

Risk and Convexity Education Panel

Fortress Convex Strategies Group



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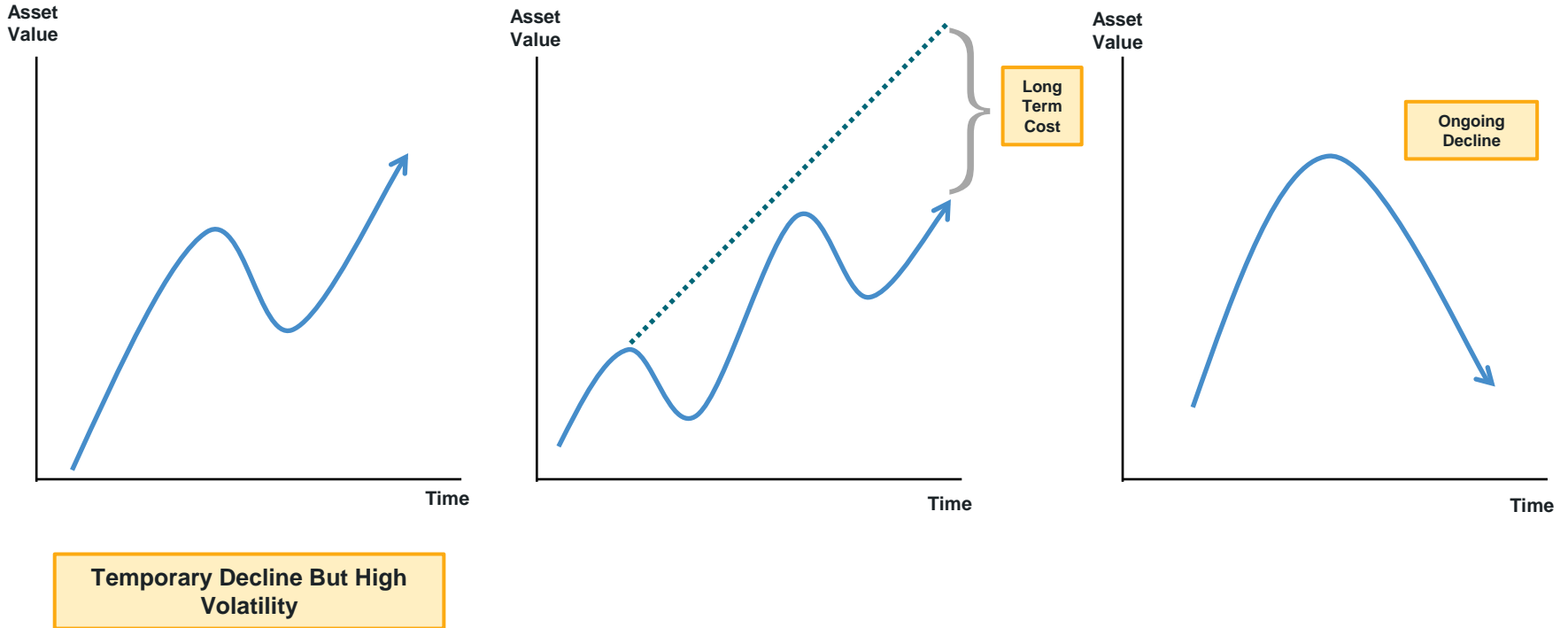
