

# Monthly Report – September 2018

## Clear Alpha Global Index (CLAXGBL Index) -0.27% in September, -0.57% 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 September 2018, the database contained 2,509 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
<b>2012</b>	0.94%	0.44%	-0.28%	-0.16%	-0.38%	-1.17%	0.47%	0.30%	-0.14%	-0.36%	0.25%	0.30%	<b>0.18%</b>
<b>2013</b>	0.14%	-0.19%	0.14%	0.27%	-0.01%	-0.47%	-0.02%	-0.40%	0.38%	0.67%	0.15%	-0.78%	<b>-0.14%</b>
<b>2014</b>	-0.75%	0.10%	0.32%	0.35%	0.95%	0.64%	-0.75%	0.74%	-0.51%	-0.37%	0.79%	0.07%	<b>1.57%</b>
<b>2015</b>	0.09%	0.34%	0.21%	-0.45%	-0.05%	-1.27%	0.45%	-1.88%	0.31%	0.80%	0.77%	-0.11%	<b>-0.81%</b>
<b>2016</b>	-0.08%	1.03%	0.25%	-0.37%	-0.13%	0.70%	0.64%	-0.21%	0.45%	-0.02%	0.05%	0.04%	<b>2.37%</b>
<b>2017</b>	0.42%	1.26%	0.17%	0.77%	0.23%	-0.15%	0.61%	0.92%	0.19%	0.90%	0.30%	0.53%	<b>6.31%</b>
<b>2018</b>	0.20%	-2.07%	0.50%	0.02%	-0.06%	-0.58%	0.17%	-0.18%	-0.27%				<b>-2.28%</b>

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

	Sep Return	1Y Return	1Y Sharpe		5Y Return	5Y Sharpe	
<b>Global Index</b>	<b>-0.27%</b>	<b>-0.57%</b>	<b>-0.68</b>		<b>7.18%</b>	<b>0.32</b>	
Arbitrage	<b>-0.19%</b>	<b>-0.31%</b>	<b>-0.46</b>		15.17%	0.69	
Carry	<b>1.49%</b>	<b>-3.75%</b>	<b>-1.15</b>		<b>-4.84%</b>	<b>-0.31</b>	
Commodity	<b>-2.48%</b>	5.20%	0.61		38.82%	1.08	
Fixed Income	<b>-1.64%</b>	4.05%	0.56		25.21%	0.78	
Volatility	<b>0.87%</b>	<b>-3.44%</b>	<b>-0.53</b>		8.55%	0.18	
Economic Indicators	<b>-0.14%</b>	<b>-1.08%</b>	<b>-0.78</b>		<b>-1.81%</b>	<b>-0.33</b>	
Research	<b>-1.89%</b>	<b>-4.81%</b>	<b>-1.14</b>		<b>-11.68%</b>	<b>-0.57</b>	
Macro	<b>2.22%</b>	3.90%	0.66		7.15%	0.26	
Momentum	<b>-0.59%</b>	<b>-0.59%</b>	<b>-0.45</b>		6.17%	0.17	
Mean Reversion	<b>-0.76%</b>	<b>-4.73%</b>	<b>-0.57</b>		6.97%	0.11	
Trend Following	<b>-0.52%</b>	1.01%	<b>-0.16</b>		5.17%	0.11	

September proved to be a challenging environment for alternative beta strategies as Commodity Arbitrage (-2.48%), Fixed Income Arbitrage (-1.64%) and Equity Factor strategies (-1.89%) suffered large losses.

Equity markets took a pause in September (the MSCI World Index was up +0.4%), the Fed raised short term rates for the third time this year, ten year yields jumped higher (the US ten year swap rate finished at 3.1%, up +19bps), energy prices rose again, agriculture futures declined, and EM currencies recovered partially from last month's rout. Volatility levels came down, the VIX index finishing the month at 12.1%.

