



Di Tommaso Group

**The Equilibrium
Commodity Program**



Di Tomasso Group

- *Founded in 1994, Di Tomasso Group Inc. is an independent, privately owned Commodity Trading Advisor (CTA) and Investment Fund Manager located in Victoria, British Columbia.*
- *We are a reputable CTA with a long term record of successfully managing discretionary commodity funds and segregated accounts for institutional and individual investors. Our unique long-term value investment approach to commodities incorporates fundamental analysis and the principal of reversion-to-the-mean.*



Our Team



John Di Tomasso - the President and sole shareholder was a noted value investor as equity manager at Royal Trust and later at Royal Insurance Company of Canada before focusing on commodities in 1991.



Brian Di Tomasso – the IT Manager joined Di Tomasso Group in 2005. In addition to his background in Computer Systems Technology Brian's duties include trade execution, financial reporting and research while developing proprietary software used to enhance investment decision making.



Larry Swanston CPA - the Fund Accountant and Administrator re-joined Di Tomasso Group in January 2011 after working in senior manager positions with Province of British Columbia's Debt Management Branch and the British Columbia Investment Management Corp (bcIMC).



Our Products

Equilibrium Fund (unit trust)

- ***Pooled Fund Structured for Canadian Accredited Investors***
- ***Minimum Investment - \$250,000***
- ***Active Since Inception (1991)***

Equilibrium Commodity Fund L.P.

- ***Limited Partnership Open to Canadian Accredited Investors and Institutions***
- ***Minimum Investment - \$250,000***
- ***Active Since Inception in 2012***

Segregated Accounts

- ***Available to Foreign and Domestic Accredited Investors and Institutions***
- ***Minimum Investment - \$5,000,000***



Investment Philosophy

Reversion to the Mean
is

*“the most powerful force in
the investment markets”*

Barton M. Biggs, formerly Chief Global Strategist for Morgan Stanley



Strategic Approach

- *Discretionary, holding Long or Short positions*
- *Emphasis on absolute returns (non hedged positions)*
- *Long term, buy-and-hold, with above average holding periods (about 3 years)*
- *low turnover, allowing time for reversion-to-the-mean*
- *Physical commodities only (grains, meats, metals, energies and “softs”)*
- *Risk Controls are paramount, an emphasis on options ensures that dollars at risk are quantifiable*
- *Only exchange-traded futures and options, no OTC contracts*
- *Our Approach is Unique – No other Commodity Trading Advisor takes such a long term, “value” approach, based on a fundamentally-sound, quantitative process*



