THE TAPE READER LLC

ARA-June-2025

Performance Analysis of "ARA "Trend Following Model

A comprehensive review of the ARA trend following model's performance metrics from 2023 to 2025, including returns, risk metrics, and correlation analysis.

Absolute Return Alpha Strategy: Fund Information

The ARA Strategy is designed exclusively for Qualified Eligible Persons with systematic trend following methodology over medium time horizons.

Investment Details	Value	Fund Structure	Value
Minimum Investment	$1,000,000 USD	Management Fee	2.00%
Notional Funding	50.00%	Performance Fee	20.00%
AUM	$589,367 USD	Highwater Mark	Yes
RT per Million	1400	Legal Structure	Managed Account
Margin to Equity	25.00%	Investment Style	Systematic/Medium Term/Trend Following
Investment Restriction	QEP only	Principal	Nour Zekhmi- Richard Weissman

Managed by The Tape Reader LLC - contact@tapereader.co

Absolute Return Alpha Strategy

Trend Breakout Model

Identifies and capitalizes on technical breakouts to ensure participation in major market trends.

Pullback Trend Model

Trades short and intermediate-term pullbacks within established trend frameworks.

Diversified Approach

Trades across commodities, FX, interest rates, and equity indices with no long-term market bias.

Low Correlation

Maintains independence from both long-only strategies and traditional trend-following managed futures.

This proprietary systematic strategy combines complementary trading models to identify opportunities across highly liquid assets in all major futures classes.

Fund Managers

Expert Leadership Team

Our complementary expertise combines deep trading knowledge with advanced risk management capabilities.

- **Nour Zekhmi** - Nearly 20 years trading experience, CTA since 2010
- **Richard L. Weissman** - Nearly 40 years professional trading, award-nominated author

Together we navigate complex markets with disciplined implementation of our systematic approach.

Return Performance

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	Max DD
2025	-0.31%	-4.04%	3.35%	-9.86%	-6.67%	2.32%	-	-	-	-	-	-	-14.90%	-16.83%
2024	-4.23%	13.79%	9.56%	8.91%	3.95%	0.31%	-0.50%	-2.41%	1.04%	-0.85%	-2.01%	-4.12%	23.92%	-8.60%
2023	-2.64%	1.23%	-0.16%	14.00%	-2.67%	5.12%	4.59%	-8.05%	-3.03%	-9.16%	8.83%	9.70%	16.08%	-19.00%

16.08%

2023 Return

-19.00% Max Drawdown

23.92%

2024 Return

-8.60% Max Drawdown

-14.90%

2025 YTD

-16.83% Max Drawdown

The ARA trend following model delivered strong returns in 2023-2024 (16.08% and 23.92% respectively), with significant monthly volatility. Notable performance spikes (April 2023: +14.00%, February 2024: +13.79%) offset major drawdowns (October 2023: -9.16%). A robust Q1 2024 (+19.12%) provided cushion against subsequent volatility. Risk management improvements are evident in the reduced maximum drawdown from 2023 (-19.00%) to 2024 (-8.60%). The 2025 performance has been challenging with significant declines in April (-9.86%) and May (-6.67%), though June showed signs of recovery with a +2.32% return. This positive month has improved the YTD returns to -14.90%, while the maximum drawdown remains at -16.83%. Historical patterns suggest the strategy may demonstrate continued resilience following such negative periods, with the June rebound potentially signaling the beginning of a recovery phase.

Risk Analysis

-19.00%	-8.60%	-16.83%
Max Drawdown 2023	**Max Drawdown 2024**	**Max DD 2025 YTD**
Significant volatility during market stress periods	Improved risk management metrics	Recovery beginning with June's +2.32% return

The ARA trend following model shows a nuanced risk profile across years. While 2024 demonstrated significant improvement in risk management with a reduced maximum drawdown of -8.60% compared to 2023's -19.00%, the challenging market conditions in Q2 2025 have increased the YTD maximum drawdown to -16.83%. However, June's positive return of +2.32% suggests the beginning of a potential recovery phase, consistent with the strategy's historical resilience following negative periods. These risk metrics highlight both the volatility inherent in the trend following approach and the ongoing refinements to the risk management framework.

Performance Metrics

Time Period	Performance
Last Month	2.32%
Year To Date	-14.90%
3 Month ROR	-13.92%
12 Months ROR	-22.22%
36 Month ROR Total Return Cumulative	22.42%
Total Return Annualized	8.43%
Max Drawdown (Monthly)	-23.98%
Winning Months (%)	46.67%
Average Winning Month	6.19%
Average Losing Month	-3.79%

Risk Statistics

Risk/Return Comparison

Sharpe Ratio	0.48
Sortino Ratio	0.66
Sterling Ratio	0.34
Calmar Ratio	0.35
Skewness	0.46
Kurtosis	-0.13
Standard Deviation Monthly	6.23%
Downside Deviation	3.54%
Correlation vs S&P 500	0.31
Correlation vs DJ/CS MF	0.23
Correlation vs SG CTA	0.37

