

## Historically, how has Managed Futures performed after a yield curve inversion?

*"If the spread is calculated from 10-year and 3-month bond-equivalent rates, an inversion – even a slight one – is a simple and historically **reliable benchmark**."*<sup>1</sup>

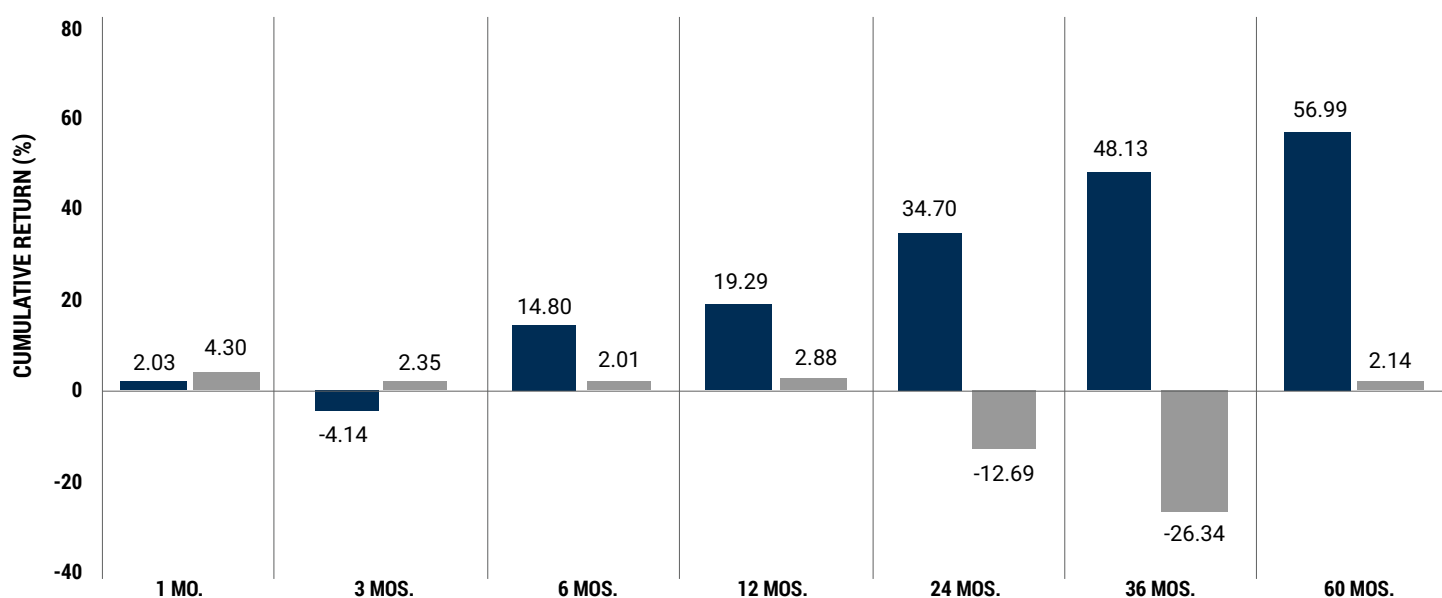
- Federal Reserve Bank of New York (2006)

The yield curve inverted three times in the period of January 1, 2000 through June 30, 2019: July 2000, July 2006, and May 2019\*. As the quote above notes, this is a historically reliable indicator the economy may see a recession soon.

### AVERAGE FORWARD RETURN FOLLOWING INVERTED YIELD CURVE

JAN. 1, 2000 - MAR. 27, 2019

■ MANAGED FUTURES\*\* ■ S&P 500 INDEX



\*\*Represented by SG Trend Index

Source: Morningstar Direct, Longboard

	July 2000		July 2006		Average	
	Managed Futures	S&P 500 Index	Managed Futures	S&P 500 Index	Managed Futures	S&P 500 Index
1 Mo.	3.2%	6.2%	0.9%	2.4%	2.0%	4.3%
3 Mos.	-6.1%	-1.0%	-2.2%	5.7%	-4.1%	2.3%
6 Mos.	24.9%	-8.7%	4.7%	12.7%	14.8%	2.0%
12 Mos.	24.9%	-14.8%	13.7%	20.6%	19.3%	2.9%
24 Mos.	38.4%	-30.2%	31.0%	4.8%	34.7%	-12.7%
36 Mos.	69.3%	-30.0%	26.9%	-22.7%	48.1%	-26.3%
60 Mos.	76.5%	-11.3%	37.5%	15.6%	57.0%	2.1%

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\*Longboard will update the table reflecting the May 2019 yield curve inversion once there is sufficient data to populate the graph. As of June 30, 2019, the S&P 500 returned +7.05% and the SG Trend Index returned +2.75%.

<sup>1</sup>Estrella, A., & Trubin, M. (2006). "The Yield Curve as a Leading Indicator: Some Practical Issues." Current Issues in Economics and Finance. Federal Reserve Bank of New York.

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