MARKET IMPACT OF SECURING ALPHA WITH AI

WE NOW LIVE IN A HUMAN & HOLLY MARKET

#SHIFTHAPPENS

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WE ARE LIVING IN A DIFFERENT ERA

1970s - 1980s	1990s	2000s	2010s	Today & Beyond
Early Technicals: RSI, MACD, BBs	SOES Bandits	Decimalization	HFT	A.I. Robo-Advisement

"No man is better than a machine, and no machine is better than a man with a machine."
- Paul Tudor Jones

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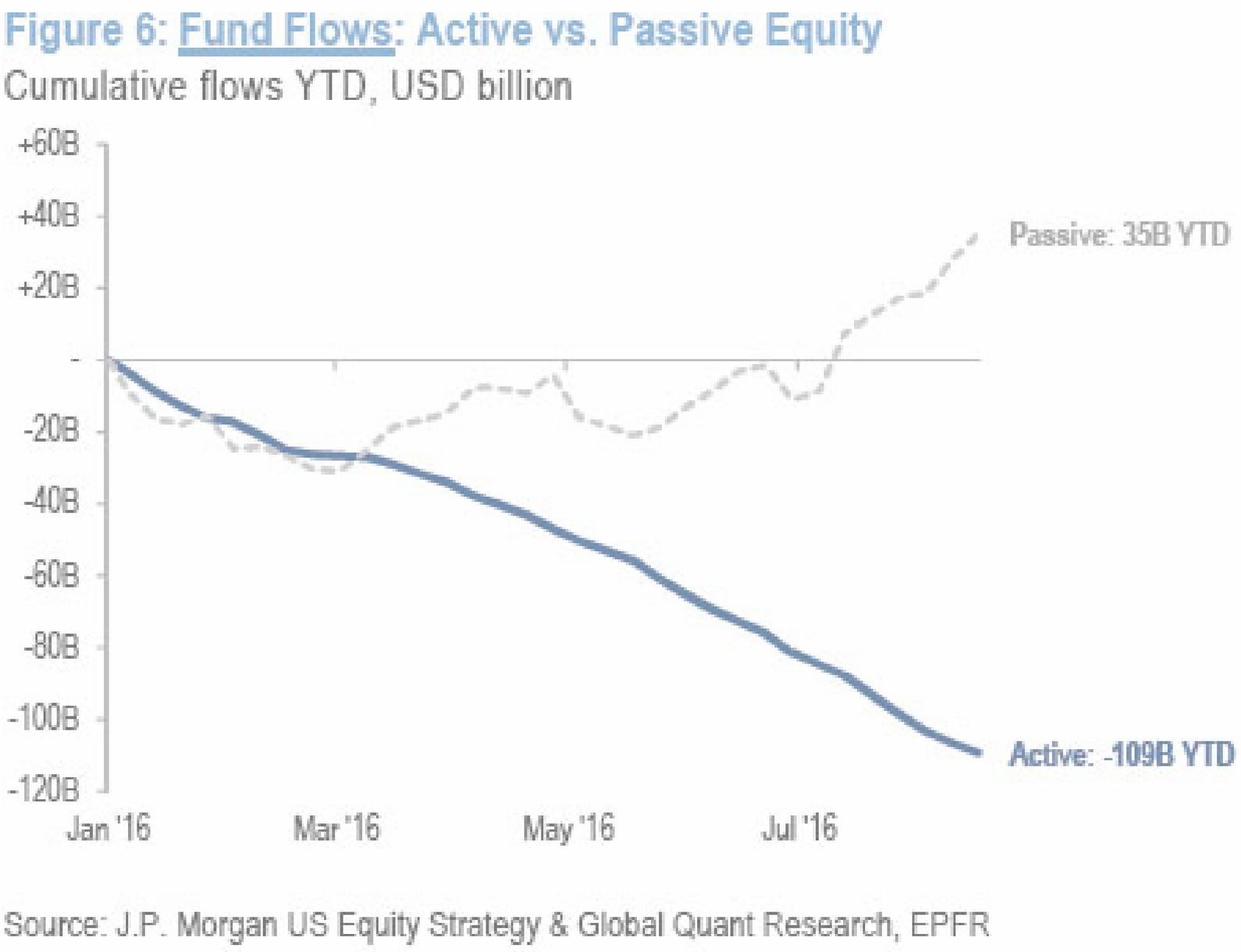
ROBO-ADVICE PLATFORMS WILL REACH $2-3 TRILLION IN AUM BY 2020, AN EYE-CATCHING INCREASE FROM THE $18.7B TODAY

