



# HAAR

CAPITAL MANAGEMENT LLC

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This presentation should be read in conjunction with the current disclosure document.

# Overview

- I. Who We Are
- II. What We Do
- III. How We've Done

# **I. Who We Are**

# Biography



## Stanley Haar - President

### Professional Accomplishments:

Over 30 years of commodity and financial market experience:

- Managed speculative and commercial futures accounts at Smith Barney, Prudential and Shearson.
- Responsible for the agribusiness portfolio at **Bradesco Templeton Asset Management** (a Brazilian joint venture of Franklin Templeton Investments and Banco Bradesco).
- **Continental Grain Co.**
  - Various trading and management positions including worldwide responsibility for soybean products and regional marketing of grains and oilseeds in Latin America and Caribbean.
  - Commercial Director in Brazil, with responsibility for an agribusiness complex including a soybean processing plant, export terminals, an integrated poultry operation and seed company.

### Academic Background:

School of International Service, **The American University:**

- BA - Economics and International Studies, *summa cum laude*.
- Awarded **National Science Foundation** Fellowship for graduate study in economics.

**Stanford University:**

- MBA - Graduate School of Business.
- MA - Food Research Institute (concentration in futures markets and international trade).
- JD - Stanford Law School; admitted to the Florida Bar 1993.

**Fulbright Scholar** in Brazil - research focus on the International Coffee Agreement.

Authored articles in Commodities Magazine and Global Finance Journal, and quoted in numerous industry publications.

# The Team



## Ari Beim - Senior Vice President

### Professional Accomplishments:

Over 15 years of experience in foreign exchange and commodity trading management:

#### **Marathon Capital Growth Partners:**

- Responsible for the trade execution in the commodity and currency futures.
- Trade support, encompassing all details of the trade from point of execution through clearing.
- Sales and Marketing assistant.

#### **AIG Trading Group:**

- Held multiple administrative and management positions within the foreign exchange department.
- Senior member of the foreign exchange operations and customer services team.

### Academic Background:

Earned a BA in Psychology from **Marymount Manhattan College**.

- Received special recognition for outstanding academic achievement and commitment to community and philanthropic projects.

# The Team



## **Evan Wolk – Analyst and Execution Trader**

### **Professional Accomplishments:**

Over 20 years of financial market experience.

- Managed retail equity, bond and commodity brokerage accounts for Smith Barney and UBS Financial Services.
- Securities Lending Trader for JP Morgan/Chase with responsibility for the program exposure in term markets with balances in excess of \$100 billion.
- Intelligence Operations Specialist for the United States Department of State in the Bureau of Intelligence and Research.

### **Academic background:**

**The George Washington University, B.A., International Affairs with a concentration in International Economics.**

# The Team



## Jessica Del Vecchio - Director of Operations

### Professional Accomplishments:

Over 13 years of financial market experience.

#### **Smith Barney:**

- Managed and maintained retail equity, fixed income and commodity brokerage accounts for high net worth individuals.
- Developed and implemented asset allocation strategies; based on client need and risk tolerance.
- Provided ongoing portfolio reviews through client presentations.
- Prepared prospecting materials and conducted marketing presentations.
- Responsible for all aspects of trading; including electronic order entry, monitoring trade executions and trade allocation and reconciliation of accounts.

### Academic Background:

#### **Lynn University:**

- BSBA - Business Management
- **Lynn University - College of Business and Management:**
- MBA - Finance

# Who We Are

- CFTC registered, NFA member;
- Only regulated futures contracts traded (no counterparty risk);
- No lock-up (daily liquidity) with full account transparency;
- Seasoned team:
  - Over 70 years of combined financial market and trading experience;
  - fundamental, hands-on commercial agribusiness and global asset management backgrounds;
- Client interests aligned with manager.

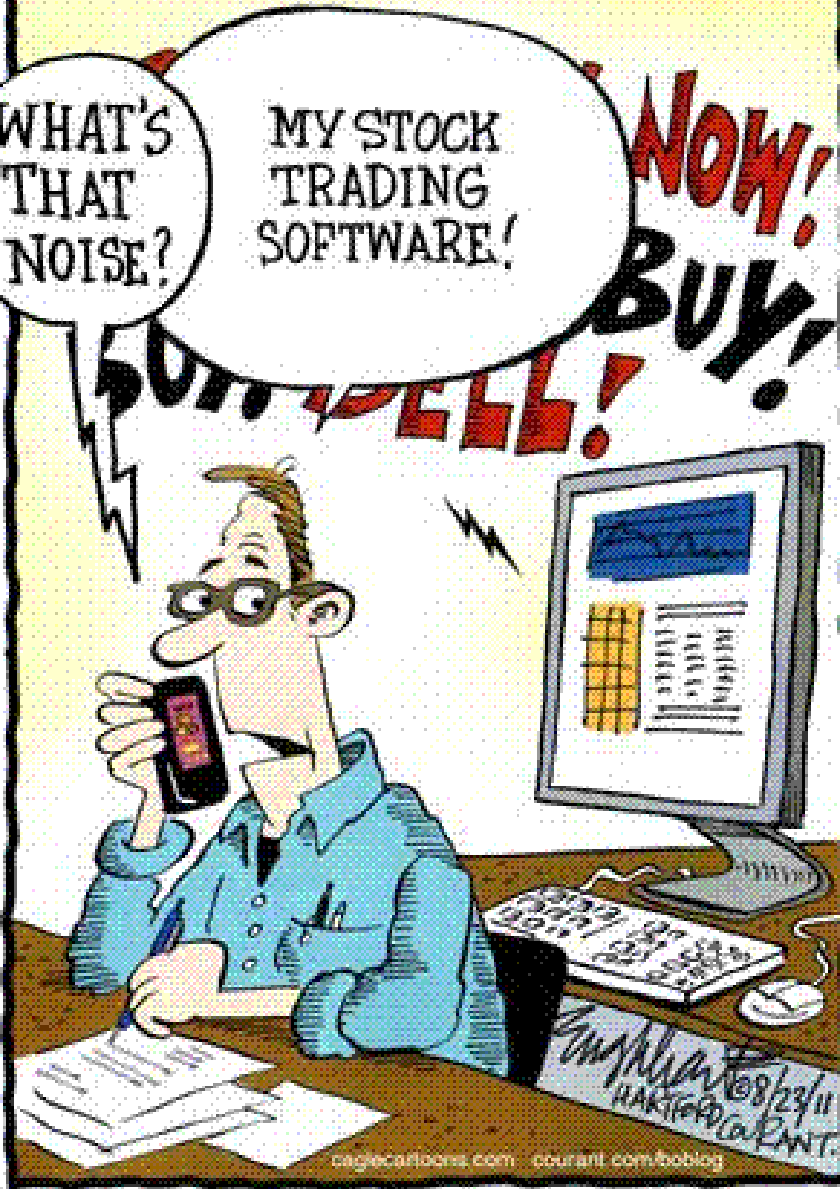
## **II. What We Do**

**SELL! SELL NOW!**  
**NO! GOD NO!**  
**BUY! SELL! BUY!**



WHAT'S THAT NOISE?

MY STOCK TRADING SOFTWARE!



8/23/11  
HARTFORD  
COURANT

# Trading Methodology

## Approach

- Discretionary with a fundamental focus on identifying emerging trends.

