

Understanding the MANAGED FUTURES INDUSTRY:

WHAT?

Commodities like **gold**, **lean hogs**, **currencies** and **wheat**

are traded in financial markets, bringing together buyers and sellers who predict future prices.

Businesses and commodity producers use the futures markets to hedge their price and inflation risks.

Investors study the market and contract to buy or sell a commodity at a set price on a set delivery date.



Wheat for example...

An investor will buy a contract for **100 bushels** of wheat for **\$8 per bushel**.

Three months later the price of wheat is **\$9.50 per bushel**.

The investor then **sells his contract** for a profit.

\$800
Contract Price



\$950
Market Price



\$150
Investor Profit

Hundreds OF DIFFERENT COMMODITIES ARE TRADED ON FUTURES MARKETS EVERY DAY.

HOW?

Typical investments include:

Futures: An exchange-traded contract to buy an asset, such as a lean hog on a future date at a specific price.



Forwards: A private, customized transaction to buy an asset such as a gold bar on a future date at a specific price.



Options: A contract allowing you to buy or sell an underlying asset at a set price. The two most common types are put options (to sell) and call options (to buy).



HEDGE AGAINST INFLATION



Commodities trading on futures markets allow investors **TO DIVERSIFY THEIR PORTFOLIOS AND MANAGE RISK**, for example by providing a hedge against inflation.

WHO?

COMMODITY TRADING ADVISORS (CTAS) and **COMMUNITY POOL OPERATORS (CPOs)** manage money and advise investors in up to **150 GLOBAL FUTURES MARKETS**.

Investors typically put money into **"COMMODITY POOLS."**

Public pools open to **RETAIL** investors.

Private pools open to **QUALIFIED** investors.¹



THE MANAGED FUTURES INDUSTRY HAS ABOUT

\$210 Billion



UNDER MANAGEMENT and is closely regulated by the U.S. government and self-regulatory organizations within the industry.

The **Managed Futures Industry** is an important tool to help investors *diversify* their portfolios, *manage* risk and *meet their investment goals*.