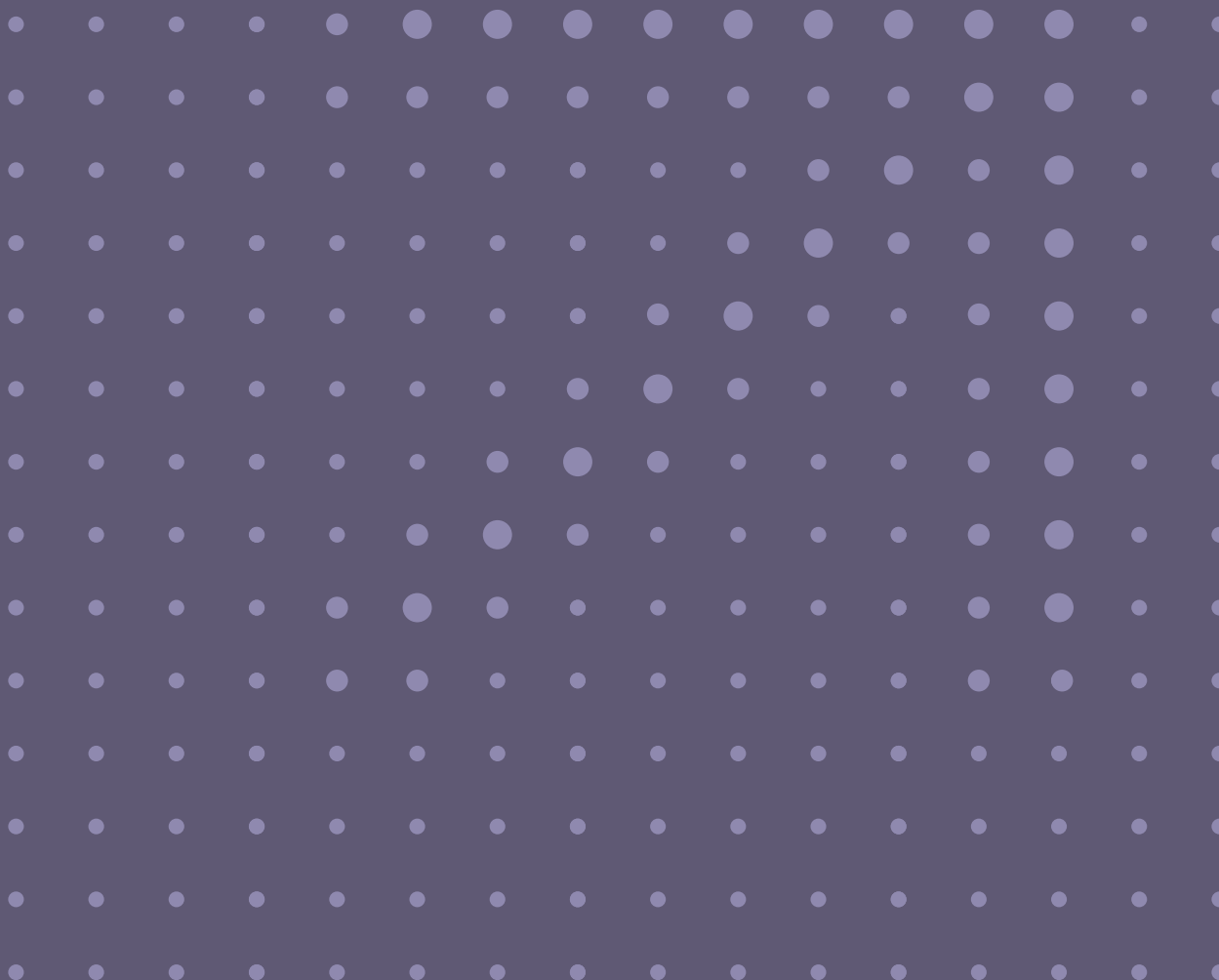


Market Commentary: Q3 2018



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Both U.S. and international equities gained during the first part of the quarter, with the S&P 500 rising to its highest levels since the beginning of February. Global major stock indices subsequently diverged during August, with U.S. technology stocks lifting the S&P 500 and NASDAQ to record highs, while many Asia-Pacific and European indices fell. U.S. equities continued the upwards trend towards the end of the quarter, while several international indexes in Europe and Asia (such as the DAX and the Hang Seng) remained flat.

In fixed income, U.S. treasury yields continued to rise in the midst of a strong U.S. economic backdrop, with an average yield increase of 25 basis points across the entire curve. The yield curve also continued its gradual flattening trend, with the 10-year/2-year spread finishing the quarter at 24 basis points, down from 33 basis points at the end of last quarter. Intra-quarter the spread hit a low of 18 basis points in August.

In commodities, ongoing trade tensions combined with macroeconomic conditions drove the most noteworthy moves in these markets. Oil prices saw a dip intra-quarter among trade tensions and increased production in the Middle East, but rose towards the end of the period on lessened fears. Precious metals prices (gold, silver) continued their slides in price, as rising U.S. interest rates and a strong economic backdrop made holding these commodities less attractive. U.S.-China trade war fears impacted specific markets that have the most exposure to these countries, such as copper, soybean, corn, and lean hogs. Lastly, certain softs such as coffee and sugar prices dropped after a devaluation of the Brazilian real, which incentivized Brazilian growers to sell rather than store the season's harvests, and depressed worldwide prices given the country's sizeable output.