Winning strategies this month were Commodity Backwardation, the main performance driver for the Macro sub-index which was up +2.22%; FX Carry (+1.49%) as EM FX positions recouped their August losses; and Volatility Arbitrage (+0.87%) which benefitted from lower volatility levels, particularly in equity markets (the one month realised volatility of the S&P 500 index fell to 5.6%).

Momentum strategies in general were subdued (-0.59%), both in mean reversion and trend following peer groups.

Equity Factor strategies took a hit as both Small Cap (-1.0%) and Quality Factors (-0.6%) underperformed, with no other factor delivering meaningful enough returns to offset the losses. Value Factor (+0.2%) was the only positive performer in the group.

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

		1Y Sharpe	1Y return	Sep-18 return	YTD return	2017 return	2016 return	2015 return
<b>Arbitrage - Carry</b>								
1) Credit Suisse Dividend Alpha on Nikkei 225	Nikkei 225 Dividend Arbitrage	0.7	4.9%	2.1%	4.0%	9.7%	-7.1%	10.9%
2) Societe Generale FX G10 Carry	G10 FX Carry Arbitrage	0.5	5.1%	0.5%	6.1%	-7.5%	3.6%	-7.3%
3) DB Ascent Broad	Global FX Carry Arbitrage	0.4	6.0%	4.0%	5.7%	3.4%	28.2%	-13.7%
<b>Arbitrage - Commodity Yield Optimization</b>								
1) RBS Aquantum Pegasus EL	Commodity Future Arbitrage - 24 commodities	2.1	6.4%	-0.5%	5.1%	7.4%	0.9%	3.8%
2) DB Commodity Harvest OYE	Commodity Future Arbitrage - BCOM Weights	2.0	4.6%	0.3%	2.9%	6.6%	4.7%	0.8%
3) Credit Suisse Seasonal Alpha	Commodity Future Arbitrage	1.8	6.7%	-0.9%	5.0%	5.0%	0.5%	-3.1%
<b>Arbitrage - Fixed Income</b>								
1) Morgan Stanley Enhanced FRB+ USD	USD Forward Rate Bias Arbitrage	1.8	3.1%	0.4%	2.4%	1.7%	-0.1%	1.2%
2) DB Pulse Basket	USD & EUR Forward Rate Bias Arbitrage	1.7	1.9%	0.1%	1.5%	1.0%	0.3%	0.6%
3) Barclays Atlantic HYIG Beta	HY vs IG Credit Spread Arbitrage (Static)	1.5	3.7%	0.3%	3.2%	3.1%	4.5%	2.4%
<b>Arbitrage - Volatility</b>								
1) Credit Suisse Adaptive Volatility Index All Rolls USD	Short USD Swaption Straddles	2.2	8.8%	0.2%	6.4%	6.5%	6.5%	8.6%
2) DB ImpAct Dollar Rates	Short USD Swaption Straddles	2.2	3.1%	0.3%	2.1%	3.1%	0.7%	0.6%
3) BOA Merrill Lynch Short Synthetic Variance Index - GL	Short SPDR Gold ETF Variance Swaps	1.8	9.2%	1.0%	6.7%	11.7%	7.8%	14.4%
<b>Economic Indicators - Research</b>								
1) Morgan Stanley EF Global Quality	Global Equity Long/Short Quality Factor	2.4	11.9%	-0.5%	10.3%	3.7%		
2) Natixis NXS Risk Premia Europe Diversified	Europe Equity Long/Short Multi-Factor	1.6	8.1%	-0.2%	3.7%	9.6%		
3) Societe Generale European Profitability Hedged	Europe Equity Long/Short Quality Factor	1.3	7.0%	-1.2%	5.3%	5.6%	-5.8%	
<b>Economic Indicators - Macro</b>								
1) BNP Paribas Alpha Backwardation	Commodity Backwardation - BCOM Weights	1.9	13.1%	1.9%	8.9%	6.4%	-2.2%	7.2%
2) Nomura Macro Cross-Country	Government Bonds Relative Value Investing	1.8	3.1%	0.2%	2.8%	0.4%	0.2%	1.3%
3) Bloomberg US Dynamic Balance	S&P 500 vs US Bonds Vol Based Allocation	1.6	11.8%	0.3%	5.8%	15.9%	4.8%	-2.0%
<b>Momentum - Mean Reversion</b>								
1) Societe Generale Enhanced Buy Write US	S&P 500 Buy-Write	1.3	17.8%	0.6%	10.6%	21.4%	2.9%	-4.1%
2) BNP Paribas 103 US Call Carry	S&P 500 Buy-Write	1.1	11.3%	1.0%	5.6%	16.4%	-0.4%	-0.9%
3) BNP Paribas Buy Write 103	S&P 500 Buy-Write	1.1	15.2%	0.5%	8.5%	19.4%	8.1%	10.0%
<b>Momentum - Trend Following</b>								
1) Commerzbank Multi Asset Sharpe	Global Multi-Asset Macro Allocation (Sharpe)	2.7	22.3%	0.7%	13.9%	5.8%		
2) Societe Generale US Momentum Balanced	Multi-Asset Trend Following Long Only	2.4	15.8%	0.8%	9.3%	15.4%	3.1%	
3) Societe Generale Gold to Oil	Commodity Trend Following - Gold and Oil	1.6	10.7%	1.9%	5.4%	6.4%	1.8%	-1.3%