## Research

- Objective: filter out short term “noise” and capitalize on longer term trends;
- Goal: identify favorably skewed risk/reward opportunities;
- Focus: traditional commodities vs. financial futures;
- Market-moving events closely monitored, e.g., global weather and climate conditions, economic and political events.



# Risk Management

## Money Management

- Opportunistic concentrated positions: typically only 3 – 7 positions taken at a time;
- Initial position size:
  - conservative fixed fractional scaling;
  - adjusted for market-specific volatility and liquidity;
- Positions sized more aggressively when trend verifies;
- Larger bets due to concentration;
- Average margin to equity ratio: 8% (necessarily low due to position concentration).

# Risk Management

## Trade Risk Management

- Technical analysis: may be used to help determine specific trade entry and exit points and placement of stop-loss orders;
- Aggregate position risk is managed against a total portfolio risk target, i.e., maximum acceptable drawdown across all positions;
- Individual positions are managed on a portfolio basis;
- Portfolio construction and liquidation decisions consider market correlations.



My financial adviser  
says I don't have  
enough faith, and my  
spiritual adviser says  
I'm too diversified.

**Fitz**

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# Brokers and Research Providers

## Futures Clearing

- Newedge Group
- Bache Commodities
- ADM Investor Services
- MF Global
- R J O'Brien

## Research Providers

- Hightower Research
- AC Trading
- Safras & Mercado
- Sucden (UK) Limited
- Sumatra Coffee

## Data and Analytics

- FutureSource
- Dow Jones
- Trading Technologies
- Oak Trading Systems
- DMAXX

## Weather Providers

- Marcus Weather
- World Weather
- Frontier Weather
- CROPCAST Ag Services
- T Storm Weather
- Lanworth, Inc

# **III. How We've Done**

# Discretionary Commodity Trading Program

Month Ending VAMI Chart



December 2005 – August 2011

	Haar Capital	S&P 500	Newedge Index
<u>Benchmark Analysis</u>			
Compounded Annualized Return	9.64%	0.07%	4.84%
Average Gain (Up Months)	2.97%	3.13%	2.20%
Worst Monthly Loss	(10.05%)	(17.26%)	(4.72%)
Sharpe Ratio (RF=3%)	0.56		
Average Margin to Equity Ratio	8%		
Round Turns Per Million	650		
<u>Correlations</u>			
S&P 500 Price Index	0.11		
Barclay's CTA Index	0.42		
U.S Treasury Bonds	(0.07)		

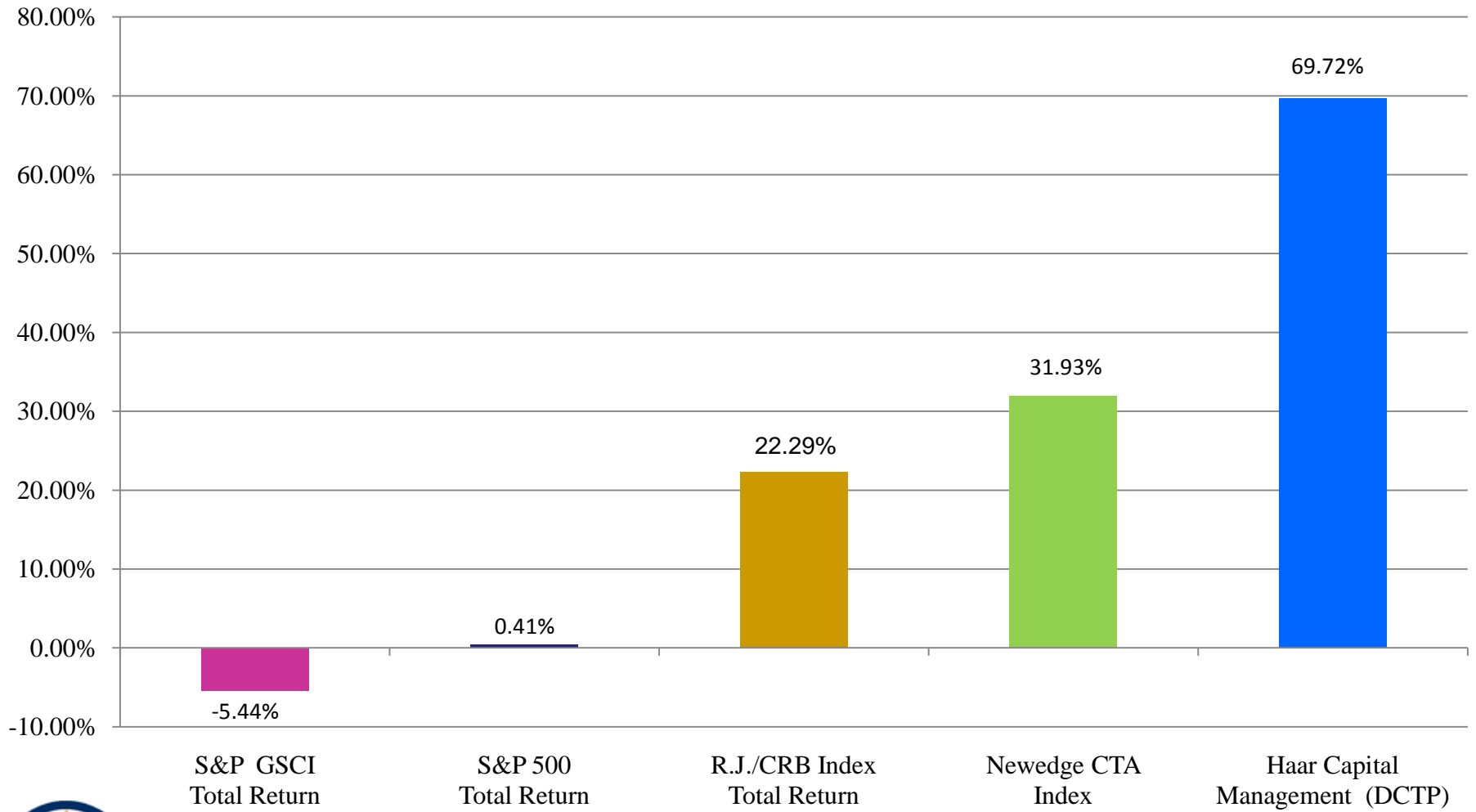
Returns	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
<b>2011</b>	2.91%	(2.22%)	(0.17%)	3.55%	2.23%	(0.04%)	0.03%	2.28%					8.74%
<b>2010</b>	0.06%	(3.30%)	(1.13%)	(1.02%)	0.90%	(2.88%)	(1.74%)	3.10%	2.73%	8.95%	(3.86%)	5.14%	6.33%
<b>2009</b>	(0.42%)	(3.09%)	0.30%	1.84%	4.36%	(3.08%)	0.14%	0.90%	0.35%	(2.32%)	(3.72%)	1.47%	(3.53%)
<b>2008</b>	2.02%	1.53%	(3.07%)	1.64%	1.92%	4.45%	0.15%	(1.28%)	(3.34%)	(1.99%)	(0.01%)	0.04%	1.78%
<b>2007</b>	(0.77%)	4.55%	(10.05%)	(2.84%)	1.04%	6.45%	(3.09%)	(2.47%)	7.18%	2.16%	6.23%	8.36%	16.17%
<b>2006</b>	9.47%	(2.26%)	2.47%	0.36%	3.28%	1.49%	(2.88%)	0.56%	(4.06%)	5.06%	10.12%	1.88%	27.37%

