STONE FUND

RISK PROFILE

DRAWDOWN PARAMETERS, EXPECTATIONS and MANAGEMENT

STONE FUND RISK PROFILE	Conservative
Average Drawdowns (Equity):	<=1%
Above Average Drawdowns (Equity):	2-3%
Worst Historic Peak-to-Valley Drawdown to Date:	5.9%
Max Anticipated Drawdown (Equity):	12%

* Average drawdowns are encountered frequently and are considered “normal”. * Above average drawdowns occur occasionally in a given year, are less frequent but are also considered “normal”. * The worst historic Peak-to-Valley drawdown to date is the worst drawdown the account has experienced to date, in either closed and/or open equity, and is considered “rare” but it sets the benchmark in terms of worst historical drawdown the account has achieved to date, and hence can possibly happen again.

* Maximum Anticipated Drawdown is the maximum amount of drawdown anticipated in a given month, before any open positions would be liquidated and closed, and is considered a “worst case scenario”. This is based on a per month basis. Example: if the Max Anticipated Drawdown is suggested as -12%, then if this level were ever reached in any given calendar month, the positions would be closed down (manually) and trading would cease for the remainder of the month, not starting again until the following month. This drawdown value is predicted/given by the trade management team as their forecasted worst case drawdown. It may not ever be reached, however it is the parameter to plan for in a worse case situation.

NOTE: these drawdown parameters are for Stone Fund at 1x Standard Risk. This program is offered at a 3x Aggressive Risk option for investors seeking more alpha, in which case these drawdown parameters would be magnified by 3x. *All prospective investors should carefully analyze and consider these drawdown metrics and determine if any of them, (whether already realized, or unrealized as of yet, but hypothesized as a worst case scenario) will significantly impact your emotional or financial wellbeing, should they be encountered, before deciding to invest.*

TRIGGER POINTS

Part of our process when trading in forex is to define a specific set of parameters when it comes to risk. As long as traders stay within the confines of these tolerances and parameters, we try to give them full freedom to run their strategies as they see fit. Typically no interventions or overrides or cautions will be actioned unless one or multiple “trigger points” occur. These trigger points generally include:

1.) a historic or maximum anticipated drawdown being breached;
2.) a continuous losing streak being breached;
3.) multiple significant losing months in a row, creating a prolonged recovery period;
4.) a drastic change in risk profile or trading strategy without any notification or indication.

If one or multiple of these trigger points is encountered or breached, certain measures may be actioned including lowering of the risk profile, or ceasing trading temporarily or permanently. This is based on a combination of our relationship with the trade advisor with a careful review and analysis of the events which have caused the trigger points and will be assessed on a case by case basis.

RISK DISCLOSURE STATEMENT

Investing in the foreign exchange (Forex) market, alternative investments, and other leveraged asset classes carries a high level of risk, and may not be suitable for all types of investors. Before deciding to invest in any type of alternative investment, you should carefully consider your investment objectives, length of investment and risk appetite. The possibility exists that you could sustain a loss of some or all of your initial investment and therefore you should not invest money that you cannot afford to lose. You should be aware of all the risks associated with foreign exchange trading, and seek advice from an independent financial advisor, who is familiar with these types of trading if you have any doubts.

Trading in these markets is speculative and may involve loss of principal; therefore funds placed under management should be risk capital funds that if lost will not significantly affect one's personal or financial well being. This is not a solicitation to invest and you should carefully consider your financial condition as to the suitability to your situation prior to making any investment or entering into any transaction.

Effects of Leveraged Trading: Spot Forex Transactions carry a high degree of risk. The amount of initial margin is small relative to the value of the Spot FOREX Contract so that transactions are "leveraged" or "geared". As an example, a margin deposit of $2,000 can control a market value of approximately up to $100,000. A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit; this may work against you as well as for you. You may sustain a total loss of initial margin funds and any additional funds deposited with the firm to maintain your position. Given the possibility of losing a substantial investment, trading funds should only consist of risk capital or funds that an individual or an institution can afford to lose. The returns in this report man not reflect brokerage commission costs or additional spread markup costs. We assume no responsibility for errors or inaccuracies in these materials. We do not warrant the accuracy or completeness of the information, text or other items contain within these materials. We shall not be liable for any damages, including any loss that may result from these materials.

Any opinions, news, research, analyses, prices, or other information which may be contained on this document is provided as general market commentary, and does not constitute investment advice. The authors shall not accept liability for any loss or damage, including without limitation to, any loss of profit, which may arise directly or indirectly from use of or reliance on such information. All trades, patterns, charts, systems, etc., discussed in this document are for illustrative purposes only and not to be construed as specific advisory recommendations. No system or methodology has ever been developed that can guarantee profits or ensure freedom from losses. No representation or implication is being made that the investments referenced here will generate profits or ensure freedom from losses, and past performance is never indicative of future results.

