

Semi-Annual Commentary

This marks the first semi-annual report for the USA platform and what an unbelievable set of market conditions we had to contend with for the long-awaited launch. Our very first set of orders were routed to the market on the 20 February 2020 which precisely marks the start of the coronavirus crash which took the S&P 500 lower by -33% in four short weeks. Nothing could have prepared me for the volatility that ensued, and by all accounts, there were several hair-raising moments. You may have heard trading being likened to War – hours of boredom punctuated by moments of sheer terror – which certainly rung true during the sell-off. Trading is relatively simple, but not easy. Emotion is our common enemy that we constantly need to keep in check if we are to attain longevity at this game. Our automated and quantified approach certainly helps foster rationality and discipline, but it takes time to truly develop a deep and fundamental belief in one's approach. That said, the value of having a mechanical system is undeniable when confronted with market stress points and the first half of the year was no exception.

In terms of performance, and despite the challenging conditions, it is pleasing to report the promising results that we as a group posted for the first half of the year. The net time-weighted return for the period comes in at +22.14% which places us strongly ahead of the S&P500 index (as measured by the SPY ETF) and the Barclay's Aggregate Bond Index (as measured by the AGG ETF). Although some minor updates were applied to the platform, overall, I am satisfied with our progress considering the small sample and excited about the potential the remainder of the year holds.

Semi-Annual Outlook

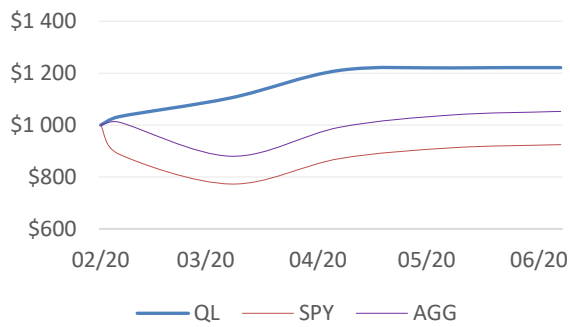
These are truly exceptional times that share many similarities with the 1998 – 2002 period which likewise saw high volatility readings as measured by the VIX combined with the market making new highs. A key difference however is the concentrated way in which the move has unfolded with a handful of counters explaining most of the move in the indices, but that is changing with market breadth improving implying broader participation. Undoubtedly it is difficult to explain the current new highs in the market outside of the FED's actions. When the stimulus programs are eventually dialled back, I anticipate another spike in volatility which should bode well for us. Interestingly, through the 1998 -2002 period, which best resembles the current conditions, our models performed at their best generating impressive returns. This may or may not have relevance for us going forward since the future never unfolds as the past, but the current conditions have at least historically favoured our approach and our live returns to date stand testament to that.

The rest of the year is going to be fascinating. Volatility is going to remain high which will be associated with greater than average trading opportunities and potential for reward. However, the associated portfolio heat that comes with increased trade activity and volatility will be challenging. Be prepared, remain disciplined and focus on the long-term.

Until the next report, be safe and good luck!

PJ Sutherland

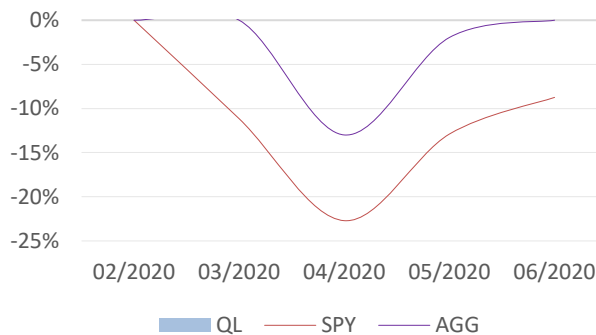
Growth 1000 (USD)



Return Statistics

	QUANTLAB	SPY (SP500)	AGG (BOND)
YEAR TO DATE	22.14	-7.53	5.28
12 MONTH ROR	22.14	-7.53	5.28
CAGR	77.69	-20.15	15.94
WIN MONTHS (%)	100.00	50.00	80.00
AV WIN MONTH (%)	4.15	6.26	4.98
TOTAL RETURN	22.14	-7.53	5.28

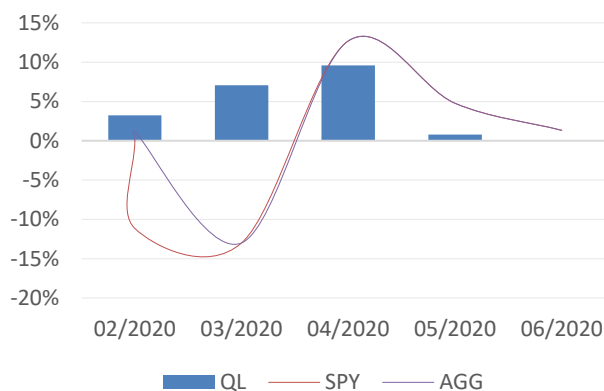
Drawdown (%)



Risk Statistics

	QUANTLAB	SPY (SP500)	AGG (BOND)
SHARPE RATIO	5.43	-0.66	0.48
SORTINO RATIO	-	-5.81	-
MAR RATIO	-	-0.89	1.23
MAX DRAWDOWN (%)	0.00	-22.71	-13.00
RECOVERY DD (MONTHS)	0	3	3
AV LOSING MONTH (%)	-	-12.08	-13.00
STD DEVIATION (MONTHLY)	4.02	9.74	8.34

Monthly Returns (%)



Correlations

CORRELATION VS SPY (SP500)	0.08
CORRELATION VS AGG (BOND INDEX)	0.08

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year	Spy
2020	-	3.23	7.06	9.58	0.77	0.09							22.14	-7.53

****Past performance is not necessarily a guide to future performance.**

Notes:

- 1) Source of data from Saxo live client accounts; Survivorship bias free; Calculations by Sutherland Research.
- 2) Performance presented net of all costs and fees and is the time-weighted performance of all clients.
- 3) Benchmarks include the SPY ETF (S&P 500) and the AGG ETF (Barclay's aggregate bond index).
- 4) Index benchmark performance numbers are gross and do not allow for broker fees and other costs giving a slight positive bias.
- 5) Drawdown, equity curve and correlations are simplified and based on month end values.
- 6) The risk-free rate used in the Sharpe Ratio is a simple arithmetic average since inception.

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