July 29, 2022

ASYMMETRY IN MOTION

Dear Investors and Friends of ACM:

It was the English-born American political activist, theorist, and philosopher, Thomas Paine, who quoted, "These are the times that try men's souls." I recently spoke with an industry veteran who characterized this market environment as being nowhere to hide unless you want to sit in cash and let inflation erode your purchasing power. Granted, there are always exceptions!

I always enjoyed the movie, *What About Bob*? which is about a patient (Bill Murray) who follows a pop psychiatrist (Richard Dreyfuss) on his vacation and annoys him while charming his family. This annoyance transcends today to *"What About Bonds?"* I attended a recent mid-year forecast event where it was noted that stock and bonds have both resided in negative territory only 5% of the time since World War II. When factoring in 6-month periods from 1926 up until now, negative returns in both stocks and bonds has occurred only 4% of the time. Worse yet, for the first half of this year, the magnitude of declines was an average of -20.0% and -5.8% for stocks and bonds, respectively. This compares unfavorably to averages of -10.3% and -1.6% over previous 6-month periods over this timeframe.

With the Fed locked into a tightening cycle, in the face of high inflation, stock and bond correlations remain significantly higher than the norm. Whenever the Fed does exit stage right or expectations thereof, we are hopeful that this will change. Our long-term value added is derived from a predetermined, proprietary rebalancing methodology of very liquid and highly uncorrelated assets. With the recent perilous results for stocks and bonds, we are living through a period of correlation dislocation of these historically uncorrelated assets.

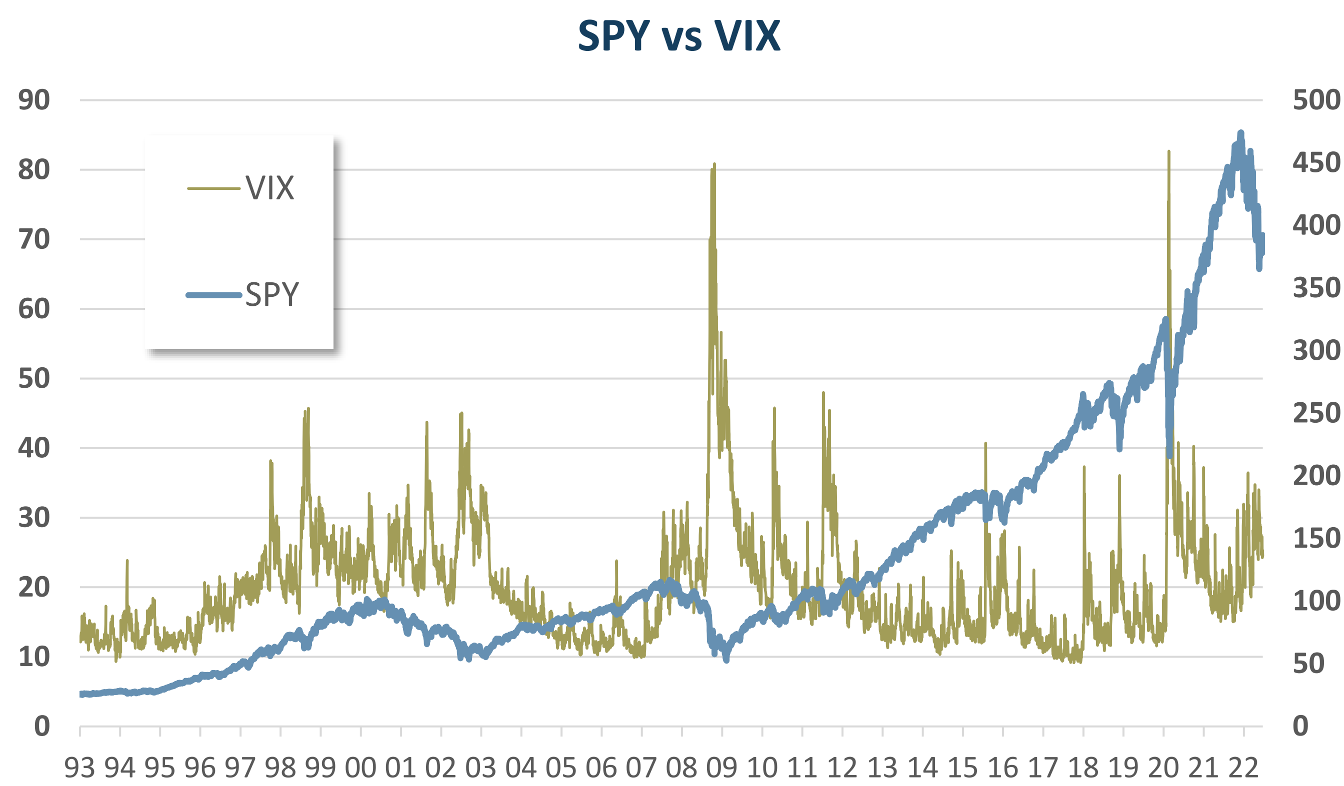
Our **Risk Managed US Equity Fund** performed as follows for the period ending June 30, 2022, on a net basis:

