

# Monthly Report – March 2018

## Clear Alpha Global Index (CLAXGBL Index) +0.50% in March, +2.92% in the last 12 months

### About the Clear Alpha Global Index and its sub-indices

The Clear Alpha Global Index™ is designed as a benchmark for the universe of trading strategy indices. It is calculated and published daily. Its constituents and their respective weights are updated once a quarter.

At the end of March 2018, Clear Alpha's database contained 2,655 live and 1,812 discontinued trading strategy indices. Indices are considered for inclusion in the Clear Alpha Global Index™ if they i) are unique due to either a different algorithm, sponsor, region or asset class, and ii) aim to exhibit substantial de-correlation to traditional asset benchmarks.

### Clear Alpha Global Index Monthly Performance, 2012 to 2018

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2012	0.94%	0.44%	-0.28%	-0.16%	-0.38%	-1.17%	0.47%	0.30%	-0.14%	-0.36%	0.25%	0.30%	0.18%
2013	0.14%	-0.19%	0.14%	0.27%	-0.01%	-0.47%	-0.02%	-0.40%	0.38%	0.67%	0.15%	-0.78%	-0.14%
2014	-0.75%	0.10%	0.32%	0.35%	0.95%	0.64%	-0.75%	0.74%	-0.51%	-0.37%	0.79%	0.07%	1.57%
2015	0.09%	0.34%	0.21%	-0.45%	-0.05%	-1.27%	0.45%	-1.88%	0.31%	0.80%	0.77%	-0.11%	-0.81%
2016	-0.08%	1.03%	0.25%	-0.37%	-0.13%	0.70%	0.64%	-0.21%	0.45%	-0.02%	0.05%	0.04%	2.37%
2017	0.42%	1.26%	0.17%	0.77%	0.23%	-0.15%	0.61%	0.92%	0.19%	0.90%	0.30%	0.53%	6.31%
2018	0.20%	-2.07%	0.50%										-1.39%

### The Global Index reflects the performance of all indices across our database, rather than a product managed by Clear Alpha

	Mar Return	1Y Return	1Y Sharpe		5Y Return	5Y Sharpe	
Global Index	0.50%	2.92%	0.54		7.88%	0.45	
Arbitrage	0.01%	2.59%	0.34		12.87%	0.62	
Carry	-0.29%	-0.43%	-0.44		-6.61%	-0.36	
Commodity	0.73%	11.26%	2.17		42.56%	1.25	
Fixed Income	1.16%	3.16%	0.58		21.06%	0.68	
Volatility	-0.76%	-0.19%	-0.15		4.34%	0.07	
Economic Indicators	1.47%	5.66%	1.70		1.35%	-0.05	
Research	1.89%	4.85%	0.91		-3.04%	-0.20	
Macro	0.93%	6.37%	2.05		4.65%	0.18	
Momentum	0.04%	0.14%	-0.21		7.03%	0.26	
Mean Reversion	0.37%	-2.05%	-0.29		6.64%	0.12	
Trend Following	-0.13%	0.82%	-0.10		6.62%	0.24	

Stock markets fell further in March while volatility remained high. The MSCI World Index dropped -2.5% and the VIX closed at 20, slightly above where it stood at the end of February. Nevertheless, some asset classes managed to rebound. Energy prices for example rose, as did emerging market currencies, investment grade and sovereign bonds. Within US equities, we saw a dramatic reversal in the small cap sector, with the Russell 2000 index finishing up +1.1% (by contrast the S&P 500 index fell -2.7%).

Overall, alternative beta strategies finished positive in March (+0.50%). The largest contribution came from equity factor strategies (+1.89%) where Momentum, Low Vol and Size factors all produced excess returns above +1%. The strategy is flat on a year to date basis. Second, third and fourth places went to Fixed Income arbitrage (+1.16%) helped by falling interest rates; Macro strategies (+0.93%) due to gains in commodity backwardation positions; and commodity arbitrage (+0.73%), supported by steeper future curves in the agriculture sector.

Losses were mainly seen among Volatility Arbitrage strategies (-0.76%) which suffered from increased volatility levels in the S&P 500 throughout March. Interestingly, mean reversion strategies managed to benefit from those swings and finished the month +0.37% higher, on average.

