BCM
BFP CAPITAL MANAGEMENT
Simple. Performance.

# Decathlon ETF Series

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**The DECATHLON SUITE was created after years of experience with clients who wanted risk controls in down markets and robust participation in up markets.**

## Introduction

BCM is the provider of proprietary, defensively-oriented ETF strategies. We focus on simplicity and performance. The Decathlon suite was created after years of experience with clients who wanted risk controls in down markets and robust participation in up markets. Decathlon focuses on minimizing drawdowns and volatility in bear markets and seeking out bull markets that invariably occur somewhere, even if the more familiar markets are in turmoil.

Decathlon starts with a select pool of over 100 handpicked ETFs. We use long-only ETFs and avoid complicating factors such as margin, leverage, shorting, inverse, and 2x or 3x type ETFs. Each ETF in the pool was selected by the model manager based on the unique attributes it offers. The objective is to avoid similarities so the software engine can find the distinct characteristics without overweighting the portfolio with similar exposures.

The quantitative engine then uses multiple algorithms to rank the ETFs. A final voting algorithm determines what it believes are the ten most promising ETFs to purchase in each portfolio until the next ranking period. Each of the ten positions will typically be equally weighted and many positions may remain in the portfolios over many cycles.

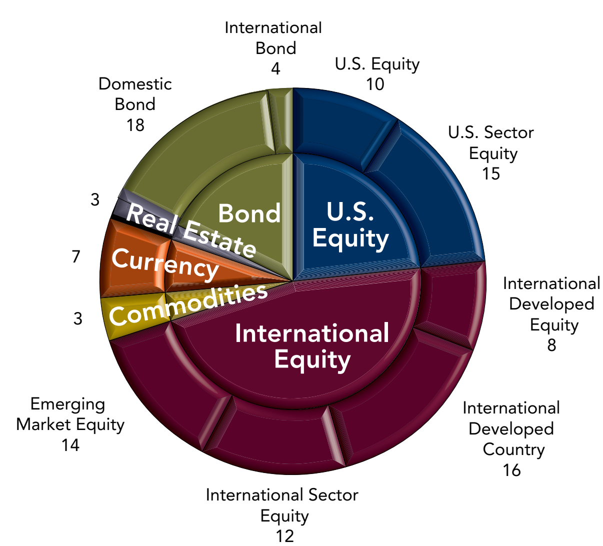
Decathlon's quantitative engine has two main "inputs", Pattern Recognition Technology (PRT) and Prospect Theory. PRT, which was developed in the late 1990s, uses artificial intelligence to recognize and choose desirable price patterns. Prospect Theory is the notion that investors loathe losses more than they covet gains. This all important concept is built into our screening process and is backed up by investment reality. Therefore, the software engine is programmed to identify and exclude otherwise desirable price patterns that can experience losses or large drawdowns (volatility). This simple process seeks to exclude unwanted volatility and allows us to manage the volatility levels based on each investor's desired level of risk.

Decathlon Conservative Tactics has a desired volatility range in the mid to single digits, Decathlon Moderate Tactics targets low to mid teens and the Decathlon Growth Tactics targets volatility to be no more than the mid to high teens. Given these target volatility bands we seek to provide a global, tactical investment solution that can meet the needs of most investors.

