

Rodex Purchasing Power Index 2.0, October 2017

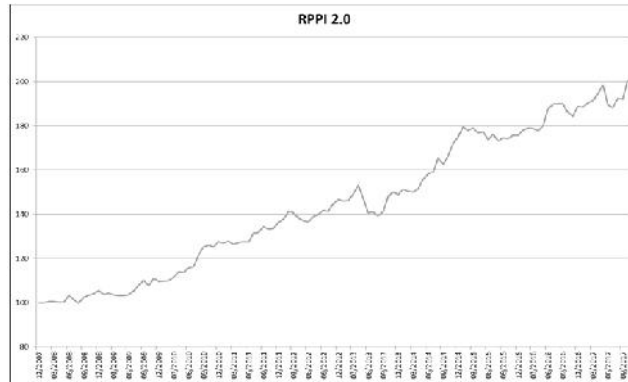
Reporting October 2017

Investment Target & Key Points

The Rodex Purchasing Power Index 2.0 distinguishes 3 different phases of price changes: 1) High Inflation [CPI change >5%], 2) Deflation [<0%], 3) Sweet Spot [0-5%]. Depending on the phase, the 3 asset classes bonds, equities and commodities perform differently:

	CPI change	Bonds	Equities	Commodities
Inflation	>5%	-	-	+
Sweet Spot	0%<dCPI<5%	+	+	0
Deflation	<0%	+	-	-

Depending on the inflationary environment, the Rodex Purchasing Power Index 2.0 holds long or short positions in futures on bonds, equities, and commodities. For example, in an inflationary environment, the Rodex Purchasing Power Index 2.0 would be positioned short in bonds, short in equities, and long in commodities. The Rodex Purchasing Power Index 2.0 offers leveraged exposure to changes in inflation / deflation: A small allocation can help to protect a larger part of a client's portfolio. The index is based on a quantitative risk allocation model.



Returns prior to strategy inception in October 2014 are based on backtested data.

Performance Comment for October 2017

October happened to be another strong month for equities. The Nikkei gained +7.8%, the German DAX +3.4% and the S&P500 +2.3%. The Rodex Purchasing Power Index 2.0 continued to be positioned according to the Sweet Spot of Inflation in September. Accordingly, it was long in different equity markets and hence realised a positive contribution from equities. The sweet spot of inflation also means holding long positions in futures on government bonds. With the exception of the US, yields of government bonds fell, hence the long positions in government bond futures helped. Commodities were not part of the RPPI in October. The Rodex Purchasing Power Index 2.0 gained +3.7%.

Index Statistics

	RPPI 2.0
Return since 2007 [annualised]	7.0%
Return since 2012 [annualised]	7.1%
Volatility p.a. [since 2012]	6.3%
Max. Monthly Gain [since 2007]	4.9%
Max. Monthly Loss [since 2007]	-4.8%

Asset Allocation in October

	RPPI 2.0
Bonds	215%
Equities	93%
Commodities	0%

Facts

Index Manager	Rodex Risk Advisers
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Inception Date	01/10/2014
Currency	CHF
Liquidity	Daily
Lock Up Period	None

Performance History

	RPPI 2.0					
	2012	2013	2014	2015	2016	2017
January	1.3%	-0.6%	1.5%	2.6%	1.3%	-0.2%
February	2.5%	0.1%	-0.6%	-0.7%	0.6%	0.8%
March	-0.5%	2.1%	-0.2%	1.0%	-0.1%	0.5%
April	-1.7%	2.6%	0.9%	-1.2%	-0.6%	1.7%
May	-1.0%	-3.9%	2.9%	0.2%	1.2%	2.1%
June	-0.3%	-4.4%	1.4%	-1.9%	2.6%	-4.8%
July	1.8%	0.2%	0.5%	1.7%	1.0%	-0.2%
August	0.8%	-1.2%	3.7%	-1.7%	-0.2%	1.9%
September	1.3%	1.5%	-1.8%	0.8%	0.0%	-0.5%
October	-0.4%	4.9%	2.0%	-0.2%	-2.5%	3.7%
November	2.7%	1.1%	3.4%	0.7%	-0.6%	
December	1.3%	-0.8%	1.4%	0.3%	2.6%	
YTD	7.8%	1.4%	16.0%	1.4%	5.2%	5.0%

Returns prior to strategy inception in October 2014 are based on backtested data.

Index	Purpose
RPPI 2.0	Protection against inflation AND Deflation

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