

## Active Trading MDA

Product Guide for Individually Managed Discretionary Accounts (MDA)

$$\cdot \left( \frac{\partial}{\partial \theta} \ln L(x, \theta) \right) \cdot f(x, \theta) dx = \int_{\mathbf{R}_d} T(x) \cdot \left( \frac{\partial}{\partial \theta} \ln L(x, \theta) \right) \cdot f(x, \theta) dx$$

**Disclaimer:**

This is not an offer to deal in any financial product. This information might contain unsolicited general information only, without regard to any investor's individual objectives, financial situation or needs. It is not specific advice for any particular investor. Before making any decision about the information provided, you must consider the appropriateness of the information in this document, having regard to your objectives, financial situation and needs and consult your advisor. This may not be passed on to anyone but the addressee. Past performance of financial products is no assurance of future performance. JB Alpha, its directors, employees and their associates may, from time to time, deal in any financial products mentioned in this document (or derivatives of them), as principal or as agent for clients and may earn brokerage, fees or other benefits for those dealings.

Past performance is not indicative of future results. Volatility in the market can change and therefore give differing results than displayed in back testing or live forward testing. Results may exceed or fall short of the month average.

All advice is general advice and has not taken into account your personal circumstances. Please seek independent financial advice regarding your own situation, or if in doubt about the suitability of an investment. The value of any investment and the income derived from it can go down as well as up. Never invest more than you can afford to lose and keep in mind the ultimate risk is that you can lose whatever you've invested. While useful for detecting patterns the past is not a guide to future performance.

This publication has been prepared on behalf of and issued by Jackson Capital Pty Ltd (ACN: 165 682 842), a Corporate Authorized Representative (CAR No. 446944) of JB Alpha (ABN 76 131 376 415) which holds an Australian Financial Services Licence (AFSL no. 327075).

**The purpose of this document:**

This document seeks to explain in a clear, concise and effective manner general information about Jackson Capital's individually managed discretionary trading accounts to help you decide if these products meet your needs.

This document includes:

- Information about each product
- Any significant risks associated with the products
- Information about the cost of the products
- An understanding of what to expect from your interactions with Jackson Capital.

## Introduction

Jackson Capital's actively traded models are suited to investors who: seek growth in their portfolio and who seek an alternative investment that may have a low correlation to traditional markets such as equities and property.

Our proprietary and dynamically managed models trade 24 hours a day. As well as a team of talented traders, they comprise complex algorithms and software developed using extensive quantitative research, analysis and testing.

## Significant Benefits

### High growth strategy

Our models provide the opportunity to earn higher returns with higher risk due to leverage. We aim to achieve in excess of 20% net of fees as an absolute return per annum. Although there is no guarantee to achieving the objective.

### Exposure to volatility

Investments that can handle volatility are important in today's markets. Our trading models are designed to perform well through market volatility.

### Exposure to CFDs (Contract For Difference)

We trade CFDs on Foreign Exchange, Indices and Commodities. CFDs enjoy high liquidity, low cost and the ability to achieve results in both rising and falling markets. CFDs give the ability to trade on margin (leverage) without owning the underlying asset. Therefore, profit or loss can be made from speculation only.

### Transparent, flexible and you retain control of your funds.

We trade your choice of our proprietary trading models on your individually managed account. You have full transparency without the onerous conditions and fees often associated with a managed fund as well as retaining beneficial ownership of your funds.

## Wholesale Clients

Investments may only be accepted from persons that qualify as wholesale clients under section 761G(7) of the Corporations Act and hence persons to whom the Manager is not required to give a Product Disclosure Statement under Part 7.9 of the Corporations Act.

This guide is not an invitation to subscribe in the MDA in any place in which, or to any person to whom, it would not be lawful to make such an invitation. The distribution of this guide in jurisdictions outside Australia may be restricted by law. This guide may only be distributed or released to a person that is not in the United States. Persons who come into possession of this guide should seek advice on, and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable law.

## Anti-Money Laundering & Counter – Terrorism Financing Act 2006

Intending investors, whether individuals, companies, partnerships or trusts, will be required to provide appropriate identification at the time when their Application is lodged.

## Privacy

When potential investors make an application to invest in the MDA, the Manager will collect personal information about investors from their Application Form and for the purposes of customer identification. The Manager may also collect additional personal information by other means in the future. If Applicants have any questions about or require access to the personal information collected they should contact the Manager. The personal information supplied to the Manager is used for the primary purpose of establishing an investment in the MDA. The personal information will also be used for the related purposes of processing applications, administering investments, managing the MDA, and complying with applicable laws and regulations including but not limited to Anti-Money Laundering and Counter Terrorism laws. The Manager may also use the information to provide you with details of future investment opportunities.

