



# STAY-C Strategy Commodity Index (ER)

## Methodology

- The STAY-C Strategy Commodity Index (ER) ("STAY-C") is an active commodity futures index based on mathematical algorithms.
- STAY-C picks the most promising commodities from a universe of 24 exchange traded commodity futures.
- The strategy is rule-based.
- The strategy is long only and never uses leverage >1.
- The investment exposure is between 0 and 1.
- Selection of the index components is performed weekly.
- Rebalancing: weekly.
- Weighting scheme: equal weighted.
- Maximum weight for any commodity: 20%.
- Number of index components: variable between 0 and 10.
- Current universe: Aluminum, Cocoa, Coffee, Copper, Corn, Cotton, Gas Oil, Gold, Heating Oil, Lead, Lean Hogs, Live Cattle, Natural Gas, Nickel, Platinum, Silver, Soybean Meal, Soybean Oil, Soybeans, Sugar, Unleaded Gasoline, Wheat, WTI Crude Oil, Zinc.

## Alpha Sources

Typically, the correlation between commodities is low. Thus STAY-C selects each commodity individually. To be considered for STAY-C, a commodity must meet strict criteria such as positive momentum over different time periods. To ensure its stability and validity in different market environments, the algorithm and its parameters were developed in a unique way looking back as far as 1970.

Two main factors are leading to the outperformance of STAY-C:

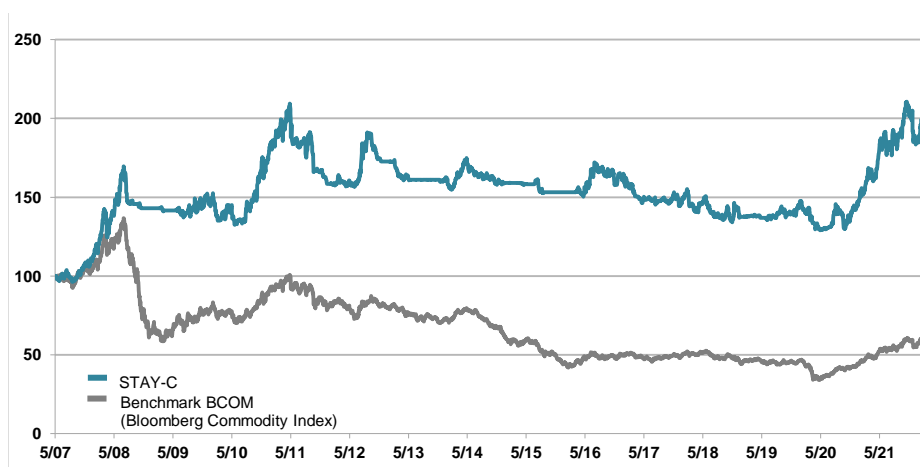
- 1.) In periods of commodity bull markets and sideways markets, STAY-C can deliver better results than the broad commodity indices through its focus on commodities that are likely to outperform.
- 2.) In a difficult environment for commodities, market exposure will be reduced– if necessary to 0. This mitigates drawdowns significantly and amplifies outperformance.

## Live Track Record

Since its launch in May 2007, STAY-C managed to minimize losses markedly in difficult periods such as in 2008. Moreover, it participated and even outperformed in bull markets.

In contrast to what is often common in the industry, the chart shows only the live track record as it has been calculated by respected index calculation agents like the German Exchange (Deutsche Börse), which inter alia also calculates the DAX. In addition, back-test calculations up to 1970 are available.

Since its launch, STAY-C has beaten its benchmark BCOM more than threefold.



