

Alternative investments in CTA-programs

Avant-garde Algo

Selected Algo

Gourishankar

Hedgehog

La Cucaracha

FX Momentum

Micro Macro

Heavy Metal

Pure Gold

Gold Rush



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Content:

- 3 **CTA-programs**
- 4 Individual accounts
 - Performance results and review
- 6 **Our CTA-Programs**
- Classical Trend-following programs
- 8 Momentum Trading
- 9 Statistical Arbitrage
- 10 Directional Gold Investment
 - 11 - *Avant-garde Algo*
 - 12 - *Selected Algo*
 - 13 - *Gourishankar*
 - 14 - *Hedgehog*
 - 15 - *La Cucaracha*
 - 16 - *FX Momentum*
 - 17 - *Micro Macro*
 - 18 - *Heavy Metal*
 - 19 - *Pure Gold*
 - 20 - *Gold Rush*
- 21 Partners
 - How it works
 - Contact us

MANAGED FUTURES

CTA-programs

Managed futures are alternative investments consisting of a portfolio of futures contracts that are actively managed by professionals.

CTA stands for *Commodity Trading Advisor*, which is a title for a registered individual or entity, that provides commodity trading advice to clients through regulated trading programs, often with absolute returns as a goal.

A CTA program can be applied to individual accounts as well as to large hedge funds. They are federally regulated by the CFTC (*Commodity Futures Trading Commission*) and under the supervision of the member organization NFA (*National Futures Association*).

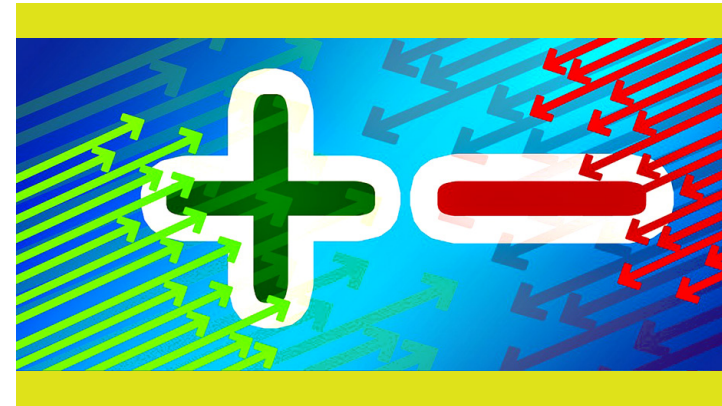


A CTA program can offer an investment in a product that is not linked to developments in ordinary markets such as shares, bonds and real estate. The result is strongly related to the chosen model's ability to take advantage of ups and downs, cyclical movements in commodities, currencies, indices and bonds. By the end of the third quarter of 2020, \$306.3 billion was invested in the various programs of the CTA industry.

Individual accounts

Managed Futures can be organized via individual accounts, where individual investors give a CTA authority to manage the trading in their account and at the same time retain the capital in their own name and have full control over the investments.

A client can close their account at any time and the funds are held in a segregated account, separate from the firm's own money in order to protect the clients, although it does not guarantee the safety of the clients' funds if the broker goes out of business.



A CTA program normally goes both long and short and is not tied to the development of the usual markets.

Performance results and review

The performance of all programs are calculated according to instructions from the NFA, who's auditors from time to time reviews the company's operations in a wide array of regulatory areas. Our most recent audit took place in 2021 and before that in 2019. To conduct CTA activities, a Series 3 exam is required, – and that the FBI has no objections after examining the fingerprints of the associated persons.

The results of our CTA programs are presented every month on the *BarclayHedge* website, but can also be found at other operators active in Managed Futures. As an investor, however, you get daily statements on each account and direct insight into all activity.

Our CTA-programs

We launched our first CTA program in 2012 and have since focused on strategies within Classical Trend-following and Momentum trading, models based on quantitative analysis and rule-based trading. In 2020, the business was expanded with programs in the *Statistical Arbitrage* sector, a form of investment based on algorithms developed with artificial intelligence. In addition to this, we also offer Directional Gold Investment via futures.

Classical Trend-following programs

Trends are based on an imbalance in supply and demand, which is not yet widely known. A trend arises when underlying information becomes more and more widespread in the market. When the masses receive the information, the trend accelerates. In commodities, natural trends arise as supply and demand constantly fluctuate.

Our classical trend-following models do not try to predict the future to find out when a trend arises. Instead, the models identify new trends with the help of price movements, which also indicate when a trend increases or decreases in strength.

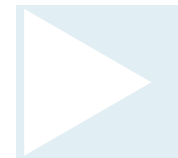
The positions are taken gradually and become larger the stronger the trend becomes. The risk is managed in a sophisticated way via measuring volatility and correlation to the market.

