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7660 FAY AVENUE, SUITE H137, LA JOLLA, CALIFORNIA 92037 • 619.454.0067

OFFICE OF THE SECRETARIAT

September 14, 1998

Jean A. Webb
 Secretary of the Commission
 Commodity Futures Trading Commission
 Three Lafayette Centre
 1155 21st Street, N.W.
 Washington, D. C. 20581

COMMENT

Via Fax 202-418-5521

Re: Performance Data and Disclosure for Commodity Trading Advisors and Commodity Pools

Dear Ms. Webb and the Commodity Futures Trading Commission:

Following is a further response to the request for comments on the NFA proposals, supplementing my comments dated August 7, 1998:

E. Theoretical Soundness of the Basis of Computation

The current fully funded subset requirement is difficult to maintain, especially for a small or startup CTA. Perhaps the terminology should be "normal" or "standard" account size. Whether this is called fully funded or by some other name, it is beneficial because it establishes some standard yardstick to compare CTAs. However, since "fully-funded" is determined by the CTA, there will still be only general comparisons between two managers. In no way does a fully-funded account relate to the term as used under GAAP. Because of margining, virtually no accounts are really fully funded, nor should they be.

Since many if not most CTAs operate on a partially funded basis, there should be some additional reporting requirement to more accurately reflect their business. I suggest that they also report on a "minimally funded" basis. In other words, if a CTA accepts accounts funded at 25%, then include at least a capsule if not a 13-column performance table showing results from this size account. They should also be free to supply a table representing something between minimally funded and fully funded. Granted that these tables could be as theoretical as those for fully funded accounts. However, they would give prospective investors an idea of potential profits, losses, volatility, and drawdowns if a lower funding level was used.

If a CTA advertises or states in their Disclosure Document that they accept accounts with partial funding (or utilizing higher leverage), they should be willing to supply results on

that basis. It is not reasonable to expect potential clients to do the mathematical conversion from a fully funded basis to some partially funded basis. This is not a simple calculation due to the compounding of results.

What if a CTA objects to the additional work to report in this manner? They would have the option of accepting only fully funded accounts, or reducing their fully funded level to something closer to their real account levels. As a practical matter, restating results for a partially funded level is not difficult for the CTA.

Trying to compare returns of CTAs or Commodity Pools with more traditional types of investments is nearly impossible. Stocks, bonds, real estate, hedge funds, and futures funds are all subject to various levels of leverage which can dramatically effect their risk and returns. True analysis and comparisons are outside of the ability of average or even sophisticated investors. Statistical analysis of this type should be left to the PhD's. It is not reasonable to expect those of us in the futures business to report in a fashion to compare with any other class of investment. Comparisons of CTAs and CPOs is difficult enough.

For elaboration on these comments I can be reached at 619-454-0067, faxed at 619-454-6432 or e-mailed at muirland@ix.netcom.com.

Sincerely,



Dale W. Miller
President