

2017  
**INSIGHTS**

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# Managed Futures: The Potential Benefits of a Short and Long Term Perspective

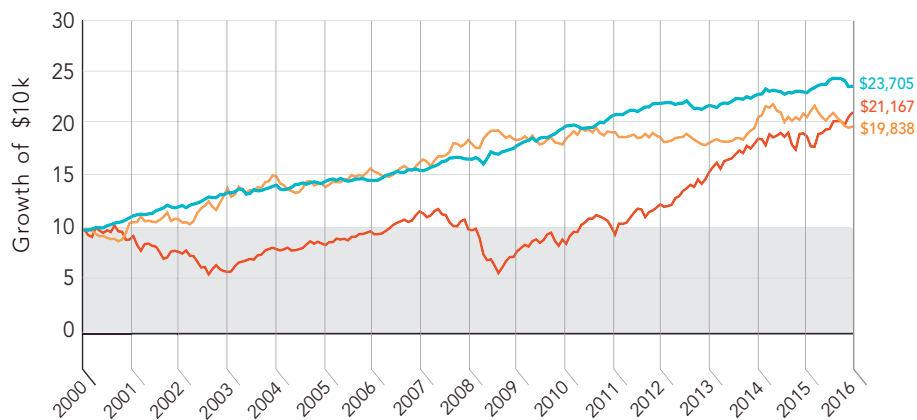
Like most other asset classes, managed futures performance is cyclical, and should be viewed in the context of overall investment performance across asset classes over both short and long time horizons. Although managed futures have not worked all the time, they may offer the potential to work over time.

**GRAPH KEY**

- Fixed Income  
(Barclays Aggregate Bond Index)
- Managed Futures  
(Barclay BTOP50® Index)
- Equities  
(S&P 500® Index)

Definitions of Terms and Indices  
can be found on page 7.

**Growth of \$10,000 investments in managed futures, stocks and bonds**  
1/1/2000 - 12/31/2016



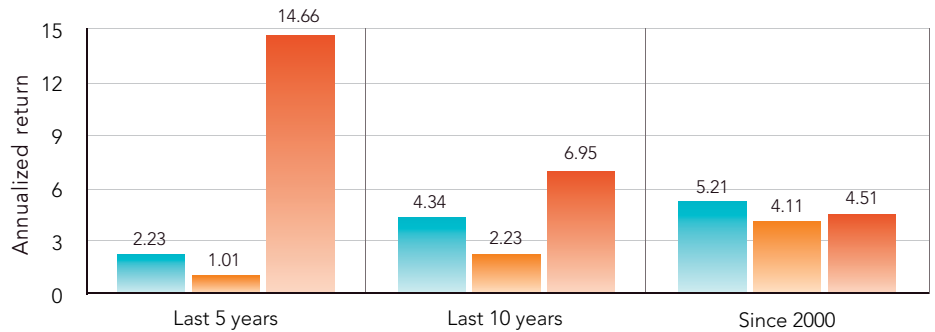
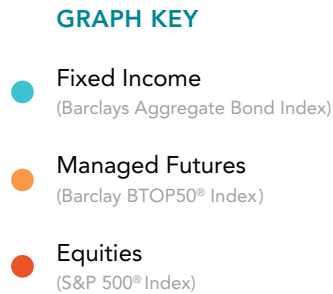
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DIVERSIFICATION DOES NOT ENSURE PROFIT OR PREVENT LOSSES. AN INVESTMENT IN MANAGED FUTURES IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. YOU CAN LOSE MONEY IN A MANAGED FUTURES PROGRAM. THERE IS NO GUARANTEE THAT AN INVESTMENT IN MANAGED FUTURES WILL ACHIEVE ITS OBJECTIVES, GOALS, GENERATE POSITIVE RETURNS, OR AVOID LOSSES.

