

The Fixed Income Group at R.J. O'Brien & Associates

RJ O'BRIEN & ASSOCIATES, a privately owned FCM founded in 1914, is among the largest independent FCMs in the United States. With client segregated assets of approximately \$3.9B, RJO is a fully diversified, integrated FCM servicing some of the world's largest financial institutions. The Fixed Income Group (FIG) is a division of RJ O'Brien with a focus on hedging interest rate risk and credit risk for mortgage pipeline, servicing portfolios, broker/dealer bond inventories, pension & hedge fund fixed income portfolios, multiple ABS classes, and similar financial portfolios.

ADVISE

CONSTRUCT

EXECUTE

CLEAR

QUICK FACTS ON THE FIXED INCOME GROUP:

- Established in 1997 at RJ O'Brien, FIG's service is solely directed to institutional clients.
- Client base: 200+ unique, open and active entities.
- Using exchange-traded futures and options, FIG advises, constructs, executes, and clears hedge and derivative solutions at the request of the client & the perceived needs of the industry.
- Current focus is motivated by Dodd-Frank mandates that necessitate traditional effectiveness but emphasize margin and compliance efficiency. THE GOAL: Reduce capital required for derivatives while maintaining economic and accounting equivalencies.
- Historically, the focus has been on assets, portfolios, and businesses with significant non-linear risk profiles and/or leverage. This includes mortgage derivatives, whole-loans, MSRs/IO, ABS, structured financing/repo, vega immunization, forward rate lock, synthetic swap, cap, floor, swaptions...
- The FIG maintains a vital best-execution presence on the trading floor to handle option arbitrage, inter-market spreads and weighted "tailing" strategies – transactions that routinely result in less-efficient execution on electronic platforms.

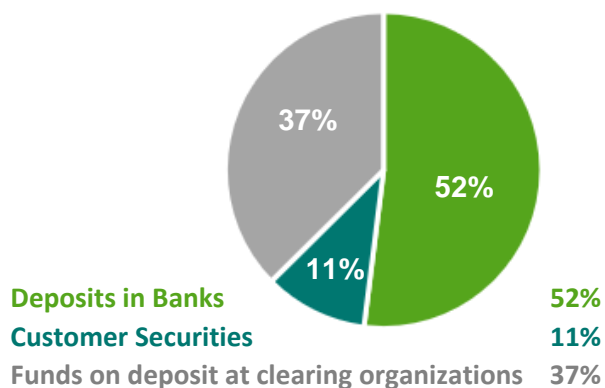
FIG HAS CRAFTED A UNIQUE NICHE in the finance industry by teaching clients how to take generic, yet highly cost-efficient exchange-traded futures and options, and create effective, accountable interest rate hedges. As financial regulatory requirements have forced many financial derivatives to be centrally cleared, the use of exchange-traded futures has exponentially increased. Currently, FIG uses multiple LIBOR and Treasury-based futures and options products from various futures exchanges to manage clients' interest rate and credit risk.

FIG HAS EXECUTED THE MOST buy-side contracts in the USD swap-futures complex, and the largest buy-side, outright transactions in USD IRS futures & CDX futures. The trade desk offers transaction packaging advice & voice execution during US market hours. FIG executing brokers are well respected by liquidity providers (“LPs”) and block market makers, providing multiple opportunities for trade flow and superior execution. Most Street firms and swap-futures LPs use FIG execution in some aspect of their own business.

PROPRIETARY TRADING MODELS: FIG’s proprietary excel-based HedgeBuilder software was created for RJO FIG clients as a tool to manage interest rate risk and optionality risk associated with amortizing loan portfolios. By inputting the basic characteristics of the amortizing loans, HedgeBuilder calculates an effective hedge scenario using both interest rate and credit futures and options.

RJ O’BRIEN FIRM FINANCIALS: The following firm financials are dated as of 5/29/2018. Further information can be found at www.rjobrien.com/about/firmdisclosures.

RJO DAILY CUSTOMER SEGREGATED FUNDS	
Total Held in Segregation	\$3,862,854,752
Total Funds Required to be Segregated	\$3,777,497,365
Excess Segregated Funds	\$85,357,387



THE RJO ADVANTAGE: The Fixed Income Group at RJO is a pure agency business model—we don’t take the other side of your trades. Customers get the best price available for a flat transaction fee. We emphasize fiduciary responsibility in best execution practices and reporting. By combining CLOB and BLOCK liquidity, diverse market-maker channels, plus our proprietary execution models, we strictly align our interest with our clients.

The risk of loss in trading futures and/or options is substantial, and each investor and/or trader must consider whether this is a suitable investment. See our full disclaimer at www.rjobrien.com