

Monthly Report – July 2018

Clear Alpha Global Index (CLAXGBL Index)

+0.17% in July, +0.98% 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 April 2018, Clear Alpha's database contained 2,400 live and 2,061 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%	0.02%	-0.06%	-0.58%	0.17%						-1.84%

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

	Jul Return	1Y Return	1Y Sharpe	5Y Return	5Y Sharpe
Global Index	0.17%	0.98%	-0.16	7.63%	0.38
Arbitrage	1.42%	1.52%	0.01	16.26%	0.77
Carry	1.42%	0.14%	-0.36	-1.62%	-0.17
Commodity	2.10%	7.44%	1.12	41.02%	1.17
Fixed Income	0.84%	5.96%	1.10	27.57%	0.87
Volatility	1.22%	-2.80%	-0.45	7.40%	0.15
Economic Indicators	-1.22%	1.33%	-0.05	-1.51%	-0.30
Research	-1.75%	-1.06%	-0.52	-9.26%	-0.47
Macro	-0.53%	4.41%	0.98	5.07%	0.16
Momentum	0.13%	-0.30%	-0.36	6.00%	0.18
Mean Reversion	1.37%	-2.69%	-0.37	6.89%	0.11
Trend Following	-0.42%	0.46%	-0.27	4.95%	0.12

After a difficult month of June, the Global Index rebounded +0.17% in July. Its year-to-date performance stands at -1.84%.

Global stock markets posted healthy gains (the MSCI World Index was up +3.05%), the VIX index finished at the lowest point so far this year (12.8, based on month-end observations), the US Dollar was broadly unchanged while EM currencies rallied, energy prices declined for the first time in five months, and interest rates rose moderately across major currencies.

The best performance came from Commodity Arbitrage positions (+2.1%) which were helped by a downward correction and the steepening of future curves, recovering from June's -3.3% drawdown. Next in the table were FX Carry strategies (+1.42%, supported by several strong EM currencies) followed by Mean Reversion (+1.37%) and Volatility Arbitrage (+1.22%) (both benefitting from the low volatility environment).

Equity factor strategies posted negative returns (-1.75%) as they suffered from losses in small cap and momentum factors. As an example, the Russell 2000's return in July was almost -2% less than the S&P 500's.

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Top 3 Sub-index Constituents¹ (ranked by 1 year Sharpe ratio)