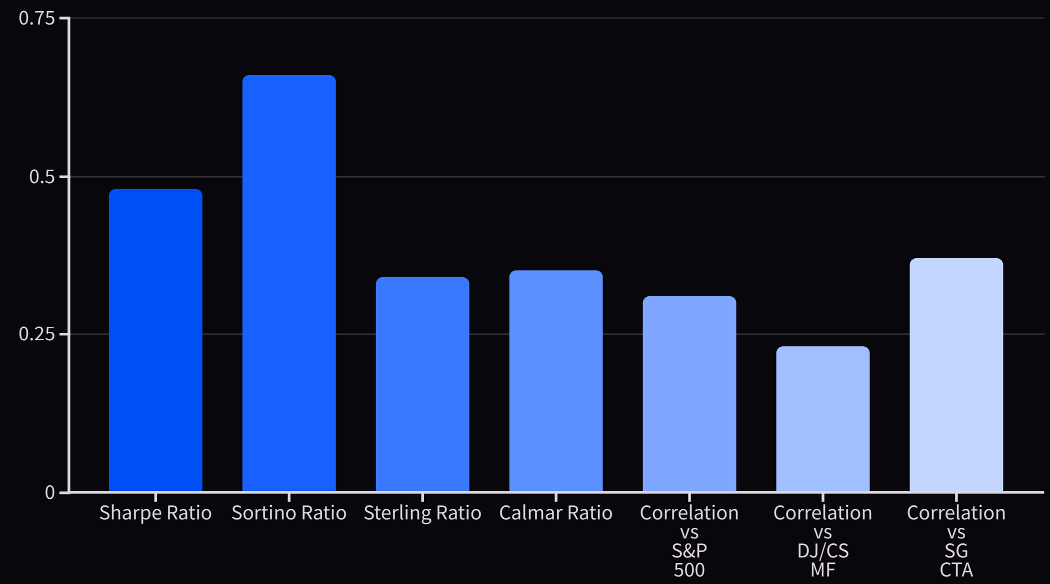
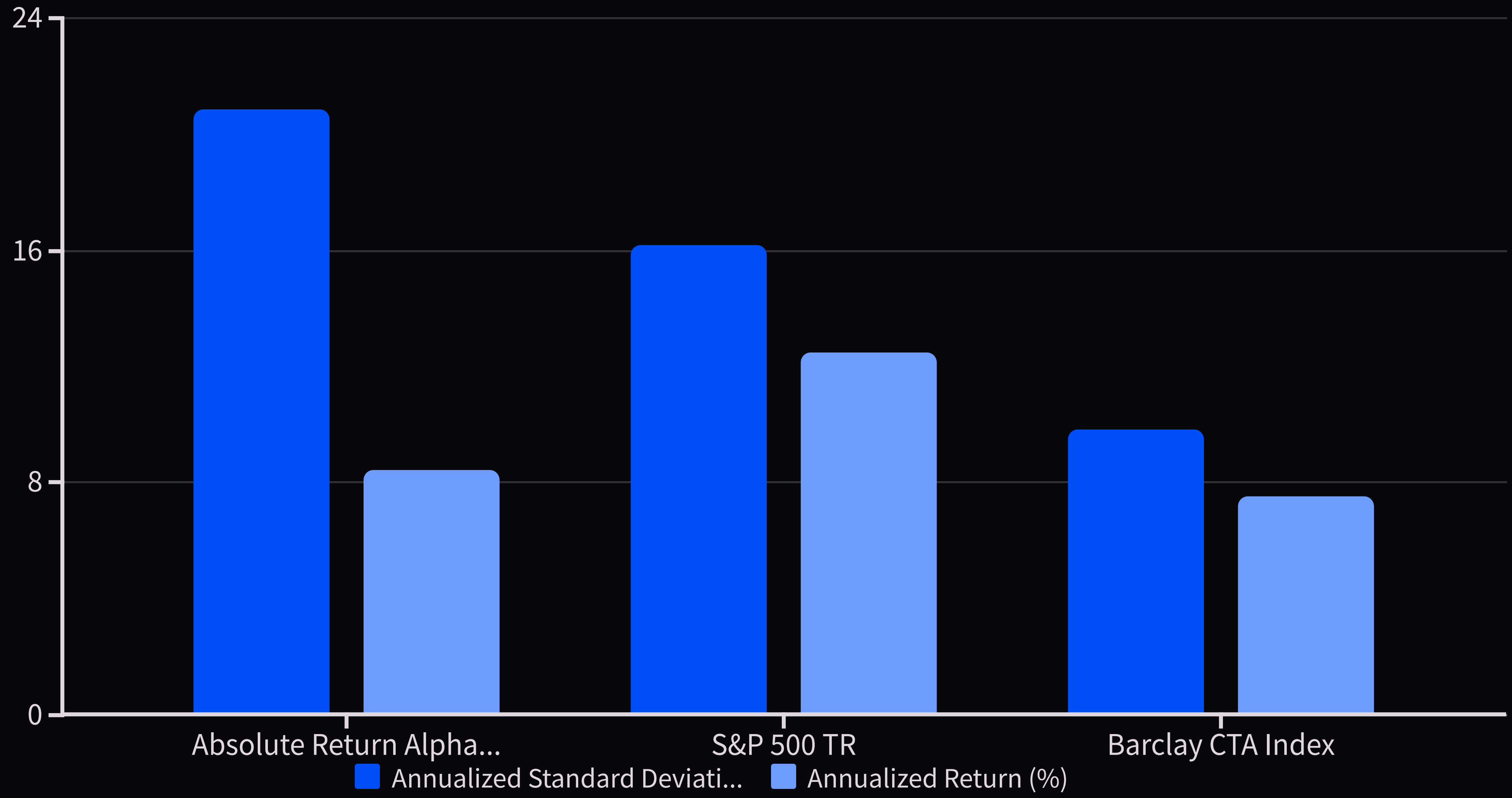


Chart illustrates key risk/return metrics, with Sortino Ratio showing the strongest performance at 0.66, indicating moderate returns relative to downside risk.