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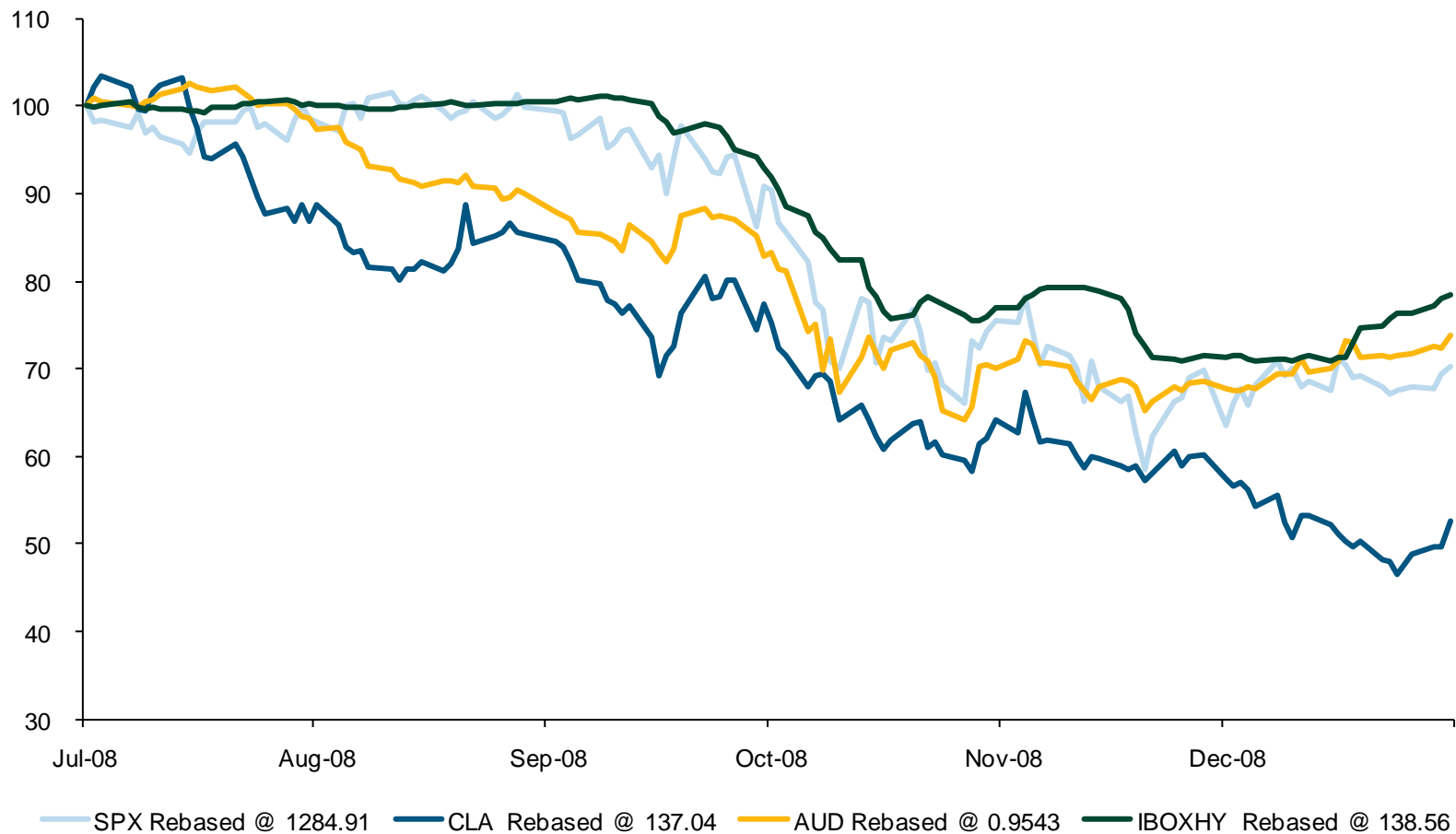
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Challenges of Volatility in the Long Run



