



Crossbow Partners
Experience & Discipline

UPDATE

CB GLOBAL COMMODITY PORTFOLIO

May 2023



Introduction

Performance review

Outlook

Objective

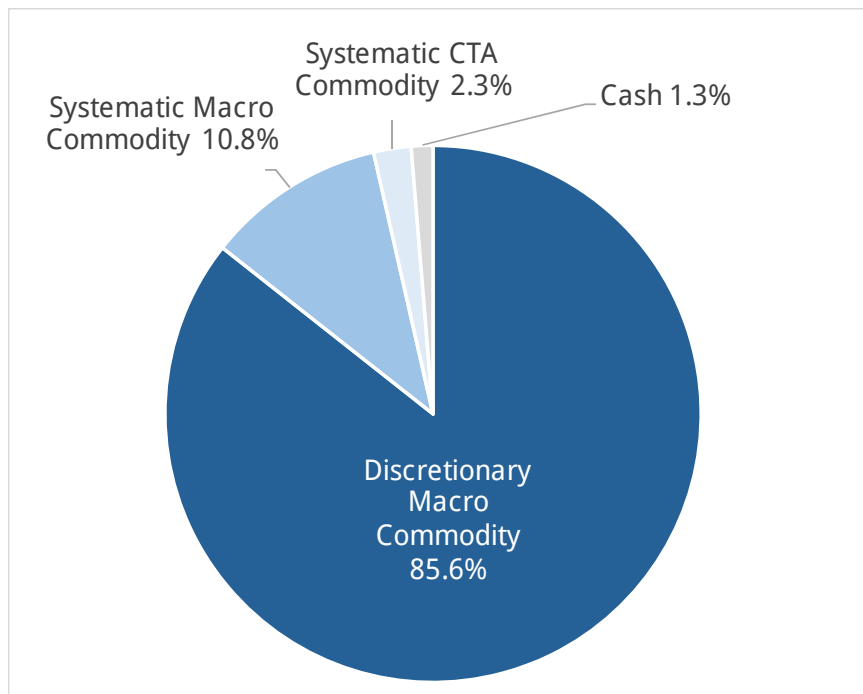
- ➔ Generate attractive, uncorrelated risk-adjusted returns by exploiting opportunities that are unique to commodity markets (supply & demand imbalances, weather and seasonality effects, substitution effects, etc.)

Concept

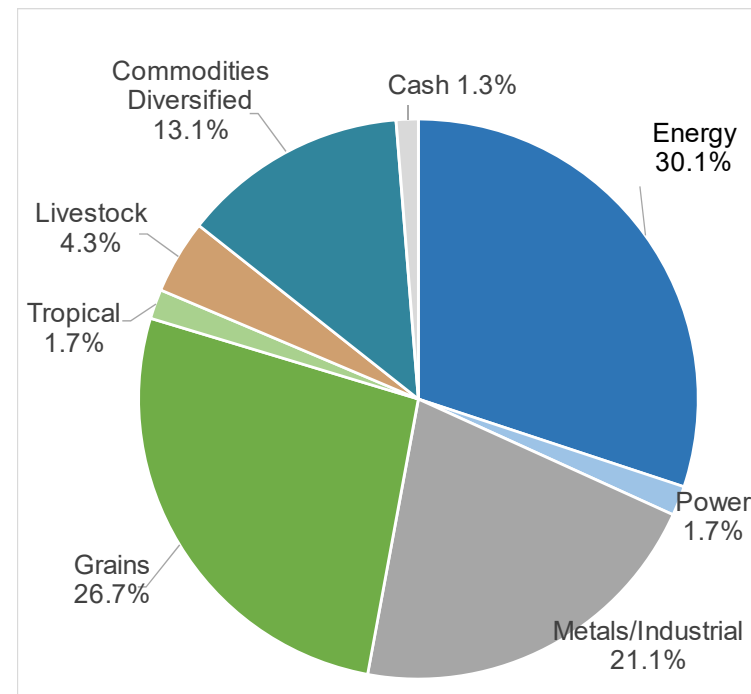
- ➔ Invest in flexible, actively traded, directional and relative value strategies managed by seasoned Commodity managers
- ➔ Crossbow's identifies managers generating superior risk-adjusted performance on a consistent basis
- ➔ Robust portfolio through diversification across sub-strategies, investment styles, commodity sectors and time horizons