Barron's, August 22, 2016



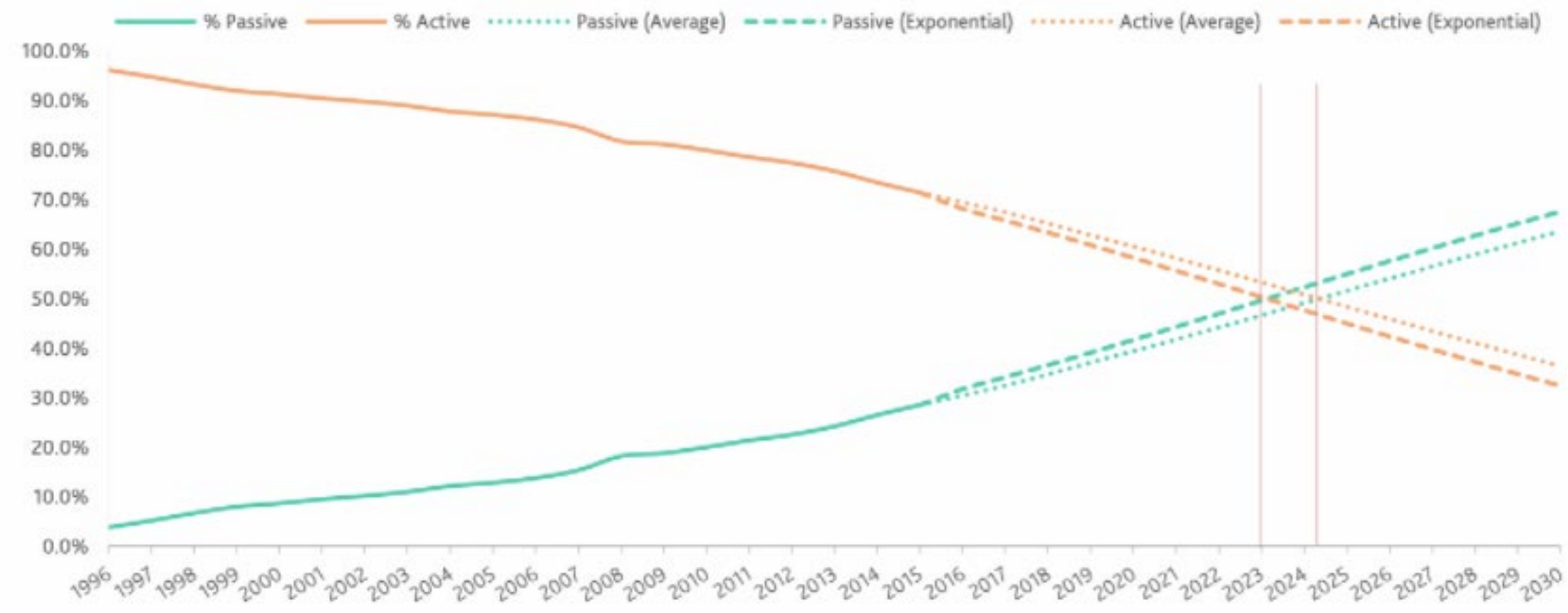
Source: J.P. Morgan US Equity Strategy & Global Quant Research, EPFR

