

Rodex Purchasing Power Index 2.0, August 2018

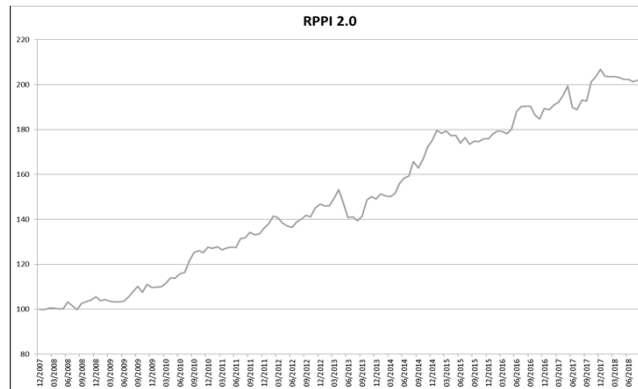
Reporting August 2018

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 August 2018

In August, the RPPI was allocated about 60% of the risk budget to the sweet spot of inflation. The other 2 baskets "inflation" and "deflation" were considered 20% each. On a portfolio level, the RPPI held 95% government bonds, which contributed positively to the performance, and 18% equities, whose contribution was negative. Commodities were not part of the RPPI in August. In August, the Rodex Purchasing Power Index 2.0 gained +0.6%.

Index Statistics

	RPPI 2.0
Return since 2007 [annualised]	6.8%
Return since 2012 [annualised]	6.0%
Volatility p.a. [since 2012]	6.2%
Max. Monthly Gain [since 2007]	4.9%
Max. Monthly Loss [since 2007]	-4.8%

Asset Allocation in August

	RPPI 2.0
Bonds	95%
Equities	18%
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	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%	0.3%
July	1.8%	0.2%	0.5%	1.7%	1.0%	-0.2%	-0.5%
August	0.8%	-1.2%	3.7%	-1.7%	-0.2%	1.9%	0.6%
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%	-2.8%

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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