

# MANAGED FUTURES FOR DIVERSIFICATION WITHIN OUR SIEGEL-WISDOMTREE LONGEVITY MODEL PORTFOLIO

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The Siegel-WisdomTree Longevity Model Portfolio was launched in 2019 as a collaboration with our Senior Investment Strategy Advisor, Dr. Jeremy Siegel, Professor of Finance at Wharton School.

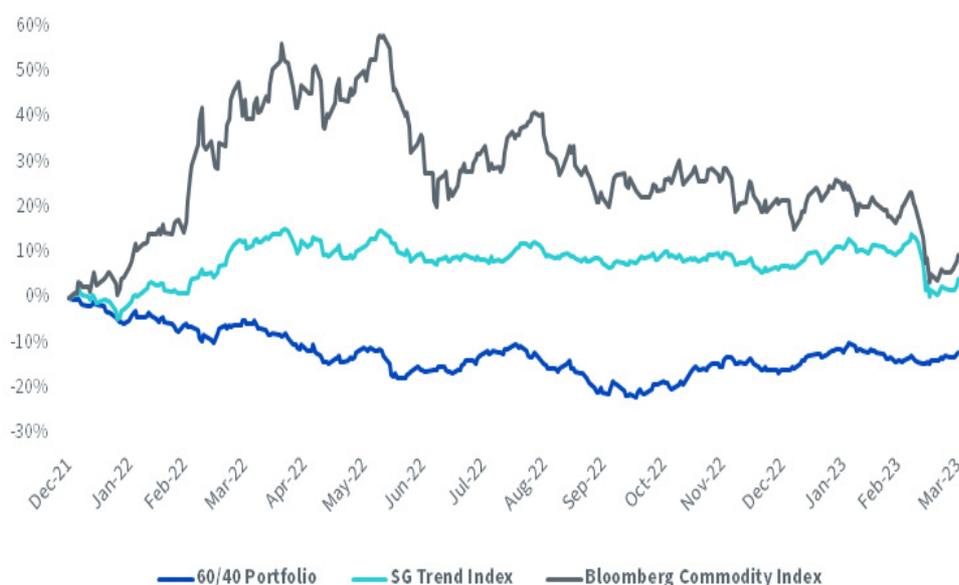
The portfolio is designed to challenge the traditional [60/40](#) allocation approach by attempting to improve the current income generation and better manage longevity risk as people live longer and spend more years in retirement.

One of the ways we sought to achieve this objective is by selectively incorporating modest allocations to alternatives, notably [managed futures](#) and [commodities](#).

Since their addition to the Longevity Model Portfolio throughout 2020 and 2021, both alternative investments have been valuable sources of [diversification](#) and excess returns.

As seen below, both trend-following and commodity strategies have recently outperformed a traditional 60/40 portfolio, as [volatility](#) and [inflation](#) uncertainty were paramount.

Cumulative Returns of 60/40, Trend and Commodities from 12/31/21-3/31/23



Sources: WisdomTree, FactSet, as of 3/31/23. The 60/40 Portfolio represents a 60% weight to the MSCI All-Country World Index (ACWI) and a 40% weight to the Bloomberg U.S. Aggregate Index. Past performance is not indicative of future results. You cannot invest directly in an index.

For definitions of terms/indices in the charts above, please visit the [glossary](#).

As part of our March 2023 Model Portfolio rebalance, we increased our target allocation to managed futures within the Siegel-WisdomTree Longevity Model Portfolio, funding the trade from commodities.