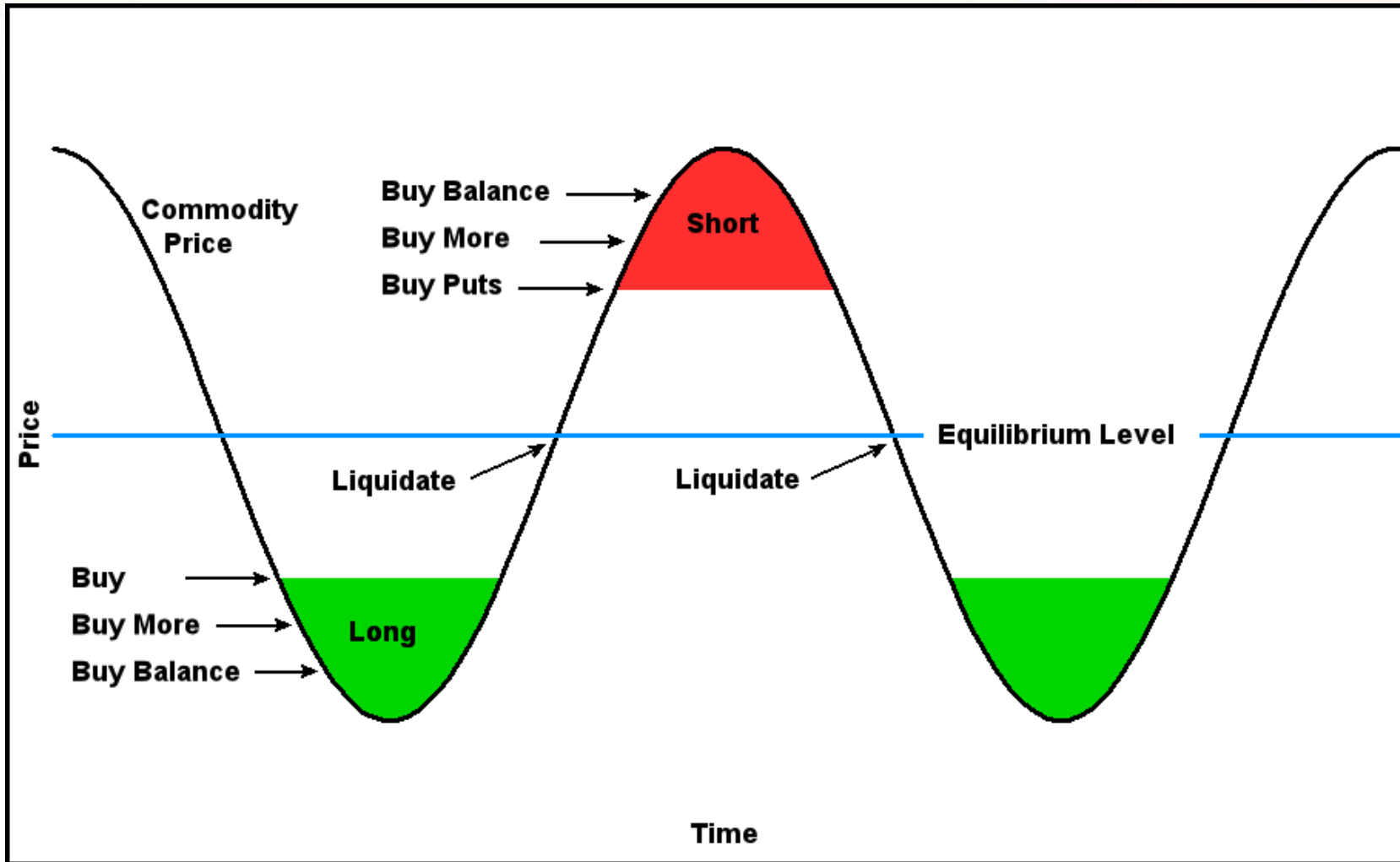
Our key to successfully investing in commodities :

Take a position when a commodity is significantly mispriced, then patiently wait as market forces bring the price back to its *equilibrium* level



The Investment Process

Buy low, then sell higher (or) Sell high, then buy lower



Average holding period: about three years



Commodity Candidates

GRAINS:	<i>Corn</i> <i>Soybeans</i> <i>Wheat</i>	<i>Oats</i> <i>Soymeal</i>	<i>Rice</i> <i>Soyoil</i>
MEATS:	<i>Live Cattle</i>	<i>Lean Hogs</i>	
METALS:	<i>Aluminum</i> <i>Lead</i> <i>Platinum</i>	<i>Copper</i> <i>Nickel</i> <i>Palladium</i>	<i>Gold</i> <i>Silver</i> <i>Zinc</i>
SOFTS:	<i>Cocoa</i> <i>Sugar</i> <i>Lumber</i>	<i>Coffee</i> <i>Cotton</i>	<i>Orange Juice</i> <i>Rubber</i>
ENERGIES:	<i>Crude Oil</i> <i>Natural Gas</i>	<i>Heating Oil</i>	<i>Unleaded Gas</i>

Only exchange-traded futures and options



Fund Portfolio Construction

- **CASH 75%** - Government of Canada 91-day Treasury Bills
- **COMMODITIES 25%** - 8 to 15 of the most misvalued commodities.
 - **OPTIONS 20%** - The Fund's primary commodity investment vehicles are call and put options on futures contracts. By owning options the amount of dollars at risk can be measured precisely while the potential for gain is virtually unlimited.
 - **FUTURES 5%** - Futures contracts normally comprise a small proportion of the Fund. Since futures contracts are subject to margin calls they can be risky. The Fund will not short futures contracts due to the potential of unlimited liability.



