

## Independent Auditor's Report on Historical Trading Performance

To: Mr. Mohamad Gharib  
Managing Director  
Investment Capital Advisors (ICA) LLC

Program: ICA Managed Account Program (ICA MAP)

We have performed the procedures enumerated below, which were agreed with Mr. Mohamad Gharib, a Trader in his individual capacity (from November 5, 2007 to November 28, 2010) and as a Principal Trader at Investment Capital Advisors (ICA) LLC (from November 29, 2010 to June 30, 2016), solely to confirm the accuracy of historical performance of his client accounts from November 5, 2007 to June 30, 2016.

These agreed-upon procedures were conducted in accordance with the applicable professional attestation standards. The responsibilities of the management are specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

### Management's responsibility for the performance reporting and analysis:

Management is responsible for the preparation and presentation of the performance report and analysis as per the Generally Accepted Principles for the investment performance reporting and analysis.

The responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of performance reporting and analysis that are free from material misstatements, whether due to fraud or error.

We have performed the following procedures and findings covering the period from November 5, 2007 to June 30, 2016 (the Period);

- 1) Verification of the existence of the accounts with the brokerage firms and the account holders.
- 2) Verification of the trading / activity statements with the brokerage firms and the account holders.
- 3) Verification of the trader / money manager with the brokerage firms and the account holders.
- 4) Verification and matching of the certificates provided by the brokerage firms and investment managers with trading statements.
- 5) Verification of all the accounts, which are currently active, by logging into online trading platforms.
- 6) Verification of the use of actual capital to calculate the returns and not the notional amounts.

- 7) Analysis of all of the verified Brokers Activity Statements for the Period, checking the consistency of all of the monthly Brokers Statements for the whole period, analysis of types of transactions in order to consider non-performance related transactions i.e. cash withdrawals / deposits and verification of the realized performance.
- 8) Verification of the compilation of required data for performance calculation (i.e. end of month valuation and funds withdrawals / deposits transactions) for the Period.
- 9) Verification of the computed Gross Rate of Return per account with a performance calculation methodology which uses time-weighted rate of return, using the portfolio's daily market values with the necessary adjustments whenever a cash flow (i.e. a deposit or a withdrawal) occurs.
- 10) Verification of the computed monthly performance with a performance calculation methodology which uses time-weighted rate of return, using the portfolio's daily market values with the necessary adjustments whenever a cash flow (i.e. a deposit / withdrawal of funds) occurs; and
  - Calculated monthly performance on a net basis. i.e. after deduction of all fees.
  - Verified that the performance is net of brokerage fees (commission, spread), management fees (2% p.a.) and performance fees (25%).
  - Verified that the performance fee is calculated based on High-Water Mark (HWM) principle.
  - Verified that other expenses such as legal, accounting and administrative costs were not estimated or accrued for purposes of computing the program's performance track record.
- 11) Verification of the computed Annual Rate of Returns, which was computed by geometrically chain-linking the monthly returns for each year.

### **Auditor' Responsibility**

Our responsibility is to express an opinion on these performance report and analysis based on our audit.

We conducted our audit in accordance with Generally Accepted Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the performance report and analysis are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the figures of performance and disclosures in the performance report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement in the performance report, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the performance report, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the performance report.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Basis for qualified opinion**

We were unable to extract trading statements directly from Capital Market Services LLC and Fienex Group. These two brokerage firms are no longer in business. We have obtained statements from clients directly and have cross-referenced them with ICA statements to validate its accuracy. ICA has provided us with confirmation letter, signed by the broker, confirming the statements data. We have verified these confirmation letters as well.

We were unable to extract trading statements directly from CitiFX Pro, and Interactive Brokers LLC, These two brokerage firms are no longer have the records to produce the statements. We have obtained statements from clients directly and have cross-referenced them with ICA statements to validate its accuracy. ICA has provided us with a confirmation letter signed by the client, confirming the statement data. We have verified these confirmation letters as well.

We have examined eight statements of different clients during the period from November 5, 2007 to June 30, 2016. ICA provided one statement for each period. There might be other statements with different performance; therefore this report reflects the performance only on the accounts chosen by ICA.

### **Opinion**

In our opinion except for the possible effects of the matters described above, the performance figures (Gross Rate of Return per Account, Monthly Net Rate of Return, Annual Net Rate of Return, and Performance Statistics) are true and accurate and they reflect the performance of ICA Managed Account Program (ICA MAP) for the period from November 5, 2007 to June 30, 2016.