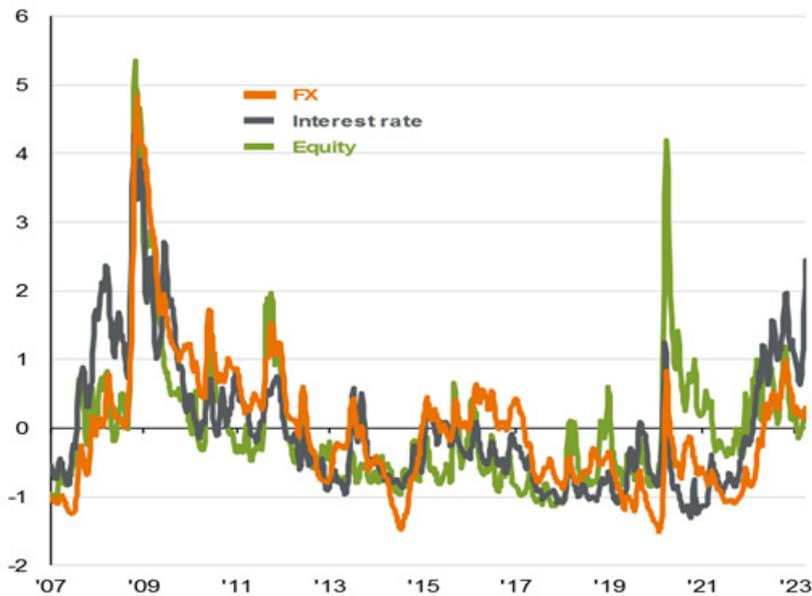
So why the focus on managed futures going forward?

Managed futures strategies, sometimes referred to as [commodity trading advisors \(CTAs\)](#), seek to achieve positive total returns that are not directly [correlated](#) to traditional equity and fixed income markets.

They do this using [long](#) and [short positions](#) in [futures contracts](#) across different markets to capture rising and falling price trends. Effective trend strategies have been able to deliver this outcome across market cycles, even during downturns for traditional investments.

While inflation may be in the process of cooling from its peak, volatility has remained elevated in 2023, particularly in the interest rate market.

**Equity Interest Rate, FX Volatility**



Sources: CBOE, FactSet, HFRI, ICE BofA, J.P. Morgan Index Research, MSCI, J.P. Morgan Asset Management. Equity volatility is represented by the VIX Index, interest rate volatility is represented by the MOVE Index and foreign exchange volatility is represented by the J.P. Morgan Global FX Volatility Index. This slide comes from our Guide to Alternatives. Guide to the Markets – U.S. Data are as of 3/31/23.

Moreover, as the underlying source of market uncertainty potentially shifts from inflationary woes to recession concerns, we are focused on diversifying strategies that have historically delivered uncorrelated returns in down markets.

Since 2000, trend-following strategies have done just that—delivering positive excess returns above the [S&P 500 Index](#) in periods when U.S. equities have struggled.

**Monthly SG Trend Index Returns since 2000**

When...	% of Time SG Trend Index Has Been Positive	Average Excess Return
S&P 500 <= -7%	80.0%	12.7%
S&P 500 <= -5%	65.7%	10.1%
S&P 500 <= -3%	59.2%	8.2%
S&P 500 < 0%	55.4%	4.5%
S&P 500 > 0%	59.0%	-2.6%

Sources: WisdomTree, Societe Generale, as of 3/15/23. The SG Trend Index calculates the net daily rate of return for a group of 10 trend following CTAs selected from the largest managers open to new investment. Past performance is not indicative of future results. You cannot invest directly in an index.

In terms of implementation, the [WisdomTree Managed Futures Strategy Fund \(WTMF\)](#) provides a liquid, cost-effective vehicle for accessing a managed future strategy in the '40 Act structure with no K-1 filings, redemption fees, sales loads or investment minimums.

The Fund is rebalanced monthly using a quantitative, rules-based strategy that aims to capture price trends across commodity, currency, equity and rates markets.

While many trend-following strategies have struggled in the first quarter of 2023 after a positive 2022 calendar year, [WTMF](#) has delivered positive returns YTD through March 31, 2023.

