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Commodity ETFs 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.

2 vs. 1 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 have results that 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 a benefit 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

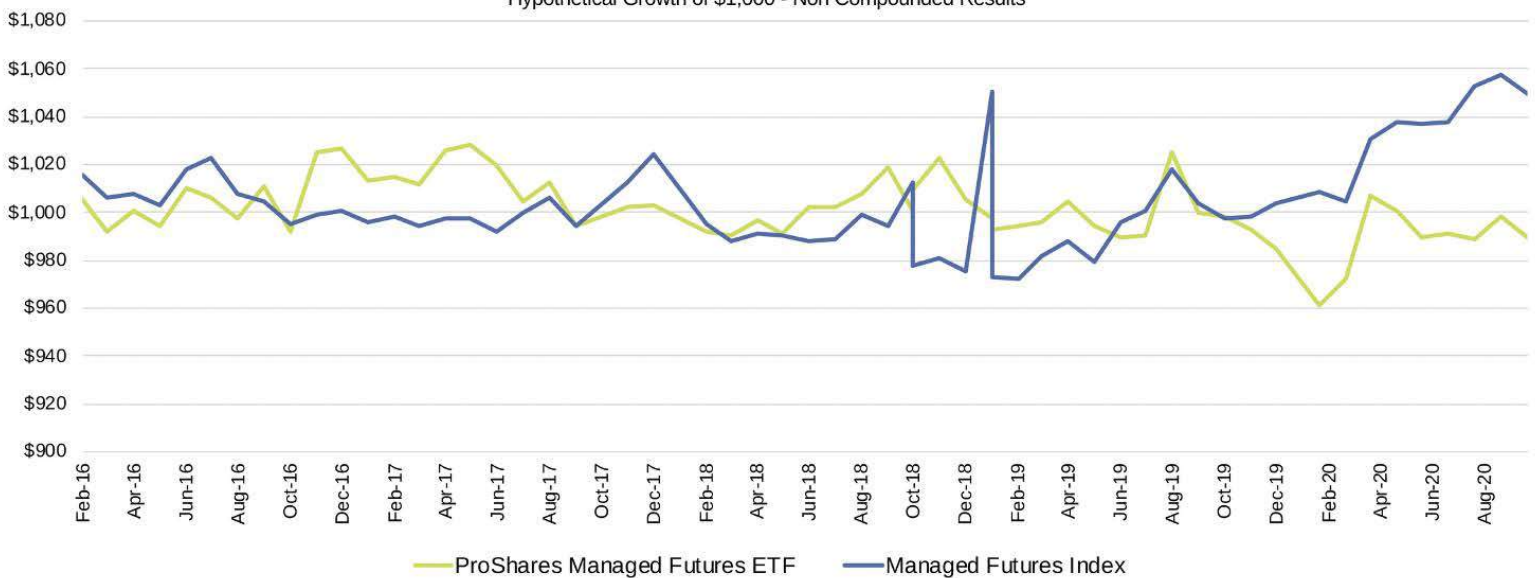


ETFs have no transparency. You do not know what positions you are in: you do in trading futures with 24/7 on line accounting and/or written confirmation.

ProShares Managed Futures Strategy ETF* is an actively managed ETF that uses a risk-weighting methodology to allocate across a broad range of commodity, currency and financial assets, equally weighting each component based on risk. The VAMI has been calculated by adding subsequent months. No compounding has been used .. Please note that the ProShares Managed Futures Strategy ETF is a single ETF and not a composite of all Managed Futures ETFs. Other ETFs may have significantly different performance. An ETF is an exchange traded fund invested in commodities and traded on stock exchanges.

Managed Futures Index is an equal weighted index of CT As maintained by Autumn Gold. It reflects the average performance of Commodity Trading Advisors reporting to the Autumn Gold CTA Database .. The VAMI has been calculated by adding subsequent months. No compounding has been used. Please note that the Managed Futures Index does not contain the complete universe of CTAs.

ProShares Managed Futures Strategy ETF vs. Managed Futures Index
Hypothetical Growth of \$1,000 - Non Compounded Results



Key Takeaways

Managed futures are alternative investments consisting of a portfolio of futures contracts that are actively managed by professionals.

Large funds and institutional investors frequently use managed futures as an alternative to traditional hedge funds to achieve both portfolio and market diversification.

Two common approaches for trading managed futures are the market-neutral strategy and the trend-following strategy.

Market-neutral strategies look to profit from spreads and arbitrage created by mispricing, whereas trend-following strategies look to profit by going long or short according to fundamentals and/or technical market signals.

DISCLAIMER: Trading commodity futures and options products presents a high degree of risk, and is not suitable for all investors. Losses in excess of your initial investment may occur. Past performance is not necessarily indicative of future results. Please contact your account representative with any concerns or questions.

Although Straits strives to provide you with the latest technology and highly robust trading platforms, periods of system outages or slow performance may occur. These occurrences may be out of Straits' control and require you to place orders through alternative means. Should you experience technical issues, please contact us to report the problem and enter orders through our order desk until it is remedied.