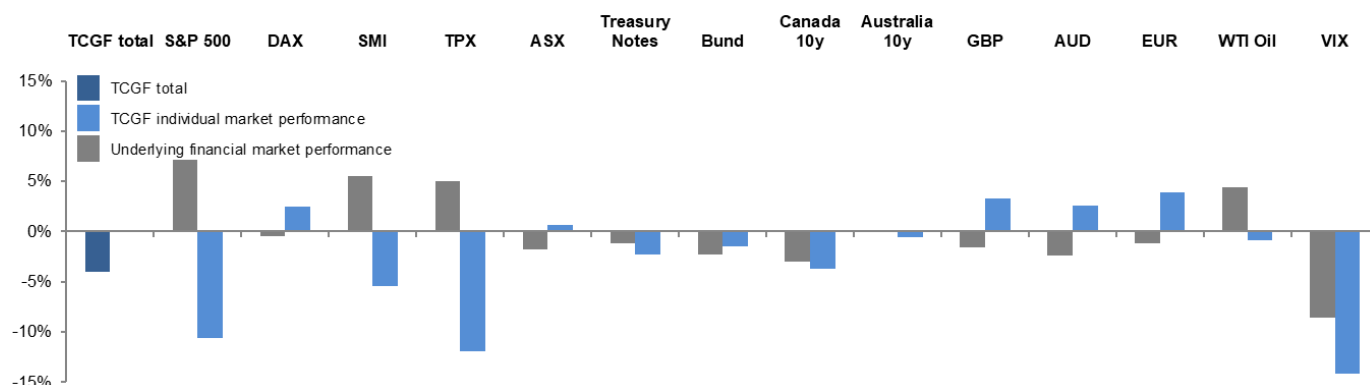


Tom Capital Growth Fund (TCGF)

3rd Quarter 2018 Update: - 4.0% (+0.4% YTD)



Performance Break-Down



Profit and loss in percentage points are based on the allocated capital. Because of the lower volatility of bonds and currency, more capital is allocated to them than to equity and their profit and losses have a higher impact on the overall fund performance.

Challenges are here to accelerate the learning process.

Challenge	While forecasts were inaccurate for equity and bond markets, the trading strategy softened the blow and even managed to produce a positive contribution on the DAX and ASX. We do appreciate how difficult it is to forecast systematically based on past data in times where many things are unprecedented. Nevertheless, we believe some things do not change and we can produce a forecast that is sufficiently accurate to allow the trading system to generate profits. To ensure this through continued developments is our main target for the remaining three months of the year.
Development	During the ongoing review of our forecasts we decided to implement the following improvements:
Model the trend	We achieved a clean separation of the market trend component, which can be explained by the underlying carry and other predictive variables. Trend, an independent factor, can be forecast with high precision. This renders the forecast of the markets with a strong carry more accurate and robust.
Qualify the data	We improved our data qualification scheme with help of machine learning techniques such as k-fold cross validation. This allowed us to identify and eliminate unreliable parameters from the forecast, reducing overfitting significantly.
Result	For these improvements on our current forecast we used data only until 2016. The improved forecasts did not outperform the current forecasts on the historic data, but they significantly outperform them in the period of 2017/2018.
Implementation	The improved forecasts will be implemented during the month of October 2018.

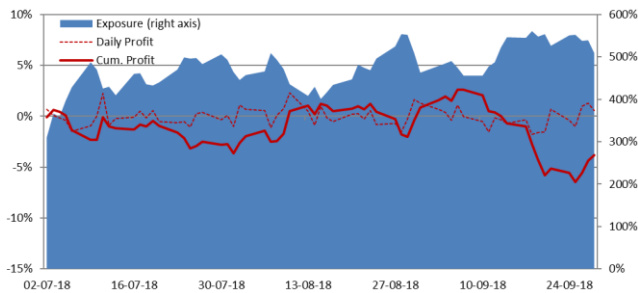
We continue to be determined to improve

Forecasting	We are currently developing an artificial intelligence framework to increase robustness of out-of-sample forecasting. It will allow to answer questions such as how parameters should be selected, combined, and weighted.
Trading	We will develop an AI framework to determine the optimal time for our daily trade executions.
Portfolio-Management	We continue to refine our asset allocation models to consider our confidence in specific market forecasts based on their past performance, their overall quality assessment and the challenges in the market.

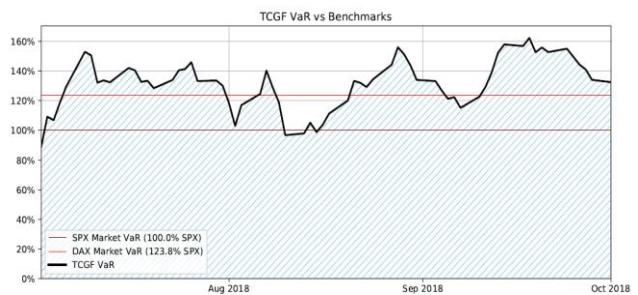


Risk Management

Nominal Exposure



Value at Risk



Nominal exposure

Max: gross: 560%, long 389%, short 171%

Average: gross: 475%, long 323%, short 152%

Comment: The exposure level was unusually high, because the sell-off in bonds led to high bond exposures. We expect the exposure levels to reduce again.

Value at risk

Max: 162% of S&P 500

Average: 131% of S&P 500

Comment: The value at risk levels were high not only due to the high nominal exposure, but also due to the reduced risk compensation being positioned risk off in both bonds and equity.

Contact

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Disclaimer

The Tom Capital Growth Fund is a contractual fund under Swiss law of the category "other funds for alternative investments" with special risks that implements its investment strategy through derivative financial instruments as described in 1.2 of the fund prospectus and §8 of the fund contract (use of equity, bond and currency derivatives based on an allocation process defined in the fund prospectus with integrated fund contract). Based on the instruments and the investment techniques used, the risks of the Tom Capital Growth Fund are not comparable to those of a conventional securities fund. In particular, the gross exposure of the investments may reach up to 585% (including credit) of the net asset value. Investors' attention is explicitly drawn to the risk information described in the fund prospectus. Under extraordinary circumstances, investors in the fund need to be prepared and capable to suffer the partial or total loss of capital.

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