

# C8 China Futures Access Strategy

Performance July 2022 : +0.76% (gross)

Performance Year to Date : +2.75% (gross)

## July 2022:

**Overall:** Despite the ongoing global political and economic uncertainty, resulting in persistently challenging market conditions for most absolute return strategies, the C8 China Futures Access Strategy reversed June's negative performance and achieved an overall return of **+ 0.76%** for the month of July. A lack of clear direction in many local market contracts over the past couple of months, has left the system balanced and poised to take advantage of either a rebound or continued sell-off within sectors. Performance year to date, driven mainly by Industrials and Metals, remains positive at +2.75%.

**Sector Performance:** In July, 1 of the 4 main sectors was positive whilst the remaining 3 remained relatively flat. In July, 8 new contracts have been added to the system including 3 index futures contracts, which make up the new 'Equities' sector. Of the 43 contracts now traded within the system, 25 performed positively and 17 were negatively performing. There was a relatively narrow dispersion of only 1.38% between the worst performing and best performing contracts.

Sector	July	YTD
Agriculture	1.98%	-6.82%
Financials	-0.14%	-1.28%
Industrials	-0.89%	5.92%
Metals	-0.07%	5.05%
Equities	-0.11%	-0.11%
	<b>0.76%</b>	<b>2.75%</b>

Top 5 Winners	Sector	Jul-22
Manganese Silicon	Industrial	0.83%
White Sugar	Agriculture	0.81%
Corn Starch	Agriculture	0.64%
Corn	Agriculture	0.51%
Natural Rubber	Agriculture	0.46%
		<b>3.26%</b>

Top 5 Losers	Sector	Jul-22
CSI 300 Index Futures	Equities	-0.44%
Fuel Oil	Industrial	-0.49%
LLDPE <sup>2</sup>	Industrial	-0.51%
RBD Palm Olein	Agriculture	-0.54%
Cotton No.1	Agriculture	-0.55%
		<b>-2.54%</b>

Top 5 Winners	Sector	YTD
Thermal Coal	Industrial	3.69%
Nickel	Metal	3.31%
Flat Glass	Industrial	2.32%
PTA <sup>1</sup>	Industrial	1.95%
Coking Coal	Industrial	1.65%
		<b>12.92%</b>

Top 5 Losers	Sector	YTD
Polypropylene	Industrial	-1.38%
Soybean Meal	Agriculture	-1.51%
Steel Rebar	Industrial	-1.53%
Corn	Agriculture	-2.32%
Rapeseed Meal	Agriculture	-3.96%
		<b>-10.71%</b>

<sup>1</sup> Pure Terephthalic Acid, <sup>2</sup> Linear Low Density Polyethylene

**Systems:** The C8 China system is relatively unique in that it combines traditional trend following systems, which trade daily, with a proprietary risk premia system, which trades monthly. In June, government intervention in some contracts prevented some long/short trades to be implemented. Uncertainty around how this would affect the system, led to the decision to temporarily terminate the risk premia component and this has continued into July, with the system on hold for August as well.

**Risk Mitigation:** These returns continued to be achieved with controlled realized volatility (historically approx. 19.07%) and reduced downside volatility (approx. 9.07%).

The long-term Sharpe Ratio is 1.62 which compares favourably to the SG CTA Index which is 0.52 (approx.)

In addition, returns continue to have minimal correlation and beta to traditional asset classes. For instance, **returns for the C8 program in July were +0.76%, while the Chinese equity market, as represented by the CSI 500, was down - 1.42%.**

### Statistics

	Overlay China Futures	SG CTA Index
Annualised Return	30.8%	8.99%(4.27%)
Realised Volatility	19.07%	19.07%(8.29%)
Downside Volatility	9.07%	9.77%(4.25%)
Max Drawdown	-17.17%	-31.89%(-14.26%)
Winning months	62.61%	55.65%
Sharpe Ratio	1.62	0.52
Sortino Ratio	3.39	1.01
Calmar Ratio	1.79	0.3