. . . AND THE MARKET SHARE TREND IS UNLIKELY TO REVERSE ANYTIME SOON

Exhibit 2

Forecast: Passive to Exceed 50% Market Share by 2023-24

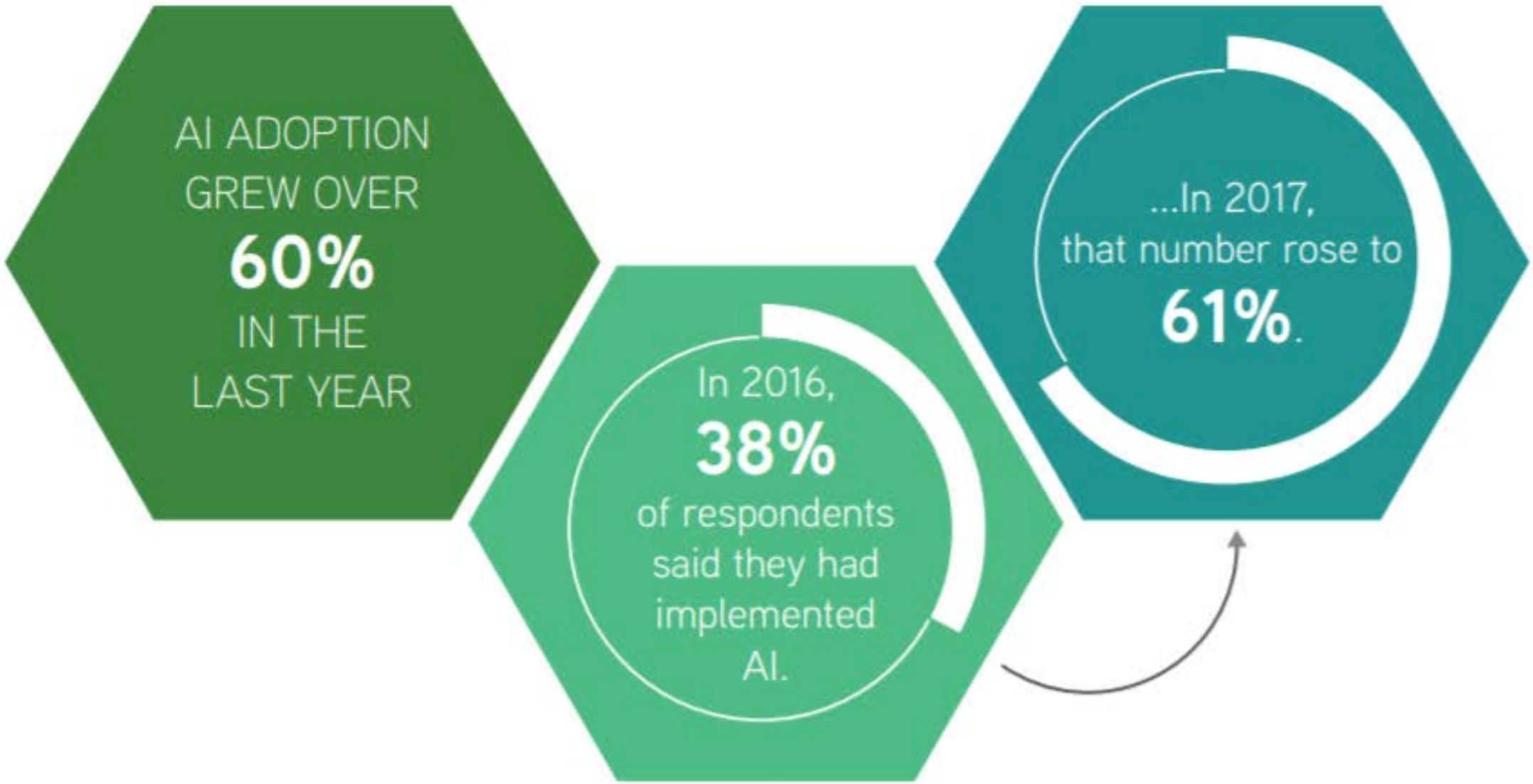
Linear and Exponential Regression Models



Note: See Appendix for technical details

Source: Moody's Investors Service Calculations

AI MOVES DEEPER INTO MAINSTREAM ENTERPRISE



Source: 2018 National Business Research Institute

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AI IMPACT AND APPLICATION GROWING: PREDICTIVE ANALYTICS & MACHINE LEARNING

AI IS **HERE TODAY**

of respondents say they are implementing AI.

TECH INNOVATION IS DRIVING BUSINESS **STRATEGY**

said their company has an 'innovation strategy' to drive investments in new technologies like AI.

A majority of companies said they had budget dedicated to enabling innovation...

INVESTMENT IS **ON THE RISE**

...with most citing their budget had increased over the past year.

Source: 2018 National Business Research Institute

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"THE DEMOCRATIZATION OF INFORMATION HAS MADE IT MUCH **HARDER FOR ACTIVE MANAGEMENT.**

WE HAVE TO CHANGE THE ECOSYSTEM – THAT MEANS RELYING MORE ON BIG DATA, ARTIFICIAL INTELLIGENCE, FACTORS AND MODELS WITHIN QUANT AND TRADITIONAL INVESTMENT STRATEGIES."

Co-Founder, CEO BlackRock
Lawrence Fink

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MACHINE LEARNING ASSESSMENT & ADAPTABILITY:

RISK ON

STAYS IN THE POSITIONS BEYOND REWARD TARGETS

CARRIES TRADES UNTIL END OF DAY

LEVERAGES SESSIONS WITH MOMENTUM

RISK OFF

ACTIONS DO NOT DEVIATE FROM TRADE PLAN

EXITS EARLIER IF EXISTING PROFITS ERODE

LEVERAGES RISK MGMT UNDER UNCERTAINTY

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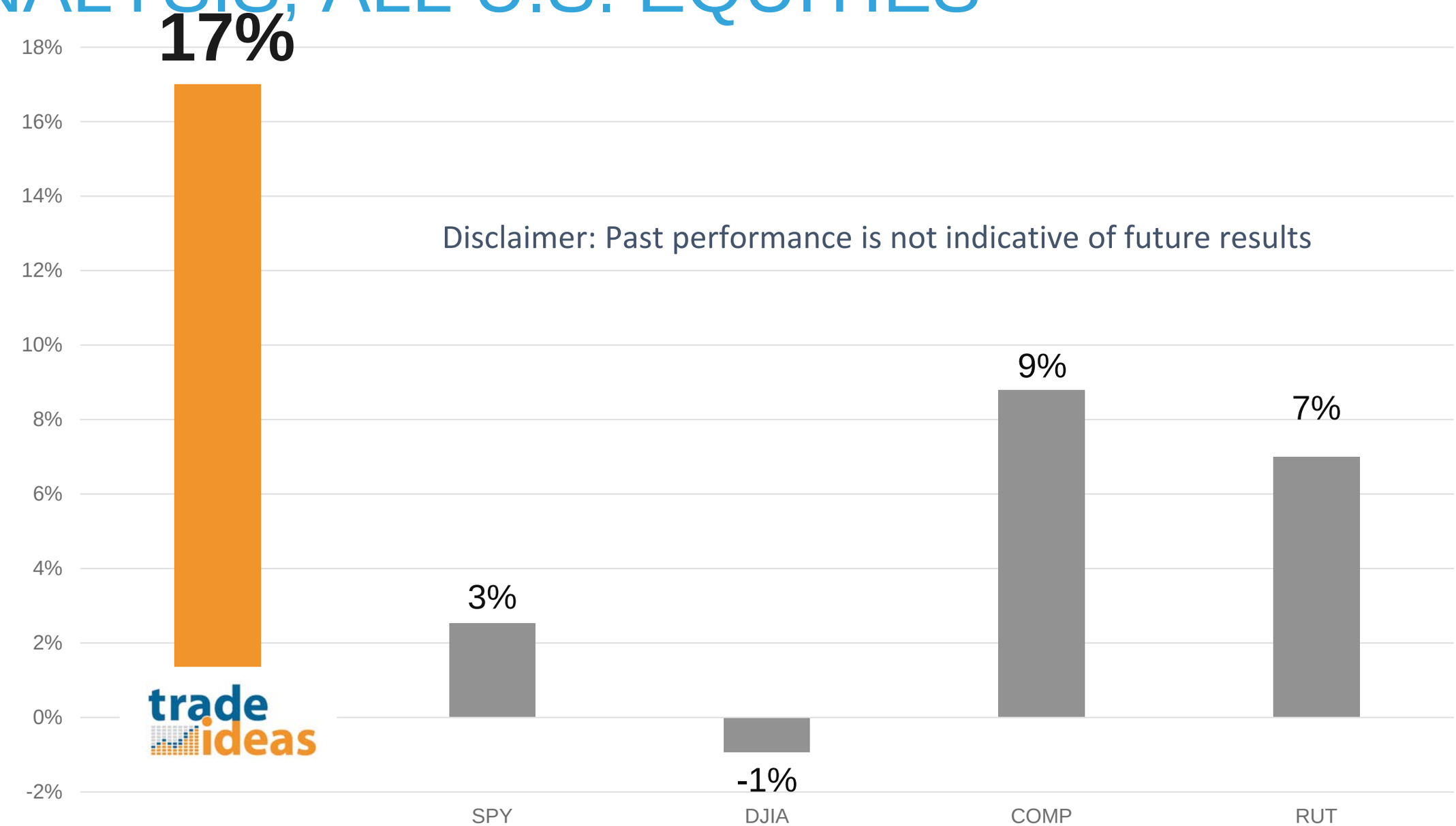
Q1 & Q2 2018: LONG/SHORT PORTFOLIO ANALYSIS, ALL U.S. EQUITIES