Concentrated high-conviction portfolio

➔ Portfolio's strategy exposures as of April 2023 (currently 9 underlying funds):



➔ Portfolio's sector exposures as of April 2023:

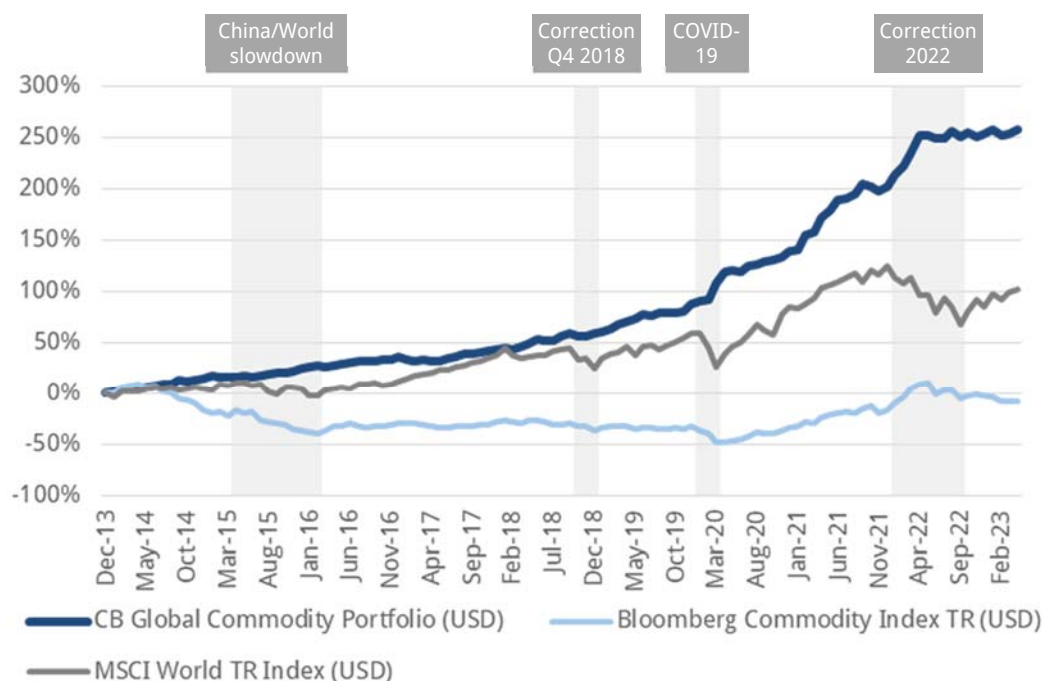


➔ The portfolio is diversified across:

- ➔ Sub-strategies (and Discretionary Macro Commodity ranges from directional to RV)
- ➔ Investments styles
- ➔ Commodity sectors
- ➔ Time horizons

Source: Crossbow.

Stable and consistent outperformance



	ann. return	ann. volatility	Sharpe ratio	max DD	Skewness
CB Global Commodity Portfolio (USD)	14.6%	5.6%	2.42	-3.0%	1.19
Bloomberg Commodity Index TR (USD)	-1.0%	14.4%	-0.14	-53.2%	-0.40
MSCI World TR Index (USD)	7.8%	14.9%	0.46	-25.4%	-0.37

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2023	1.17%	-1.77%	0.73%	1.02%									1.12%
2022	3.42%	2.88%	4.24%	4.80%	0.06%	-0.83%	0.03%	2.04%	-1.53%	1.30%	-1.24%	0.80%	16.90%
2021	0.60%	5.88%	1.24%	5.21%	2.58%	3.61%	0.83%	1.52%	3.39%	-1.01%	-1.54%	1.61%	26.36%
2020	1.31%	0.94%	8.03%	5.92%	0.58%	-0.62%	2.23%	1.16%	0.71%	1.11%	0.76%	2.86%	27.65%
2019	1.02%	1.92%	3.02%	1.06%	2.28%	2.17%	-0.93%	1.56%	0.31%	0.00%	1.04%	3.67%	18.44%
2018	0.60%	-0.31%	2.01%	1.86%	2.72%	-0.95%	0.22%	2.13%	1.91%	-1.25%	-0.19%	1.48%	10.60%
2017	-1.72%	-1.25%	0.63%	-0.72%	0.01%	2.07%	1.17%	1.85%	0.38%	0.94%	0.83%	1.27%	5.53%
2016	1.62%	0.51%	-0.50%	0.93%	1.01%	1.54%	0.26%	0.74%	0.26%	0.79%	-0.10%	1.79%	9.20%
2015	1.83%	-0.57%	0.03%	0.05%	0.23%	-0.59%	0.79%	1.70%	0.69%	0.71%	0.65%	2.23%	7.99%
2014	1.79%	1.89%	0.64%	0.53%	0.61%	1.96%	1.15%	0.60%	3.10%	-0.40%	0.51%	1.84%	15.13%