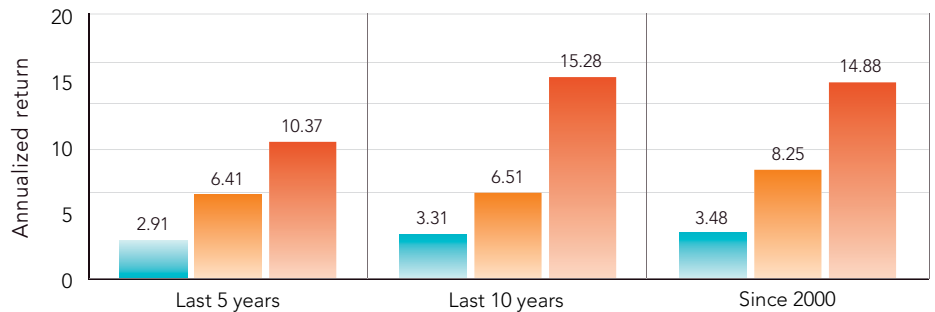
Over the past fifteen years, managed futures as an asset class has been on par with traditional and non-traditional asset classes, all the while experiencing approximately half the volatility of stocks.

### Annualized returns of managed futures, stocks and bonds (%)

1/1/2000-12/31/2016



### Annualized standard deviation of managed futures, stocks and bonds (%)



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## Q&A

The questions and answers below pertain to the charts displayed on pages 4, 5, and 6. The quilt chart (pages 4-5) provides a closer look at the comparative performance of managed futures versus various asset classes since 2000 (2000-2016).

**Q.** *True or False? Managed Futures* as an asset class has delivered risk-adjusted returns beyond 65% of its peers (including fixed-income, equities, commodities, long/short strategies, and others).

**A. True**

**Q.** Aside from US bonds, which asset class experienced the least significant average peak to trough decline (drawdown, page 6)?

**A. Managed futures**

**Q.** How many years of positive returns have managed futures experienced since 2000?

**A. 12 years**

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For more information on managed futures, please contact your investment professional or visit [equinoxfunds.com](http://equinoxfunds.com).



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**Comparative performance of various asset classes since 2000 (%)**

