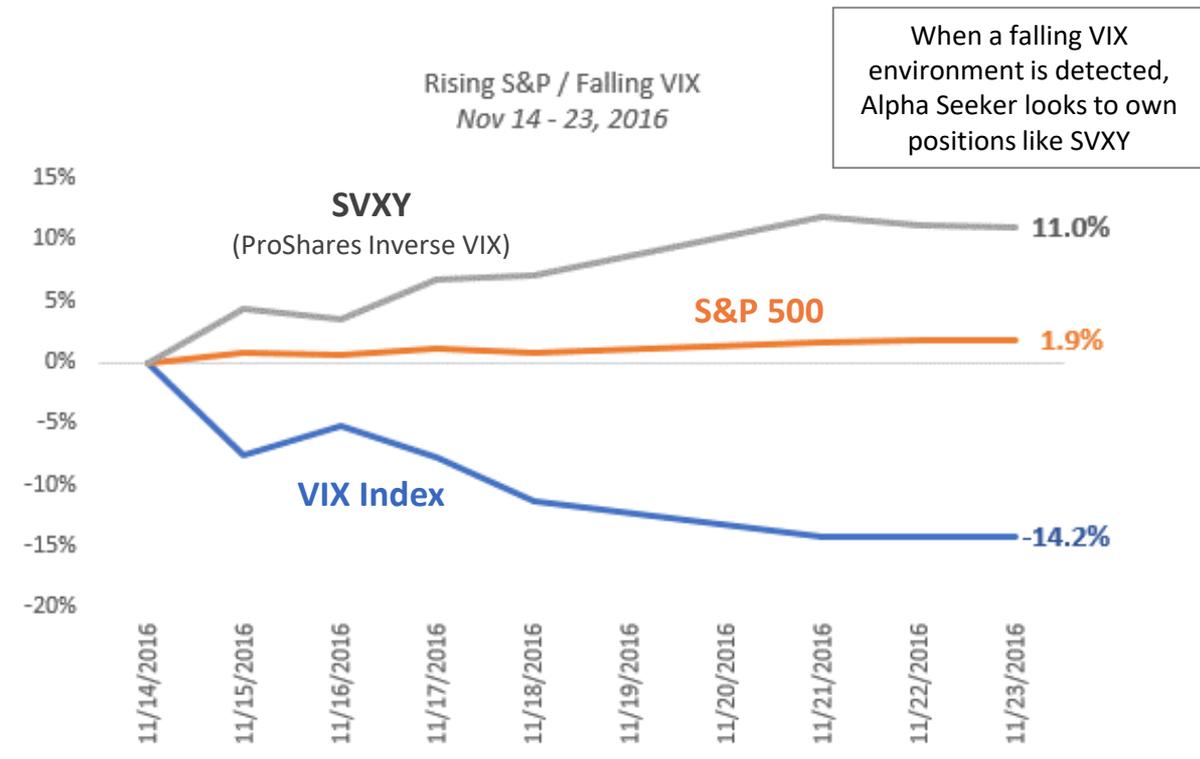
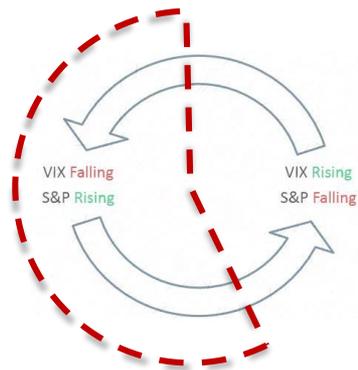
Our process continually quantifies the VIX environment to select the most appropriate position



For illustrative purposes only- actual positions will vary.

FALLING VIX ENVIRONMENT – MOST COMMON

Most often, a rising S&P 500 results in a falling or steady VIX index, which benefits short VIX ETFs.