Source: Crossbow Partners, Bloomberg. The returns of CB Global Commodity Portfolio are based on a live portfolio since Oct 2021. Before, performance is simulated and based on an hypothetical portfolio of Commodity managers. All returns are net of fees and in USD. The information in this document is for information purposes only and does not constitute an investment advice. Past performance is no indication or guarantee of future results.

Introduction

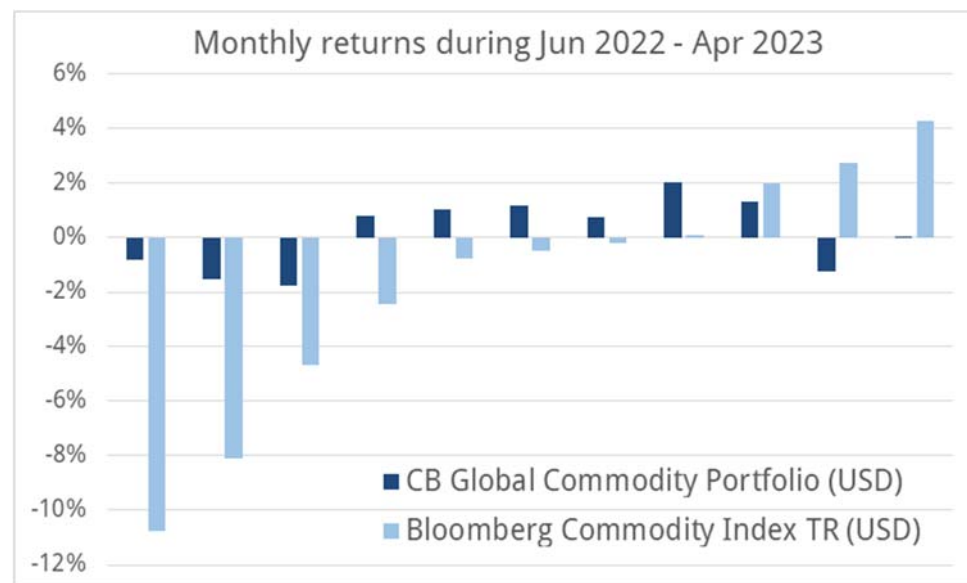


Performance review

Outlook

Commodity downturn since June 2022

- ➔ After a strong run since mid-2020, commodities plunged more than 10% in June 2022 on fears of recession and have been on a downward trend ever since
- ➔ How did CB Global Commodity Portfolio perform during June 2022 – April 2023 when commodities were down -17.9% (BCOMTR)?



	Return Jun 2022-Apr 2023	Max Drawdown Jun 2022-Apr 2023	Correlation
CB Global Commodity Portfolio (USD)	1.6%	-1.8%	1
Bloomberg Commodity Index TR (USD)	-17.9%	-17.9%	0.48

Source: Crossbow, Bloomberg

➔ Main performance contribution to CB Global Commodity Portfolio (June 2022–April 2023):

