RM ROBUST METHODS

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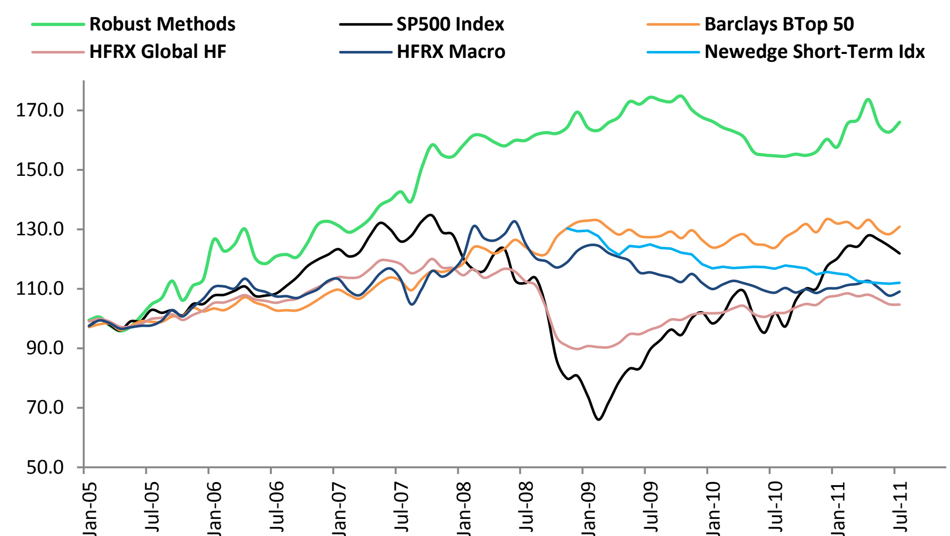
Description

This is a multi-asset investment program covering the liquid global markets. Emphasizing research and statistical decision making, the methodology aims at producing absolute returns. Transactions are made on currencies, interest rates, equities, energies, precious metals, and commodities. Risk is managed using a strict and disciplined approach across asset classes and geographic blocs.

Returns Net of 2/20 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%	0.46%	-0.25%	0.81%	2.66%	**-4.41%**
2011	-1.62%	4.98%	0.83%	4.04%	-4.95%	-1.44%	2.04%						**3.57%**



Statistics

Annualized Returns	8.5%
Annualized Volatility	10.1%
Annualized Dn Volatility	5.8%
Sharpe Ratio (0%)	0.8
Sortino Ratio (0%)	1.5
Omega (0%)	1.1
Calmar Ratio	0.8
Maximum Run-up	19.2%
Maximum Drawdown	10.8%

Bloomberg: ROBMETH US

Commentary

Returns for July were 2.04% net of all fees. Equities came under pressure during the month with serious concerns related to the debt situations in Europe and the US. Having been artificially lifted, in defiance to natural market laws and via virtual monetary machinations, the equities rally since the lows of 2008 is being revealed as a hot air balloon. We are the least surprised by this overdue reality check.

The bond market reminded us to keep a sense of humor more than anything else; a rally in issues awaiting a downgrade is a new financial phenomenon. While for some time we debated whether the officials would either sacrifice the dollar or the bond market, it appears at this stage that the government's dedication to deficit spending coupled with its desire to preserve its ability to borrow may end up wrecking both the dollar and the bond market.

Separately, Robust Methods shared its views recently in a feature article on High-Frequency Trading (HFT) with Terry Flanagan, CFA and Editor of *Markets Media*. Please find the attached excerpt article.