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Managed futures have been one of the most rapidly growing asset classes.

The increased popularity of managed futures can partially be attributed to the low to negative correlation between managed futures and equities.

Managed futures returns during significant financial market disruptions

The table examines 15 financial crises over the past 20 years. As you can see, managed futures were positive during 12 of the 15 periods, while equity returns ranged from -6.6% to -46.4% during that same time. This data suggest that significant market disruptions have historically created favorable return environments for managed futures.

MANAGED FUTURES DURING MARKET DISRUPTIONS

Event Risk and Correlation

PERIOD	STARTING VIX®	ENDING VIX®	CHANGE IN VIX®	EQUITY RETURNS	MANAGED FUTURES RETURNS	DESCRIPTION OF CRISIS
SEP-NOV 1987	--	--	--	-29.7	8.5	Black Monday
JUL-OCT 1990	15.50	30.04	93.8	-14.1	13.5	Iraq invades Kuwait
FEB-MAR 1994	10.63	20.45	92.4	-7.0	1.0	First Fed hike since 1989
JUL-AUG 1998	19.71	44.28	124.7	-15.4	5.4	Russian default and LTCM crisis
SEP-NOV 2000	16.84	29.65	76.1	-13.1	6.0	USS Cole; Mad Cow outbreak; Bush v Gore
FEB-MAR 2001	22.02	28.64	30.1	-14.9	5.3	Bush inaugurated; US and Britain attack Iraq
JUL-SEP 2001	19.06	31.93	67.5	-14.7	4.1	Events leading up to 9/11 attacks
APR-SEP 2002	17.40	39.69	128.1	-28.4	18.7	Enron and WorldCom; End of tech bubble
DEC-FEB '02-03	27.50	29.63	7.7	-9.7	17.5	War in Iraq; SARS outbreak
JUN-FEB '08-09	17.83	46.35	160.0	-46.4	7.2	Global financial crisis (The Great Recession)
MAY-JUN 2010	22.05	34.54	56.6	-12.8	-2.8	Greek crisis
MAY-SEP 2011	14.75	42.96	191.3	-16.3	-2.1	Eurozone debt crisis; US credit downgrade
APR-MAY 2012	15.50	24.06	55.2	-6.6	2.2	Continuing European crises
AUG-SEP 2015	12.12	24.50	102.1	-8.4	-0.2	Chinese currency crisis
DEC-FEB '15-16	16.13	20.55	27.4	-6.6	3.5	Draghi stimulus fiasco; first Fed hike since 2006

__Managed Futures:__ Barclay BTOP50 Index®. __Equities:__ S&P 500® Total Return Index. Indices are unmanaged and not available for direct investment. VIX® data begins in January 1990. AUM Source: BarclayHedge Research 2016.

PAST PERFORMANCE DATA QUOTED HERE REPRESENTS PAST PERFORMANCE. CURRENT PERFORMANCE MAY BE LOWER OR HIGHER THAN THE PERFORMANCE QUOTED ABOVE. PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS.

Diversification does not ensure profit or prevent losses. 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.

For more on this topic, we encourage you to reference the following ***Insights***:

*Managed Futures During Equity "Crises"**—An Update***

Speaking of Correlation

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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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DEFINITIONS

***Correlation** is a statistical measure of how two investments move in relation to each other. A correlation of +1.0 implies that as one investment moves, either up or down, the other investment will move lockstep, in the same direction. A correlation of -1.0 means that if one investment moves in either direction the other investment will move in the opposite direction. A correlation of 0 indicates that the movements of the investments have no correlation; they are completely random.*

*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 **S&P 500® Total Return Index** is widely regarded as the best single gauge of the US equities market. This world-renowned Index includes 500 leading companies in leading industries of the US economy.*

*The **VIX® Index** is a forward-looking measure of equity market volatility. Since its introduction, VIX has been considered by many to be the world's premier barometer of investor sentiment and market volatility.*

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