

Portfolios with Uncorrelated Assets May Have a Smoother Experience

Modern Portfolio Theory suggests an efficient way to invest over time is to build a portfolio comprised of multiple uncorrelated asset classes. For investors looking for uncorrelated strategies, managed futures are one of the few alternatives that provide truly uncorrelated exposure.

Liquid Alternatives Categories (04/01/07 – 12/31/19)	1	2	3	4	5	6	7	8
1 S&P 500 Index	1.00							
2 Long-Short Equity	0.95	1.00						
3 Managed Futures	-0.10	-0.02	1.00					
4 Market Neutral	0.30	0.46	0.10	1.00				
5 Multialternative	0.92	0.89	-0.01	0.28	1.00			
6 Multicurrency	0.42	0.45	-0.05	0.29	0.41	1.00		
7 Nontraditional Bond	0.70	0.70	-0.23	0.19	0.82	0.37	1.00	
8 Barclays US Aggregate Bond Index	-0.01	-0.04	0.04	-0.06	0.16	0.07	0.16	1.00

Past performance is not indicative of future results. Source: Morningstar, StockCharts, stockcharts.com. Data from 04/01/07–12/31/19. Bonds is represented by Barclays Aggregate Bond Index, Global Stocks by MSCI World Index, Managed Futures by Credit Suisse Managed Futures Index, Blended is represented by 33% of the Barclay's Aggregate Bond Index, 33% of the Credit Suisse Managed Futures Index, 33% of MSCI World Index. It is not possible to invest directly in an index.

Correlation is a statistical measure of how two securities perform relative to each other.

Barclays Aggregate Bond Index is a broad bond index covering most U.S. traded bonds and some foreign bonds traded in the U.S.

MSCI World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The index includes reinvestments of dividends, net of foreign withholding taxes.

Credit Suisse Managed Futures Index is a subset of the Credit Suisse Hedge Fund Index that measures the aggregate performance of managed futures funds.

