



August 2025 - PlusAlpha Systematic Active Model Portfolios

We've added daily returns stats for the VRM Models to the prior version of our Aug newsletter.

As described in our [June newsletter](#), we created new Global Multi Asset Model Portfolios and Volatility Risk Mitigation Portfolios to reflect the changes in market behavior that Tariff and Economic volatility have created.

The Volatility Risk Mitigation portfolios (VRM1 and VRM2) increase diversification and build systematic portfolios from currencies, commodities, global equities, US equities and US bond ETFs.

The VRM2 portfolio is a modification of the VRM1 systematic portfolio - we have overlaid our macro beliefs about Yen Carry Deleveraging Risk on the VRM1 portfolio to create the VRM2 Model Portfolio. This forces a 25% fixed weight in Yen, as we believe Yen strength will offset selloffs in other asset classes in the event of Japanese Rate Hikes or US Rate Cuts.

We believe we have succeeded with our VRM portfolios: the daily risk is lower than the S&P risk, while keeping up with the performance of the S&P 500 ETF, and in line with the risk of the 60/40 portfolio. It outperforms the 60/40 and Risk Parity portfolios, with Significant Alpha to the various benchmarks we track.

Statistics for our VRM1 and VRM2 Volatility Risk Mitigation Portfolios, using Daily Returns from 4/3/2025 (Liberation Day) to 9/12/2025 (some charts below as well):

Stats vs S&P 500 ETF (SPY)	Daily StDev	Correlation	Beta to SPY	Alpha Daily	Alpha Annualized (252d)	Cum 4/3/25-9/12/25
SPY	1.49%	1.00	100.0%	0.000%	0.0%	22.9%
60/40 (SPY/AGG)	0.93%	0.99	61.8%	0.007%	1.8%	14.9%
SPRP10T (Risk Parity)	0.56%	0.40	14.9%	0.054%	14.5%	9.5%
VRM1	1.13%	0.86	65.4%	0.041%	10.9%	27.2%
VRM2	0.86%	0.78	45.0%	0.037%	9.7%	20.1%

Stats vs 60/40 (SPY/AGG)	Daily Stdev	Correl	Beta to 60/40	Alpha Daily	Alpha Annualized (252d)	Cum 4/3/25-9/12/25
60/40 (SPY/AGG)	0.93%	1.00	100.0%	0.000%	0.0%	14.9%
SPY	1.49%	0.99	158.8%	-0.007%	-1.8%	22.9%
SPRP10T (Risk Parity)	0.56%	0.45	27.1%	0.048%	12.9%	9.5%
VRM1	1.13%	0.85	103.9%	0.036%	9.5%	27.2%
VRM2	0.86%	0.78	72.4%	0.032%	8.5%	20.1%

In the absence of knowing a potential client's current exposures or biases, we recommend looking at the VRM1 , VRM2, Global Multi, or Baseline Fixed Income portfolios to see how they might complement your risk exposures or reflect your biases.

ARAM Global Multi-Asset Model Portfolio	Net Return Summary (monthly to 8/31/25)							Stats to S&P Risk Parity 10% Vol Index				
	Aug 2025	2025 YTD Net %	1 year Net %	3 year Net %	5 Year Net %	Cum Net % since 1/2016	Positive Return Months	Alpha since 1/2016	12mo Alpha	12mo Beta	12mo Correll	12mo Ret/ StDev
Global Multi - 70	4.14%	6.9%	7.4%	35.4%	63.0%	183%	64%	4.0%	2.1%	0.70	0.43	0.6
Global Multi - 25	2.38%	8.8%	11.7%	36.7%	38.7%	146%	66%	3.7%	10.7%	0.14	0.16	1.6
VRM1	2.15%	10.0%	12.4%	37.1%	33.0%	126%	65%	3.1%	11.6%	0.11	0.13	1.8
VRM1 Dynamic	2.15%	12.2%	12.8%	42.1%	71.1%	197%	64%	4.6%	8.0%	0.57	0.47	1.3
VRM2 Dynamic	2.21%	10.3%	10.9%	39.8%	68.2%	192%	64%	4.4%	6.2%	0.56	0.48	1.2

