

SafeMoneyMetrics®



A Mini Managed Futures Course For Advisors

Also read the [Mini Course for Investors](#). It describes a non-traditional allocation process pertinent to all investor accounts.

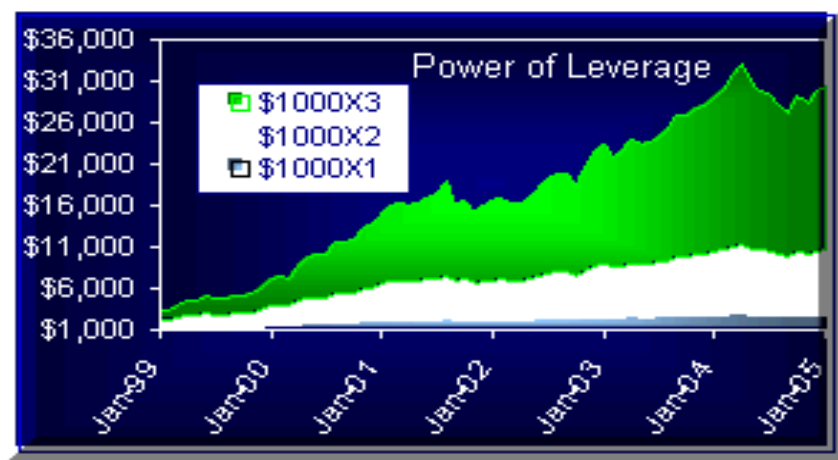
This course can be passed to anyone that you believe can benefit; especially financial service professionals. Your simple act of passing this course along can help more people make wiser decisions.

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ALL MATHEMATICAL EXAMPLES USED IN THIS DOCUMENT ARE HYPOTHETICAL AND USED FOR EDUCATIONAL PURPOSES. THEY ARE DELIBERATELY OUT DATED AND NOT RELATED TO ANY INVESTMENT OR TRADING STRATEGY OFFERED BY SANCTITY. OUR INTENT IS TO INCREASE YOUR KNOWLEDGE BY CREATING COMFORT. THIS INFORMATION IS NOT A SOLICITATION FOR INVESTMENT. INVESTMENTS CAN ONLY BE MADE WITH DISCLOSURE DOCUMENTS.

This is not a solicitation for investment.



Increase Your Revenue and Market Share

Knowledge offered in the [mini course for investors](#), is an essential part of a business development process. When you start using our services, the mini course is adapted to represent a composite investment offered only by you. (Your unique value offered to the marketplace).

At this point, managed futures have now become a good business partner. They have power to facilitate growth of your traditional fee based revenue. SafeMoneyMetrics® can be used to generate media coverage. If not already done, read the [Why You Benefit](#). SafeMoneyMetrics® is a compelling risk management strategy. When applied to a local public relations campaign, you can attract new business that would have otherwise been impossible to develop!

Enjoy the work. We look forward to all comments and questions.

Always Wising You Profit and Peace of Mind,
Marlee-Jo Jacobson/founder

A Foundation of Understanding

A hedge strategy is constructed by first quantifying the risk and objectives associated with a company's cash market needs. Futures are then used **ONLY** to stabilize or reduce price risk associated with the strategy.

Success is quantified by integrating the composite results of both the futures and cash market positions. This is the original and only economic purpose of futures. Managed Futures and Options are a by- product or indirect application emanating from the fundamental purpose of each market.

Any financial market is originally established to fulfill a basic economic need. Without fundamental need any market would be non-existent. Markets were NOT created to speculate or be used as by-products.

Futures parallel that simple fact!

Stocks and bonds are instruments used to raise capital for company growth. Again without basic need, both would be non-existent. Mutual funds and other investments exist as an by-product of the market's fundamental purpose.

Any financial instrument founded upon a basic need for economic stability has evolved into an investment with the potential to produce similar results for investors. Managed futures parallel the path of tradition and hold their place of honor within the spectrum of investments.

We believe that anything less than a composite approach to managed futures is speculation, rather than healthy management of risk. We suggest that you recognize the difference before approaching these markets.

Beliefs Determine Our Degree of Success

Two Points of View

FACT: Consciousness is energy and can never be separated from the deed. Simply stated, our thoughts and beliefs are energy. That energy constantly transforms itself into physical events. 24 hours a day for the duration of our life, energy is constantly being transformed into form and back into energy!

