RM ROBUST METHODS

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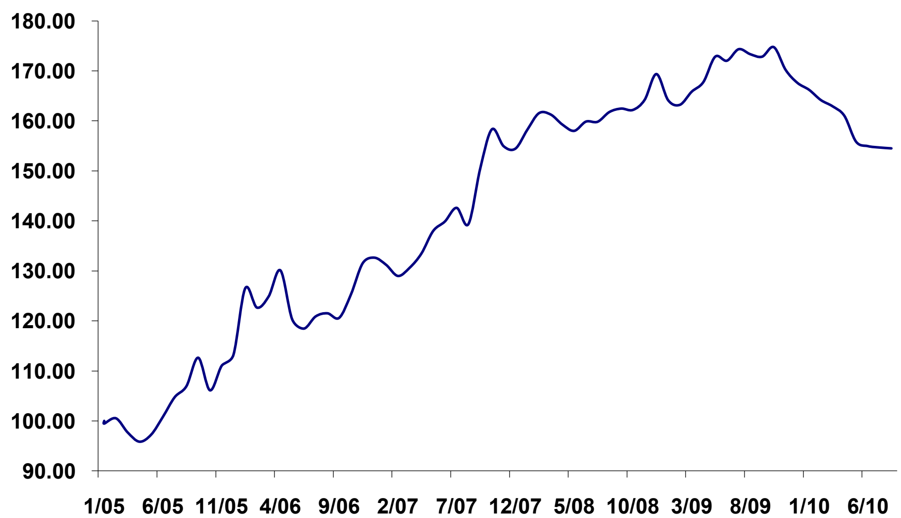
Description

This is a multi-asset investment program covering the liquid global markets. Emphasizing research and statistical decision making, the methodology is rigorous and complete. Transactions are made on currencies, interest rates, equities, energies, precious metals, and commodities with the goal of capturing short to mid-term trends. Risk is managed using a strict and disciplined approach across asset classes and geographic blocs.

Returns (Net of Fees)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2005	-0.53%	1.06%	-2.82%	-1.88%	1.47%	3.68%	3.88%	2.10%	5.32%	-5.78%	4.63%	1.95%	**13.21%**
2006	11.76%	-3.04%	1.83%	4.16%	-7.52%	-1.54%	2.06%	0.52%	-0.74%	3.87%	4.98%	0.85%	**17.18%**
2007	-1.09%	-1.69%	1.27%	2.18%	3.38%	1.38%	1.95%	-2.28%	7.94%	5.25%	-2.15%	-0.31%	**16.44%**
2008	2.41%	2.12%	-0.16%	-1.25%	-0.79%	1.17%	-0.02%	1.22%	0.42%	-0.17%	1.26%	3.14%	**9.65%**
2009	-3.09%	-0.57%	1.60%	1.18%	3.01%	-0.46%	1.34%	-0.58%	-0.28%	1.10%	-2.60%	-1.52%	**-1.04%**
2010	-0.84%	-1.23%	-0.76%	-1.17%	-3.22%	-0.56%	-0.18%	-0.11%					**-7.82%**

Cumulative Returns (VAMI)



Statistics

Annualized Returns	8.0%
Annualized Volatility	10.2%
Annualized Dn Volatility	5.7%
Sharpe Ratio (0%)	0.8
Sortino Ratio (0%)	1.4
Omega (0%)	1.1
Calmar Ratio	0.6
Maximum Run-up	19.2%
Maximum Drawdown	13.0%

Downside Daily Correlations:

Newedge CTA Index	10.3%
Short-Term Traders Idx	-4.9%
S&P 500	15.7%

Admin. MFB Futures

Commentary

Our program returned -0.11% in August against 0.89% in the Short-Term Traders Fund (STTF) and -4.74% in the S&P index. The long-term trend-followers had a good month overall as they benefited from the strong upwards trend in the bond market and more so given their typically overweight allocation to the financial sector.

The strong rally in US bonds has surprised many observers so far in 2010. Many yield-thirsty buyers took comfort in the Fed's unlimited support for the treasury bonds, and more recent negative economic reports gave more fuel to the rally.

The US central bank is now the 3rd largest holder of US treasuries after China and Japan, and Mr. Bernanke looks commited to printing more money *ad infinitum*. With cracks starting to appear within the Fed's policymakers on central banking policy, and a lack of concensus to Mr. Bernanke's live and colossal experiments, we see a pitiful reward to risk ratio in this bond rally, and possibly a big bull-trap in due time. What we've recently learned from Greece is that the notice is short.