As of 6/30/2022	2Q 22	YTD Return
ACM Fund	**-12.59%**	**-16.78%**[1]
70% IVV, 30 AGG – 70/30	-12.69%	-17.05%
S&P 500 Total Return – S&P 500 TR	-16.10%	-19.96%
HFRX Equity Hedge Index – HFRXEH	-4.44%	-4.72%
*EALTS Index	-12.41%	-16.63%

***The EALTS benchmark** was created by ACM and launched in May of 2017 with S&P Dow Jones serving as the calculation agent. Please refer to our link https://www.spglobal.com/spdji/en/custom-indices/asymmetric-capital-management/acm-risk-managed-us-equity-index/#overview
Even though it is not an investable benchmark per se, other than for our benefit, it serves the purpose of relating the performance of our innovative construct and provides public awareness. Given that our Fund performance is shown on a net basis, which includes fees, we expect to track the performance of EALTS quite closely over time.

This leads us to our topical focus, *What About Volatility?* Later we will provide some insights about how we manage volatility as a strategic hedge for our equity exposure. The VIX is an indicator of expected market volatility and has been characterized as the fear gauge or index. It is calculated by using S&P 500 index option prices. The prices investors are willing to pay for options typically reflect how much the underlying asset, the S&P 500, is expected to move over a given timeframe. From 1990-2020, the VIX has ranged from 9.14 to 82.69 with higher levels signaling more uncertainty and lower levels being less so.

Generally, of importance for our strategy, the VIX Index tends to have an inverse relationship with the S&P 500 Index as illustrated below.



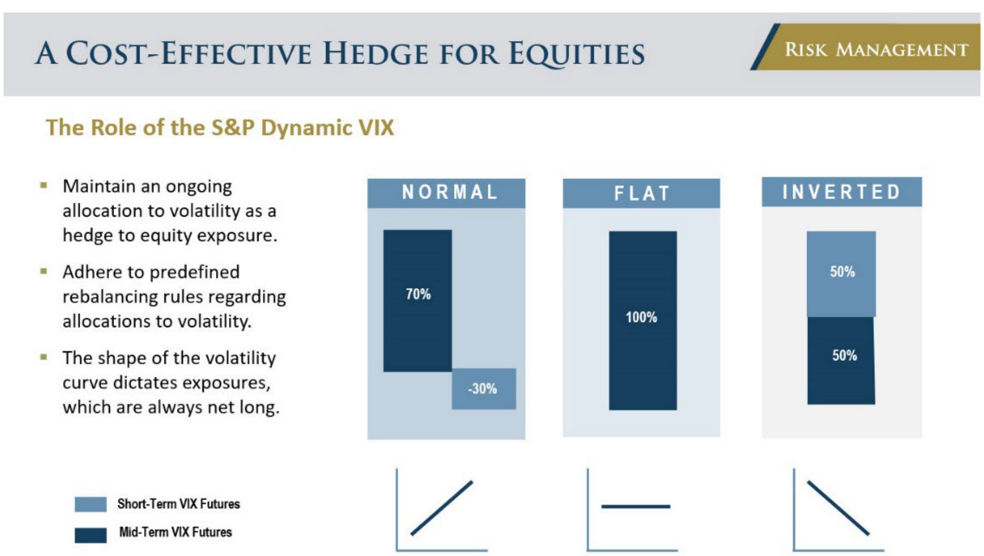
As of June 30,2022, *Source: Bloomberg*

History suggests an increase in expected volatility when markets are turbulent, or during a faltering economy, or unexpected events like the pandemic. Correlations have been most negative during such periods as 2008 and 2020. What about today? The VIX has hovered around the mid-30s but not at higher levels previously seen from market declines. As an aside, during the first week of July the call-put ratio on the VIX reached levels unseen for about two and a half years, driven perhaps by bets on fresh market turmoil. With a cost measure of VIX options hovering near the lowest level since 2019, investors may be taking advantage of what looks like cheap insurance as a hedge for the next round of market chaos.

