

## APRIL 2015 ISSUE

This report is similar to that of the FED minutes.  
Only minor changes take place each month.

The first quarter of this year has been painfully slow and the AlgoTrades system is in the red thus far. As explained in January the stock market is trading in a phase that is very difficult to profit from but the second half of 2015 will likely generate oversized gains once this phase ends.

In fact most CTA's (commodity trading advisors) and hedge funds had poor performance in the second half of 2014, and 2015 is already shaping up like another painful year for the vast majority of investors.

Take a look at last year's top performing hedge funds:

**As Bloomberg reminds us,** "hedge funds as a group had a horrendous 2014, with an average return of just 1.6 percent among the 2,400 funds that make up the Bloomberg Global Aggregate Hedge Fund Index."

# 100 TOP-PERFORMING LARGE HEDGE FUNDS

Fund, Manager(s)	Management Firm, Location	Strategy	ASSETS, IN BILLIONS	2014 RETURN*	2013 RETURN
1 <b>Pershing Square International</b> , <i>Bill Ackman</i>	Pershing Square Capital Mgmt., U.S.	Activist	\$6.1	32.8%	9.3%
2 <b>Quantedge Global</b> , <i>Team managed</i>	Quantedge Capital, Singapore	Quantitative	1.0	32.3	9.2
3 <b>STS Partners</b> , <i>Michael Craig-Scheckman, Scott Burg</i>	Deer Park Road, U.S.	Asset backed	1.3	23.9	25.6
4 <b>Hildene Opportunities</b> , <i>Brett Jefferson</i>	Hildene Capital Mgmt., U.S.	Structured credit	1.3	23.6	35.3
5 <b>AHL Diversified</b> , <i>Tim Wang, Matthew Sargaison</i>	AHL Partners, U.K.	Managed futures	4.4	21.1	-3.1
6 <b>MBS Agency</b> , <i>William Mok</i>	Structured Portfolio Mgmt., U.S.	Mortgage-backed	1.0	20.6	-9.1
7 <b>Citadel Tactical Trading</b> , <i>Team managed</i>	Citadel Advisors, U.S.	Multistrategy	2.3	19.7	12.0
8 <b>Stratus</b> , <i>Team managed</i>	Capital Fund Mgmt., France	Multistrategy			
9 <b>Citadel Global Equities</b> , <i>Team managed</i>	Citadel Advisors, U.S.	Market neutral			
10 <b>Dymon Asia Macro</b> , <i>Danny Yong</i>	Dymon Asia Capital, Singapore	Macro			
11 <b>Glenview Capital Opportunity</b> , <i>Larry Robbins</i>	Glenview Capital Mgmt., U.S.	Long/short	2.8	16.9	101.7
12 <b>Tiger Global</b> , <i>Feroz Dewan</i>	Tiger Global Mgmt., U.S.	Long/short	7.0	16.2	14.3

ALGOTRADES  
Had a return of  
16.2% in 2014  
before Fees

Includes only funds with \$1 billion or more in assets. \*As of Oct 31st. Source Bloomberg

## S&P 500 Monthly Chart – 7 Year Outlook

The SP500 index (US Stock Market) continues to be in and **Uptrend**.

The major trend line on the chart below must be broken in a big way before a full blown bear market will be confirmed. This is still months away at best so do not worry. The AlgoTrades INNER-Market Analysis will get us positioned when the time is right and enable us to profit as the stock market falls in value.

Your long term equity investments can continue to be held at this point. Speculative and momentum stocks (Russell 2K index) continue to show weakness, so I would stay away from them. Large cap stocks will likely be in favor as the safe haven "blue chip" stocks, but when the market is ready to roll over, all stocks will fall. The safe haven plays should be bonds, gold and USD.



## S&P 500 Quarterly Chart – BIGGER PICTURE

This chart I feel provides a great perspective on the overall market trend and price patterns. This is the 70 year prospective. I hope something like this unfolds. Fingers crossed to a 12 month correctly/bear market. This will build the new base for the next super cycle.

US Dollar has now reached the upper resistance trend line... we could see weakness in the dollar going forward...



## The Risk-Off Trade Is Slowly Unfolding

The S&P 500 index is now trading under the support trend line. Meaning it's losing momentum. Money has been rotating into Bonds all of last year in anticipation of the stock market correcting.



## The Fear Index & Big Trend Analysis

The VIX index has been trading at low levels for a few years. This suggests that fear is low, complacency is high, and that SP500 is becoming vulnerable to a stock market correction.

In the chart below, I have placed the VIX index above the stocks trading above the 200 day moving average. As the number of stocks trading above the 200 day moving average falls it's telling us that fewer stocks are moving up in value while the broad market climbs. This is bearish.

This provides a great visual of how falling markets correlate with investor fears. While overall market breadth remains strong, a change in the VIX often provides an early warning sign of potential danger.

“When The VIX Is Low Its Time to Go, When The VIX Is High Its Time To Buy”



## INNER-Investor Monthly Conclusion:

The great thing about being an investor is that the analysis and trends we watch and invest in move relatively slow. We do not buy at the dead low, nor do we exit at the high, and sometimes we get shaking up a little with tough to trade marketing conditions.

I'll be honest, the second half of 2014 was exceptionally tough on trades, investors and the AlgoTrades System. And the first quarter this year has been the same thus far.

Users of the system including myself as I trade the system with a large portion of my capital have given back gains. Winning streaks, and losing streaks are just part of investing and it happens to everyone and every strategy over and over.

I believe 2015 will provide some great opportunities and we will close the year out with decent gains. AlgoTrades is a great way to add diversification to your portfolio and should be used with a portion of your long term capital.



***If you are not part of the AlgoTrades program join today!***

Not yet read my book? I highly recommend you do this as it walks you through the key indicators/analysis used so you understand how the AlgoTrades system can make you money on auto-pilot.

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Sincerely,  
Chris Vermeulen