

**A NON-LEVERAGED MULTI-STRATEGY DIVERSIFIED
QUANTITATIVE HEDGE FUND WITH A DISCRETIONARY OVERLAY*****The Genesis of i3***

A.J. and Kevin met at Citigroup leadership conference in Florida in 2014. Yousef and A.J. were partners on the West Coast. Both A.J. and Kevin were active traders of syndicate offerings and managing portfolios for clients of the bank. Kevin had created a methodology for unwinding syndicate positions for clients that was very different from the traditional approach. A.J. was developing technology to automate an equities allocation process for investment portfolios. The three recognized that they had some shared beliefs regarding trading and investment strategies which subsequently led to deep conversations about what strategies worked and what didn't.

A.J., Kevin and Yousef decided to partner together with the goal of building an automated trading strategy that was rigorous, disciplined, systematic and scalable. They wanted to build something that was unique and different from what investors already had access to.

The three principals of i3 Quantitative Investment Fund, LP are Kevin C. Griffin, Yousef Abuhakmeh, and Arnie Joseph ("A.J.") Di Cioccio.

Kevin Griffin has more than 30 years of experience in portfolio management, trading, venture capital, corporate finance, and private equity.

Yousef Abuhakmeh has worked in the financial industry for more than 10 years and was a key member of Citigroup Global Markets Inc investment banking and capital markets team.

A.J. Di Cioccio has been in securities industry for over 20 years with experience in portfolio management, trading, and private markets. He has worked at both Morgan Stanley and Citigroup Global Markets Inc.

A Non-Leveraged Multi-Strategy Diversified Quantitative Hedge Fund with a Discretionary Overlay

i3 Quantitative Investment Fund, LP ("the Fund") is a non-leveraged multi-strategy diversified quantitative hedge fund with a discretionary overlay. i3's portfolio concentrates on liquid securities such as the S&P 500 components and global ETFs. During the Fund's November 2021 monthly cycle, the portfolio traded natural gas, uranium, and bitcoin ETFs as well as S&P 500 securities. The Fund's initial positions are determined by i3's proprietary quantitative algorithms. Once a position is on the books, i3 applies an additional human overlay.

The i3 Investment Philosophy

The Fund's is designed to capture newly emerging momentum on a pullback. i3's investment philosophy is that investments continually rotate in and out of favor creating both opportunities and risks. The system analyzes relative price trends and tactically rotates within various asset classes and securities seeking to capture upside returns while managing downside risk. Additionally, the system makes tactical moves within and among asset classes, creating the potential for significant additional returns using its **Alpha Capture System**. i3 seeks consistency through an investment process that is rigorous, disciplined, systematic and highly scalable.

Universe of Securities and Trade Selection

i3 first defines a universe of securities which consists of liquid S&P 500 stocks and global ETFs. Out of this dataset, the Fund's algorithms establish a list of undervalued securities that are candidates for momentum or breakout trades. Each cycle trades a maximum of 16 positions. Part of the discretionary overlay process is that the Fund doesn't always buy the first 16 securities from the filtered dataset. The principals may eliminate a security because it doesn't meet certain criteria such as being highly illiquid or because it has some other undesirable aspect, or to prevent over concentration in a particular market segment.

Trading Cycles

The program's trading cycles are broken into 12 monthly time periods with 2 trading cycles within each time period. All the trading strategies are run over these 30-day time periods. i3 looks to capture some of the trading activity that is unique towards the beginning of the month and some of the trading activity that is unique towards the latter part of the month. Based on i3's analysis, the principals' have found that securities that were purchased in the early part of the month had their best movement by the middle of the month. After that the returns tend to diminish.



A.J. Di Cioccio
Co-Chief Investment
Officer

Initiating Trades & Maximum Exposure

Each monthly cycle trades a maximum of 16 positions. At the beginning of the month, i3 puts on 10 out of the 16-maximum number of positions in the portfolio, or 62.5% of the total exposure. So, the program starts out by investing no more than 6.25% of capital in any given position. This results in a fair amount of "unused" cash. That cash doesn't get redeployed until mid-month. At that time, the other 6 positions are added to the portfolio. Securities are purchased depending on the current market environment. They may be done on the market on open, VWAP (volume weighted average price), TWAP (time weighted average price), market on close, or a combination of any of these.

Kevin executes the trades. Both Kevin and A.J., the fund's Co-Chief Investment Officer, monitor the positions. There is daily dialogue about strategy and risk control. Yousef Abuhakmeh is the Chief Operating Officer and is also involved in the investment process.

Liquidation of Positions

If the markets haven't triggered a sell signal, those original 10 positions could be cycled out of the portfolio by the beginning of the following month. The second 6 positions that were put on mid-month can stay in the portfolio for another 30 days from their initial trade date. Again, i3 is looking to capture some of the activity that is unique towards the beginning and latter part of the month. If a security violates pre-determined risk parameters, it will be sold the following day regardless of the subsequent price action.

i3's Proprietary Alpha Capture System

The Fund's overall strategy is not passive. The principals of i3 aren't looking for securities to run up, retract to a base line, and then move higher. The system takes the opportunity to seize profits as a security runs up. There are two ways this can happen. The Fund can sell the security, or it can sell premium in the options market.

