



ABOUT WAVEFRONT

Founded in 2003, WaveFront is a privately-owned global asset management company based in Toronto, Canada. Today, we manage assets for individual and institutional investors in Canada, the United States, and South Korea across a diverse range of investment strategies and solutions.

For more information, please visit our [website](#).

August 2023

WaveFront Global Investment Program

Monthly Commentary

WaveFront's Global Investment Program returned -3.69% in August, versus the benchmark SocGen CTA Index of -0.52%.

Despite the lackluster returns in August, the Program has generated over 176% of net total returns since its inception, or +6.3% net annualized. This represents +297 bps of excess return over our benchmark, the SocGen CTA Index, which has returned 3.3% over the same period. The BTop50 Index, which replicates the overall composition of the managed futures industry, has generated 3.0% in annualized return during the same period, further emphasizing the superiority of WaveFront's systematic trading program over its peer group.

Performance Summary

as of August 31, 2023 | Annualized if greater than one year

6.3%

CAGR

176%

Total Return

0.39

Sharpe Ratio

0.75

Sortino ratio

(%) Return	MTD	YTD	1yr	3yr	5yr	10yr	Incp*
WaveFront Program	-3.7	-3.2	-3.9	15.8	12.6	5.3	6.3
SG CTA Index	-0.5	-3.3	-4.3	8.8	5.5	4.1	3.3
BTop 50 Index	-0.6	-1.1	-0.7	9.5	6.5	3.8	3.0

*Inception on May 1, 2007

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

MARKET COMMENTARY

Equity and fixed-income correlations remain elevated, as global equities declined by 2.8% in August while government bonds also decreased by 0.1%. The month was marked by several key themes:

Economic Resilience & Challenges

While the US showcased resilience in its economic activity, Europe faced further softening. Inflation abated in some areas, although core inflation remains at elevated levels. China's struggling property sector raised concerns of potential contagion, further complicating the global financial picture. Meanwhile, US-China tensions, which have been a significant concern in the past, showed signs of easing. The US Commerce Secretary's visit to Beijing was a notable diplomatic move. However its unclear what impact the recent news regarding China's iPhone government ban will have on relations in the near future.

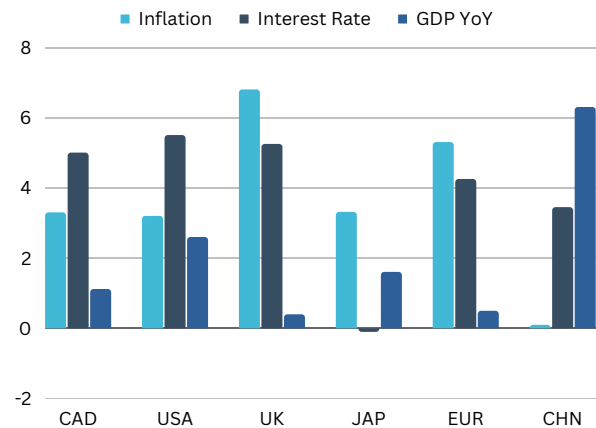
Commodities

Commodity prices exhibited a lower correlation in August. For instance, oil prices increased by 1.5%, whereas copper and gold declined by 4.5% and 1.3%, respectively. European natural gas prices surged by 23%, affected, most notably, by LNG terminal workers' strikes in Australia.

The S&P GSCI Index remained flat in August. Energy and livestock saw minor price gains, but these were offset by weaker prices in other agricultural commodities, led by wheat, corn, and coffee. Energies staged the most notable bull rally amongst physical commodities, most likely due to announced production cuts from Saudi Arabia and other OPEC+ producers. The industrial metals nickel, zinc, aluminum, and copper all declined. In precious metals, both silver and gold prices declined.

Inflation & Interest Rates

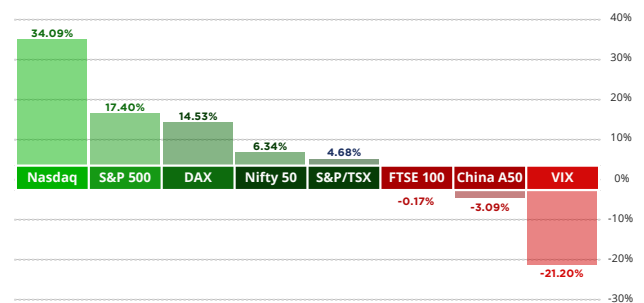
By Country or Region, as of latest published data (July/August 2023)



Data source: Bloomberg, Trading Economics and WaveFront Global

Year-to-date Performance

Major World Equity Indices as of August 31, 2023



Data source: Bloomberg and WaveFront Global

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Futures Markets Performance Summary

