

# COMMENT

99-21  
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**secretary**

**From:** JDRAITHEL@aol.com  
**Sent:** Friday, September 10, 1999 1:01 PM  
**To:** Secretary@cftc.gov  
**Subject:** Performance Data and Disclosure for Commodity Trading Advisors

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September 10, 1999

Re: Performance Data and Disclosure for Commodity Trading Advisors

SECRETARIAT

Dear Secretary:

With this e-mail, I am submitting comments to the above referenced proposed rules. Also, and for your information, Raithe Investments, Inc., is a registered CTA and CPO.

First of all, I am very much in favor of the proposed rule allowing the presentation of performance results using nominal account size. This rule will allow much more of an apples to apples comparison of the results of CTAs.

Regarding the issue of including interest in the rate of return calculation: While it is true that inclusion of interest will produce different rates of returns for similarly managed accounts based solely on the size of their funding levels, to eliminate interest altogether will understate the returns on all accounts. In my opinion, this would be even worse than have returns vary by funding level. In addition, I agree with the proposed rule of not allowing the imputation of interest based upon funding levels.

Regarding the Disclosure of Monthly Performance by requiring the use of bar charts: In my opinion, this should not be done. Bar charts can be EXTREMELY misleading, as much illusion can be obtained by the improper use of these charts. For example, a chart that is not very tall can mask the true difference between a return of plus 5% and minus 15%. In addition, if one has a minus 25% bar close to a plus 25% bar, one can easily get the impression that the two cancel each other, which, of course, is not true. And, it is often very difficult to tell just exactly what a number was by reading it off a bar chart, especially if the chart is small and/or not tall.

Only the presentation of actual numbers in a table can tell a prospective client exactly what a rate of return number was. In my opinion, the Commission should REQUIRE the use of a TABLE and allow the use of a bar chart only as supplementary information. Requiring the use of a bar chart is moving in the wrong direction.

If you would like to speak with me further about any of the above, I can be reached at 704-895-1133.

Sincerely,

John D. Raithe, President  
Raithe Investments, Inc.  
20433 Staghorn Court  
Cornelius, North Carolina 28031

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