Correlated Assets During Global Financial Crisis

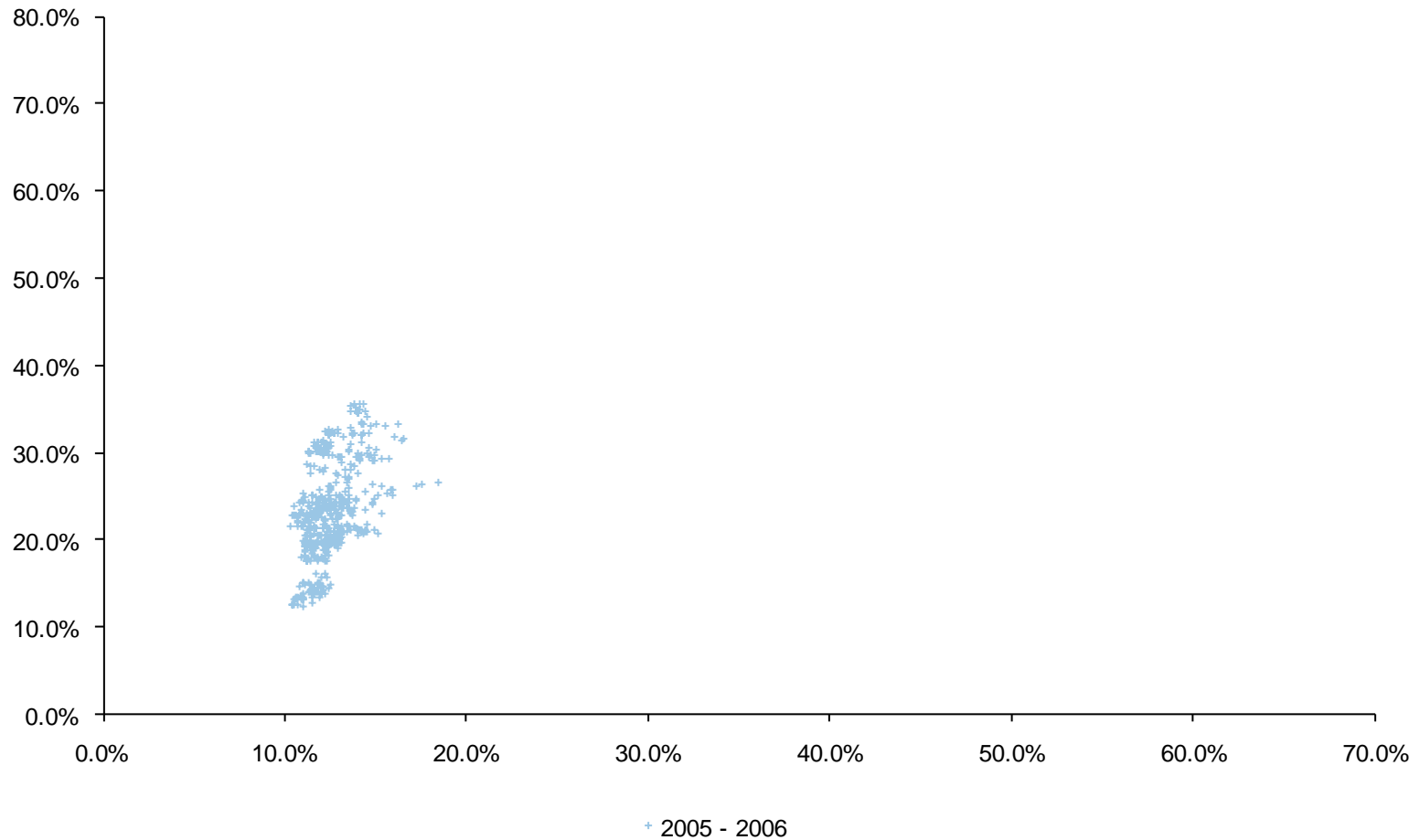
July 1, 2008 – December 31, 2008



Source: Bloomberg, as of April 2013.

Note: The illustrative chart above is presented for discussion purposes only and should not be relied upon in making any investment decision.

Regime of Intra-Market Correlation and Volatility for the S&P 500 (2005 - 2006)



Source: Fortress Convex Strategies Group, as of April 2013.

Note: The illustrative chart above is presented for discussion purposes only and should not be relied upon in making any investment decision.

Lessons of 2011 (Cont'd)

Regime of Intra-Market Correlation and Volatility for the S&P 500 (2007 - 2008)

