

# Wermuth Global Crash Insurance Strategy

March 2018

## Investment philosophy

The Wermuth Global Crash Insurance ("WGCI") applies a short-term, trend-following equity long/short model, focusing on highly liquid US listed securities. The strategy is designed to generate absolute returns and provide a fat tail risk protection. WGCI pursues a divest-invest strategy in that it does not go long any of "The Carbon Underground 200" names, but it does take short positions in them. The strategy is thus particularly well designed to do well in case of a global financial crisis caused by the bursting of the carbon bubble. The proprietary software allows fully automated trade execution at high speed. The combination of long and short strategies with an expected net exposure range of minus 100% to plus 100% allows the strategy to benefit from both rising and falling prices. The strategy is diversified among numerous long/short sub-strategies and, on average, 20-50 instruments that are selected from about 2,000 eligible single instruments. The main objective for this strategy is to achieve long-term capital growth with controlled risk. High volatility in the market, or in specific sectors or instruments, consistently delivers opportunities for this strategy to generate a return profile that tends to correlate with volatility. It is therefore useful for the diversification of clients' risk portfolios.

## Monthly net returns

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	WGCI	S&P 500	HFRX* YTD
2018	0.64%	1.52%	-4.62%										-2.55%	-1.22%	-3.20%
2017	2.53%	1.44%	-0.15%	0.31%	-0.15%	-0.03%	0.12%	-0.69%	4.39%	3.26%	0.61%	-1.52%	10.42%	19.42%	5.05%
2016	1.83%	1.97%	-2.61%	-2.60%	-2.30%	6.43%	3.50%	-0.40%	-3.28%	4.80%	-1.24%	0.57%	6.30%	9.54%	-1.44%
2015	-2.46%	1.89%	-1.33%	-0.18%	2.57%	-1.60%	1.70%	-0.03%	1.11%	1.64%	2.22%	-0.49%	5.00%	9.54%	-0.73%
2014	-2.58%	-3.34%	0.12%	4.96%	-1.18%	3.50%	-4.51%	-0.05%	2.07%	0.05%	-1.48%	0.57%	-2.25%	11.39%	2.72%
2013	3.75%	-0.83%	-3.55%	1.31%	-0.61%	2.57%	-0.60%	-0.04%	0.46%	4.45%	0.76%	-4.40%	2.91%	29.60%	-1.07%
2012	-1.18%	-2.22%	1.27%	-5.93%	-7.61%	7.88%	1.90%	-2.54%	-2.14%	-0.30%	-0.37%	1.30%	-10.29%	13.41%	-7.40%
2011	0.08%	4.39%	-6.28%	-1.48%	-0.84%	-1.49%	0.33%	9.55%	10.73%	8.81%	-4.26%	-9.29%	8.37%	0.00%	-1.79%
2010	-3.66%	4.45%	0.44%	1.94%	-2.44%	0.89%	-3.38%	-2.70%	-1.35%	-3.39%	-1.75%	0.81%	-10.01%	12.78%	6.02%
2009	7.60%	-1.78%	10.86%	5.38%	7.31%	-5.71%	2.36%	-1.47%	6.17%	0.77%	-6.42%	1.74%	28.34%	22.97%	-9.04%
2008	4.76%	-6.67%	3.06%	-2.39%	-2.25%	13.44%	5.31%	9.73%	10.80%	33.65%	4.91%	11.11%	117.57%	-38.20%	31.55%
2007										-4.98%	4.04%	11.61%	10.33%	-3.90%	7.15%

Important Note: All returns shown are based on real trading. For the period October 2008 to December 2013 KPMG audit reports are available. Numbers reflect \$ returns. All historical returns shown are net of trading costs, management and performance fees and 0.21% of other fees, including director fees, administration fees, audit fees etc.

Monthly return statistics	WGCI	HFRX*	S&P 500
Total compounded return	225.6%	25.0%	73.0%
Compound annual growth rate	11.9%	2.1%	5.4%
Best month	33.6%	11.6%	10.8%
Worst month	-9.3%	-7.4%	-17.0%
Percentage of up months	53.2%	51.6%	61.9%
Percentage of down months	46.8%	48.4%	38.1%
Standard deviation	17.8%	9.3%	15.0%
Sharpe ratio	0.67	0.23	0.36
Sortino ratio	1.63	0.41	0.45
Correlation WQGS with	1.00	0.10	-0.24
Skewness	2.35	0.57	-0.76
Maximum drawdown	-26.1%	-16.9%	-52.6%

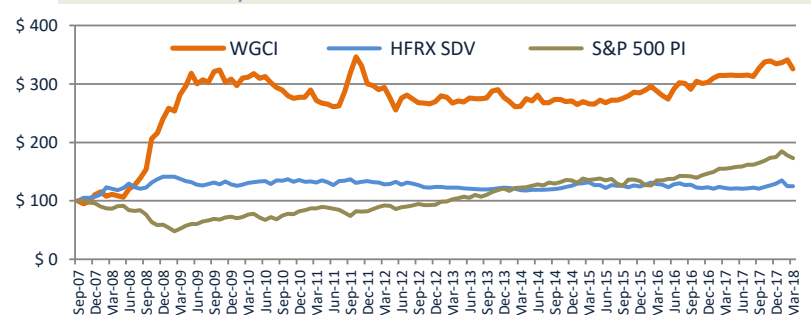
## General information

Investment adviser	Wermuth Asset Management GmbH
Currency	US Dollar ("\$")
Management fees	2%
Performance fees	20%, HWM
Liquidity	daily

\*HFRX Systematic Diversified CTA Index (Bloomberg ticker: HFRXSDV) is an index of hedge funds which use systematic, mostly trend-following strategies as a basis of the investment process. HFRX is a family of hedge fund indices calculated by Hedge Fund Research, Inc. (HFR). CTA stands for Commodity Trading Advisors.

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## WGCI vs HFRX Systematic Diversified CTA Index\*



## Comparison to peers: Jan 2008 - March 2018