Nothing happens to us, everything happens through us! If our beliefs are inaccurate or in conflict with each other, what kind of physical result will evolve? Think about it!

Below are two lists representing two different belief systems. Each supported by thousands of people successfully living their belief system. Our beliefs are only that, simple beliefs and have no foundation in fact or truth.

POINT: We can dramatically alter our reality by changing our beliefs. The process is FREE!

Self-Limiting Paradigms of Reality

1. Managed futures are dangerous.
2. Managed futures are NOT an investment.
3. People can lose more than their initial investment.
4. Managed futures are high risk.
5. More registrations are required.
6. Fear of excessive litigation
7. **POSSIBLE** opportunity loss on capital allocated to managed futures.

Growth Producing Paradigms of Reality

1. Futures were created to stabilize the volatility of the underlying cash markets.
2. Managed futures are considered an asset class.
3. Managed futures can be structured to offer limited risk.
4. Ignoring prudent asset allocation will increase risk.
5. Registration exemptions exist.
6. All unwanted compliance issues can be eliminated. (It's FREE too!)
7. **PROBABLE** opportunity loss on capital NOT allocated to managed futures.

Our point is that the markets are growing and will continue to grow over the next several decades with or without you. Any negative beliefs you may have about

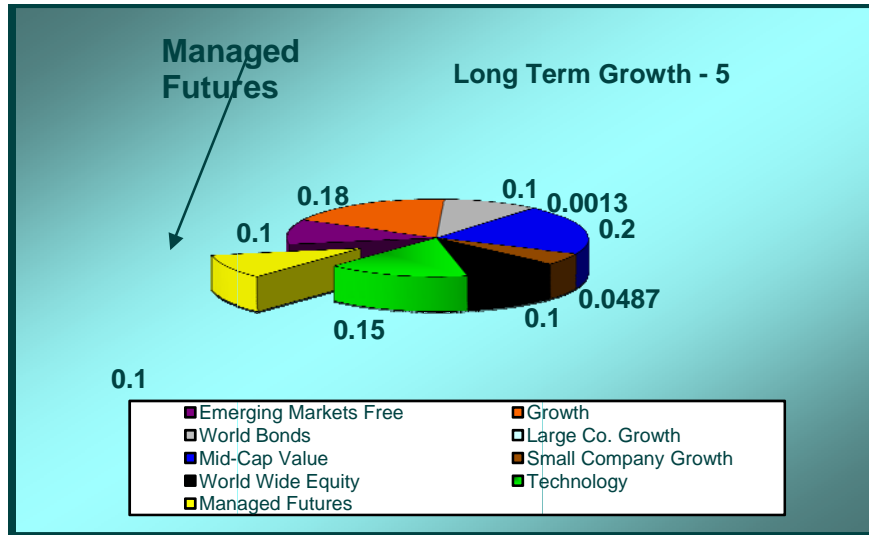
managed futures can be resolved with an open mind and intelligent education. Any experience we have reinforces our current beliefs. If our experience is negative, we need to look for the belief being revealed by the experience and change it!

People and situations only reveal my consciousness. Nothing else is possible!

The Gift of Leverage

The following section focuses on managed futures as an investment. It was taken from the Mini Course For Investors. When you read it remember the following:

Alternative Investments can comfortably represent between 3% and 25% of an entire portfolio. Managed futures and SafeMoneyMetrics® may be new to you and your marketplace. By integrating managed futures into your service capabilities, you can stabilize traditional portfolio risk, increase your traditional fee based revenue and establish unique marketplace positioning.



Managed Futures – A High Point

This section was taken from a Mini Course for Investors!

The greatest attribute of managed futures is that performance movements have no relationship to market movements. You heard that correctly. Markets can go up, down, sideways or do nothing and there is NO relationship between market movements and return potentials.

Careful observation reveals that many investments are marketed using erroneous applications of Modern Portfolio Theory. Specifically, many people perpetuate the degree of correlation between market movements, rather than correlation of performance from those markets.

Who cares how markets correlate? We ONLY need to care about how traders will function under “potentially difficult future market conditions.” Nothing else matters!