A Non-Leveraged Approach

The Fund operates on a non-leveraged basis. There are zero borrowing costs. To date, the i3 Fund has generated returns comparable to many funds that utilize leverage, yet these returns have been generated

without concentrated risk and without leverage. It is a systematic process that can be repeated month in and month out. There is no guarantee that the Fund will continue to produce these results or not experience losses.

Looking for Newly Emerging Leaders in the Markets – Letting the Securities Show Their Strength

i3 is constantly seeking out emerging market leaders. They are not looking to utilize fundamental analysis to predict momentum. They react to price action – not predict it. This is significant. They are letting the securities themselves show their strength. Part of the i3 proprietary algorithm is to determine an appropriate level of pullback. Once this pullback has occurred, the Fund may initiate a new position.



Yousef Abuhakmeh
Chief Operating Officer

The Current Market Environment – December 2021

The principals of i3 are very excited about the opportunities presented by current market conditions. The i3 system is designed to capture newly emerging momentum on a pullback.

This strategy helps to prevent the Fund from chasing overbought stocks. Because of the system's parameters, the Fund normally doesn't get into overbought stocks. Sometimes an opportunity presents itself and a normally overpriced stock temporarily falls out of favor. In the Fund's last monthly cycle, the Fund had positions in Netflix, in some big oil companies, some financials and MGM. These are different types of stocks. All stocks that at times people care about. These stocks tend to be liquid and are attractive when large institutions start adding them to their portfolios.

The Strategy is Designed to be Repeatable, Systematic, and as Risk Adverse as Possible

None of the Fund's gains are from outsized returns. The Fund is not reliant on having a big winner. i3's strategy is designed to be repeatable, systematic, risk adverse, concentration adverse, and have zero leverage. Each month the Fund rotates positions in and out of the portfolio according to the Fund's algos. Very rarely does a security that was bought at the beginning of a month come up again at the beginning of the subsequent month. There are two reasons for this. First, if the security performed well, it would automatically work its way out of selection. Second, if the security didn't perform and it broke down, the position would have been liquidated. i3's strategy considers certain moving averages. If a stock closes below its designated moving average, it is immediately stricken it from the dataset.

As of November 2021, the Fund has \$82 million in Assets under Management

Currently the Fund is approaching \$100 million in assets under management and continues to raise money. i3 estimates that they can manage at least \$2 billion. November 2021 return was +0.01%

Kevin's Outlook over the Next Few Years

"As of today, the S&P is imbalanced. The top 25 market caps make up about 49% or 50% of the S&P. The other 475 companies comprise the remaining 50%. I think that over the next several years, the market could keep these levels. We have 25 companies that are making a path while the other 475 are neglected in a way. So, we will look to capture these rotations and hopefully outperform the indices over the next several years as markets rotate and money flows to different areas of the market and it just doesn't chase the biggest stocks.



Kevin Griffin
Co-Chief Investment
Officer

I think that this is giving us a huge opportunity as we are seeing emerging momentum that pulls back to cycle into investments that will consistently create alpha for our investors and ourselves. We are also substantial investors in our fund. We have over \$17 million of our own capital in the strategy.

I would like to describe what happened in March of 2020. People were thinking, we came out of the pandemic, and we started to make money because the Fed bailed out the market with the most massive stimulus plan and the Fed is barely trying to figure out how to unwind now. So, in March 2020, the markets were down 7% on a locked limit down. We systematically took everything off. Of course, it dropped more. We ended up putting money back into the market, but unlike so many other fund managers that got bailed out because the market snapped back, there was no bailout for us. We systematically continued to make the money back. And it is significant. What if the Fed hadn't done a bail out? What if the virus was so much

worse? We have a systematic process that deals with that. We managed the risk. We do it in a way that can't be blown up through leverage.

As of June 2021, the Fund has a full 5-year track record of live returns, not including almost two years where the strategy was traded internally at Citigroup. We have been battle tested through some of the most rigorous volatility.

We carefully monitor the negative convexity aspect of our program. We are attempting to eliminate the big drawdown. We are systematically scraping alpha out of the market and not by frenetic trading. Many quants are constantly doing 5,000 trades. They make a couple of pennies here. They make a couple of pennies there. We don't do that. We let the markets work and we have a system and I consider it to be a very elegant solution to navigating these markets and hopefully indicate the right securities. And our system has done some great stuff for us. And if it doesn't, we will tweak it. We are constantly stress testing it making sure it is doing what we expect it to do.

If the market flattens out, we expect to exceed people's expectations for returns. Melt up environments are the hardest for us to operate in, and yet historically have done well in these environments. Because of the markets over the last few years, investors have lost the concept of risk management, and they don't sell out because stocks have come back. One of the great things about i3 is that we know the precise source of our alpha."

i3 plans on launching an offshore fund 2022.

i3 Quantitative Investment Partners, LLC, is a California limited liability company which operates as the General Partner of i3 Quantitative Investment Fund, LP. The General Partner is not registered as an investment adviser with the SEC under the Investment Advisers Act of 1940, as amended (the "**Advisers Act**") or the securities division of any state but is registered as an "exempt reporting adviser" under the California "private fund adviser exemption" with the State of California Securities Regulation Division of the Department of Corporations pursuant to Section 260.204.9 of the California Code of Regulations.

THERE ARE NO GUARANTEES OF PROFIT.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE SUCCESS

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