

What is Systematic Trend?

AKA Managed Futures, Systematic Trend typically utilizes momentum-based quantitative factors to identify and participate in futures price trends, providing long and short exposure to all four major asset classes, globally: stocks, bonds, currencies and commodities.

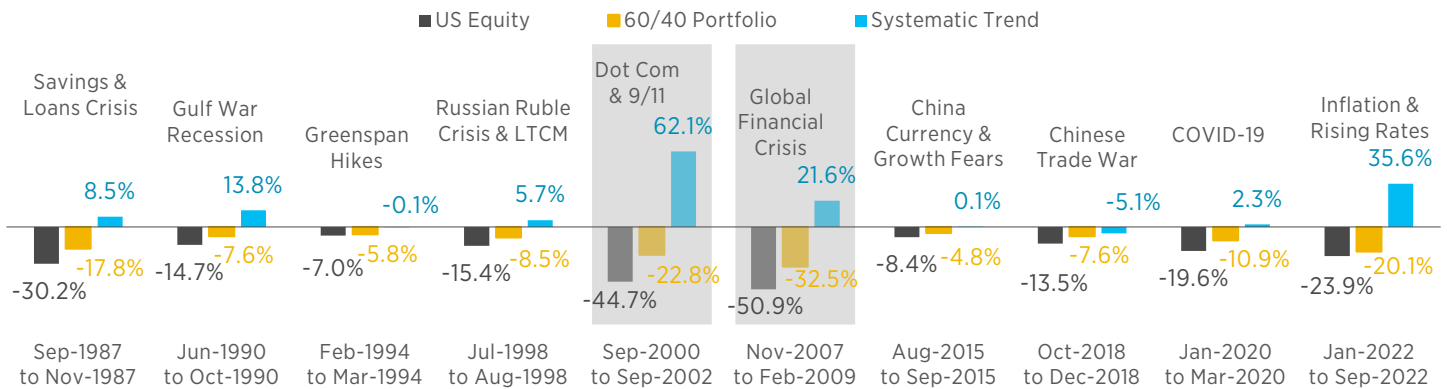
What are the Portfolio Benefits?

- The potential for positive absolute returns in rising and falling markets.
- Low historical correlation to traditional markets.
- The potential for enhanced portfolio diversification and enhanced portfolio returns.

Positive Returns in Falling Markets

January 1, 1987 - September 30, 2022, Monthly

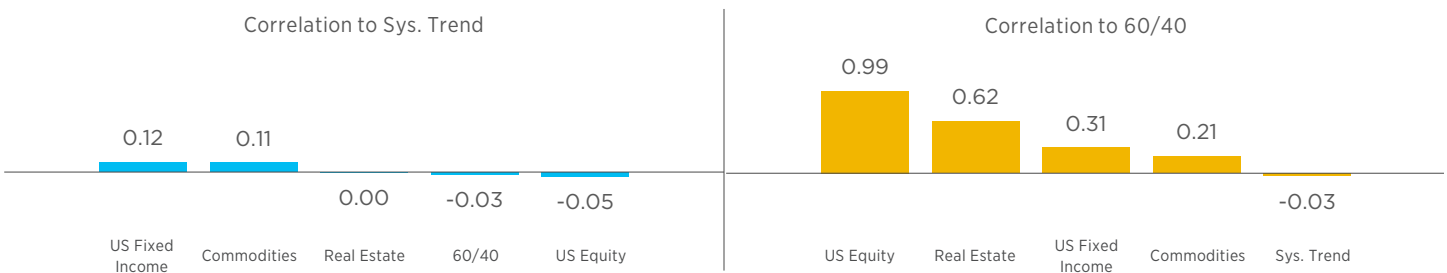
Systematic Trend achieved positive absolute returns in 8 of the 10 worst US Equity drawdowns.* Average returns during the drawdowns were 28.3% better than 60/40 and 37.3% better than US equities.*



Non-Correlation to 60/40

January 1, 1987 - September 30, 2022, Monthly

Over 35 years, Systematic Trend maintained an average correlation of close to zero across all major asset classes. In contrast, 60/40 had an average correlation of 0.42 across all major asset classes.



Source: Altegris, Bloomberg. Past performance is not indicative of future results. **US Equity:** The S&P 500 TR Index is a broad-based index, the performance of which is based on the performance of 500 widely held common U.S. stocks chosen for market size, liquidity, and industry group representation. **60/40 Portfolio:** Hypothetical portfolio constructed as follows using actual benchmark returns. 60% S&P 500 TR Index; 40% BBG US Aggregate Bond Index; rebalanced monthly. **Systematic Trend:** 1/1/87 - 12/31/99 Barclay Hedge BTOP50 Index, which seeks to replicate the overall composition of the managed futures industry with regard to trading style and overall market exposure and upon selection are the largest investable trading advisor programs, as measured by assets under management; 1/1/00 - Present SG Trend Index, which calculates the net daily rate of return for a group of 10 trend following CTAs selected from the largest managers open to new investment, is equal-weighted and reconstituted annually, and has become recognized as the key managed futures trend following performance benchmark. **US Fixed Income:** The Bloomberg Barclays Capital US Aggregate Bond Index represents securities that are SEC-registered, taxable, and dollar denominated, covering the US investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities and with major sectors subdivided into more specific indices that are calculated and reported on a regular basis: Government/Credit Index, Government Index, Treasury Index, Agency Index, and Credit Index. **Commodities:** The S&P GSCI Total Return Index in USD is widely recognized as the leading measure of general commodity price movements and inflation in the world economy. Index is calculated primarily on a world production weighted basis, comprised of the principal physical commodities futures contracts. **Real Estate:** The FTSE Nareit Composite REIT Index is a free-float adjusted, market capitalization-weighted index of U.S. Equity and Mortgage REITs, including all tax-qualified REITs that also meet FTSE's minimum size and liquidity criteria.