NOTE: ‘RISK OF ANALYSIS, PERIOD ENDING JUNE 30, 2018; NET COMMISSION & FEES
SOURCE: MORNINGSIDE

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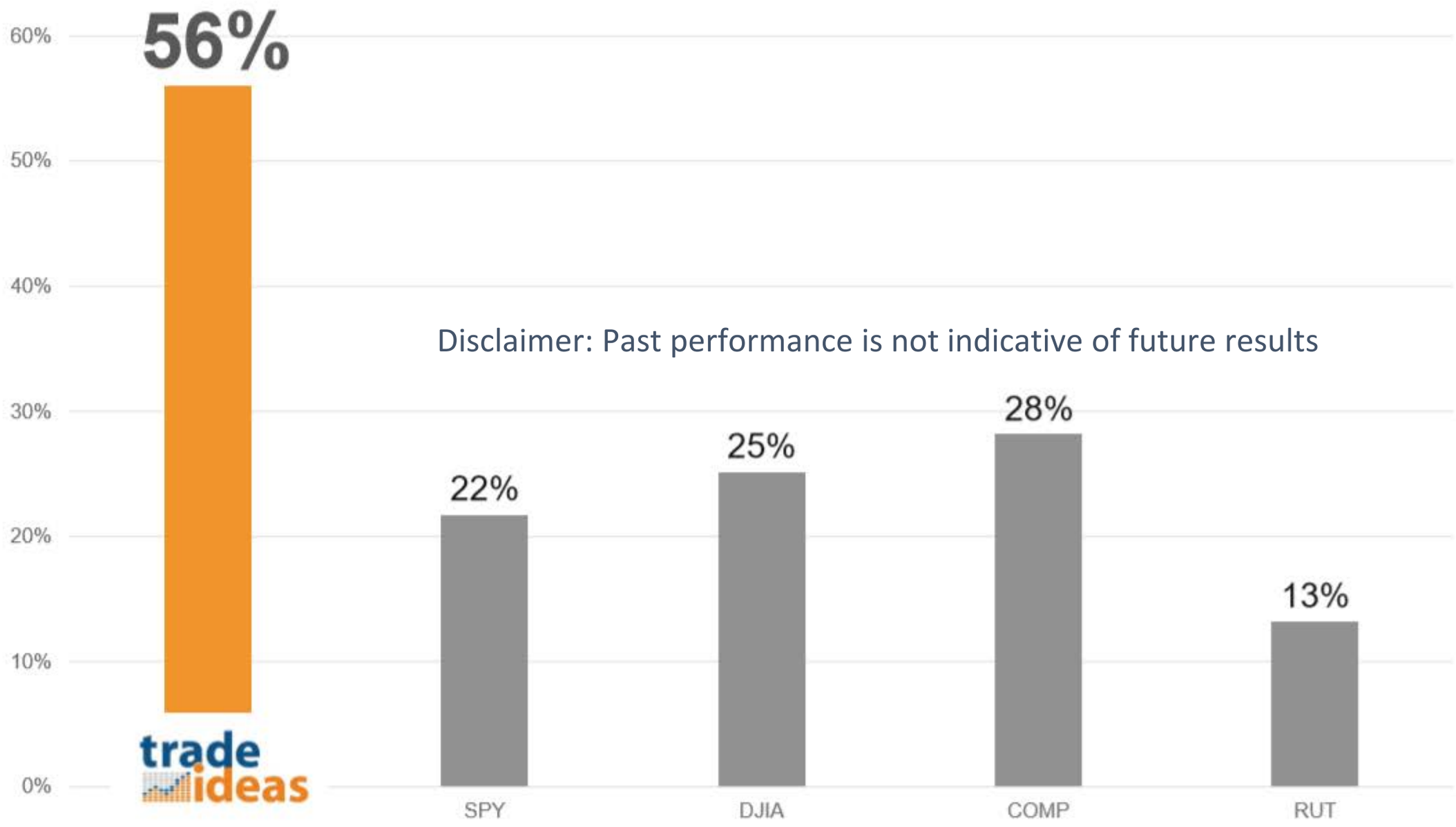
CY 2017: LONG/SHORT PORTFOLIO ANALYSIS, ALL U.S. EQUITIES