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.

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## Arbitrage Strategies (CLAXARB Index)

**-0.19% in September, -0.31% in the last 12 months**

### Carry Strategies (CLAXCAR Index) +1.49% in Sep, -3.75% 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%	-5.05%	1.49%				-4.11%

FX Carry strategies recovered from last month, as EM currencies posted gains and low yielding G10 currencies declined against the USD<sup>2</sup>. Tensions surrounding Turkey subsided (the Turkish Lira was up +9.9%) which lent support to other EM currencies that were caught in the sell-off last month. EM strategies were up +1.3% while G10 focussed algorithms gained +1.0%. The Carry Index as a whole gained +1.49%, with no meaningful contribution from equity carry algorithms this month.

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

Arbitrage - Carry	Sep-18 return	YTD return	1Y Sharpe	1Y return
1) DB Haven Plus Global FX Carry Arbitrage	4.1%	-3.1%	-0.6	-3.3%
2) DB Ascent Broad Global FX Carry Arbitrage	4.0%	5.7%	0.4	6.0%
3) Nomura Global Currency Strategy Global FX Carry Arbitrage	3.9%	-8.3%	-0.8	-6.6%

### Commodity Yield Optimisation (CLAXCYO Index) -2.48% in Sep, +5.20% 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%	2.34%	-2.48%				3.75%

While commodity future price movements in September were similar to last month – Energy prices gained +5.0%, Agriculture prices lost -2.3%<sup>3</sup> – the outcome for arbitrage strategies was radically opposite as the sub-index lost -2.48%. Energy curves in Brent crude oil and natural gas became more inverted, causing losses (the discount of Dec 19 to Dec 18 Brent crude oil futures went from -4.4% to -5.4%; the discount of Nov 19 to Nov 18 natural gas futures went from -6.9% to -9.3%). These losses were only partially offset by Agriculture positions where curves steepened<sup>4</sup>. Finally congestion arbitrage positions – which aim to take advantage of better spreads outside of the roll window for benchmarks – posted losses of -0.7% across 8 indices. These losses in congestion arbitrage positions are likely to have impacted curve carry strategies too, as they often blend the roll arbitrage with futures long-short positions along the curve.

