RM ROBUST METHODS

info@robustmethods.net
www.robustmethods.net
tel. 212.673.3401
fax 212.683.2094

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Robust Methods is a seasoned money manager and pioneer of Robust Portfolio Management. The firm's mission is to generate solid investment returns to a global and sophisticated investor base. Emphasizing research and quantitative decision making, transactions are made on the financials and commodities markets. An advanced risk management heuristic lies at the core of the methodology which aims at optimising the portfolio's exposure while maintaining its balance.

Returns ***(Net of 2/20 Fees)***

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
[…]	*Data for the period of 2005 till 2012 is excluded from this table*												**[…]**
2013	-1.97%	-2.25%	-0.02%	-4.60%	-0.78%	-2.65%							**-11.71%**

Commentary

Returns for the month of June came to -2.65%, bringing year to date results to -11.71%.

Our portfolio was pressured some more by the severe price decline in the precious metals sector. The mining sector in particular experienced an almost complete devastation over the past 18 months and as the prices of gold and silver are now set by the Fed below the production breakeven point for some mines.

The past few months have brought some wake-up calls to the financial markets, along with an important hands-on lesson to the Federal Reserve. Besides empty economic theories, such as those related to inflation, or betting on stoking 'animal spirits' in an already exhausted - if not dead - US consumer, Bernanke learned that he's unable to even hint to withdrawing liquidity, and without triggering an immediate response that would collapse the market and extinguish whatever hope he's been promising for the past 5 years.

The fact that the Fed has been buying a reported 75% of the treasury bonds says it all; both the US bond market and the dollar are in a dire situation. With the ability of the US Treasury to borrow almost fully impaired, a rising yield on the 10-year note over the past few months came to add to Bernanke's nightmare.

Concerning our portfolio, the engineered rallies in the equities and bonds since 2008 look more fragile at this stage. We've viewed them as little more than paper tigers since day one in fact, and hence kept our exposure to these markets minimal. Admittedly, we never thought that Bernanke would double down, and then triple down, and more, on an already insane 'policy', and especially after a failed first trial with printing money. Doubling and tripling down on losses is better left for a gambler rather than the chairman of a central bank.

Even more deceitful than the above schemes, and which were to some extent acknowledged and publicly announced, is the covert manipulation which has been conducted in parallel, and an undeniable evidence that the central banks and the large banks have been extremely active on that front, and certainly in suffocating the precious metals sector. The controllers spared no means to bomb, drown, and destroy this sector, and as it would be the canary in the mine that would expose the scheme.

Their assault on that sector, and since the beginning of the financial collapse of 2008 seems to have evolved from an occasional intervention now and then, and into a full-fledged war and vicious attacks on gold and silver holders.

Such extreme aggressiveness can only be explained by an extreme level of desperation and great fear in the ranks of the Fed.

With some large global players taking note of the above, we see the worse as behind us at this stage; this scheme cannot be kept under wraps for much longer.

Regards,
K. Taleb