

Monthly Report – January 2019

Clear Alpha Global Index (CLAXGBL Index) +1.82% in January, -2.62% 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 January 2019, the database contained 2,538 live and 2,108 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 have low correlation to traditional asset benchmarks.

Clear Alpha Global Index Monthly Performance, 2013 to 2019

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
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%	-0.18%	-0.27%	-1.93%	-0.60%	0.59%	-4.17%
2019	1.82%												1.82%

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

	Jan Return	1Y Return	1Y Sharpe		5Y Return	5Y Sharpe	
Global Index	1.82%	-2.62%	-1.23		7.79%	0.29	
Arbitrage	1.89%	-0.26%	-0.47		17.81%	0.77	
Carry	5.02%	-0.09%	-0.32		1.92%	-0.07	
Commodity	-0.24%	0.56%	-0.15		40.24%	0.97	
Fixed Income	1.96%	12.45%	1.83		30.63%	0.89	
Volatility	1.39%	-6.17%	-0.83		8.14%	0.14	
Economic Indicators	3.43%	-2.34%	-0.93		0.61%	-0.19	
Research	4.39%	-6.38%	-1.12		-14.26%	-0.65	
Macro	1.95%	3.11%	0.31		13.21%	0.57	
Momentum	-0.12%	-6.09%	-1.41		2.43%	-0.07	
Mean Reversion	0.94%	-7.17%	-0.73		2.11%	-0.04	
Trend Following	-0.56%	-5.81%	-1.78		1.92%	-0.09	

The Global Index surged +1.82% in January, its best calendar month return in six years. The market environment was supportive, with equity indices posting gains across the globe, interest rates falling, and volatility declining. In addition, EM currencies closed substantially higher, as did the price of oil and commodities in general.

Across our database, Carry algorithms achieved the strongest performance (+5.02%) thanks to a rally in EM currencies coupled with a drop in low yield G10 currencies. In second position was the Equity Factors sub-index (called "Research" in our database) which rose +4.39% as small cap and value factors produced high excess returns (+2.1% and +3.1%, respectively).

Fixed Income Arbitrage, Volatility Arbitrage (short volatility) and Macro strategies made respectable contributions of +1.96%, +1.39% and +1.95%. Fixed Income strategies benefitted from falling rates; short volatility strategies from lower implied and realised volatilities across equities, commodities and FX. Macro algorithms made gains, predominantly on FX Value (PPP convergence) positions and bond versus equity asset allocation algorithms.

Commodity Arbitrage (-0.24%) and Trend Following (-0.56%) strategies finished marginally negative. Commodity Arbitrage indices lost ground as front-end future prices rose and curves flattened; Trend Following indices were incorrectly positioned for price reversals in Equity, Commodity and FX markets; however, multi-asset algorithms offset some of the losses through long equity and bond positions.