Riding a trend means sharp fluctuations up and down, where it is important to maintain the positions. The ability to cope with losses is a prerequisite for success in this type of strategy, which has low accuracy and can have very long downturns or. However, when the market enters a favorable climate, the development can be explosive.

Trend-following models have little or no correlation to other markets. Since positions can be entered in both directions, both buy and short selling, the models can show results even if the stock market is going down.

Our trend-following programs include *Hedgehog*, *La Cucaracha* and *Gourishankar*.

RISK WARNING



Futures trading is risky and does not suit everyone. Historical results are no guarantee of future profits.

There is a risk of loss in trading commodity futures and forex. This risk can be substantial and therefore investors should carefully consider their financial suitability prior to trading. Investors must fully understand the risks involved and must assume the responsibility for the results.

Momentum Trading

When new information flashes, strong movements are often created in the financial markets. Momentum strategies strive to take advantage of such short-term price movements in various financial instruments. The programs can go both long and short to keep up with a strong movement.

What has risen or fallen sharply can often rise or fall a little more in the short term. This is not about riding a trend, but rather about being quick both when getting in to and getting out of the market.

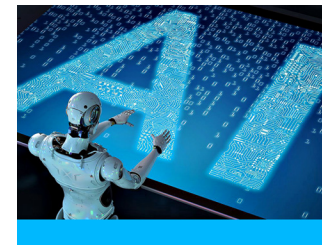


The aim is to work with volatility by enter long and short positions in short-term up and down trends, which are then exited when the business loses momentum.

Our momentum strategies are based on fixed rules for entry and exit and do not correlate with any market index. In this sector we have the following models: *FX Momentum*, *Micro Macro* and *Heavy Metal*.

Statistical Arbitrage

Statistical Arbitrage is a relatively new class among financial strategies, based on intensive computing power and *artificial intelligence*. A large number of computers are allowed to process historical market data and develop optimal strategies through trial-and-error in neural networks, so-called *genetic optimization*. Among myriads of ways, the computer selects the most profitable and robust trading model for a particular market.



Our models are tested and refined on untested data and adjusted gradually according to the prevailing market climate.

Statistical Arbitrage is based on the law of large numbers; by letting a number of algorithms with a statistically proven, never so small edge, do a number of trades, you can achieve a good risk/reward ratio.

This strategy class does not correlate with other financial markets and might therefore offer a possible diversification of an investment portfolio.

Our programs in the class Statistical Arbitrage include: *Avant-garde Algo* and *Selected Algo*.

Directional Gold Investment

In addition to our traditional trading programs, we also offer directional investments in gold via futures. A relatively cost-effective way to invest in gold without handling the physical commodity. No active trading takes place, but the contracts are "rolled" at regular intervals.

A gold future is a binding contract for future delivery of gold at a predetermined price, but by continuously renewing the contract, you can be comfortably invested in gold without having to worry about the physical commodity itself.

The future rises and falls with the daily price of gold – usually 1:1.

Our programs for directional gold investment are called *Pure Gold* and *Gold Rush*.



AVANT-GARDE ALGO

Statistical Arbitrage

Avant-garde Algo is a fully automated Statistical Arbitrage program, which started in April 2020. The program works with a larger number of algorithms simultaneously, which are gradually eliminated and replaced with new ones. The market is constantly changing and we are constantly working to develop new models adapted to the prevailing market climate. In this way, we get a constant influx of new, optimal strategies.

Avant-garde Algo trades futures for stock indices, commodities, currencies and bonds in various time frames.

→ Quick takeaways

Name: Avant-garde Algo	Sector: Statistical Arbitrage
Start date: April 20, 2020	Minimum investment: \$300 000

SELECTED ALGO

Statistical Arbitrage

Selected Algo is a Statistical Arbitrage program that started in June 2020 and works with a small number of carefully selected algorithms.

In Selected Algo, we have selected the models that in advance seem to have the best risk/reward ratio; those that look most promising in terms of short draw-down periods and high profit percentages.

As in the sister program Avant-garde Algo, there is a constant development and renewal of the algorithms to adapt them to market changes.

→ **Quick takeaways**

Name: Selected Algo	Sector: Statistical Arbitrage
Start date: July 16, 2020	Minimum investment: \$20 000

GOURISHANKAR

Classical Trend-following

Gourishankar started in 2013 as a multi-model, where trend-following quantitative strategies are combined with momentum strategies in different time frames. In the spring of 2020, Statistical Arbitrage strategies were also incorporated into the mix, to provide further diversification of the program.

The program is active in a large number of markets such as: corn, wheat, sugar, lean hogs, crude oil, S&P 500, gold, silver, British pound, Canadian dollar and New Zealand dollar and more.

→ **Quick takeaways**

Name: Gourishankar	Sector: Classical Trend-following
Start date: September 9, 2013	Minimum investment: \$200 000

HEDGEHOG

Classical Trend-following

Hedgehog started in 2012 and is a trend-following CTA program, which follows major trends in a small number of selected markets. The program tries in a classical way to profit from extreme movements by gradually pyramiding the positions as the trend develops.

