ALGORITHMIC trading portfolio

ALGORITHMIC TRADING PORTFOLIO is an open-ended hedge fund with intraday trading frequency and high liquidity. The fund's objectives are to provide absolute returns with a moderate risk-return profile and low correlation to equity markets and other investments and asset classes. The fund seeks to achieve its objectives through the implementation of a portfolio of systematic trading models. The multi asset strategy trades ~42 global equity, metals, bonds, agriculture, energy and currency markets, using regulated, liquid and exchange traded financial instruments - futures. Long and short positions can be held seeking to profit from identified short, medium mean reversion seasonality and trend flowing patterns. Portfolio of ~350 independent automated trading systems aims to provide profit every month. Our strict risk management are based on a clearly defined set of rules, adjusting the portfolio dynamically to changing market conditions. Please visit https://am.orion.lt/en/fondas/algorithmic-trading-portfolio/ and www.algo.lt/en for more details.

M SUBFUND STATISTICS AFTER FEES (SINCE 2013)

This month's result	0.87%
Returns since Fund launch (2013)	44.48%
Last 12 months return	4.79%
Positive months	71.29%
Max drawdown from peak	-12.14%
Annual volatility	6.82%
Sharpe	0.65
Number of traded futures	36
Number of algorithms during this month	185
Number of trades during this month	487

TRADING STATISTICS AFTER FEES (SINCE 2008)

Returns since model live trading (2008)	225.95%
Positive months	70.81%
Max drawdown from peak	-12.14%
Annual volatility	9.44%
Sharpe	0.97

M SUBFUND FACTS

Name	Algorithmic Trading Portfolio subfund M
Liquidity	Monthly
Lock-up period	None
Recommended investment term	6+ months
Average margin to equity	7.78%
Fund size	$3.4 MM
Fund unit price (Class A), USD	144.4769
Fund unit price (Class B), EUR	144.4770
Fund currency	USD, EUR
ISIN code	LTIF00000559
Domicile	Lithuania
Type	Open ended IISKIS
High watermark	Yes
Management company	Orion Asset Management
Fund Administrator	Orion Securities
Depository	AB SEB bank
Regulator	Bank of Lithuania
Auditor	Ernst & Young Baltic UAB
Broker	Trade Station Securities
Management fee	1%
Subscription fee	Up to 3.0%
Success fee	20%
Redemption fee	No charge
Target annual returns	15%
Strategy	Technical analysis

UNIT VALUE

Legend:
- Algorithmic Trading Portfolio M subfund USD
- Managed Account Before Fund Inception
- SG CTA index
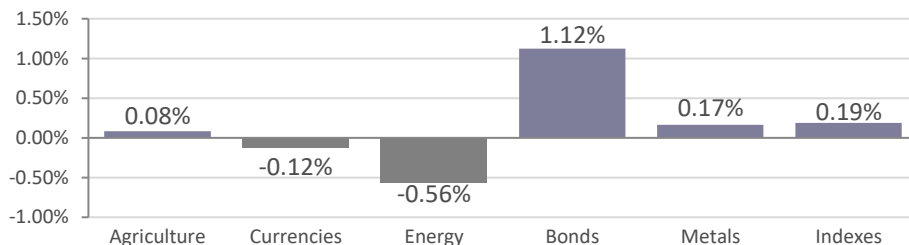- Dow Jones Industrial Avg.
- Gold
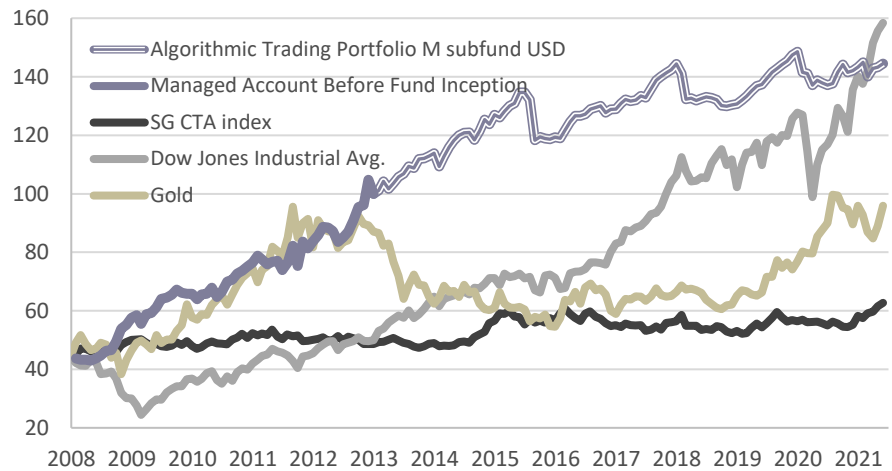
MANAGER MONTHLY REPORT