# Performance Comparison

As of Aug 2011	Haar Capital Management (DCTP)	Newedge CTA Index	GSCI	S&P 500
2011	<b>8.74%</b>	<b>(2.24%)</b>	3.27%	<b>(1.77%)</b>
2010	<b>6.33%</b>	9.26%	9.03%	15.06%
2009	<b>(3.53%)</b>	<b>(4.23%)</b>	13.48%	23.45%
2008	<b>1.78%</b>	12.98%	<b>(46.49%)</b>	<b>(39.07%)</b>
2007	<b>16.17%</b>	8.53%	32.67%	3.44%
2006	<b>27.37%</b>	5.75%	0.30%	13.83%



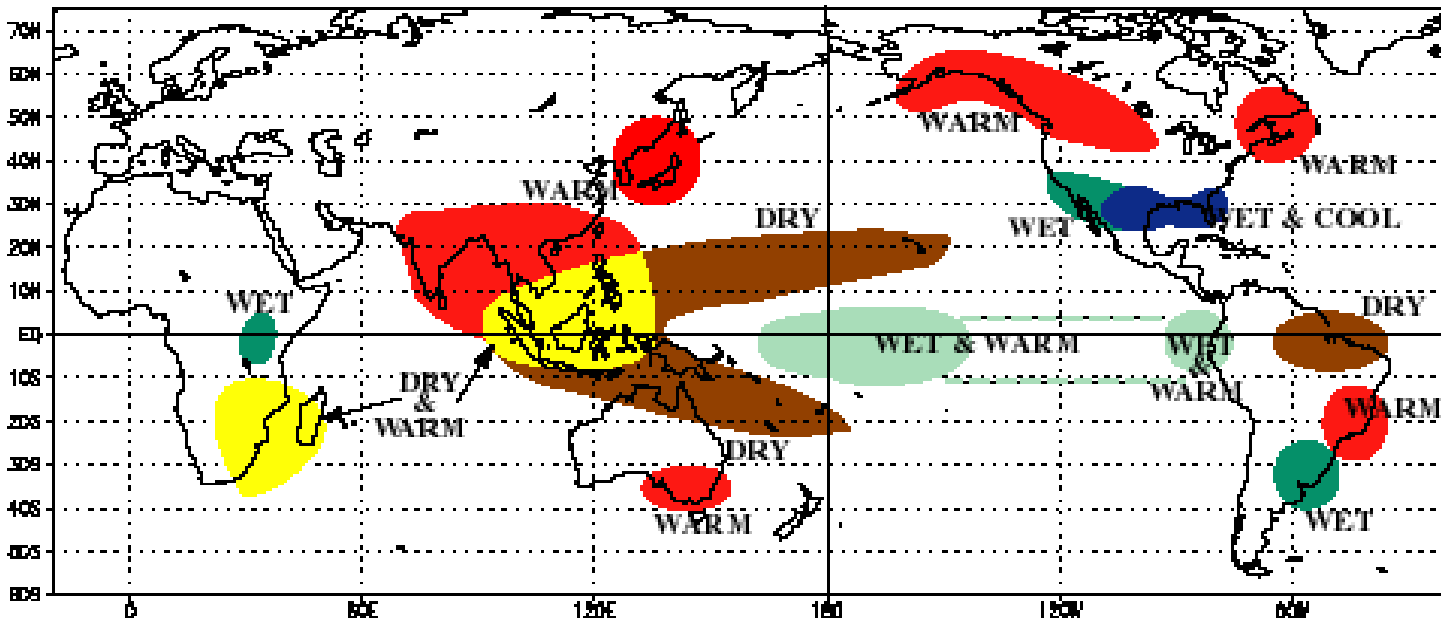
# Total Return December 2005 - August 2011



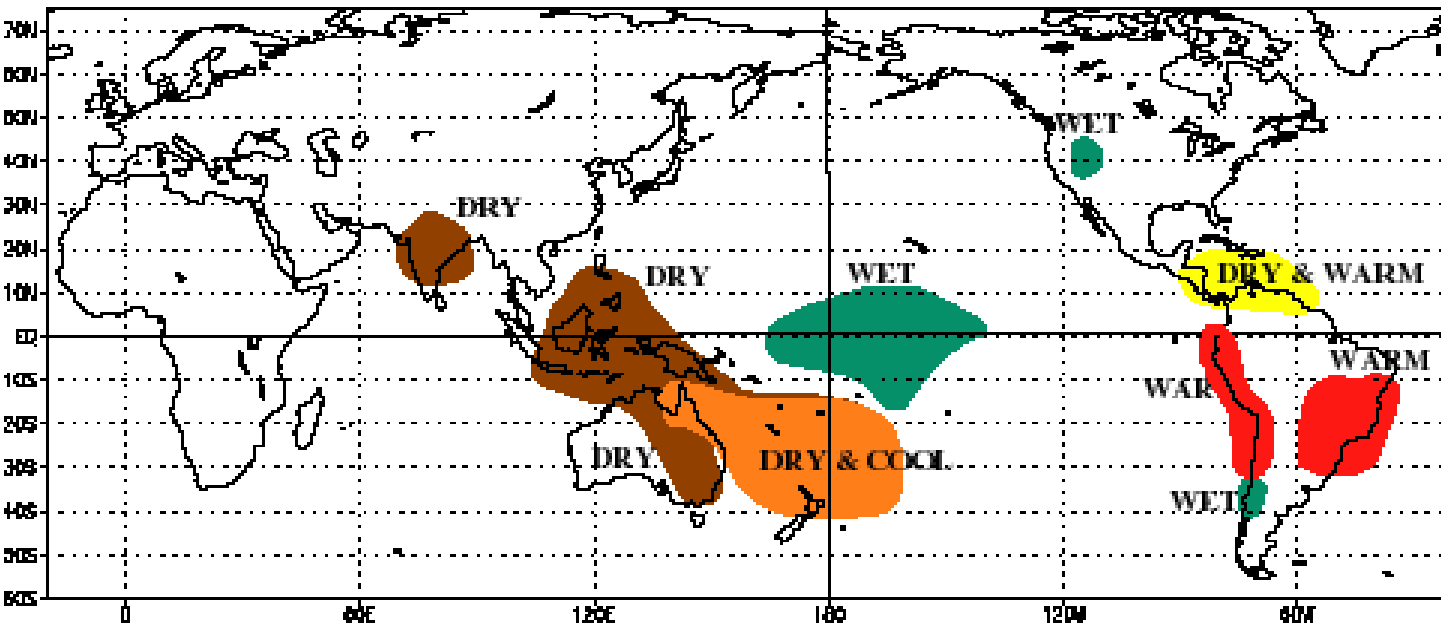
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Past performance is not necessarily indicative of future results.  
The risk of loss in trading commodity interests is substantial.