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

		1Y Sharpe	1Y return	Jan-19 return	YTD return	2018 return	2017 return	2016 return
Arbitrage - Carry								
1) Societe Generale FX G10 Carry	G10 FX Carry Arbitrage	1.7	12.4%	-0.6%	-0.6%	8.2%	-7.5%	3.6%
2) CIBC FX G10 USD Carry	G10 FX Carry Arbitrage	1.7	11.3%	0.6%	0.6%	8.5%		
3) BOA Merrill Lynch Foreign Exchange Arbitrage	G10 FX Carry Arbitrage	1.0	6.5%	3.1%	3.1%	2.2%	-0.7%	6.8%
Arbitrage - Commodity Yield Optimization								
1) Societe Generale Roll Alpha 1 Vt8	Commodity Future Arbitrage	1.8	11.7%	0.4%	0.4%	12.1%	10.1%	6.2%
2) CIBC COT Enhanced Roll Agriculture	Commodity Congestion Arbitrage	1.7	3.1%	0.3%	0.3%	3.1%	1.5%	2.2%
3) Nomura Commodity Intra Curve	Commodity Future Arbitrage - 3 Commodities	1.3	5.6%	0.6%	0.6%	4.8%	3.0%	1.1%
Arbitrage - Fixed Income								
1) Societe Generale BOSS	Global Yield Curve Carry Arbitrage	2.3	9.6%	2.0%	2.0%	7.1%	1.4%	-0.5%
2) Barclays Star 20	EUR Curve Steepening	1.9	5.8%	0.2%	0.2%	4.2%	2.8%	0.7%
3) DB Diversified Municipal Arbitrage 2	US Muni Rate Curve Arbitrage	1.3	4.3%	0.3%	0.3%	3.0%	2.8%	-1.9%
Arbitrage - Volatility								
1) Morgan Stanley FX VolNet Premium	FX Volatility Arbitrage - Short Variance Swaps - I	2.3	9.7%	1.7%	1.7%	6.1%	3.4%	-6.3%
2) BOA Merrill Lynch Short Synthetic Variance Index - GL	Short SPDR Gold ETF Variance Swaps	1.6	10.2%	1.7%	1.7%	8.6%	11.7%	7.8%
3) Credit Suisse Adaptive Volatility Index All Rolls USD	Short USD Swaption Straddles	1.4	6.5%	0.0%	0.0%	6.5%	6.5%	6.5%
Economic Indicators - Research								
1) BOA Merrill Lynch Japan Long-Short Volatility Index	Japan Equity Long/Short Low Vol Factor	1.8	10.1%	-0.2%	-0.2%	9.1%	-0.8%	
2) DB Equity Low Beta TurnOver Control Factor	Global Equity Long/Short Low Vol Factor	1.2	10.2%	1.8%	1.8%	5.8%	4.6%	-2.8%
3) BOA Merrill Lynch Europe Long-Short Volatility	Europe Equity Long/Short Low Vol Factor	1.1	7.5%	-2.0%	-2.0%	8.5%	2.9%	
Economic Indicators - Macro								
1) Nomura Macro Cross-Country	Government Bonds Relative Value Investing	1.6	3.2%	0.4%	0.4%	3.3%	0.4%	0.2%
2) Barclays Global MEDES	Global Fixed Income Turn of Month	1.5	4.3%	1.1%	1.1%	3.1%	0.8%	1.5%
3) Barclays FX Switch	Carry Value Momentum Factor Allocation	1.4	5.7%	1.5%	1.5%	4.0%	-1.0%	0.2%
Momentum - Mean Reversion								
1) Societe Generale Interest Rates Strangle Premium Euro	Short EUR Swaption Strangle	1.3	3.0%	0.2%	0.2%	2.8%	4.6%	6.5%
2) Societe Generale Credit Europe Strangle Premium	Short Credit Strangle - Europe	0.5	4.2%	1.2%	1.2%	3.1%	3.0%	1.7%
3) Societe Generale Tactical Short	Europe Single Stock Mean Reversion - Short	0.2	2.1%	0.0%	0.0%	2.1%	0.9%	1.3%
Momentum - Trend Following								
1) BNP Paribas Alpha Momentum ex-Agriculture and Livestock	Commodity Trend Following - Long/Short	1.1	12.2%	-3.4%	-3.4%	17.8%	-5.5%	-7.3%
2) Societe Generale Gold to Oil	Commodity Trend Following - Gold and Oil	0.8	6.4%	2.0%	2.0%	5.4%	6.4%	1.8%
3) BNP Paribas BPSTAR USD Enhanced Series 3	USD Swap Rates Trend Following	0.7	2.1%	0.2%	0.2%	2.2%	1.1%	0.2%

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)

+1.89% in January, -0.26% in the last 12 months

Carry Strategies (CLAXCAR Index) **+5.02% in Jan, -0.09% in the last 12 months**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
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%	-0.43%	2.28%	-3.02%	-5.29%
2019	5.02%												5.02%

FX Carry strategies came back in January, propelling the carry sub-index up +5.02%. 23 out of 24 indices in this group made gains, with returns ranging from +5.6% to -0.6%. Within the G10 sector, higher yield currencies such as CAD (+3.8%), AUD (+3.1%) and NZD (+2.9%) rose sharply while low yield currencies declined². Most EM currencies gained against the USD³ with returns ranging from +8.6% (ZAR) to -1.9% (RON); the J.P. Morgan EM currency index (FXJPEMCI) was up +3.5%. Global FX carry indices finished up +3.4% on average (across 13 algorithms), while G10 indices were up +2.0% (11 algorithms). In addition, Euro Stoxx 50 dividend carry algorithms contributed +2.1% on average across 9 indices (we classify them as equity carry strategies).

