

Managed Futures During Equity Market ‘Crises’

Although managed futures strategies can only be considered a statistical portfolio hedge (i.e. not a perfect risk hedge), they have shown strong historical performance during extremely adverse equity markets conditions.

Returns during the S&P 500 TR Index worst quarters since 1985 | As of 31 December 2017

	S&P 500	Managed Futures	Difference
Black Monday (Q4-1987)	-22.5%	13.8%	36.3%
Lehman bankruptcy (Q4-2008)	-21.9%	6.7%	28.6%
Worldcom scandal (Q3-2002)	-17.3%	6.8%	24.1%
Terrorist attacks on WTC and Pentagon (Q3-2001)	-14.7%	2.6%	17.3%
Greek downgrade & EU sovereign debt crisis (Q3-2011)	-13.9%	1.0%	14.9%
Iraq invades Kuwait (Q3-1990)	-13.7%	15.8%	29.5%
Tech Bubble: Middle to late innings (Q2-2002)	-13.4%	8.2%	21.6%
Early stages of recession (Q1-2001)	-11.9%	3.8%	15.7%
“Flash crash” (Q2-2010)	-11.4%	-0.4%	11.0%
S&P 500 reaches bottom in financial crisis (Q1-2009)	-11.0%	-1.9%	9.1%
Russian default, Long-Term Capital Management (Q3-1998)	-9.9%	8.9%	18.8%
Credit crisis: Collapse of Bear Sterns (Q1-2008)	-9.5%	6.9%	16.4%
Credit crisis: Bailout of banks (Q3-2008)	-8.4%	-3.0%	5.4%
Initial stages of Dot Com bubble burst (Q4-2000)	-7.8%	9.9%	17.7%
China induced turmoil (Q4-2015)	-6.4%	-0.7%	5.7%

Indices: S&P 500 Total Return Index; Barclay CTA Index. Source: Bloomberg, Barclay Hedge.

The S&P 500 Total Return Index is used as a proxy for the performance of equities markets generally. We believe this is an appropriate representation and that mutual funds tracking the performance of this particular index are included in many typical investment portfolios. This total return index includes net dividends and is calculated by adding an indexed dividend return to the index price change for a given time period.

The Barclay CTA Index is used as a proxy for the performance and statistical data representing the managed futures investment strategy. As of December 2015, the 535 programs included in the index represented assets of approximately \$232 billion. The performance of the CTA Index is not the performance of any individual managed futures strategy or fund, and the performance of any such strategy or fund may vary substantially from the performance of this Index.

Past performance is not indicative of future results. All asset classes are subject to various risks that affect their performance in different market cycles, and different economic periods will produce different results. There is no guarantee that any investment will achieve its objectives, generate profits or avoid losses. This information is provided for informational purposes only and does not constitute an offer or solicitation. Investments in managed futures may only be offered when accompanied with additional information and disclosures on risks, charges and liquidity.