Calendar year compound rate of return

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	COMPOUND RATE OF RETURN SINCE 2000 (Annualized)	STANDARD DEVIATION SINCE 2000 (Annualized)	SHARPE RATIO SINCE 2000 (Annualized)	
Positive Returns	LO Cmdty 49.74	REITs 11.69	LO Cmdty 32.07	Int'l Equity 38.59	REITs 31.22	LO Cmdty 25.55	REITs 35.50	LO Cmdty 32.67	Lg. CTAs 13.58	Int'l Equity 31.78	REITs 26.93	US Bonds 7.84	REITs 18.93	US Equity 32.39	REITs 27.24	Currency 8.93	US Equity 11.96	REITs 10.85	LO Cmdty 23.25	US Bonds 0.99	
	REITs 27.64	L/S Equity 8.96	Int'l Bonds 21.89	REITs 36.90	Int'l Equity 20.25	Int'l Equity 13.54	Int'l Equity 26.34	Int'l Equity 11.17	Int'l Bonds 9.43	REITs 30.81	US Equity 15.06	REITs 6.05	Int'l Equity 17.32	Int'l Equity 22.78	US Equity 13.69	REITs 2.14	LO Cmdty 11.37	US Bonds 5.21	REITs 21.10	REITs 0.52	
	L/S Equity 16.97	US Bonds 8.44	Lg. CTAs 13.68	US Equity 28.68	LO Cmdty 17.28	Currency 12.30	US Equity 15.79	Int'l Bonds 10.94	Currency 7.11	US Equity 26.46	LO Cmdty 9.03	Int'l Bonds 5.24	US Equity 16.00	L/S Equity 11.14	Currency 13.04	US Equity 1.38	REITs 7.56	US Equity 4.51	Int'l Equity 17.03	Lg. CTAs 0.32	
	US Bonds 11.63	Currency 7.26	US Bonds 10.26	LO Cmdty 20.72	Int'l Bonds 12.06	REITs 9.64	L/S Equity 9.23	Lg. CTAs 7.57	US Bonds 5.24	LO Cmdty 13.48	L/S Equity 8.92	US Equity 2.11	L/S Equity 4.81	REITs 1.77	Lg. CTAs 12.33	US Bonds 0.55	Currency 3.59	Lg. CTAs 4.11	US Equity 14.88	Int'l Bonds 0.29	
	Currency 7.75	Lg. CTAs 3.83	REITs 3.63	Int'l Bonds 18.21	US Equity 10.88	US Equity 4.91	Int'l Bonds 7.28	US Bonds 6.97	Cash 1.51	L/S Equity 13.14	Int'l Equity 7.75	Currency 1.56	US Bonds 4.21	Lg. CTAs 0.74	US Bonds 5.97	Cash 0.05	US Bonds 2.65	Int'l Bonds 3.86	Currency 8.39	US Equity 0.26	
	Lg. CTAs 6.60	Cash 3.67	L/S Equity 2.12	Lg. CTAs 15.55	US Bonds 4.34	L/S Equity 4.19	Lg. CTAs 5.61	US Equity 5.49		US Bonds 5.93	US Bonds 6.54	Cash 0.06	Int'l Bonds 1.77	Currency 0.40	L/S Equity 1.42		Int'l Bonds 1.87	L/S Equity 2.56	Int'l Bonds 8.32	L/S Equity 0.15	
	Cash 6.32		Cash 1.68	L/S Equity 14.47	L/S Equity 2.19	Cash 3.34	Cash 5.06	Cash 4.77		Int'l Bonds 4.35	Lg. CTAs 6.38			Cash 0.09	Cash 0.06	Cash 0.03		Int'l Equity 1.00	Int'l Equity 2.25	Lg. CTAs 8.24	Int'l Equity 0.12
				US Bonds 4.10	Cash 1.43	Lg. CTAs 2.76	US Bonds 4.33	L/S Equity 3.21		Cash 0.16	Int'l Bonds 6.12			LO Cmdty 0.08				Cash 0.34	Cash 1.73	L/S Equity 7.08	LO Cmdty 0.01
				Cash 1.05	Lg. CTAs 0.86	US Bonds 2.43												L/S Equity 0.10	Currency 0.05	US Bonds 3.48	
																				Cash 0.58	
Negative Returns	Int'l Bonds -2.83	Int'l Bonds -3.95	Currency -12.75	Currency -14.67	Currency -7.17	Int'l Bonds -8.79	Currency -8.28	Currency -8.07	L/S Equity -25.45	Lg. CTAs -4.77		LO Cmdty -1.18	Currency -0.81	LO Cmdty -1.22	Int'l Bonds -2.77	Int'l Equity -0.81	Lg. CTAs -4.44	LO Cmdty -0.80		Currency -0.16	
	US Equity -9.10	US Equity -11.89	Int'l Equity -15.94				LO Cmdty -15.09	REITs -18.15	US Equity -37.00	Currency -4.78		Lg. CTAs -4.25	Lg. CTAs -1.83	US Bonds -2.02	Int'l Equity -4.90	Lg. CTAs -0.92					
	Int'l Equity -14.17	Int'l Equity -21.44	US Equity -22.10						REITs -40.07			Int'l Equity -12.14		Int'l Bonds -4.88	LO Cmdty -33.06	L/S Equity -2.33					
		LO Cmdty -31.93							Int'l Equity -43.38			L/S Equity -19.08				Int'l Bonds -4.84					
								LO Cmdty -46.49								LO Cmdty -32.86					

- REITs  
Dow Jones REIT Composite Index<sup>SM</sup>
- Long/Short Equity  
HRFX<sup>®</sup> Equity Hedge Index
- US Bonds  
Barclays Aggregate Bond Index<sup>®</sup>
- Currency  
ICE Futures US Dollar Index (USD<sup>®</sup>)
- Cash  
Citi 3-Month Treasury Bill
- Largest CTAs  
Barclay BTOP50 Index<sup>®</sup>
- International Bonds  
Barclays Global ex-US Treasury Bond Index<sup>®</sup>
- US Equities  
S&P 500<sup>®</sup> Total Return Index
- International Equities  
MSCI EAFE - Gross - USD
- Long-Only Commodities  
S&P GSCI<sup>®</sup> Total Return Index

*Investors cannot directly invest in an index and unmanaged index returns do not reflect any fees, expenses or sales charges.*