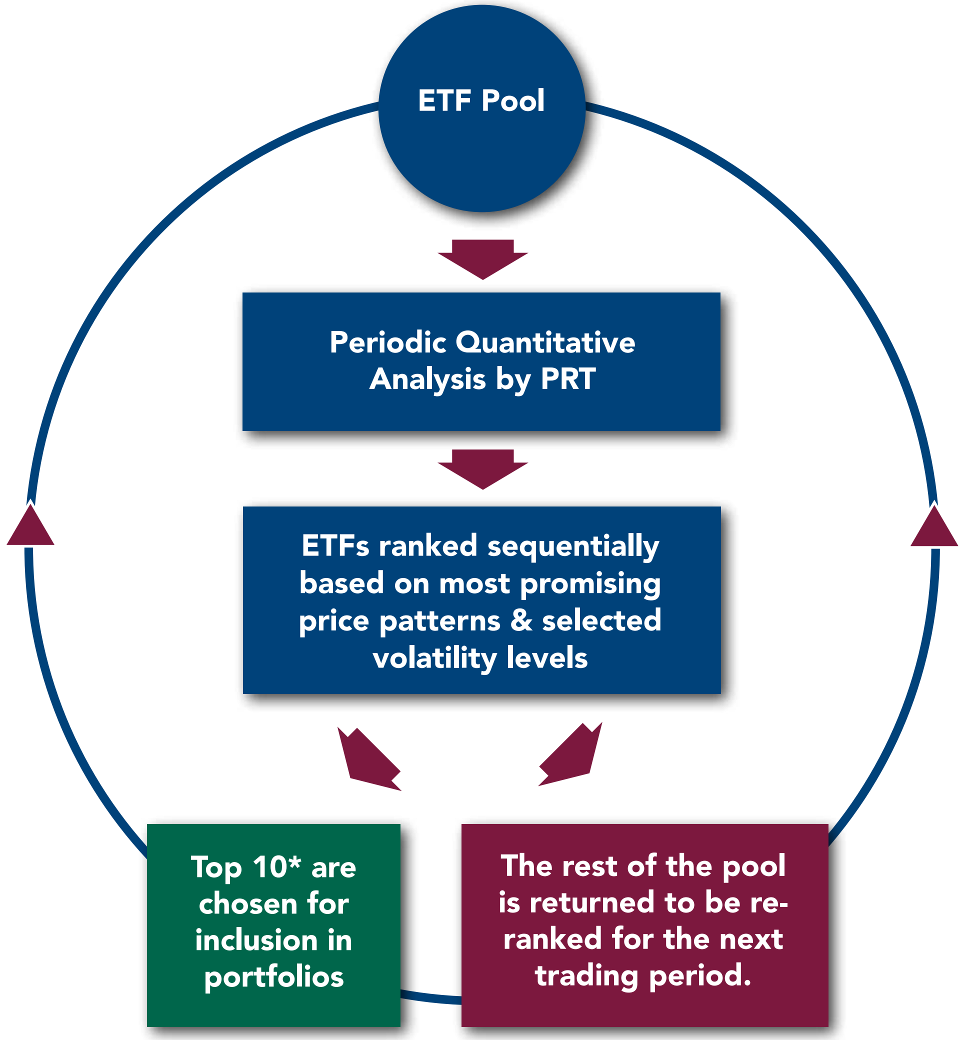
## Investment Pool*

| | |
|---|---|
| 10 | U.S. Equity |
| 15 | U.S. Sector Equity |
| 8 | International Developed Equity |
| 16 | International Developed Country |
| 12 | Global/International Sector Equity |
| 14 | Emerging Market Equity |
| 3 | Commodity / Natural Resource |
| 7 | Currency |
| 3 | Real Estate (1 International) |
| 18 | U.S. Bond |
| 4 | International Bond |

*As of January, 2013



## Disciplined Investment Approach




## OBJECTIVES

### MINIMIZING LARGE LOSSES is an important and desired attribute of any investment strategy

- "Winning by not losing big"
- People are not risk-averse, but rather loss-averse
- Keeps investors calm and happy