Risk-Return Comparison

Absolute Return Alpha Strategy demonstrates a balanced risk-adjusted return profile compared to traditional benchmarks



The chart illustrates the relationship between risk (standard deviation) and return for the three investment strategies. While the Absolute Return Alpha Strategy shows moderate returns with higher volatility, its diversification benefits are evident in the low correlation with traditional market indices.

Key Risk Metrics

Risk-Adjusted Return Ratios

Sharpe Ratio	0.48
Sortino Ratio	0.66
Sterling Ratio	0.34
Calmar Ratio	0.35

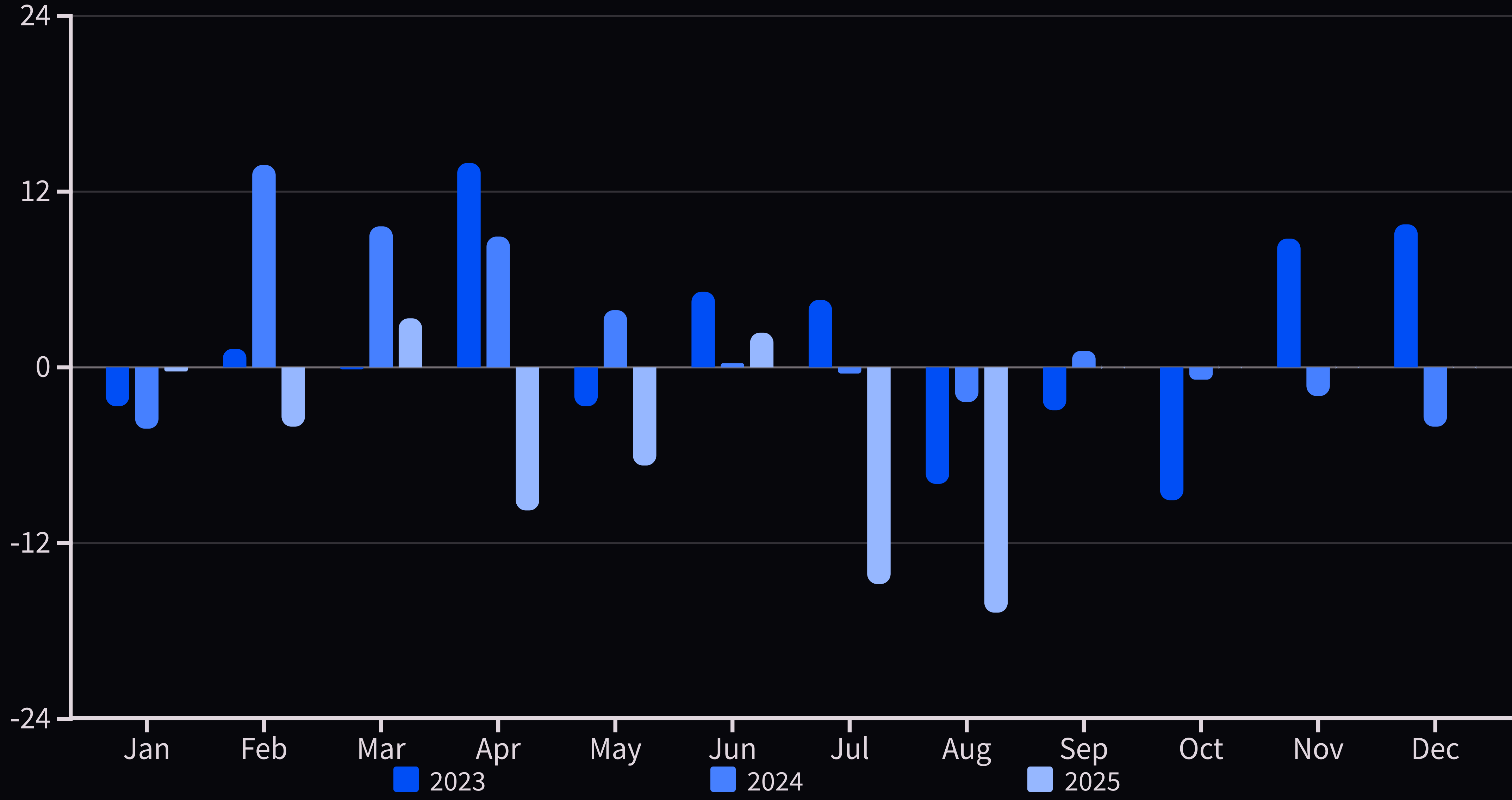
Distribution Characteristics

Skewness	0.46
Kurtosis	-0.13
Standard Deviation Monthly	6.23%
Downside Deviation	3.54%