Disclaimer: Past performance is not indicative of future results

NOTE: ‘RISK ON’ ANALYSIS, PERIOD ENDING DECEMBER 29, 2017

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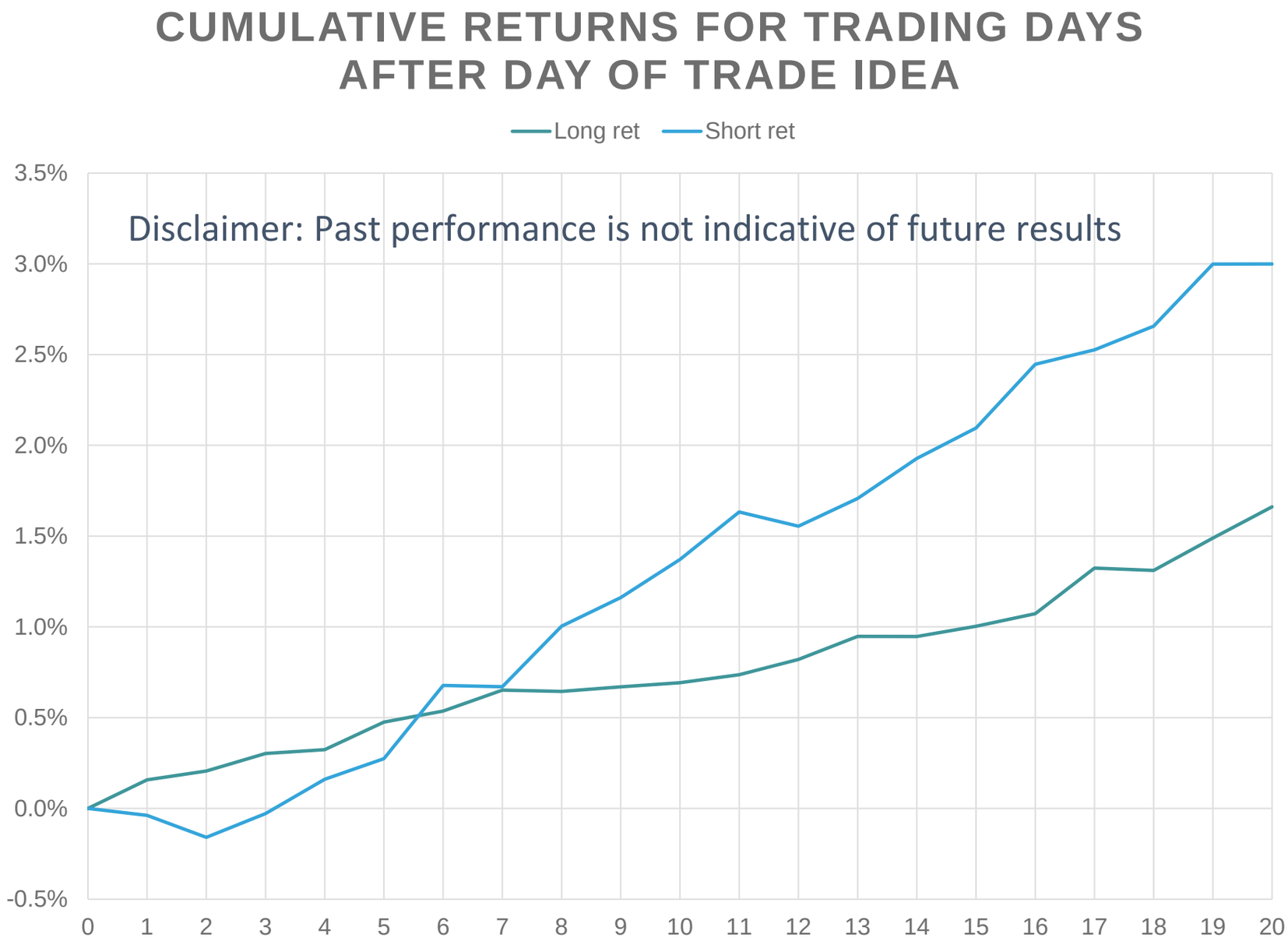
4 WEEK CUMULATIVE RETURNS, 2016 - 2017



