

March 31, 2012

**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
<b>2005</b>	-0.53%	1.06%	-2.82%	-1.88%	1.47%	3.68%	3.88%	2.10%	5.32%	-5.78%	4.63%	1.95%	<b>13.21%</b>
<b>2006</b>	11.76%	-3.04%	1.83%	4.16%	-7.52%	-1.54%	2.06%	0.52%	-0.74%	3.87%	4.98%	0.85%	<b>17.18%</b>
<b>2007</b>	-1.09%	-1.69%	1.27%	2.18%	3.38%	1.38%	1.95%	-2.28%	7.94%	5.25%	-2.15%	-0.31%	<b>16.44%</b>
<b>2008</b>	2.41%	2.12%	-0.16%	-1.25%	-0.79%	1.17%	-0.02%	1.22%	0.42%	-0.17%	1.26%	3.14%	<b>9.65%</b>
<b>2009</b>	-3.09%	-0.57%	1.60%	1.18%	3.01%	-0.46%	1.34%	-0.58%	-0.28%	1.10%	-2.60%	-1.52%	<b>-1.04%</b>
<b>2010</b>	-0.84%	-1.23%	-0.76%	-1.17%	-3.22%	-0.56%	-0.18%	-0.11%	0.46%	-0.25%	0.81%	2.66%	<b>-4.41%</b>
<b>2011</b>	-1.62%	4.98%	0.83%	4.04%	-4.95%	-1.44%	2.04%	3.76%	-5.62%	-1.87%	-1.51%	-0.40%	<b>-2.36%</b>
<b>2012</b>	1.76%	0.98%	-3.45%										<b>-0.80%</b>

CTA managers hit a rough patch in March with most strategies producing negative returns. The implied volatility collapsed with a plunge of 46% in the short-term index, while the commodities sector underwent severe choppiness. The equities market escaped a deep dive on the 23<sup>rd</sup> as Apple Computers almost took down the entire market after registering a 9.5% flashcrash, and were it not for the single-stock circuit breakers. The resumption in the equities uptrend hence remains vulnerable and questionable. CTA Indexes closed the first quarter as below:

HFRX Macro / CTA index:	-1.29%
Newedge CTA Index:	-0.45%
Newedge Short-term Index:	-2.32%

Our portfolio gave back ground given its significant allocation to the commodities space. Copper for instance kept selling off in an unusual pattern after multiple attempts to rally. We suspect that the Fed's are once again abusing their immense power by preventing the commodities from appreciating; back in the summer of 2011 the Strategic Petroleum Reserve was illegally opened to reverse the uptrend in oil, and a similar fraud was repeated in March by circulating in the media a readiness for a coordinated oil supply release.

Looking at the commodities space from another angle, we note the equities mining sector which has been driven to the ground against an uptrend in equities and a strong appreciation in the metals. This is another data point which does not add up.

In March, Robust Methods was pleased to participate in a TradeTech panel hosted by the Worldwide Business Research, and where we shared our views on the impact of HFT on the US markets. Robert Rubin was invited for the keynote speech, and this author seized the occasion to address the following question to the former Secretary of the Treasury: "Since the Fed's creation in 1913, or 99 years ago, the US dollar has lost over 90% of its purchasing power. Given this fact, what would be your views on the 'End the Fed Campaign' championed by Ron Paul?"

Several attendees expressed their thanks for bringing up that question and we invite our readers to ponder upon it as well.

Regards,  
Karim

**Bloomberg**

**ROBMETH US**

**Statistics**

Annualized Returns	6.8%
Annualized Volatility	10.1%
Annualized Dn Volatility	5.9%
Sharpe Ratio (0%)	0.7
Sortino Ratio (0%)	1.1
Omega (0%)	1.1
Maximum Run-up	19.2%
Maximum Drawdown	10.8%

Dn. Corr.

SP500	-0.06
CTA Index (Newedge)	0.26
STTI (Newedge)	-0.13
Global HF (HFRX)	0.05
Global Macro (HFRX)	0.20