Positive

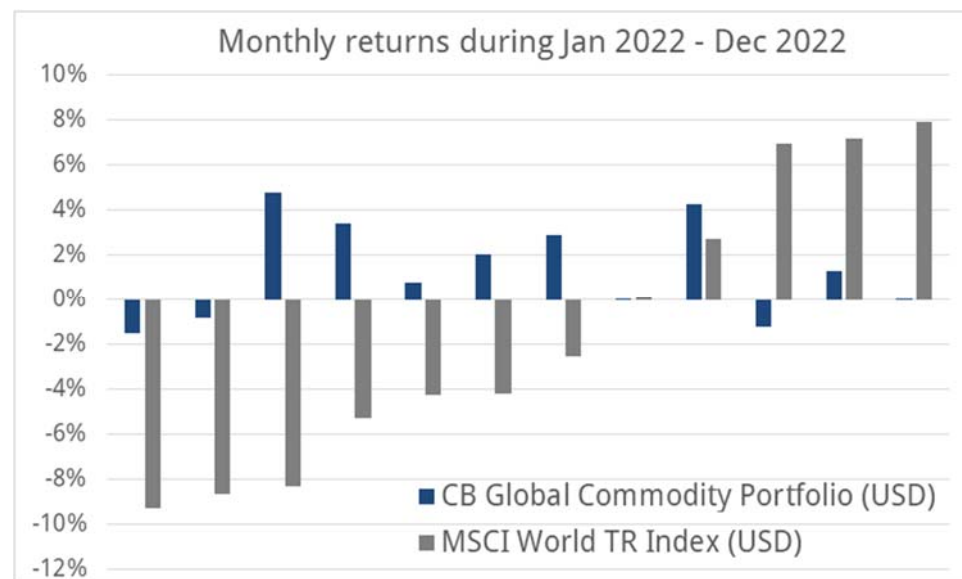
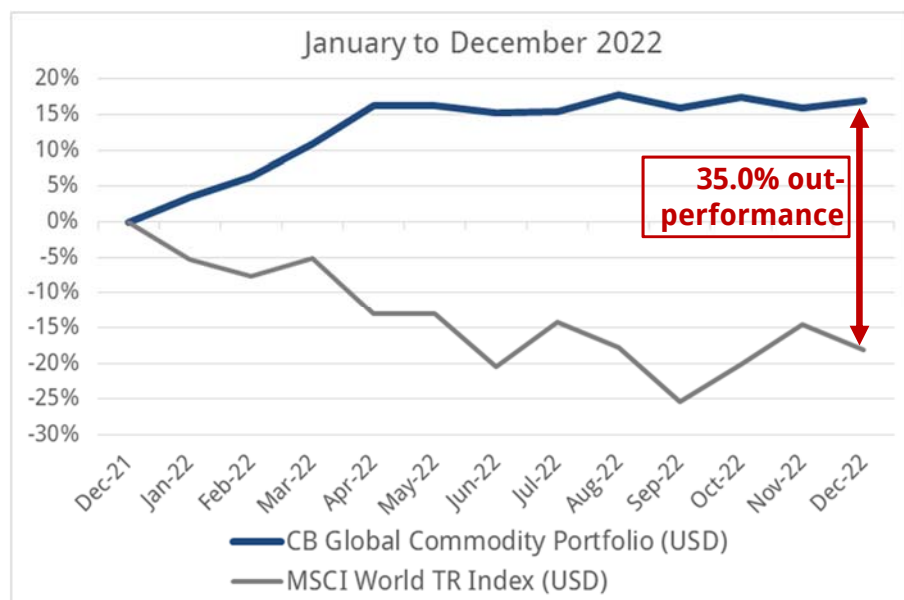
- ➔ Discretionary energy manager, profits from **long** and **short** in natural gas sector
- ➔ Discretionary agricultural manager, profits from **spread** positions in grains that were put in place after dislocations caused by the invasion of Ukraine
- ➔ Discretionary agricultural manager, profits from **long** exposure to live cattle
- ➔ Systematic manager, overall small positive contribution, as gains in power and natural gas trading more than compensated losses in metals and oil

Negative

- ➔ Discretionary metal manager, losses in nickel, zinc, copper
- ➔ Discretionary agricultural manager, losses in corn and oilseed **spread** positions
- ➔ Discretionary energy manager, losses from **long** positions in crude oil

Equity bear market 2022

- ➔ CB Global Commodity Portfolio was immune towards negative equity markets in 2022
- ➔ Main reasons are the Portfolio's focus on Macro-oriented commodity managers, active management, no equity exposure, tailwind from commodity markets



	Return Jan 2022– Dec 2022	Max Drawdown Jan 2022–Dec 2022	Correlation
CB Global Commodity Portfolio (USD)	16.9%	-1.5%	1
MSCI World TR Index (USD)	-18.1%	-25.4%	-0.13