		1Y Sharpe	1Y return	Jul-18 return	YTD return	2017 return	2016 return	2015 return
Arbitrage - Carry								
1) BNP Paribas Converse Spread Europe	Euro Stoxx 50 Dividend Arbitrage	1.1	3.0%	0.3%	1.6%	1.9%	3.7%	1.3%
2) DB Ascent Broad	Global FX Carry Arbitrage	0.9	9.1%	6.1%	8.2%	3.4%	28.2%	-13.7%
3) DB Euro Dividend Mid-Term	Euro Stoxx 50 Dividend Arbitrage	0.5	3.1%	1.0%	-2.6%	10.9%		
Arbitrage - Commodity Yield Optimization								
1) DB Commodity Harvest OYE	Commodity Future Arbitrage - BCOM Weights	2.7	5.1%	0.3%	2.0%	6.6%	4.7%	0.8%
2) RBS Aquantum Pegasus EL	Commodity Future Arbitrage - 24 commodities	2.5	7.4%	0.4%	4.6%	7.4%	0.9%	3.8%
3) JPMorgan Alpha Select	Commodity Future Arbitrage - Dynamic Roll	2.2	4.3%	0.4%	1.7%	6.1%	3.7%	3.1%
Arbitrage - Fixed Income								
1) DB Pulse Basket	USD & EUR Forward Rate Bias Arbitrage	2.0	1.8%	0.2%	1.2%	1.0%	0.3%	0.6%
2) BOA Merrill Lynch Enh. Short-End Arbitrage EUR	EUR Forward Rate Bias Arbitrage	1.9	1.6%	0.2%	1.1%	1.2%	0.5%	0.4%
3) Barclays Atlantic HYIGs Beta	HY vs IG Credit Spread Arbitrage (Static)	1.5	3.5%	0.5%	2.3%	3.1%	4.5%	2.4%
Arbitrage - Volatility								
1) DB ImpAct Dollar Rates	Short USD Swaption Straddles	2.3	3.0%	0.6%	1.5%	3.1%	0.7%	0.6%
2) Credit Suisse Adaptive Volatility Index All Rolls USD	Short USD Swaption Straddles	2.3	8.7%	1.9%	6.1%	6.5%	6.5%	8.6%
3) BOA Merrill Lynch Short Synthetic Variance Index - GL	Short SPDR Gold ETF Variance Swaps	1.6	8.4%	1.1%	5.5%	11.7%	7.8%	14.4%
Economic Indicators - Research								
1) Morgan Stanley EF Global Quality	Global Equity Long/Short Quality Factor	2.7	12.1%	1.6%	8.8%	3.7%		
2) BOA Merrill Lynch Europe Long-Short Momentum	Europe Equity Long/Short Momentum Factor	1.2	5.2%	-0.1%	1.5%	6.2%		
3) Natixis NXS Risk Premia Europe Diversified	Europe Equity Long/Short Multi-Factor	1.1	6.1%	0.4%	2.5%	9.6%		
Economic Indicators - Macro								
1) Nomura Macro Cross-Country	Government Bonds Relative Value Investing	2.3	3.2%	0.1%	2.6%	0.4%	0.2%	1.3%
2) DB Trend EUR	EUR Yield Curve Macro Strategy	1.9	1.6%	0.2%	1.1%	1.1%	0.7%	0.4%
3) Barclays Backwardation Long Short	Commodity Backwardation - Equal Weights	1.7	18.1%	-3.2%	2.3%	11.6%	-8.6%	1.1%
Momentum - Mean Reversion								
1) Societe Generale Interest Rates Strangle Premium Euro	Short EUR Swaption Strangle	1.4	2.6%	0.2%	1.7%	4.6%	6.5%	-2.0%
2) Societe Generale Enhanced Buy Write US	S&P 500 Buy-Write	1.2	16.1%	3.7%	6.5%	21.4%	2.9%	-4.1%
3) Societe Generale FX-G10 Mean Reversion	G10 FX Mean Reversion	1.0	4.2%	1.0%	2.2%	0.9%	1.4%	-1.5%
Momentum - Trend Following								
1) Commerzbank Multi Asset Sharpe	Global Multi-Asset Macro Allocation (Sharpe)	2.6	21.3%	1.0%	10.8%	5.8%		
2) Nomura Macro Pulse	USD, EUR, JPY, GBP & CAD Short Term Interest R	2.3	1.7%	0.2%	1.2%	0.9%	0.2%	0.2%
3) Societe Generale US Momentum Balanced	Multi-Asset Trend Following Long Only	2.0	13.1%	2.7%	5.9%	15.4%	3.1%	

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

¹ 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.

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Arbitrage Strategies (CLAXARB Index)

+1.42% in July, +1.52% in the last 12 months

Carry Strategies (CLAXCAR Index) +1.42% in Jul, +0.14% 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%	0.91%	-0.84%	-1.05%	1.42%						-0.49%

July marked a second positive month for FX Carry strategies (+1.42%) in 2018, and their best return so far this year. EM strategies posted gains, averaging +1.0% across thirteen indices. G10 strategies achieved +0.3% across ten indices. Within G10 currencies, profitable positions included short JPY (-0.9% vs USD) and long CAD (+1.0% vs USD). As for EM currencies, long MXN, ARS and ZAR positions were top performers². Equity dividend carry strategies were profitable too with an average return of +0.5% across the ten constituents.