The types of organisations to which the Manager may disclose the information provided include:

- Any service provider engaged to provide custodial, administration, technology, auditing, mailing or printer services;
- Government authorities when and to the extent required by law; and
- Any professional advisors (including legal and accounting firms, auditors, consultants and other advisors).

By making an application to invest in the MDA you will have consented to our collection and use of your personal information as stated above.

If you provide incomplete or inaccurate information, the Manager may not be able to process your application and/or administer the investment.

## About Jackson Capital

Jackson Capital assist in design, development and manage sophisticated trading strategies, with the aim to withstand the rise and fall of market volatility.

Jackson Capital's individually managed discretionary accounts are suitable for wholesale investors only.

### General Advice

Jackson Capital provides general advice only. This means your personal objectives, needs or financial situation were not taken into account when preparing this information. Accordingly, you should consider the appropriateness of any general advice we have given you, having regard to your own objectives, financial situation and needs before acting upon it.

### Discretionary Trading

You set broad guidelines regarding your trading account and your investment manager uses their discretion to make trades without requiring your prior approval for each trade.

## About Lepus Proprietary Trading

Lepus Proprietary Trading is a subsidiary company of Jackson Capital. This company is a prop firm who trades private funds. Investors can now access two strategies traded within the firm via this MDA. For more please see <https://www.lepusproprietarytrading.com.au>

## Investment Manager/ Portfolio Manager & Manager

Richard Jackson is a seasoned currency trader with over a decade of experience developing and managing high-performance currency based strategies for private and wholesale clients.

Richard's early engineering education enables him to develop and innovate technology to implement his strategies. Richard has also studied and educated traders on the technical and fundamentals of financial markets, specializing in foreign exchange and other derivatives.

Richard now serves as the principal trader and head of the Jackson Capital portfolio investment committee. He also administers quantitative research and modeling of trading strategies and portfolio performance within his research team.

## Jackson Capital's Trading Approach

### Introduction

Jackson Capital provides the opportunity to earn high returns trading strategies that target market volatility.

Our trading models are alternative investments to traditional asset classes such as equities and property that are designed to offer portfolio growth, diversification, or hedging – depending on how it is used – trading instruments that generally have a low correlation to general financial market risk factors.

We trade your account with your choice of our proprietary trading models, freeing you from the hours you would otherwise need to spend watching and analyzing the fast moving markets.

### Strategy

Jackson Capital seeks to meet the investment objective trading specific currencies, indices and commodities using leverage.

### Jackson Capital's trading models are proprietary and complex

The trading models are designed, developed and managed investment management team.

The strategies are:

- Based on mathematical models derived from statistical research
- Use the aid of computers to execute and manage
- Take both long and short positions
- Trades 24 hours a day 5 ½ days per week, ensuring all opportunities are capitalized.

We only seek to trade in markets in which we believe we have a statistical edge.

### Currency markets

We favour currencies for their low correlation to traditional assets; their high liquidity; low cost and ability to achieve results in both bull and bear markets.

### Target market volatility

Our investment models aim to profit from volatility in the market. Active trading will inherently have no bias unlike long term investing. We use this volatility to our advantage within a certain range and step out of the market for events that may cause volatility to move outside of our system's parameters.

### Diversified

Multiple discrete strategies are employed using different trading logics and instruments that are designed to produce the highest level of return at the targeted level of risk.

### Managed Account

Market positions are constantly monitored and manually adjusted, where necessary, to protect capital. We may adjust exposure levels, hedge, or exit positions.