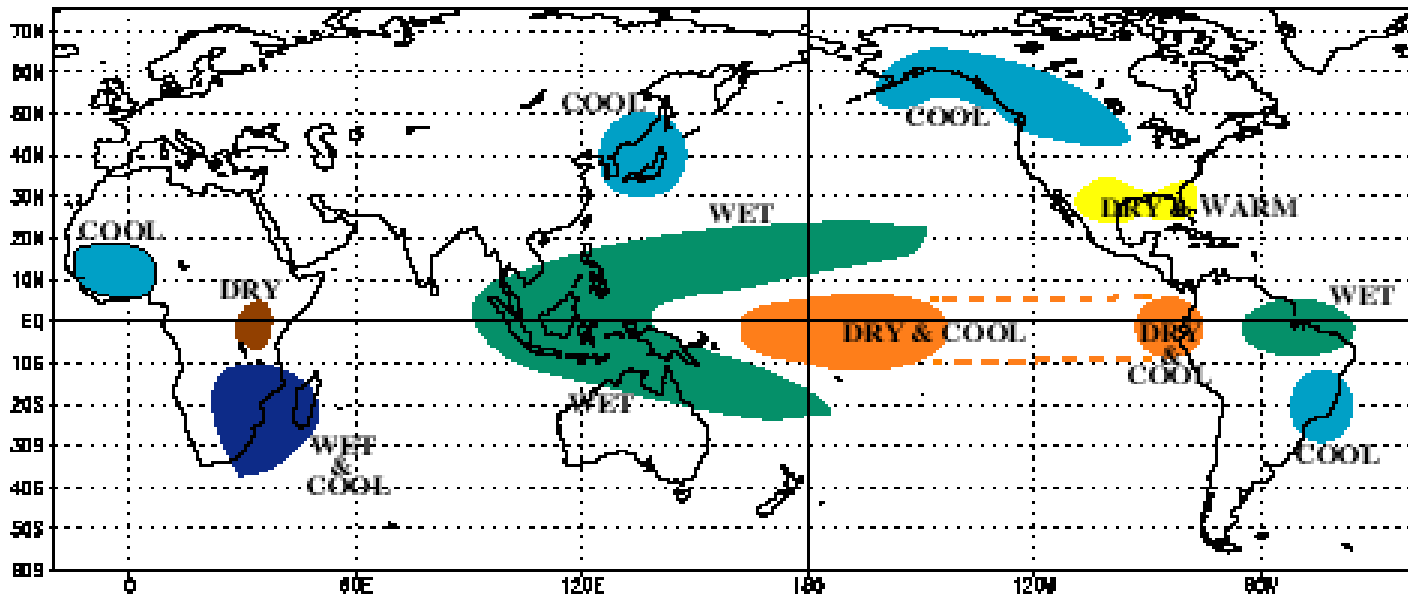
## Average El Niño Winters Worldwide



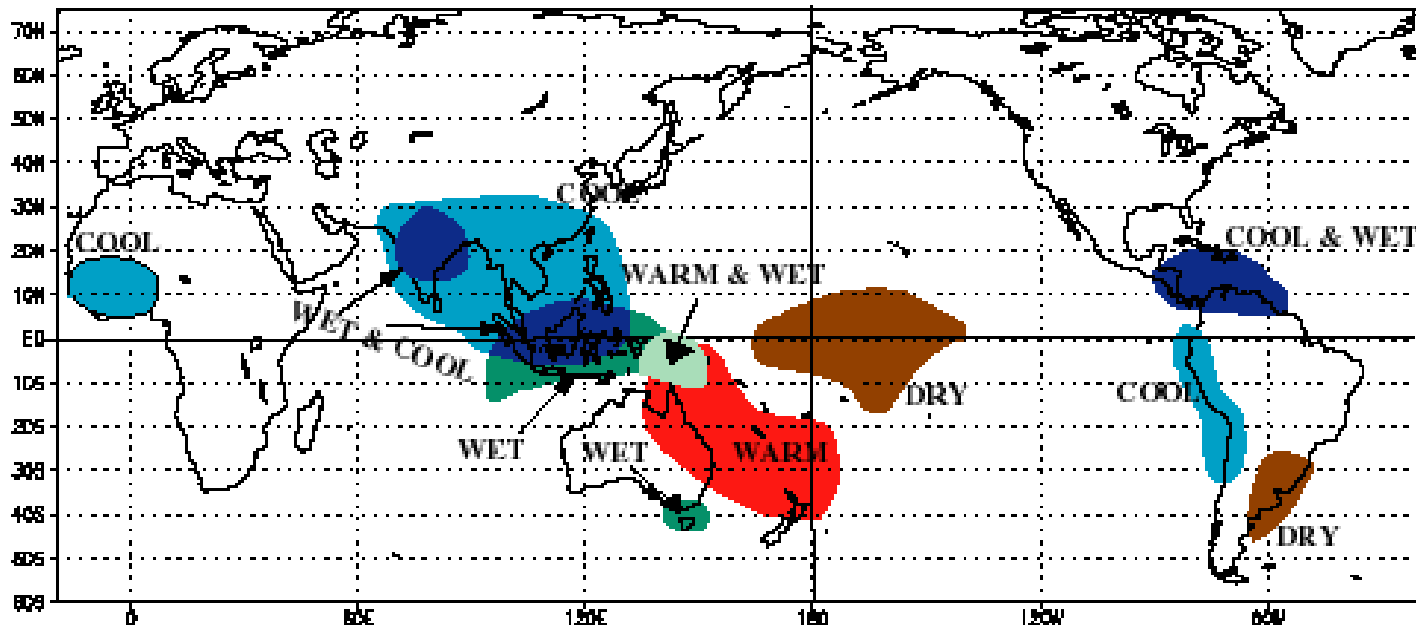
## Average El Niño Summers Worldwide



## Average La Niña Winters Worldwide



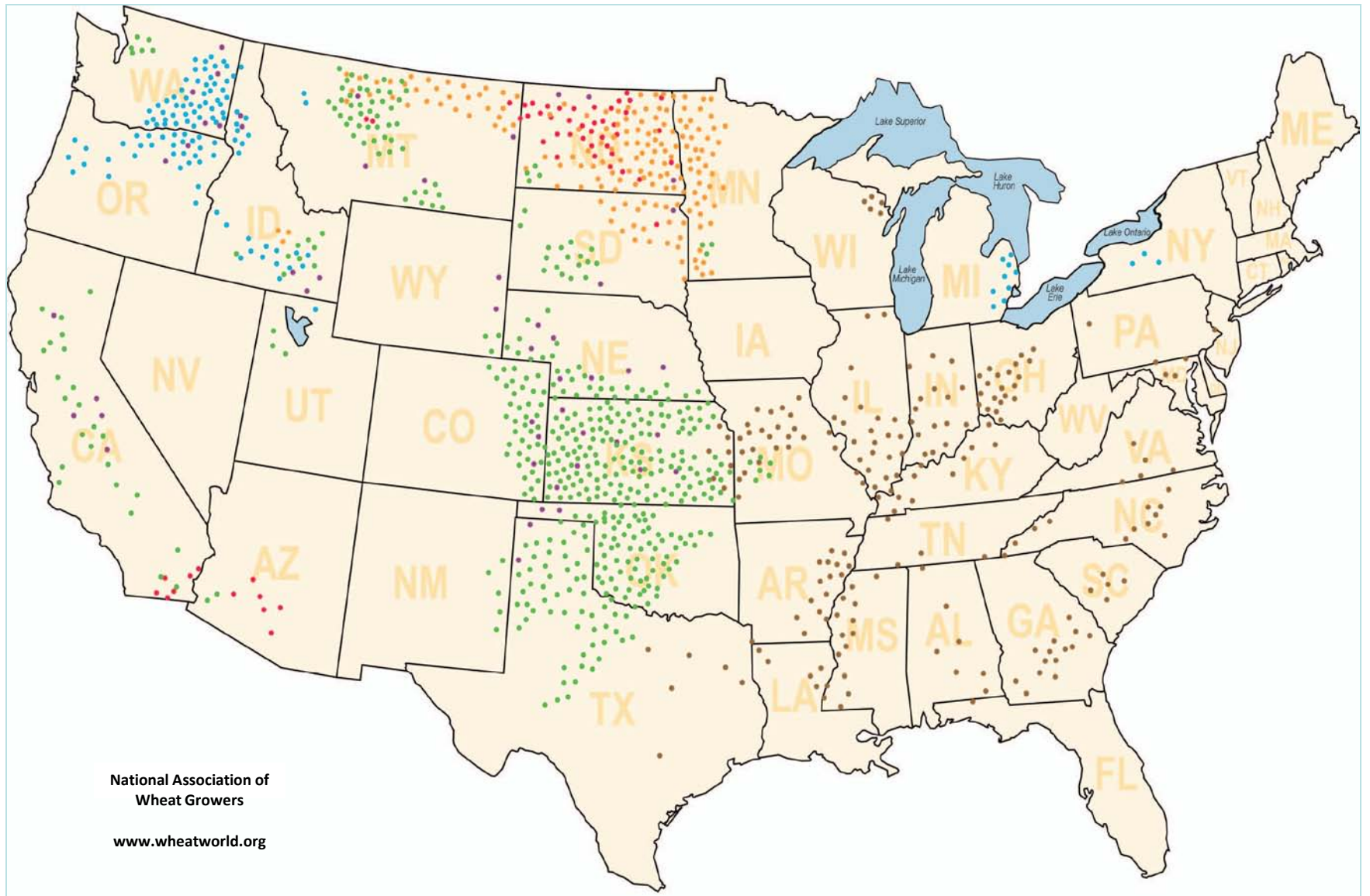
## Average La Niña Summers Worldwide



# 2011 Growing Season Weather Risk Outlook



# Trade Example



National Association of  
Wheat Growers  
[www.wheatworld.org](http://www.wheatworld.org)