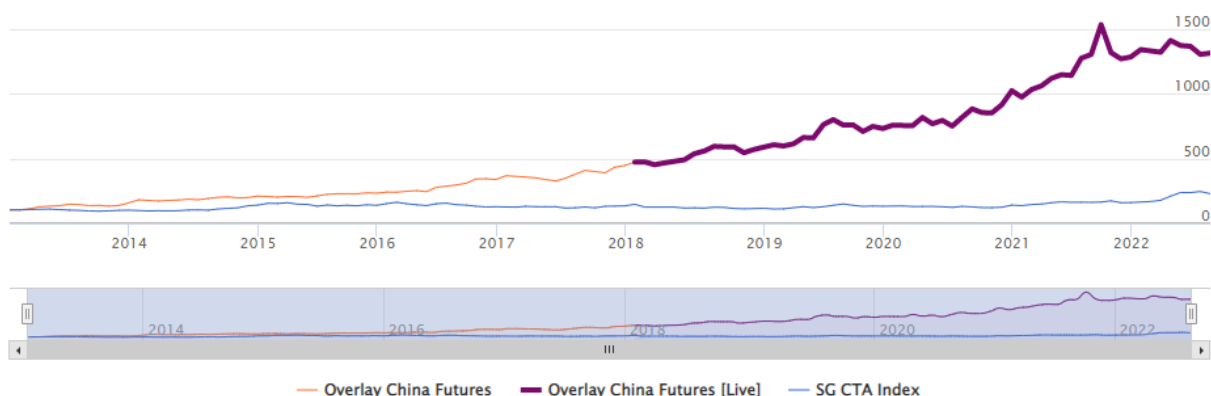
## Index Performance

Logarithmic Y axis

\* Live Track Record in Bold. This Index is not a benchmark within the meaning of the Benchmarks Regulation issued by ESMA

Zoom 1m 3m 6m YTD 1y **All**

Jan 31, 2013 — Jul 29, 2022



## Monthly performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2022	<b>4.4%</b>	<b>-1.51%</b>	<b>6.83%</b>	<b>-2.72%</b>	<b>-0.45%</b>	<b>-4.57%</b>	<b>0.74%</b>						2.27%
2021	<b>-4.85%</b>	<b>6.06%</b>	<b>2.74%</b>	<b>5.45%</b>	<b>2.49%</b>	<b>-0.5%</b>	<b>11.67%</b>	<b>2.25%</b>	<b>17.6%</b>	<b>-14.06%</b>	<b>-3.63%</b>	<b>1.17%</b>	25.47%
2020	<b>3.49%</b>	<b>-0.52%</b>	<b>8.44%</b>	<b>-5.94%</b>	<b>3.41%</b>	<b>-5.57%</b>	<b>9.08%</b>	<b>7.88%</b>	<b>-3.23%</b>	<b>-0.17%</b>	<b>7.36%</b>	<b>11.76%</b>	39.86%
2019	<b>6.39%</b>	<b>-1.49%</b>	<b>2.75%</b>	<b>7.98%</b>	<b>-0.5%</b>	<b>15.44%</b>	<b>5.21%</b>	<b>-5.24%</b>	<b>0.1%</b>	<b>-6.61%</b>	<b>5.43%</b>	<b>-2.16%</b>	28.42%
2018	<b>5.8%</b>	<b>0.32%</b>	<b>-4.63%</b>	<b>3.17%</b>	<b>5.12%</b>	<b>9.56%</b>	<b>3.84%</b>	<b>6.47%</b>	<b>-0.63%</b>	<b>-0.01%</b>	<b>-7.7%</b>	<b>4.59%</b>	27.53%
2017	8.59%	-2.64%	-1.86%	-3.57%	-3.51%	6.71%	8.72%	7.83%	-2.19%	-2.48%	11.18%	3.12%	32.08%
2016	3.61%	-0.41%	3.17%	1.96%	-3.15%	13.71%	3.04%	3.35%	4.53%	10.33%	0.84%	-1.86%	45.29%
2015	-1.71%	-2.39%	2.7%	-0.48%	-2.76%	5.58%	5.6%	2.06%	0.13%	-0.18%	3.19%	-1.23%	10.52%
2014	15.08%	-5.25%	2.82%	1.65%	3.52%	-2.21%	5.33%	4.68%	1.79%	-3.54%	0.84%	5.84%	33.28%
2013	2.61%	1.94%	7.43%	13.64%	6.6%	8.24%	-1.67%	-5.9%	1.63%	-4.46%	4.4%	14.14%	57.74%

\*Performance is net of rebalancing costs, fixed fees (0% annually) and performance fees (0% over high watermark).

## Commentary:

- Recent stimulus attempts in China seem to have stalled since the Chinese PMI again came in below 50 and most commodity markets in July saw a sell off as global recession fears took a grip on investors mindsets.
- The positive overall performance for the strategy came from short positions in some of the soft commodities. Long positions in other sectors, such as Industrials and Metals, which have been key drivers of the overall YTD performance, only detracted slightly due to the reduced overall position sizing within the system.
- In July the decision was made to keep the risk premia system on hold with no risk allocation and this has continued for August due to concerns about liquidity and the ability to implement relative value trades. After months of extensive research and testing, 8 new contracts were added to the trend system to provide even more diversification. These included; tin, apple, fuel oil and the CSI 500 and CSI 300 Index futures.
- Currently the investment system remains fairly neutral with relatively low risk, which should makes its performance relative to peers look good. Should the downward price trend continue, the system is equipped to take advantage of the situation, since current short positions are not too extensive and could grow quickly. Similarly, should the market start to rebound, these can quickly flip to long positions.