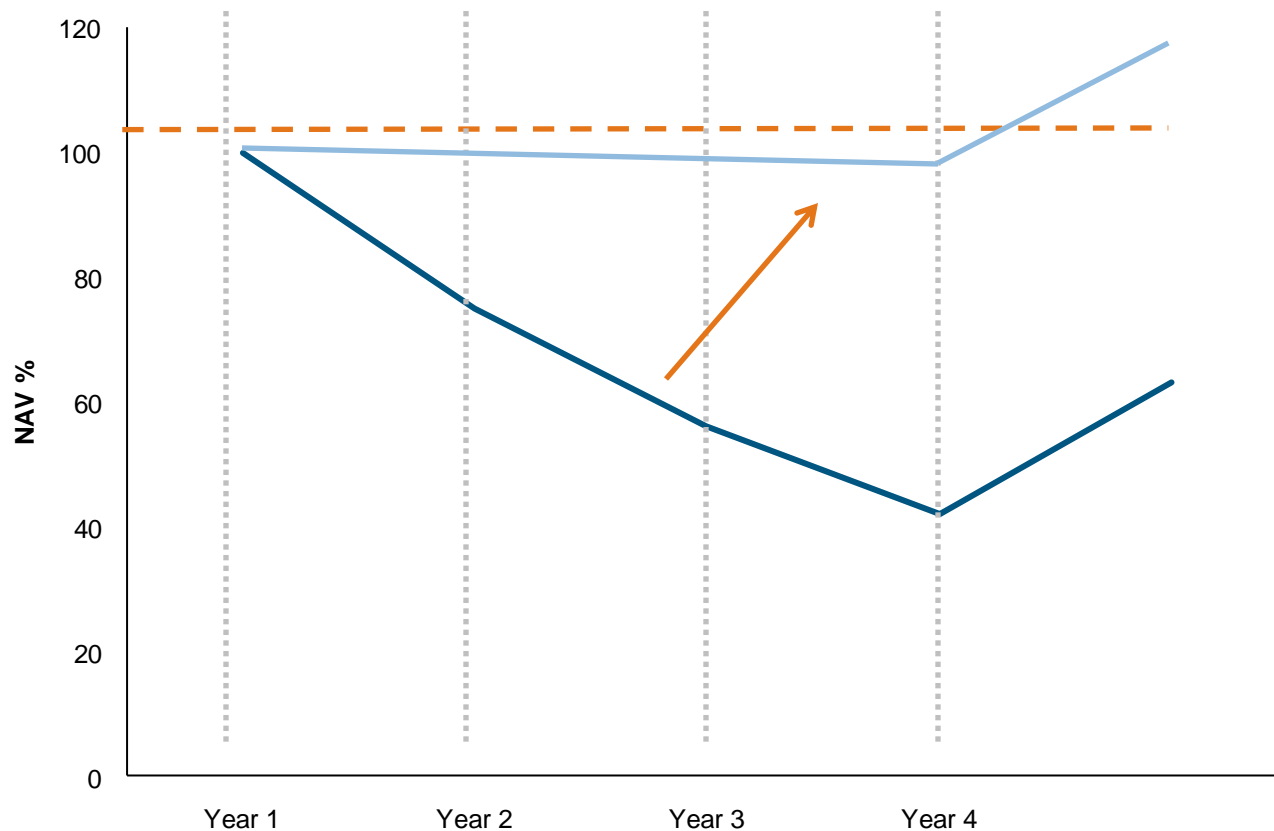


Source: Fortress Convex Strategies Group, as of April 2013.

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Recognized Volatility Strategies and Challenges

