

# 10 COMPELLING REASONS TO CONSIDER ADDING **MANAGED FUTURES** TO YOUR PORTFOLIO

## RISK DISCLOSURE STATEMENT

TRADING FUTURES AND OPTIONS INVOLVES SUBSTANTIAL RISK OF LOSS AND IS NOT SUITABLE FOR ALL INVESTORS. THERE ARE NO GUARANTEES OF PROFIT NO MATTER WHO IS MANAGING YOUR MONEY. PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.

THE RISK OF LOSS IN TRADING COMMODITY INTERESTS CAN BE SUBSTANTIAL. YOU SHOULD THEREFORE CAREFULLY CONSIDER WHETHER SUCH TRADING IS SUITABLE FOR YOU IN LIGHT OF YOUR FINANCIAL CONDITION. IN CONSIDERING WHETHER TO TRADE OR TO AUTHORIZE SOMEONE ELSE TO TRADE FOR YOU, YOU SHOULD BE AWARE OF THE FOLLOWING:

IF YOU PURCHASE A COMMODITY OPTION YOU MAY SUSTAIN A TOTAL LOSS OF THE PREMIUM AND OF ALL TRANSACTION COSTS.

IF YOU PURCHASE OR SELL A COMMODITY FUTURES CONTRACT OR SELL A COMMODITY OPTION YOU MAY SUSTAIN A TOTAL LOSS OF THE INITIAL MARGIN FUNDS OR SECURITY DEPOSIT AND ANY ADDITIONAL FUNDS THAT YOU DEPOSIT WITH YOUR BROKER TO ESTABLISH OR MAINTAIN YOUR POSITION. IF THE MARKET MOVES AGAINST YOUR POSITION, YOU MAY BE CALLED UPON BY YOUR BROKER TO DEPOSIT A SUBSTANTIAL AMOUNT OF ADDITIONAL MARGIN FUNDS, ON SHORT NOTICE, IN ORDER TO MAINTAIN YOUR POSITION. IF YOU DO NOT PROVIDE THE REQUESTED FUNDS WITHIN THE PRESCRIBED TIME, YOUR POSITION MAY BE LIQUIDATED AT A LOSS, AND YOU WILL BE LIABLE FOR ANY RESULTING DEFICIT IN YOUR ACCOUNT.

UNDER CERTAIN MARKET CONDITIONS, YOU MAY FIND IT DIFFICULT OR IMPOSSIBLE TO LIQUIDATE A POSITION. THIS CAN OCCUR, FOR EXAMPLE, WHEN THE MARKET MAKES A "LIMIT MOVE."

THE PLACEMENT OF CONTINGENT ORDERS BY YOU OR YOUR TRADING ADVISOR, SUCH AS A "STOP- LOSS" OR "STOP-LIMIT" ORDER, WILL NOT NECESSARILY LIMIT YOUR LOSSES TO THE INTENDED AMOUNTS, SINCE MARKET CONDITIONS MAY MAKE IT IMPOSSIBLE TO EXECUTE SUCH ORDERS.

A "SPREAD" POSITION MAY NOT BE LESS RISKY THAN A SIMPLE "LONG" OR "SHORT" POSITION.

THE HIGH DEGREE OF LEVERAGE THAT IS OFTEN OBTAINABLE IN COMMODITY INTEREST TRADING CAN WORK AGAINST YOU AS WELL AS FOR YOU. THE USE OF LEVERAGE CAN LEAD TO LARGE LOSSES AS WELL AS GAINS.

IN SOME CASES, MANAGED COMMODITY ACCOUNTS ARE SUBJECT TO SUBSTANTIAL CHARGES FOR MANAGEMENT AND ADVISORY FEES. IT MAY BE NECESSARY FOR THOSE ACCOUNTS THAT ARE SUBJECT TO THESE CHARGES TO MAKE SUBSTANTIAL TRADING PROFITS TO AVOID DEPLETION OR EXHAUSTION OF THEIR ASSETS. THE CTA DISCLOSURE DOCUMENT CONTAINS A COMPLETE DESCRIPTION OF THE PRINCIPAL RISK FACTORS AND EACH FEE TO BE CHARGED TO YOUR ACCOUNT BY THE COMMODITY TRADING ADVISOR ("CTA").

A COMPLETE DISCUSSION OF FEES AND CHARGES ARE REPORTED IN THE CTA'S DISCLOSURE DOCUMENT. SPECIFICALLY, ONE SHOULD RECOGNIZE THAT AN INTRODUCING BROKER MAY CHARGE A FRONT-END START UP FEE OF UP TO 6% OF THE INITIAL CONTRIBUTION. PLEASE NOTE THAT THIS CHARGE IS NOT REFLECTED IN THE PERFORMANCE OF THE COMMODITY TRADING ADVISOR AND COULD HAVE A SIGNIFICANT IMPACT ON THE CUSTOMERS ABILITY TO ACHIEVE SIMILAR RETURNS.