## Key Features of Jackson Capital's MDA

Investment Type	Managed Discretionary Account.
Licensee	JB Alpha Ltd (ABN 76 131 376 415) which holds an Australian Financial Services License (AFSL no. 327075)
Broker/Execution and clearing	Broker and Clearing Services will be provided by Pepperstone and such other broker engaged by the Licensee from time to time
Investment Manager	Jackson Capital Pty Ltd (ABN: 82 165 682 842) is a Corporate Authorized Representative (CAR No. 446944)
Minimum Investment	Minimum investment will be USD 50,000 with additional investment in increments of USD 10,000
Investment Strategy	To invest in the performance of the talented traders in Lepus Proprietary Trading. Their trades will be copied directly to your account. The MDA will invest in a range of derivatives and hold both long and short positions. It will seek absolute returns.
Investment Products	The MDA may invest in a wide range of CFDs on foreign exchange, indices and commodities.
Leverage	Unless otherwise disclosed, the MDA may be leveraged to the extent it will not breach levels greater than thirty times the invested funds under management at the time of investment.
Risk	30% of account balance. Note this is not 30% of deposited funds and therefore we recommend you withdraw profits on a regular basis. Please refer to page 10 & 11 for more details.
Performance Fee	30% of the increase in the accounts net asset value (NAV). Before any performance fee becomes payable, the accounts NAV must be above any previous high-watermark – calculated by reference to the NAV at month-end.
Management Fee	0%
Redemptions	At call
Transaction cost	Portion of transaction fee paid to JB Alpha and Jackson Capital - 1.5 pips* per standard lot round turn*
Eligible Investors	Retail, Wholesale, Companies & SMSFs

\*A pip is the smallest amount by which a currency price can change - 1/100th of 1%, or one basis point. A round turn includes all transactions where a where an open position is closed out or offset. A standard lot is a 100,000 unit lot. That is a \$100,000 trade if you are trading in dollars.

### Dynamic Trading System

The trading system itself is dynamic. Trading strategies, by their nature, need to be constantly updated in order to maintain their competitive edge. For this reason, our models are constantly monitored and modified as new relationships are discovered and incorporated.

### We target risk over reward to deliver consistent and steady returns

We prefer a measured approach in our trading that delivers a more moderate return rather than targeting higher returns that may put capital at greater risk.

The main ways we target risk are:

- Constantly monitor market positions, making manual adjustment where necessary
- Target a managed range of volatility to prevent trading on certain strategies during periods that exceed model parameters
- Diversified trading systems
- Equity stop losses to provide a safety net
- Quantitative system testing.

### Derivatives

Derivatives are key to the investment strategy in seeking to generate profits. Derivatives are a financial instrument that allows investors to trade without holding the underlying asset. Derivatives offer increased exposure to an asset, which means they provide the opportunity for higher returns (at greater risk) from a lower initial outlay.

### Leverage

Leverage is inherent in derivatives trading and enables the opportunity for higher returns from a smaller initial outlay. The use of leverage can lead to larger losses as well as larger gains. By trading leveraged products, you can sustain a loss in excess of your deposited funds

## Jackson Capital's Performance

Jackson Capital's individually managed accounts has an objective to achieve profit and because we run individually managed accounts, individual account performance may vary from what is published, based on differences in client instructions and market timing.

Our quantitative focus has produced solid results proving its merit as a vehicle able to deliver consistently high returns while riding out the volatility that is so often cruel to asset or sector specific investments.

Past performance is not indicative of future results. Results may exceed or fall short of the monthly average. Please refer to live performance at <http://www.jacksoncapital.com.au>

## Jackson Capital Proprietary Trading Products

Jackson Capital has a range of proprietary trading models. Each model trades a portfolio of discrete strategies employing different trading logics and markets to diversify and better manage risk in your trading portfolio. The models are allocated based on the amount of capital invested.

Jackson Capital's trading models provide:

- Overall portfolio diversification, when combined with exposure to other asset classes or markets
- Potential returns in rising or falling markets
- Freedom from spending hours watching the market
- Immediate access to your funds
- View positions in real time.



## Investment Strategy

Jackson Capital provides a range of proprietary trading systems with varying risk profiles that provide the opportunity to diversify and manage risk in your trading portfolio. Where feasible and under the guidelines of responsible investing, we encourage participation in all models which employs broader diversification for improved risk management.

Strategy	Summary
JC07	<p><b>Objective</b> Jackson Capital aims to achieve an absolute return approaching 20% per annum on invested capital using proprietary managed currency strategies designed to perform well through market volatility.</p> <p><b>Strategy</b> JC07 is a sentiment based algorithmic currency trading system. The system's primary function is collecting and aggregating retail trading data from some of the world's leading FX firms and leveraging this valuable non-public information to make trading decisions. JC07 performs best during periods of high volatility and uses strict risk and money management parameters in order to mitigate drawdowns during periods of low volatility.</p>



## Risk and Return – is this investment strategy right for me?

Jackson Capital models trade CFDs for their high liquidity, low cost and ability to achieve results in both bull and bear markets.

The models use leverage and target a managed range of volatility. This strategy has generated high returns for both short and long term investors in the past. Derivatives can employ significant leverage, which can increase potential losses as well as gains.

