

Investor Information

Share Category „i14“ - January 2025

The **smn** Diversified Futures Fund recorded a performance of -11.65% in the calendar year 2024. By comparison, the "Credit Suisse AllHedge Managed Futures Index" achieved a performance of +2.02%.

Since inception, over a period exceeding 28 years, the fund's average annual performance (after all fees) stands at +7.97% p.a.¹.

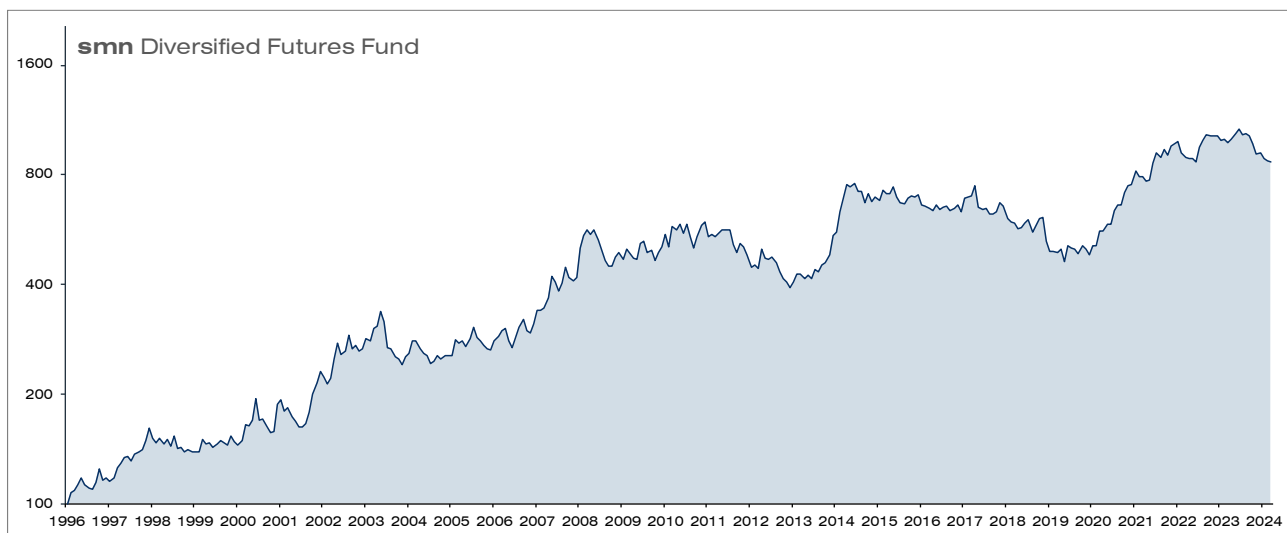


Fig. 1: Performance of the SMN Diversified Futures Fund¹

Source: **smn**

Market Environment in 2024

The financial year 2024 was positive for investors in traditional markets, such as equities and bonds. The U.S. equity market closed the year with a gain of +31.48% (S&P 500 in EUR), primarily driven by a handful of large-cap stocks and the Federal Reserve's shift away from restrictive monetary policy. Other indices also achieved double-digit returns, with the EuroStoxx 50 gaining +11.90%, the MSCI Emerging Markets rising by +15.24% (in EUR), the Japanese Nikkei increasing by +15.69% (in EUR), and the MSCI World closing the year with a gain of +26.50% (in EUR).

¹ Share category „1996“ adjusted by the fee schedule of share category „i14“, from November 01, 1996 in EUR, until inception of the share category „i14“ (January 31, 2015).

In contrast, bond, commodity, and currency markets exhibited no clear trends.

Initially influenced by easing inflation, bond markets were later driven by slowing economic growth and expectations of rate cuts. The global bond market (as measured by the BBG Global AGG²) closed the year with +4.48% (in EUR).

Commodity markets were mixed. Supply shortages and geopolitical tensions led to price increases for certain commodities, such as coffee and gold. However, the global economic slowdown weighed on energy prices.

Currency markets were characterized by notable movements: The U.S. Dollar appreciated against other currencies, bolstered by Donald Trump's election victory. The Euro faced pressure due to economic weakness and political uncertainties, nearing parity with the U.S. Dollar. The Yen experienced increased volatility following the Bank of Japan's unexpected policy shift in 2024, marking the end of its long-standing negative interest rate regime.

² The abbreviation "BBG Global AGG" refers to the "Bloomberg Global Aggregate Index," a comprehensive bond index that covers a broad spectrum of global bond markets.