In FX, results were mixed, with few currencies showing persistent trends throughout the quarter. The U.S. dollar strengthened in the first half of the quarter, and subsequently gave back most of the gains in the latter portion of the period. The euro and British pound experienced the reverse, with weakness in the first half followed by a recovery in the second half. Emerging market (EM) currencies came under pressure; specifically the Turkish lira fell after interventionist comments from the country's president, which alarmed investors and also dragged down other EM currencies in the EMEA region.

Overall, the third quarter proved to be an overall positive period for most asset classes, supported by a positive global economic backdrop and a modest reduction in concerns regarding geopolitical events.

Investment Commentary

Broad commentary on performance within various alternative investment categories

Quantitative strategies continued to see strong results on the heels of a productive global equity market backdrop. Specifically, strategies favoring momentum and low volatility style factors for stock selection continued to demonstrate performance strength, as these style factors have delivered positive comparative results versus others (such as value). Within multi-strategy, funds have continued to benefit from relative value opportunities in asset classes displaying dispersion, such as global equities, as well as modest upticks in overall asset price volatility across all asset classes. Going forward, increases in single asset dispersion as well as market price volatility should provide a bountiful backdrop for these strategies.

Managed futures strategies have advanced over the recent quarter despite challenging year-to-date results, due to trending price movements relating to U.S. economic strength. Commodities primarily have been a productive asset class for the strategy in Q3, but also supported by trends in foreign exchange and equities.

Within real estate, REITs have displayed muted price action during the quarter as rising interest rates continue to affect investor sentiment more so than sector fundamentals. Overall, domestic real estate fundamentals remain modestly positive and have benefitted from the broader backdrop of U.S. economic strength. More specifically, REIT earnings

fundamentals and stable net operating income (NOI) growth continue to validate robust corporate earnings. However, differentiation across sub-sectors and individual companies has grown in importance for a real estate investment manager, and successful managers may find opportunities in subsectors that can continue the pace of growth despite the maturity of the economic cycle.

Lastly, one could not navigate the quarter without witnessing the significant wave of investor enthusiasm surrounding the “budding” **cannabis industry**. Several Canadian publicly listed stocks have seen exorbitant price appreciation with little fundamental basis in their financial or revenue standing. We believe that this appreciation is likely not sustainable in the long-term, and that the publicly traded cannabis space is substantially overbought. This may be driven by too many market participants euphorically pursuing shares of a very limited set of public cannabis businesses, and investors contemplating investments in this newly public industry should approach with caution.

About Miguel Sosa

Miguel serves as portfolio strategist where he is primarily responsible for offering support to client relationships and assisting to build the firm's brand. He works with the firm's analysts and portfolio managers as well as the distribution teams and their clients. Miguel helps in communicating the firm's investment process and philosophy, as well as portfolio construction, fund positioning and related risk metrics for individual funds.

Prior, Miguel worked at Wellington Management in Boston, Massachusetts. Miguel joined Wellington in 2011 as a fund analyst, and most recently was an assistant vice president, hedge fund portfolio specialist. Miguel began his career in finance in a management development program at Fidelity Investments in Boston, Massachusetts. Prior to that, he was a Senior Systems Engineer at Raytheon Company in San Diego, California.

Miguel holds an MBA and a SM in mechanical engineering from the Massachusetts Institute of Technology. He is a graduate of the University of San Diego, where he obtained a Bachelor of Science in industrial and systems engineering.

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Past performance is not indicative of future results. There is no guarantee that any forecasts made will come to pass. Due to various risks and uncertainties, actual events, results or performance may differ materially from those reflected or contemplated in any forward-looking statements. There can be no assurance that any investment product or strategy will achieve its objectives, generate profits or avoid losses. Diversification does not ensure profit or protect against loss in a positive or declining market.

Hedge funds, commodity pools and other alternative investments involve a high degree of risk and can be illiquid due to restrictions on transfer and lack of a secondary trading market. They can be highly leveraged, speculative and volatile, and an investor could lose all or a substantial amount of an investment. Alternative investments may lack transparency as to share price, valuation and portfolio holdings. Complex tax structures often result in delayed tax reporting. Compared to mutual funds, hedge funds and commodity pools are subject to less regulation and often charge higher fees. Mutual funds involve risk including possible loss of principal. Alternative investment managers typically exercise broad investment discretion and may apply similar strategies across multiple investment vehicles, resulting in less diversification. Trading may occur outside the United States which may pose greater risks than trading on U.S. exchanges and in U.S. markets.

About Artivist

Powering the Future of Alternative Investing.[™]

Artivist, a financial technology firm, and Altegris, an alternative asset manager, announced the successful closing of their merger in June 2018. Now known as Artivist, we are the leading provider of premier alternative investment and technology solutions, serving more than 10,000 investors, advisors, and enterprises. The Altegris family of private and public alternative funds has retained the Altegris name and today operates as the asset management division of Artivist Holdings. Artivist remains privately held by its employees and renowned outside investors, led by KKR, Thiel Capital, Genstar Capital, and Aquiline Capital Partners.