



## MANAGED INVESTMENT PROGRAM PROSPECTUS

### **Notice**

The Managed Forex Account detailed in this document (hereinafter “MFA” and/or referred to as “Cap Growth Fx”), through any partners and affiliates in the industry and has been prepared for both informational purposes and in relation to the private offer to a certain type and a limited number of investors. The MFA shall only be disseminated to limited private persons and is typically not offered to the general public nor are the MFA suitable for every type of investor.

The participation in the MFA in certain jurisdictions may be restricted. Investors are required to inform themselves about and to observe any such restrictions. Currently the MFA are not available to citizens or natural persons in the USA unless such citizens are qualified as ECPs (eligible contract participants or accredited professional investors). This document does not constitute, and may not be used for the purpose of, an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation.

Prospective investors should not construe the contents of this document as legal, tax or financial advice. Each prospective investor should consult his own professional advisers on (a) the legal requirements within the country of his residence for making an investment in the MFA, (b) any foreign exchange restrictions that may be relevant to him and (c) the income and other tax consequences that may be relevant to participation in the MFA.

The MFA are intended only for, and limited to, the educated, professional or sophisticated investor who can afford the risks inherent in this type of investment. An investment in the MFA should be considered by an investor as speculative and an investment made should not constitute the sole or principal holding of any investor.

### **Product Specific Risk Factors**

Participation in this investment initiative should be considered by all parties as a speculative investment. All parties must understand that no degree of success can be guaranteed by the any managed forex system and as stated above, it is recommended that all parties consult with their legal, investment and tax advisors, before deciding whether to participate collectively or refer investors in this initiative and should specifically consider:

- Investment, Currency, Market and Economy Risks: The capital value of investments held or owned by the any investor may go down as well as up and there can be no assurance of security of principal or profits generated by any managed forex systems.

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- Volatility of the Market: Managed Forex Program Managers shall reserve the right to be in or out of the markets, depending on market volatility or any other risks which may present themselves.
- Trading is Speculative and Volatile: Foreign currency prices are highly volatile. Price movements for currencies are influenced by, among other things: changing supply and demand relationships; trade, fiscal, monetary, exchange control programs and policies of governments, US and foreign political and economic events and policies, changes in interest rates and inflation rates; currency devaluations and revaluations; and marketplace emotions. None of these factors can be controlled by any market participant and no assurance can be given that any trading strategy will result in profitable trades for any investor or that an investor will not incur losses. Account leverage magnifies the impact of currency volatility on margin requirements of open positions.
- Forex Trading is Leveraged: Any event which adversely affects the value of an investment would be magnified to the extent when leverage is employed and will result in greater losses than would be realized if leverage were not used.
- Relying on the Managed FX Trading Strategies: No assurance can be given that the techniques and strategies of any trading systems used on managed accounts will be profitable in the future, or that the services of it will be available to any investor in the future. The specific details of many trading systems and trading approaches are proprietary; consequently, you may not be able to determine the details of it, and changes to the approaches can often be done at any time without prior consultation.
- FCM & Broker Stability: No assurance can be given regarding the stability or credibility (past, present or future) of any chosen brokers used to facilitate a Managed Account Product. If the client is unsure as to whether or not they are comfortable putting their funds with a specific broker (FCM), the client needs to conduct additional due diligence. No party will be held responsible for any actions, omissions, errors or misconduct, conducted by a broker that has any effect on a client's account(s), negative or otherwise. The client assumes all responsibility when they place their funds with a specific FCM and should carefully consider the broker before doing so.

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- Potential Illiquidity of Forex Market: Forex positions cannot always be liquidated at the desired price.

This can occur when the market is “thinly traded” (i.e., a relatively small volume of buy and sell orders).

It is the responsibility of each investor to ensure that they understand the risks associated with this type of an investment. This document is an information prospectus.