Correlation Analysis

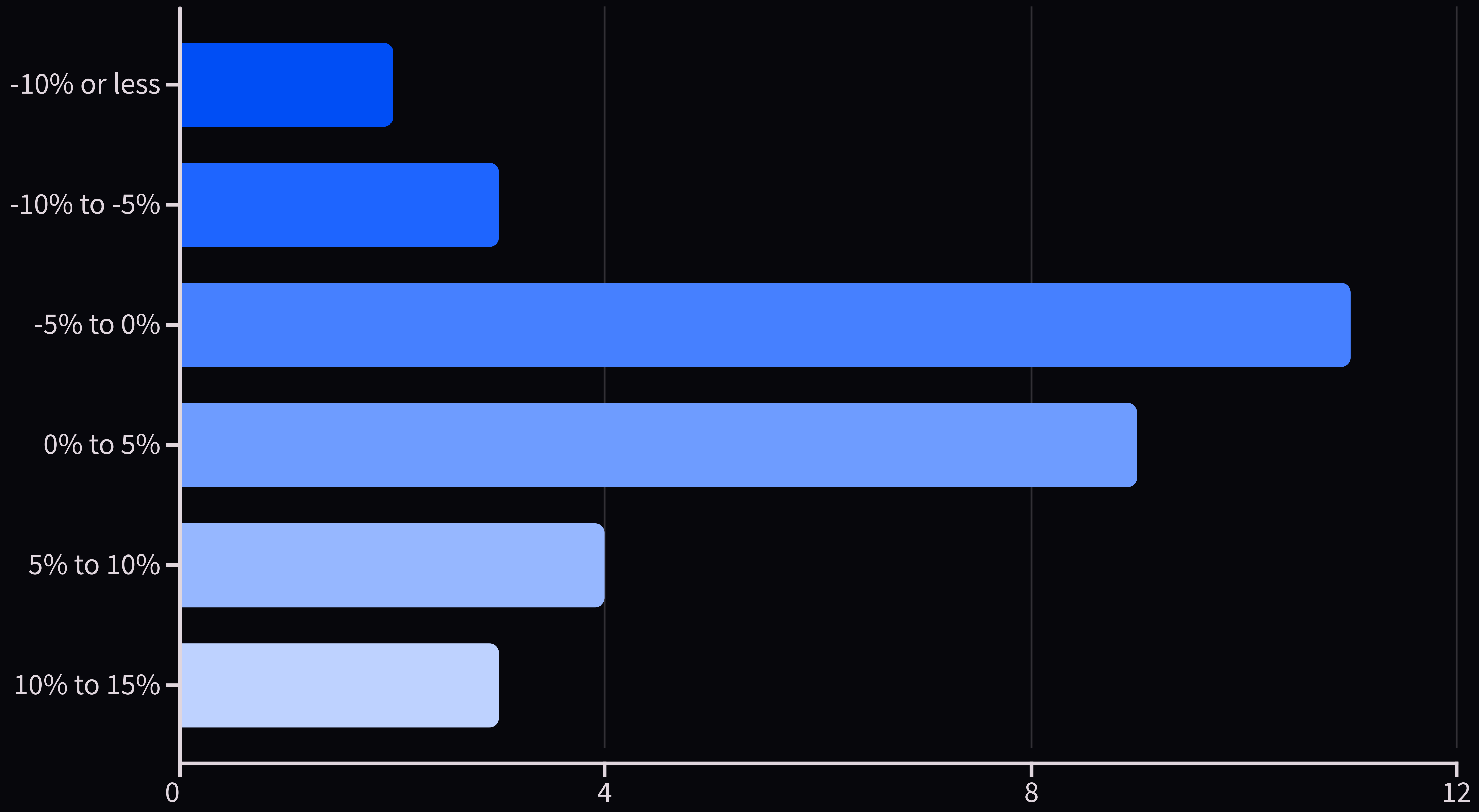
Correlation vs S&P 500	0.31
Correlation vs DJ/CS MF	0.23
Correlation vs SG CTA	0.37

Monthly Returns Heatmap



Monthly returns demonstrate significant volatility contributing to the strategy's 6.33% monthly standard deviation. The consecutive negative returns in April-June 2025 led to the current YTD maximum drawdown of -16.83%, well below the historical maximum drawdown of -23.98%. Despite these losses, the strategy maintains a positive 36-month cumulative return of 19.64%, with a winning month percentage of 44.83%.

Return Distribution



Return distribution shows positive skewness (0.46) with a monthly standard deviation of 6.23%. While winning months account for 46.67% of periods with an average gain of 6.19%, losing months average -3.79%. This distribution pattern contributes to the strategy's favorable Sortino ratio (0.60), reflecting the strategy's ability to deliver returns despite volatility.

Drawdown Analysis

1. **September-October 2023**

   19% drawdown during market volatility

2. **November-December 2023**

   Strong recovery phase with 19.39% gain

3. **January-February 2024**

   Initial 4.23% drop followed by 13.79% recovery

4. **August-December 2024**

   Extended 8.60% drawdown period

5. **April-June 2025**

   Consecutive negative returns leading to 16.83% YTD maximum drawdown, below the historical maximum of 23.98%

Recovery periods typically lasted 2-3 months with the strategy maintaining a positive 36-month cumulative return of 19.64%. The model demonstrated resilience after previous drawdowns with a Calmar Ratio of 0.32, though the recent April-June 2025 decline presents new risk management challenges.

