# Sherwood Forest Alternative Program

March 31, 2012 | Quarterly Fact Sheet

## Portfolio Information

| | |
|---|---|
| Portfolio Manager | Douglas Stewart |
| Investment Strategy | Trend Following |
| Instruments Used | ETFs |
| Investment Vehicles Available | Mutual Fund & SMA |
| Composite Inception | April 1, 2007 |

## Firm Profile

Sherwood Forest Capital Management is an SEC Registered Investment Advisor located in Richmond and Charlottesville, Virginia. Founded in 2007, the firm offers investors a long/short investment program in a separate account and open-ended mutual fund. For more information about our investment strategy, please visit SherwoodAdvisor.com or call 800.718.0556.

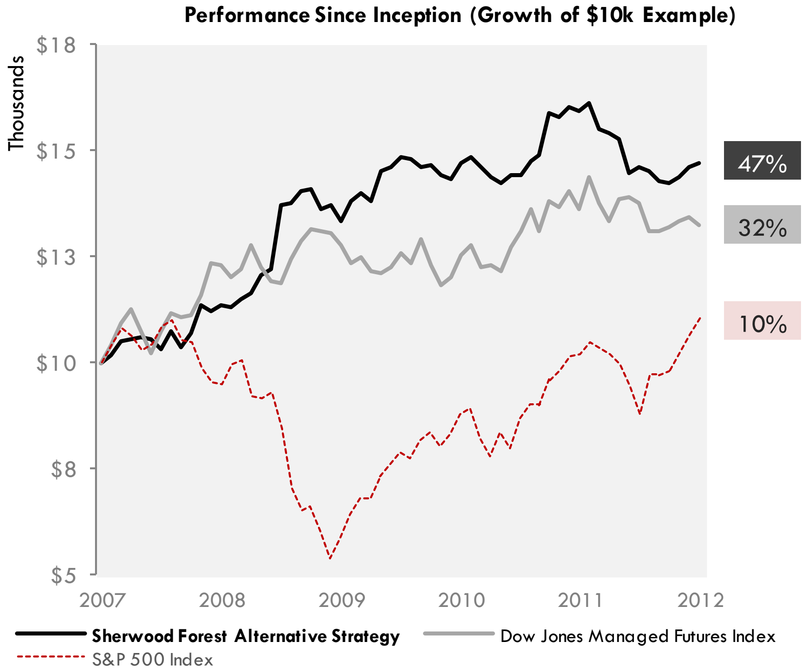
**Sherwood Forest Alternative Program;**
5-Years of Strong Performance

## Monthly Performance

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2012** | 0.93% | 1.68% | 0.54% | | | | | | | | | | **3.18%** |
| **2011** | -0.64% | 1.40% | -0.42% | 1.17% | -3.68% | -0.73% | -0.99% | -5.13% | 1.06% | -0.66% | -1.56% | -0.38% | **-10.47%** |
| **2010** | -1.85% | -0.43% | 2.37% | 1.20% | -1.56% | -1.67% | -0.90% | 1.15% | 0.04% | 2.16% | 1.04% | 6.78% | **8.32%** |
| **2009** | -3.50% | 0.76% | -2.86% | 3.60% | 1.50% | -1.36% | 5.24% | 0.45% | 1.71% | -0.29% | -1.40% | 0.51% | **4.10%** |
| **2008** | 6.26% | -1.15% | 1.08% | -0.06% | 1.53% | 0.98% | 3.71% | 1.19% | 12.33% | 0.48% | 1.94% | 0.53% | **32.03%** |
| **2007** | | | | 1.82% | 3.43% | 0.17% | 0.43% | -0.43% | -1.91% | 3.96% | -3.48% | 2.93% | **6.86%** |

## Charted Performance

**Performance Since Inception (Growth of $10k Example)**




## Strong Outperformance

- ✓ Positive Returns in 2008.
- ✓ Non-Correlated Returns to the Equity and Bond Markets.
- ✓ Very Low Draw-Down.
- ✓ Proven Positive Performance Through Historically Difficult Markets.
- ✓ Zero Directional Bias

**Sherwood Forest Alternative Program;**
5-Year Anniversary

Composite Performance (Net of Fees) Past performance may not be indicative of future results. Therefore, no current or prospective client should assume that the future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended by the adviser) will be profitable or equal to past performance levels. All investment strategies have the potential for profit or loss. Changes in investment strategies, contributions or withdrawals may materially alter the performance, strategy and results of your portfolio. Performance results reflect the reinvestment of dividends and capital gains.