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

Arbitrage - Commodity Yield Optimization	Sep-18 return	YTD return	1Y Sharpe	1Y return
1) DB Commodity Harvest Commodity Future Arbitrage - GSCI Weights	3.3%	11.2%	1.3	11.9%
2) DB Commodity Harvest OYE Commodity Future Arbitrage - BCOM Weights	0.3%	2.9%	2.0	4.6%
3) DB Commodity Curve Alpha Commodity Future Arbitrage - Beta Neutral	0.3%	3.3%	1.0	3.9%

<sup>2</sup> The J.P. Morgan EM Currency Index was up +2.1%; the EUR, CHF, and JPY lost -0.2%, -1.5%, and -2.5%, all versus the USD. Source: Bloomberg

<sup>3</sup> The BCOM Energy sub-index rose +3.6% in August, the Agriculture sub-index fell -6.1%. Source: Bloomberg

<sup>4</sup> The Dec 2019 over Dec 2018 premium in Corn and Wheat futures went from +8.1% to +9.8%, and +8.0% to +11.5% respectively. Source: Bloomberg

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## Arbitrage Strategies (CLAXARB Index)

**-0.19% in September, -0.31% in the last 12 months**

### Fixed Income Arbitrage Strategies (CLAXFIA Index) -1.64% in Sep, +4.05% 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%	0.53%	-1.64%				4.89%

Fixed Income arbitrage strategies took a hit in September (-1.64%), their first negative return this year, as interest rates rose across major currencies. The Fed raised its benchmark rate for the third time this year, to 2.25%. Meanwhile, ten year swap rates jumped +19bps in USD, +12bps in EUR and GBP, and +2bps in JPY. Two year swap rates finished higher too (+16bps in USD, +4bps in EUR, +5bps in GBP, flat in JPY). US Investment Grade and Municipal Bond prices declined<sup>5</sup>. USD forward rate bias strategies were the only indices to show profits – as they generally hold short future positions, based on the rise of short term rates in the past twelve months<sup>6</sup>. The rest of fixed income arbitrage algorithms - including global forward rate bias and longer term tenor curve carry positions - posted losses.

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

Arbitrage - Fixed Income	Sep-18 return	YTD return	1Y Sharpe	1Y return
1) HSBC Vol-Budgeted DTP USD Forward Rate Bias Arbitrage	2.8%	8.2%	0.2	2.8%
2) Barclays Atlantic Dynamic HYIGS Credit HY vs IG Credit Spread Arbitrage	0.5%	2.5%	0.7	2.7%
3) Morgan Stanley Enhanced FRB+ USD USD Forward Rate Bias Arbitrage	0.4%	2.4%	1.8	3.1%

### Volatility Arbitrage Strategies (CLAXVOA Index) +0.87% in Sep, -3.44% 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%	0.13%	0.87%				-6.22%

The Volatility Arbitrage sub-index contributed +0.87% in September, supported by gains in Commodity, Equity and FX strategies. The five commodity strategies added +0.7%, helped by short variance swap positions in oil<sup>7</sup>. Equity positions were up +1.3% at the median (38 algorithms in total), as both the VIX and VStoxx indices finished lower (down -0.7 and -0.9 points, to 12.1% and 14.8% respectively), while 20-day realised volatilities came down for both indices<sup>8</sup> (the realised volatility of the S&P 500 reached its lowest point - 5.6% - in almost one year). The recovery in EM currencies meant that implied FX volatility levels fell. For example the EUR/USD 1-month implied volatility finished -0.6 points lower, at 6.9%. Consequently, FX volatility arbitrage strategies gained (+0.8% across four indices). Finally fixed income volatility arbitrage positions finished unchanged on average, with returns ranging from +0.7% to -0.7%, and a median of 0%, across 11 algorithms.

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

Arbitrage - Volatility	Sep-18 return	YTD return	1Y Sharpe	1Y return
1) Nomura Volatility Risk Premia Short S&P 500 Variance Swaps	4.9%	-3.6%	0.1	7.3%
2) DB US Volatility Carry Short S&P 500 delta hedged options	3.7%	-19.9%	-0.8	-18.2%
3) BOA Merrill Lynch Short Synthetic Variance Short MSCI Brazil Variance Swaps	3.6%	-5.1%	-0.3	-2.4%

<sup>5</sup> The S&P Municipal Bond Index was down -0.6%; the iBoxx USD Liquid IG index was down -0.3%. Source: Bloomberg.