Risk Controls Are Paramount

- *Cash Reserves* – normally > 75% of assets
- *Diversification* – 8 to 15 commodities
- *Liquidity* – only exchange-traded contracts
- *Leverage via options* – to gain significant upside with quantifiable dollars at risk
- *Rebalancing* – exposure to limit the risk of individual positions while maximizing returns
- *Value at Risk* – always quantifiable, we do not make an investment without knowing the dollars at risk



Our Investment Principles

- 1. *The market will surprise*** (be prepared for unanticipated events, be opportunistic)
- 2. *Trust facts, not opinions*** (base decisions on reliable data, not conjecture)
- 3. *Control risk***
- 4. *Be patient***



Correlation

	Equilibrium Program Correlation Since Jan. 2002	Equilibrium Program Correlation Trailing 5 Years
Continuous Commodity Index	0.90	0.19
S&P TSX Composite Index	0.70	-0.28
S&P 500 Index	0.35	-0.72

The Equilibrium Program's performance is a composite of all funds managed by Di Tomasso Group using the Equilibrium Program Strategy.

The increase in both commodity prices and equity markets since January 2002 produced a positive correlation (+0.85) between the monthly performance of the TSX Index and the Continuous Commodity Index (CCI).

The monthly returns for the Equilibrium Program since 2002 have been positively correlated with the major stock indices as both stock prices and commodity prices moved higher. However, since 2006 the Program's monthly performance has been negatively correlated with major stock indices.

Most importantly, while the monthly performance of the Program has been positively correlated to the major market indices over the past ten years it has also provided significant offset to corrections in the equity markets. Since 2001, the Program has achieved a positive return in 13 of the 16 worst performing months on the TSX.

