Salus Alpha

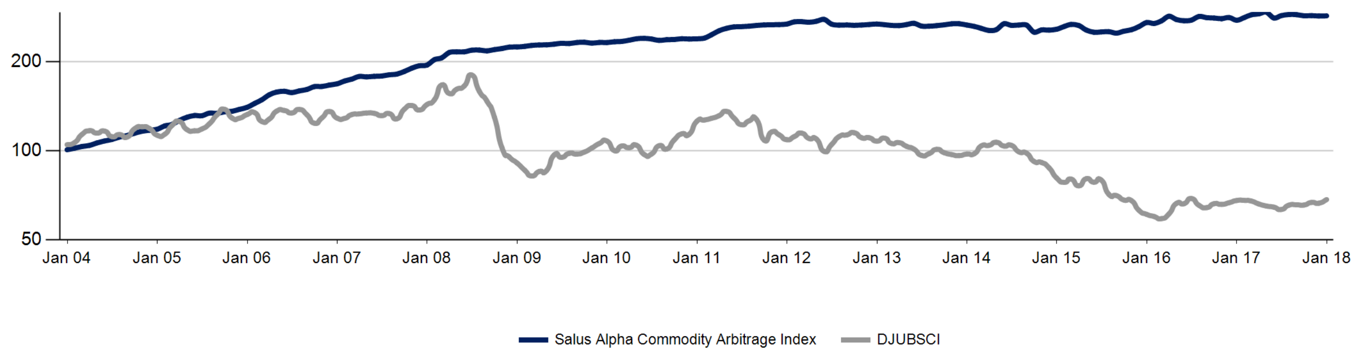
Salus Alpha CAX

31 December 2017

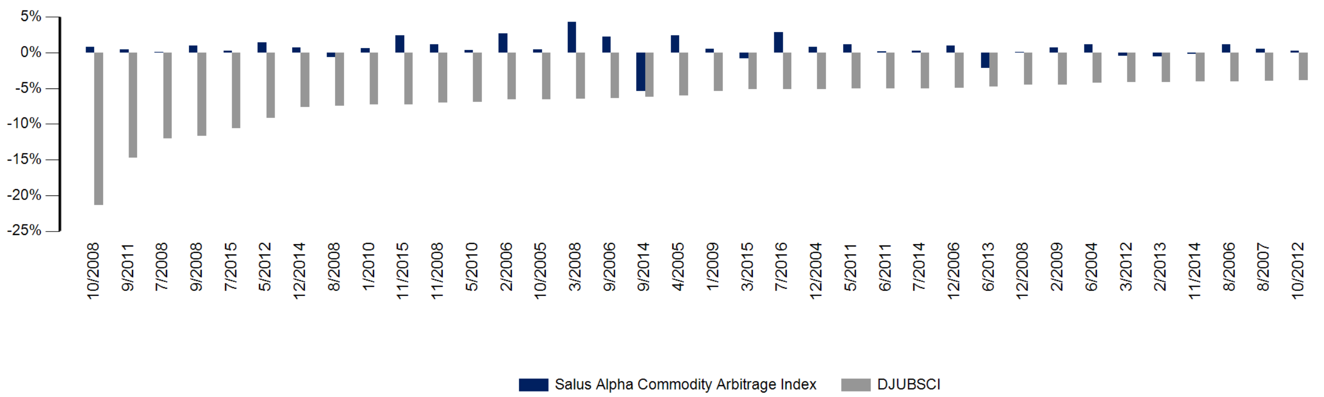
Trading Strategy Description

The Salus Alpha Commodity Arbitrage Strategy invests in the 35 most liquid commodity markets worldwide by trading calendar spreads on a market neutral basis. The Strategy employs the 100% systematic Salus Alpha Commodity Arbitrage Model, which is based on statistical optimization, and aims to profit from price inefficiencies prevalent in the global commodity markets. Compared to the financial markets, the commodity markets are inefficient, as market participants on the supply and the demand side are influenced by numerous environmental, geopolitical and other external factors. Therefore, abundant and recurring pricing imbalances exist both among related commodities ("intercommodity arbitrage") and among different maturities of the same commodity futures contracts ("intracommodity arbitrage"), arising from situations like e.g. short-term supply shortages, seasonality, contango, backwardation, etc. The Strategy has the potential to profit from prevalent pricing imbalances, independent of the overall market direction.

Trading Strategy Returns



The Salus Alpha Commodity Arbitrage Strategy outperformed the DJUBSCI in 95% of the negative months since December 2003.