Source: ExtractAlpha

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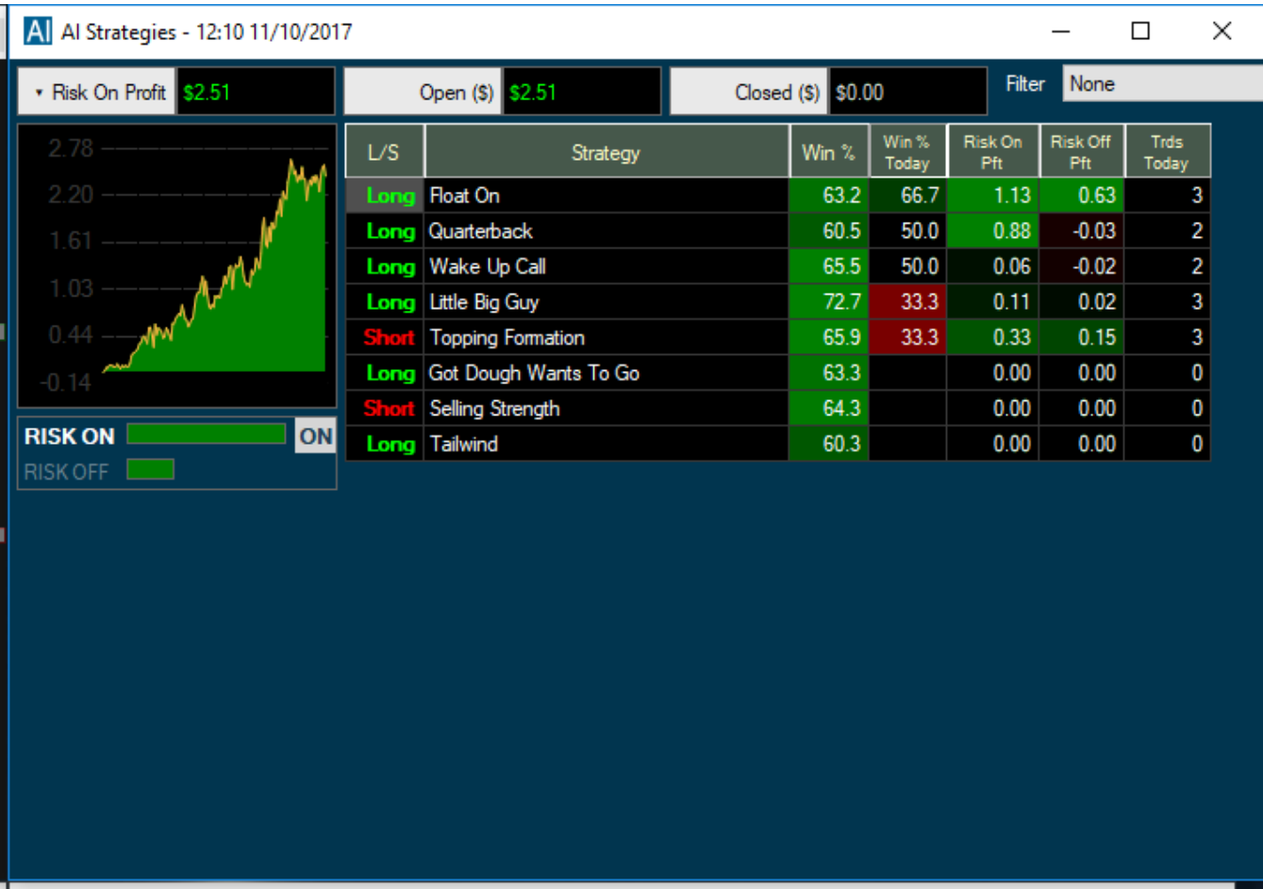

L/S	Strategy	Win %	Win % Today	Risk On Pft	Risk Off Pft	Trds Today
Long	Float On	63.2	66.7	1.13	0.63	3
Long	Quarterback	60.5	50.0	0.88	-0.03	2
Long	Wake Up Call	65.5	50.0	0.06	-0.02	2
Long	Little Big Guy	72.7	33.3	0.11	0.02	3
Short	Topping Formation	65.9	33.3	0.33	0.15	3
Long	Got Dough Wants To Go	63.3		0.00	0.00	0
Short	Selling Strength	64.3		0.00	0.00	0
Long	Tailwind	60.3		0.00	0.00	0

Entry Time	Exit Time	L/S	Strategy	Symbol	Lst Price	Entry Price	Exit Price	Risk On Pft	Risk On Pft %	Risk Off Pft	Pft %	Pft Chg Lst 15	Exit Reason
10:16	11:17	Long	Float On	PI	26.64	25.78	26.42	0.86	3.34	0.64	2.48	-0.02	Time Stop
9:46	10:47	Short	Topping Formation	WPX	12.80	13.05	12.89	0.25	1.92	0.16	1.23	0.02	Time Stop
11:14	11:56	Long	Float On	ZGNX	39.70	39.25	39.40	0.45	1.15	0.15	0.39	0.20	Profit Save
10:46	11:10	Long	Quarterback	QBAK	10.15	9.22	9.35	0.93	10.04	0.13	1.36	0.05	Profit Save
10:52	11:53	Long	Little Big Guy	TLGT	3.70	3.61	3.65	0.09	2.49	0.04	1.11	0.06	Time Stop
10:59	12:00	Long	Wake Up Call	LPCN	3.88	3.82	3.85	0.06	1.57	0.03	0.79	0.03	Time Stop
10:56	11:57	Long	Little Big Guy	OTIC	5.05	5.00	5.00	0.05	1.00	0.00	0.00	0.02	Time Stop
10:00	10:48	Short	Topping Formation	RRC	19.14	19.30	19.30	0.16	0.80	0.00	0.00	0.04	Profit Save
9:56	10:42	Short	Topping Formation	DOC	18.27	18.20	18.21	-0.08	-0.41	-0.01	-0.08	-0.07	Reduce Risk
10:47	11:33	Long	Little Big Guy	GNC	5.99	6.02	6.01	-0.03	-0.50	-0.01	-0.25	-0.01	Reduce Risk
11:06	11:51	Long	Wake Up Call	IOTS	8.50	8.50	8.45	0.00	0.00	-0.05	-0.59	0.05	Reduce Risk
11:09	11:44	Long	Quarterback	IOTS	8.50	8.55	8.40	-0.05	-0.58	-0.15	-1.75	0.05	Reduce Risk
11:22	12:08	Long	Float On	CARG	28.72	28.90	28.74	-0.18	-0.62	-0.16	-0.55	-0.32	Reduce Risk

