



Performance Report – February 2018

Past performance, monthly reviews and investment cases are provided for the following:

- Volatility Strategy
- Conservative Volatility Strategy
- Traditional Asset Strategy
- Comprehensive Portfolio Strategy



February 2018

February 2018 proved to be one of the most volatile months markets have seen in recent history. We saw an average VIX close of 22.51 versus an average VIX close of 11.09 for all of 2017. February 5th was the worst day of the month, as the S&P 500 fell 4.27% and the VIX spiked to 37. All in all, the S&P 500 fell 3.89% during February. Fears were brought about by rising interest rates and questions regarding the Fed's outlook.

On February 5th, VIX futures spiked during after-hours trading, which led to an eventual plummeting from XIV and SVXY. On the day, the two products fell well over 80%. Unfortunately, XIV was terminated. SVXY became the only inverse volatility fund that tracks the front two months of the VIX term structure remaining. Later on in the month, SVXY's leverage was abruptly adjusted to -.5x from -1x. This shift will lead to a less volatile product that will have a much smaller probability of being terminated than XIV. Our strategies will continue to trade as usual.

The end of February was marked by President Trump's announcement of steel and aluminum tariffs. Markets took a beating before week's end. As of now, the President has continued to emphasize his insistence on implementing additional tariffs over the weekend, so markets have not had the opportunity to respond.

February 2018 was a rough month for US markets, so how did the family of BCK Strategies perform?

The Volatility Strategy and the Conservative Volatility Strategy avoided all the drama and remained in cash for the duration of the month (versus -90% performance from SVXY). The strategies are highly sensitive to underlying market shifts and have performed as anticipated. We say this all the time, but it is critical to understand the short volatility trade before participating. There is too much risk to trade blindly.

The Traditional Asset Strategy, our core holding in the Comprehensive Portfolio Strategy, positioned itself in bonds and gold throughout the month. As the S&P 500 fell 3.89%, our Traditional Asset Strategy gained 1.75% in value. The strategy is built to perform steadily during choppy markets and eventually profit when markets begin to freefall. During live trading, the Traditional Asset Strategy has returned 13.11%, while the S&P 500 has returned 8.01%.

The Comprehensive Portfolio Strategy (50% Traditional Asset, 25% Volatility, 25% Conservative Volatility) notched a .88% gain and is up 22.6% during live trading.

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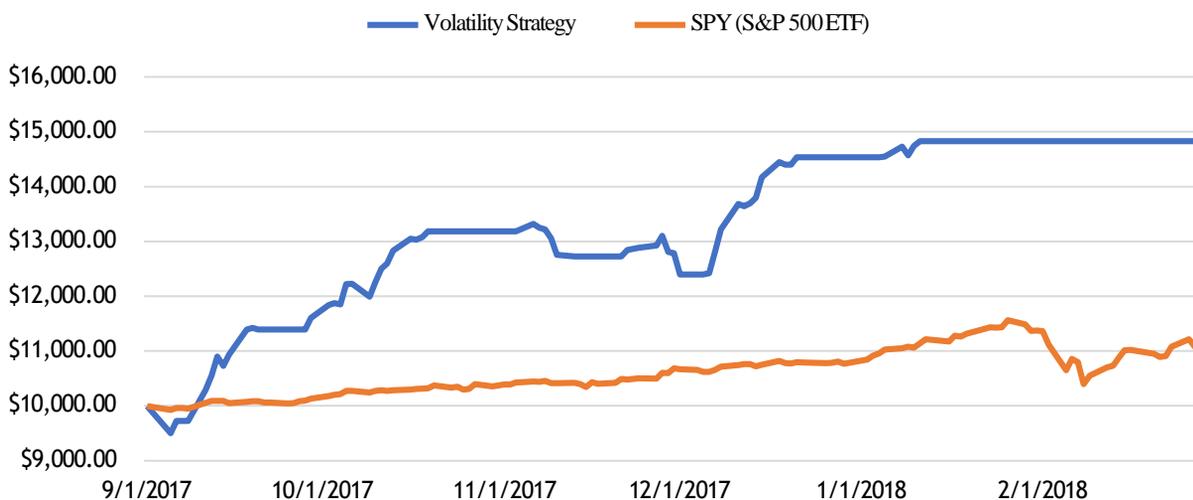
Volatility Strategy

Live performance since September 2017

The Volatility Strategy trades the ETNs/ETFs SVXY and VXX. SVXY seeks to track the .5x inverse of the performance of a synthetic 30 day weighted VIX future. VXX, on the other hand, seeks to track the performance of a synthetic 30 day weighted VIX future. These products are volatile, so a forward-looking strategy must focus on risk management above all else. Volatility is more predictable than day-to-day returns of the S&P 500 and this trend will, in all likelihood, continue.

