
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 =aily Portfolio Report for 4/18 and a short daily commentary. Also if =ou can ask Jeffrey whenever would be convenient to have a call or =eting to discuss structure or any relevant matters per previous email. =hank you and have a good day.

- Daily Commentary =

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

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Best Regards,

Michael J. Fowler
[REDACTED]

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