Aistis Raudys, Ph.D. in artificial intelligence, 10 y. in finance, former Deutsche Bank and Société Générale quantitative researcher. Author of ATP models and strategies.

Algorithmic Trading Portfolio earned +0.87% in May. Performance wise the month was moderate for algorithms. During May bond sector earned the most (+1.12%) while strategies trading energy instruments performed the worst (-0.56%). In the remaining asset classes either small gains were recorded: stock indices, metals and agriculture (+0.19%, +0.17%, and +0.08%, respectively) or a small loss incurred: currencies (-0.12%). Instruments that earned the most in May were British Long Gilt bonds (+0.46%), 5 year, 10 year and 30 year Ultra US bonds (+0.41%, +0.29% and +0.27%, respectively) and natural gas (+0.26%). Among the biggest loss generating instruments were Euro Buxl bonds (-0.50%), Brent oil (-0.47%), soybean meal (-0.32%), crude oil (-0.26%), Euro and US dollar currency pair (-0.25%). Instruments that lost the most had outweighed the highest-earning instruments mentioned above, however due to wide diversification, many other unmentioned instruments earned moderate returns and the fund's overall monthly performance was positive.

The key economic indicators announced in May were strongly positive, but stock market values have not risen sharply after an already good start to the year (during May the S&P 500 rose +0.7% and MSCI Europe grew +2.8%). The economic recovery is mainly driven by successful vaccination, business reopening and sizeable fiscal support. Nevertheless, stock markets are threatened by accelerating inflation. Markets were shaken in May when US inflation data rolled out, which in April was the highest in the past 13 years.
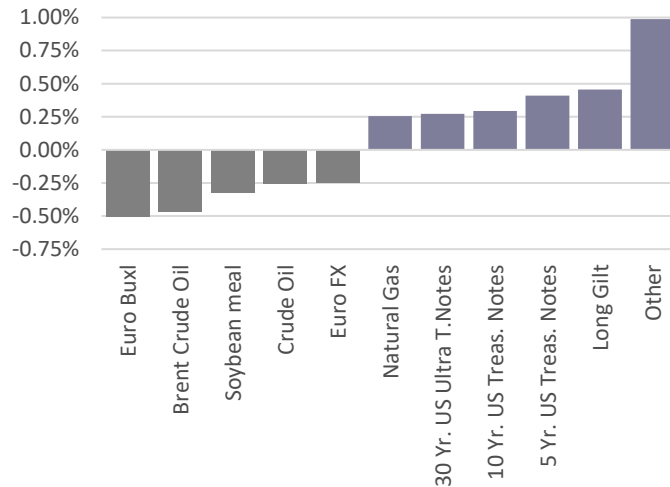

Chart values: Agriculture 0.08%, Currencies -0.12%, Energy -0.56%, Bonds 1.12%, Metals 0.17%, Indexes 0.19%