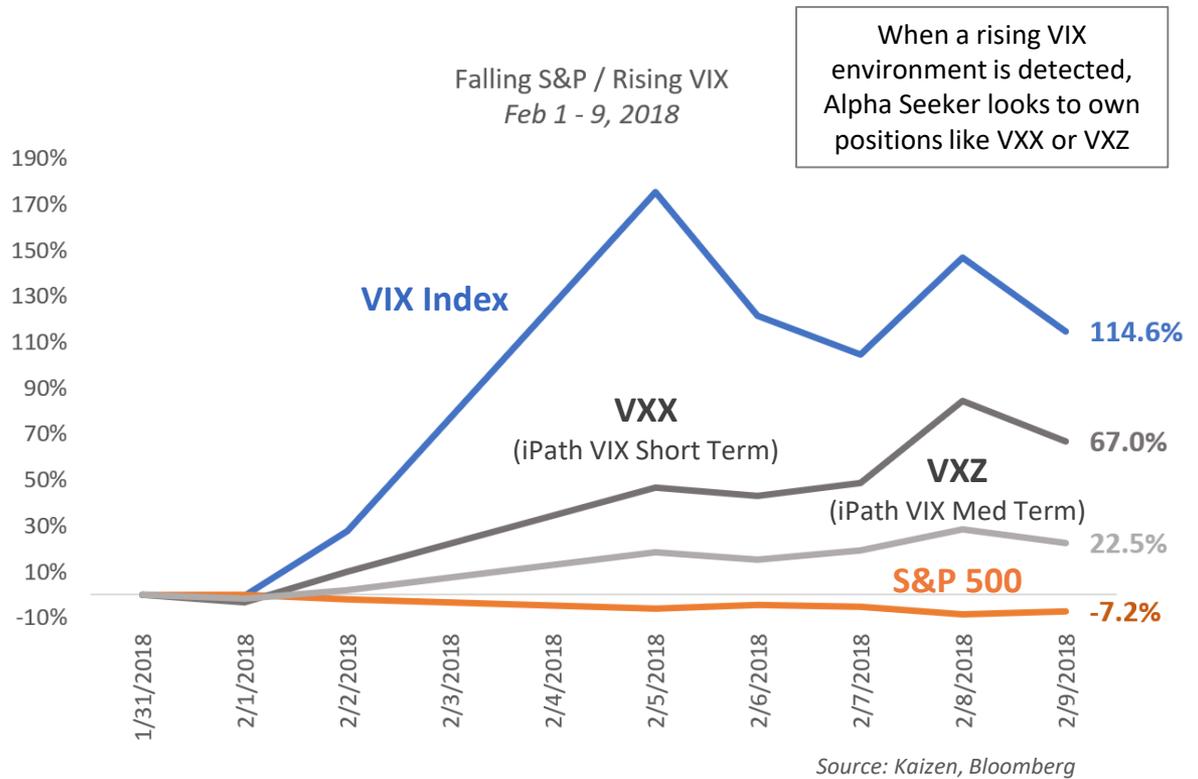
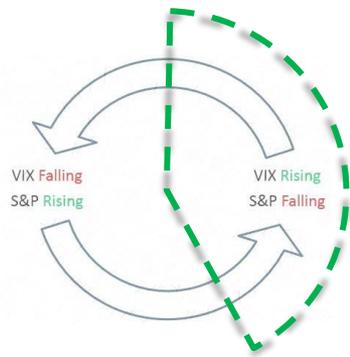


Source: Kaizen, Bloomberg

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RISING VIX ENVIRONMENT – LESS COMMON

Occasionally, a falling S&P 500 pushes the VIX index higher, which benefits long VIX ETFs.

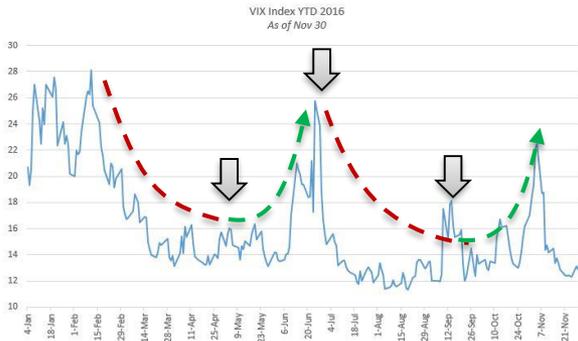


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GOING AROUND THE LOOP: TRANSITION PERIODS

Transition points around the “loop” simultaneously create a challenge and an opportunity for the next profitable trade. This is why Alpha Seeker has historically recovered quickly from drawdowns of all sizes.

2016 Transition Examples



Alpha Seeker drawdowns are typically around these transition points. Importantly, *these transitions also set up the next opportunity* as VIX continues around the loop.

This is why the system’s most profitable periods have been immediately following transitions.