# Monthly Report – March 2018

## Top 3 Sub-index Constituents<sup>1</sup> (ranked by 1 year Sharpe ratio)

		1Y Sharpe	1Y return	Mar- 18	YTD return	2017 return	2016 return	2015 return
<b>Arbitrage - Carry</b>								
1) DB Euro Dividend Mid-Term	Euro Stoxx 50 Dividend Arbitrage	1.4	6.5%	-1.9%	-2.4%	10.9%		
2) UBS Constant Maturity Dividend Index	Euro Stoxx 50 Dividend Arbitrage	1.3	5.1%	-1.7%	-1.8%	8.7%	8.7%	2.4%
3) Credit Suisse Dividend Alpha on Nikkei 225	Nikkei 225 Dividend Arbitrage	1.3	6.7%	-1.3%	0.4%	9.7%	-7.1%	10.9%
<b>Arbitrage - Commodity Yield Optimization</b>								
1) DB Commodity Harvest OYE	Commodity Future Arbitrage - BCOM Weights	3.3	6.4%	0.6%	1.2%	6.6%	4.7%	0.8%
2) RBS Aquantum Pegasus EL	Commodity Future Arbitrage - 24 commodities	3.2	9.0%	-0.1%	4.2%	7.5%	0.9%	3.8%
3) RBS Aquantum Pegasus Zeus	Commodity Future Arbitrage - 13 commodities	3.2	17.0%	-1.7%	5.9%	14.1%	-0.1%	10.0%
<b>Arbitrage - Fixed Income</b>								
1) Morgan Stanley Enhanced FRB+ USD	USD Forward Rate Bias Arbitrage	1.9	2.6%	0.1%	1.1%	1.7%	-0.1%	1.2%
2) BOA Merrill Lynch Enh. Short-End Arbitrage EUR	EUR Forward Rate Bias Arbitrage	1.4	1.4%	0.2%	0.4%	1.2%	0.5%	0.4%
3) JPMorgan CarryMAX	Global Yield Curve Carry Arbitrage	1.3	4.5%	0.9%	0.1%	4.5%	2.3%	1.4%
<b>Arbitrage - Volatility</b>								
1) JPMorgan Satellite Short Volatility US	Short S&P 500 Variance Swaps	3.3	7.4%	0.1%	0.1%	10.1%	5.5%	1.1%
2) Credit Suisse Adaptive Volatility Index All Rolls EUR	Short EUR Swaption Straddles	2.4	4.1%	0.3%	1.1%	5.3%	7.4%	6.7%
3) DB ImpAct Euro Rates	Short EUR Swaption Straddles	2.1	2.5%	0.4%	0.5%	2.5%	0.8%	-0.7%
<b>Economic Indicators - Research</b>								
1) Commerzbank US Risk Premia	US Equity Long/Short Multi Factor	2.0	21.5%	4.8%	3.1%	22.2%	-2.4%	
2) BOA Merrill Lynch Europe Long-Short Value	Europe Equity Long/Short Value Factor	1.9	7.4%	0.4%	0.7%	6.7%		
3) BOA Merrill Lynch Europe Long-Short Momentum	Europe Equity Long/Short Momentum Factor	1.9	7.1%	0.3%	1.0%	6.2%		
<b>Economic Indicators - Macro</b>								
1) Citi FX G10 PPP	G10 FX Value Convergence	2.3	12.1%	-0.4%	-0.1%	13.9%	4.4%	-5.0%
2) Credit Suisse RAIL HOLT	Equity vs Bonds Macro Allocation	2.0	19.5%	-1.7%	-1.1%	29.0%	1.2%	-4.2%
3) Morgan Stanley HDX Weighted Backwardated Basket Dynam	Commodity Backwardation - BCOM Weights	1.9	11.1%	0.8%	-0.3%	12.2%	6.1%	-0.1%
<b>Momentum - Mean Reversion</b>								
1) Societe Generale Interest Rates Strangle Premium Euro	Short EUR Swaption Strangle	1.2	3.3%	0.3%	0.9%	4.6%	6.5%	-2.0%
2) Societe Generale Tactic Neutral	Europe Single Stock Mean Reversion - Long/Sho	1.1	2.3%	0.2%	0.7%	2.0%	1.0%	0.2%
3) Societe Generale Enhanced Buy Write US	S&P 500 Buy-Write	1.1	13.7%	-2.5%	-0.7%	21.4%	2.9%	-4.1%
<b>Momentum - Trend Following</b>								
1) Societe Generale Harmonia	Multi-Asset Trend Following - Long Only ERC	2.3	13.8%	-0.3%	1.2%	14.2%	2.0%	-3.8%
2) RBS VC Autopilot 10%	Multi-Asset Trend Following - Long Only	1.7	15.8%	-0.3%	1.1%	22.0%	-1.3%	-4.0%
3) Societe Generale US Momentum Balanced	Multi-Asset Trend Following Long Only	1.7	11.6%	-1.0%	1.5%	15.4%	3.1%	