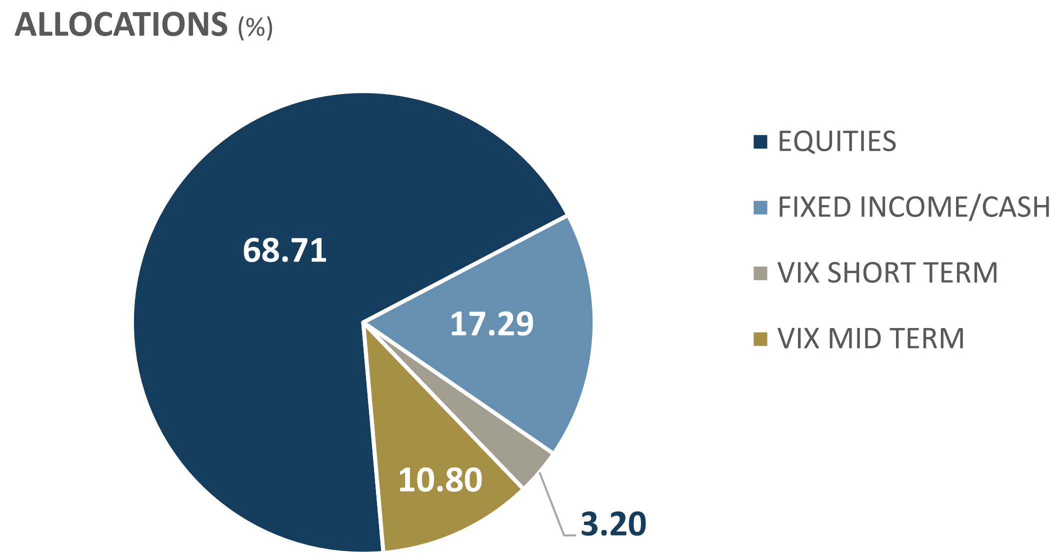
As a forward-looking indicator, the VIX also tends to be mean reverting as over time it will generally return or move back to its historical average. Volatility is a constant as it cannot move higher in perpetuity and it also cannot move to zero, which is distinct from equities. It oscillates in a wide range around a mean, which changes over time. This certainly does not lend itself to buy-and-hold strategies which is why a more dynamic approach for volatility exposure, as a strategic hedge to equities, can be viable.

With a 15% target allocation for our volatility exposure, we strive to achieve a cost-effective hedge for equities by using a similar construct to that of the S&P Dynamic VIX index, launched by Barclay's years ago. Shown below is a schematic of the construct including exposures depending on the shape of the implied volatility curve. Implied volatility is the market's forecast of a likely movement in a security's price, or in this case the S&P 500 Index. Supply and demand along with time value are major determining factors for calculating implied volatility. Although it helps quantify market sentiment and uncertainty, it is based solely on prices rather than fundamentals.

Along the term structure, Short-Term VIX is months 1-3 and Mid-Term VIX denotes months 4-7. Historically, the curve has been normal 80% of the time. Given a normal curve, we expect to have 30% short exposure in months 1-3 (Short Term VIX), where the curve is steeper, and 70% long exposure for months 4-7 (Mid Term VIX), where the curve flattens. Lastly and importantly, when our target allocation rises above a certain level, as per our rules, we will rebalance accordingly and deploy our gains in the declining asset which is typically equities.



Current allocations for each asset class along with their components and respective performance:



As of 6/30/2022

Allocations by Holdings: Weighted Average

As of 6/30/2022	ALLOCATION
iShares Core S&P 500 ETF – IVV	30.74%
iShares Russell 1000 ETF - IWB	25.65%
iShares Core S&P Mid-Cap ETF - IJH	10.33%
iShares Russell 2000 ETF - IWM	5.20%
iShares 20+ Year Treasury Bond ETF - TLT	10.36%
CASH	10.13%
SHORT VIX FUTURES – SHORT TERM	-3.20%
LONG VIX FUTURES – MID TERM	10.80%

Quarterly Returns

As of 6/30/2022	QTD Return
iShares Core S&P 500 ETF – IVV	-15.65%
iShares Russell 1000 ETF - IWB	-16.32%
iShares Core S&P Mid-Cap ETF - IJH	-15.11%
iShares Russell 2000 ETF - IWM	-16.61%
iShares 20+ Year Treasury Bond ETF - TLT	-12.33%

Source: Bloomberg

In deconstructing performance for the recent quarter, the contribution to return is shown for each component with comments.