The strategy aims to beat benchmark returns over a complete market cycle. While this is attainable in the volatility industry, maintaining these returns while reducing risk is the challenge. The strategy uses proprietary volatility signals to determine ideal market conditions for long volatility/short volatility trades. These signals are designed to adapt to any market condition, as we strive for performance over a long time horizon.

Volatility Strategy – Live Performance



Live Performance Report - Volatility Strategy

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2017	-	-	-	-	-	-	-	-	16.08%	13.60%	-3.00%	13.68%	45.42%
2018	2.00%	0.00%											2.00%

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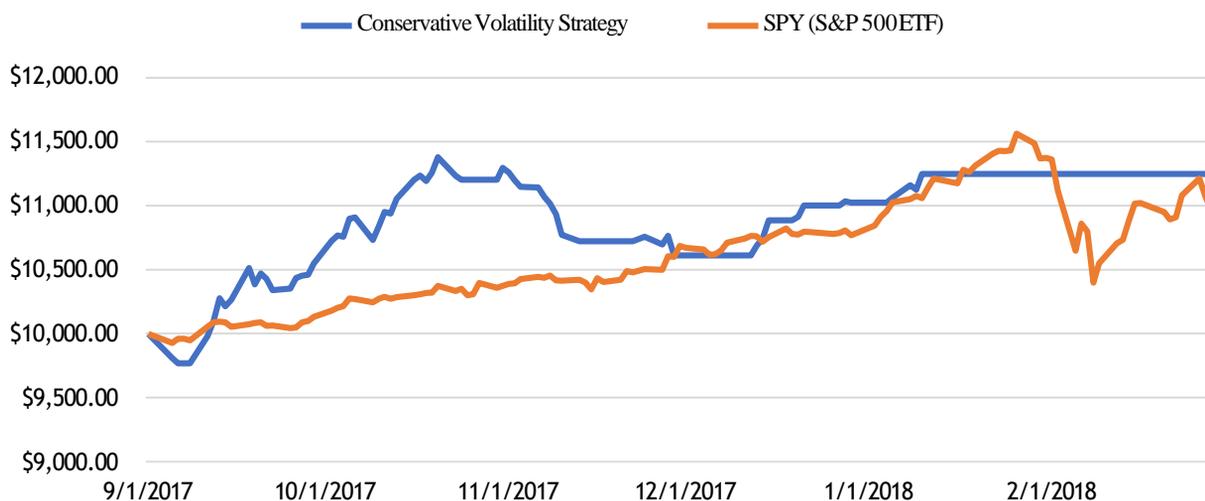
Conservative Volatility Strategy

Live performance since September 2017

The Conservative Volatility Strategy trades the ETNs/ETFs ZIV and VXZ. ZIV seeks to track the inverse of the performance of a synthetic 4th-7th month weighted VIX future. VXZ, on the other hand, seeks to track the performance of a synthetic 4th-7th month weighted VIX future. These products are less volatile than XIV and VXX, but still volatile, so a forward-looking strategy must focus on performance and risk management.

Volatility is more predictable than day-to-day returns of the S&P 500 and this trend will, in all likelihood, continue. The strategy aims to beat benchmark returns over a complete market cycle. While this is attainable in the volatility industry, maintaining these returns while reducing risk is the challenge. Our strategy uses volatility signals to determine ideal market conditions for long volatility/short volatility trades. These signals are designed to adapt to any market condition, as we strive for performance over a long time horizon.

Conservative Volatility Strategy – Live Performance



Live Performance Report - Conservative Volatility Strategy

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2017	-	-	-	-	-	-	-	-	5.51%	7.08%	-6.06%	3.89%	10.26%
2018	2.03%	0.00%											2.03%

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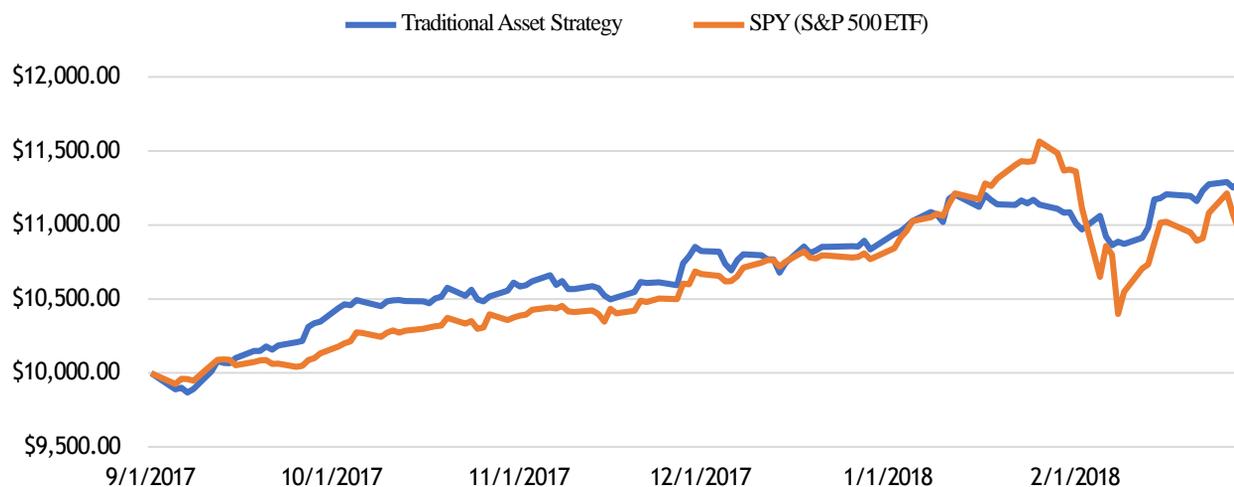
Traditional Asset Strategy