Theoretical "Burn Fund" Profile

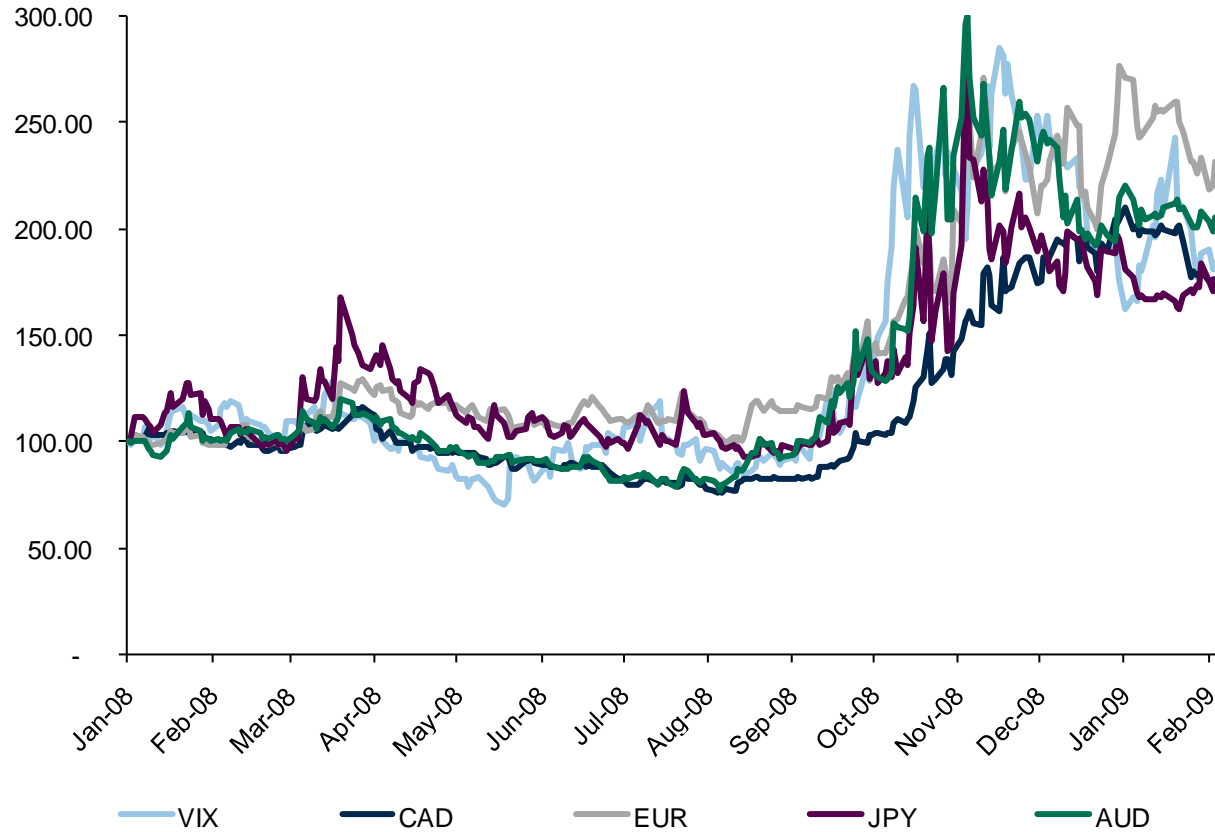


Source: Fortress Convex Strategies Group, as of May 2014.

Note: The illustrative chart above is presented for discussion purposes only and should not be relied upon in making any investment decision.

Comparison of Asian Volatility to US and Europe During Crisis

FX Volatility Performance for 2008 GFC

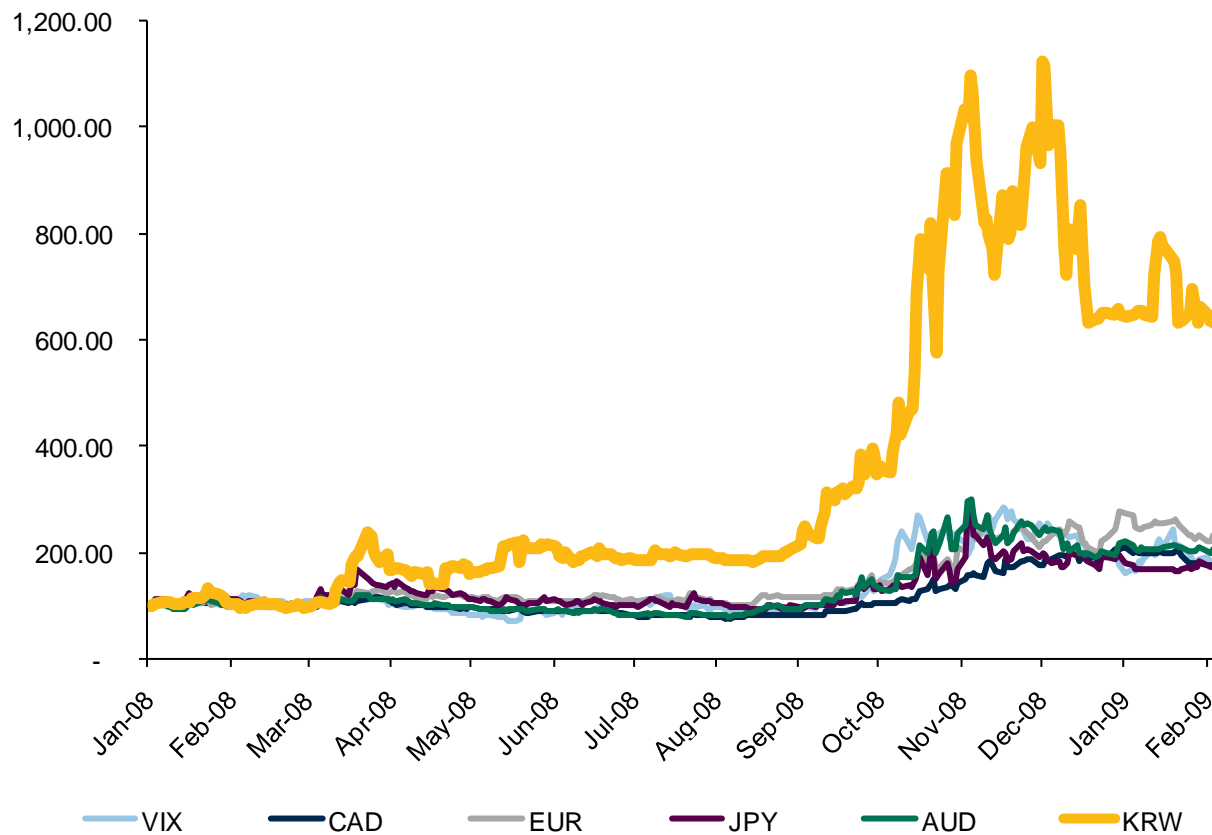


Source: Bloomberg, as of September 2012.