<sup>6</sup> USD 1 month Libor has risen around 1% in the past year, from ~1.25% to ~2.25%, with a large majority of positive daily returns. Source: Bloomberg.

<sup>7</sup> 20-day realised volatility for Brent crude oil nearby future contracts fell from 21.4% to 19.2%. Source: Bloomberg.

<sup>8</sup> 20-day realised volatilities for the S&P 500 and the Euro Stoxx 50 indices dropped to 5.7% and 11.2%, respectively. Source: Bloomberg.

# Monthly Report – September 2018

## Economic Indicator Strategies (CLAXECI Index)

**-0.14% in September, -1.08% in the last 12 months**

### Research Strategies (CLAXRES Index) -1.89% in Sep, -4.81% 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%	-0.17%	-1.89%				-6.71%

Equity factor strategies fell -1.89% in September, bringing year-to-date losses for the Research sub-index to -6.71%. Small cap and tech stocks underperformed benchmark peers: the Russell 2000 index was down -2.5%, the Nasdaq Composite index was down -0.8%, the S&P 500 index was up +0.4%. The picture was similar for both European and Global benchmark indices<sup>9</sup>. The Size factor posted the lowest returns, down -1.0% (across 6 strategies). The Quality factor did marginally better, down -0.6% (across 15 strategies). Value stocks were the best performers, managing a +0.2% gain across 13 indices. In terms of geography, US focussed strategies did better than European algorithms (-0.2% versus -0.6%) while Global stock selection strategies managed to stay flat.

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

Economic Indicators - Research	Sep-18 return	YTD return	1Y Sharpe	1Y return
1) Societe Generale SLS Emerging Global Equity Long/Short EM Factor	2.7%	-6.7%	-0.8	-6.3%
2) Commerzbank Europe Equity Risk Premi; Europe Equity Long/Short Multi-Factor	2.7%	8.8%	1.1	9.8%
3) BOA Merrill Lynch Japan Long-Short Mon Japan Equity Long/Short Momentum Factor	1.8%	3.0%	0.6	4.0%

### Macro Strategies (CLAXMAC Index) +2.22% in Sep, +3.90% 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%	-0.82%	2.22%				1.35%

Macro strategies had their best month so far this year, up +2.22%. Returns were driven by gains in the commodity sector (backwardation positions) and in FX (value convergence strategies). Commodity strategies were up +1.5% at the median, supported by long Energy and short Agriculture positions (Brent crude oil Dec 18 futures were up +6.9%; WTI crude oil Nov 18 futures were up +5.6%; Wheat and Corn Dec 18 futures were down -6.7% and -2.4%, respectively)<sup>10</sup>. FX macro strategies gained +0.7% on average, helped by a strong performance from Credit Suisse's value strategy (see table below). Fixed Income and Equity macro strategies finished each broadly flat.

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

Economic Indicators - Macro	Sep-18 return	YTD return	1Y Sharpe	1Y return
1) Credit Suisse FX Metrics Value Global FX Value Convergence	4.5%	0.6%	0.0	1.5%
2) Societe Generale Commodity Curve Mon Commodity Backwardation - GSCI Weights	4.1%	-4.8%	0.1	2.6%
3) Credit Suisse Backwardation RV Commodity Backwardation	3.7%	10.5%	1.1	10.7%

<sup>9</sup> The Euro Stoxx 50 index was up +0.2%, the Stoxx technology index was down -3.0%; the MSCI World index was up +0.4%, the MSCI World small cap index was down -1.6%. Source: Bloomberg.