*Definitions of Terms and Indices can be found on page 7.*

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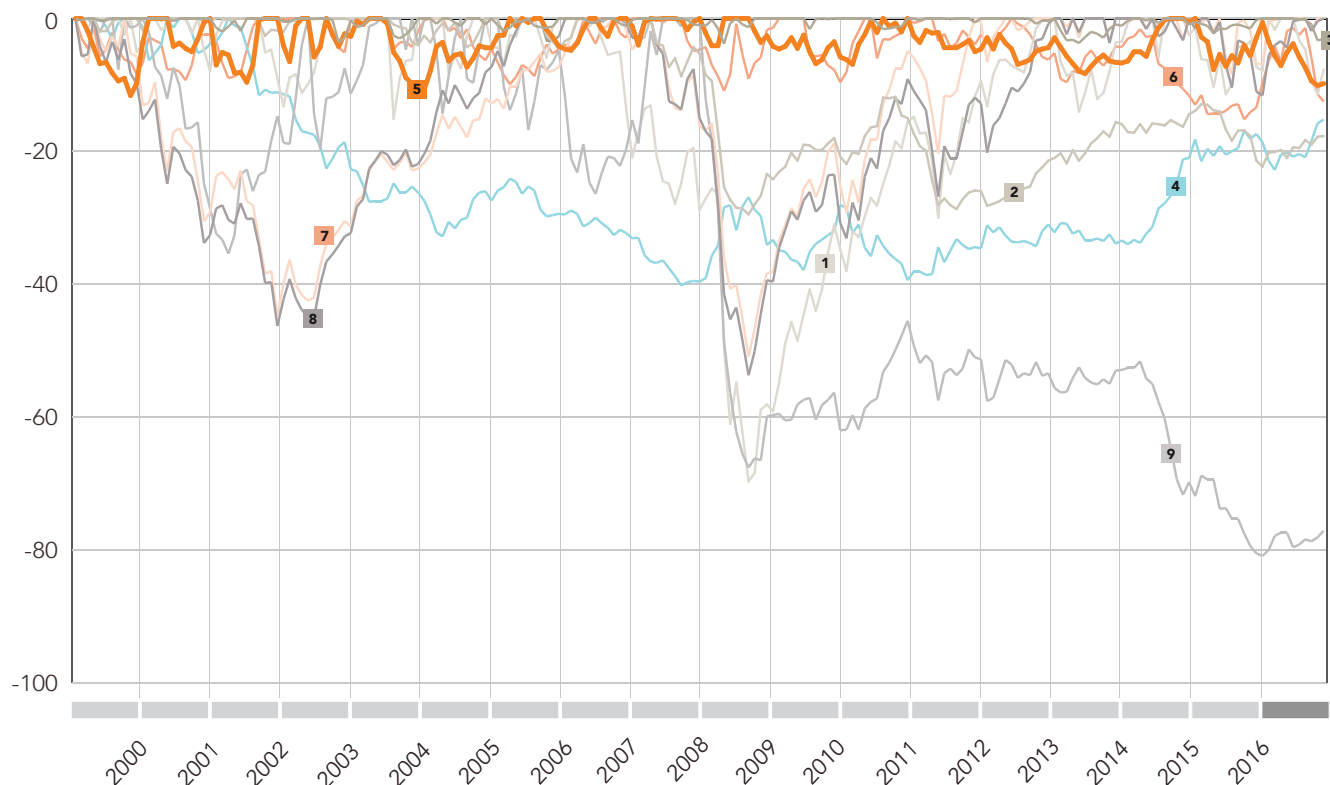
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## Comparative Drawdown Analysis of Various Asset Classes

1/1/2000-12/31/2016



**1** REITs  
Dow Jones REIT Composite Index<sup>SM</sup>

**4** Currency  
ICE Futures US Dollar Index (USD<sup>®</sup>)

**7** US Equities  
S&P 500<sup>®</sup> Total Return Index

**2** Long/Short Equity  
HRFX<sup>®</sup> Equity Hedge Index

**5** Largest CTAs  
Barclay BTOP50 Index<sup>®</sup>

**8** International Equities  
MSCI EAFE - Gross - USD

**3** US Bonds  
Barclays Aggregate Bond Index<sup>®</sup>

**6** International Bonds  
Barclays Global ex-US Treasury  
Bond Index<sup>®</sup>

**9** Long-Only Commodities  
S&P GSCI<sup>®</sup> Total Return Index

Historical drawdowns among various asset classes can be substantial.