annual performance is blank for indices that were not live during the full year

<sup>1</sup> All performance figures are based on daily snapshots of published returns, not allowing for corrections or restatements at a later stage. In order for all indices to be comparable, the performance numbers in this report have been adjusted when an index is not published in USD or its return is not expressed as a total return.

*Disclaimer: to the extent the information relates to the Clear Alpha Global Index™ (the "Index"), the information contained herein (including historical prices or values) has been obtained from sources that Clear Alpha considers to be reliable; however, Clear Alpha does not make any representation as to, or accepts any responsibility or liability for, the accuracy or completeness of the information contained herein. For a more complete description of the Clear Alpha Global Index™, reference is made to the document Index Methodology, available from Clear Alpha on request. All data are historical estimations using available data. Clear Alpha does not make any representation herein regarding the advisability of investing in any product based on the Index. Past performance is no guarantee of future performance.*

# Monthly Report – March 2018

## Arbitrage Strategies (CLAXARB Index)

**+0.01% in March, +2.59% in the last 12 months**

### Carry Strategies (CLAXCAR Index) -0.29% in Mar, -0.43% in the last 12 months

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2014	-2.11%	2.39%	2.75%	0.13%	0.72%	0.37%	-0.30%	0.73%	-2.61%	0.38%	0.12%	-1.14%	1.30%
2015	-2.82%	1.02%	-0.83%	0.97%	-0.87%	-1.42%	-1.92%	-4.18%	-1.76%	2.88%	0.74%	-1.03%	-9.04%
2016	-1.20%	-0.44%	2.68%	0.09%	-0.90%	1.69%	0.28%	0.55%	0.74%	1.90%	0.38%	0.88%	6.78%
2017	-0.05%	1.91%	-0.39%	-0.61%	-0.37%	0.22%	0.61%	-0.40%	0.67%	-0.63%	-0.42%	1.44%	1.95%
2018	-0.45%	-0.17%	-0.29%										-0.90%

March 2018 marked a third monthly decline for Carry strategies this year. Having said that, FX carry strategies finished positive; the gains were offset by losses in equity dividend carry strategies. Unlike last month the US Dollar was weak and EM currencies made modest gains<sup>2</sup>. G10 currency strategies finished slightly higher (+0.4% across twelve indices), as did EM strategies (+0.2% across sixteen indices). G10 positions profited from a weak CHF (-1.6% in March) while EM plays benefitted from long positions on MXN (+3.8%), COP (+2.6%) and ARS (+1.6%). As mentioned above, losses were incurred by equity dividend carry strategies which gave back -0.6% across 10 indices.

#### Top 3 movers (ranked by 1 month returns)

Arbitrage - Carry	Mar-18 return	YTD return	1Y Sharpe	1Y return
1) DB Ascent Broad Global FX Carry Arbitrage	1.7%	4.9%	0.5	5.6%
2) UBS G10 FX Carry G10 FX Carry Arbitrage	1.3%	-0.8%	-1.0	-5.0%
3) BNP Paribas Galaxy Regional Global FX Carry Arbitrage	1.0%	-0.9%	-1.1	-4.3%

### Commodity Yield Optimisation (CLAXCYO Index) +0.73% in Mar, +11.26% in the last 12 months

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2014	-3.92%	1.63%	1.16%	0.77%	1.29%	1.57%	2.13%	0.79%	-0.20%	0.41%	0.04%	1.53%	7.29%
2015	0.71%	0.08%	0.30%	-3.96%	-1.41%	0.33%	0.87%	-0.70%	-0.12%	2.72%	4.07%	2.97%	5.75%
2016	0.80%	2.96%	-0.05%	-2.11%	0.03%	1.04%	2.58%	-0.02%	0.13%	0.40%	0.73%	-1.29%	5.22%
2017	2.41%	1.14%	0.24%	1.13%	-0.19%	0.78%	0.90%	2.03%	-0.11%	0.21%	1.61%	-0.42%	10.13%
2018	1.92%	2.16%	0.73%										4.89%