Returns in managed futures, have zero correlation to returns of any other investment, and that includes any hedge fund that does not already include

managed futures. That's because of how capital and time are used with futures relative to other investments.

It can ALWAYS be PROVEN that inclusion of managed futures into any traditional or hedge fund investment will ALWAYS reduce composite portfolio volatility. Managed Futures have the CAPACITY to increase composite returns and reduce total risk exposure.

Remember: The words "always can be PROVEN" does NOT guarantee future profitability of any investment. It does improve the return potential of an intelligently diversified portfolio under unknown futures market conditions.

We can avoid the industry because of fear or "hearsay", and deprive ourselves of the unique attributes offered ONLY by managed futures; or we can approach the industry with discrimination and wisdom to allow the good it offers to flow in our direction!

Using Weakness to Create Strength

There is no perfect investment. Each component of the typical portfolio carries clearly defined limitations. For example: Growth Stocks only perform well in a bull market. Bonds present an opportunity for principal loss if the asset is sold (interest rate risk). Cash is not easily accessible in illiquid real estate investments. Energy Partnerships and Stocks are subject to the price risk of underlying oil prices. Hedge funds may be comprised of only illiquid investments. Each investment has its own set of economic and human circumstances that require it to perform. If those circumstances are not present, it affects the entire portfolio.

Substantial financial rewards may be realized by accepting that managed futures are also imperfect but bring their own positive advantages that easily compliment existing investments. The synergy of a well-balanced portfolio reduces risk to the entire structure. Unique benefits of managed futures easily offset the risk of traditional investments.

Total liquidity and skilled use of leverage are considered the greatest benefit of any managed futures strategy. History teaches us that performance and price movement of futures greatly differs from traditional investments during various market cycles and does not track well. The question investors must ask when they survey available capital management vehicles is; **How can I utilize these discrepancies to my advantage?**

Using only 20% or less of your total portfolio automatically considers and reduces the above average risk of using leveraged investments. To fully understand market movements within managed futures, it is necessary to step outside conventional thought and reach towards something more direct, adaptable, liquid and potentially lucrative. Compared to traditional investments that are usually held for one year or longer; high leverage makes futures a tool offering a **time value use of capital** totally unique to investments. Positions within a portfolio may be held anywhere from minutes and hours to days and weeks. A condensed time frame allows us to capitalize on the markets volatility and shorter-term trends to seek long-term capital appreciation.

An ability to integrate an investment with a time value use of capital so distinctive gives you opportunity to incorporate a "Yield Curve Effect" into your entire

portfolio. It is November 2010. Over the past 15 years, facts below were collected. POINT: The managed futures industry is about 30 years old. Originally used by industry insiders, it is now easily available to the general public.

- Goldman Sachs conducted a twenty-five 25 year study concluding that by allocating only 10% of a traditional portfolio to managed futures, investors can vastly improve performance.
- [The Chicago Mercantile Exchange](#) Group concluded "portfolios with as much as 20% of assets in professional management yielded up to 50% more than a portfolio of stocks and bonds alone. The study further stated the increase in performance utilizing futures could be done with comparable risk to using stocks and bonds.
- University of Massachusetts, Dr. Thomas **Schneeweis concluded that:** On a stand alone basis, the risk (standard deviation) of an average individual CTA has no more risk than an average stock in the S&P500. A portfolio of CTA's has similar risk to that of the S&P 500. Over the past 10 years, an investment in a portfolio of CTA's provides risk and return benefits when combined with stocks and bonds.
- Syracuse University, Dr. Fernando Diz, **Professor of finance concluded that:** Over 15 years (1980 -1994), the managed futures industry outperformed the S&P500 and Russell 3000 indices by a sizable 488 and 750 basis points per year, respectively. This is **net of all costs deducted for professional management but not deducted from the index's returns.**
- **Over the past 30 years comparing five major advances and declines in the S&P 500 and corresponding futures performance concluded:** During greatest stock advances futures were positive in each advance. During the greatest stock market declines futures were also positive, In all but one decline of the S&P 500, the advance in futures completely offset the loss in the S&P 500.
- Harvard, **Stanford and Notre Dame Universities** all use managed futures in diversifying their investment portfolio with tremendous success. As of November 1996 Notre Dame's investment in professional management resulted in returns of more than 30%, with Stanford reporting similar results. **With the Stock market having one of its best years in history in 1996, the single best performing asset class in** Harvard's portfolio was managed futures, returning 46% as of a December 2, 1996 article in Barron's.
- In 2001 the regulators approved futures contracts on individual stocks. This is a strong indicator that increased stock market volatility will sustain itself over the coming decades. Futures once only for hedging grains, meats, and soft commodities NOW exist for all major financial markets.
- 2008 the financial system collapsed, The commodity exchanges were fine, as were our markets..

