
From: Lesley Groff <[REDACTED]>
Sent: Tuesday, April 22, 2014 4:16 PM
To: Jeffrey Epstein
Subject: Fwd: ATorus Daily Portfolio Report - 4/18
Attachments: ATorus_BacktestNAV_041814.pdf; Untitled attachment 00405.htm

Begin forwarded message:

From: Michael Fowler <[REDACTED]>
Subject: =/b>ATorus Daily Portfolio Report - =/18
Date: April 22, 2014 11:37:00 AM EDT
To: Lesley Groff <[REDACTED]>

Lesley,

 Welcome back! Hope you are well. Please see attached the Daily Portfolio Report for 4/18 and a short daily commentary. Also if you can ask Jeffrey whenever would be convenient to have a call or meeting to discuss structure or any relevant matters per previous email. Thank you and have a good day.

- Daily Commentary -

Today, ALGN received an offer to be acquired. This has been a large winner and the model has been long for a considerable period of time. While it would be obviously more beneficial in this case if we were position sizing on a discretionary basis and allocated excess risk (even though "risk" is a relative term depending on how you determine the measurement), the underlying assumption, and it is just that, is that by relying on a global opportunity set the law of large numbers lowers aggregate downside volatility. This is obviously based upon our assumption that the distribution of market returns on (i) a rolling ROC basis and (ii) measured in vol-days (net movement divided by avg. realized volatility) conforms to a pareto distribution. While no distribution is perfectly stable when measured in discrete time, we find this distribution to have the least amount of variance when measured from one interval to the next.

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Best Regards,

Michael J. Fowler
[REDACTED]

Trading Desk =mail - [REDACTED]
[REDACTED]

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