

Market 25-03-09 – Back to Volatility

In Brief...

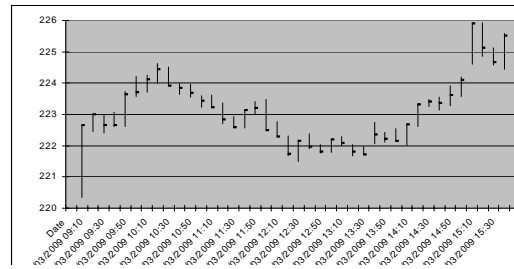
Stock Markets up again. By the time we were closing our fund today DJI is 2% up, AEX 1.8%. On the other side Interest rates were collapsing and EUR/USD shooting up after a remark from USA treasurer that the US does not mind if the Chinese currency becomes the world main currency!

In brief the volatility we were betting on this week is back on track. Although we were expecting that stocks will come off, it went up instead. However this does not really affect our fund since we are more betting on the volatility and collapse of the interest rates.

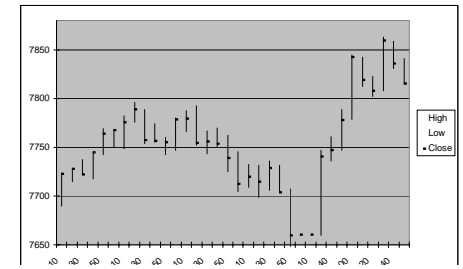
Words of the day

In finance, an **option** is a contract between a buyer and a seller that gives the buyer the right—but not the obligation—to buy or to sell a particular asset (the underlying asset) at a later day at an agreed price. In return for granting the option, the seller collects a payment (the *premium*) from the buyer. The value of an option increases if volatility increases.

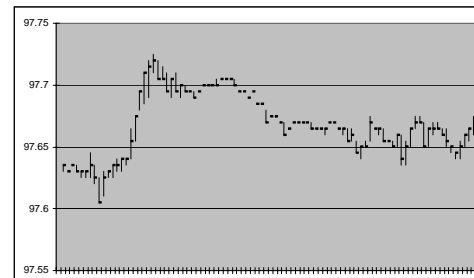
AEX Index



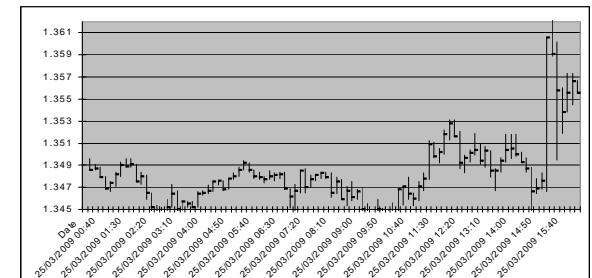
Dow Jones Index



Future Interest rate 2010



EUR/USD



Frascati Investment Fund – Walking up the stairs

Strategy

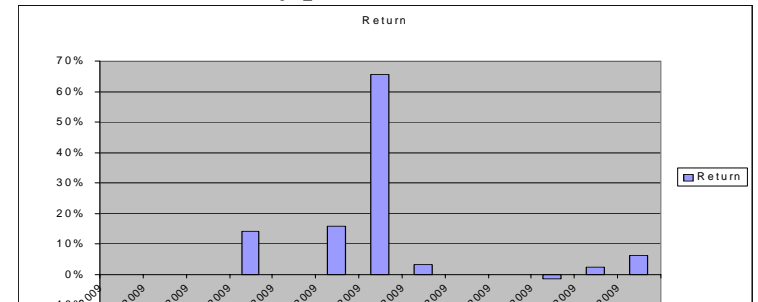
After two days of having the wrong view, yesterday's idea to "buy volatility" showed its fruits today. So tomorrow morning we will close the "volatility exposure" we took this morning by selling the USD we had and sell back the options on EUR/USD.

Tomorrow we will sell Options on the stock market, betting on stock market to go down, because we are very skeptical about this bull market.

Generic Performance for Today

Assets	Qty	
USD		-2.34
2011 Future Rate		0
EUR/USD OPTIONS		360
Fannie Mae		-8
cash		0
Total		349.66

Daily performance in %



What is in FIF?

Assets	Qty
USD	2710 USD
	Short 2
2011 Future Rate	contracts
EUR/USD	100,000
OPTIONS	contract
Fannie Mae	1600 Shares
cash	1350 Euro

Summary of Daily Activity

Date	Ticket Sales	Opening	Profit/Loss	Closing	Return
13-Mar	700	700	0	700	0%
14-Mar	510	1210	0	1210	0%
16-Mar	0	1210	172	1382	14%
17-Mar	0	1382	-1	1381	0%
18-Mar	680	2071	328	2399	16%
19-Mar	400	2799	1837	4636	66%
20-Mar	550	5186	164	5350	3%
21-Mar	360	5710	0	5710	0%
23-Mar	0	5710	-93	5617	-2%
24-Mar	0	5617	126.5	5743.5	2%
25-Mar	0	5617	350	5967	6%

FIF value