TRADING RESULTS (AFTER FEES)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2008	-1.38%	-0.88%	-0.18%	-0.58%	1.62%	2.38%	3.61%	0.49%	6.25%	8.89%	2.49%	4.33%	29.98%
2009	1.53%	-5.08%	5.88%	0.81%	3.37%	4.49%	0.70%	1.61%	2.71%	-1.76%	-0.40%	0.02%	14.27%
2010	-2.82%	2.50%	0.33%	3.21%	-4.71%	2.66%	5.40%	0.81%	2.95%	1.36%	1.93%	1.87%	16.17%
2011	3.07%	-1.64%	-2.13%	1.21%	0.37%	-4.18%	3.55%	7.57%	-8.40%	10.95%	-2.69%	2.89%	9.47%
2012	2.55%	3.25%	-0.17%	-1.45%	-4.20%	1.88%	2.20%	4.49%	5.08%	0.64%	9.00%	-4.56%	19.45%
2013	1.17%	2.97%	-2.34%	1.75%	2.16%	1.02%	2.37%	-0.53%	2.79%	0.27%	0.62%	0.92%	13.86%
2014	-3.92%	3.07%	2.77%	2.06%	1.43%	0.76%	0.08%	-2.13%	2.54%	3.27%	-1.28%	2.59%	11.50%
2015	-0.65%	1.62%	1.48%	0.61%	2.86%	0.02%	-1.85%	-10.48%	0.94%	-0.41%	-0.20%	0.56%	-6.01%
2016	-0.32%	2.35%	2.30%	1.67%	-0.01%	0.48%	1.33%	0.45%	0.43%	-1.74%	0.82%	0.13%	8.10%
2017	1.50%	0.98%	-0.42%	0.27%	1.07%	-0.37%	2.24%	2.14%	0.91%	0.88%	0.82%	1.32%	11.89%
2018	-2.25%	-6.20%	0.21%	-0.58%	0.50%	0.46%	-0.28%	-0.52%	-1.44%	-0.15%	0.33%	0.24%	-9.45%
2019	1.00%	0.99%	1.39%	1.21%	0.41%	1.41%	1.63%	0.87%	0.94%	0.82%	1.43%	0.77%	13.65%
2020	-4.74%	-0.31%	-2.80%	1.24%	-0.68%	-0.52%	0.42%	2.75%	1.87%	-1.84%	0.37%	0.87%	-3.54%
2021	1.14%	-3.35%	1.96%	0.31%	0.87%								0.84%

The results have been generated live trading Managed Account (5 months are solely backtesting results in italic). Same trading approach and models have been implemented within ALGORITHMIC TRADING PORTFOLIO Fund starting 2013-01. 2011 and 2012 performance results are presented in accordance with UAB KPMG Baltics Independent Reasonable Assurance Report. Since 2013 results are verified by SEB depository bank. Different fees were applied in particular periods. Since 2008-01-01 to 2012-12-31 results include pro forma management fee 1% and pro forma performance fee 20%. Since inception of the Fund (2013) results are displayed after Fund's fees.

MONTHLY PROFIT/LOSS BY INSTRUMENT

One key part of our trading success is multi strategy approach. Models exploit short term mean reversion, short term trend following, short term seasonality and index inefficiencies. Some strategies work on minute to hour frequency and some work on daily or even weekly data. These models are used for more than 40 different futures contracts. Put together, they create numerous independent trading patterns. Single strategy will almost always suffer from periods of zero or negative returns. Having several hundred fundamentally different models in our portfolio allows us to compensate one's losses by gains of other models. Therefore, whole fund performance is almost always positive with more than 70% of positive months. Average monthly losses are similar to average monthly profits. All of it results in almost steady performance, however risk is not entirely eliminated.