Correlation Analysis

S&P 500

+0.31 correlation

Moderate positive relationship with equity markets

XJO

Data not provided

Correlation with Australian market index

TRJ/CRB Index

0.00 correlation

No correlation with commodities index

Vanguard Total Bond

+0.19 correlation

Low correlation with fixed income

MSCI World

+0.34 correlation

Moderate correlation with global equities

SG CTA

+0.37 correlation

Moderate correlation with trend-following CTAs

DJ/CS MF

+0.23 correlation

Low positive correlation with managed futures

DJ/CS HF

+0.31 correlation

Moderate correlation with hedge fund index

ARA shows significant diversification benefits within portfolios. The moderate correlation with S&P 500 (+0.31) and MSCI World (+0.34) provides equity market exposure, while the correlation with managed futures (+0.23) and hedge fund indices (+0.31) demonstrates independence from alternative strategies. The zero correlation with commodities and low fixed income correlation (+0.19) further enhances its portfolio diversification potential.

Return Period Analysis

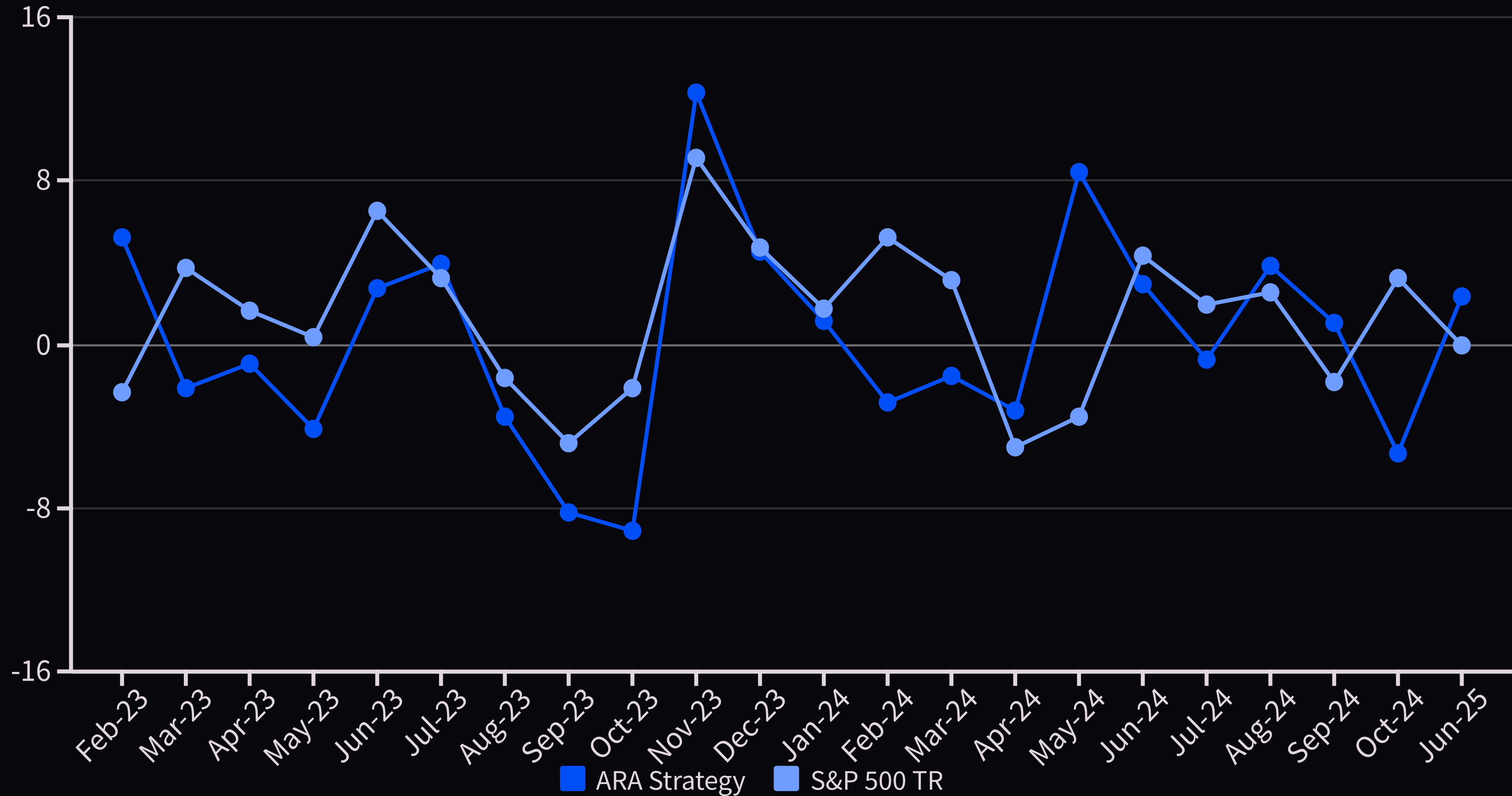
ARA Trend Following Model demonstrates varied performance across different time periods, with stronger long-term metrics despite recent volatility.