The Commodity Arbitrage sub-index was up +0.73% in March. Energy curves traded higher<sup>3</sup> with near term futures appreciating more than contracts with longer expiries, resulting in more backwardation: for example, the discount of May 19 to May 18 futures in Brent crude oil widened from -5.9% to -7.7%<sup>4</sup>. Losses on these energy positions were more than compensated by gains in agriculture curves which steepened: the premium of May 19 over May 18 Wheat futures rose from +12.6% to +17.7%, as an example. During the same period, congestion arbitrage positions lost -0.5% across nine indices. Out of 39 indices in total in this group, thirty made gains and nine posted losses, five of which were congestion arbitrage strategies.

#### Top 3 movers (ranked by 1 month returns)

Arbitrage - Commodity Yield Optimization	Mar-18 return	YTD return	1Y Sharpe	1Y return
1) DB Commodity Harvest Commodity Future Arbitrage - GSCI Weights	2.8%	3.0%	1.2	9.1%
2) Societe Generale Roll Alpha 1 Vt8 Commodity Future Arbitrage	1.3%	4.1%	1.8	9.0%
3) Citi CUBES L/S Commodity Future Arbitrage - BCOM weights	1.3%	1.8%	2.1	8.9%

<sup>2</sup> The MSCI EM Currency Index was up +0.5%. The DXY Dollar index was down -0.5%. Source: Bloomberg

<sup>3</sup> The BCOM Energy sub-index was up +4.7%. Source: Bloomberg

<sup>4</sup> Note that the same spread on WTI crude oil futures narrowed from -8.4% to -8.1%. Source: Bloomberg

# Monthly Report – March 2018

## Arbitrage Strategies (CLAXARB Index)

**+0.01% in March, +2.59% in the last 12 months**

### Fixed Income Arbitrage Strategies (CLAXFIA Index) +1.16% in Mar, +3.16% in the last 12 months

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2014	1.33%	1.93%	-0.18%	1.25%	1.61%	-0.57%	-1.19%	2.38%	-1.09%	3.25%	1.79%	-1.59%	9.14%
2015	2.21%	-0.12%	1.77%	0.12%	-0.27%	-1.57%	1.33%	1.09%	1.87%	0.41%	0.03%	-1.21%	5.74%
2016	3.84%	0.88%	-0.29%	-0.34%	-0.27%	3.22%	-0.35%	-0.29%	0.03%	-1.47%	-4.19%	-1.20%	-0.67%
2017	-0.43%	1.25%	0.20%	1.70%	1.47%	-1.92%	0.14%	0.77%	-0.08%	1.19%	-0.65%	-1.33%	2.25%
2018	0.41%	0.31%	1.16%										1.90%

As interest rates fell and curves flattened during March, Fixed Income Arbitrage strategies had their best month year to date, up +1.16% on average. USD, EUR, GBP and JPY 10 year swap rates were down -12bps, -12bps, -9bps, and -2bps respectively. 2Y swap rates for the same currencies were up +3bps, down -4bps, up +8bps, and flat. Dynamic FRB positions were positive, up +0.2% on average (note that USD and GBP short term interest rates were up, driving gains for USD and GBP short future positions). Inter-curve carry strategies positioned on longer tenors gained +0.6% (see for example Société Générale's BOSS and J.P. Morgan's CarryMax in the table below). The muni bond arbitrage strategies made a small recovery (+0.3%) as US municipal bond prices rose<sup>5</sup>.