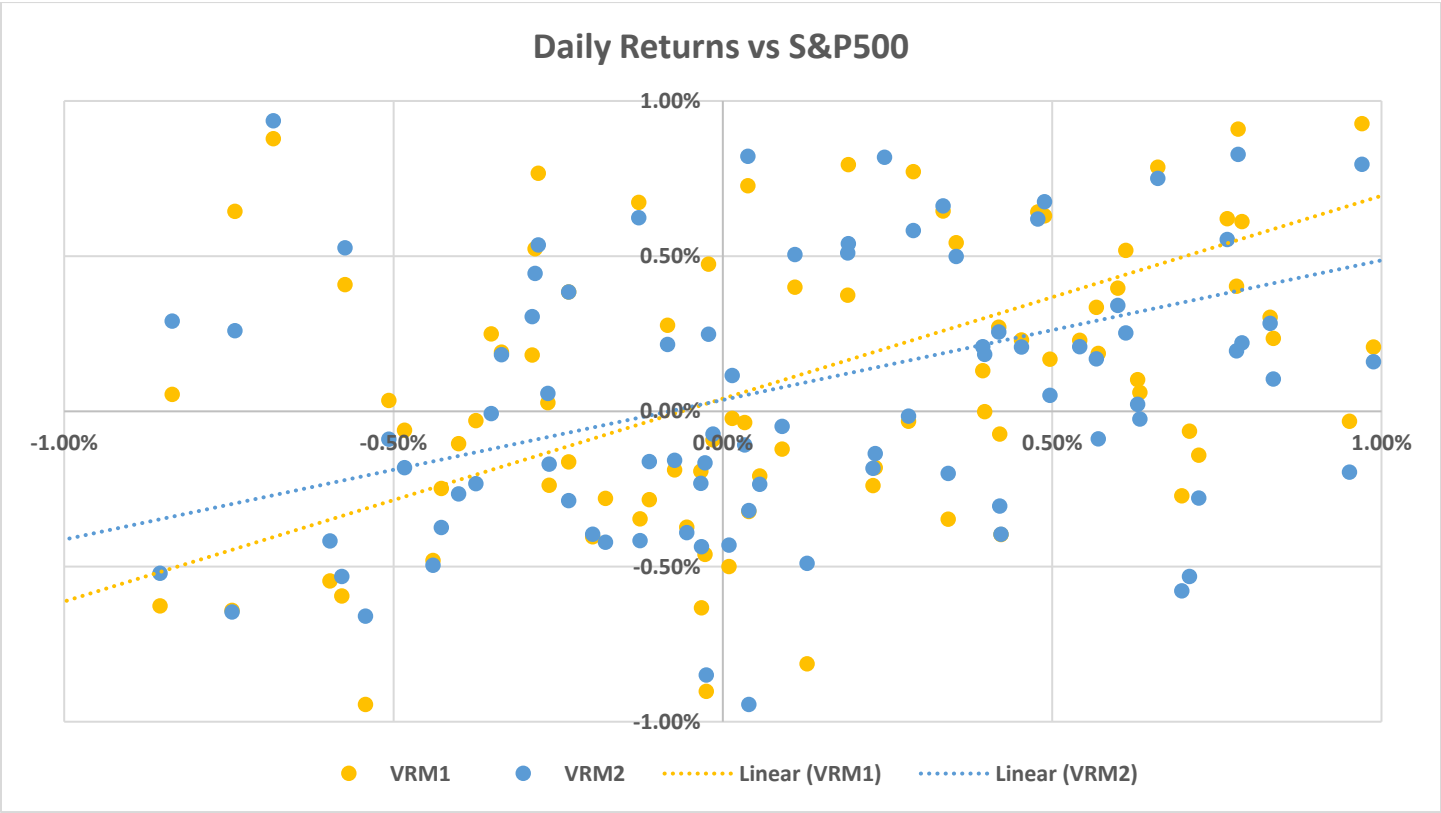
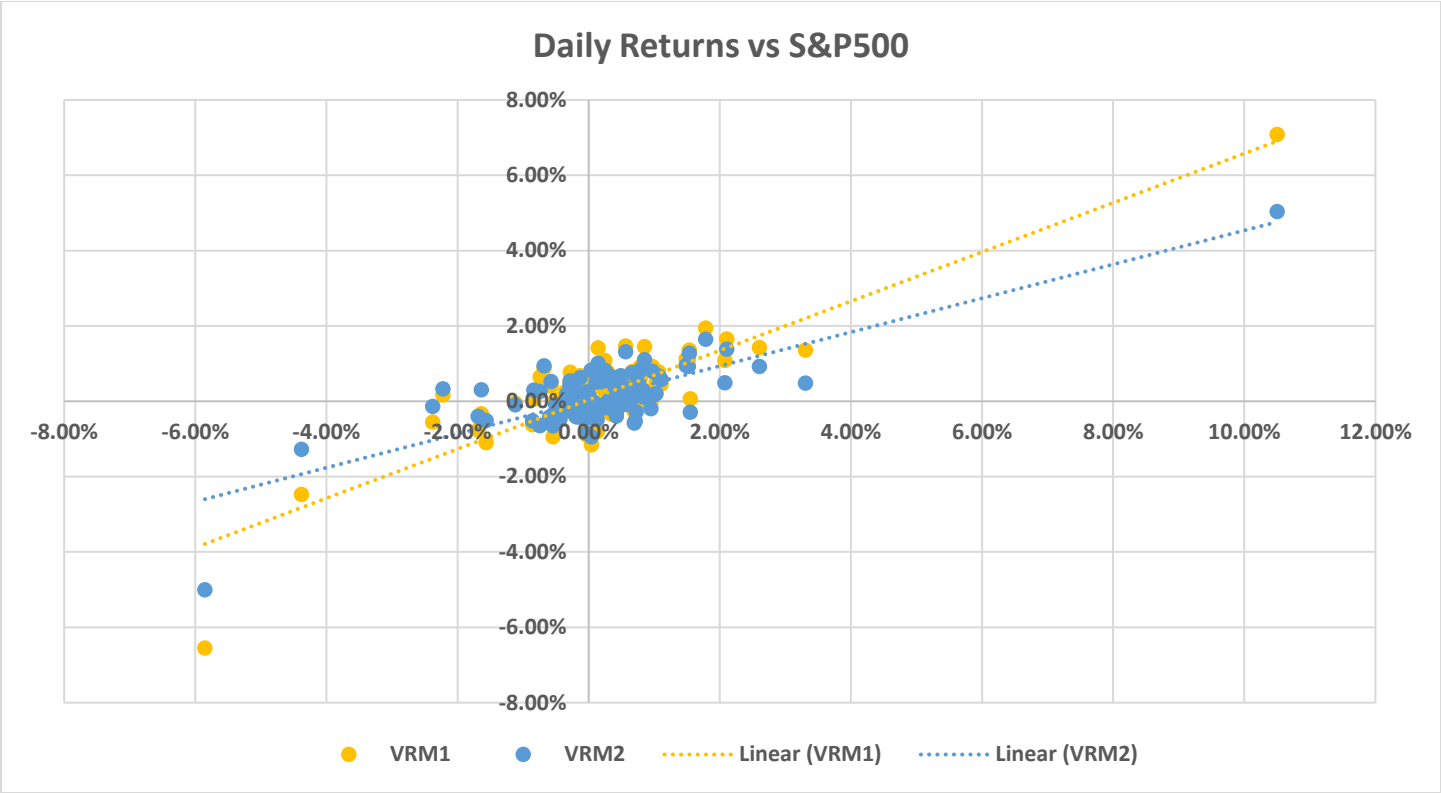
ARAM Fixed Income Model Portfolio	Net Return Summary							Stats to Bloomberg Aggregate Index				
	Aug 2025	2025 YTD Net %	1 year Net %	3 year Net %	5 Year Net %	Cum Net % since 1/2016	Positive Return Months	Alpha since 1/2016	12mo Alpha	12mo Beta	12mo Correll	12mo Ret/ StDev
Baseline	0.45%	2.8%	5.7%	23.1%	22.1%	74%	71%	4.9%	5.7%	0.02	0.03	1.4
Aggressive	0.37%	2.4%	5.8%	22.2%	29.9%	151%	67%	9.0%	5.8%	0.04	0.03	1.1
Scalable UST	0.33%	2.5%	3.9%	5.7%	3.7%	24%	68%	1.2%	4.0%	-0.01	-0.41	36.2
Scalable IG	0.23%	2.9%	5.4%	15.3%	11.3%	41%	63%	2.7%	5.6%	-0.05	-0.10	2.3