● Hard Red Winter

● Hard Red Spring

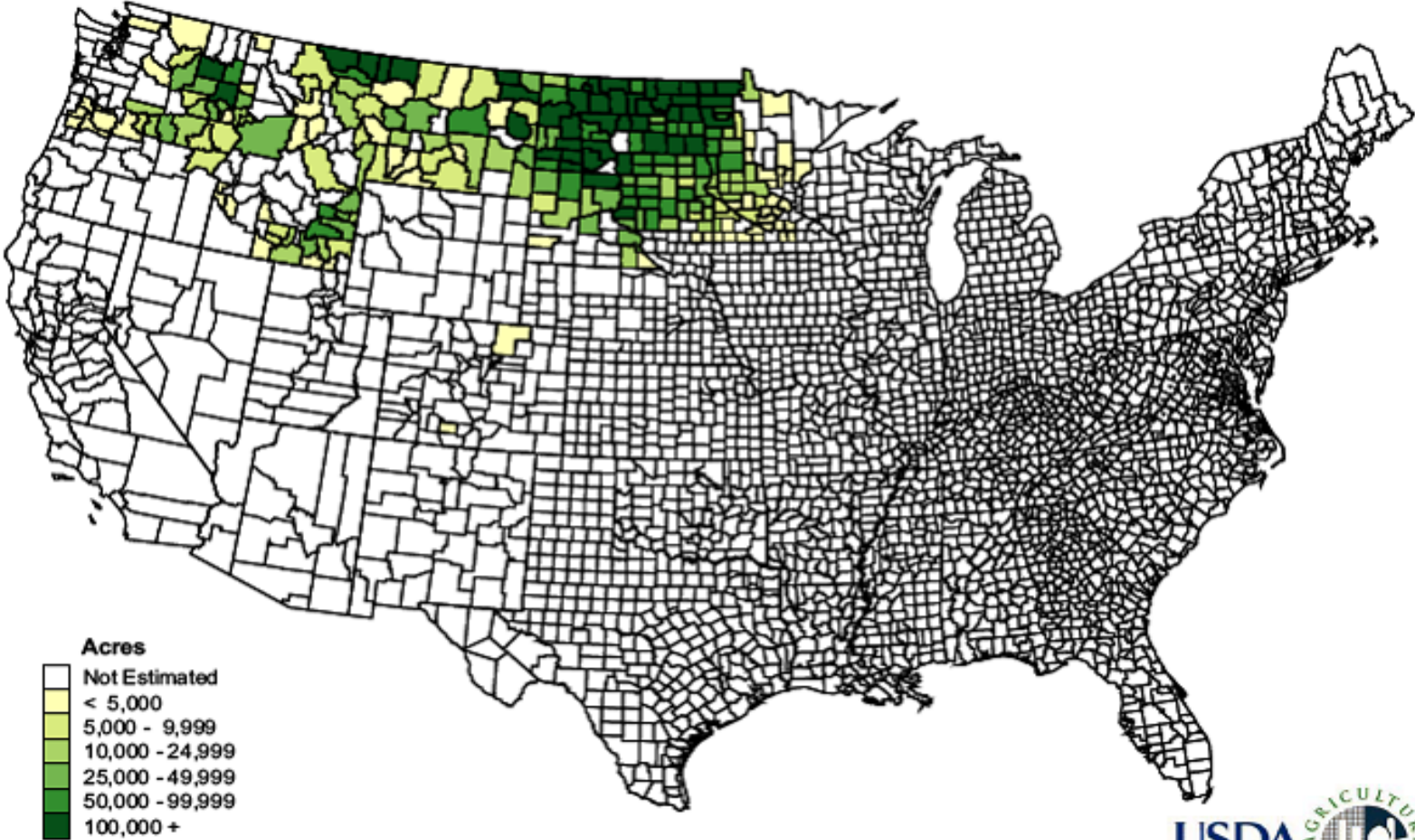
● Soft Red Winter

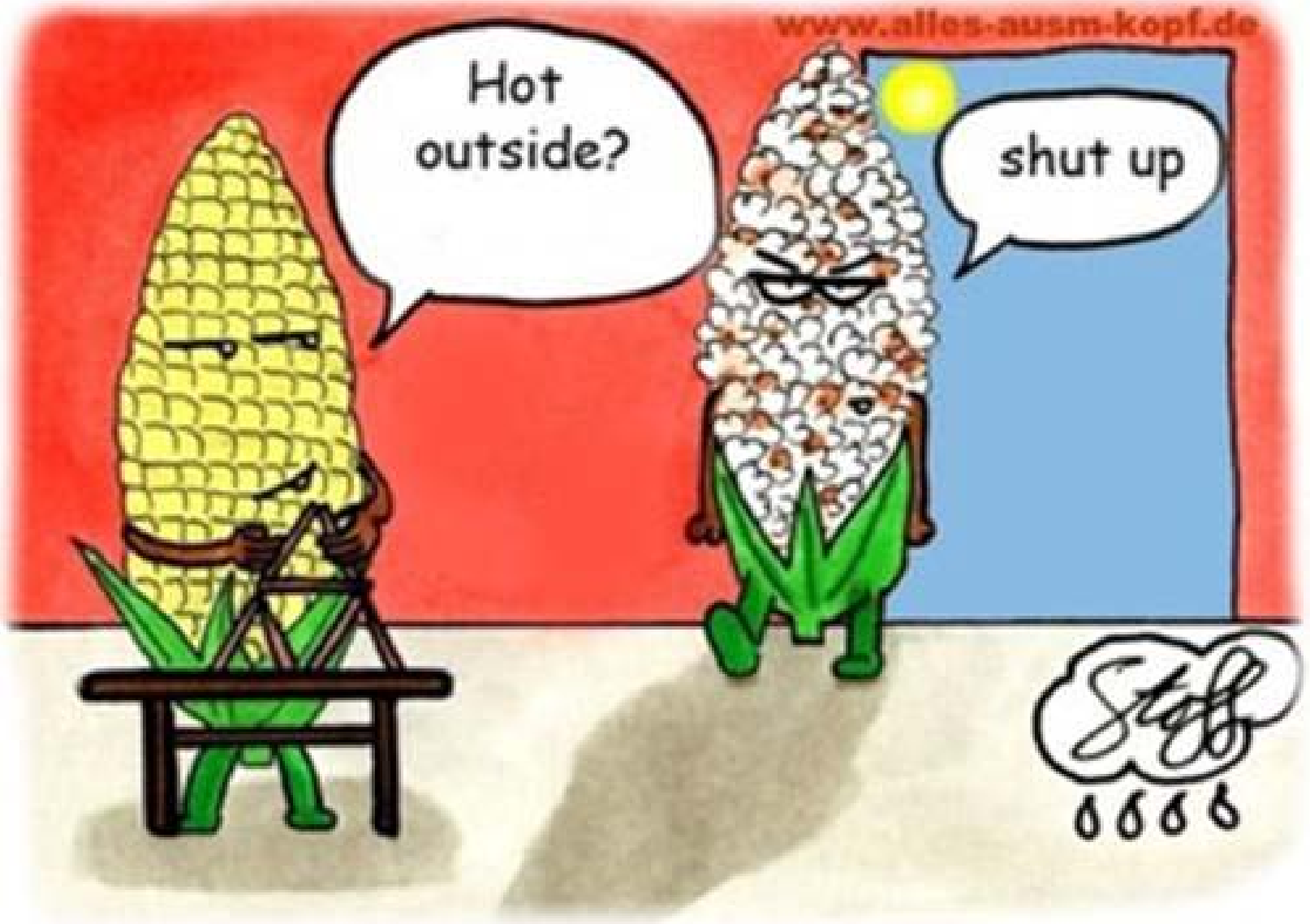
● Durum

● Hard White

● Soft White

**Other Spring Wheat 2010  
Harvested Acres by County  