Entry Time	L/S	Strategy	Symbol	Entry Price	Lst Price	Dist Stp	Opn Pft	Max Pft Time	Max Pft	Pft %	Pft Chg Lst 5	Time Until Time Exit

Disclaimer: Past performance is not indicative of future results

NOTE: NOVEMBER 10, 2017, SOURCE: [LINKEDIN]

A.I. POWERED IDEA GENERATION REGARDLESS OF MARKET

MACHINE LEARNING PROCESS FOR DEVELOPING ENGAGING CONTENT – ‘HOLLY’

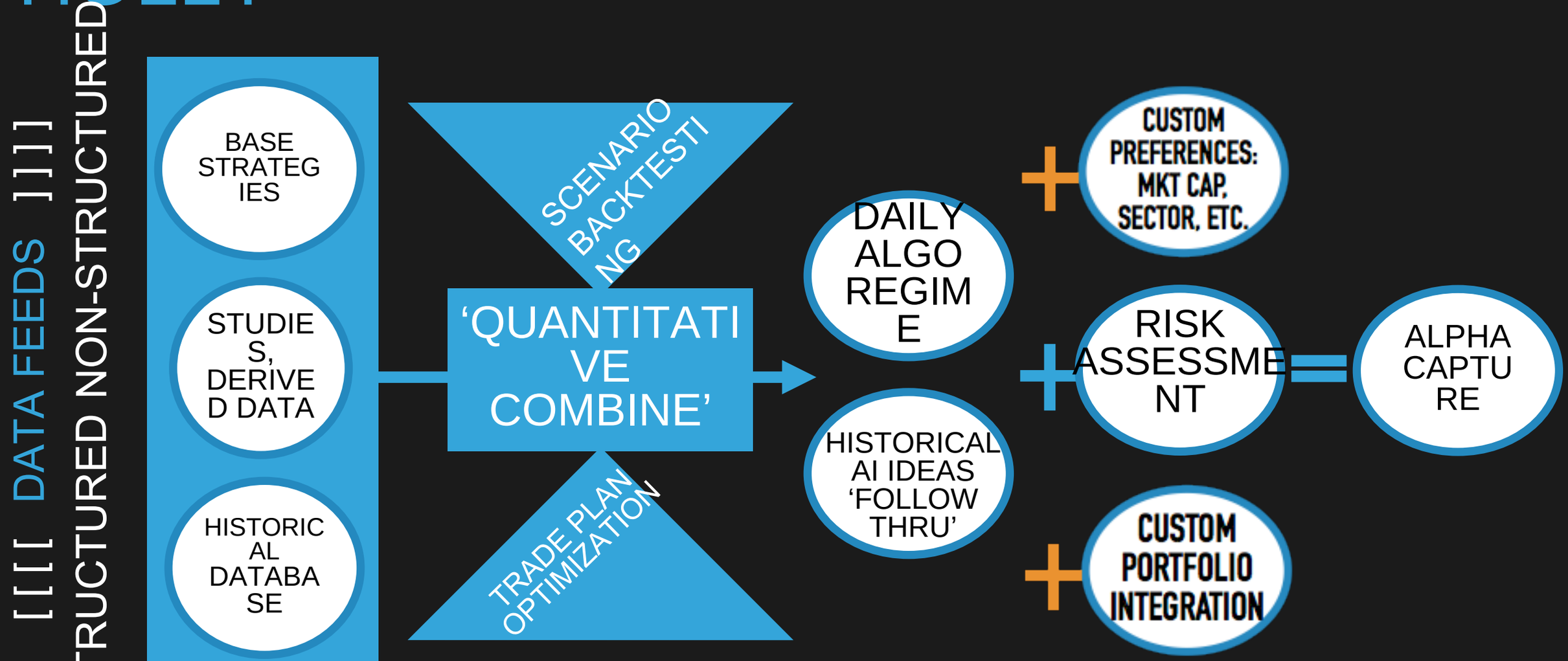

DIAGRAM OF A.I. SYSTEM, ’HOLLY’; SOURCE: TRADE IDEAS LLC

"[A.I.] IS NO LONGER DIFFERENTIATION, **IT'S JUST TABLE STAKES**. IT'S ONLY ADDITIVE. **YOU LOSE IF YOU'RE NOT USING IT, BUT DON'T WIN IF YOU DO.**"

Lightspeed Venture Partners
Adam Goldberg

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