

# Rodex Purchasing Power Index 2.0, May 2018

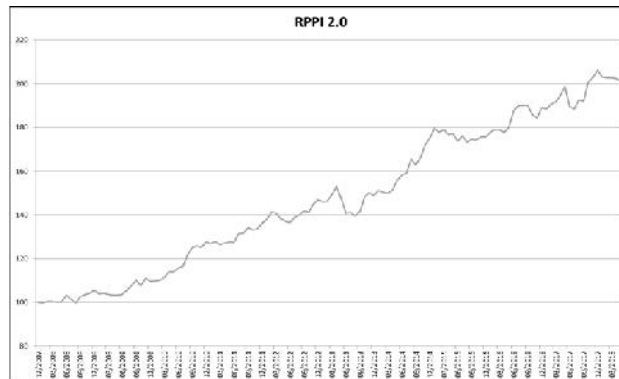
Reporting May 2018

## 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 May 2018

The RPPI is in a transition phase between inflation, which is now allocated about 60% of the risk budget (up to +10% versus April), and the other 2 baskets (allocation ca. 20% each). On a portfolio level, these 3 basket allocations tend to offset each other. This leads to very small portfolio allocations. In May, the RPPI held a short position of -15% in government bonds. As yields fell as a result of the flight to quality due to political uncertainty in Italy, this position contributed negatively. Another short position was -11% in equities, which suffered slightly. Commodities, i.e., gold and oil, were allocated together 6%. As both retreated, the commodity basket also contributed negatively. In May, the Rodex Purchasing Power Index 2.0 retreated -0.4%.

### Index Statistics

	RPPI 2.0
Return since 2007 [annualised]	7.1%
Return since 2012 [annualised]	5.9%
Volatility p.a. [since 2012]	6.2%
Max. Monthly Gain [since 2007]	4.9%
Max. Monthly Loss [since 2007]	-4.8%

### Asset Allocation in May

	RPPI 2.0
Bonds	-15%
Equities	-11%
Commodities	6%

## Facts

Index Manager	Rodex Risk Advisers
Email	info@rodexrisk.com
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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	2018
January	1.3%	-0.6%	1.5%	2.6%	1.3%	-0.2%	-1.4%
February	2.5%	0.1%	-0.6%	-0.7%	0.6%	0.8%	-1.1%
March	-0.5%	2.1%	-0.2%	1.0%	-0.1%	0.5%	-0.1%
April	-1.7%	2.6%	0.9%	-1.2%	-0.6%	1.7%	-0.2%
May	-1.0%	-3.9%	2.9%	0.2%	1.2%	2.1%	-0.4%
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%	1.3%	
December	1.3%	-0.8%	1.4%	0.3%	2.6%	1.8%	
YTD	7.8%	1.4%	16.0%	1.4%	5.2%	8.3%	-3.2%

Returns prior to strategy inception in October 2014 are based on backtested data.  
All returns include transaction costs, but no management fee.

Index	Purpose
RPPI 2.0	Protection against inflation AND Deflation

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