Major Futures Markets, YTD Performance as of August 31, 2023

Energy	Grains	Softs	Currency	Meats	Metals	Equities
Oil WTI 83.63 +3.93% YTD	Oats 469.50 +27.84% YTD	Org. Juice 328.15 +58.99% YTD	GBP 1.2097 +4.76% YTD	Fdr Cattle 253.27 +37.87% YTD	Gold 1,966 +7.65% YTD	Nasdaq 100 15,538 +40.72% YTD
Oil Brent 86.86 +1.11% YTD	Wheat 602.00 -23.99% YTD	Cocoa 3,602.00 +38.54% YTD	CAD 0.7401 +0.31% YTD	Live Cattle 179.72 +16.08% YTD	Copper 3.822 +0.24% YTD	S&P 500 4,516 +16.96% YTD
Natural Gas 2.77 -38.15% YTD	Corn 461.00 -32.06% YTD	Cotton #2 87.82 +5.34% YTD	JPY 0.6870 -9.90% YTD	Lean Hogs 82.55 -5.87% YTD	Silver 24.81 +3.21% YTD	DJIA 34,791 +4.52% YTD

Data source: Bloomberg and WaveFront Global Asset Management Corp.

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US Dynamics

Economic activity in the US remained robust. Core retail sales and industrial production both saw growth of 1% (m/m) in July, with real-time third-quarter GDP estimates tracking at an impressive 1.4% (q/q). However, survey data painted a softer picture, with the ISM Manufacturing PMI only rising to 47.6 in August. The unemployment rate unexpectedly increased to 3.8% in August. While headline inflation rose to 3.2% (y/y) in July, core inflation slightly decreased to 4.7%. The significant event was Fitch's downgrade of the US' long-term credit rating to AA+, pointing to deteriorating fiscal conditions and governance standards. Federal Reserve Chair Jerome Powell, at the Jackson Hole Summit, emphasized a potential 'higher for longer' approach, not ruling out further rate hikes.

European Dynamics

The UK's economy grew by 0.2% in the second quarter, slightly above expectations. However, business surveys indicated softening, with the Composite PMI falling to 47.9 in August. Inflation in the euro area continued its easing trend, with both headline and core inflation at 5.3% in August. The UK's headline inflation rate sharply decreased to 6.8% in July, while core inflation remained steady at 6.9%. The Bank of England responded by raising its base rate by 25bps to 5.25%, indicating potential further hikes in the future.

One of Canada's only
MANAGED FUTURES
MUTUAL FUND

Retail investors keen on a daily liquidity version of our program are invited to explore the WaveFront Global Diversified Investment Class (AHP1110), a distinctive managed futures mutual fund available in Canada.

[LEARN MORE](#)

Bank of Canada's Aggressive Stance:

The Bank of Canada (BoC) did not make headlines again, instead choosing to keep rates steady at 5%, however, this remains the most aggressive hiking cycle in Canada's modern economic history. The BoC's concerns revolve around the "CPI inflation potentially settling significantly above the 2% target" and the need for a more restrictive monetary policy to balance supply and demand, aiming to bring inflation sustainably back to the 2% target.

Current forecasts suggest that the BoC might start reducing rates in early 2024. However, this prediction is clouded by conflicting forces, including Canada's deeper recession risk compared to the US due to higher household debt levels and a reported Canadian housing bubble. The central bank's influence on the housing market, combined with other external factors, makes this a unique recession-rate cut potential that forecasts should consider.

LINKS WORTH SHARING:

Here are a few links that we believe are worth clicking on to keep informed: ·

- [Goldman plans to invest \\$100 million in rural communities.](#)
- [Mortgage demand at lowest point in decades](#)
- [J.P. Morgan's Canada Economic and Market Update](#)

Conclusion

While commodity headlines may appear tranquil, the market undercurrent remains potent and fraught with risk. At WaveFront, our commitment to trend following keeps us vigilant of the risks and opportunities lurking below the surface. As we close out August, our focus remains on staying prepared, constantly observing, waiting, and executing in response to these market dynamics. In this intricate financial landscape, our goal is to ensure that we are not just reacting to the surface waves but are adeptly navigating the powerful currents below.



Past performance is not necessarily indicative of future results. Futures trading is speculative and involves substantial risk. Potential investors should note that the value of an investment may go down as well as up. There is a risk that an investment will be lost entirely or in part. An investment in the Program is speculative and involves a high degree of risk and is not intended as a complete investment program. There is no guarantee of trading performance. An investment should only be made after consultation with independent qualified sources of investment and tax advice. This communication is not and under no circumstances is to be construed as an invitation to make an investment in any WaveFront program nor does it constitute a public offering to sell a fund or program. Investors should review the Offering Documents of any WaveFront Program or Fund in their entirety for a complete description of WaveFront's programs or Funds. Applications to invest will only be considered on the terms set out in the Offering Documents. The information in this material is subject to change without notice and WaveFront will not be held liable for any inaccuracies or misprints. The Monthly Rates of Return above are the composite weighted net returns of all client accounts of WaveFront managed pursuant to the WaveFront Global Investment Program, computed pursuant to methodologies approved by the U.S. Commodity Futures Trading Commission (CFTC).