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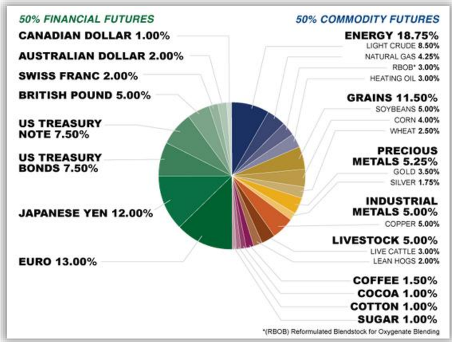
## Problems in Managed Futures

**A**

### Over Diversification

(Example Allocation I illustration of DTI Index)

Trend Following Strategies Often Have Little Equity Exposure

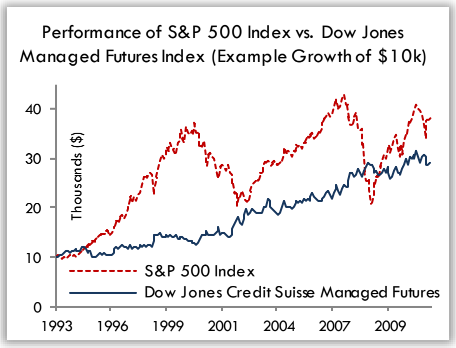



**B**

### Bull Market Under Performance

(Example Performance Chart)

Furthermore, Trend Following strategies often have weak performance in non-trending environments.



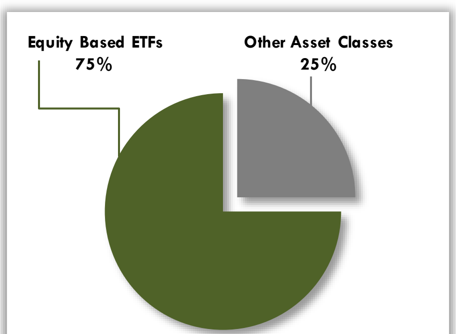

## Sherwood Forest Solution

**A**

### Equity Focus

(Example Allocation Illustration )

Sherwood Forest aims to allocate capital to equity related ETFs for significant portfolio exposure and participation in equities.




**B**

### Flexible Strategy

The Sherwood Forest Alternative Program aims to Adapt to the Market Environment

### Sherwood Objectives

| Market Environments | | Goal of Sherwood Forest |
|---|---|---|
| Trending Market | → | Profit From Trend Following |
| Non-Trending Market | → | Hold High Level of Cash |
| Non-Trending Volatile Market | → | Profit from Hourly (Micro) Trends |

## About the Dow Jones Managed Futures Category

- ✓ Made up of Hedge Funds & CTAs.
- ✓ Funds primarily represent **Trend Following** oriented strategies.
- ✓ Funds implement **Trend Following** using Futures, ETFs, and other instruments.
- ✓ Funds typically seek opportunities in a variety of asset classes.

Sherwood Forest Alternative Program; a **Trend Following Managed Account** which uses Exchange Traded Funds (ETFs)

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## Sherwood Forest Alternative Program

- ✓ Equity Biased Exchange Traded Fund Basket used for Strategy
- ✓ No Directional Bias within Portfolio
- ✓ Small Allocation to Non-Equity Asset Classes including Commodities.
- ✓ Opportunity to participate in various cyclical trends

Sherwood Forest Alternative Program; a **Trend Following Managed Account** which uses Exchange Traded Funds (ETFs)

## Exchange Traded Funds (ETFs) Utilized in Strategy

### Domestic Equity

Consumer Discretionary Select Sector SPDR
Consumer Staples Select Sector SPDR
Energy Select Sector SPDR
Financial Select Sector SPDR
Health Care Select Sector SPDR
Industrial Select Sector SPDR
iShares Dow Jones US Real Estate Index
iShares Russell 2000 Index Fund
Market Vectors Oil Service ETF
Market Vectors Semiconductor ETF
Materials Select Sector SPDR Fund
Powershares QQQ Trust Series 1
SPDR S&P Homebuilders ETF
SPDR S&P Metals & Mining ETF
SPDR S&P MidCap 400 ETF Trust
SPDR S&P Regional Banking ETF
Technology Select Sector SPDR Fund
Utilities Select Sector SPDR Fund