<sup>10</sup> Note that Energy curves such as WTI and Brent crude oil are backwardated, while Agriculture curves such as Wheat and Corn are in contango. Source: Bloomberg.

# Monthly Report – September 2018

## Momentum Strategies (CLAXMOM Index) -0.59% in September, -0.59% in the last 12 months

### Mean Reversion Strategies (CLAXMRE Index) -0.76% in Sep, -4.73% 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%	0.43%	-0.76%				-5.67%

The Mean Reversion sub-index fell -0.76% in September, undermined by poor performance in short term statistical mean reversion strategies on the Euro Stoxx 50 index. Buy-write algorithms produced gains of +0.4% on average, with S&P 500 based strategies contributing +0.5% and Euro Stoxx 50 strategies adding +0.1%. The strategies were helped by gains and low volatility in the S&P 500 and the Euro Stoxx 50 indices<sup>11</sup>. Short term mean reversion strategies on the S&P 500 index finished up +0.9% as they benefitted from several corrections within the month; Euro Stoxx 50 based mean reversion strategies, on the other hand, declined -4.1% on average, as index returns in September proved one-directional<sup>12</sup>.

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

Momentum - Mean Reversion	Sep-18 return	YTD return	1Y Sharpe	1Y return
1) DB US Bi-Weekly Mean Reversion S&P 500 Mean Reversion (Bi-Weekly)	2.3%	-10.2%	-1.3	-14.8%
2) UBS US 10 Day Mean Reversion S&P 500 Mean Reversion (Bi-Weekly)	2.1%	-10.2%	-1.5	-14.7%
3) Societe Generale US Gravity S&P 500 Mean Reversion (Bi-Weekly)	1.3%	-3.0%	-0.2	-4.6%

### Trend-Following Strategies (CLAXTRF Index) -0.52% in Sep, +1.01% 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%	0.51%	-0.52%				-1.02%

Trend following strategies lost -0.52% in September. Commodity strategies continued to enjoy positive results from short positions in Agriculture and long positions in Energy futures<sup>13</sup>. Equity strategies contributed marginally, up +0.2% across six indices. FX strategies were positioned short EM currencies and incurred losses of -0.9% on average<sup>14</sup>, across twelve indices. Fixed Income trend following strategies lost -0.3% on average in the global bond sell-off (the J.P. Morgan Global Aggregate bond index lost -0.8%). Multi-asset trend following algorithms were flat across 32 indices; these positions frequently allocate between asset classes on a long-only basis, and did not perform as bond and equity markets remained unchanged in aggregate.

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

Momentum - Trend Following	Sep-18 return	YTD return	1Y Sharpe	1Y return
1) JPMorgan WTI Crude Continuum Crude Oil Momentum Strategy	4.0%	-10.0%	-1.2	-18.0%
2) Societe Generale Global Momentum ETF Trend Following - Long Only	3.3%	-1.1%	0.0	1.8%
3) JPMorgan Momentum FX USDJPY USD/JPY Trend Following	2.8%	-0.2%	-0.5	-1.5%

<sup>11</sup> The S&P 500 index was up +0.4%, the Euro Stoxx 50 index was up +0.2%. Source: Bloomberg

<sup>12</sup> The Euro Stoxx 50 index had 13 positive returns within 14 trading days between the 7<sup>th</sup> and the 27<sup>th</sup> of September. The S&P 500 index was down -1.0% in the first four trading days of September; up +1.2% in the following 5 days; down -0.6% the following day; up +1.4% over the next three days; and down -0.9% over the following four days. Source: Bloomberg

<sup>13</sup> The BCOM Agriculture sub-index was down -2.3% in September. It is down -12.2% in the twelve months ended August 2018. The BCOM Energy sub-index was up +5.0% in September. It is up 24.1% in the twelve months ended August 2018. Source: Bloomberg

<sup>14</sup> The J.P. Morgan EM Currency Index was up +2.1% in September. It is down -13.7% in the twelve months ended August 2018. Source: Bloomberg