ARAM US Equity and Multi-Asset Model Portfolio	Net Return Summary							Stats to SPY ETF				
	Aug 2025	2025 YTD Net %	1 year Net %	3 year Net %	5 Year Net %	Cum Net % since 1/2016	Positive Return Months	Alpha since 1/2016	12mo Alpha	12mo Beta	12mo Correll	12mo Ret/ StDev
EquityPlus - 100	0.85%	0.0%	9.2%	39.2%	177.5%	482%	63%	8.4%	-7.9%	1.17	0.91	0.6
EquityPlus - 75	0.80%	-1.1%	7.6%	32.6%	149.6%	413%	61%	6.1%	-8.5%	1.11	0.92	0.6
MultiAsset - 100	0.85%	0.0%	7.6%	37.3%	144.3%	565%	62%	11.7%	-9.6%	1.20	0.94	0.5
MultiAsset - 70	0.66%	0.7%	5.2%	23.3%	70.7%	266%	59%	6.8%	-7.5%	0.87	0.95	0.5

	Return Summary							Stats to Bloomberg Aggregate Index				
Benchmark Passive Fixed Income Index	Aug 2025	2025 YTD Net %	1 year Net %	3 year Net %	5 Year Net %	Cum Net % since 1/2016	Positive Return Months	Alpha since 1/2016	12mo Alpha	12mo Beta	12mo Correll	12mo Ret/ StDev
Aggregate	1.20%	5.0%	3.1%	9.3%	-3.3%	19%	55%	0.0%	0.0%	1.00	1.00	0.7
U.S. Treasury	1.06%	4.5%	2.4%	6.3%	-7.2%	12%	50%	-0.4%	-0.5%	0.95	0.99	0.5
Govt-Related	1.28%	5.7%	4.0%	11.8%	0.7%	24%	63%	0.6%	1.3%	0.87	0.99	1.0
Corporate	1.01%	5.3%	3.9%	14.6%	0.0%	35%	59%	0.9%	0.7%	1.01	0.97	0.8
Securitized	1.59%	5.5%	3.5%	9.2%	-1.5%	15%	58%	-0.3%	0.1%	1.09	0.99	0.7
MBS	1.61%	5.5%	3.4%	8.7%	-2.0%	14%	55%	-0.4%	-0.2%	1.13	0.99	0.6
High Yield	1.25%	6.4%	8.3%	30.6%	28.6%	84%	69%	5.3%	6.9%	0.41	0.58	2.4

	Return Summary							Stats to EQ/FI 60/40				
Equity and Multi-Asset Benchmark	Aug 2025	2025 YTD	1 year	3 year	5 Year	Cum% since 1/2016	Positive Months	Alpha since 1/2016	12mo Alpha	12mo Beta	12mo Correll	12mo Ret/ StDev
SPY ETF	2.05%	10.7%	15.9%	70.3%	98.4%	271%	71%	0.5%	-0.2%	1.49	0.97	1.2
EQ/FI 60/40	1.69%	8.6%	10.8%	43.6%	50.6%	143%	72%	0.0%	0.0%	1.00	1.00	1.3
S&P RiskParity	2.59%	9.7%	8.4%	23.4%	39.5%	109%	66%	-0.7%	1.0%	0.70	0.72	1.1

The following charts show the Beta and Alpha of VRM1 and VRM2 to the S&P500 (X-Axis), daily returns since 4/3/2025. The lower Beta is clear, the next chart zooms in to show the Alpha, since these are daily returns.



The prior newsletters had lots of important analysis to understand market risk. With the Fed about to cut rates, I'd recommend re-reading them. Some links are here too:

[Understanding the Impacts of Fed and BOJ Rate Decisions](#)

[The Road to Manufacturing](#)

Please call with questions.

Regards, Samir
September 15, 2025

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