STRATEGY CORRELATION TO OTHER ASSET CLASSES

Trading results show almost non-existent correlation to asset classes returns. Correlation in range -0.3 to 0.3 means that relationship between returns is weak. Therefore, Fund's results are only weakly affected by asset classes rises and falls in a long term. Thus returns usually do not depend on whether for example stock market gains or loses value. For further information about Fund's returns correlation please click here:

www.algo.lt/wp-content/uploads/ATP-koreliacijos-EN.pdf

FUND ALLOCATION

A large cash reserve is essential for risk management of the investments. It ensures that trading is successfully maintained even if a part of funds is lost. The average trading margin allocation is 5%-30%. Cash is held in bank account at SEB (Lithuania) and/or in J.P. Morgan (USA) at the broker (TradeStation) segregated account. To reduce unused cash share, some of funds may be invested in most liquid very low risk short term USA treasury notes and/or EU bonds.
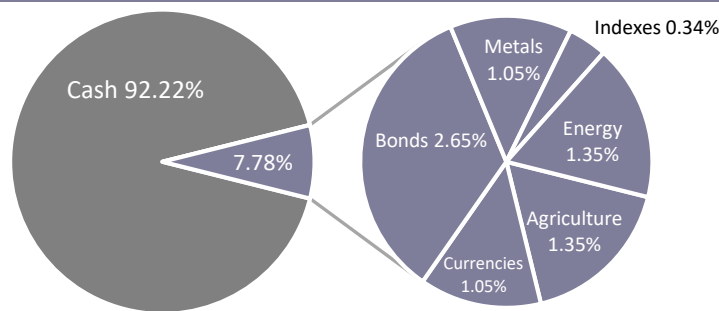

MONTHLY TRADING VOLUME
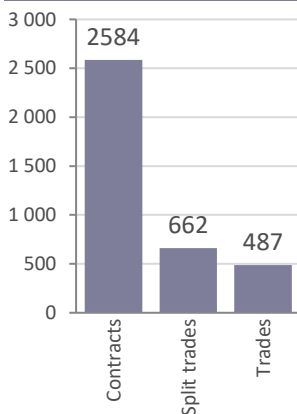
All trade sizes are different. A quantity for every strategy is determined by diversification principals and current market and strategy behaviour. We constantly improve execution of around 2000 trades per month in order to maximise trading effect. One of the methods: trades are split and executed with less quantity per trade to reduce market impact.

MONTHLY PROFIT FROM MARKET RISE/FALL
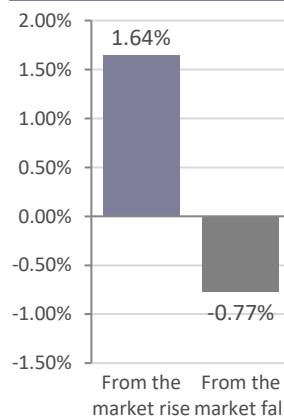
At any point, strategy can be long, short or flat, so profits can be generated in rising and falling markets. It results in steadier performance regardless of current economic cycle, crisis, recession. Even in a calm period market tends to move like waves: fall and rise in a short (few days) period. Fund's strategies trades on these few days moves and can make profit even when selling in a rising market or buying in a falling one.

LIST OF TRADED FUTURES

Indexes

DAX
Dow
NASDAQ 100
S&P 400
S&P 500
EURO STOXX 50
FTSE 100
Russell 2000
Nikkei 225
CBOE Volatility Index

Energy

Natural gas
Gasoil
Gasoline
Heating oil
Crude oil

Metals

Platinum
Gold
Palladium
Silver
Copper

Bonds

2 Yr U.S. treasury notes
5 Yr U.S. treasury notes
10 Yr U.S. treasury notes
30 Yr U.S. treasury notes
Euro bobl
Euro bond
Euro buxl
Euro schatz
Long gilt

Currencies

Euro FX
Australian dollar
British pound
Japanese yen
Canadian dollar
N. Zealand dollar
Swiss franc

Agriculture

Cacao
Coffee
Corn
Feeder cattle
Sugar
Soybeans
Soybeans oil
Soybeans meal
Wheat

IMPORTANT INFORMATION