## Cap Growth Fx Summary

- Clients maintains full ownership, access, and control of their individually-owned account at all times in a Managed Investment Account structure.
- Trading Agent (Money Manager) maintains “*trade-only*” access.
- Clients may withdraw funds or remove their account from the management service *at any time*. There are no “lock-in” periods.
- Monthly Performance Fee: 40% (based on Generated profits) with high watermark policy.
- Annual NET Profit Targets: Absolute, with 100% - 200% compounded targets.
- Maximum Risk to Capital: 30%.
- 70/30 systematic/manual trade execution and discretion.
- Built-in capital protection via customizable fixed-risk threshold.
- Client funds are deposited in segregated accounts with top banks such as Barclays Bank

## Program Strategy

Cap Growth Fx’s trading strategy employs very sophisticated modelling techniques capable of modelling extremely complex functions. In particular, Cap Growth fx’s strategy is nonlinear. For many years linear modelling and indicators such as Moving Average, MacD, RSI etc.. have commonly been used as a technique in most modelling domains since linear models have well-known optimization strategies. However, these indicators are static and don’t change. The problem is the market evolves, one day these indicators may provide you with excellent profits, however the next day when certain economic conditions change the indicators are no longer accurate and are not able to learn that the market has changed therefore they cannot adapt to the new market conditions. This is where the Cap Growth Fx’s strategies hold an edge.

The trade strategy consists of multiple Strategies integrated into a feedback control system trading real accounts, in real market conditions. It contains a multi-currency strategies working simultaneously, and in parallel, with several currency crosses. A forecasting algorithm works on multiple timeframes. The precise price-action forecast derives from Neural Network computations by means of top-down procedures. Statistical algorithms are

constantly at work storing and analysing certain sets of past trading performances. Some of them are 'virtual' trades. A group of threshold parameters – essential for adaptability to market conditions – are optimized by another recurrent Neural Network. Those parameters react to continuous internal feedback by modulating signal probabilities for each trading direction. Other inputs in the strategy include: estimated future volatility, price-action forecasts and errors.

## **Program Methodology**

Cap Growth Fx's underlying methodology is based around the belief that the Forex markets, as well as the majority of financial markets today, do not closely reproduce the past, making the use of artificial intelligence primarily adaptive rather than replicative. Therefore, this trading method does not consider the existence of static patterns to be sought and modelled solely, either in the short, medium, or long term.

Cap Growth Fx's methodology revolves solely around the Scientific and Statistical method in conjunction with a variety of "in progress" strategies. Due to this, Cap Growth Fx's logic states that artificial intelligence should respect the unpredictability of future market conditions, rather than framing reductionist attempts to harness and translate predicted market conditions into simplified probabilistic graphs. This serves as the backbone to Cap Growth Fx's success, in that scientific relativism and negation of pseudo-deterministic predictability should be the manifesto of any organization devoted to the study and application of technologies and techniques in financial forecasting.

The Cap Growth Fx theory largely considers that all parameters that cannot be computed from adaptive procedures should be set according to reasonable models rather than rounds of optimization. Lastly, the Cap Growth Fx's core belief is that a system that is giving statistically better results than its long-term historical average is soon expected to correct itself. This is both unavoidable and predictable, and perhaps, it could even represent a basic assumption for the future development of new techniques and methodologies.

## **Risk Management**

### *MONEY MANAGEMENT*

Money Management is very strictly linked to the Neural Network outcomes: each lot size update depends upon feedback response and is proportionally increased as the account grows by adopting a stepwise lot size function. For this reason, one will see trades of various different position sizes occurring in live trading environments. Error Management and Data Storage routines ensure the stability of processing.

### *KEY PERSONS RISK CONSIDERATIONS*

The operating results of this Managed Forex Account will depend largely on the trading and analysis of the Cap Growth Fx trade managers. Although the program is highly automated, should the trade managers become physically unable to oversee trading within client accounts a temporary interruption of service may occur. The trade managers have taken all the required appropriate steps to notify clients of any such occurrence, when/if it may occur.