#### Top 3 movers (ranked by 1 month returns)

Arbitrage - Fixed Income	Mar-18 return	YTD return	1Y Sharpe	1Y return
1) Societe Generale BOSS Global Yield Curve Carry Arbitrage	1.1%	1.2%	0.8	3.2%
2) Credit Suisse Adaptive Term Premium USD & EUR Forward Rate Bias Arbitrage	1.1%	-0.3%	-1.3	-1.5%
3) JPMorgan CarryMAX Global Yield Curve Carry Arbitrage	0.9%	0.1%	1.3	4.5%

### Volatility Arbitrage Strategies (CLAXVOA Index) -0.76% in Mar, -0.19% in the last 12 months

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2014	-1.65%	0.93%	0.03%	0.59%	0.69%	1.08%	-0.81%	0.99%	-0.19%	-2.45%	0.83%	-1.61%	-1.63%
2015	-1.37%	2.89%	-0.90%	1.10%	0.13%	-1.24%	2.27%	-5.35%	-0.07%	1.45%	0.83%	-0.12%	-0.64%
2016	-1.80%	-0.65%	1.91%	0.08%	2.12%	-2.29%	0.74%	1.39%	0.08%	0.71%	-0.20%	1.12%	3.15%
2017	1.22%	1.61%	0.99%	1.35%	1.07%	0.25%	1.59%	0.34%	1.32%	1.31%	0.92%	0.71%	13.43%
2018	-0.87%	-7.10%	-0.76%										-8.60%

While bond and currency volatility receded, equity volatility levels stayed high in March. 20-day realised volatility for the S&P 500 finished at 20.9%, with the corresponding implied volatility trading at 19.9% the month before. The VIX index rose by 0.1 during the month. Accordingly Equity Volatility Arbitrage indices, which make up the bulk of this group, lost -1.3% during the month (across 41 indices). Fixed income volatility arbitrage indices were positive<sup>6</sup>, up +0.7%, taking the second and third position in the table below. FX volatility arbitrage algorithms posted gains as well (+0.6%) on lower implied volatilities<sup>7</sup>, while commodity volatility arbitrage algorithms were flat. We note that the top three positions in the table below all went to BofA Merrill Lynch strategies.

#### Top 3 movers (ranked by 1 month returns)

Arbitrage - Volatility	Mar-18 return	YTD return	1Y Sharpe	1Y return
1) BOA Merrill Lynch Short Synthetic Varian Short VIX Future Variance Swaps	3.1%	-39.7%	-0.9	-33.6%
2) BOA Merrill Lynch Short Synthetic Varian Short HYG ETF Variance Swaps	3.0%	-1.2%	0.5	5.7%
3) BOA Merrill Lynch Short Synthetic Varian Short Bund Future Variance Swaps	2.0%	2.4%	0.7	6.6%

<sup>5</sup> The S&P National Municipal Bond Index (SPMUNUST) was up +0.3%. Source: Bloomberg.

<sup>6</sup> Implied normal volatility for 1M into 10Y USD swaptions fell -10% to 62bps., while the 20-day realised normal volatility for the 10Y USD swap rate fell from 65 to 41 bps. Source: Bloomberg.

<sup>7</sup> The EUR/USD 1M implied volatility dropped from 7.8% to 6.5% (-17% lower). Source: Bloomberg.

# Monthly Report – March 2018

## Economic Indicator Strategies (CLAXECI Index)

**+1.47% in March, +5.66% in the last 12 months**

### Research Strategies (CLAXRES Index) +1.89% in Mar, +4.85% in the last 12 months

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2014	2.34%	0.11%	0.49%	-1.78%	-1.20%	1.20%	-2.73%	0.89%	-2.39%	0.27%	-1.01%	1.23%	-2.69%
2015	-1.71%	0.76%	0.69%	-1.30%	1.63%	0.08%	-2.66%	-3.20%	-1.19%	-1.04%	-0.22%	0.81%	-7.22%
2016	-3.64%	1.08%	1.80%	-1.12%	-0.79%	-4.33%	0.73%	-0.90%	2.30%	-0.11%	2.69%	1.72%	-0.83%
2017	0.08%	0.80%	0.33%	0.32%	-0.68%	0.99%	0.33%	0.67%	1.12%	1.26%	0.43%	0.33%	6.14%
2018	-1.37%	-0.51%	1.89%										-0.02%

Finishing up +1.89%, the Equity Factor sub-index had its best month so far this year. This is a strong number given that most equity benchmark indices closed the month in the red<sup>8</sup>, usually a headwind for this strategy. Small cap stocks widely outperformed the benchmarks in the US (the Russell 2000 was up +1.1% while the S&P Small Cap index was up +1.9%). The best performing equity factors were Momentum (+1.4%, across eleven indices), Low Vol (+1.3%, ten indices) and Size (+1.2%, seven indices). The only negative returns were observed for Value (-0.1%, across sixteen indices) and systematic US merger arbitrage (-0.4%, three indices). The Quality factor produced excess returns of +0.9% while multi-factor algorithms returned +0.2%. In terms of geography, US strategies came on top this month at +1.1% followed by European and Global strategies (+0.5% and +0.1%, respectively).