Performance of The Salus Alpha Commodity Arbitrage Strategy

Year To Date	3.5%
Dec 2017	0.1%
Since Strategy Inception	186.4%

Correlations Since 2003	DJUBSCI	SPGSCI	DJ Stoxx 50
Salus Alpha CAX	-0.04	-0.04	-0.12
DJUBSCI		0.90	0.33
SPGSCI			0.33

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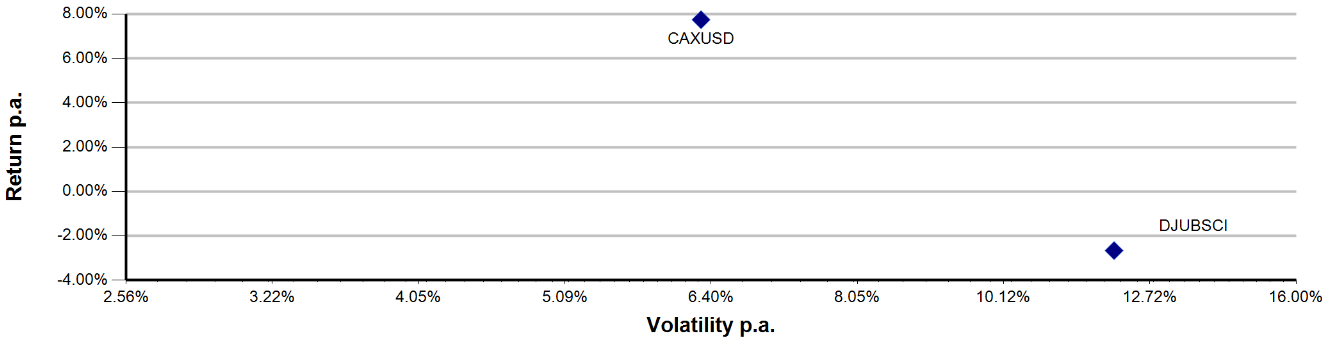
Trading Strategy Monthly Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2003												0.76%	**0.8%**
2004	1.26%	1.32%	0.83%	1.94%	1.55%	1.20%	1.90%	1.23%	1.78%	1.57%	0.80%	0.78%	**17.4%**
2005	2.63%	1.06%	3.24%	2.46%	1.41%	-0.17%	2.10%	-0.19%	1.17%	0.45%	1.49%	1.60%	**18.6%**
2006	3.14%	2.73%	4.11%	2.13%	0.63%	-1.02%	1.34%	1.13%	2.25%	0.08%	1.14%	0.96%	**20.1%**
2007	2.25%	1.40%	2.16%	-0.33%	0.43%	0.23%	0.98%	0.56%	2.03%	2.69%	1.86%	0.50%	**15.7%**
2008	4.39%	1.36%	4.31%	0.44%	0.07%	1.29%	0.10%	-0.64%	1.02%	0.82%	1.15%	0.01%	**15.1%**
2009	0.53%	0.70%	0.42%	0.02%	0.58%	0.72%	-0.26%	0.87%	0.21%	-0.71%	0.53%	-0.05%	**3.6%**
2010	0.62%	0.18%	1.02%	1.13%	0.35%	-0.56%	-1.05%	0.56%	0.12%	0.63%	-0.26%	0.15%	**2.9%**
2011	0.61%	2.57%	3.19%	1.94%	1.16%	0.17%	0.37%	0.58%	0.43%	0.08%	0.16%	0.40%	**12.2%**
2012	1.77%	0.17%	-0.49%	0.81%	1.45%	-3.67%	-0.76%	0.14%	-0.29%	0.24%	0.43%	0.39%	**0.1%**
2013	-0.53%	-0.56%	-0.18%	0.81%	1.00%	-2.13%	-0.11%	0.43%	0.61%	0.85%	0.02%	-0.98%	**-0.8%**
2014	-1.11%	-1.50%	-1.60%	0.59%	4.75%	-1.23%	0.23%	-0.01%	-5.41%	1.80%	-0.21%	0.72%	**-3.2%**
2015	2.20%	1.60%	-0.84%	-3.48%	-1.72%	0.22%	0.24%	-1.17%	1.55%	1.17%	2.42%	3.23%	**5.3%**
2016	-0.71%	2.00%	3.74%	-2.53%	-0.96%	0.49%	2.92%	-0.91%	-0.32%	-0.50%	0.93%	-2.12%	**1.8%**
2017	2.13%	2.15%	0.76%	1.38%	-4.52%	1.87%	0.90%	-0.12%	-0.88%	0.12%	-0.32%	0.13%	**3.5%**

Risk vs Return



Statistical Analysis

Returns		**Risk**	
Compounded Annual Return	7.75%	Annualised Volatility 5 years	6.30%
Cumulative Return Since Inception	186.45%	Annualised Volatility trailing 12 months	6.28%
Cumulative Return Trailing 12 months	3.49%	Sharpe Ratio rolling 12 month	0.55
Cumulative Return Trailing 3 years	11.00%	Sortino Ratio Since Inception	1.85
Largest Monthly Gain	4.75%	Max Drawdown Trailing 12 months	4.52%
Largest Monthly Loss	-5.41%	Return / Max Drawdown Trailing 12 Months	0.77
% Positive Months	74.56%	Skewness Since Inception	-0.49
% Negative Months	25.44%	Kurtosis Since Inception	2.61

Managed Investment Platform

Trading Advisor:	Salus Alpha Capital Ltd	Trading Strategy Inception:	1 Dec 2003
Program Name:	Salus Alpha Commodity Arbitrage Strategy (CAXUSD)		
Portfolio Manager(s):	Oliver Prock, CIO + Quant Team	Investment Strategy:	Commodities
Primary Location:	Liechtenstein	Manager Trading Style:	Medium-Term Arbitrage
Website:	sac.salusalpha.com		
Marketing Contact:	Günther Schneider	UCITS Eligible:	-
	invest@salusalpha.com	Reporting Date:	31 December 2017
	+423 399 0329	Current Availability:	Available