Live performance since September 2017

The Traditional Asset Strategy trades the ETNs/ETFs MDY, IEF, and IAU. MDY seeks to track the performance of the S&P Midcap 400. IEF seeks to track the returns of 7-10 year US Treasury Bonds. IAU aims to reflect the returns of the price of gold. These benchmarks can be purchased interchangeably to enhance returns while trading traditional assets.

Volatility is more predictable than day-to-day returns of the S&P 500 and this trend will, in all likelihood, continue. Having said that, there is a strong correlation between equities, bonds, gold, and volatility. Because of this, the Traditional Asset Strategy uses volatility signals to determine ideal market conditions for long equity, long gold, and long bond trades. This strategy aims to beat benchmark returns over a complete market cycle. These signals are designed to adapt to any market condition, as we strive for performance over a long time horizon.

Traditional Asset Strategy - Live Performance



Live Performance Report - Traditional Asset Strategy

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2017	-	-	-	-	-	-	-	-	3.48%	2.55%	2.26%	-0.14%	8.36%
2018	2.31%	1.75%											4.10%

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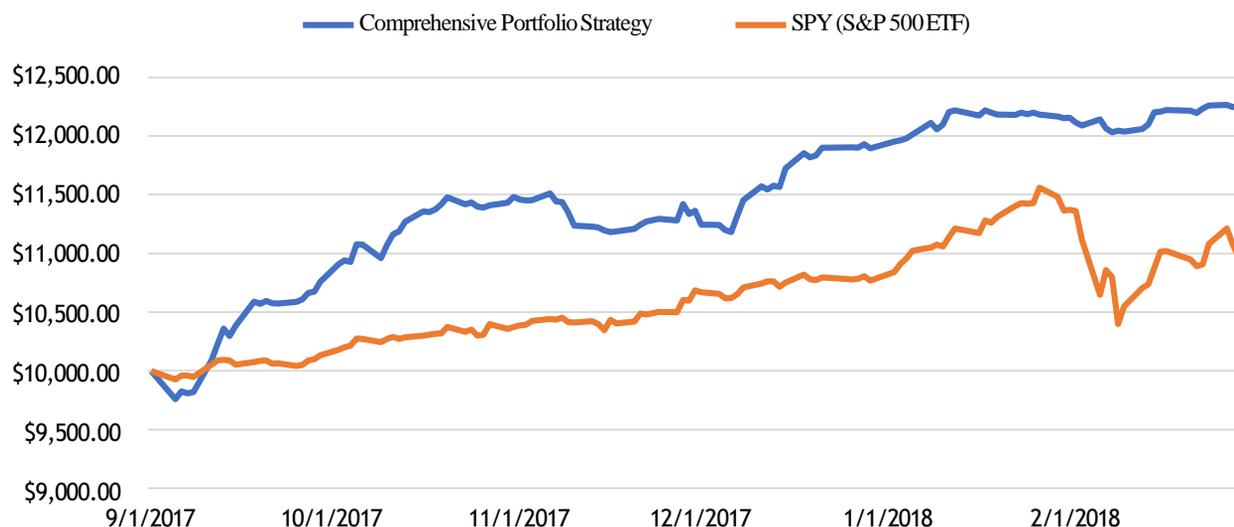
Comprehensive Portfolio Strategy

Live performance since September 2017

The Comprehensive Portfolio Strategy combines the Volatility, Traditional Asset, and Conservative Volatility strategies into a single, diversified portfolio. The weightings for each strategy are as follows: 50% allocated to the Traditional Asset Strategy, 30% allocated to the Volatility Strategy, and 20% allocated to the Conservative Volatility Strategy.

The Comprehensive Portfolio Strategy aims to reduce risk by diversifying across strategies. In addition, the strategy aims to beat benchmark returns over a complete market cycle.

Comprehensive Portfolio Strategy – Live Performance



Live Performance Report - Comprehensive Portfolio Strategy

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2017	-	-	-	-	-	-	-	-	7.61%	6.70%	-1.02%	4.69%	18.98%
2018	2.17%	0.88%											3.07%

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