How to Optimize Allocations to Systematic Trend?

Over 35 years of data, Systematic Trend had extended periods of substantial over and under performance compared to a 60/40 portfolio. Altegris believes a consistent, long-term allocation to Systematic Trend strategies enhances portfolio diversification and may also enhance portfolio performance.

- Based on Optimized Sharpe Ratio, a 36% allocation to Systematic Trend maximized portfolio benefits.
- A 10% allocation also offered portfolio enhancement via higher returns and lower volatility.

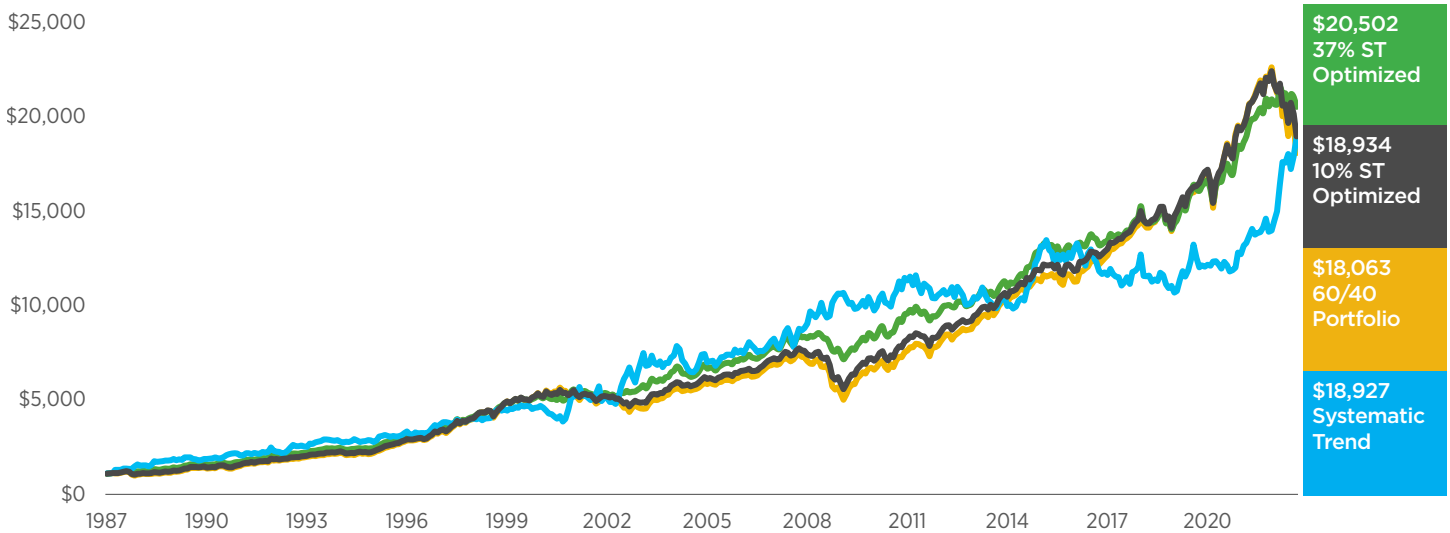
What is the Outlook?

Ongoing uncertainty regarding inflation and recession, global central bank policy, and rising geopolitical tensions creates an economic environment that may encourage persistent price trends in global markets.

Optimal Allocations to Systematic Trend

January 1, 1987 - September 30, 2022, Monthly

Based on Sharpe Ratio optimizations, a 36% allocation to Systematic Trend maximized historical portfolio benefits. A 10% allocation also offered portfolio enhancement via higher returns and lower volatility.



Performance Statistics

January 1, 1987 - September 30, 2022, Monthly

	60/40	Systematic Trend	37%	10%
Total Return	1706.3%	1792.7%	1950.2%	1793.4%
Annualized Return	8.4%	8.6%	8.8%	8.6%
Standard Deviation	9.5%	12.9%	7.6%	8.6%
Sharpe Ratio	0.86	0.65	1.13	0.96
Maximum Drawdown	(33%)	(21%)	(16%)	(28%)

IMPORTANT DISCLOSURES

Past performance is not indicative of future results. There is no guarantee that any forecast or forward-looking statement will be accurate, as actual performance of investments or sectors may materially differ from that reflected herein. This material and the following terms are provided for informational purposes only.

Drawdown: A measure of the maximum historical loss if an investor were to subscribe at a peak and withdraw assets at the trough. **Correlation:** A statistic that measures the degree to which two assets move in relation to each other. A perfect positive correlation is exactly 1, a perfect negative correlation is -1, and a zero correlation implies no linear relationship at all. The author's assessments do not constitute investment research and the views expressed are not intended and should not be relied upon as investment advice. This material is not a solicitation to buy or sell any investment product or service. Opinions are based on current market conditions, subject to change without notice, and no obligation is undertaken to update this material. #REDOAK_100622