When superior use of time related to money is used, managed futures have ability to offer the comfort of lower volatility within a highly leveraged volatile arena. Direct access to the short side of markets allows risk associated with owning equities to be translated into potentially substantial profits.

Stock and Mutual fund managers switch positions only from long to cash during

anticipated trend changes. In futures and options, traders have choices of hedging with options, using spreads or going from long to short when appropriate.

The perception that managed futures alone, carry more inherent risk than Growth Stocks was destroyed by the stock market crash of 1987, and again in 2008. Stock market volatility is here to stay! Look at the standard deviation of traditional money managers relative to managed futures from 2000 until now November 2010. You'll learn something.

Success = Prudent Application and Moderation

Managed futures can be designed to offer less volatility than most stock portfolios. It is true that misuse of the leverage in managed futures can produce dramatic short-term changes and excessive losses in portfolio value. However, when leverage is used with skill and moderation, by reliable resources over an extended time period, it can produce outstanding results from a limited commitment of capital.

A sound plan is essential to protect and increase your assets. Managed futures can provide a vital element in this plan. Equities and managed futures are totally autonomous when it comes to performance. This automatically reduces risk. Value of the managed futures industry has grown beyond all expectations with the introduction of new products and opening of exchanges globally. Trading has become an economic necessity conducted on a 24-hour basis around the world. Modern communication provides instant accessibility to all markets.

The futures markets are living growing and doing the job they were created for. Futures reduce economic risk and establish stability for their underlying commodity or asset. When properly structured managed futures offer the potential of:

- Outstanding performance with limited capital.
- Performance in bull, bear or sideways markets.
- A direct totally liquid investment.
- The ability to use shorter-term market trends to create long term capital appreciation.
- Potential for immediate gain.

A Very Simple Allocation Example

We created a \$1000 Value Added Monthly Index, (VAMI) using equal value of the S&P 500, Russell Growth 2000, NASDAQ and a Long Term Government Bond Index. The index is used for generic presentations and teaching models. The monthly Rate of Return for each index is added then divided by four. The result is added or subtracted from a cumulative \$1000 Unit value. Our only purpose is to show trends in traditional portfolio performance.

A Hedge Fund Index was created using the Barclay Hedge Fund of Funds data, also to represent trends.

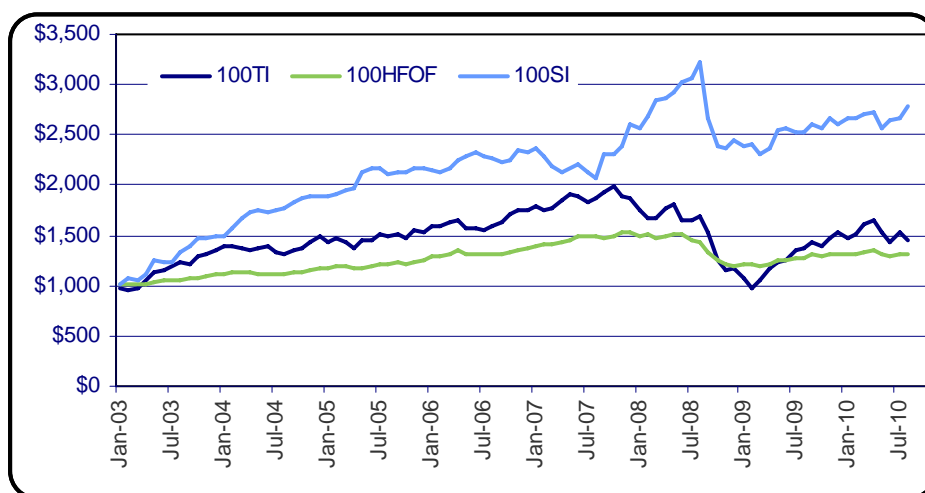
Finally, a managed futures index using three advisors was created using ONLY traditional rate of return values. That means NO leverage. The index is ultra conservative. Our index has one purpose, to show performance trends NOT performance. We call it the SafeMoneyMetrics® Index (SI).