**WisdomTree Managed Futures Strategy Fund (WTMF) Performance**

	Fund Information			Cumulative Returns (as of 3/31/23)				Average Annual Total Returns (as of 3/31/23)				
	Ticker	Exp. Ratio	Inception Date	1-Mo.	3-Mo.	YTD	Since Fund Inception	1-Yr.	3-Yr.	5-Yr.	10-Yr.	Since Fund Inception
WisdomTree Managed Futures Strategy Fund (NAV)	WTMF	0.65%	1/5/11	3.42%	6.10%	6.10%	-13.39%	-1.84%	3.77%	1.52%	0.35%	-1.17%
WisdomTree Managed Futures Strategy Fund (Price)				3.45%	6.07%	6.07%	-13.71%	-1.75%	3.77%	1.50%	0.33%	-1.20%
ICE BofA U.S. 3-Month Treasury Bill Index				0.43%	1.07%	1.07%	9.30%	2.50%	0.89%	1.41%	0.87%	0.73%
60% S&P 500 Index / 40% Bloomberg U.S. Aggregate Index Composite				3.23%	5.68%	5.68%	171.26%	-6.33%	10.12%	7.61%	8.15%	8.49%
S&P 500 GSCI Index				-1.07%	-4.94%	-4.94%	-32.54%	-10.40%	30.53%	4.93%	-3.84%	-3.16%

Source: WisdomTree, As of 3/15/23. This ICE BofA US 3-Month Treasury Bill Index is an unmanaged market index of U.S. Treasury securities maturing in 90 days that assumes reinvestment of all income. The 60% S&P 500 Index/40% Bloomberg U.S. Aggregate Index Composite represents a 60% weight to the S&P 500 Index and a 40% weight to the Bloomberg U.S. Aggregate Index. The Bloomberg U.S. Aggregate Index measures the performance of the U.S. investment-grade bond market. The S&P GSCI Index comprises the principal physical commodities that are the subject of active, liquid futures markets. The performance data quoted represents past performance and is no guarantee of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted.

*For the most recent month-end performance, click [here](#).*

*For definitions of terms/indices in the charts above, please visit the [glossary](#).*

Our conviction in equities as the primary driver of long-term portfolio growth is unwavering. However, we do expect volatility across asset classes to remain elevated in the near term.

The ability to provide diversification when traditional asset classes are struggling underpins our focus on managed futures within the Longevity Model Portfolio.

For investors searching for a liquid, efficient trend-following strategy with a proven track record, we believe that the [WisdomTree Managed Futures Strategy Fund \(WTMF\)](#) deserves consideration.

Advisors, WisdomTree can help you better communicate with your clients about your value, their investments and what's going on in the markets. Fill out the form below if interested in learning more.

**Important Risks Related to this Article**

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For the top 10 holdings of WTMF please visit the Fund's fund detail page at <https://www.wisdomtree.com/investments/etfs/alternative/wtmf>

For standardized performance and the most recent month-end performance click [here](#) NOTE, this material is intended for electronic use only. Individuals who intend to print and

physically deliver to an investor must print the monthly performance report to accompany this blog.

**Related Funds**

+ [WisdomTree Managed Futures Strategy Fund](#)

View the online version of this article [here](#).

**IMPORTANT INFORMATION**

**U.S. investors only:** Click [here](#) to obtain a WisdomTree ETF prospectus which contains investment objectives, risks, charges, expenses, and other information; read and consider carefully before investing.

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## DEFINITIONS

**60/40 Portfolio**: A portfolio of 60% equities and 40% fixed income.

**Managed futures**: An alternative investment strategy in which futures contracts are used as part of the investment strategy.

**Commodity**: A raw material or primary agricultural product that can be bought and sold.

**Diversification**: A risk management strategy that mixes a wide variety of investments within a portfolio.

**Volatility**: A measure of the dispersion of actual returns around a particular average level.

**Inflation**: Characterized by rising price levels.

**Commodity Trading Advisor**: An investment manager that targets specific exposure to commodity or financial futures contracts.

**Correlation**: Statistical measure of how two sets of returns move in relation to each other. Correlation coefficients range from -1 to 1. A correlation of 1 means the two subjects of analysis move in lockstep with each other. A correlation of -1 means the two subjects of analysis have moved in exactly the opposite direction.

**Long (or Long Position)**: The buying of a security such as a stock, commodity or currency, with the expectation that the asset will rise in value, the opposite of Short (or Short Position).

**Short (or Short Position)**: The sale of a borrowed security, commodity or currency with the expectation that the asset will fall in value, the opposite of Long (or Long Position).

**Futures/Futures Contract**: Reflects the expected future value of a commodity, currency or Treasury security.

**S&P 500 Index**: Market capitalization-weighted benchmark of 500 stocks selected by the Standard and Poor's Index Committee designed to represent the performance of the leading industries in the United States economy.