Top 3 movers (ranked by 1 month returns)

Arbitrage - Carry	Jan-19 return	YTD return	1Y Sharpe	1Y return
1) HSBC Global FX Carry Global FX Carry Arbitrage	5.6%	5.6%	0.4	3.9%
2) CIBC FX Global USD Momentum Enhance Global FX Carry Arbitrage	5.1%	5.1%	0.8	8.4%
3) DB Ascent Broad Global FX Carry Arbitrage	5.0%	5.0%	0.6	8.0%

Commodity Yield Optimisation (CLAXCYO Index) **-0.24% in Jan, +0.56% in the last 12 months**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
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%	-0.04%	-8.78%	8.60%	2.74%
2019	-0.24%												-0.24%

The Commodity Arbitrage sub-index finished slightly lower in January, down -0.24% after volatility normalisation (leverage adjustment). The average return across 37 constituent indices in this group was +0.1%, ranging from +2.7% to -1.7%. With oil prices rising +17.6% in front end march futures (for WTI crude), future curves flattened⁴ and short front month positions incurred losses. These were partially offset by a steepening Natural Gas curve, where positions in March 20 versus March 19 futures made gains as the difference rose from -0.9% to +4.0%. In addition, congestion arbitrage positions were positive (+0.3% across ten indices; see also the top spot in the table below), showing that congestion trades can be a diversifier when combined with traditional curve carry algorithms.

Top 3 movers (ranked by 1 month returns)

Arbitrage - Commodity Yield Optimization	Jan-19 return	YTD return	1Y Sharpe	1Y return
1) Credit Suisse Custom 24 (commodity con Commodity Congestion Arbitrage	2.7%	2.7%	-0.2	0.4%
2) UBS CABNS T4 Commodity Future Arbitrage - Beta Neutral	1.8%	1.8%	-0.8	-4.2%
3) DB Commodity Harvest OYE Commodity Future Arbitrage - BCOM Weights	1.3%	1.3%	0.1	2.2%

² The EUR, CHF and SEK were down -0.4%, -1.5% and -2.4% against the USD, respectively. Source: Bloomberg

³ For example, the ZAR, RUB and BRL were up +8.6%, +7.1% and +6.5% respectively (versus the USD). Source: Bloomberg

⁴ The premium of Mar 20 over Mar 19 WTI oil future prices fell from +6.6% to +1.5% in the course of one month. Source: Bloomberg

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Arbitrage Strategies (CLAXARB Index) +1.89% in January, -0.26% in the last 12 months

Fixed Income Arbitrage Strategies (CLAXFIA Index) +1.96% in Jan, +12.45% in the last 12 months

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
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%	1.53%	3.58%	0.40%	10.75%
2019	1.96%												1.96%

After their impressive performance in 2018, Fixed Income Arbitrage strategies are off to a strong start in 2019 with a +1.96% gain in January. All except one index in this group were positive. The US Fed took a big step by announcing that it would refrain from further rate hikes in the near future. Interest rates fell across the board while credit spreads in both High Yield and Investment Grade sectors contracted⁵. As for the algorithms in our database, all long term curve carry trades (e.g. Société Générale's BOSS, Barclays' SABER – see table below) posted gains (+0.6% on average across six indices), as did credit carry positions. Forward rate bias strategies were positive too, averaging +0.1% across 12 indices, as short term interest rate futures rose. On a related note, USD short term benchmark rates have stabilised in the past month, which may have caused some algorithms to switch back to long Eurodollar futures.

Top 3 movers (ranked by 1 month returns)

Arbitrage - Fixed Income	Jan-19 return	YTD return	1Y Sharpe	1Y return
1) Societe Generale BOSS Global Yield Curve Carry Arbitrage	2.0%	2.0%	2.3	9.6%
2) Barclays Global SABER Global Bond Futures Carry Arbitrage	0.7%	0.7%	0.7	2.9%
3) Barclays Atlantic HYIGS Beta HY vs IG Credit Spread Arbitrage (Static)	0.7%	0.7%	0.4	2.7%

Volatility Arbitrage Strategies (CLAXVOA Index) +1.39% in Jan, -6.17% in the last 12 months

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
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%	-2.15%	0.64%	-0.67%	-8.26%
2019	1.39%												1.39%

The Volatility Arbitrage index had its strongest month in more than one year (+1.39%), as equity markets rallied and volatility levels – both implied and realised – receded. The VIX and VStoxx indices were down -8.9 and -8.8 points respectively (to 16.6 and 15.1). One month realised volatilities for the S&P 500 and the Euro Stoxx 50 indices dropped -13.9 and -10.1 points. Equity volatility strategies averaged +2.3% across 38 indices, with very few losses. In other asset classes, commodity strategies gained +3.3% on average, supported by falling implied volatilities in WTI and Brent crude oil⁶. FX volatility strategies were positive too (+0.8%, across 5 indices) as implied volatility came down⁷. Fixed Income volatility strategies were only marginally positive, up 0.1% on average, as USD 10 year interest rates experienced large daily swings early in January⁸.