for Selected States**

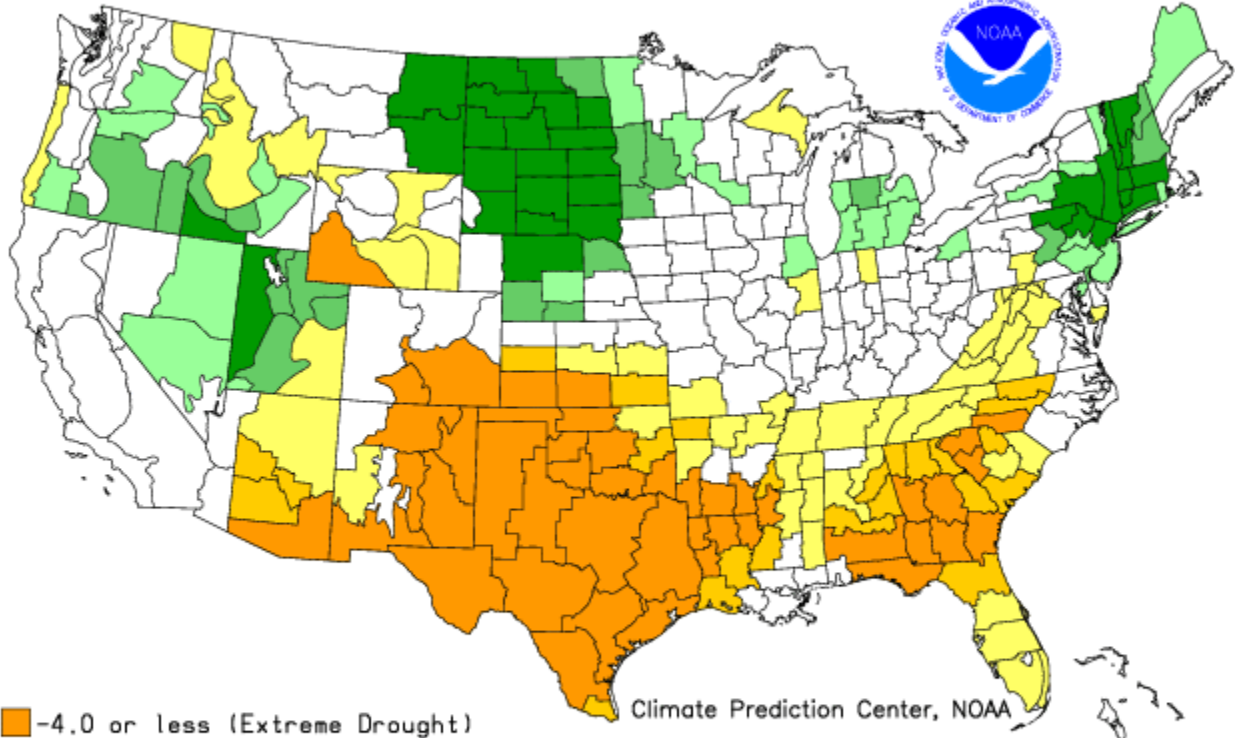




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Drought Severity Index by Division  
Weekly Value for Period Ending SEP 3, 2011  
Long Term Palmer