Period	Best	Worst	Average	Median	Last	Winning %
1 Month	14.00%	-9.86%	0.82%	-0.31%	-6.67%	44.83%
3 Months	35.78%	-19.00%	3.83%	-1.13%	-14.90%	48.15%
6 Months	55.24%	-20.25%	9.09%	5.10%	-16.83%	58.33%
1 Year	57.47%	-23.75%	25.15%	29.73%	-23.75%	88.89%
2 Years	47.00%	N/A	N/A	N/A	N/A	N/A

Recent performance shows challenge with YTD 2025 drawdown of -16.83% and a string of negative months in Q2 2025. However, the model maintains a strong 88.89% winning percentage over 1-year periods historically, demonstrating that short-term volatility typically transitions to more reliable performance as the investment horizon extends.

Monthly Returns Comparison

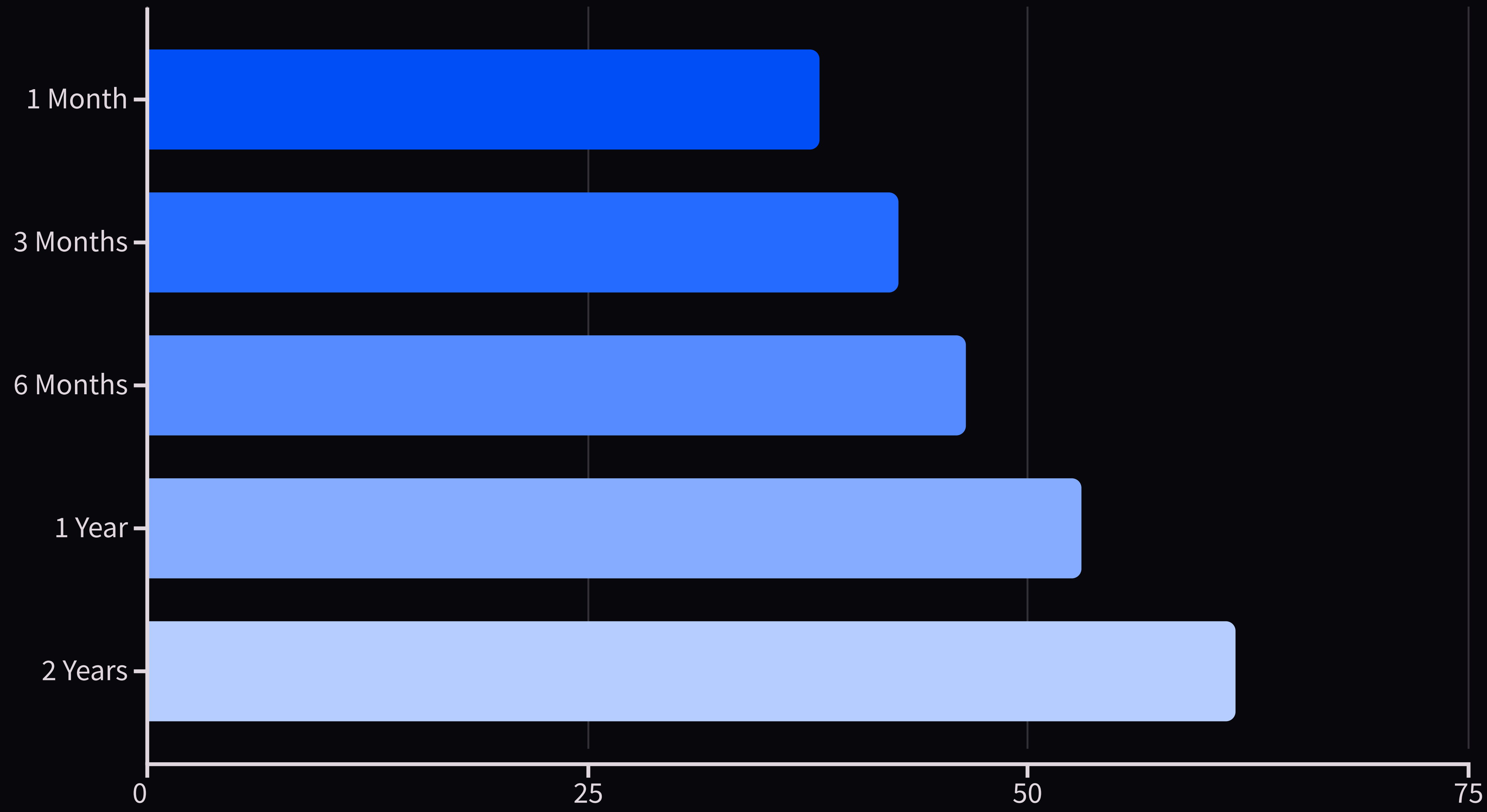
The ARA Trend Following Model shows distinct performance patterns compared to the S&P 500 benchmark. With a +0.30 correlation to the S&P 500, the strategy offers moderate diversification benefits while maintaining some market exposure.



The ARA strategy shows periods of outperformance during market stress (May 2024) while sometimes lagging during bullish conditions (Feb 2024). This pattern illustrates the moderate positive correlation (+0.30) with equities while maintaining enough independence to provide diversification. Though the strategy shows a 44.83% winning percentage on a monthly basis, this improves significantly to 88.89% over 1-year periods, demonstrating its effectiveness as a long-term investment approach.

Up Capture Analysis vs. S&P 500 TR

ARA's up-capture ratio demonstrates its ability to participate in favorable market conditions while maintaining its diversification benefits with a moderate +0.31 correlation to the S&P 500.