#### Top 3 movers (ranked by 1 month returns)

Economic Indicators - Research	Mar-18 return	YTD return	1Y Sharpe	1Y return
1) Societe Generale WISE Japan L/S Japan Equity Long/Short Quality & Momentum Factor	5.3%	1.1%	-0.2	-1.6%
2) Commerzbank US Risk Premia US Equity Long/Short Multi Factor	4.8%	3.1%	2.0	21.5%
3) BOA Merrill Lynch US Long-Short Liquidit US Equity Long/Short Liquidity Factor	3.1%	1.9%	-0.6	-1.0%

### Macro Strategies (CLAXMAC Index) +0.93% in Mar, +6.37% in the last 12 months

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2014	-0.33%	-2.25%	-0.04%	0.16%	1.81%	0.31%	-0.60%	0.24%	0.59%	-0.16%	0.29%	-0.60%	-0.64%
2015	-0.55%	-0.49%	0.22%	-0.55%	-0.04%	-2.19%	1.72%	-0.20%	0.57%	1.10%	0.29%	0.06%	-0.10%
2016	0.80%	1.79%	-0.38%	-0.37%	-0.95%	1.08%	1.27%	-0.33%	-0.35%	-0.92%	0.45%	-0.26%	1.82%
2017	-0.00%	1.39%	0.35%	1.30%	0.44%	-0.21%	0.24%	1.49%	0.38%	0.92%	1.01%	0.56%	8.13%
2018	0.13%	-0.96%	0.93%										0.09%

Macro strategies produced a strong +0.93% with positive returns in all asset classes. The only losses came from multi-asset allocation strategies which were undermined by weak equity markets<sup>8</sup>. Commodity macro strategies were up +0.9% as commodity backwardation algorithms recovered with gains on long energy and short agriculture positions<sup>9</sup>. Equity strategies produced +0.4% with contrasted returns, including a strong +5.5% for Barclays' US TOM algorithm (see table below). The majority of fixed income strategies was positive, with an average return of +0.5%; the performance was driven in part by the flattening of the US yield curve; in addition, a flare in USD 3M versus 6M basis swap spreads was captured by a Deutsche Bank strategy<sup>10</sup>. Finally FX Macro strategies gained +0.4% on average as value convergence on G10 currencies produced average excess returns of +1.2%, helped by a strong JPY (+0.1%) and a weak CHF (-1.6%).

#### Top 3 movers (ranked by 1 month returns)

Economic Indicators - Macro	Mar-18 return	YTD return	1Y Sharpe	1Y return
1) Barclays TOM US Long/Short Turn of Month S&P 500	5.5%	-4.7%	-0.8	-5.5%
2) Morgan Stanley EW Dynamic Backwarda Commodity Backwardation - Equal Weights	3.4%	1.2%	1.4	21.1%
3) Credit Suisse Equity LS Sector Rotation S&P500 sector rotation	3.2%	-0.1%	0.0	1.4%

<sup>8</sup> The S&P 500 index was down -2.7%, the Euro Stoxx 50 index was down -2.3%, the FTSE index was down -2.4%, the Nikkei 225 index was down -4.1% and the Hang Seng index was down -2.4%. Source: Bloomberg.

<sup>9</sup> The BCOM Energy sub-index was up +4.7% while the Agriculture sub-index was down -2.9%. Source: Bloomberg.

<sup>10</sup> The USD 2Y vs 10Y swap spread flattened by -15bps, to below 20bps. The USD 3M vs 6M 1Y basis swap spread rose above 14bps, from 10bps at the end of February. Source: Bloomberg.