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## APPENDIX

### DEFINITIONS OF TERMS

**Annualized rate of return (AROR)** is the geometric average return for a period greater than or equal to one year, expressed on an annual basis or as a return per year.

**Annualized standard deviation (volatility)** measures the degree of variation of monthly returns around the mean (average) return. The higher the volatility of the investment returns, the higher the annualized standard deviation will be.

The **correlation coefficient**,  $r$ , indicates both the strength and direction of the relationship between the independent and dependent variables. Values of  $r$  range from -1.0, a strong negative relationship, to +1.0, a strong positive relationship. When  $r=0$ , there is no relationship between variables  $x$  and  $y$ .

A **drawdown** refers to the peak-to-trough decline during a specific record period of an investment, fund or commodity. A drawdown is usually quoted as the percentage between the peak and the trough.

**Long Position** refers to the buying of a security such as a stock, commodity or currency, with the expectation that the asset will rise in value.

**Sharpe Ratio** is a risk-adjusted measure developed by William F. Sharpe, calculated using annualized standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe Ratio, the better the fund's historical risk-adjusted performance (assumed risk-free rate is 0%).

**Short Position** refers to the sale of a borrowed security, commodity or currency with the expectation that the asset will fall in value.

### INDEX DEFINITIONS

**Investors cannot directly invest in an index and unmanaged index returns do not reflect any fees, expenses or sales charges.**

The **Barclay BTOP50 Index® (BTOP50)** seeks to replicate the overall composition of the managed futures industry with regard to trading style and overall market exposure.

The **Barclays Capital US Aggregate Bond Index®** covers the USD-denominated, investment-grade, fixed-rate, taxable bond market of SEC-registered securities.

The **Barclays Capital Global Treasury Ex-US Bond Index®** includes government bonds issued by investment-grade countries outside the United States, in local currencies, that have a remaining maturity of one year or more and are rated investment grade.

The **Dow Jones REIT Composite Index<sup>SM</sup>** aims to represent all publicly traded real estate investment trusts (REITs) included in the Dow Jones Indices US stock universe and covers approximately 100% of the total REIT market value.

The **HFRX® Equity Hedge Index** seeks to replicate equity hedge strategies that maintain positions, both long and short, primarily equity and equity derivative securities.

The **ICE Futures US Dollar Index (USD<sup>X</sup>®)** is a leading benchmark for the international value of the US dollar and the world's most widely recognized, publicly traded currency Index.

The **MSCI® EAFE® Index (Europe, Australasia, Far East)** is a free float-adjusted market capitalization index that is designed to measure the equity market performance of 21 developed markets, excluding the US & Canada.

The **S&P 500® Total Return Index** is widely regarded as the best single gauge of the US equities market. The S&P 500® Index is an unmanaged composite of 500 large capitalization companies.

The **S&P GSCI® Total Return Index** is widely recognized as a leading measure of general price movements and inflation in the world economy. It provides investors with a reliable and publicly available benchmark for investment performance in the commodity markets, and is designed to be a "tradable" index.

## A WORD ABOUT RISK

THE PURCHASE OF A MANAGED FUTURES INVESTMENT INVOLVES A HIGH DEGREE OF RISK.

SPECIFICALLY, YOU SHOULD BE AWARE THAT, IN ADDITION TO NORMAL INVESTMENT RISKS, MANAGED FUTURES INVESTMENTS ENTAIL CERTAIN RISKS, INCLUDING, IN ALL OR SOME CASES:

- MANAGED FUTURES OFTEN ENGAGE IN LEVERAGING AND OTHER SPECULATIVE INVESTMENT PRACTICES THAT MAY INCREASE THE RISK OF INVESTMENT LOSS.
- MANAGED FUTURES CAN BE HIGHLY ILLIQUID.
- MANAGED FUTURES ARE NOT REQUIRED TO PROVIDE PERIODIC PRICING OR VALUATION INFORMATION TO INVESTORS.
- MANAGED FUTURES MAY INVOLVE COMPLEX TAX STRUCTURES AND DELAYS IN DISTRIBUTING IMPORTANT TAX INFORMATION.
- MANAGED FUTURES ARE NOT SUBJECT TO THE SAME REGULATORY REQUIREMENTS AS MUTUAL FUNDS.
- MANAGED FUTURES OFTEN CHARGE HIGH FEES

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