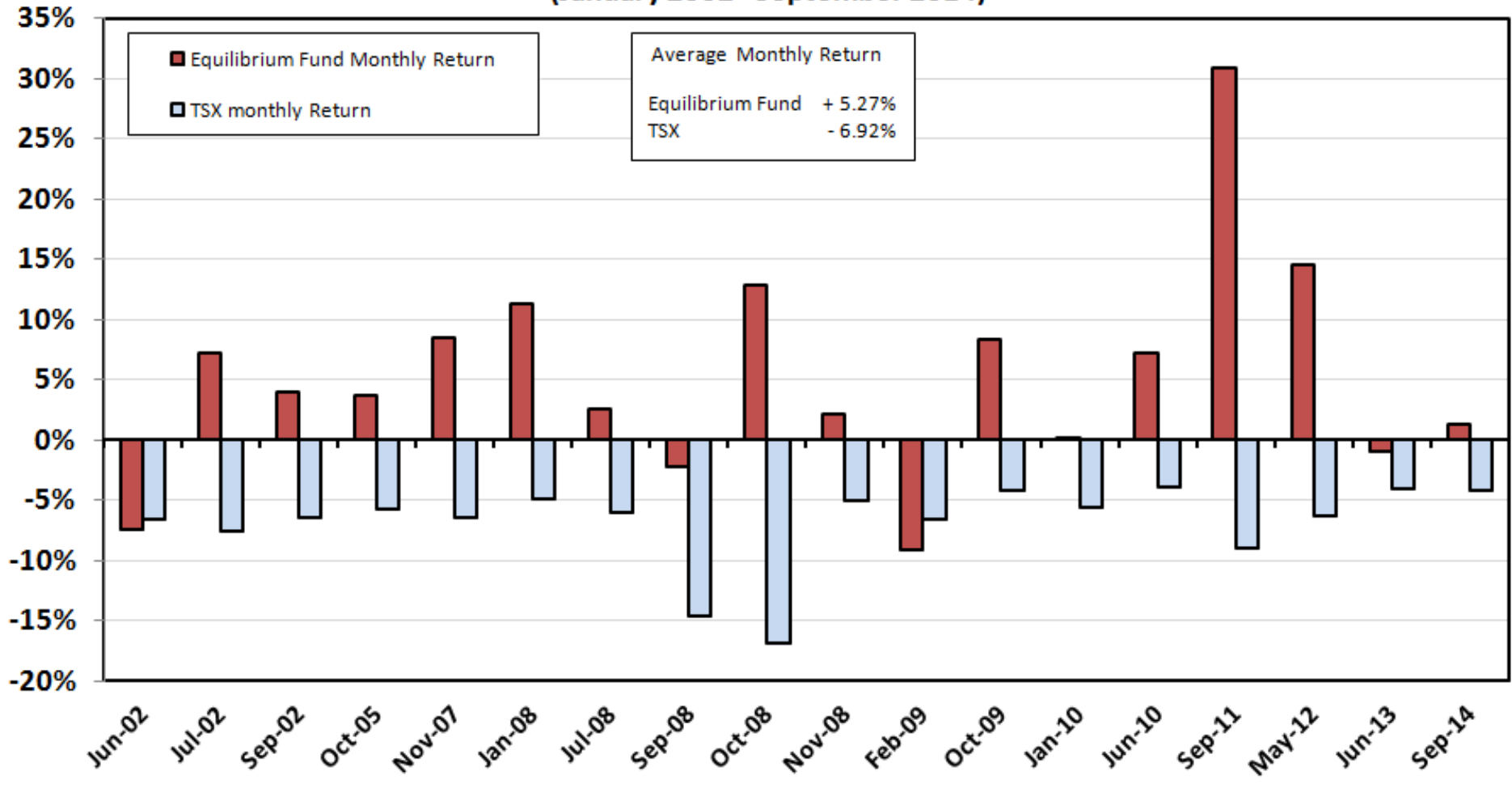
Moreover, during the market correction in the second half of 2008, when the TSX Index fell by -38% and the CCI fell by -39%, the Equilibrium Program returned +15.4%. Also, during the market correction of September 2011, when the TSX Index declined almost -9% and the CCI declined by over -13.5%, the Equilibrium Program returned +31.7%. Although the performance of the Equilibrium Program has been positively correlated with the equity markets over the past 10 years, its performance has consistently provided a significant off-set to major equity market corrections as illustrated in the following chart.