The **smn** Diversified Futures Fund in 2024

The negative performance of the **smn** Diversified Futures Fund in 2024 was driven by two specific market scenarios:

1. Sideways Markets

In sideways markets without sustained trends, false signals from the fund's trading systems typically result in small but cumulative losses. This pattern was evident in numerous commodity markets, particularly in the livestock sector, throughout 2024.

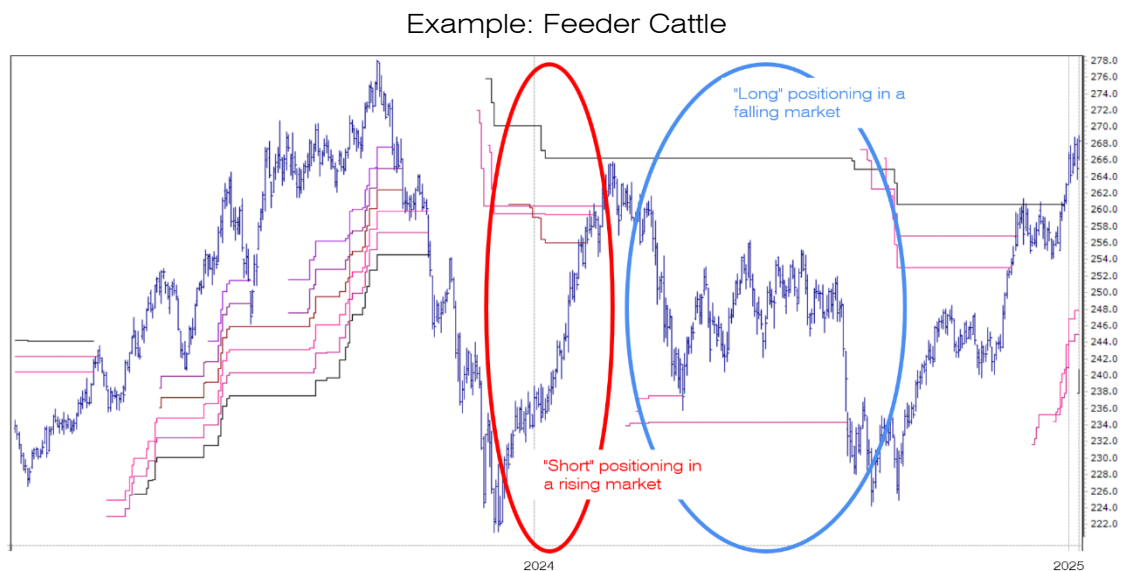


Fig. 2: Feeder Cattle Contract over 2 years: The system began the year with a "short" position as the market moved upward (red circle). Subsequently, newly opened "long" positions quickly encountered a declining market, resulting in further losses (blue circle).

Source: **smn**

2. Trend Reversals

Sudden trend reversals also led to losses in the fund's trading systems. During the summer of 2024, the unwinding of the U.S. Dollar/Yen carry trade caused abrupt directional shifts in equity and currency markets.

This scenario arose as market participants, taking advantage of the Bank of Japan's low-interest rate policy, borrowed in Yen to invest in higher-yielding assets (e.g. U.S. equities). When the Bank of Japan unexpectedly raised interest rates, this carry trade was rapidly unwound, resulting in significant market disruptions.

At that time, the fund was positioned against the new market direction, leading to losses.