### *ELECTRONIC TRADING CONSIDERATIONS*

The Cap Growth Fx program will place trades on the electronic trading platform offered by a specified brokerage partner. In the event that there is a failure or disruption of this platform, it is possible that, for a certain time period, the managers may not be able to enter new orders, execute existing orders, or modify or cancel orders that were previously entered. In addition, a system failure may also result in loss of orders or order priority. The trading team, in conjunction with the corresponding brokerage firms have put as many safety protocols and check points as possible in place to prevent such occurrences from happening, and to minimize damage when/if such events do occur.

Other product specific risk factors have been identified in the early section of this document, as well as in the risk disclosure section at the end.

## **Transparency and Safety of Funds**

The Managed Account structure allows clients to maintain full ownership and control over their accounts at all time. All client accounts are individually owned and segregated by the investor. As a result, clients retain realtime access and monitoring to their accounts. Furthermore, clients may withdraw their funds at any time or disable their trading account from the Master Control Platform at their own discretion. Hence, the structure is extremely transparent and secure.

The Managed Account structure places a large focus on providing its investors with security of funds, full account transparency, and continuous access to their capital. Investors maintain the ability to monitor their trading accounts in real-time which entails viewing of all currently open positions, account balance and equity statistics, as well as the entirety of their completed trading history which can be exported from trading software at any given time into common programs such as PDF and Excel.

### *OWNERSHIP OF ACCOUNT*

Clients who invest capital within a CAP GROWTH FX Managed Forex Account enjoy a customary level of transparency, ownership, and control over their funds. The investor maintains full individual ownership and control of funds within their account. Furthermore, the

client maintains log-in access in order to monitor and evaluate their trading account performance in real-time. The Trade Manager maintains what is referred to as “trade-only” access to client accounts in overseeing the management of trading activity.

### *ACCESS TO FUNDS*

The Cap Growth Fx Managed Forex Program provides clients with fully liquid access to their funds at all times. Therefore, and unlike most investment funds, clients may withdraw all or part of their investment at any time without any penalty or lock-in periods.

### *ACCOUNT SETUP*

Individually-owned and segregated client trading accounts are synchronized to the CAP GROWTH FX Managed Forex Master Control Platform. The Trade Manager executes trades via the master platform. These trade orders are automatically disseminated to individual client accounts via percent allocation module software.

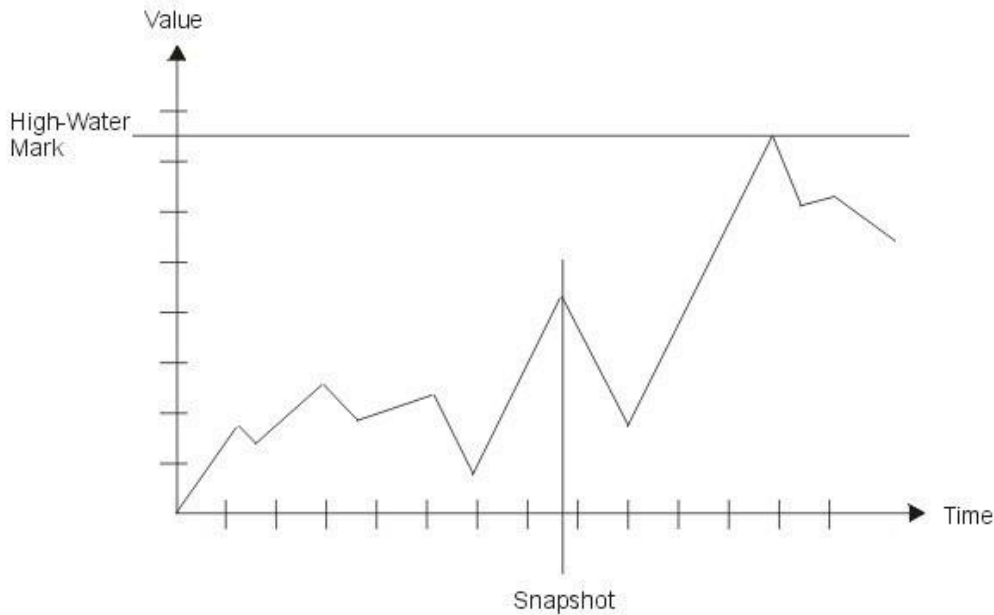
## **Fees and Expenses**

### *PERFORMANCE FEE*

The Cap Growth Fx Managed Investment Program charges each account a monthly performance fee equal to 40% of the profits generated within each client account for the respective month using a net “high water-mark” policy.

