

# WHAT'S GOING ON WITH MANAGED FUTURES EQUITIES?

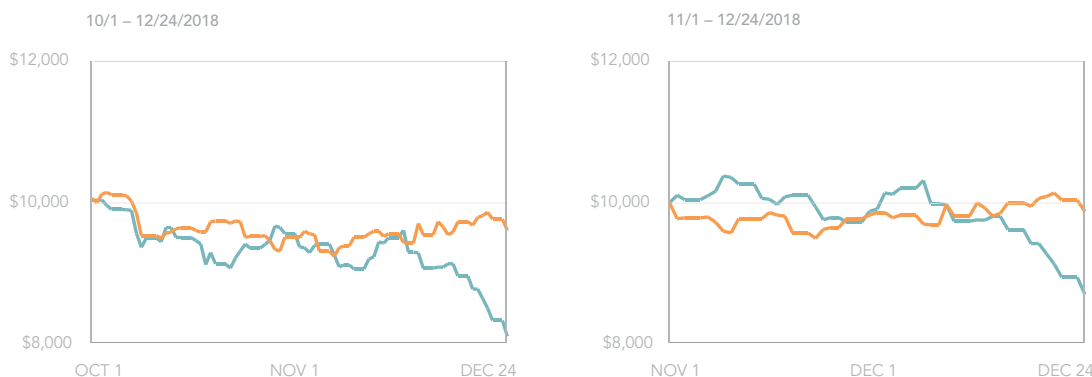
An update on the Equinox MutualHedge Futures Strategy Fund.

## UPDATE

As we approach the end of the year, many investors are looking at their equity investments with a growing sense of anxiety. The correction of the autumn now appears to be accelerating into a true bear market as global uncertainty continues to rise. After a disappointing October, managed futures indices have been turning positive and MutualHedge has limited the downside in terms of recent performance as stocks continue to slide.

## HYPOTHETICAL INVESTMENT OF \$10,000

● Equinox MutualHedge Futures Strategy Fund - I ● S&P 500® Total Return Index



## PERFORMANCE VS. BENCHMARKS (%)

As of 9/30/2018

	Year to Date			Q3 2018	YTD	ANNUALIZED RATE OF RETURN			
	AS OF 12/24	AS OF 12/1	AS OF 11/1			1 YEAR	3 YEAR	5 YEAR	SINCE INCEPTION <sup>1</sup>
<b>CLASS A</b>	-3.84	-4.33	-4.83	-3.12	0.00	0.37	-0.36	3.32	1.29
<b>CLASS A</b> (with 5.75% maximum sales charge)	-9.33	-9.80	-10.27	-8.70	-5.72	-5.39	-2.29	2.1	0.61
<b>CLASS I</b>	-3.80	-4.29	-4.78	-3.08	0.12	0.62	-0.1	3.59	1.02
<b>MANAGED FUTURES</b> (Morningstar Managed Futures Category)	-6.80	-6.84	-7.50	1.56	-2.49	2.01	-1.53	1.48	-0.71
<b>EQUITIES</b> (S&P 500®)	-10.36	5.11	4.10	7.71	10.56	17.91	17.30	13.95	13.96

<sup>1</sup>Fund inception: Class A - 12/31/2009, Class I - 5/24/2011. Displayed benchmark inception is 1/1/2010. Performance data quoted here represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance quoted above. The value of an investor's shares will fluctuate so that investor's shares, when redeemed, may be worth more or less than their original cost. Gross/net expense ratio, Class A: 1.97%/ 1.95%, I: 1.74%/1.70%. The Fund's investment advisor, Equinox Institutional Asset Management, LP, has contractually agreed to reduce its fees and/or absorb expenses of the Fund at least until 1/31/2019 to ensure that the net annual fund operating expenses do not exceed 1.95% (Class A) and 1.70% (Class I) of the Fund's average daily net assets, subject to possible recoupment from the Fund in future years subject to approval of the Fund's Board of Trustees. For performance current to the most recent month end, please visit equinoxfunds.com.

The Gross/Net Expense Ratio does not include costs associated with any over-the-counter (OTC) derivatives utilized by the Fund to gain exposure to managed futures programs. The Fund does not anticipate that it will pay fees to derivatives counterparties in the fiscal year 2017 in excess of 0.63% (annualized) of the notional exposure to managed futures programs. Please review the Fund's prospectus for more information regarding fees and expenses.