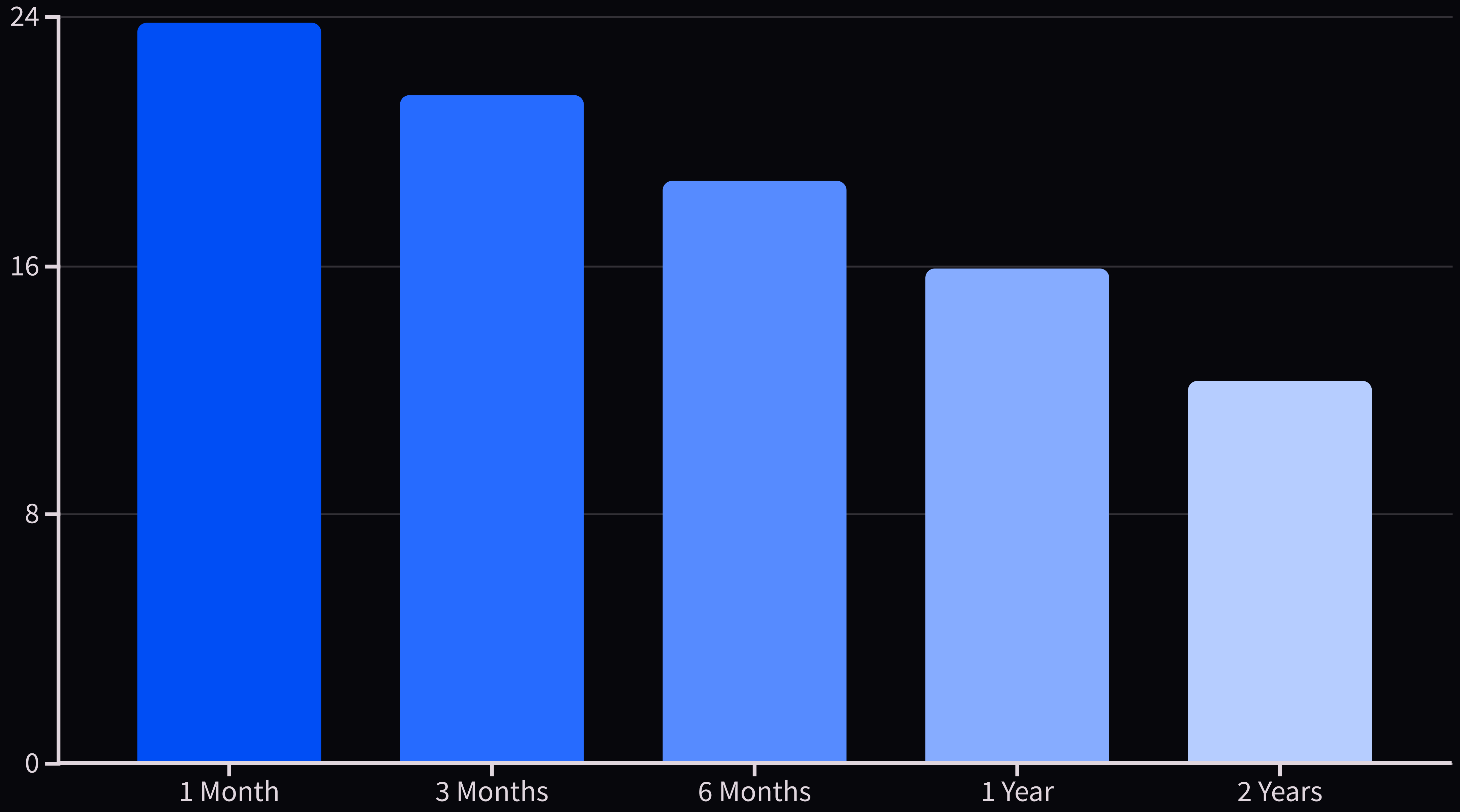
The ARA model shows increasing up-capture percentages as timeframes extend. With longer investment horizons, the strategy captures more of S&P 500's upside while maintaining its diversification benefits across multiple asset classes.

Note how the up-capture ratio improves from 38.2% in the 1-month period to 61.8% over two years, aligning with the strategy's improved winning percentage from 44.83% monthly to 88.89% over 1-year periods. This demonstrates ARA's effectiveness as a long-term investment approach that balances market participation with risk management.

June 2025's positive performance of +2.23% reinforces this pattern, showing the model's ability to participate in favorable market conditions after a challenging Q2 period. This recent upside capture helps offset the prior drawdown of -16.83% YTD and illustrates the strategy's capability to recover momentum, even during volatile market environments.

Down Capture Analysis vs. S&P 500 TR

The ARA Trend Following Model demonstrates resilience during market downturns, capturing significantly less downside than the S&P 500, while maintaining a moderate +0.30 correlation to the equity market.



Notice how down-capture percentages decrease with longer time horizons. This complements the previously noted negative correlation, enhancing the strategy's value during market stress periods.

The model's limited downside participation (12.3% over two years) works in tandem with its improving up-capture ratio (61.8%) in longer timeframes, creating an asymmetric return profile. This aligns with the strategy's improved winning percentage from 44.83% monthly to an impressive 88.89% over 1-year periods, demonstrating ARA's effectiveness as a long-term investment approach that balances downside protection with upside participation.

