Managed Futures have been used successfully by investment management professionals for more than 30 years. Institutional investors looking to maximize portfolio exposure continue to increase their use of managed futures as an integral component of a well diversified portfolio. With the ability to go both long and short, managed futures are highly flexible financial instruments with the potential to profit from rising and falling markets. Moreover, managed future funds have virtually no correlation to traditional asset classes, enabling them to enhance returns as well as lower overall volatility

Dr. John Lintner, a Harvard Professor, presented the seminal paper entitled "The Potential Role of Managed Commodity – Financial Futures Accounts (and/or Funds) in Portfolios of Stocks and Bonds" at the annual conference of the Financial Analysts Federation in Toronto in May 1983. The findings of his work, namely that portfolios of equities and fixed income exhibit substantially less variance at every possible level of expected return when combined with managed futures, **remain as true as ever more than 25 years later**.

One of the first things investment professionals learn is the concepts of **Modern Portfolio Theory** developed by **Harry Markowitz** in 1952, which quantifies the benefits of diversification. For the past fifteen plus years we have witnessed incredible asset growth in the hedge fund industry as investors continue to search for non-correlated investment opportunities that can help smooth out the performance of their portfolios. While hedge funds overall have been an excellent source of absolute returns, certain strategies provide greater diversification to a traditional portfolio than others. Managed Futures is a viable diversification alternative to this dilemma, but it is probably the most misunderstood alternative investment available today. Tom O'Donnell's presentation titled, "**A Former Institutional Investor's Perspective on Managed Futures**" is a true story told by a former public pension fund director who has been involved in the alternative investment industry for nearly twenty years.

Futures have become increasingly popular as risk management and speculative trading tools. But they are not necessarily for amateurs. Some investors have turned to the managed futures industry for trading services offered by skilled professionals. As a result, many prospective investors have turned to managed futures as a means by which to harness the best professional trading talent in the pursuit of profitable futures trading opportunities. The managed futures industry flourished in the 1980s through the current day as a logical outlet for such speculative demand.

Investors Smitten With CTAs, Sour On Hedge Funds

Commodity trading advisors have outperformed their hedge fund counterparts through the financial crisis and investors have taken notice. In fact, more than one-third say they intend to add to macro and trend-following CTAs, according to a new survey.

For extensive broker-neutral Asset Allocation and Managed Futures information, visit the **Interconti, Limited** website or click below to browse Interconti's full Managed Futures archival library:
http://www.intercontilimited.com/mfutsarchive/
or CME Group's Managed Futures resource page:
http://www.cmegroup.com/education/managed-futures-resource-center.html

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