The data tables and graphics below represent 100% allocated to a Traditional Index

(TI), then 20% allocated to the managed futures (80-20TISI). 100% allocated to the Hedge Fund Index, then 20% allocated to the SafeMoneyMetrics® Index. Finally 100% is allocated to managed futures, or the SafeMoneyMetrics® Index. The total return column is through September 2010. Pay close attention to managed futures in 2008 relative to other market sectors.

	100TI	80-20TISI	100HFOF	80-20HFSI	100SI
2003	31.4%	18.2%	15.7%	10.2%	2.7%
2004	9.8%	6.7%	3.9%	3.5%	2.5%
2005	6.7%	8.7%	6.8%	9.1%	14.9%
2006	9.7%	9.2%	6.4%	6.8%	7.8%
2007	5.2%	6.3%	10.4%	10.2%	9.7%
2008	-32.5%	-24.9%	-19.8%	-15.2%	-4.5%
2009	41.2%	29.6%	9.4%	9.2%	8.7%
2010	-0.6%	0.8%	-0.4%	1.1%	3.9%
Total Return	30.3%	24.2%	23.4%	24.6%	33.2%

The chart below represents \$1000 VAMI for three indexes. Nothing was reallocated. Look at the patterns in movement from January 2003 through Sept 2010, you can easily see how independent each index is from the other. Managed futures travel to the sound of their own drum. Even if futures do nothing, or show losses for a specific time frame, they correlate with a total portfolio that reduces risk of the composite strategy under unknown market conditions.



The Responsibility of Every Financial Service Professional

We all have the intelligence to reflect and recognize how our beliefs and conditioning impacts our sphere of influence. Any belief we perpetuate that is not constructive or life enhancing can and should be changed.

We are NOT advising anyone to get involved with managed futures. We are saying that investors need and are entitled to more than what stocks alone can give. This statement is proven by the birth of new futures markets and regulatory changes that allow futures on individual stocks!

Since people are moving more into managed futures anyway, they are definitely better off with SafeMoneyMetrics®. Once SafeMoneyMetrics® is understood, it becomes obvious! Take time with the [SafeMoneyMetrics® guide](#).

Our markets are a natural constructive risk management process needed by a stock market that will continue to become more volatile as time passes. I remember when the DOW crossed 5000 and wondered how high can this market go? A very quiet private trader said: "Remember this day MJ, in my life time a 25,000 DOW will be considered normal!"

None of us have an ability to predict the future. New highs and increased volatility will become a natural part of our environment. More and more institutions and investors will be moving towards managed futures as time passes. If we can improve our risk management standards and use cost effective financial structures that accommodate a broad based audience, we can evolve for the future, as mutual funds did over the past three decades.

We've grown up over the past 35 years. If we move forward always working to earn, maintain and develop trust, people will find us. Since the tide is moving in our direction, you can ride it.

As financial service professionals, we have the responsibility to reflect and review our fears, beliefs and values. We must build beliefs and values that allow only optimal quality services to reach the marketplace. The statement includes traditional investments! After 2008 there is not much left to trust.

Take private time. List and remove any beliefs or blocks that can cause a negative reaction to managed futures. Managed futures are GREAT to bring up negative beliefs. Many people irrationally fear our markets. These people give their power away to circumstances outside of themselves. Take time to learn more about managed futures.

When you need us, we are here and look forward to a long-term relationship of building the financial, intellectual and spiritual wealth of the marketplace in partnership with you!

The Strategy and Your Potential Income

We have an [affiliate program](#) and [investment professional portal](#). From the affiliate page you can download an excel file to calculate revenue potential from SafeMoneyMetrics® relative to your situation. Remember that SafeMoneyMetrics® is supplemental to investment income or other industry related fees.

When you decide to take your next step, we look forward to answering all questions. Contact: MJ 212-777-3862.

This concludes the Mini Course for Advisors. We hope you found it useful.
We also have a [Mini Course for Investors and one for Business Development](#).



Do you want superior managed futures investments?

Always Use SafeMoneyMetrics!®

<http://www.safemoneymetrics.com>

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