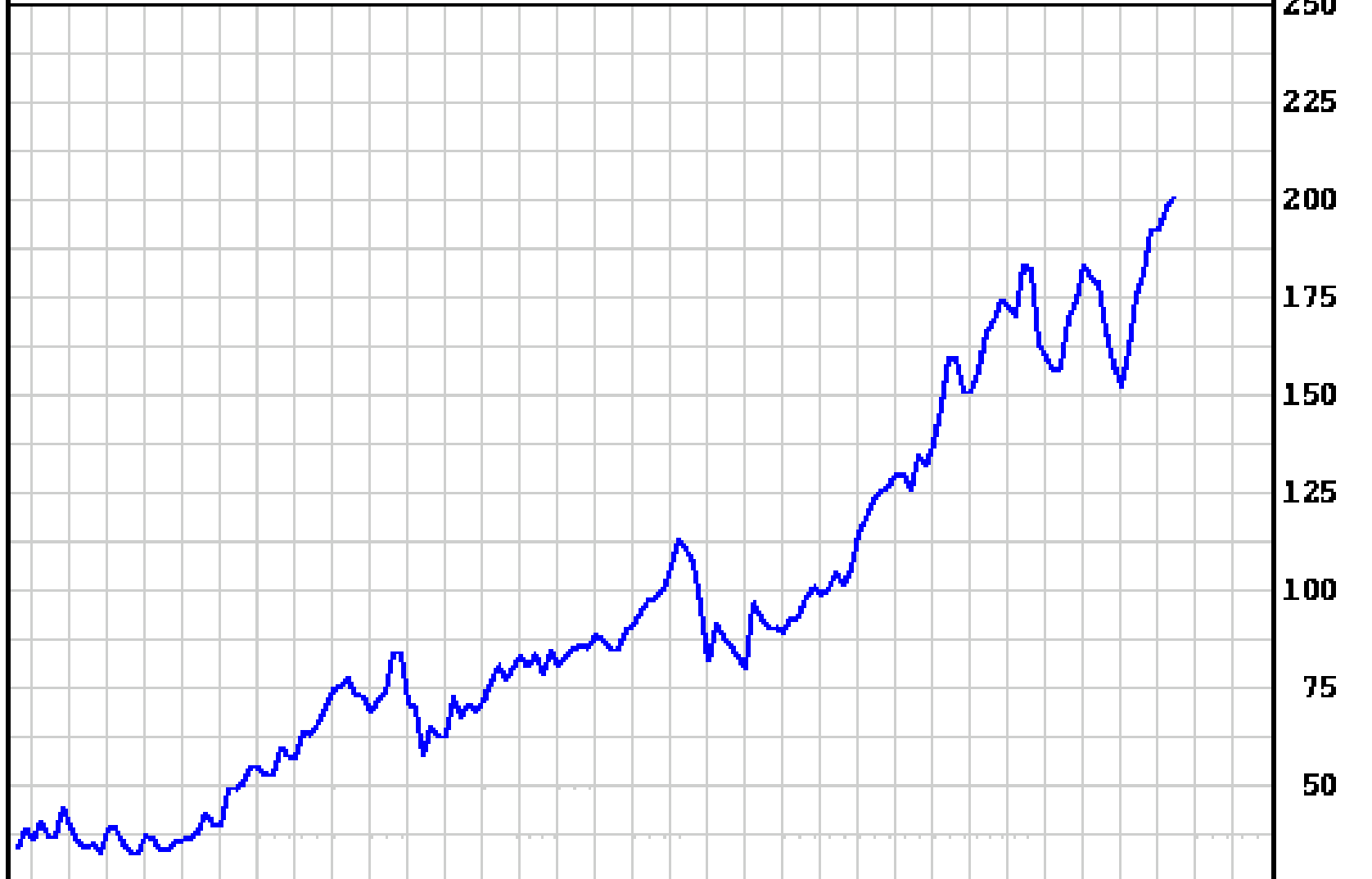


- Climate Prediction Center, NOAA
- |                                 |                                    |
|---------------------------------|------------------------------------|
| -4.0 or less (Extreme Drought)  | +2.0 to +2.9 (Unusual Moist Spell) |
| -3.0 to -3.9 (Severe Drought)   | +3.0 to +3.9 (Very Moist Spell)    |
| -2.0 to -2.9 (Moderate Drought) | +4.0 and above (Extremely Moist)   |
| -1.9 to +1.9 (Near Normal)      |                                    |

# September 11 Spring Wheat vs CBOT Wheat

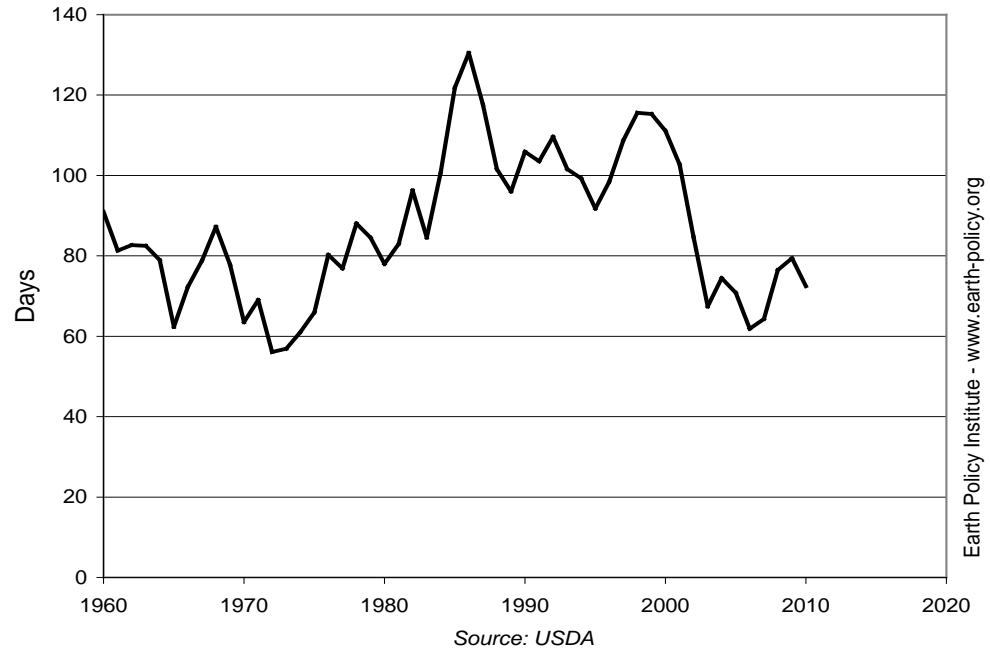
AS OF: 07/06/11

SPREAD



13 DEC-10 20 DEC-10 27 DEC-10 3 JAN-11 10 JAN-11 17 JAN-11 24 JAN-11 31 JAN-11 7 FEB 14 FEB 21 FEB 28 FEB 7 MAR 14 MAR 21 MAR 28 MAR 4 APR 11 APR 18 APR 25 APR 2 MAY 9 MAY 16 MAY 23 MAY 30 MAY 6 JUN 13 JUN 20 JUN 27 JUN 4 JUL 11 JUL 18 JUL

World Grain Stocks as Days of Consumption, 1960-2010

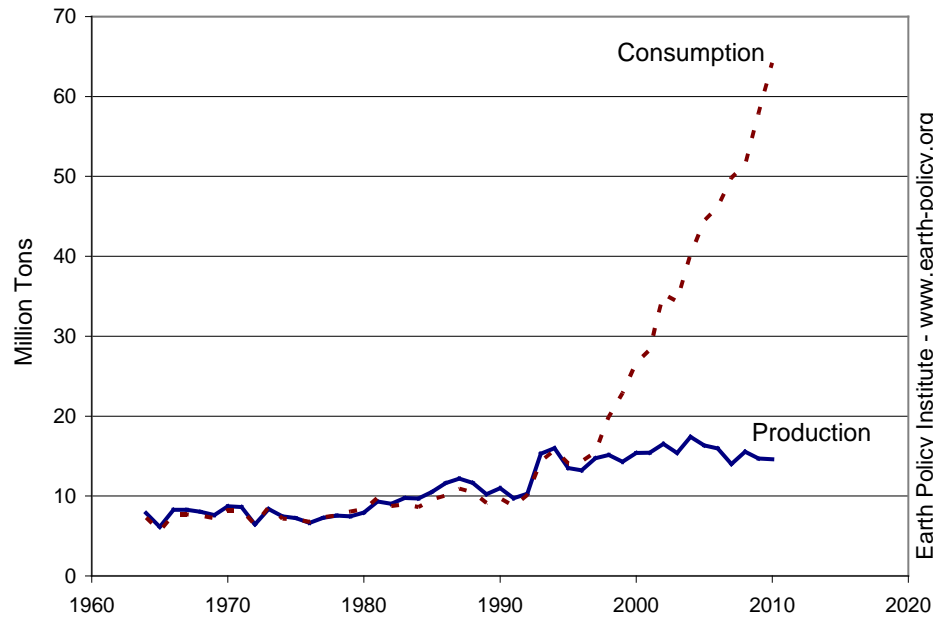


- 40% drop in Russian grain harvest reduced world grain stocks from 79 days of consumption to 72 days
- But what if the heat wave centered on Chicago, and the much larger U.S. grain harvest dropped 40%?
- World grain stocks would plummet to record-low 52 days – well below the level that preceded the tripling of grain prices in 2007-08