Top 3 movers (ranked by 1 month returns)

Arbitrage - Carry	Jul-18 return	YTD return	1Y Sharpe	1Y return
1) DB Ascent Broad Global FX Carry Arbitrage	6.1%	8.2%	0.9	9.1%
2) Nomura Global Currency Strategy Global FX Carry Arbitrage	2.3%	-3.1%	0.0	1.7%
3) Credit Suisse Dividend Alpha on Nikkei Nikkei 225 Dividend Arbitrage	2.2%	0.0%	-0.3	-0.3%

Commodity Yield Optimisation (CLAXCYO Index) +2.10% in Jul, +7.44% 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%	-1.37%	1.75%	-3.26%	2.10%						3.96%

With energy prices falling in July³, Commodity Arbitrage strategies made gains as oil curves reverted back to a steepening mode (they are still inverted). The September 2019 to 2018 discount in WTI crude oil futures contracted from -10.7% to -6.7%. For Brent crude oil futures, the change was from -6.7% to -2.1%. Conversely, as agriculture commodity prices rose, futures curves flattened. Wheat futures for example went from +11.0% to +8.2%, as measured by their September 2019 to 2018 steepness. Overall across the 37 indices included this group of strategies, 34 made gains and only three lost ground. Returns ranged from +2.3% to -0.4%. Congestion arbitrage algorithms were clustered at the bottom of the table: on average, they contributed +0.1%.

Top 3 movers (ranked by 1 month returns)

Arbitrage - Commodity Yield Optimization	Jul-18 return	YTD return	1Y Sharpe	1Y return
1) DB Commodity Harvest Commodity Future Arbitrage - GSCI Weights	2.3%	5.9%	1.1	9.3%
2) Nomura Commodity Intra Curve Commodity Future Arbitrage - 3 Commodities	2.2%	2.8%	1.0	3.6%
3) Citi CUBES L/S Commodity Future Arbitrage - BCOM weights	1.5%	4.5%	1.8	7.3%

² The MXN was up +6.8%, the ARS up +5.5%, the ZAR up +4.8%, all versus USD. Source: Bloomberg

³ The BCOM Energy sub-index was down -4.5%, the BCOM Agriculture sub-index was up +2.5%, the BCOM index was down -2.3%. Source: Bloomberg

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Arbitrage Strategies (CLAXARB Index)

+1.42% in July, +1.52% in the last 12 months

Fixed Income Arbitrage Strategies (CLAXFIA Index) **+0.84% in Jul, +5.96% 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%	0.27%	1.70%	1.24%	0.84%						6.08%

The Fixed Income arbitrage sub-index is on an impressive run this year, with 100% positive months so far. July's gain was +0.84%, and during the period the index reached a new high (the previous high was set in July 2016). Interest rates rose across major currencies. Ten year swap rates were up +11bps in USD, +7bps in EUR and GBP, and +5bps in JPY; two year swap rates were up +9bps in USD, +3bps in EUR, +10bps in GBP and +1bp in JPY. Forward rate bias strategies gained +0.2% on average, mostly on short USD and GBP future positions. Credit and muni bond positions averaged +0.4% as both investment grade and high yield bond positions produced gains⁴ (Barclays' HYIGS strategy took two spots in the table below).

Top 3 movers (ranked by 1 month returns)

Arbitrage - Fixed Income	Jul-18 return	YTD return	1Y Sharpe	1Y return
1) HSBC Vol-Budgeted DTP USD Forward Rate Bias Arbitrage	1.5%	6.7%	0.4	3.9%
2) Barclays Atlantic Dynamic HYIGS Credit HY vs IG Credit Spread Arbitrage	0.6%	2.0%	0.8	2.6%
3) Barclays Atlantic HYIGS Beta HY vs IG Credit Spread Arbitrage (Static)	0.5%	2.3%	1.5	3.5%

Volatility Arbitrage Strategies (CLAXVOA Index) **+1.22% in Jul, -2.80% 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%	0.79%	-0.93%	0.51%	1.22%						-7.15%

Volatility Arbitrage strategies had their best month so far this year (+1.22%) as volatility levels came down substantially. The VIX and the VStoxx indices closed -3 and -4 points lower than last month, at 12.8% and 12.6% respectively. Meanwhile, the S&P 500 index' 20-day realised volatility remained between 8.1 and 10.6 throughout the period (i.e. very low levels), while the same measure for the Euro Stoxx 50 index came down from 14.5% to 10.1%. Equity volatility arbitrage algorithms were all positive (save for one futures strategy), averaging +1.6%. Fixed Income arbitrage strategies gained +0.6% on average, while FX arbitrage positions contributed +0.8%⁵. Commodity volatility arbitrage algorithms were the only peer group to sustain losses, as markets corrected downwards and three month implied volatilities for Brent and WTI crude oil rose (+1.3 and +0.2 respectively). The five strategies comprising this group lost an average -0.9%.