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022 YTD	Since Launch
STAY-C	12.8%	26.8%	4.4%	22.7%	-13.4%	8.9%	-6.6%	-1.3%	-3.7%	6.7%	-8.5%	-8.1%	6.3%	2.1%	23.8%	8.3%	100.0%
Bloomberg	6.1%	-36.5%	18.7%	14.7%	-11.9%	-1.1%	-9.6%	-17.0%	-24.7%	11.4%	0.7%	-13.0%	5.4%	-3.5%	27.1%	8.8%	-38.1%
Outperformance	6.7%	63.3%	-14.3%	8.0%	-1.5%	10.0%	3.0%	15.7%	21.0%	-4.7%	-9.2%	4.9%	0.9%	5.6%	-3.3%	-0.4%	138.1%

## Key Figures

### General information

Launch date: 4.5.2007

Bloomberg: C2IQSTAY Index

Index calculation agents:  
iQ-FOXX (since 1.7.2016)

Deutsche Börse (until 30.6.2016)

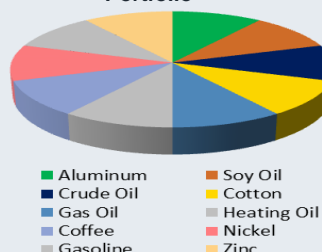


### Key metrics

	STAY-C	BCOM
Ann. return:	4.8%	-3.2%
Volatility:	12.5%	16.4%
Max drawdown:	-38.4%	-75.0%
Sharpe ratio:	0.38	-0.20
Index value:	200.04	107.86

BCOM: Benchmark index  
Date: since inception to 31.01.2022

### Portfolio



### Awards



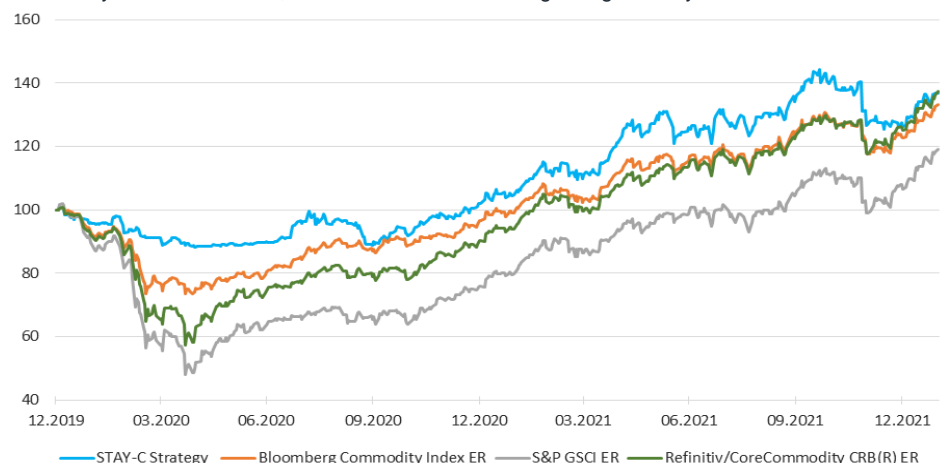
## January Commentary

January once again showed a strong bull market in commodities. The Bloomberg Commodity Index gained 8.8%, the Stay-C Strategy Commodity Index lost 8.3%. The outperformance was -0.4%.

It appears that some commodities are severely undersupplied. Commodities were the best performing asset class of the year.

STAY-C was fully invested throughout the month. Compared to the beginning of the month, two components were newly included in the index at the end of the month (crude oil, soy oil).

Since the beginning of 2020, STAY-C performed as good as or even better than all major commodity indices. However, the drawdown was once again significantly less severe.



## Implementation

Implementation is through a structured note issued by UBS London (Euro hedged, daily tradable, Aa3 Moody's; A+ S&P's). In addition to the Stay-C index, roll optimization is applied. Note: Also swaps and secured notes can be used to implement the STAY-C strategy.

## Customisation

Individual customisation is possible in many respects to fit the needs of institutional investors. Customisation includes ex-agriculture, increase of the investment allocation percentage or combinations with other strategies like seasonality or specific rolling rules.

## Company

Seasonax Capital is an innovative investment boutique for empirically backed investment decisions. The focus is on identifying market anomalies that have been barely exploited thus far and their statistically robust implementation in investment strategies. The founders have extensive experience in the field of quantitative analysis and the development of trading systems and have received numerous awards for their work (e.g. Scope Award 2019, German Precious Metal Association Prize 2017, UCITS Hedge Award 2013, Euro Fund Award 2019).



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