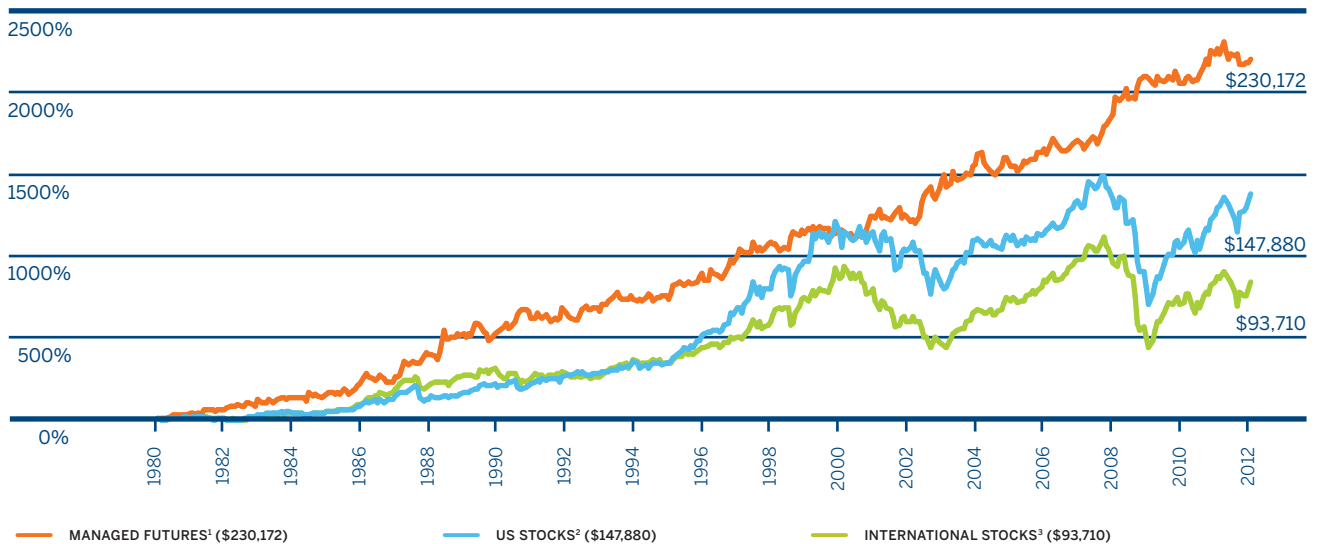
MANAGED FUTURES MAY NOT NECESSARILY BE PROFITABLE UNDER ALL MARKET CONDITIONS AND ALSO MAY NOT NECESSARILY REDUCE VOLATILITY. THIS MATTER IS INTENDED AS A SOLICITATION.

WHILE MANAGED FUTURES CAN HELP ENHANCE RETURNS AND REDUCE RISK, THEY CAN ALSO DO JUST THE OPPOSITE AND IN FACT RESULT IN FURTHER LOSSES IN A PORTFOLIO. STUDIES CONDUCTED OF MANAGED FUTURES AS A WHOLE MAY NOT BE INDICATIVE OF THE PERFORMANCE OF ANY INDIVIDUAL CTA.

THIS MATERIAL MENTIONS SERVICES WHICH RANK THE PERFORMANCE OF COMMODITY TRADING ADVISORS. PLEASE NOTE THAT THE RANKINGS APPLY ONLY TO THOSE CTAs WHO SUBMIT THEIR TRADING RESULTS. THE RANKINGS IN NO WAY PURPORT TO BE REPRESENTATIVE OF THE ENTIRE UNIVERSE OF COMMODITY TRADING ADVISORS. THE MATERIAL IN NO WAY IMPLIES THAT THESE RESULTS ARE OFFICIALLY SANCTIONED RESULTS OF THE COMMODITY INDUSTRY. BE ADVISED THAT AN INDIVIDUAL CANNOT INVEST IN THE INDEX ITSELF AND THE ACTUAL RATES OF RETURN FOR AN INDIVIDUAL PROGRAM MAY SIGNIFICANTLY DIFFER AND BE MORE VOLATILE THAN THE INDEX.