# Monthly Report – March 2018

## Momentum Strategies (CLAXMOM Index) +0.04% in March, +0.14% in the last 12 months

### Mean Reversion Strategies (CLAXMRE Index) +0.37% in Mar, -2.05% in the last 12 months

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2014	0.18%	0.93%	1.38%	1.04%	0.78%	0.07%	-0.45%	-0.07%	-0.89%	-3.02%	0.21%	0.47%	0.56%
2015	0.24%	0.52%	0.75%	-0.24%	0.37%	0.06%	-0.20%	-3.32%	2.36%	0.19%	0.27%	0.56%	1.48%
2016	-1.54%	0.33%	0.08%	-0.18%	0.45%	1.56%	-0.05%	0.40%	1.01%	0.19%	-0.31%	-0.25%	1.65%
2017	0.75%	0.38%	0.84%	0.73%	0.37%	0.47%	1.18%	1.73%	0.07%	0.65%	-0.86%	1.21%	7.77%
2018	-1.42%	-6.31%	0.37%										-7.30%

After the February debacle, the Mean Reversion sub-index managed to rebound by a modest +0.37% in March. Positive returns for statistical mean reversion positions (+0.6% on average for 21 indices) were overshadowed by losses incurred on buy-write positions (-1.1% across 8 indices) which suffered from weak equity markets. The last week of March was key as the sub-index rose +3.7% in those five days, driven by large swings in the price of the S&P 500 index<sup>11</sup>.

### Top 3 movers (ranked by 1 month returns)

Momentum - Mean Reversion		Mar-18 return	YTD return	1Y Sharpe	1Y return
1) DB Equity MR EURO	Euro Stoxx 50 Mean Reversion	3.7%	-2.1%	0.1	2.0%
2) Societe Generale US Gravity	S&P 500 Mean Reversion (Bi-Weekly)	2.4%	-5.2%	0.0	1.8%
3) DB Emerald EM	EM Equity Mean Reversion	2.4%	-8.9%	-0.5	-9.3%

### Trend-Following Strategies (CLAXTRF Index) -0.13% in Mar, +0.82% in the last 12 months

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2014	-1.29%	-0.20%	-0.60%	0.49%	0.99%	0.82%	-1.30%	0.91%	0.35%	-0.39%	2.01%	0.91%	2.66%
2015	1.82%	-0.36%	0.33%	-0.62%	-0.00%	-2.08%	0.73%	-1.01%	0.60%	-0.32%	0.82%	-1.36%	-1.51%
2016	0.68%	1.01%	-1.21%	0.24%	-0.22%	1.75%	-0.05%	-1.33%	0.59%	-0.27%	0.13%	0.04%	1.32%
2017	-0.22%	1.54%	-0.68%	0.33%	0.26%	-1.28%	0.28%	0.58%	-1.13%	1.39%	-0.17%	0.83%	1.70%
2018	2.51%	-2.55%	-0.13%										-0.23%

Trend following strategies did not manage to come back during March as they finished the month broadly unchanged. A promising commodity environment (the Energy sector rebounded and was up +4.7%, in line with the longer term trend) gave commodity trend following strategies a lift (+0.6% across 21 indices, see also table below). However these good results were negated by the ongoing correction in equity markets. Equity trend following strategies were down -1.8%. FX trend following strategies were slightly down (-0.2%) as G10 currencies lacked direction while EM currencies did not produce sufficient gains<sup>12</sup>. Fixed income trend following algorithms were broadly flat as long term interest rates declined but short term interest rates rose<sup>13</sup>. Finally multi-asset trend following algorithms lost -0.5% as many of them were positioned long equities.

### Top 3 movers (ranked by 1 month returns)

Momentum - Trend Following		Mar-18 return	YTD return	1Y Sharpe	1Y return
1) JPMorgan WTI Crude Continuum	Crude Oil Momentum Strategy	2.8%	-7.9%	-0.6	-8.0%
2) Barclays Commodity Trend	Commodity Trend Following	2.2%	1.0%	0.9	6.3%
3) Credit Suisse Commodity Momentum Lo	Commodity Trend Following - Long/Short - GSCI univer	2.1%	2.2%	0.1	2.3%

<sup>11</sup> After a -4.6% decline over March 22<sup>nd</sup> and 23<sup>rd</sup>, the S&P 500 rebounded +2.7% on March 26<sup>th</sup>, before falling again -2.0% over the next two days and finishing the last day (March 29<sup>th</sup>) up +1.4%. Source: Bloomberg

<sup>12</sup> The MSCI EM currency index was up +0.5% but the J.P. Morgan EM currency index was down -0.4%. Source: Bloomberg

<sup>13</sup> The USD and EUR 10 year swap rates were both down -12bps. The USD 2 year swap rate was up +3bps. Source: Bloomberg