### Fixed Income

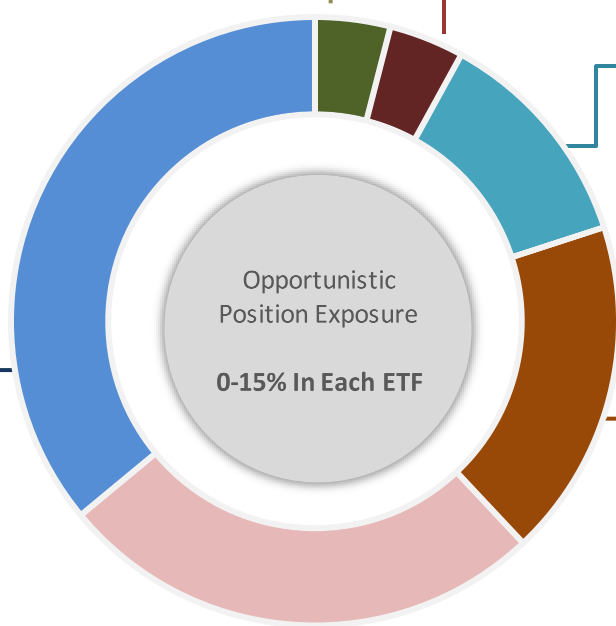
iShares Barclays 20+ Year Treasury
ProShares Short 20+ Year Treasury

### Currency

PowerShares DB US Dollar Index Bullish Fund
PowerShares DB US Dollar Index Bearish Fund

### International Equity

iShares FTSE China 25 Index Fund
iShares MSCI Brazil Index Fund
iShares MSCI EAFE Index Fund
iShares MSCI Emerging Markets Fund
Market Vectors Russia ETF
WisdomTree India Earnings Fund




### Short Equity (Inverse)

ProShares Short Basic Materials
ProShares Short Dow30
ProShares Short Financials
ProShares Short FTSE China 25
ProShares Short KBW Regional Banking
ProShares Short Mid-Cap 400
ProShares Short MSCI EAFE
ProShares Short MSCI Emerging Markets
ProShares Short Oil & Gas
ProShares Short QQQ
ProShares Short Real Estate
ProShares Short Russell2000
ProShares Short S&P500

Inverse ETFs
0-50% of Portfolio

### Commodities

iShares S&P North American Natural Resources Sector
iShares Silver Trust
Market Vectors Agribusiness ETF
Market Vectors Gold Miners ETF
Market Vectors Junior Gold Miners ETF
PowerShares DB Agriculture Fund
PowerShares DB Commodity Index Tracking Fund
PowerShares DB Oil Fund
SPDR Gold Shares

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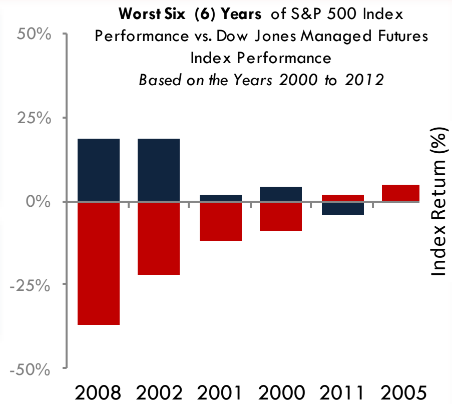
## Example Use of Trend Following in a Portfolio

Objective of an Allocation in a **Trend Following Program,** represented here by the Dow Jones Managed Futures Index

Manage Futures & Trend Following Programs may **Hedge & Protect**

■ S&P 500 Index
■ Dow Jones Managed Futures Index

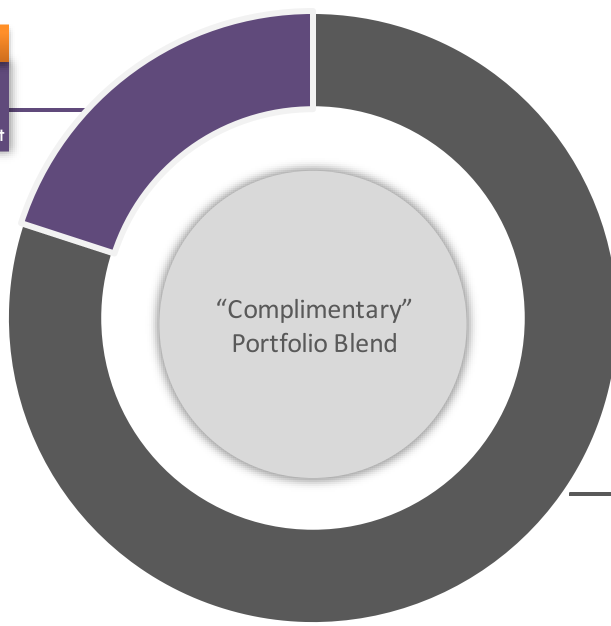



## Using a Trend Following Strategy in Your Portfolio

- ✓ An Allocation of a Trend Following strategy, represented here with Managed Futures, can help lower portfolio risk
- ✓ Trend Following based products may provide positive returns when broad equity markets are down.
- ✓ Maintaining a static allocation in Trend Following product may help protect your portfolio mix in bad markets, without creating a significant negative result in good markets.