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COMPARISON OF PERFORMANCE (01/1980 – 01/2012)



1 As measured by Barclays CTA Index;  
 2 As measured by Dow Jones Industrial Average Price Index;  
 3 As measured by MSCI World Index

- 1. Diversify beyond the traditional asset classes.**  
 Managed Futures are an alternative asset class that has achieved strong performance in both up and down markets, exhibiting low correlation to traditional asset classes, such as stocks, bonds, cash and real estate.
- 2. Reduce overall portfolio volatility.**  
 In general, as one asset class goes up, some other asset class goes down. Managed Futures invest across a broad spectrum of asset classes with the goal of achieving solid long-term returns.
- 3. Increase returns and reduce volatility.**  
 Managed Futures, as well as commodities, when used in conjunction with traditional asset classes, may reduce risk, while at the same time potentially increasing returns.
- 4. Returns evident in any kind of economic environment.**  
 Managed Futures may generate returns in bull and bear markets, boasting solid long-term track records despite economic downturns.
- 5. Strong performance during stock market declines.**  
 Managed Futures may do well in down markets because they employ short-selling and options strategies that allow them to profit in such markets.

Visit [www.cmegroup.com/managedfutures](http://www.cmegroup.com/managedfutures) for tools and additional resources.

**6. Successful institutions use them.** Pension Plan Sponsors, Endowments and Foundations have long used Managed Futures to generate returns in excess of the S&P 500.

**7. Commodity Trade Advisors (CTAs) and Pool Operators (CPOs) have access to a wide variety of global futures products that are liquid and transparent.**

There are more than 150 liquid futures products across the globe, including stock indexes, fixed income, energies, metals, and agricultural products.

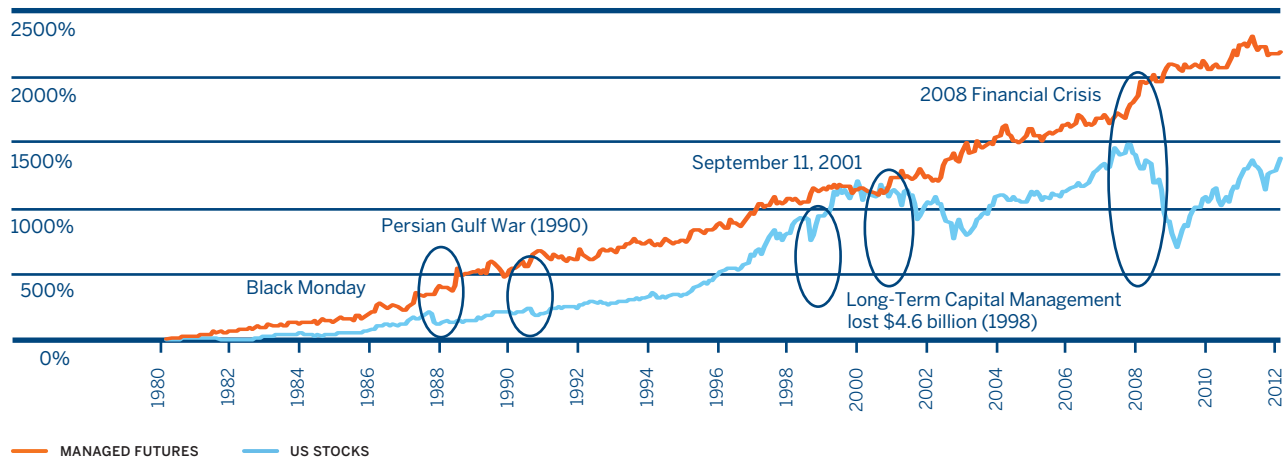
**8. CTA/CPO community is regulated and trades on regulated futures exchanges.**

Trading in a regulated marketplace builds the credibility and trustworthiness of the CTA/CPO community.

**9. Risk Management and Clearing** CME Clearing institutes some of the most sophisticated risk management practices in the financial world. For more than 100 years, CME Clearing has provided services that substantially mitigate the risk of clearing member failure. CME Clearing has provided the resources to ensure the performance of every contract on our exchanges for more than a century.

**10. Overall industry growth has been exceptional.** In the last 30 years, assets under management for the Managed Futures industry have grown 1000 fold.

**WHEN CRITICAL EVENTS OCCUR (01/1984 – 01/2012)**



Visit [www.cmegroup.com/managedfutures](http://www.cmegroup.com/managedfutures) for tools and additional resources. For more information on Managed Futures contact:

**CME GROUP MANAGED FUTURES TEAM**

**David Lerman**

david.lerman@cmegroup.com

+1 312 648 3721

**Mark Omens**

mark.omens@cmegroup.com

+1 312 930 8545

Futures trading is not suitable for all investors, and involves the risk of loss. Futures are a leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyles. And only a portion of those funds should be devoted to any one trade because they cannot expect to profit on every trade. All references to options refer to options on futures.

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