

## Lee Robinson's Altana sees commodity futures as inflation hedge

London and Monaco-based firm warns of inflation risk trends as investor concerns grow

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EuroHedge

Thursday 12th April, 2018 8:32 AM ET

Lee Robinson's Altana Wealth is recommending commodity price exposure as an effective hedge against rising inflation.

The asset manager, started by Trafalgar Asset Managers co-founder Robinson in 2009, warned in a research note that recent economic data points to rising inflationary trends "across the board".

The US Bureau of Labor Statistics found producer, import and export prices all rose more than expected in January, while Bank of America Merrill Lynch's Global Fund Manager Survey indicated inflation was the main investor worry throughout January and February.

As inflation threatens to return "with a vengeance," Altana said investors should add commodity price futures to their portfolios – both as a strategic diversifier and as an effective inflation hedge – since they offer a higher "inflation beta" than other asset classes. CTA-style investments could also prove valuable as a liquidity shelter amid market disruption.

While most managed futures funds have roughly 15% in commodities, instead opting for larger holdings in treasuries and FX, Altana's Inflation Trend Fund, which was created to deliver alpha and real returns above inflation, holds about 70% commodity exposure.

"Inflation is the greatest, universal destroyer of wealth and the most important macroeconomic risk facing investors," said report author Alex Krainer, the fund's portfolio manager. "Periods of rising inflation, and we may be at the beginning of such a period, can have extremely adverse effects on real wealth."

He added: "We believe that the world has much greater debt than can be repaid leading to greater and greater use of financial engineering and money printing. Therefore, the mean and median real return for investors as a whole will be negative over the next one to two decades. There will be many more losers and, of course, some big winners. We plan to be amongst the big winners through this cycle."