THE RISK OF LOSS IN TRADING FOREX, COMMODITY AND FUTURES INTERESTS 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 FOREX, FUTURES, OR COMMODITY CONTRACT OR OPTION YOU MAY SUSTAIN A TOTAL LOSS OF THE PREMIUM AND OF ALL TRANSACTION COSTS.

IF YOU PURCHASE OR SELL A FOREX OR COMMODITY FUTURES CONTRACT OR SELL A COMMODITY OPTION OR ENGAGE IN OFF-EXCHANGE FOREIGN CURRENCY TRADING, YOU MAY SUSTAIN A TOTAL LOSS OF THE INITIAL MARGIN FUNDS OR SECURITY DEPOSIT AND ANY 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 REQUESTED 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 A MARKET MAKES A "LIMIT MOVE." THE PLACEMENT OF CONTINGENT ORDERS BY YOU OR YOUR TRADING ADVISOR, SUCH AS A "STOP- LOSS" OR "STOP-LIMIT" ORDER, WILL NOT NECESSARILY LIMIT YOUR LOSSES TO THE INTENDED AMOUNTS, SINCE MARKET CONDITIONS MAY MAKE IT IMPOSSIBLE TO EXECUTE SUCH ORDERS.

RISK PROFILE

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 FOREX OR COMMODITY OR FUTURES INTEREST 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 FOREX AND 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 BRIEF STATEMENT CANNOT DISCLOSE ALL THE RISKS AND OTHER SIGNIFICANT ASPECTS OF THE FOREX, COMMODITY AND FUTURES INTEREST MARKETS. YOU SHOULD THEREFORE CAREFULLY STUDY ALL PROVIDED DISCLOSURE DOCUMENTS AND FOREX AND COMMODITY INTEREST TRADING BEFORE PARTICIPATING IN ANY CAPACITY, INCLUDING THE DESCRIPTION OF THE PRINCIPAL RISK FACTORS INVOVLED IN THIS TYPE OF AN ALTERNATIVE INVESTMENT.
BEFORE YOU PARTICIPATE IN AN ALTERNATIVE INVESTMENT 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.

THE ADVISOR IN A MANAGED ACCOUNT PROGRAM DOES NOT ACCEPT FUNDS IN THEIR NAME FROM A CLIENT FOR TRADING FOREX OR COMMODITY INTERESTS. YOU MUST PLACE ALL FUNDS FOR TRADING IN THIS TRADING PROGRAM DIRECTLY WITH A FUTURES COMMISSION MERCHANT OR RETAIL FOREIGN EXCHANGE DEALER, AS APPLICABLE.

This detailed performance report was prepared manually on the date mentioned below in the footer. These analyses are prepared for internal accounting and audit control in mind, but can also be shared for the private use with other 3rd parties. The purpose of this report is to provide a detailed analysis, which often goes deeper than those performed by automated software's, social tracking utilities, and CPA audits/reviews.

Account Discrepancies often occur when tracking performance. These can sometimes vary significantly from one brokerage to another, based on the broker's technical structure, the underlying datafeed the brokerage uses, how competitive their pricing is, their server time, and the commissions charged. All risk and discrepancies are clearly identified in each program's specific disclosure document. Any person viewing this performance report should not construe the contents of this document as legal, tax or financial advice. The trading program herein aims to achieve an "absolute return", meaning there is no benchmark to be expected. The objective when trading these programs is to maximize returns within certain risk parameters, and any opinions, news, research, analyses, prices, charts, or other information which may be contained on this document does not constitute investment advice. ***It should be strongly noted that past performance is never indicative of future results.***

* MFH equity stop loss and close all utility: this utility mentioned in the chart below, has been developed for and implemented by MFH for use in our trading endeavors. While we implement this tool on many of our accounts as an added safety measure, and as a worst case safety check (like an emergency break), in the event that a technical problem occurs, please take note that we cannot guarantee the successful function of this tool. Much the same as a broker cannot guarantee your stop loss in an STP environment. The "close all" function does not remain on any brokerage's server, but rather in our trading platforms. Delays in execution may also occur with this utility at brokers for various reasons, such as technical issues with the broker's server, reliable connectivity, a delay in order confirmation from a liquidity provider, or by a lack of available liquidity for the currency pair that our equity stop utility is attempting to close. With many factors out of our control, we simply cannot guarantee the successful execution of this. To date however, we have had no problems in both simulated and live trade environments using this tool. We prefer to set our global stop loss parameter at a value that is much larger than we expect the actual trade manager to ever encounter naturally on their own. As an example, if a trader has never had a -15% drawdown in over 4 years, and we set our back-up stop loss to -25%, we should be well aware of the potential of our stop loss script triggering long before it actually does! The first and foremost line of protection should always be built into the trading strategy, by implementing a stringent money management and risk management protocol. We screen all our trading endeavors first and foremost to ensure this is factored in. Our equity stop utility is simply a bonus and an added layer of protection we have developed, as we believe that back up of back up plans are always a good idea, and one can never be too safe.