

SafeMoneyMetrics™

Your Direct Risk Management Solution for Managed Futures

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#51 How to Benefit From Using

<http://www.cta-reports.safemoneymetrics.com>

Summary:

Traditional risk management in managed futures is equivalent to western medicine. It manages risk at the “level of result” rather than causal. Alternative health care seeks to eliminate the cause of ill health. When we remove the cause of any negative event, the “result or discomfort” ceases to exist. SafeMoneyMetrics™ reduces and sometimes eliminates causes of unforeseen risk by uncovering information that would otherwise remain concealed. Integrating SafeMoneyMetrics™ into any traditional analytical process allows higher quality decisions to flow from a base of information that would otherwise be non-existent.

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Do What You Are Already Doing AND

To discard SafeMoneyMetrics™ without understanding the potential benefits is foolish. To avail ourselves, of a composite risk management process that can potentially improve our managed futures experience is wise.

CTA-Reports by SafeMoneyMetrics™ is a free service. It affords investors a comfortable method of familiarizing themselves with the SafeMoneyMetrics™ analytical process. SafeMoneyMetrics™ when integrated with traditional analysis provides a risk management platform that remains unsurpassed by what traditional alone can offer.

Whereas the foundation of traditional analysis for managed futures evolved from the equity industry, SafeMoneyMetrics™ (SMM) evolved from basis analysis used in hedging futures. We “believe” (opinion) that aligning the evaluation process of an investment with the fundamental purpose of the markets being used in that investment is mandatory for successful management of high risk.

For Example: Evaluating price movements of a stock requires a process quite different from evaluating price movements of options or cash currencies. Evaluating price movements of the futures markets requires a process different from evaluating

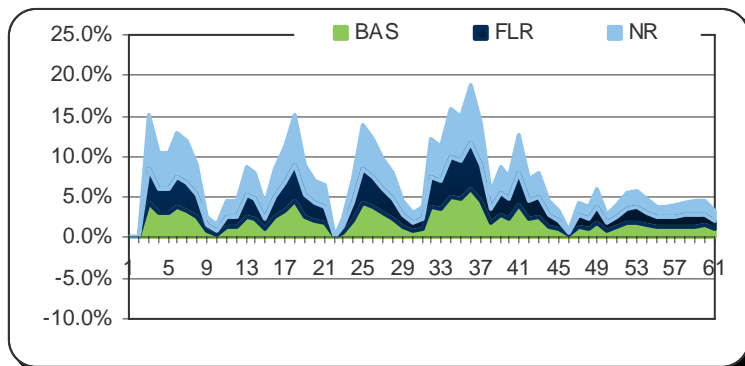
price movements of stocks. Evaluating trading talent in futures has little relationship to evaluating trading talent in equities, options, stocks, fixed income or currencies. Finally, evaluating trading talent in any investment sector requires a process distinct from evaluating market movements.

Analyzing the conditions and process under which investment returns were created rather than merely analyzing returns; is probably the most important analytical practice you can undertake.

A Few Benefit and Value Statements on Behalf of CTA-Reports

Because SMM™ evolved from basis analysis it provides a direct approach for appraising managed futures investments. The information provided allows you to:

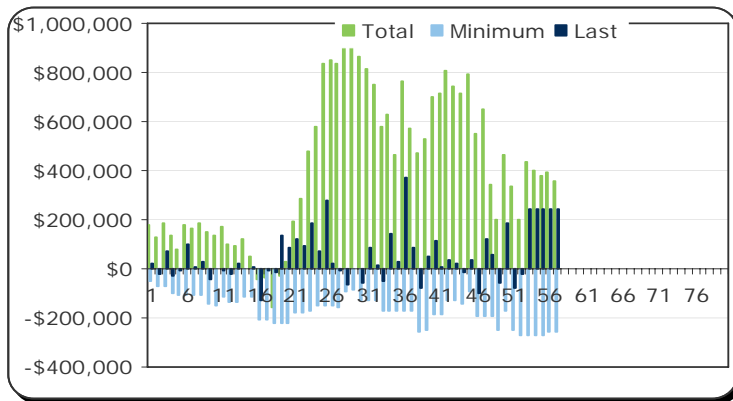
Benefit: Evaluate potential returns at three capital account values. **Value:** You can identify actual capital used to produce returns relative to an advisors required account size and more accurately determine adequate account funding without excessive fear interfering with your decisions.



Above are the 3 month average returns for the Billing Account, Funding Level and Net Ratio (Margin Account). The Net Ratio should be well above the funding level and further above the billing account return. Wide differences between net and funding level ratios indicate exceptional risk control at the maximum leverage allowed. Narrow differences between the funding level and billing account indicate an efficient strategy and probably "fair" billing of management fees.

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Benefit: Evaluate profitability / volatility / loss trends over variable time frames. **Value:** Consistently determine how much current reality deviates from the investments optimal conditions.



In lieu of annual returns, each bar in the chart represents a 12 month total profit or loss value. Minimum represents a composite loss within the same time frame. Last is the most recent single value within the time frame. Absolute right is the most recent data & has the most influence. **Important!** Watch trends in the green total profit bar relative to the light blue minimum (maximum loss) for the same time frame. If the light blue bar trend increases, even while the green profit trend increases (becomes more negative) or is stable, the investment has increased risk under current market conditions.

Benefit: Evaluate cost and returns at three funding levels. **Value:** Accurately evaluate cost relative to capital used and return, rather than inaccurately evaluating costs relative to account size.

9. Billing Account		Funding Level		Margin Account (NR)	
BAStart:	\$50,000	FLStart:	\$50,000	MgnStart:	\$31,500
BALast:	\$195,462	FLLast:	\$195,462	MgnLast:	\$176,962
MgnBA:	63.0%	MgnFL:	63.0%	Mgn:	100%
An.CostBA:	3.0%	AnCost/FL:	3.0%	An.Cost/Mgn:	4.8%
Total Cost:	15.25%	Total Cost:	15.25%	TotalCost:	24.21%
BA-Return:	290.9%	FL-Return:	290.9%	Mgn-Return:	461.8%

Above three funding levels are displayed. The billing account size, (minimum account), funding level and margin account sizes. Presented is the beginning balance and latest account value, margin to equity, annual and total cost relative to return for the total time being analyzed. Use the minimum funding level account size as a reasonable value for prudent analysis.

Why SafeMoneyMetrics™ ?

The unsurpassed potential of managed futures is optimized when information revealed by SafeMoneyMetrics™ is integrated into any other analytical process. SMM™ can dramatically reduce and sometimes even eliminate the cause of ill-fated losses caused by uninformed decisions.

There is nothing lost when you allow SafeMoneyMetrics™ to reveal the unparalleled potential of "high quality" managed futures investments. You can download a guide to SafeMoneyMetrics™ from any of our web sites and detailed explanations are at the end of every report.

Start with <http://cta-reports.safemoneymetrics.com>

"Under all circumstances, do that which you believe to be right & trust the law. Trust the divine power that is immanent in the Universe. It will never desert you & you will always be protected. Maintain integrity generosity & love; for those coupled with energy will lift you to a truly prosperous state." James Allen

Always Room for Improvement***

We appreciate your time sending constructive suggestions for change.

- 1. What do you want more of?
- 2. What do you want less of (except God and philosophy)?
- 3. What needs more clarification?

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