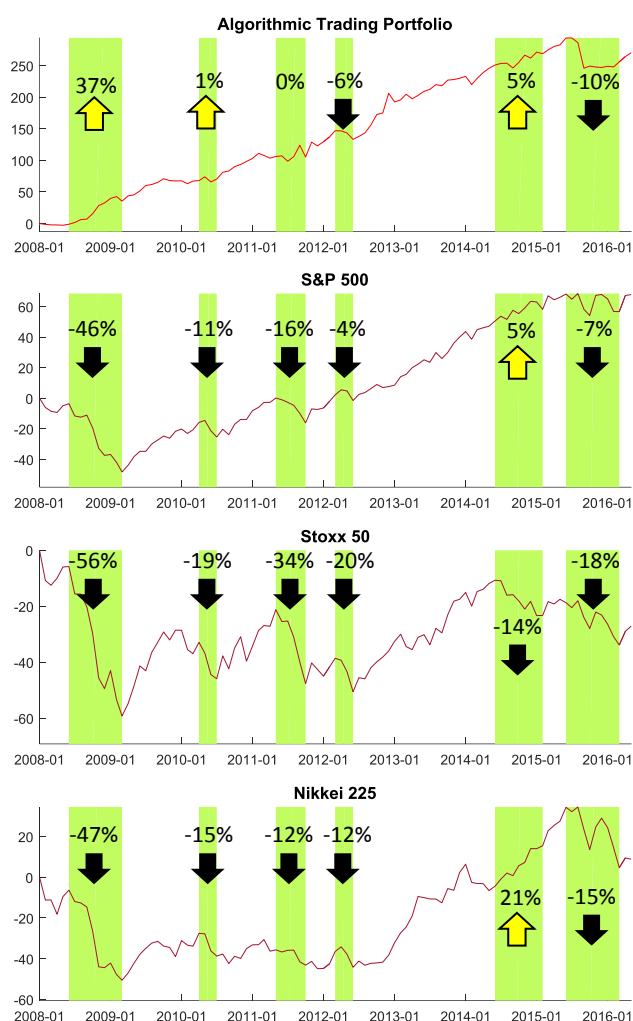


Algorithmic trading portfolio correlation analysis, 2016-05-31



Algorithmic trading portfolio outperforms main world stock indexes mainly because it usually does not fall significantly as does stocks at the some points. A wide diversification and sell-short orders allows the Fund to be less volatile and decrease or avoid losses during bad global economic periods. In addition the Fund usually performs the same or better during calm periods. Therefore Algorithm Trading Portfolio usually earns more than stocks at any long and short (6 month) period.

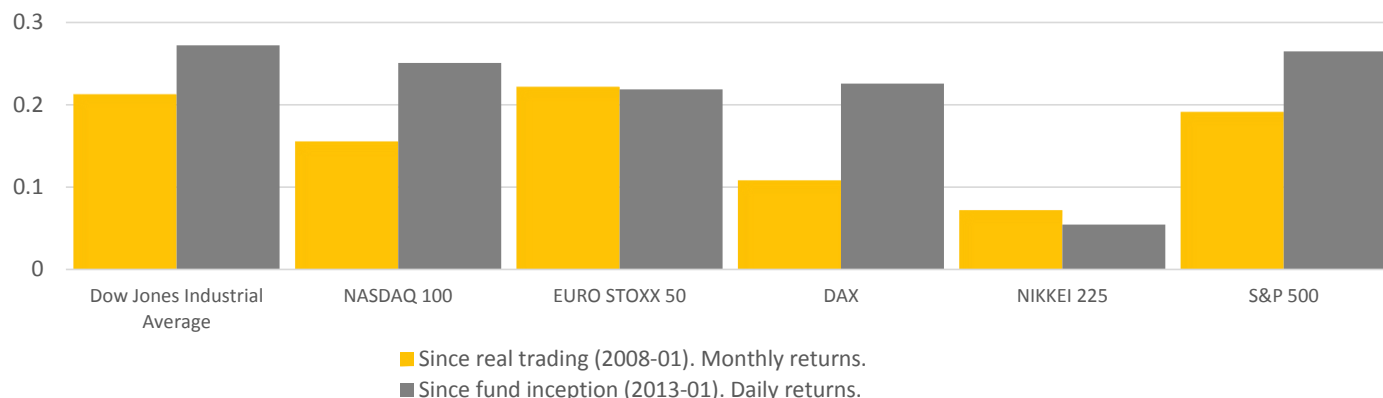
Algorithmic trading portfolio employs both trend following and mean reversion (contra trend) strategies that take position against the market direction. This means if the market is falling at some point it will take long position. This allows to generate a profit if market falls with swings. However this strategy makes a loss if this fall is fast, lasts for several days and has no retracements. In rising market mean reversion strategies takes short position - selling.

In the figure on the left we depicted several market distress periods in US, European and Asian markets. Alongside we depicted how Algorithmic trading portfolio was performing during such times. We can see that in some cases it performs positively, in some cases around zero and in some cases negatively. We think that there is no strong correlation.

Algorithmic Trading Portfolio results shows weak positive correlation to stock indexes – less than 0.25 in a long period both for daily and monthly returns. In contrary, correlation between these stock indexes varies from 0.64 to 0.97 – very strong correlation.

Since 2008-01 all these stock indexes had negative monthly returns 22 times but Algorithmic Trading Portfolio only had 10 negative months of those 22. ATP shows moderate results even when all main world economies falls.

Algorithmic Trading Portfolio results correlation to stock indexes



■ Since real trading (2008-01). Monthly returns.
 ■ Since fund inception (2013-01). Daily returns.