Data as of: October 31, 2014



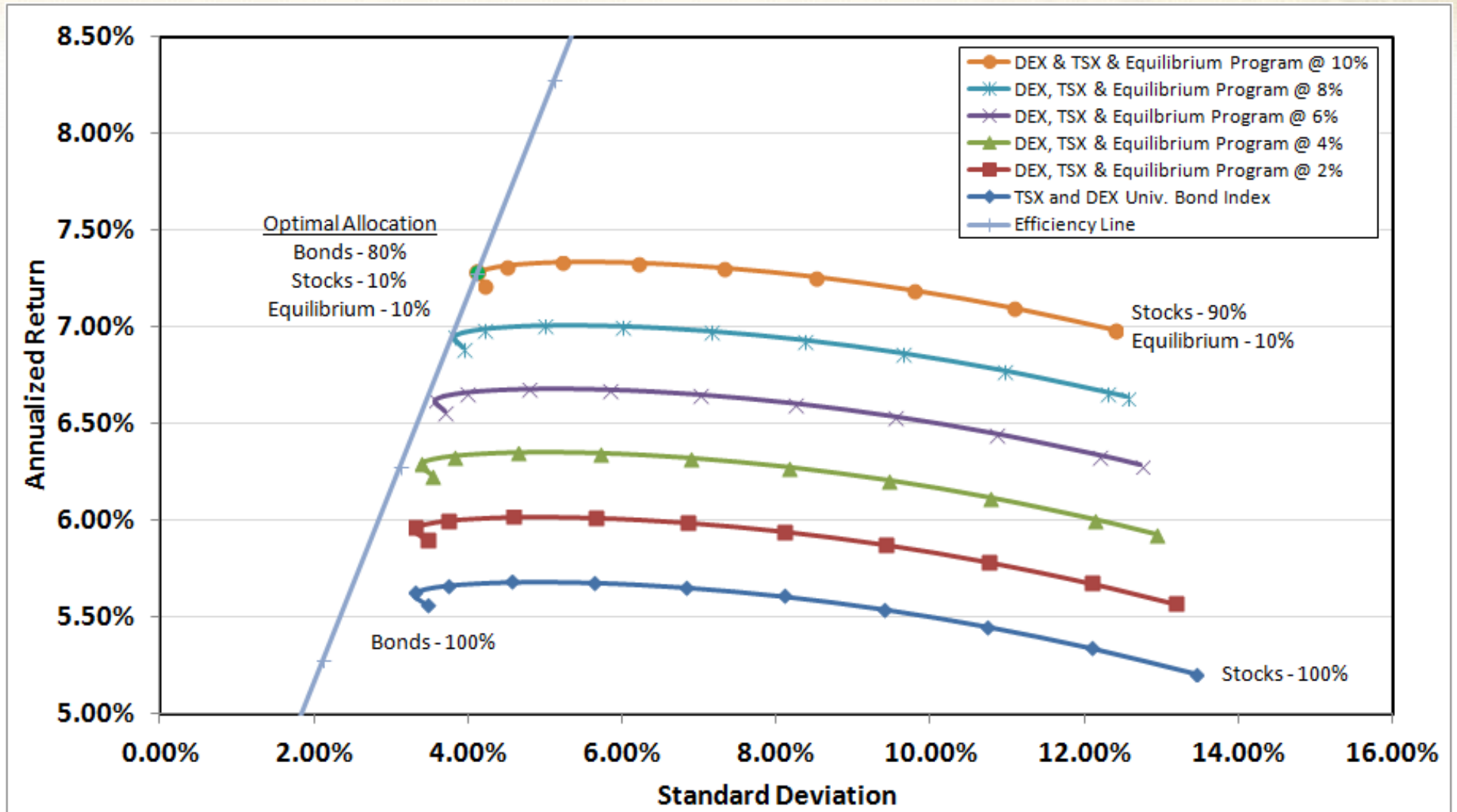
Negative Correlation to Equities

Equilibrium Fund Monthly Returns during
TSX Indexes 18 worst months
(January 2002 - September 2014)