Recovery Examples

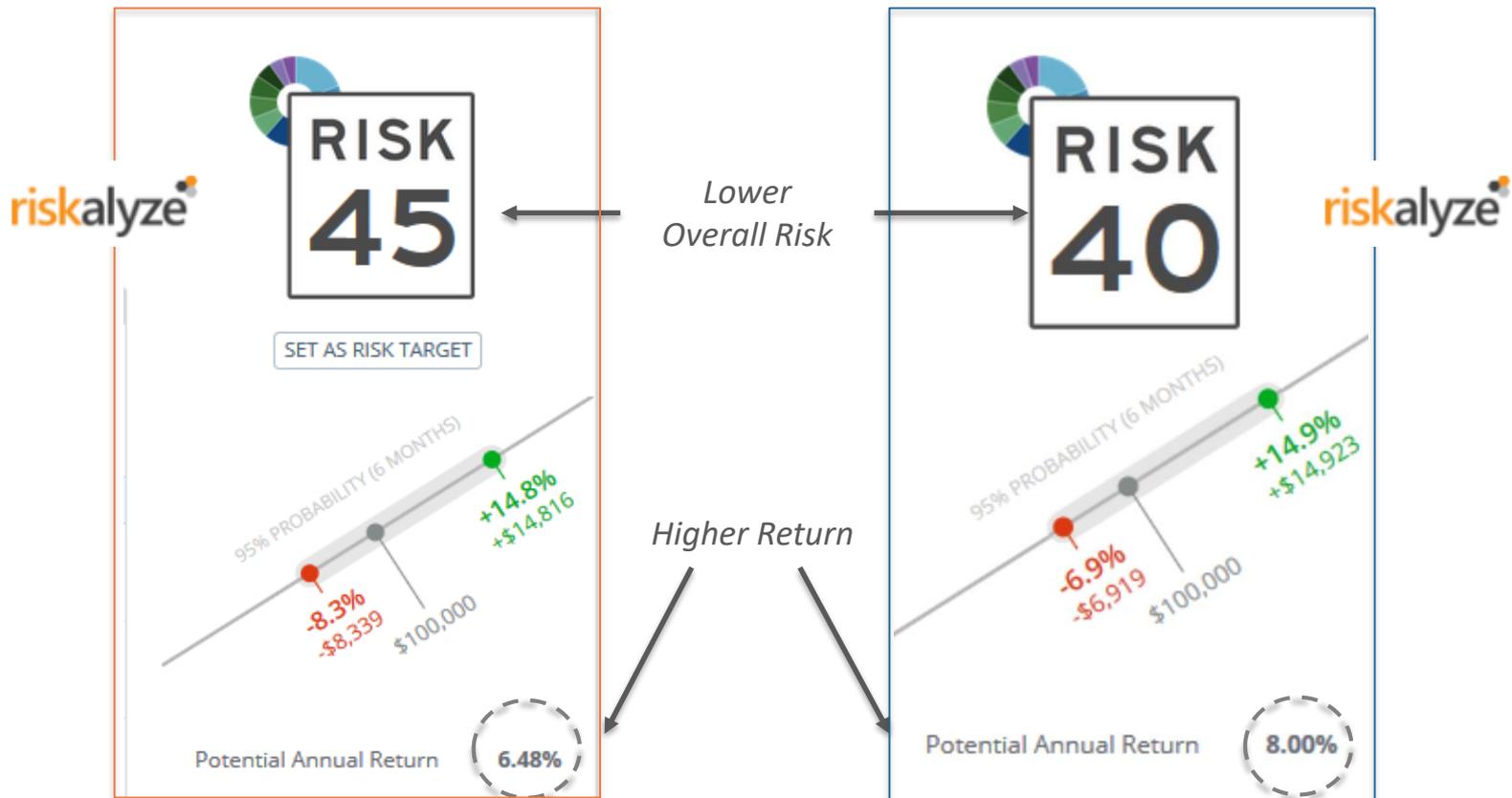
Net Monthly Returns (1% Annual Fee)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2017	5.6%	4.8%	3.0%	1.7%	-1.1%	-1.3%	1.9%	0.6%	1.7%	2.0%	0.6%	2.3%	23.9%
2016	4.4%	0.6%	-2.2%	-0.8%	0.5%	3.5%	-5.3%	-1.2%	-0.4%	1.8%	5.6%	4.9%	11.5%
2015	0.1%	0.1%	2.6%	2.6%	2.5%	2.0%	6.2%	-0.2%	3.0%	2.2%	-0.4%	-0.2%	15.3%
2014	-1.3%	-4.5%	1.9%	-0.3%	0.3%	2.7%	1.9%	1.3%	1.1%	-1.4%	0.8%	-5.8%	-9.4%
2013	19.6%	0.7%	2.8%	5.6%	-4.3%	-6.0%	7.5%	-5.1%	6.9%	3.2%	3.1%	4.9%	43.2%
2012	30.2%	-6.0%	7.7%	-1.8%	-12.4%	8.9%	5.1%	13.9%	14.8%	-4.3%	7.8%	-6.4%	63.7%
2011										19.1%	-12.5%	13.7%	18.5%

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WHAT CAN ALPHA SEEKER DO FOR A PORTFOLIO?

RAISE 360 Moderate

**RAISE 360 Moderate +
10% Alpha Seeker**



IMPORTANT: The projections or other information generated by Riskalyze regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results

GLOSSARY

The shares of an ETF commonly represent an interest in a portfolio of securities that track an underlying benchmark or index. A leveraged ETF generally seeks to deliver *multiples* of the daily performance of the index or benchmark that it tracks. An inverse ETF generally seeks to deliver the *opposite* of the daily performance of the index or benchmark that it tracks. Inverse ETFs often are marketed as a way for investors to profit from, or at least hedge their exposure to, downward-moving markets. Some ETFs are both inverse and leveraged, meaning that they seek a return that is a multiple of the inverse performance of the underlying index. To accomplish their objectives, leveraged and inverse ETFs use a range of investment strategies, including swaps, futures contracts and other derivative instruments. Leveraged and inverse ETFs reset each day and their performance can quickly diverge from the performance of the underlying index or benchmark. In other words, it is possible that you could suffer significant losses even if the long-term performance of the index showed a gain.

Standard Deviation—is a statistical measure of the historical volatility of a portfolio, usually computed using 36 monthly returns.

Sharpe Ratio—is calculated by subtracting the risk-free rate from the rate of return for a portfolio and dividing the result by the standard deviation of the portfolio returns. The greater a portfolio's Sharpe ratio, the better its risk-adjusted performance has been.