

Systematic Investing in a Dislocated Market

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Confidential

Where are we now

- Uncertainty vs Volatility
- Role of Systematic Process
- A World in Transition: What's Next?

Uncertainty vs. Volatility

Volatility is the **amount of uncertainty or risk in the future value** of an underlying security or asset.

Risk

the possibility that an outcome will not turn out as you expect it.

Uncertainty

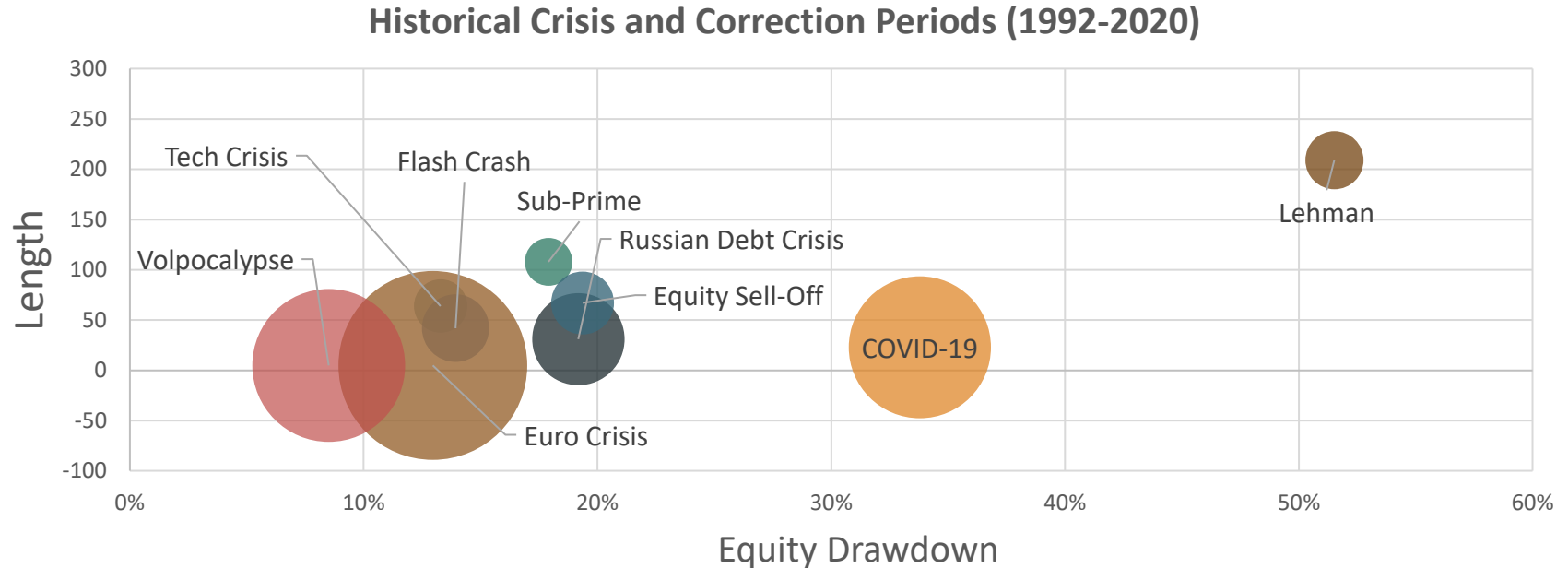
a situation where the consequences, extent, or magnitude of circumstances, conditions, or events is unknown.

Market Volatility VIX (2008 vs. 2020)



Data as of August 31, 2020. Closing prices for the CBOE Market Volatility Index (VIX) from August 13, 2008 – April 14, 2009 and January 2, 2020 – August 31, 2020. Source: Bloomberg.

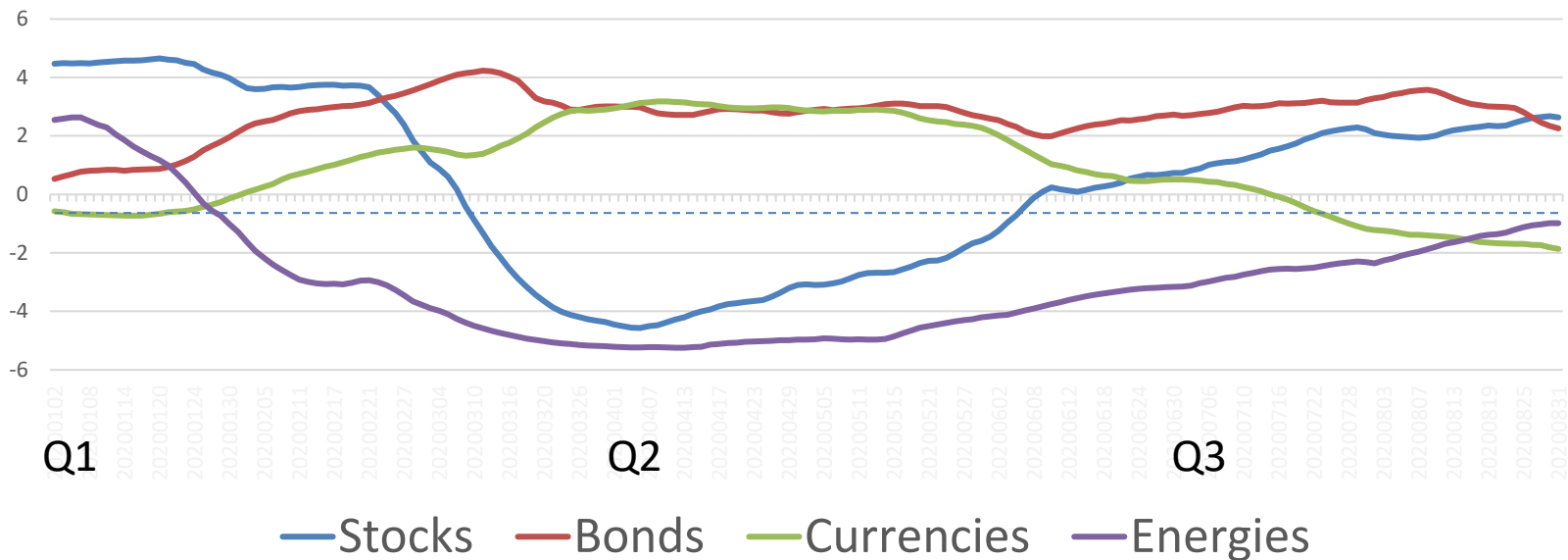
Historical Crisis and Correction Periods (1992 – 2020)



Description of Crisis/Correction periods for the S&P 500 Total Return Index from 1992 to 2020. The size of each circle represents the relative speed of the crisis/correction periods where speed is defined as drawdown divided by length of drawdown. Past performance is not necessarily indicative of future results. Source: Bloomberg, AlphaSimplex.

Markets in Motion in 2020

Trend Strength



Trend strength/risk exposure (long or short) by asset class for a hypothetical trend-following system from January 1, 2020 – August 31, 2020. Past trend strength is not necessarily indicative of future trend strength nor of future results. Source: Bloomberg, AlphaSimplex.

A World in Transition: What's Next?

- Government Intervention/Stimulus
- Inflation Tolerance?
- Change will and can create new trends

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