Top 3 movers (ranked by 1 month returns)

Arbitrage - Volatility	Jan-19 return	YTD return	1Y Sharpe	1Y return
1) BNP Paribas Volatility Mean Reversion Short VIX Futures	9.0%	9.0%	-0.2	-2.1%
2) Citi Commodities Pure Brent Vol Carry Brent Futures Short Volatility	9.0%	9.0%	-0.7	-6.3%
3) DB UK Volatility Carry Short FTSE 100 delta hedged options	7.2%	7.2%	-1.1	-13.1%

⁵ 10Y swap rates fell -5bps in USD, -15bps in EUR, -2bps in GBP and -3bps in JPY. The iBoxx USD IG index was up +3.2% while the HY index was up +4.8%. Source: Bloomberg

⁶ WTI and Brent crude oil 3-month implied volatilities finished down -14.5% and -10.4%, at 33.9% and 32.3%. Source: Bloomberg.

⁷ For example, the EUR/USD one month implied volatility fell -1.2%, to 6.0%. Source: Bloomberg.

⁸ The USD 10Y swap rate covered 15bps ranges on the 3rd and 4th of January, pushing implied volatility above its average. Source: Bloomberg.

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Economic Indicator Strategies (CLAXECI Index)

+3.43% in January, -2.34% in the last 12 months

Research Strategies (CLAXRES Index) +4.39% in Jan, -6.38% in the last 12 months

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
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%	-3.28%	-1.16%	-0.82%	-11.54%
2019	4.39%												4.39%

Equity Factor strategies surged +4.39% in January, an impressive performance offsetting close to a third of last year's losses. Size and Value factors showed the strongest excess returns, up +3.1% (6 algorithms) and +2.1% (14 algorithms) respectively. Quality and Low Vol made smaller gains (+0.4% each, across 17 and 12 algorithms respectively). Cross sectional momentum algorithms were the only ones to finish negative on average, at -0.3%. To some extent, these factor returns can be reconciled with performances of benchmark indices: for example, the Russell 2000 was up +11.2% while the Russell 1000 was up only +8.2%, underscoring small cap strength. Likewise in Europe, the Euro Stoxx 50 index was up +5.3% while the Stoxx 600 index was up +6.2%. Having said that, the Russell 1000 Value index was up only +7.6%, underperforming the cap-weighted version, and showing that the Value Factor implemented by algorithms is using different Value measures.

Top 3 movers (ranked by 1 month returns)

Economic Indicators - Research	Jan-19 return	YTD return	1Y Sharpe	1Y return
1) BOA Merrill Lynch US Long-Short Size US Equity Long/Short Size Factor	5.6%	5.6%	0.1	2.7%
2) JPMorgan Equity Risk Premium Global V. Global Equity Long/Short Value Factor	4.8%	4.8%	-0.2	0.2%
3) JPMorgan Equity Risk Premium Global Lt Global Equity Long/Short Size Factor	4.7%	4.7%	-0.1	1.3%

Macro Strategies (CLAXMAC Index) +1.95% in Jan, +3.11% in the last 12 months

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
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%	-1.37%	0.08%	1.23%	1.28%
2019	1.95%												1.95%

The Macro sub-index rose +1.95% during January, driven mostly by gains on FX Value convergence positions and EM FX outperformance (+1.4% across 13 algorithms). FX Value trades such as short CHF versus long CAD were profitable while EM currencies rallied⁹. Commodity backwardation positions were moderately profitable, gaining +0.2% on average for 21 indices, as long energy and short agriculture positions finished positive¹⁰. Fixed Income macro algorithms were mostly positive (+0.4%) helped by lower interest rates. Equity macro strategies were up by the same amount (+0.4%) thanks to profitable long equity positions. Finally, asset allocation algorithms which switch between equities and bonds were very successful (+3.8% across 4 indices, see also table below) as they benefitted from the rally in both equities and bonds¹¹.

