

***ETF Commodity Funds Vs Managed Futures**

***An ETF is an Exchange Traded Fund which is a security that tracks an index, a commodity or a basket of assets like an index fund, but trades like a stock on an exchange.**

The following are what we believe to be significant advantages managed futures have over ETF commodity funds:

- **Three Vs One Dimensional:** Commodity ETFs seek to generate returns solely from the market, with minimal dependence on a manager's skills. **Commodity ETF's are only one dimensional as opposed to managed futures which are 3 dimensional and whose results are more dependent on the manager's skills. ETFs have either a short or a long-only bias (one dimensional in either, but not both directions) and don't have the flexibility of managed futures, which can just as easily potentially profit three dimensionally in up, down, or sideways markets.** During bear markets or big market corrections this is an attraction of managed futures.
- **Less Money Down: This is one of the main characteristics - and benefits- of futures contracts.** For instance, whereas with many ETFs you would have to deposit \$50,000 for a contract worth \$100,000 of gold (50% of the transaction value), futures would only require 5% of the transaction value or \$5,000 (margin requirement). Be advised that the high degree of leverage that is often obtainable in commodity trading can work against you as well as for you. The use of leverage can lead to large losses as well as gains.
- **Trading Times:** Since shares of ETFs are traded on stock exchanges, their trading hours are very similar to those of regular share trades. **On the other hand, futures can be traded almost 24 hours a day, potentially providing more opportunities.**
- **Transparency:** ETFs have no transparency. You do not know what positions you are in: you do in trading futures with 24/7 on line accounting and/or written confirmation.

Trading futures and options involves substantial risk of loss and is not suitable for all investors. There are no guarantees of profit no matter who is managing your money. Past performance is not necessarily indicative of future results.

***An exchange traded fund invested in commodities and traded on stock exchanges.**