We recommend these strategies as part of the growth component of a diversified investment portfolio. We advocate responsible trading and recommend only investing funds that would not affect your standard of living or financial wellbeing.

Past performance is not indicative of future performance and you should not base your decision to invest solely upon past performance information.

There is no guarantee the systems will generate positive returns or preserve your initial investment and investors must be prepared for the possibility that you could lose up to 50% or more of your account.

### Things to consider:

Your financial goals

- What are your short, medium and long-term financial goals?
- Are you looking for opportunities for greater leverage and higher returns?
- Are you looking to hedge or protect your current share portfolio against adverse market movements?

Your investor profile

- Are you an experienced trader with an understanding of both the risks and opportunities associated with derivatives trading?

Your risk profile

- What levels of investment risk suit you?
- Are you comfortable with fluctuating investment values or would you prefer the security of a low risk investment?

# Risk

There are risks associated with an investment in the MDA such as loss of income or principal amount invested. Investment in the MDA should be regarded as speculative. Neither Jackson Capital, nor any of its related bodies corporate, associates, officers or affiliates, guarantee the performance of the MDA or the repayment of capital from the MDA. This guide does not constitute a recommendation by Jackson Capital or any person named in it to invest in the MDA. You should read the whole of this guide and consider all of the risk factors that could affect the performance and other information concerning the investment in light of your own particular investment objectives, financial circumstances and particular needs (including financial and taxation issues) before deciding whether to invest in the MDA. Investors should obtain their own legal, tax, accounting or commercial advice.

The significant investment risks are discussed below and are not exhaustive. We cannot eliminate all risks and cannot promise that the ways we manage them will always be successful.

All investments are subject to risk. While there are many factors that may impact on the performance of any investment, the summary below details some of the major risks that you should be aware of when investing in the MDA.

Individually, or in combination, these risk factors may affect the MDA and the ability to repay capital. There is no guarantee that the MDA will achieve any particular return. An investment in the MDA should be considered in light of these risks.

When considering investing in this MDA it is important to understand that:

- The value of your investment will go up and down
- Returns are not guaranteed
- You may lose some or all of your money
- Previous returns don't predict future performance

The appropriate level of risk for you will depend on your age, investment time frame, where other parts of your wealth are invested and how comfortable you are with the possibility of losing some or all of your invested funds.

Before deciding to invest in the MDA you should read the entire guide, consider these factors and review how these risk factors impact your personal circumstances.

Note that the Manager does not guarantee the repayment of capital or any particular rate of return. You should also seek professional advice from your

lawyer, accountant or other professional adviser before deciding whether to invest. While it is not possible to identify every risk factor relevant to investing in the MDA, we have outlined some of the significant risks in this section.

## Market Risk

The MDA will encompass exposure to foreign exchange indices and commodities using derivatives.

CFDs are leveraged products that allow the Investment Manager to take a view on the direction of the underlying set to which the contract relates. As the market value of these indices changes, gains or losses can occur and these gains or losses can be magnified due to the leverage associated with these products.

Factors that drive changes in the value of these financial products are many and may include economic cycles, demand levels, confidence and government or central bank policies.

## Investment Manager Risk

There is a risk that the Investment Manager's investment strategy may not be successful resulting in underperformance in the MDA, either in absolute terms, or relative to the market and/or its peers. Furthermore, there is a risk that the Investment Manager fails to implement the Investment Strategy successfully. In either circumstance, this may result in a loss of a significant portion of your investment in the MDA.

## Capital Risk

An investment in the MDA is not a guaranteed capital investment. As such, your investment in the MDA may decrease in value, meaning you may get back less than you invested in the MDA if you withdraw your investment or the MDA is wound up.

## Currency Risk

The MDA is denominated in Australian dollars. As a result, investors whose initial investment in the MDA is via currencies other than the Australian dollar are exposed to favourable and unfavourable movements in their currency in relation to the Australian dollar. Such movement in currency means that the absolute return of the MDA in the investor's currency of initial investment may differ to that of the performance of the MDA.

Due to the MDA taking positions in various global markets, the absolute performance of each investment made by the MDA will be affected by movements in exchange rates in relation to the MDA's denominated currency, the Australian dollar. As a result, the outcome of trades in other currencies such as the Euro or Sterling will be impacted by any subsequent conversion of the profit or loss to the Australian dollar.

### Counterparty Risk

The MDA makes investments through derivatives that require the entry of contracts with third parties. A counterparty to one of those contracts may fail to perform their contractual obligations, either in whole or in part.

