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September 2004

**SECTION:** TRADING ADVISOR REVIEW; No. 307; Pgs. 11 and 12

**LENGTH:** 1322 words

**HEADLINE:** The life blood of Chicago

**BYLINE:** By M. Corey Goldman

**HIGHLIGHT:**

Former Turtle looks to bring in new investment

**BODY:**

Jim DiMaria is nothing if not a die-hard trading advisor. It comes from being born and raised in Chicago near the excitement of the screaming throngs in the pits. It comes from learning from and trading alongside masters like **Richard Dennis**. It's in his blood.

Apparently blood runs thick. For al-most 20 years, DiMaria has been manag-ing client money with a trend-following approach learned from one of the masters and fine-tuned to offer low volatility and nimbleness.

After more than two decades, his strategy is relatively unchanged. He still employs essentially the same types of internally developed money management principles that determine and limit equity committed to each trade, market and group of markets, in effect reducing risk.

His secrets are patience, diversification and options-plenty of them. At any one time, the JPD Global Diversified Program will have positions in about half the 100 different markets it follows, using leverage of high as four to one, depending on the client's appetite for risk.

But his real focus and passion is the probability game-doing the research, applying a statistical set of rules and putting on or taking off trades in very small pieces that don't even cross the radar screens of the rest of the market.

"When I tell people what we're do-ing, they can't believe that we're trading that small," says DiMaria. "It usually takes us days, weeks to put a trade on or take it off. But when taken in total, the positions can be very profitable."

**JPD ENTERPRISES INC**

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**Vital Statistics**

Assets under mgt \$24 million

Minimum investment \$3 million

Registration CFTC

Fee structure

Management fee 2.0%

Incentive fee 20.0%

Avg commission \$15

Ratios

Median margin-to-equity 8.0%

Ann comm-to-equity 3.4%

Roundturns/

\$ M/year 2,250

**Auditor** Deloitte & Touche

**Good track record**

Profitable indeed.

In its 20-year history, JPD has experienced only three losing years-two before 1993 when DiMaria fine-tuned the strategy, increasing diversification significantly, and one in 1999, a tough year generally for managed futures.

On the flip side, the program has posted a compound annualized return of almost 20%. Perigord Partners TGV LP, a QEP fund started in January 1995 and fully invested in the JPD program, has a compound annualized return of nearly 18%.

DiMaria comes by the managed fu-tures business honestly.

From the age of 14, he dreamed of following in his older brother's footsteps, being "the guy in the pit" of the Chicago Board of Trade or the Chicago Mercantile Exchange, taking orders and filling them for clients of all stripes buying and selling **commodities**.

"It's just part of the fiber of Chicago," says DiMaria. "If I were from Baltimore or Los Angeles, I probably would never have done anything like this."

He worked summers as a dirt-sweeper, a runner, an intern, a pit reporter, a price marker and a phone clerk-doing whatever he could to stay close to the action.

After attending school in France and completing degrees in French and philosophy at the University of Notre Dame, DiMaria started his career in 1982 as a trader on the floor of the Mid-America **Commodities** Exchange.

A year later, he left the floor to work as an analyst for Mid-Am Options. As he got more exposure to the options business, DiMaria realized he wanted to *place* the orders, not take them. "I wanted to be the guy on the other end of the phone making the trading decisions."

JPD Enterprises Inc

PERFORMANCE HISTORY

January 1995 - August 2004

	JPD Global Diversified Program	Median of CISDM Subindex	Perigord Diversified Partners TGV
Return (%)			
Annual comp rate	19.93	11.29	17.11
1985	70.78	35.61	N/A
1986	131.68	12.87	N/A
1987	96.37	50.07	N/A
1988	12.14	13.51	N/A
1989	(6.58)	6.07	N/A
1990	50.36	19.16	N/A
1991	9.41	5.28	N/A
1992	(18.13)	1.12	N/A
1993	23.46	6.26	N/A
1994	21.64	0.06	N/A
1995	20.20	2.02	51.55
1996	13.87	8.85	26.59
1997	9.98	18.11	20.12

1998	10.08	16.99	21.21
1999	(5.41)	3.93	(8.67)
2000	3.99	19.78	8.49
2001	0.13	4.49	0.01
2002	19.89	18.09	39.54
2003	9.98	11.32	18.81
2004 (7 mths)	(0.76)	(2.00)	(1.02)
August estimate	0.30		0.75
Risk (%)			
Annual std dev	44.87	28.36	22.82
Semideviation	14.47	15.63	12.37
Maximum decline	(35.65)	(29.60)	(29.42)
Return/Risk			
Sharpe Ratio	0.33	0.21	0.57
Comparison with CISDM			
Diversified Subindex			
R-Squared	0.42		
Alpha	0.41		
Beta	1.91		

### The Turtle club

His break came in 1985, when he was among a select group picked to trade **commodities** for **Richard Dennis**, a futures and options trader who wanted to prove to his partner that trading methods could be taught. Dennis called his recruits "Turtles."

For three years, DiMaria used Dennis's proprietary capital and overall philosophies to trade. Like many other Turtles, he did remarkably well, posting returns of almost 300% in his first three years.

But a byproduct of the success was a tremendous amount of volatility. So in 1988, DiMaria established JPD Enterprises Inc, a managed futures shop focused on controlling volatility and diversification of markets using the trading methods he picked up under Dennis's tutelage.

He also decided to increase the number of markets traded and deleverage his strategy to cut down on volatility and target a more conservative institutional client base.

"It was an intentional decrease in volatility, in aggressiveness," he says. "Other traders would probably go crazy trading as nonaggressively as we do, but I would go crazy trading as aggressively as they do."

### Long-term consistency

DiMaria's program aims to engage in speculative trading of a wide variety of **commodity** interests, including but not limited to foreign and domestic futures contracts, options on futures, forward and spot contracts, and cash **commodities**.

By his own estimates, DiMaria figures his strategy has changed about 5% per year since the program started, resulting in a strategy similar but not identical to that of 20 years ago.

"Usually people who have been in this business as long as us have more assets under management," he says. "Usually people with that amount under management are just starting. We're certainly not an emerging trader, but by equity standards we sort of are."

And that's exactly where he wants to be right now. With his two kids off at college, he decided that now is the time to focus on what he does best—managing money for select clientele that understand and agree with his approach.

Earlier this year, he hired Amy Coty, another Chicago native, to help raise JPD's profile outside the Chicago trading circuit and offer it to more institutional clients "who know what they're doing and are confident in Jim's approach," she says.

"Rather than trying to take someone's spot because someone got disappointed in someone else, we're looking to be the anchor tenant in new funds of funds."

"We can be leveraged. If they give us \$3 million and we're comfortable with the investor, we'll allow them to leverage it four times via notional funding."

But one thing they'll never do is create a trading model for a client, she says. "We are not one of those outfits that people get nervous about thinking, 'Okay, these people are going to be asleep when the model ceases to work.'"

"We're not trying to be anything but the best trader we can be."