



ENGINEERING FINANCIAL PRODUCTS FOR VOLATILE TIMES





U.S. EQUITY INDEX INCOME & PROTECTION FUND



HEDGE FUND LANDSCAPE
PRIVATE EQUITY INVESTOR
OPPORTUNITY

- Despite net outflows, hedge funds' AUM was set to make a new all-time high in 2021 <\$4T; even in the 1st-quarter of 2021, the year was already expected to be one of the best in years for cap raising¹.
- Since 2008, investors have searched for smaller managers who cater to niches, preferably those offering hedges to conventional assets.
- Hedge fund investor preferences continue to skew towards strategies that reduce portfolio volatility, as seen by the recent years' y/y increases in asset protection strategies.
- Existing funds that use option writing programs primarily to generate income could underperform the Strategy in a bear market. They potentially represent pools of capital that GAI may cannibalize, due to the Strategy's more market-timely approach of incorporating a bear market hedge.

¹ <https://valuwalkpremium.com/2021/01/top-hedge-fund-industry-trends-for-2021/>

TARGETS

- Regarding the U.S. Index Income & Protection Fund, the Strategy's engineering aims to achieve 65-95% profits subsequent to bear market-style quarterly *declines of 8-10%*
- Formula targets gains of 5-15% following bullish quarters
- The Precious Metals High Yield Bull Strategy includes a 15% high water mark.





DRAWDOWNS ENGINEERED TO BE FEW AND MUTED

The Strategy *only deploys 20% of the fund's book value*
(profits not reinvested)



BACKTESTS

- Based on CBOE tick data in aim to emulate month-end statements
- Study predominant market patterns that occur over the longer term
- Engineering of rules-based Strategy aims to be geared for *all market cycles*



EQUITY STAKE & FUND INVESTMENT

- ☐ **Angel** investor's fund fees deeply discounted, after targeted return is realized, coupled with guaranteed capacity
- ☐ Early **fund** investors' fees also sharply discounted, along with guaranteed capacity



TERMS

- No lock-up period
- 7-day redemption
- Regular management and performance fees: 1.85 + 20% (capped expenses: 0.45%)
- A financial product for volatile times*

* https://globalalternativeinvestments.com/assets/TERMSHEET_US_Equity_Index_Income_and_Protection52941.pdf



NEW PRODUCTS

- GAI's first wholly differentiated fund concept* was a structured product engineered to benefit from the outperformance of the precious metal stocks versus the broad indexes, coupled with an eruption from historically low levels in their respective volatility indicators.
- With the notable changes in the VXSLV and the VIX, an “updated” strategy could be found in an as-yet unoffered vehicle that would be engineered to benefit from the outrageous premiums that exist in the listed PM indices.
- The Precious Metals High Yield Bull Strategy includes a 15% high water mark

* https://www.globalalternativeinvestments.com/assets/TERMSHEET_PM_HIGH_YIELD_BULL_FUND.pdf

NEW PRODUCTS (cont'd)

- Utilizing different option writing strategies, extraordinary annual returns could be achieved while providing timely diversification. Employing a program that is uncorrelated to the performance in common stocks, the Precious Metals High Yield Bull Strategy should trend asymmetrically to the S&P on intermediate term bases.
- GAI has been secularly bullish on the precious metals since 2002, including the 2020 forecast that silver would rally \$10 from the 2019 low. The outlook for the metal continues to be prices dramatically higher than the 1980 and 2011 peaks at \$50.

KEY BIOGRAPHY

LEAD MANAGER - SID KLEIN

- Widely recognized industry veteran since 1982
- Identified 2020 & 2021-22 peaks, with forecasts for 10,000-point Dow declines in each case
- Forecasted & identified major highs and lows in multiple international markets and asset classes since 1990
- Historical and more recent reports [linked here](#)*

* <https://www.globalalternativeinvestments.com/wordpress2/articles-2/>





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