For and on behalf of,  
Delta Group for Accounting and Auditing



Hassan M. Merai CPA, Sworn Auditor  
LACPA Membership No.: 1464  
Beirut

July12, 2016

### THE PERFORMANCE REPORT BY MANAGEMENT

Period: November 5, 2007 – November 28, 2010	Accounts	Gross ROR per Account
November 5, 2007 to December 13, 2007	account ending 664	25.32%
December 14, 2007 to June 5, 2008	account ending 116	127.19%
June 6, 2008 to February 9, 2009		No Trading Activities
February 10, 2009 to January 15, 2010	account ending 427	283.97%
January 16, 2010 to November 28, 2010		No Trading Activities

- Brokerage Firm: Capital Market Services (USA) LLC
- Accounts existence has been confirmed by the broker.
- Statements have been confirmed by both, the broker and the account holders.
- Confirmation of the trader of the accounts has been given by the broker and the accounts holders.
- A signed confirmation letter has been given by the broker.

Period: November 29, 2010 – November 28, 2011	Account Number	Gross ROR per Account
November 29, 2010 to October 31, 2011	account ending 048	70.83%
November 1, 2011 to November 28, 2011		No Trading Activities

- Brokerage Firm: Interactive Brokers (UK) LLC
- Account existence has been confirmed by the broker.
- Statement has been confirmed by the account holder.
- Confirmation of the trader of the account has been given by the account holder.
- A signed confirmation letter has been given by the account holder

Period: November 29, 2011 – July 17, 2012	Account Number	Gross ROR per Account
November 29, 2011 to July 17, 2012	account ending 550	-1.24%

- Brokerage Firm: Saxo Bank (SCHWEIZ) AG
- Introducing Broker: ACT Currency Partners AG (Switzerland)
- Account existence has been confirmed by the broker.
- Statement has been confirmed by the broker, the introducing broker, and the account holder.
- Confirmation of the trader of the account has been given by both the account holder and the introducing broker.
- A signed confirmation letter has been given by both the account holder and the introducing broker.

Period: July 17 2012 – May 28, 2013	Account Number	Gross ROR per Account
July 17, 2012 to April 11, 2013	account ending 746	97.67%
April 12, 2013 to May 28, 2013		No Trading Activities

- Brokerage Firm: CitiFX Pro (Citibank, UK)
- Account existence has been confirmed by both the broker.
- Statement has been confirmed by both the account holder and the investment manager.
- Confirmation of the trader of the account has been given by both the account holder and the investment manager.
- A signed confirmation letter has been given by both the account holder and the investment manager.

Period: May 29, 2013 – July 7, 2014	Account Number	Gross ROR per Account
May 29, 2013 to June 19, 2014	account ending 392	125.47%
June 20, 2014 to July 7, 2014		No Trading Activities

- Brokerage Firm: Fienex Group (FXCBS, UAE) Ltd.
- Account existence has been confirmed by the broker.
- Statement has been confirmed by the broker.
- Confirmation of the trader of the account has been given by the broker.
- A signed confirmation letter has been given by the broker.

Period: July 8, 2014 – June 30, 2016	Account Number	Gross ROR per Account
July 8, 2014 to July 31, 2015 October 26, 2015 to June 30, 2016	account ending 602	864.71%
August 1, 2015 to October 25, 2015		No Trading Activities

- Brokerage Firm: AURA FX (NZ) Ltd.
- Account existence has been confirmed by the broker.
- Statement has been confirmed by the broker, the account holder, and the investment manager.
- Confirmation of the trader of the account has been given by both the broker and the investment manager.
- A signed confirmation letter has been given by both the account holder and the investment manager.