DESCRIPTIONS OF TERMS AND INDICES CAN BE FOUND ON THE BACK PAGE

## ATTRIBUTION

As MutualHedge is very well diversified, there are a few drivers behind recent outperformance.

**Trend:** The portfolio has allocations to 5 programs that are focused on systematic trend-following. Three of those five programs are positive in December and two of those five programs are positive year-to-date. Many of the profits are coming from shorts in equity indices and “risk off” positioning more generally.

**Macro:** It may come as a bit of a surprise that our allocations to global macro programs have generated the largest share of recent profits, with all five programs positive in December and four of the five positive year-to-date. For December the largest contributor is the BlueSky Dynamic Macro program, a diversified systematic macro program with a dedicated bear bias.

**Other:** Performance has been mixed across other strategies, however for December and the year some of our short term and commodity-focused programs have added positive returns that have been completely uncorrelated to trend-following and equities.

## OUTLOOK

As we are so fond of stating we do not believe we can time managed futures, but we have noted previously (Managed Futures During Crises) and in a forthcoming piece “When Does Trend ‘Kick In’?,” that managed futures often fare well in protracted equity downturns and bear markets. We further note that the positive performance has convexity – large drawdowns tend to correspond with strong performance in managed futures – and that the performance often takes a bit to “kick in,” so to speak.

We are committed to providing investors with the best-diversified portfolio of CTA programs that we can devise, as our experience and analysis has shown that this is the best way to reap the benefits of a substantial allocation to trend-following while minimizing the discomfort that often comes from the trend-following return profile. This approach has fared reasonably well in a very difficult year for managed futures, with a shorter, shallower drawdown than benchmarks and a strong and rapid return to profitability as equity markets fall. We thank you for your continued support and confidence in our team.

## DESCRIPTIONS OF TERMS AND INDICES

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

**Equities:** S&P 500® Total Return Index – 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.

**Managed Futures:** Morningstar Managed Futures Category – These funds typically take long and short positions in futures options, swaps, and foreign exchange contracts, both listed and over-the-counter, based on market trends or momentum.

**Drawdown** is 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.

**Trend-following** strategy generally seeks to identify the general direction of one or more global market segments (either up or down), using indicators such as current market prices and moving average prices, and buy or sell investments based on the assessment of these trade signals, as determined before a trade is made. Trend-following generally focuses on the direction an investment or global market segment already has gone and not on the direction it may go.

**Mutual funds involve risk including possible loss of principal. There is no assurance that the Fund will achieve its investment objective.**

The Fund’s indirect and direct exposure to foreign currencies subjects the Fund to the risk that those currencies will decline in value relative to the US Dollar, or, in the case of short positions, that the US Dollar will decline in value relative to the currency that the Fund is short. Currency rates in foreign countries may fluctuate significantly over short periods for a number of reasons, including changes in interest rates and the imposition of currency controls or other political developments in the US or abroad. In addition, the Fund may incur transaction costs in connection with conversions between various currencies. The Fund will invest a percentage of its assets in derivatives, such as futures and options contracts. The use of such derivatives may expose the Fund to additional risks that it would not be subject to if it invested directly in the securities and commodities underlying those derivatives.

The Fund may experience greater losses than those experienced by funds that do not use futures contracts and options. There may be an imperfect correlation between the changes in market value of the securities held by the Fund and the prices of futures and options on futures. Although futures contracts are generally liquid instruments, under certain market conditions there may not always be a liquid secondary market for a futures contract. As a result, the Fund may be unable to close out its futures contracts at a time that is advantageous. Trading restrictions or limitations may be imposed by an exchange, and government regulations may restrict trading in futures contracts and options. Because option premiums paid or received by the Fund are small in relation to the market value of the investments underlying the options, buying and selling put and call options can be more speculative than investing directly in securities.

The Fund is subject to liquidity risk primarily due to its investments in derivatives. Investments in illiquid securities or derivative instruments involve the risk that the Fund may be unable to sell the security or derivative instrument or sell it at a reasonable price.

**Investors should carefully consider the investment objectives, risks, charges, and expenses of Equinox MutualHedge Futures Strategy Fund. This and other important information about the Fund is contained in the Prospectus, which can be obtained by calling 1.888.643.3431. The Prospectus should be read carefully before investing.**

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