Contribution Returns

As of 6/30/2022	CONTRIBUTION
iShares Russell 1000 ETF – IWB	-4.33%
iShares Core S&P Mid-Cap ETF - IJH	-1.55%
iShares Core S&P 500 ETF – IVV	-4.96%
iShares Russell 2000 ETF - IWM	-0.89%
TOTAL EQUITIES	**-11.60%**
iShares 20+ Year Treasury Bond ETF - TLT	-1.30%
TOTAL FIXED INCOME	**-1.30%**
Long VIX Futures	1.16%
Short VIX Futures	-0.93%
TOTAL VOLATILITY	**0.23%**

- The total equity contribution was -11.60%. With an overall allocation of approximately 70% for equities, the S&P 500, Russell 1000, S&P Mid Cap, and Russell 2000 were all down in the mid-teens for the period.

- 20+ Treasury Bonds (TLT), with a 10% target allocation, attributed -1.30% given the rise in interest rates and high inflation. The TLT, which was negative 12.33% for the quarter, is now down over 20% YTD and worse than equities.

- As a strategic hedge to equities, volatility, with an overall target allocation of 15%, was slightly positive during the quarter with approximately a 0.23% contribution. Please note that we will always be net long volatility regardless of the shape of the implied volatility curve.

In Summary

Volatility did serve its purpose as a hedge to equities with a slightly positive contribution for the quarter but not to the level you would expect from an equity market down in the mid-teens. As mentioned before, equity/volatility correlations have been significantly more negative during more turbulent periods but not recently. Regardless, our focus will remain on rebalancing these long-term negatively correlated assets attempting to provide meaningful upside equity market participation while limiting the downside.

We are grateful for your support and look forward to benefitting from **"Asymmetry in Motion"** in the future. Please be healthy and safe!

Cordially,

Peter J. Johnson

IMPORTANT DISCLOSURES

PERFORMANCE DISCLOSURE

[1] The performance shown is for illustrative, informational purposes only. It reflects the returns for a tracking investor who invested as of January 1, 2022 and made no withdrawals or additional capital contributions during the period shown. YTD performance reflects the reinvestment of dividends and other earnings, the deduction of Fund expenses and an expense ratio of 0.65%. Returns experienced by individual investors will differ for various reasons, including based on the date of investment, the amount of management fees and performance allocations the investor pays. The variance in performance may be material in some periods. Limited Partners should refer to their individual account statements for actual capital account balances and returns.

The performance shown was prepared by ACM and has not been compiled, reviewed, or audited by an independent accountant nor ACM's fund administrator. The presented results are based on the Fund's internal books and records and are subject to adjustment following its year-end audit. The Fund's returns are shown, in each case, at the end of the period indicated. The results are based on the periods but results for individual months or quarters within each period may have been more or less favorable than the average. Investors may not experience returns, if any, comparable to those shown. No representation is being made that any investor or account will or is likely to achieve profits or losses like those shown. This material is not intended to forecast or predict future events and does not guarantee future results.

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ACM strongly advises its investors to compare the performance returns in this quarterly letter against the statement's investors receive directly from the fund administrator.

The correlation of various indices against one another, against the Fund or against the market is based upon data over a certain period. These correlations may vary substantially in the future or over different time periods that can result in greater volatility. Inclusion of any index is for illustrative and discussion purposes only and is not intended for purposes of comparison.

PERFORMANCE DISCLOSURE *(cont.)*

This letter shall not constitute an offer to sell or the solicitation of any offer to buy any interests in the Fund, which may only be made at the time a qualified offeree receives the Fund's offering and subscription documents. These securities shall not be offered or sold in any jurisdiction in which such offer, solicitation or sale would be unlawful until the requirements of the laws of such jurisdiction have been satisfied.

Past performance is no indication of future results. Inherent in any investment is the potential for loss. Investors should not substantially rely on the Fund's limited past record as a prediction of future performance. Investors should not assume that investment decisions made by ACM in the future will be profitable. An investor must realize that he or she could lose all or a substantial amount of their investment in the Fund.

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Investment vehicles such as the Fund are speculative investments and are not suitable for all investors, nor do they represent a complete investment program. Private investment vehicles are available only to qualified investors and qualified eligible persons who are comfortable with the substantial risks associated with investing in private funds and who can withstand a total loss of invested capital. An investment in a private fund includes the risks inherent in an investment in securities. There can be no assurance that an investment strategy will be successful and investment results may vary substantially over time. Economic, market and other conditions could also cause the Fund to alter its investment objectives, guidelines, and restrictions. Nothing herein is intended to imply that an investment in the Fund may be considered "conservative", "safe", "risk free" or "risk averse."

Certain information contained herein constitutes "forward looking statements," which can be identified using forward- looking terminology such as "may," "will," "expect," "anticipate," "target," "project," "estimate," "intend," "continue" or "believe" or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events, results, or actual performance may differ materially from those reflected or contemplated in such forward-looking statements. Past performance is no guarantee of future results and future returns are not guaranteed.