Top 3 movers (ranked by 1 month returns)

Economic Indicators - Macro	Jan-19 return	YTD return	1Y Sharpe	1Y return
1) Societe Generale Fed Model US US Bond vs Equity Macro Allocation	7.9%	7.9%	-0.3	-3.2%
2) DB Global Ascent II Global FX Carry vs FRB Macro Allocation	6.0%	6.0%	0.5	8.2%
3) CIBC FX EM USD Value EM FX Value Convergence	3.6%	3.6%	-0.7	-5.7%

⁹ The CAD/CHF cross was up +5.2% in January; the J.P. Morgan EM currency index was up +3.5%. Source: Bloomberg.

¹⁰ The BCOM Energy sub-index was up +9.0%, the BCOM Agriculture sub-index was up +2.8%. Agriculture curves are steeper on average than Energy curves, hence the short versus long. Source: Bloomberg.

¹¹ The MSCI World Index was up +7.7%, the J.P. Morgan Global Aggregate Bond index was up +1.4%. Source: Bloomberg.

Monthly Report – January 2019

Momentum Strategies (CLAXMOM Index)

-0.12% in January, -6.09% in the last 12 months

Mean Reversion Strategies (CLAXMRE Index) +0.94% in Jan, -7.17% in the last 12 months

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
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%	-2.81%	0.43%	-1.55%	-9.35%
2019	0.94%												0.94%

Mean Reversion strategies gained +0.94% in January, predominantly due to buy-write positions on the S&P 500 and Euro Stoxx 50 indices (as per the table below). The nine buy-write representative algorithms in our database were up +1.8% on average, benefitting from the rally in the underlying equity markets¹². Meanwhile, short-term mean reversion algorithms (which are usually variance based) gained +1.4% on the Euro Stoxx 50 (eight indices) and +0.4% on the S&P 500 index (ten indices); the latter were less profitable because the index saw fewer corrections (negative daily returns) during the month.

Top 3 movers (ranked by 1 month returns)

Momentum - Mean Reversion	Jan-19 return	YTD return	1Y Sharpe	1Y return
1) BNP Paribas Buy Write 103 Euro Stoxx 50 Buy-Write	5.9%	5.9%	-0.7	-7.8%
2) Credit Suisse 3 Month Protected Equity ES&P 500 Buy-Write	3.8%	3.8%	0.0	2.4%
3) BNP Paribas 103 EU Call Carry Euro Stoxx 50 Buy-Write	3.4%	3.4%	-0.4	-1.5%

Trend-Following Strategies (CLAXTRF Index) -0.56% in Jan, -5.81% in the last 12 months

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
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%	-3.05%	-0.06%	1.25%	-2.90%
2019	-0.56%												-0.56%

The Trend following sub-index lost -0.56% in January as the market broadly corrected from recent (negative) trends. Commodity strategies lost -2.8% (across 17 indices) as commodity prices rebounded¹³. FX strategies declined -1.3% (across 15 indices), with G10 pairs such as AUD/USD and CAD/USD posting losses¹⁴. Equity strategies tumbled -3.7% (across 5 indices) as they were predominantly short following the bear market in 2018. Fixed income strategies made gains (+0.5%, 13 indices) as interest rates continued to fall, and bond prices rose¹⁵. Finally, multi-asset trend following strategies were positive on average (+0.8%) across a total of 34 indices; due to this larger number of constituents, it carries a substantial weight in the overall sub-index performance. These algorithms are often constrained to long-only positions based on trends, which explains the positive return.

Top 3 movers (ranked by 1 month returns)

Momentum - Trend Following	Jan-19 return	YTD return	1Y Sharpe	1Y return
1) Societe Generale Global Momentum ETF Trend Following - Long Only	10.2%	10.2%	-0.7	-8.6%
2) HSBC Dynamic 5 ETF Multi-Asset Trend Following - Long Only	4.0%	4.0%	-0.9	-2.6%
3) Societe Generale Interest Rate Trend Fc Global Government Bond Trend Following	3.8%	3.8%	0.1	2.7%

¹² The S&P 500 index was up +7.9%, the Euro Stoxx 50 index up +5.3%. Source: Bloomberg

¹³ The BCOM Energy sub-index was down -5.7% in October, -3.5% in November, -18.9% in December; it rose +9.0% in January. Source: Bloomberg

¹⁴ The AUD and CAD were down -9.7% and -7.8% against the USD in 2018; they rose +3.2% and +3.9% in January. Source: Bloomberg

¹⁵ The USD 10 year swap rate was down -17bps in November, -33bps in December, and -5bps in January. Bunds (0.25% Aug 2028) were up +0.9% in October, +0.7% in November, +0.7% in December, and +1.4% in January. Source: Bloomberg