Top 3 movers (ranked by 1 month returns)

Arbitrage - Volatility	Jul-18 return	YTD return	1Y Sharpe	1Y return
1) Nomura Volatility Risk Premia Short S&P 500 Variance Swaps	5.6%	-12.0%	0.0	4.1%
2) BOA Merrill Lynch Short Synthetic Variance Short VIX Future Variance Swaps	4.2%	-35.5%	-0.9	-34.8%
3) Societe Generale VI ALPHA Long/Short VIX Futures	4.2%	-16.4%	-0.6	-12.1%

⁴ Both the Iboxx USD High Yield index (IBOXHY) and the iBoxx Investment Grade index (IBOXIG) were up +1.2%. Source: Bloomberg.

⁵ Implied normal volatility for 1M into 10Y USD swaptions fell -13% to 54bps. EUR/USD 1M implied volatility dropped from 7.0% to 6.1%. Source: Bloomberg.

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Economic Indicator Strategies (CLAXECI Index)

-1.22% in July, +1.33% in the last 12 months

Research Strategies (CLAXRES Index) -1.75% in Jul, -1.06% 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%	-0.87%	-0.02%	-2.17%	-1.75%						-4.75%

The market environment continued to be challenging for Equity factor strategies during July. Collectively they lost -1.75%. Equity markets were strong in most regions⁶, but small cap stocks substantially underperformed larger cap benchmarks (as an example, the Russell 2000 index was up +1.7% while the S&P 500 index was up +3.6%). In addition, growth and momentum stocks underperformed large caps, as shown by the Nasdaq index which only returned +2.1%. Similar return differentials could be observed in Europe. Across Equity factor strategies, the lowest returns came from Momentum (-1.7%) and Size factors (-0.7%) while the highest were seen in the Value factor (+0.3%). Looking at the regional breakdown, both Europe and US strategies sustained losses (-0.4% and -0.3%, respectively) while global strategies performed better (+0.6% on average, see also table below).

Top 3 movers (ranked by 1 month returns)

Economic Indicators - Research	Jul-18 return	YTD return	1Y Sharpe	1Y return
1) Morgan Stanley SKIES US Equity Long/Short Skew Factor	3.5%	-3.7%	0.5	6.8%
2) JPMorgan Equity Risk Premium Global V. Global Equity Long/Short Value Factor	2.4%	-5.3%	-0.9	-4.2%
3) Credit Suisse HOLT Market Neutral Global Equity Long/Short Multi-Factor	1.9%	-5.5%	-0.2	-1.2%

Macro Strategies (CLAXMAC Index) -0.53% in Jul, +4.41% 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%	0.48%	-0.54%	0.49%	-0.53%						-0.02%

Macro strategies have been oscillating since the beginning of 2018 and are flat year to date after giving back -0.53% in July. Commodity macro strategies, which make up the largest portion of the sub-index (37%), lost -1.3% due to long Energy and short Agriculture positions⁷. FX macro strategies were up +0.5% mainly because of gains in EM currencies⁸. Equity macro strategies, up +1.0% across six indices, held long positions benefitting from strong equity markets. Finally, fixed income macro algorithms were broadly flat. Overall, positive performances in other asset classes were not sufficient to offset the losses in commodity strategies.

