



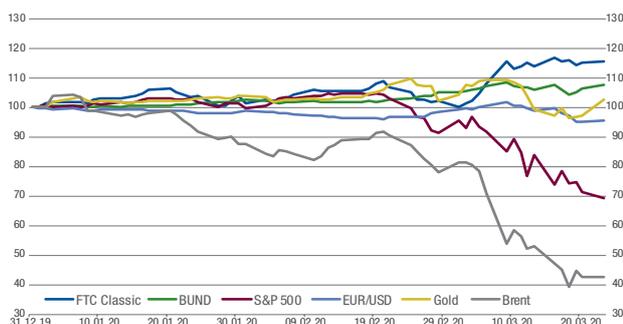
Operations up and running

Measures and risk management at FTC in view of the corona crisis

The financial markets are reacting to the advancing pandemic with severe distortions, and it is unlikely for the time being that the central banks will be able to force a lasting calm. In addition, alternatives must be found for the customary processes in all companies in order to ensure that the ability to act is maintained. FTC has made every effort to keep the business running and to do everything possible for the safety of our investors.

On March 24th, the ninth day of the state-imposed exit restrictions in Austria, most of FTC Capital's premises in Vienna's Seidlgasse are deserted. All employees were already equipped with secure VPN connections in the second week of March, allowing them a comfortable home office operation. In this way, all processes – from trading to the back office – continue to run smoothly and effectively. Up to now, we have also not been able to detect any disturbances on the part of the brokers, administrators or custodian banks of our funds.

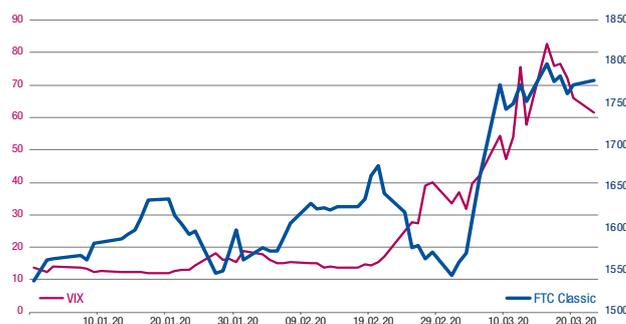
A completely different picture emerges when we examine the current market data – the charts and figures show distortions such as we have not seen since the peak of the financial crisis in autumn 2008. Volatilities have risen more rapidly than ever before. The VIX, which measures the implied volatility of the US stock index S&P 500, exploded to over 80 percent on March 16. Commodity prices, especially oil prices, collapsed. The Brent future declined from 50 to 20 dollars a barrel since mid-February. Even on the comparatively steadily bond markets, rough fluctuations have increased dramatically. For example, the 20-day volatility of the 10-year German Bund future has recently more than quadrupled.



Indexed performance of various assets 2020 (until 23 March): Managed futures such as the FTC Classic benefited from the volatile environment. Source: FTC Database

On the other hand, if you look at our FTC Classic futures strategy, you will realise that the volatility, and thus the risk, has decreased sharply in recent days. In the figure below we have compared the VIX and the FTC Classic to illustrate the negative correlation. It is obvious that the FTC Classic's volatility is decreasing as the market volatility peaks. This is due to systematic risk management, which automatically adjusts the position sizes in the individual markets to the prevailing volatility. This means: the higher a given market's volatility, the less is invested in that market to keep the risk in check. While 20 percent of the fund's capital was still invested in futures positions on February 17, for example, the ratio was only six percent on March 9 and has remained at about this level ever since.

In the course of the crisis so far, the trend-following managed futures strategy has performed well, as in all other bear markets since its inception. Since the beginning of the rapid fall of the stock markets on 24 February, the FTC Classic has gained 10 percent, clearly outperforming the typical "safe havens", gold and government bonds. The fund is well prepared for a continued volatile environment.



Performance of the FTC Futures Fund Classic 2020 (until 23 March, right-hand value axis) compared to the volatility index VIX (left-hand value axis). Source: FTC Database

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Warnings and risks: Every capital investment involves a risk. Prices can rise as well as fall. The information on performance refers to the past. Past performance is not a reliable indicator of future results. Performance figures are based on the net performance of the funds mentioned herein, which is reduced when front-end loadings [up to max. 4.5 %] are charged. Example: With an AGA of 4%, a performance of 4% must be achieved to offset the AGA. The computer system used by the FTC uses certain strategies based on the reliability and accuracy of analytical models. If these models (or the assumptions on which they are based) prove to be incorrect, performance may not meet expectations, which may result in substantial losses for the Fund and therefore for investors. **All of the funds mentioned have increased volatility.**

Warning regarding the FTC Futures Fund Classic (USD): This share class is denominated in US dollars; in the case of investments in foreign currencies, the return may rise or fall as a result of currency fluctuations.

FTC Futures Fund Classic may invest substantially in exchange-traded futures and in demand or callable deposits with a maximum maturity of 12 months.

Pursuant to § 48 (7) Z.9 AIFMG, attention is drawn to the particular risk associated with this investment.

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