Hedgehog works with systematic decision-making and is active in markets in the sectors stock indices, commodities, currencies and bonds.

→ **Quick takeaways**

Name: Hedgehog	Sector: Classical Trend-following
Start date: May 21, 2012	Minimum investment: \$50 000

LA CUCARACHA

Classical Trend-following

La Cucaracha started in 2013 with a focus on classical trend-following trading with small positions in a large number of markets.

La Cucaracha works with discretionary decision-making and is more short-term than its sister program Hedgehog.

The program tries to profit from ups and downs in commodities, indices, bonds and currencies.

→ **Quick takeaways**

Name: La Cucaracha	Sector: Classical Trend-following
Start date: September 9, 2013	Minimum investment: \$50 000

FX MOMENTUM

Momentum Trading

The momentum trading program FX Momentum, which started in 2012, is based on a short-term systematic model with entry and exit based on a computerized, quantitatively tested strategy.

The program trades only futures in the Forex market, focusing on the major currency pairs: the euro, the British pound sterling, the yen, the Canadian dollar, the Swiss franc, the Australian dollar and the New Zealand dollar.

→ **Quick takeaways**

Name: FX Momentum	Sector: Momentum Trading
Start date: July 2, 2012	Minimum investment: \$20 000

MICRO MACRO

Momentum Trading

Micro Macro is a momentum program that started in 2013. The model is systematically rule-based and follows short-term trends in commodities, currencies, indices and bonds.

Micro Macro uses a risk management model that increases positions during positive periods and decreases proportionally during periods of decline.

In early 2020, the program was updated with algorithms developed via artificial intelligence.

→ **Quick takeaways**

Name: Micro Macro	Sector: Momentum Trading
Start date: June 14, 2013	Minimum investment: \$20 000

HEAVY METAL

Momentum Trading

Heavy Metal is a momentum program that started in 2014 and mainly trades in precious metals. Entry and exit are made based on an algorithm, which is applied in several different time frames, mainly in metals such as gold, silver, platinum and palladium.

Heavy Metal seeks to take advantage of ups and downs in both the short and long term in the various markets. The model are regularly adjusted according to the changing conditions of the metals markets to function optimally in the prevailing market climate.

→ **Quick takeaways**

Name: Heavy Metal	Sector: Momentum Trading
Start date: September 11, 2014	Minimum investment: \$20 000

PURE GOLD

Directional Gold Investment

Pure Gold, which started in 2019, is a pure investment in the gold price through futures. No trading takes place with the purpose of maximizing returns – it is a pure buy-and-hold strategy. As the price of gold rises, so does Pure Gold. If the gold price falls, Pure Gold will go down in the same extent.

The development thus takes place without leverage. If the price of gold rises or falls by 10%, the program is similarly expected to rise or fall by 10%. The investment is made in a future which is then "rolled" a few times a year, as the contract expires.

Minimum investment in Pure Gold is the spot price for ten ounces of gold (at the time of writing about \$18,000).

→ **Quick takeaways**

Name: Pure Gold	Sector: Directional Gold Investment
Start date: February 27, 2019	Minimum investment: ca \$18 000

GOLD RUSH

Directional Gold Investment

Gold Rush, which started in 2018, is investing in gold with leverage through the purchase of futures.

No trading takes place for the purpose of maximizing profits. The program is a pure investment in the gold price, with leverage 1: 2. Minimum investment in Gold Rush is the spot price for five ounces of gold (at the time of writing ≈ \$9,000).*

*) If the price of gold should rise or fall by 10%, Gold Rush is expected to rise and fall by the double, i.e. 20%.

For example, if the gold contract, at a price of \$18,000 should fall \$1,800, it would be a 10% decline with a 1:1 investment such as Pure Gold. But for Gold Rush the fall of \$1,800, would represent – \$1,800/\$9,000 – a 20% decline, since Gold Rush is controlling the same amount of gold with only half of the required money.

→ Quick takeaways

Name: Gold Rush	Sector: Directional Gold investment
Start date: January 11, 2018	Minimum investment: ca \$9 000

Partners

A CTA program is normally set up in collaboration with an IB (Introducing broker) and an FCM (Futures Commission Merchant). The IB for our programs is GFF Brokers, who take care of our investors and guide them through the paperwork and ensures that they become customers of Gain Capital, which is our FCM.

The FCM is the party that handles orders and accounts. Gain Capital is listed on the NYSE (New York Stock Exchange).

How it works

The first step towards an investment in any of these CTA programs is to contact the CTA Henrik Hallenborg and book a personal conference call about risks and expectations.

When an account is opened via GFF Brokers, after some paper work, it is also ready to join a program.

Contact us

For more information welcome to contact Henrik Hallenborg and schedule a conference call!

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