

## THE CASE FOR MANAGED FUTURES

### COMPARING PORTFOLIOS WITH VARYING LEVELS OF DIVERSIFICATION (1990 - 2023)

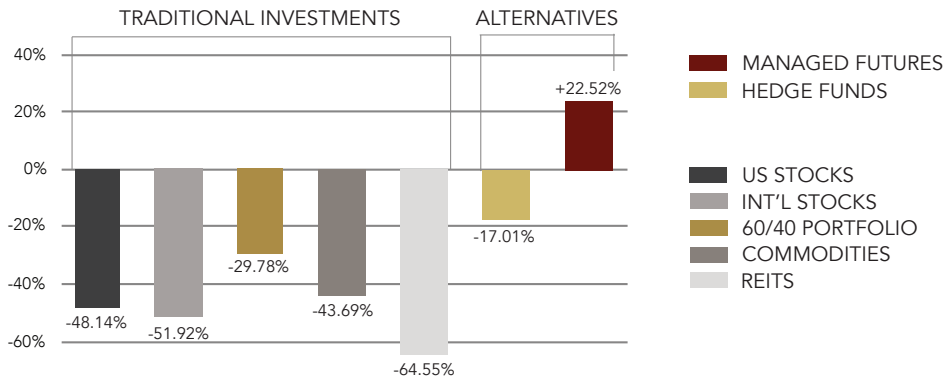
	100% STOCKS <sup>5</sup>	100% MANAGED FUTURES <sup>6</sup>	100% TRADITIONAL 60/40 PORTFOLIO <sup>7</sup>	75% TRADITIONAL 25% MANAGED FUTURES
Return <sup>1</sup>	7.60%	7.56%	6.87%	7.20%
Volatility <sup>2</sup>	15.01%	8.74%	9.48%	7.45%
Max DD <sup>3</sup>	-53.66%	-11.94%	-34.70%	-23.41%
Sortino Ratio <sup>4</sup>	0.83	1.71	1.15	1.62

1. Annualized Return
2. Annualized Standard Deviation
3. Maximum Drawdown
4. See Red Rock white paper, Sortino: A 'Sharper' Ratio

5. Stocks = 50% S&P 500 + 50% EAFE
6. The CISDM CTA Index
7. 60% Stocks + 40% Barclays Agg Bond Index

Managed Futures have historically exhibited low correlation to traditional asset classes. As Dr. John Lintner of Harvard University summarized back in 1983, "portfolios... including judicious investments... in managed futures accounts show substantially less risk at every possible level of expected return than portfolios of stocks (or stocks & bonds) alone."

### THE GREAT FINANCIAL CRISIS (09/2007 - 02/2009)



Source: Managed Futures = Barclay CTA Index, Hedge Funds = HFRI Fund Weighted Composite Index, US Stocks = Vanguard Total Stock Market Index Fund, Int'l Stocks = MSCI World Index, 60/40 = Vanguard Balanced Index Fund, Commodities = GSCI, REITs = NAREIT Index

During the Credit Crisis, Managed Futures produced extremely valuable diversification. MIT professor Dr. Kathryn Kaminski referred to this valuable potential benefit as "Crisis Alpha" in her 2011 study titled *In Search of Crisis Alpha*.

## ABOUT RED ROCK CAPITAL, LLC

Red Rock Capital is a multi-award winning CTA and commodity investment management firm located in Southern California.

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