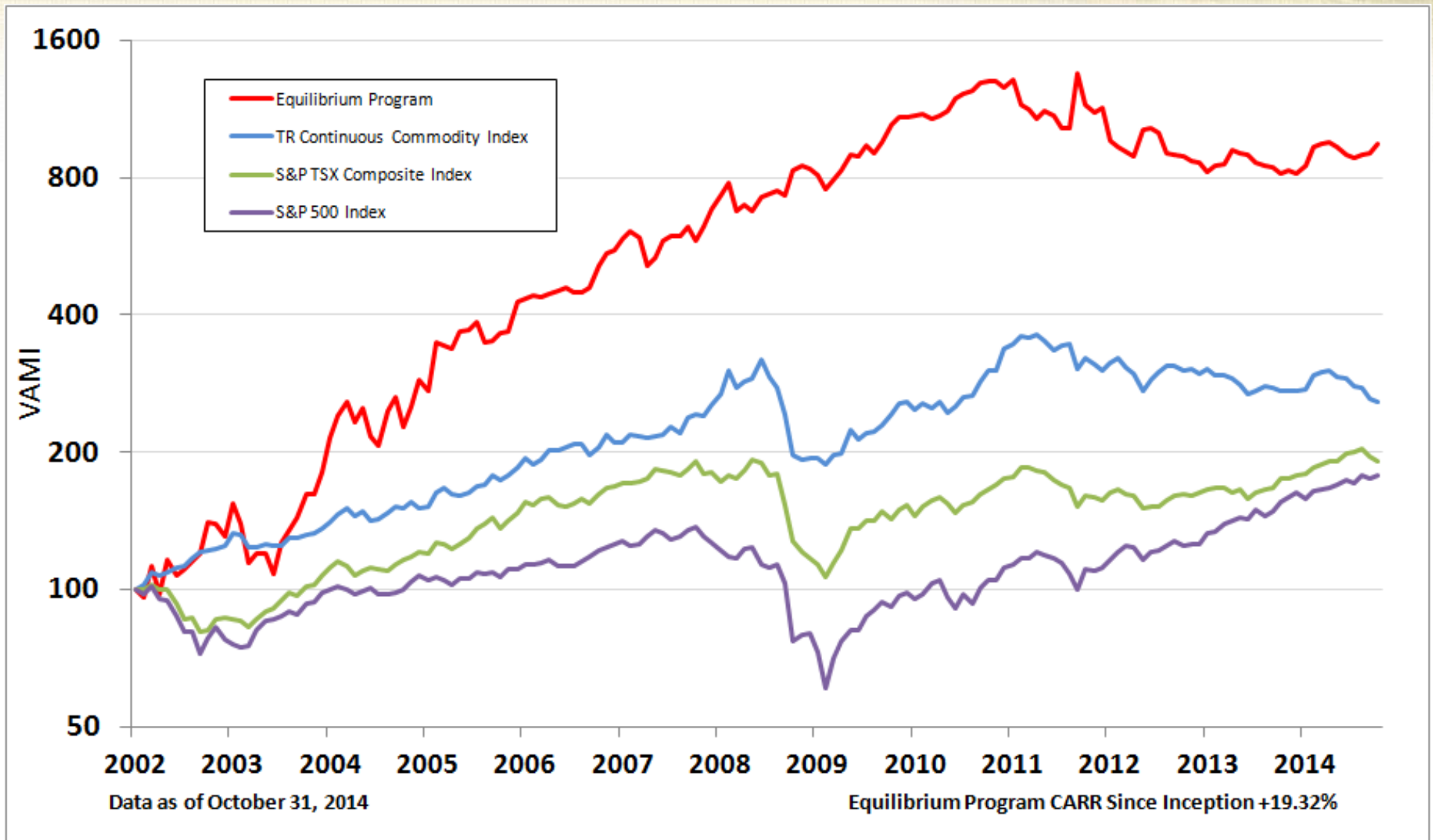


Efficient Frontier

Since 2001



Equilibrium Program VAMI



Past performance is not necessarily indicative of future results.



Summary Equilibrium Program

- **Focused** - *physical commodities only (long & short)*
- **Sensible** - *reversion to the mean, easily understood*
- **Safety** - *risk is closely managed*
- **Track Record** - *Lipper/Reuters Award*
- **Investment Approach**
 - *patient buy-and-hold style*
 - *Proprietary option strategies intended to minimize option premiums while optimizing returns*
 - *solid risk controls*



Awards & Recognition

- **2008 – Lipper Hedge Fund Award** – Di Tomasso Group was the winner of the best overall Commodity Trading Advisor category at the inaugural Lipper Hedge Fund Awards for their North American Sector.
- **2008 - Canadian Hedge Fund Awards** - The Equilibrium Fund placed third in the category of Best Overall Return (Under \$25 million AUM).
- **2009 – Canadian Hedge Fund Award** - The Equilibrium Fund placed second in the category of Best Overall Return (Over \$25 million AUM).
- **2010 - Canadian Investment Awards** - The Equilibrium Fund placed third in the Best Opportunistic Hedge Fund category.



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