From: Michael Fowler <[redacted]>
To: [redacted]>
Subject: ATorus Daily Portfolio - 4/2
Date: Thu, 03 Apr 2014 15:49:39 +0000
Attachments: ATorus_BacktestNAV_040214.pdf

Lesley,

Please see attached the Daily Portfolio Report for 4/2. Have a good day!

Daily Commentary

We wanted to highlight monetization of P&L off of peak MTM. In this case CELG. Peak MTM of $14,105 was achieved on February 18th. From 3/13 to 3/25 the system received an opposing trade signal and we closed the position. The total realized gain was $11,125. The factors determining the variability of monetization is (i) how quickly realized vol changes in the very near term and (ii) net/gross movement over the equivalent period.

In the context of the overall portfolio, daily volatility and drawdowns are a function of (i) the net exposure and (ii) the portfolio correlation. Generally, the extremes of these two values are "right-way" risk for us. To reach extreme levels requires (i) a period of time for the portfolio to transition to those levels if portfolio construction is not failing and (ii) we are experiencing large MTM gains as to add to positions and increase leverage.

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Best Regards,

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