Note: The illustrative chart above is presented for discussion purposes only and should not be relied upon in making any investment decision.

Comparison of Asian Volatility to US and Europe During Crisis (Cont'd)

FX Volatility Performance for 2008 GFC



Source: Bloomberg, as of September 2012.

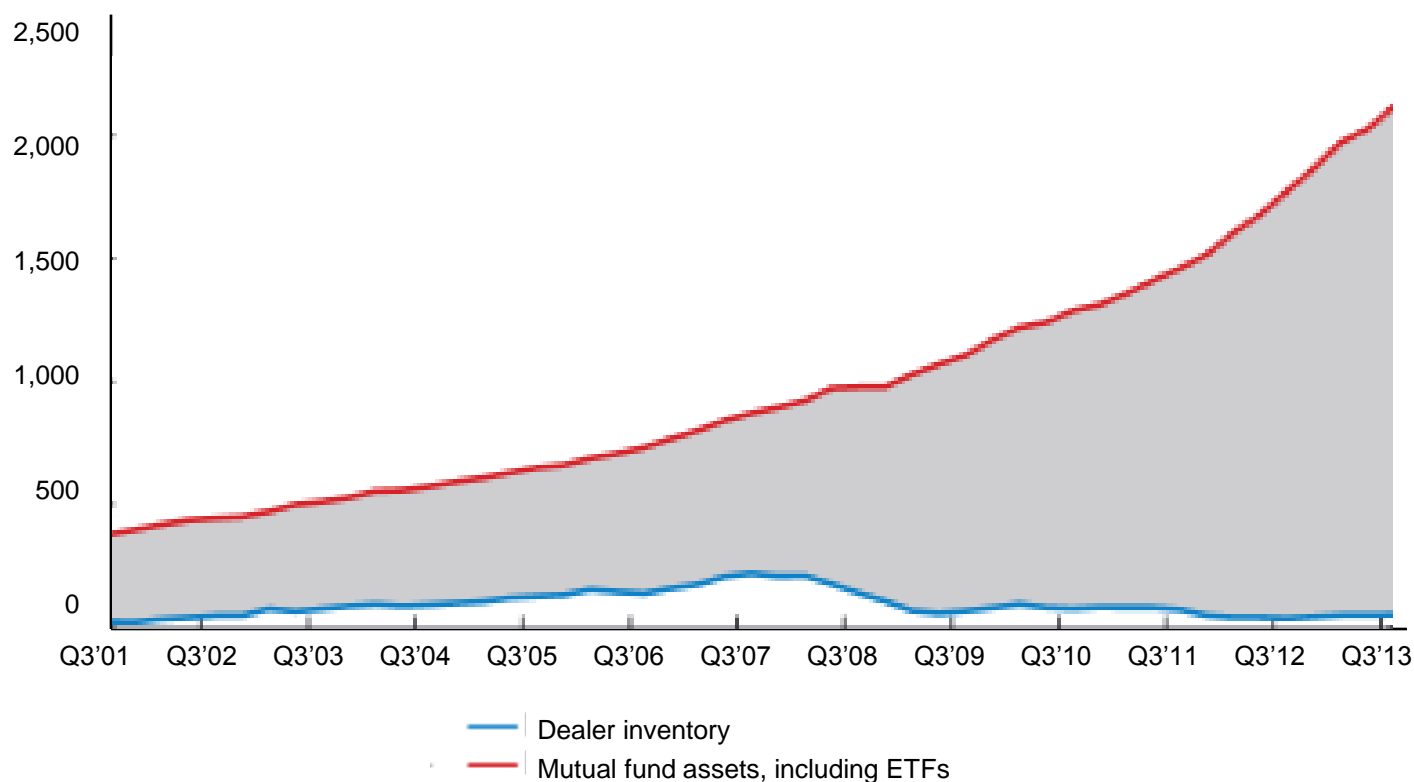
Note: The illustrative chart above is presented for discussion purposes only and should not be relied upon in making any investment decision.

Falling Market Making Capacity to Buy Side Positioning Ratio

As Dealers Reduced Inventories, Investment Vehicles with Redemption Risk have Grown

US Credit Mutual Fund Assets and Dealer Inventory

(Billions of US Dollars)



Sources: IMF GFS report, as of April 2014.
Note: ETF = Exchange-Traded Fund.