Source: Crossbow, Bloomberg

Introduction

Performance review

 **Outlook**

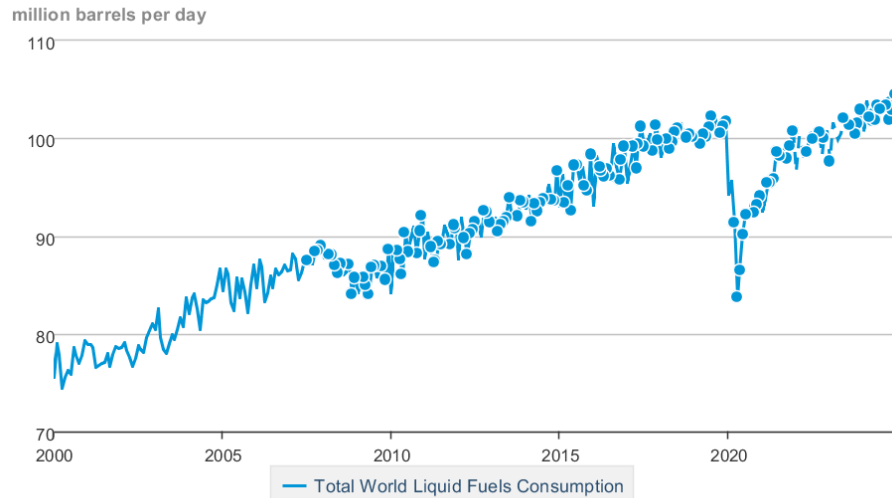
Macro backdrop

- ➔ Commodities have been impacted over last 12 months mostly by fears of recession, high US real rates (typically headwind to commodity prices), and risk-off sentiment around US banking crisis

Oil

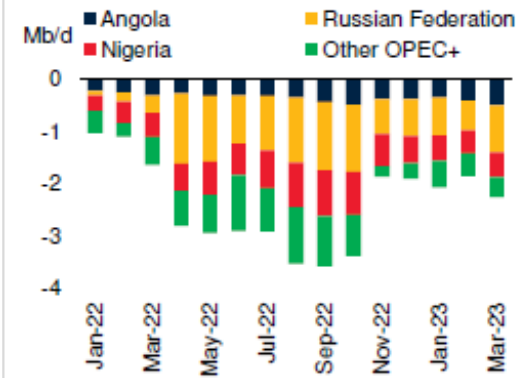
- ➔ Energy manager 1
 - ➔ Large deficits expected in 2H-23 due to China reopening and constrained OPEC+ production
 - ➔ Mobility based demand (jet+gasoline+diesel) +2mbd YoY, yet Chinese intl. travel still recovering
 - ➔ US production steady at best, rig counts slightly down YTD
- ➔ Energy manager 2
 - ➔ Stocks of Chinese oil products continue to accumulate even after reopening
 - ➔ Global balances expected to remain tight from May 2023 onwards, however decrease in crude demand possible as refiners might face surplus capacity in oil products
- ➔ SG Cross Asset Research
 - ➔ Expects higher prices as oil reconnect with its bullish fundamentals
 - ➔ Demand supported by China reopening, declining Russian output (major uncertainty)
 - ➔ Floors to oil prices from refill of US SPR and OPEC potential further production cuts
 - ➔ Higher oil prices could fuel inflation, potentially leading to higher-for-longer US rates
 - ➔ Largest downside scenario: Fed reaction to sticky inflation causing a (global) recession

Total World Liquid Fuels Consumption



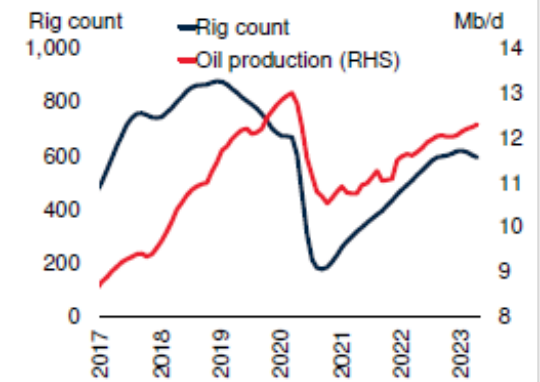
eia Data source: U.S. Energy Information Administration