### AVOIDING "PROSPECTUS LOCK"

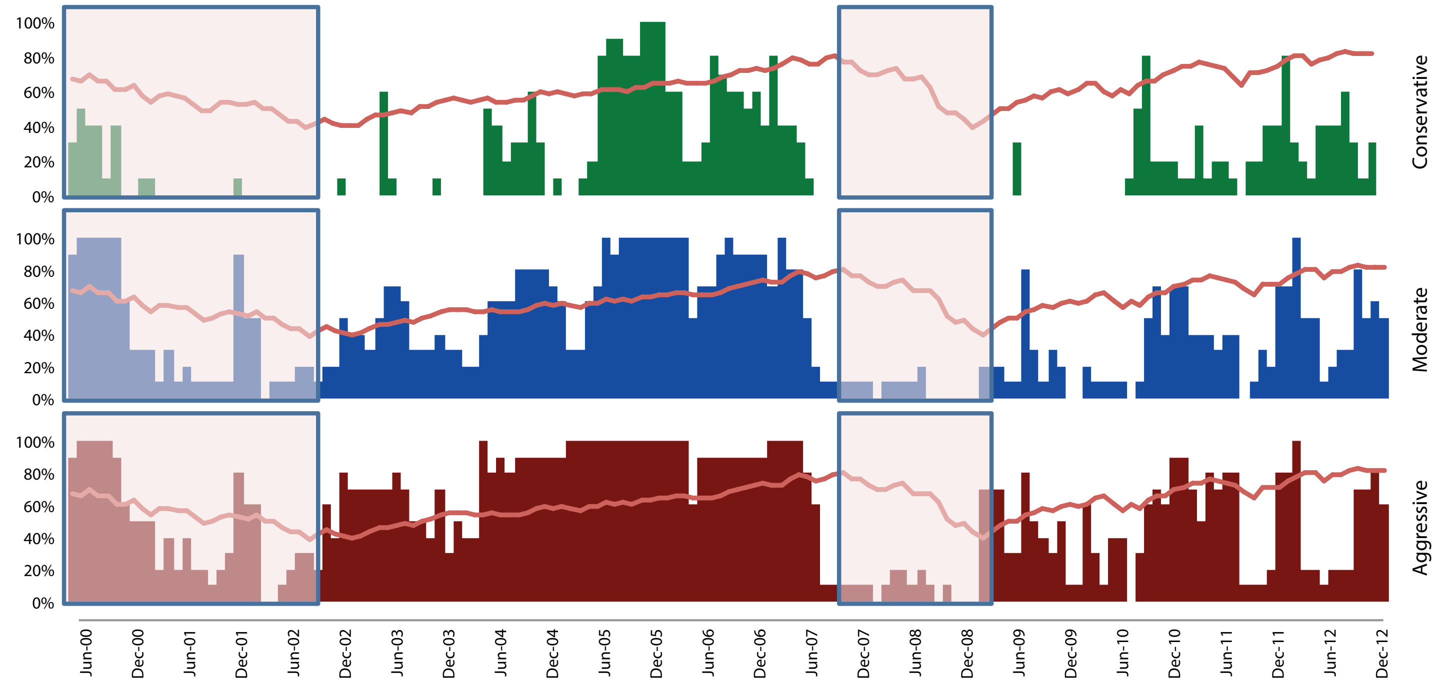
- Static asset allocations have periods of intense failure
- The herd mentality
- People feel more comfortable investing if they know an active model is "watching the store" (i.e. investors do not need to sell the fund/strategy themselves during a bear market)

### FINDING BULL MARKETS, wherever they may be, is an important yet secondary attribute

- "There is always a bull market somewhere"
- Going to cash may have a significant opportunity cost

*Within certain parameters

# AIM Indices: Percentage Invested in Equity




Past performance is no guarantee of future results. An investment cannot be made directly in an index.
The charts show the hypothetical back-tested equity holding percentages for (from top to bottom) AIM Decathlon Conservative Index, AIM Decathlon Moderate Index and AIM Decathlon Aggressive Index, with an overlay of the changes to the S&P 500 performance (red lines). An investment cannot be made directly in an index. The shaded boxes represent bear market periods. The performance provided is not meant to imply or represent the performance of any strategy. The information was provided by Algorithmic Investment Models, LLC. Please see the disclosures at the end of this document for additional disclosures.

## Why Defensive Allocation Strategy is imperative:

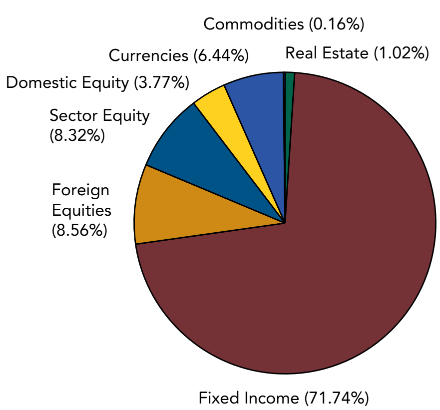
The statistical irony of performance is that it requires a larger gain to recover from a given loss:

- A 25% gain is required to recover from a 20% loss
- A 50% gain is required to recover from a 33% loss
- A 67% gain is required to recover from a 40% loss
- A 104% gain is required to recover form a 51% loss

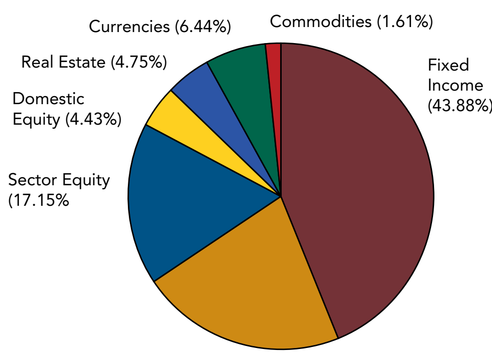
(the S & P 500 lost 51% peak to trough in 2008-09)

## AIM Decathlon Index Average Composition (6/15/00–3/31/13)

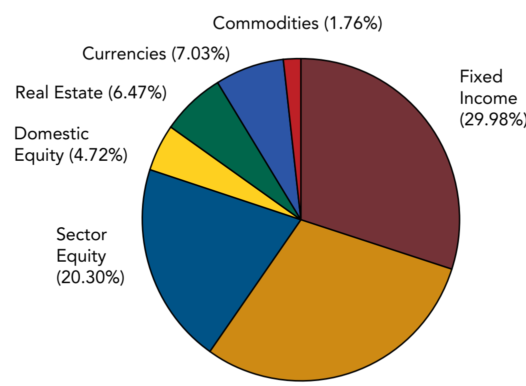
### Decathlon Conservative Index




### Decathlon Moderate Index




### Decathlon Agressive Index

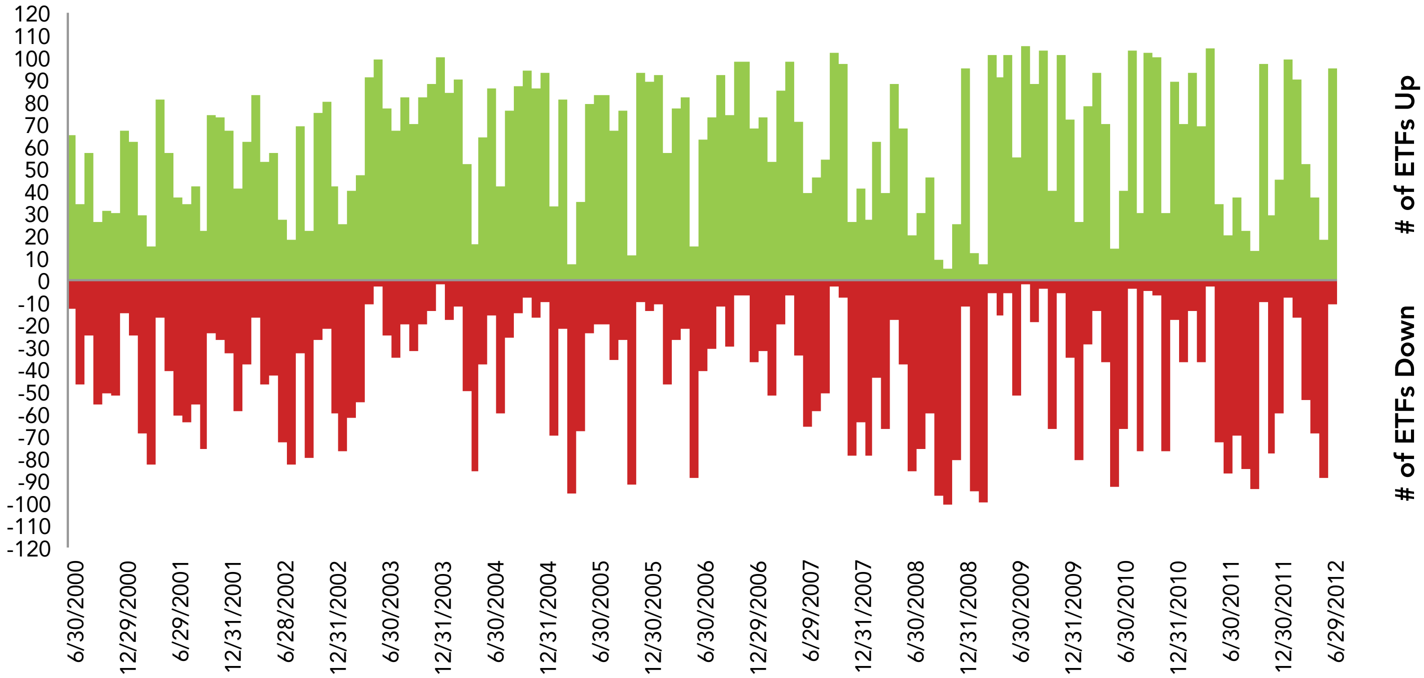



Please see disclosures for additional information.

## FINDING THE BULL MARKETS SOMEWHERE:

### Decathlon ETF Universe: Number of ETFs Up vs Down By Month

*At Least 5 ETFs Were Up in Every Period*

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## Why Decathlon?

| COMPELLING | DESIRED BENEFITS |
|---|---|
| 100% ETF based | Transparent, liquid, built-in diversification<br>Avoids pitfalls of illiquid investments |
| Long-only with no complicating factors | No margin, leverage, options, shorting, inverse, 2x, 3x |
| Diverse, global reach | "Always a Bull Market somewhere" |
| Follows Prospect Theory | Volatility and draw downs (losses) are "punished" at a 4:1 ratio |
| Bi-weekly rebalancing | Enables appropriate response time to changing market conditions |
| Defensive orientation | Helps manage volatility and eliminates the propensity to buy high and sell low |
| Avoids mutual fund "Prospectus Lock" | Avoids requirement to stay invested during a Bear Market |

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## Disclosure

 The material contained in this document is for informational purposes only. This material is not intended as an offer or solicitation for the purchase or sale of any security or financial instrument. The information contained herein should not be construed as financial or investment advice on any subject matter. It has been obtained from sources that we believe to be reliable, but its accuracy and completeness are not guaranteed.

The BFP Capital Management investment strategies are not appropriate for everyone. Due to the periodic rebalancing nature of our strategies, they are not appropriate for those investors who need or desire monthly or quarterly withdrawals or who wish to make periodic deposits.