Net Profits shall mean the aggregate net trading profit, both realized and unrealized in a managed account during such calendar month, minus brokerage fees and other managed account transaction costs and expenses, and plus or minus the change from the previous month-end in the balance of brokerage commissions necessary to liquidate positions. The existence of a Carry Forward Loss is determined by adding all the Net Losses that have been sustained since the last month-end at which a Monthly Performance Fee was paid and subtracting those from Net Profits for the same time period.

### **High Water Mark Illustration**



The use of a Carry Forward Loss insures that Monthly Performance Fees are paid only on the cumulative increases in the Net Profit of a managed account. The Monthly Performance Fee will not be charged until there are Net Profits. However, Monthly Performance Fees shall not be rebated by virtue of subsequent losses. If a participating client withdraws from the Managed Forex Account Program, the client shall be billed for the Monthly Performance Fee if the managed account has earned a Net Profit in the month of such a withdrawal. If the Managed Forex Account has incurred a loss in the month of withdrawal the client will not be charged a Monthly Performance Fee.

### *PERFORMANCE FEE BILLING*

The trade team and/or manager and/or the brokerage firm will automatically calculate and bill all Performance Fees to each managed account. All fees paid will be retained by the Trade Manager, even if the managed account subsequently experiences losses. Since the Monthly Performance Fee is payable monthly, substantial Monthly Performance Fees may be paid to the Trade Manager during a fiscal year even though the managed account sustains a net trading loss in the fiscal year. The Monthly Performance Fee will not be paid until the account is above its original value. The breakeven point which dictates every subsequent “high water mark” level equates to the original amount deposited in the account minus the Monthly Performance Fee being paid. The monthly billing cycle typically is conducted from the 1<sup>st</sup> to the last calendar day of each month, or from NFP to NFP, which is the first Friday of every month.

## Transactions and Monitoring

### *DEPOSIT AND WITHDRAWALS*

Investors may initiate deposits into their Managed Investment Account at any time. All trading efforts will immediately take consideration of newly added funds. Withdrawal requests may also be initiated at any time and are all handled by the brokerage firm. In certain situations, it may be beneficial for the trade manager to bring the accounts flat (close all open orders) before processing withdrawals, if it is determined that the withdrawal will adversely affect other clients, however most brokerage firms have software in place which will automatically adjust for the changes in equity due to withdrawing and depositing of capital.

### *CLOSING ACCOUNTS*

Investors may close their accounts at any time, as per above as their investment is fully liquid and has no lockin periods. There are no fees involved with closing an account, other than any unpaid performance fees which may be due. Investors can also revoke the LPOA agreement at any time if they are not happy with how the trader is managing their funds. This gives them the ability to "opt out" at any time.

### *REPORTING*

The Trade Manager and the Brokerage partner have continuous monitoring capabilities and may report to each client Net Asset Value on a daily & monthly basis. On-going statements of performance are available in real-time for export via a trade platform login and password directly provided to them by the brokerage firm (as shown in the example statement below), or daily statement forwarding by email can be setup, where clients receive these automatically each day.

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## **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 equal to the maximum loss detailed in document (30% Capital Loss); therefore, funds placed under management should be risk capital funds that if lost will not significantly affect one's personal or financial wellbeing. 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. 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. We 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.

## Acknowledgement, Understanding and Agreement of Offer

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Signature of Applicant

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Date

Name of Applicant:

Passport No.:

Country of

Issuance

### **Sales Team**

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