

# **BlackBay Capital Advisors**

Schedule of Monthly and Annual Performance Results for  
the BlackBay Blended Investment Strategy

Period from November 30, 2011 through July 31, 2013

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## Independent Accountant's Report

To BlackBay Capital Advisors

We have examined the accompanying schedule of monthly and annual performance results for 147 accounts managed by Todd Butterfield (the "BlackBay Blended Investment Strategy"), for the period from November 30, 2011 through July 31, 2013. Todd Butterfield and the management of BlackBay Capital Advisors is responsible for the schedule of monthly and annual performance results. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the schedule of monthly and annual performance results and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedule referred to above presents, in all material respects, the monthly and annual performance results of the BlackBay Blended Investment Strategy for the period from November 30, 2011 through July 31, 2013, based on the measurement and disclosure criteria set forth in the notes to the schedule of monthly and annual performance results.

The accompanying schedule of returns is not presented in accordance with the Global Investment Performance Standards (GIPS<sup>®</sup>).

*McGladrey LLP*

Chicago, Illinois  
October 22, 2013

**BlackBay Capital Advisors**

**Schedule of Monthly and Annual Performance Results for the BlackBay Blended Investment Strategy**  
**Period from November 30, 2011 to July 31, 2013**

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<b>DATE</b>	<b>Approximate Assets Under Management</b>	<b>Monthly Return with 2 Percent Management Fee</b>	<b>Annual Return with 2 Percent Management Fee</b>
11/30/2011	\$ 104,167		
12/31/2011	\$ 210,310	0.32%	0.32%
1/31/2012	\$ 235,814	5.58%	5.58%
2/28/2012	\$ 226,654	-0.96%	4.56%
3/31/2012	\$ 223,688	-1.48%	3.01%
4/30/2012	\$ 242,330	8.16%	11.42%
5/31/2012	\$ 315,604	-1.51%	9.74%
6/30/2012	\$ 516,551	7.91%	18.42%
7/31/2012	\$ 577,784	5.42%	24.84%
8/31/2012	\$ 645,720	6.66%	33.16%
9/30/2012	\$ 699,317	-0.94%	31.91%
10/31/2012	\$ 950,986	-2.51%	28.60%
11/30/2012	\$ 1,092,554	5.12%	35.19%
12/31/2012	\$ 1,709,343	-0.35%	34.71%
1/31/2013	\$ 1,978,493	3.01%	3.01%
2/28/2013	\$ 2,335,757	3.38%	6.49%
3/31/2013	\$ 3,910,087	-2.62%	3.70%
4/30/2013	\$ 4,304,315	0.10%	3.81%
5/31/2013	\$ 4,718,411	0.37%	4.19%
6/30/2013	\$ 5,147,012	6.70%	11.17%
7/31/2013	\$ 5,225,935	-1.21%	9.83%

See Notes to the Schedule of Monthly and Annual Performance Results for the BlackBay Blended Investment Strategy

## **BlackBay Capital Advisors**

### **Notes to Schedule of Monthly and Annual Performance Results for the BlackBay Blended Investment Strategy Period from November 30, 2011 to July 31, 2013**

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**Note 1:** BlackBay Capital Advisors (the Company) is a registered investment advisor founded in 2011. The 147 accounts, as listed in exhibit A, of this examination are managed by Todd Butterfield and associates, and all employ the same strategy referred to as the BlackBay Blended Investment Strategy (the Strategy). The Strategy deploys an active asset class strategy that uses quantitative and qualitative factors in the determination of a daily allocation that has the ability to use leverage and long/short. To date, the asset classes that have been utilized include precious metals, energy, real estate and U.S. bonds. BlackBay Capital Advisors is constantly analyzing other asset classes for their relevance to the BlackBay investment approach, which includes factors such as price, volume, correlation, and volatility; with changing market, BlackBay may introduce new asset classes or replace existing asset classes in order to keep the Strategy consistent with its current investment model and philosophy. Furthermore, the products with which BlackBay currently invests in the underlying asset classes may also change, as BlackBay is constantly analyzing liquidity and cost of the products, in order to maximize performance for BlackBay's customers. The assets held under management are traded on a national exchange and have been held at Profunds through the reported period. The returns in this Strategy represent the returns in the Strategy from November 30, 2011 through July 31, 2013.

**Note 2:** Investment transactions are recorded on a trade date and returns are presented in U.S. dollars.

**Note 3:** The Strategy uses time-weighted rates of return that adjust for cash flows. Returns for portfolios in the Strategy are calculated monthly unless the portfolio has an aggregate net cash flow of greater than 10 percent of the portfolio assets. In such a case, the portfolio return will be measured from the beginning of the month to the cash flow date, and then a second return will be measured from the cash flow date to the end of the month. These returns are geometrically linked to derive the monthly return of the portfolio. Annual strategy performance is calculated using geometrically linked returns. Monthly and annual returns are presented after the deduction of a 2 percent management fee. New accounts are added to the strategy in the first complete month after the accounts are started and fully invested. Terminated accounts are included through the final full month.

The past or current rates of return may not be indicative of future performance. This document is not intended to be a solicitation for private investment fund interests.

## BlackBay Capital Advisors

### Exhibit A

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Accounts managed by Todd Butterfield included in this examination:

4186413  
4186425  
4186437  
1661572  
4138943  
4138956  
4138931  
4103608  
4103596  
4103584  
4029017  
4029219  
4029221  
4029233  
4133500  
4133512  
4133498  
4135455  
4135467  
4135428  
4133690  
4133676  
4133688  
4133942  
4133930  
4133928  
4133450  
4133474  
4133486  
3849989  
3850005  
3850017  
4036594  
4036582  
1683440  
4014383  
4014395  
4014407  
4140101  
4140087  
4140099  
4179002  
4179014  
4179026  
4103990  
4104687  
4104675  
4104663  
4104004  
4103988  
3945856  
3945868  
3945870

**BlackBay Capital Advisors**

**Exhibit A (Continued)**

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Accounts managed by Todd Butterfield included in this examination:

4134197  
4134185  
4134173  
1697236  
4130682  
4130670  
3954334  
3954310  
3954322  
4017543  
4017568  
4017556  
4117267  
4117281  
4117293  
3850031  
3849991  
3850029  
4126126  
4126138  
4126114  
3976038  
3975911  
3976040  
1772615  
4201808  
4201822  
4201810  
1651153  
3947520  
3947506  
3947518  
3952203  
3952215  
3952227  
4135998  
4136014  
4136002  
4036214  
4036202  
4036190  
3852910  
3981596  
3981483  
3852934  
3981584  
4139135  
4139150  
4139147  
4101489  
4101503  
4101491  
3983602

**BlackBay Capital Advisors**

**Exhibit A (Continued)**

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Accounts managed by Todd Butterfield included in this examination:

3983626  
3983614  
3974678  
3974680  
3974692  
4003101  
4003087  
4003099  
4037519  
1676509  
4037521  
4103634  
4103610  
4103622  
4127078  
4127054  
4127066  
4134692  
4134615  
4134639  
4143626  
4143614  
4143576  
4176715  
4176412  
4176703  
4135442  
4135430  
4135416  
3974856  
3974843  
3974868  
4004471  
4004457  
4004469  
4007656  
4007643  
4007631  
4027708  
4027696  
50016973