The allocations shown are back tested averages for the respective AIM indices only. BCM maintains discretion over all of its strategies. Actual allocations will vary over time. Money market levels in the BCM strategies are estimated to be, at a minimum, 2% even when a model is "fully" invested. Signals calling for trades that are less than $500.00 or 0.25% of the account may not be completed if, at BCM's sole discretion, they do not warrant incurring the trading costs.

The AIM Decathlon Indices are algorithm driven and use pattern recognition technology (PRT) to rank a population of over 100 handpicked ETFs in which it will typically "invest" in the 10 most promising based on upward price movement and defined volatility levels. BCM may use additional ETFs in the event of a wash sale or similar situation. AIM Decathlon Aggressive Index targets volatility in the high teens, AIM Decathlon Moderate Index in the low-mid teens and AIM Decathlon Conservative Index in the mid-single digits. Each index re-evaluates the population of ETFs and 'rebalances' every 25 trading days; the BCM Decathlon strategies will typically rebalance every 25 trading days but have the ability to trade more frequently if the manager deems necessary.

Foreign markets, particularly emerging markets, can be more volatile than the U.S. market due to increased risks of adverse issuer, political, regulatory, market, or economic developments and can perform differently from the U.S. market. Emerging markets can be subject to greater social, economic, regulatory, and political uncertainties and can be extremely volatile. Currency ETFs share similar risks as emerging markets.

As with all investments, there are associated inherent risks. Diversification into many ETFs does not assure a profit or protect an investor from loss. Sector investments concentrate in a particular industry and the investments' performance could depend heavily on the performance of that industry and be more volatile than the performance of less concentrated investment options and the market as a whole. As with all investments, there are associated inherent risks. ETFs are not actively managed, trade like stocks and are subject to investment volatility and the potential for loss. The principal amounts invested in ETFs are not protected, guaranteed or insured.

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All information as of July, 2013.

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