**Table of Net Rate of Returns:**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
January		35.05%	-0.16%*	-12.56%	2.51%	12.56%	6.73%	-20.35%	214.58%	27.13%
February		10.26%	29.55%	-0.16%*	-3.08%	-4.57%	-6.81%	1.49%	-12.34%	9.03%
March		2.73%	14.02%	-0.16%*	9.52%	-12.83%	33.51%	31.62%	32.83%	7.56%
April		-2.99%	1.59%	-0.16%*	-5.15%	6.35%	-9.48%	-2.63%	8.52%	15.48%
May		32.01%	11.27%	-0.16%*	18.07%	23.99%	0.57%	-0.04%	0.22%	-4.25%
June		-20.76%	-1.19%	-0.16%*	-5.20%	2.07%	11.16%	6.75%	-19.57%	-13.23%
July		-0.16%*	4.08%	-0.16%*	7.78%	-18.80%	3.95%	-1.96%	-1.35%	
August		-0.16%*	7.54%	-0.16%*	-5.53%	1.61%	4.22%	2.93%	-0.16%*	
September		-0.16%*	9.11%	-0.16%*	2.34%	5.70%	-8.40%	-5.24%	-0.16%*	
October		-0.16%*	36.53%	-0.16%*	8.90%	-19.33%	11.50%	14.24%	1.05%	
November	26.92%	-0.16%*	18.44%	-0.48%	-0.16%*	23.26%	19.43%	27.19%	6.75%	
December	7.75%	-0.16%*	0.26%	18.07%	7.49%	14.08%	15.31%	-17.96%	7.76%	
Annual ROR%	<u>36.75%</u>	<u>53.74%</u>	<u>226.11%</u>	<u>1.28%</u>	<u>40.68%</u>	<u>24.68%</u>	<u>104.74%</u>	<u>26.02%</u>	<u>266.22%</u>	<u>43.04%</u>


\* -0.16% represents the management fee; there was no actual trading during the month.

**Performance Statistics:**

Average Annual Return	+82.33%
Annual Volatility ( $\sigma$ )	91.63%
Average Monthly Return	+8.20%
Monthly Standard Deviation (SD)	26.45%
Largest Monthly Draw-Down (DD)	-20.76 % June – 2008
Worst Peak-To-Valley Draw-Down (DD)	-29.65% July 2012 – October 2012

**Disclaimer:** The past results may not be indicative of any futures results. Future performance may change based on future circumstances and different strategies. In comparing investment performance statistics, other performance calculation methods may produce different results.


For and on behalf of,  
Investment Capital Advisors (ICA) LLC



Mohamad Gharib, Managing Director  
Beirut

July 12, 2016

For and on behalf of,  
Delta Group for Accounting and Auditing



Hassan M. Merai CPA, Sworn Auditor  
LACPA Membership No.: 1464  
Beirut

July 12, 2016

**Notes forming part of the Performance Report:**

1. HWM: High-Water Mark principle requires recovering of any prior losses before charging new performance fee. HWM ensures that investors do not pay any performance fees on the recovered losses.
2. Gross ROR: The gross rate of return represents the Program's historical monthly returns, excluding any consideration of performance or management fee.
3. Net ROR: The net rate of return represents the Program's historical monthly returns, after deducting all the fees (management fee, performance fee, and broker commission).
4. Monthly ROR: Monthly rate of return is calculated using Time-Weighted Return (TWR) formula. TWR is a measurement method of the performance of a dollar invested in the system. TWR measurement is required by the Global Investment Performance Standards published by the CFA Institute. Its distinguishing characteristic is that cash inflows, cash outflows and amounts invested over different time periods have no impact on the return.

TWR formula: each trade's return (profit divided by the balance at the open of the trade) is chained to other returns in order to get a compounded yield.

$$\left( \left( \frac{\text{Profit}_1}{\text{Balance at trade}_1 \text{ open}} + 1 \right) \times \left( \frac{\text{Profit}_2}{\text{Balance at trade}_2 \text{ open}} + 1 \right) \times \dots \times \left( \frac{\text{Profit}_n}{\text{Balance at trade}_n \text{ open}} + 1 \right) - 1 \right) \times 100$$

5. Annual ROR: After computing monthly rate of returns, they are linked geometrically to compute the annually rate of returns using this formula:

$$R_{YR} = ((1+R_{Mo1}) \times (1+R_{Mo2}) \times (1+R_{Mo3}) \times \dots \times (1+R_{Mo12})) - 1$$

Where  $R_{YR}$  is the portfolio annually rate of return and  $R_{Mo1}, R_{Mo2}, R_{Mo3} \dots R_{Mo12}$  are the portfolio rate of returns for months 1, 2, 3...and 12, respectively.

6. DD: Draw-Down means losses experienced by the trading program over a specified period.
7. Peak-To-Valley Drawdown: the percentage decline from the portfolio's highest net asset value (peak) to the lowest net asset value (trough) after the peak.
8. SD: Standard Deviation measures the degree of variation of returns around the average return. Standard Deviation is often used as a measure of investment risk.