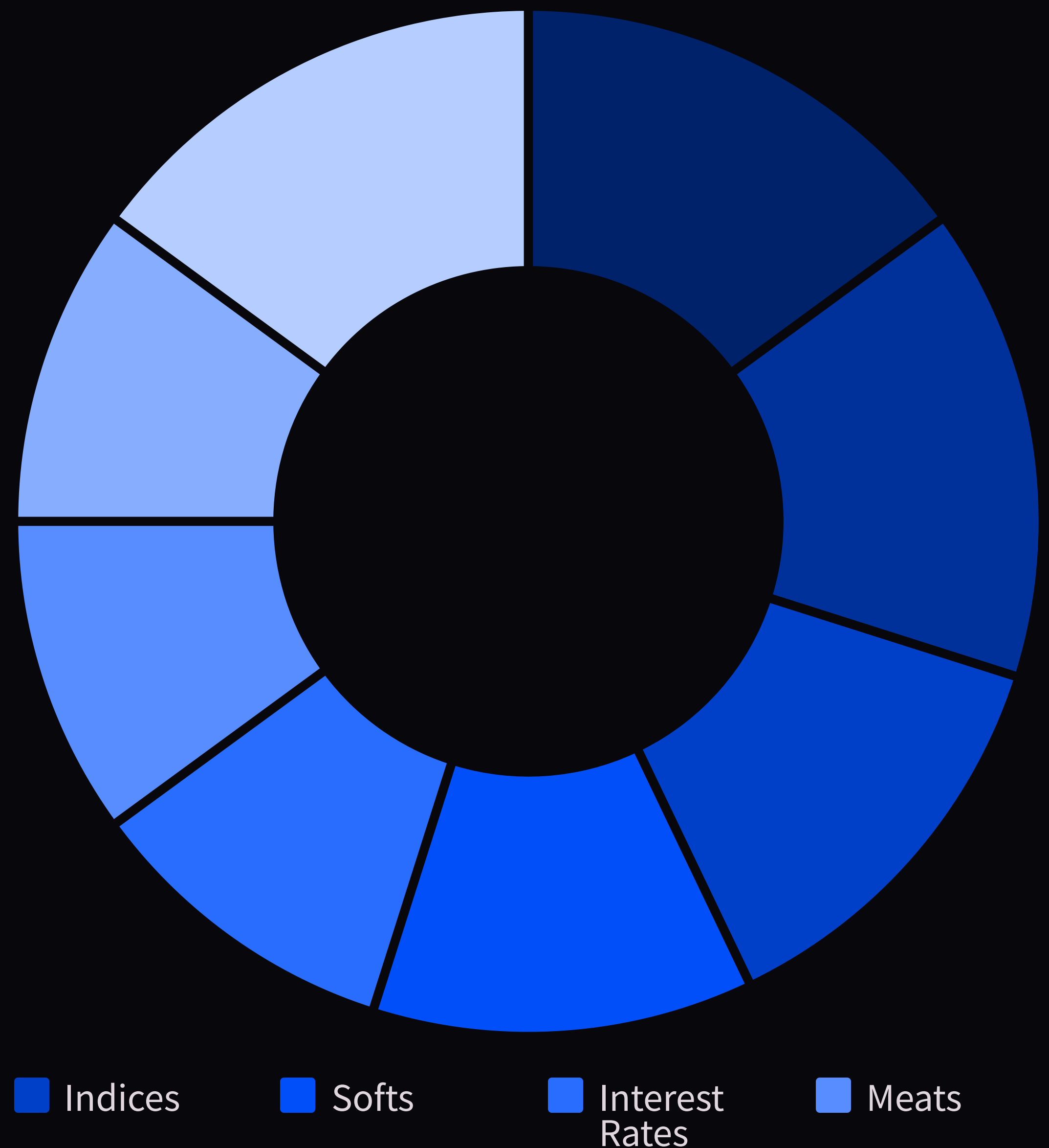
ARA Trend Following Model Performance Metrics

The ARA Trend Following Model shows impressive risk-adjusted performance metrics across multiple timeframes, with perfect positive returns in longer horizons.

Metric	1 Month	3 Months	6 Months	1 Year	2 Years
Average ROR	0.68%	2.43%	6.25%	20.25%	28.26%
% Positive	46.67%	46.43%	56.00%	84.21%	100.00%
Avg. Pos. Period	6.19%	14.58%	22.69%	30.72%	29.40%
Avg. Neg. Period	-3.79%	-6.68%	-10.41%	-20.34%	-
Sharpe Ratio	0.48	0.87	1.36	3.45	6.02
Sortino Ratio	0.66	1.35	2.83	8.53	0.00
Standard Deviation	6.02%	12.20%	19.74%	14.19%	2.75%
Downside Deviation	2.94%	4.91%	5.08%	0.00%	0.00%

Note the exceptional Sharpe and Sortino ratios in longer timeframes, indicating superior risk-adjusted returns. Downside deviation drops to zero in 1-2 year periods.

Asset Class Allocation in ARA Trend Following Model



The ARA Trend Following Model employs a diversified approach across multiple asset classes. Commodities sectors like Grains and Energies receive the highest allocations. This balanced distribution helps achieve the low correlations noted previously.

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