Example: Nikkei

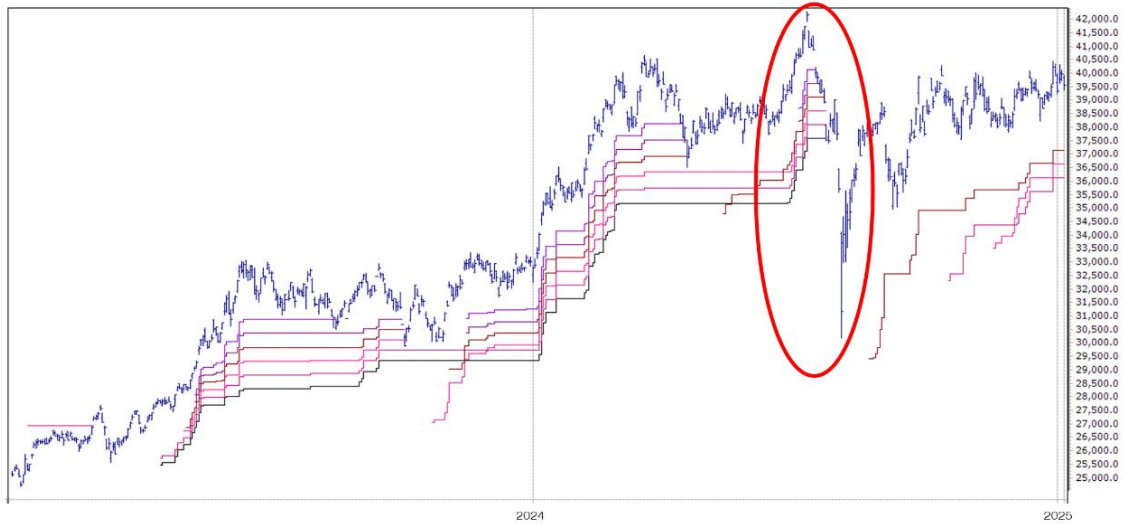


Fig. 3: Nikkei Contract over 2 years: At the end of July 2024 (red circle), a significant trend reversal led to the closure of all our positions in this contract.

Source: smn

The fund's largest gains and losses in 2024 were concentrated in the commodity sector. Losses occurred mainly in the livestock and energy markets due to prolonged sideways movements. However, the fund's trading systems capitalized on strong trends in soft commodities such as cocoa and coffee, as well as favorable developments in the gold market.

Example: Cocoa

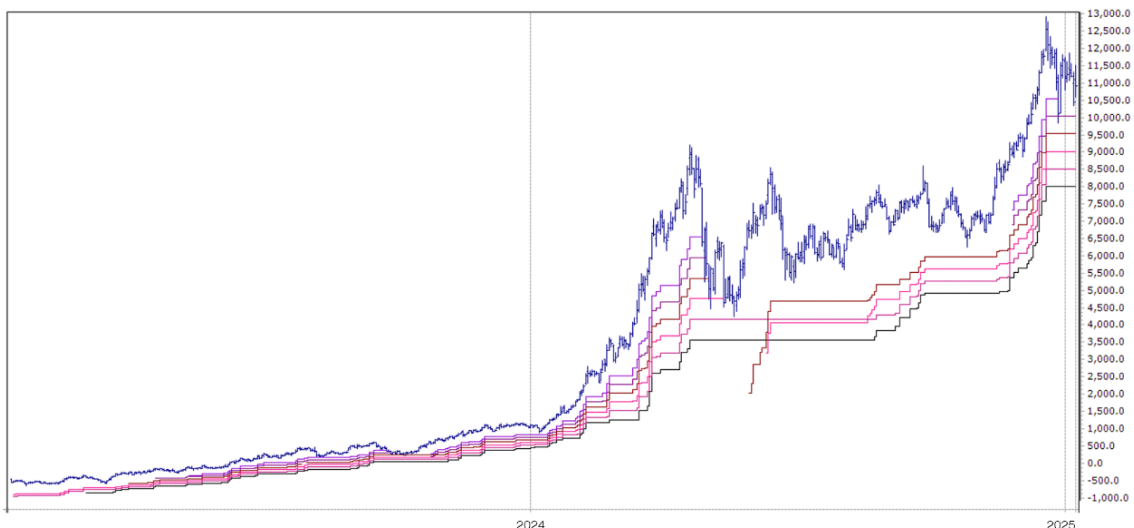


Fig. 4: Cocoa Contract over 2 years: The year began with existing "long" positions, which were maintained almost continuously, with only a brief interruption.

Source: smn

After four consecutive successful years, the fund recorded a negative year in 2024. However, this result falls within the expected range of variability. Market environments characterized by a lack of strong trends or sudden, significant trend reversals are challenging for the strategy.

The systematic approach of the **smn** Diversified Futures Fund has delivered returns comparable to equity markets over more than 28 years, with virtually zero correlation to equities and bonds. The fund's risk, measured by standard deviation, is comparable to that of equity markets, but with significantly lower historical maximum drawdowns.

The fund is an effective diversification tool. Incorporating it into a portfolio of equities and bonds enhances overall returns while reducing risk. This is due to the broad diversification of the portfolio and its access to commodity markets, which are largely inaccessible to traditional equity and bond investors. Additionally, the fund's ability to profit from both rising and falling markets is a distinct strength, as demonstrated in 2022: while equity and bond markets suffered double-digit losses, the **smn** Diversified Futures Fund delivered a significantly positive performance.

Over more than 28 years, the **smn** Diversified Futures Fund has established itself as a reliable and valuable component of a diversified portfolio.

We express our gratitude to our investors for the trust they have placed in us and are more than happy to address any further questions you may have.

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