**Protection in Down market**

Example of a 20% Allocation in a Trend Following Product



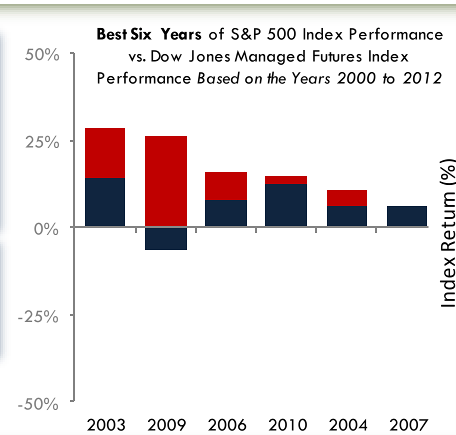

**Contribute in an Up Market**

Example of a 80% Allocation in a Normal Portfolio Blend

Objective of an Allocation in a **Diversified Portfolio** that is benchmarked to the S&P 500 Index.

Manage Futures & Trend Following Programs may **Contribute to Gains**

■ S&P 500 Index
■ Dow Jones Managed Futures Index



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**Sherwood Forest Capital Management**
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Contact Us: 804.503.0094

Visit **SherwoodAdvisor.com**
for more information about the advisor.

## Closing Notes

- ✓ Our strategy is top-down in nature, and is designed to profit from trends in both directions; long and short, each opportunity is mutually independent
- ✓ The strategy does not have a 'mandate' or 'requirement' to stay invested in the market.
- ✓ We rely on overweighting the strongest areas of the market when investing 'long,' or weakest areas when investing 'short,' with the goal of achieving strong returns.
- ✓ No Leverage is used, No Derivatives are used.

## Important Disclosures

Composite Performance (Net of Fees) Past performance may not be indicative of future results. Therefore, no current or prospective client should assume that the future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended by the adviser) will be profitable or equal to past performance levels. All investment strategies have the potential for profit or loss. Changes in investment strategies, contributions or withdrawals may materially alter the performance, strategy and results of your portfolio. Performance results reflect the reinvestment of dividends and capital gains. The SFCM Long/Short Composite reflects the performance of fully discretionary accounts and excluded all non-discretionary commission based accounts between March 31, 2007 and August 31, 2007. After August 31, 2007 all accounts where fee based discretionary accounts and are included in the composite. The composite applies a quantitative approach to investing in ETFs which may represent long or short market segments. For comparison purposes the composite is measured against the S&P 500 Index. The inception of the composite is April 1, 2007. The U.S. Dollar is the currency used to express performance. *Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment will either be suitable or profitable for a client or prospective client's investment portfolio. An index such as the S&P 500 is a broad measure of the market performance of a specific group of securities in a particular market or sector. You cannot invest directly in an index. An index does not have an adviser, so its performance is not reduced by commissions or expenses.* **The SFCM Long/Short Composite performance (from 4/1/07 to 01/31/09) has been examined by Ashland Partners and Co. LLP.** *Composite Performance from 2/1/2009 to 06/30/2011 consist of one (1) Account, a Mutual Fund advised by Sherwood Forest Capital Management. The Sharpe Ratio - Population is a measure of risk-adjusted return. It divides excess return by risk. Excess return is defined as the annualized return of the manager minus the annualized return of the risk free rate. Risk is defined by standard deviation. R-Squared (sometimes referred to as the coefficient of determination) measures the reliability of the statistical estimates of alpha and beta as a linear function of the market. A product with a high R-Squared can generally have most of its variance explained by the variations in the benchmark index. Correlation Coefficient – (default in the system) Correlation measures the strength and direction of linear association between two variables. This coefficient allows the user to determine which combination of managers/products will best complement each other. The range of values is from -1 to 1. A value of negative 1 indicates a perfectly negative linear relationship, whereas a value of positive 1 indicates a perfectly positive linear relationship. A value of 0 indicates no linear relationship at all. Sortino Ratio - The Sortino Ratio is a measure of risk-adjusted return (similar to Sharpe Ratio). It divides excess return by risk. Excess return is defined as the annualized return of the manager minus the annualized return of the target.

SHERWOOD FOREST