Top 3 movers (ranked by 1 month returns)

Economic Indicators - Macro	Jul-18 return	YTD return	1Y Sharpe	1Y return
1) DB Global Ascent II Global FX Carry vs FRB Macro Allocation	6.4%	7.4%	0.6	8.4%
2) UBS RADA Blended Global Equity Long/Short Macro	3.8%	5.1%	1.3	13.1%
3) Societe Generale Fed Model US US Bond vs Equity Macro Allocation	3.6%	5.9%	1.1	15.1%

⁶ The MSCI World Index was up +3.1%, the Euro Stoxx 50 Index was up +3.8%, the Nikkei 225 index was up +1.1%. Source: Bloomberg.

⁷ Energy curves, which are inverted, fell -4.5% (as per the BCOM energy sub-index) while Agriculture curves (which are steep) rose +2.5% (BCOM Agriculture sub-index). Source: Bloomberg.

⁸ The J.P. Morgan EM Currency Index was up +0.9%. Source: Bloomberg.

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Momentum Strategies (CLAXMOM Index)

+0.13% in July, -0.30% in the last 12 months

Mean Reversion Strategies (CLAXMRE Index) **+1.37% in Jul, -2.69% 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%	0.81%	-0.45%	0.37%	1.37%						-5.35%

The Mean Reversion sub-index posted another monthly gain in July, up +1.37%. The strength in equity markets⁹ meant that buy-write strategies came out on top this month, with returns averaging +2.7% across 9 indices. Short term mean reversion strategies were positive on the Euro Stoxx 50 index (+0.5% on average) but produced losses on the S&P 500 index (-0.2% on average), the latter because daily returns on the S&P 500 index were predominantly positive (i.e. one-directional) in July¹⁰. Mean reversion strategies in FX and Fixed Income were all positive (across three indices), averaging +0.7%.

Top 3 movers (ranked by 1 month returns)

Momentum - Mean Reversion				Jul-18 return	YTD return	1Y Sharpe	1Y return
1)	BNP Paribas Buy Write 103		Euro Stoxx 50 Buy-Write	4.1%	3.7%	0.4	6.0%
2)	Natixis US Equity Enhanced Buy Write		S&P 500 Buy-Write and Low Vol Factor	4.0%	0.5%	0.5	9.0%
3)	BNP Paribas 103 EU Call Carry		Euro Stoxx 50 Buy-Write	3.7%	2.9%	0.6	6.1%

Trend-Following Strategies (CLAXTRF Index) **-0.42% in Jul, +0.46% 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%	-0.27%	0.01%	-0.10%	-0.42%						-1.01%

Trend Following strategies are having a difficult year, and July was no exception with average losses of -0.42%. Commodity trend following algorithms declined with the correction in energy prices¹¹ (dropping -0.7% on average across sixteen indices). Equity trend following strategies on the other hand made sizable gains (+1.7%, for six indices) as markets rallied¹². FX trend following strategies fell -0.5% as G10 currency positions lost money (for example, strategies were positioned short EUR versus JPY, GBP and USD; the three crosses gained +1.2%, +0.8% and +0.2% respectively). Fixed income trend following algorithms finished broadly unchanged. Finally multi-asset trend following algorithms gained +0.3% (helped by gains on long positions in equity markets).

Top 3 movers (ranked by 1 month returns)

Momentum - Trend Following				Jul-18 return	YTD return	1Y Sharpe	1Y return
1)	Barclays Cross Asset Trend Index B^2IX		VIX Index Trend Following	7.7%	-35.3%	-0.6	-24.7%
2)	Societe Generale Global Momentum		ETF Trend Following - Long Only	4.0%	-0.3%	0.4	6.6%
3)	Societe Generale US Momentum Balanc		Multi-Asset Trend Following Long Only	2.7%	5.9%	2.0	13.1%

⁹ The S&P 500 index was up +3.6%, the Euro Stoxx 50 index was up +3.8%. Source: Bloomberg

¹⁰ The S&P 500 index was up on 13 out of 21 trading days, with average daily gains of +0.5% versus average daily losses of -0.4%. Source: Bloomberg

¹¹ The BCOM Energy sub-index was down -4.5% in July. It was up +32.8% in the twelve months ended June 2018. Source: Bloomberg

¹² For example, the S&P 500 index was up +3.6%; it was up +12.2% in the twelve months ended June 2018. Source: Bloomberg