C. Shortfall in OPEC+ production from quota

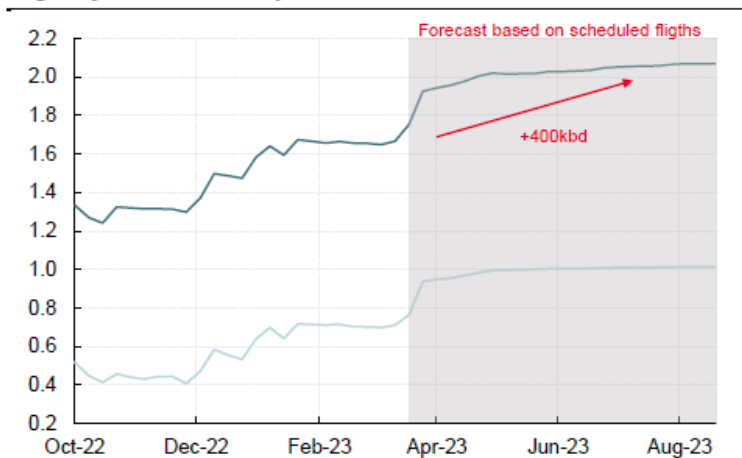


Sources: Baker Hughes; International Energy Agency; JODI (database); U.S. Energy Information Administration; World Bank.

D. U.S. rig count and oil production

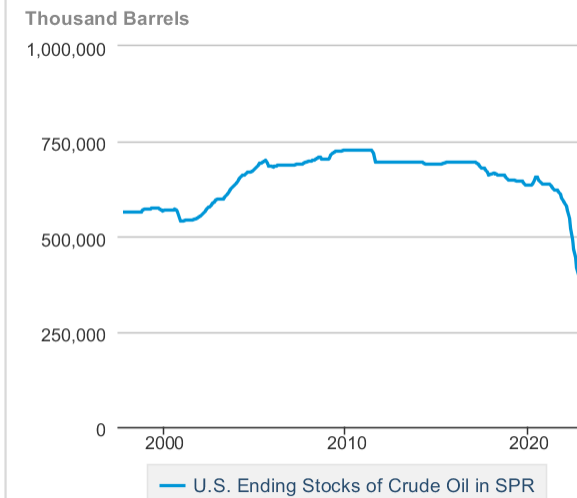


Forecasted scheduled flights are seen rebounding, bringing higher jet fuel consumption with them



Source: SG Cross Asset Research/Commodities, BNEF

U.S. Ending Stocks of Crude Oil in SPR



eia Data source: U.S. Energy Information Administration

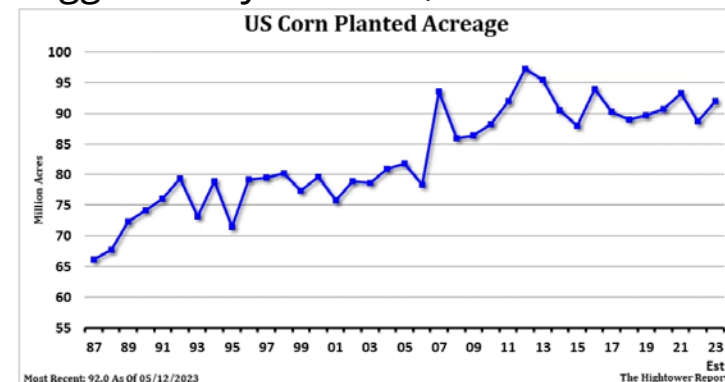
Base metals

- ➔ Confrontation between macro picture (slowdown, recession) and tight fundamentals
- ➔ China recovery skewed towards services rather than manufacturing, reopening slowing down (however there is destocking cycle in finished goods)
- ➔ Fundamentals remain constructive with tight global inventories vs. demand for non-Russian aluminum, Chinese copper demand for renewable power generation



Agricultural

- ➔ Currently short opportunity in corn
- ➔ Favorable growing conditions in US (good weather conditions, production yields could further benefit from El Nino), record crop in Brazil
- ➔ Demand lower than expected for US corn as Brazil sells aggressively to China, and US domestic demand muted



Source: Bloomberg, www.cmegroup.com

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- ➔ Product exclusively focused on Commodity Trading strategies and targeting a convex return profile
 - ➔ Exposure to specialized Commodity managers providing access to uncorrelated alpha sources
 - ➔ Portfolio diversified across sub-strategies, investment styles, commodity sectors and time horizons
 - ➔ Ability to take advantage of rising and declining commodity markets through directional and RV trades
 - ➔ Commodity managers trade liquid exchange traded futures and options. No or limited equity positions
 - ➔ Commodity markets provide a fertile ground to seasoned managers due to their intrinsic return drivers and volatility

Disclaimer

Past performance is no indicator for current or future results.

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