*Would likely result in unprecedented food price inflation and food riots in scores of countries, toppling weaker governments.*



Soybean Production and Consumption in China, 1964-2010



Source: USDA

Earth Policy Institute - [www.earth-policy.org](http://www.earth-policy.org)

- 130 million Chinese people are fed with grain produced by overpumping groundwater
- Vast amounts of cropland being paved for fast-growing auto fleet
- China gave the world the soybean; now imports 4/5 of the soybeans it consumes, largely to feed livestock
- Long self-sufficient in grain, China has begun to import wheat and corn within the last year

*If China comes into the world market for grain in a major way, as it has for soybeans, it will turn to the United States, the world's largest grain exporter. American consumers will be competing with 1.4 billion Chinese for the U.S. harvest.*

## RISK DISCLOSURE STATEMENT

THE RISK OF LOSS IN TRADING COMMODITIES CAN BE SUBSTANTIAL. YOU SHOULD THEREFORE CAREFULLY CONSIDER WHETHER SUCH TRADING IS SUITABLE FOR YOU IN LIGHT OF YOUR FINANCIAL CONDITION. IN CONSIDERING WHETHER TO TRADE OR TO AUTHORIZE SOMEONE ELSE TO TRADE FOR YOU, YOU SHOULD BE AWARE OF THE FOLLOWING:

IF YOU PURCHASE A COMMODITY OPTION, YOU MAY SUSTAIN A TOTAL LOSS OF THE PREMIUM AND OF ALL TRANSACTION COSTS.

IF YOU PURCHASE OR SELL A COMMODITY FUTURE OR SELL A COMMODITY OPTION, YOU MAY SUSTAIN A TOTAL LOSS OF THE INITIAL MARGIN FUNDS AND ADDITIONAL FUNDS THAT YOU DEPOSIT WITH YOUR BROKER TO ESTABLISH OR MAINTAIN YOUR POSITION. IF THE MARKET MOVES AGAINST YOUR POSITION, YOU MAY BE CALLED UPON BY YOUR BROKER TO DEPOSIT A SUBSTANTIAL AMOUNT OF ADDITIONAL MARGIN FUNDS, ON SHORT NOTICE, IN ORDER TO MAINTAIN YOUR POSITION. IF YOU DO NOT PROVIDE THE REQUIRED FUNDS WITHIN THE PRESCRIBED TIME, YOUR POSITION MAY BE LIQUIDATED AT A LOSS, AND YOU WILL BE LIABLE FOR ANY RESULTING DEFICIT IN YOUR ACCOUNT.

UNDER CERTAIN MARKET CONDITIONS, YOU MAY FIND IT DIFFICULT OR IMPOSSIBLE TO LIQUIDATE A POSITION. THIS CAN OCCUR, FOR EXAMPLE, WHEN THE MARKET MAKES A "LIMIT MOVE".

THE PLACEMENT OF CONTINGENT ORDERS BY YOU OR YOUR TRADING ADVISOR, SUCH AS A "STOP-LOSS" OR "STOP-LIMIT", WILL NOT NECESSARILY LIMIT YOUR LOSSES TO THE INTENDED AMOUNTS, SINCE MARKET CONDITIONS MAY MAKE IT IMPOSSIBLE TO EXECUTE SUCH ORDERS.

A "SPREAD" POSITION MAY NOT BE LESS RISKY THAN A SIMPLE "LONG" OR "SHORT" POSITION.

THE HIGH DEGREE OF LEVERAGE THAT IS OFTEN OBTAINABLE IN COMMODITY TRADING CAN WORK AGAINST YOU AS WELL AS FOR YOU. THE USE OF LEVERAGE CAN LEAD TO LARGE LOSSES AS WELL AS GAINS.

IN SOME CASES, MANAGED COMMODITY ACCOUNTS ARE SUBJECT TO SUBSTANTIAL CHARGES FOR MANAGEMENT AND ADVISORY FEES. IT MAY BE NECESSARY FOR THOSE ACCOUNTS THAT ARE SUBJECT TO THESE CHARGES TO MAKE SUBSTANTIAL TRADING PROFITS TO AVOID DEPLETION OR EXHAUSTION OF THEIR ASSETS. THIS DISCLOSURE DOCUMENT CONTAINS A COMPLETE DESCRIPTION OF THE FEES TO BE CHARGED TO YOUR ACCOUNT BY THE COMMODITY TRADING ADVISOR ON PAGE 6.

THIS BRIEF STATEMENT CANNOT DISCLOSE ALL THE RISKS AND OTHER SIGNIFICANT ASPECTS OF THE COMMODITY MARKETS. YOU SHOULD THEREFORE CAREFULLY STUDY THIS DISCLOSURE DOCUMENT AND COMMODITY TRADING BEFORE YOU TRADE, INCLUDING THE DESCRIPTION OF THE PRINCIPAL RISK FACTORS OF THIS INVESTMENT ON PAGE 7.

YOU SHOULD ALSO BE AWARE THAT THIS COMMODITY TRADING ADVISOR MAY ENGAGE IN TRADING FOREIGN FUTURES OR OPTIONS CONTRACTS. TRANSACTIONS ON MARKETS LOCATED OUTSIDE THE UNITED STATES, INCLUDING MARKETS FORMALLY LINKED TO A UNITED STATES MARKET, MAY BE SUBJECT TO REGULATIONS, WHICH OFFER DIFFERENT OR DIMINISHED PROTECTION. FURTHER, UNITED STATES REGULATORY AUTHORITIES MAY BE UNABLE TO COMPEL THE ENFORCEMENT OF THE RULES OF REGULATORY AUTHORITIES OR MARKETS IN NON-UNITED STATES JURISDICTIONS WHERE YOUR TRANSACTIONS MAY BE AFFECTED. BEFORE YOU TRADE YOU SHOULD INQUIRE ABOUT ANY RULES RELEVANT TO YOUR PARTICULAR CONTEMPLATED TRANSACTIONS AND ASK THE FIRM WITH WHICH YOU INTEND TO TRADE FOR DETAILS ABOUT THE TYPES OF REDRESS AVAILABLE IN BOTH YOUR LOCAL AND OTHER RELEVANT JURISDICTIONS.

THIS COMMODITY TRADING ADVISOR IS PROHIBITED BY LAW FROM ACCEPTING FUNDS IN THE TRADING ADVISOR'S NAME FROM A CUSTOMER FOR TRADING COMMODITY INTERESTS. YOU MUST PLACE ALL FUNDS FOR TRADING PROGRAM DIRECTLY WITH A FUTURES COMMISSION MERCHANT.