This risk is primarily managed by ensuring counterparties are approved with stringent criteria and ensuring, where possible, transactions are undertaken with a number of counterparties. However, the level of risk faced by the MDA in this regard is higher relative to another investments that do not invest in this way.

### MDA Risks

Risks particular to the MDA include that it could terminate, the fees and expenses could change, the Investment Manager could be replaced as investment manager and the Investment Manager's investment professionals (including the Portfolio Manager) could change.

### Regulatory Risk

Changes in regulations may have an impact on returns from the MDA. Investors are advised to form their own view on the likelihood and impact of any regulatory change.

### Operational Risk

Our trading requires high-speed servers and Internet connections to provide execution down to the nanosecond. However, from time-to-time servers can experience delay due to high volumes. This can sometimes affect the outcome of a trade. All operations have a chance of failing. This is why we invest in the best technology, Internet connections and software to avoid any interruptions. However, it cannot be guaranteed that latency will not effect a trade outcome.

### Slippage Risk

Slippage occurs when an order is executed at one price and filled at another. This is due to the volume running out before the order can be filled. This can then alter the price in which orders are executed. The high liquidity of the forex market means this is a rare occurrence.

### Trade Risk

#### Maximum risk (Equity Stop)

Jackson Capital recommends to each client to have a risk limit. i.e. ask yourself what is your risk tolerance. This means you should consider stopping trading when you have reached your risk limit. For aggressive traders this may be 50%, for more conservative traders it could be 30%. Because we are trading derivatives we do not recommend a stop limit at any less than 25%.

**However, if the master strategy reaches 30% drawdown Jackson Capital will stop trading and review your holding in the strategy. Due to slippage/gap risk the maximum stop loss level cannot be guaranteed however, the stop-loss is placed in the market at all times.**

## Fees and other costs

This document shows fees and other costs that you may be charged. These fees and costs may be deducted from your account. You should read all the information about fees and costs because it is important to understand their impact on your investment.

### Performance Fee

The Investment Manager is entitled to a Performance Fee to be paid monthly in arrears, calculated on the last day of the month. The performance fee will be automatically deducted from your account. Each strategy may have a different performance fee. To learn of the amount of performance fee to be deducted please see the investment strategy.

Performance fee is calculated on the change in value of your account from the last highwater mark. If the is negative or no change to surpass the last highwater mark then there will be no performance fee.

### Transaction Fees

Some of the commissions charged by the custodial & executing counterparty are paid to JB Alpha, Jackson Capital and any referees promoting the Jackson Capital product. When setting up an account you will have full disclosure of the commissions charged and the associated payouts.

## Who can invest?

Wholesale Client Investors Only (Australian Applicants only)

The MDA is not a registered managed investment scheme and only wholesale clients (as that term is defined in the Corporations Act) can invest in the MDA. It follows that an investor in the MDA generally needs to fall within one of the categories below.

- an investor who invests with a minimum amount of \$500,000;
- professional investors within the meaning of section 9 of the Corporations Act;
- a person, or a company or trust controlled by a person, who has net assets of at least \$2.5 million or has gross income for each of the last two financial years of at least \$250,000 and has provided a certificate to the Manager issued by a qualified accountant no more than two years ago certifying that this is the case. This can include gross income and net assets of a company or trust controlled by that person.

To obtain a form of certificate to be provided by a qualified accountant, please contact the Manager.

## Keeping Investors Informed

To keep investors informed in regard to their investment in the MDA, the Manager will provide an annual report following the end of each financial year. Investors will also receive daily and monthly statements direct from their custodian.

## How to invest

To invest, there are two steps required.

1. Complete the application form for an executing broking account with JB Alpha Limited
2. Fund your broking account. The minimum account size is \$50,000

## How to complete an application form

Complete the application at the back of this guide You will be notified by email if we accept your application.

### Addresses

We have included a space for you to complete your address on the application form. Please note we are also required to collect your residential address. If your mailing address is care of a third party please be aware that all correspondence will be sent to this address.

### Who should sign?

The individual(s) in whose name the investment is held should sign. Joint applicants will be deemed to be joint tenants.

Company, incorporated association or body corporate applications must be signed by:

- Two officers (e.g. two directors or a director and secretary)
- As required by the constitution or rules of the company or body (e.g. under seal witnessed by two officers)
- Signed by one director for a single director company.

Additional documentation may also be required for applications in the name of a company, incorporated association or body.

## How to contact Jackson Capital

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