

# PROMETHEUS

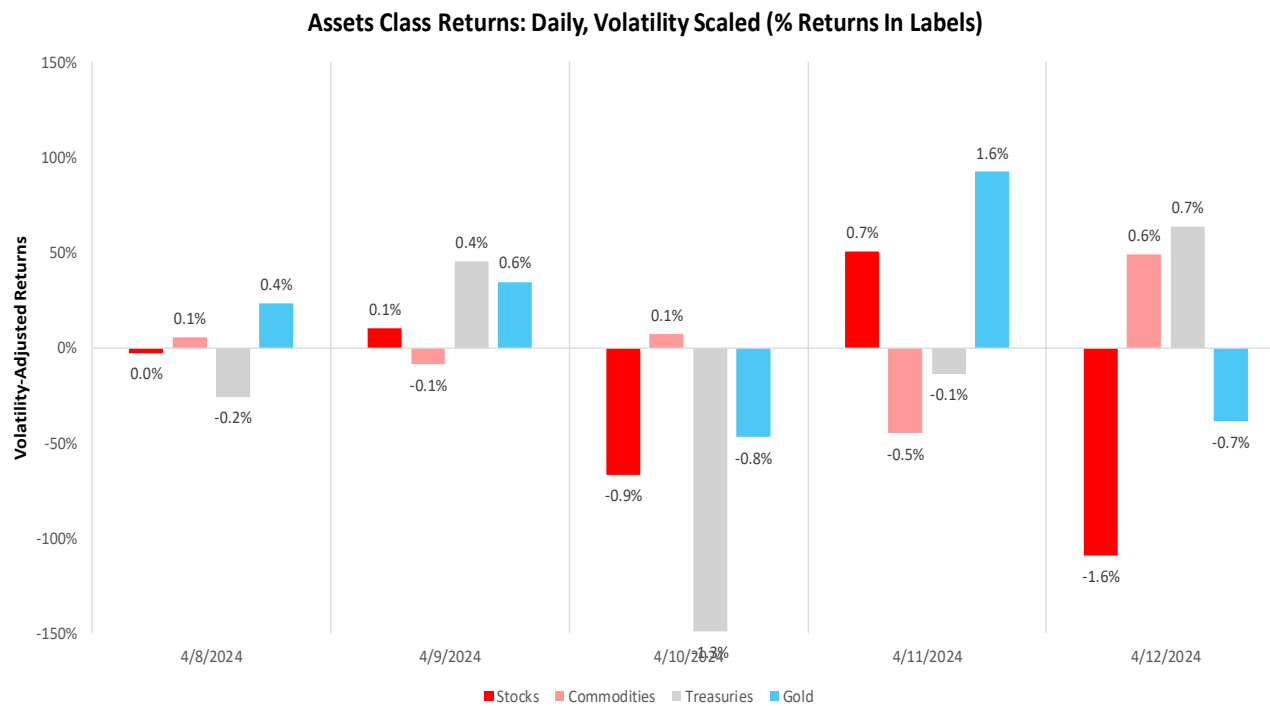
Prometheus ETF Portfolio

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- [Market Monitor](#): *Markets have now moved to price the dominance of inflationary conditions. This dynamic is a significant shift from recent regime pricing and is a weight on disinflationary assets. The distribution of regime probabilities is now more mixed. These incremental changes will continue to weigh on bonds, but potentially even equities if they continue.*
- [Economic Data Monitor](#): *Economic data momentum decreased this week. However, these declines in data momentum are modestly inconsistent with the big-picture dynamics in the economy, i.e., stable nominal growth conditions.*
- [Long-Only Portfolio](#): *Our long-only strategy is looking to position long Stocks: 16%(SPY), long Commodities: 19% (DBC), flat Bonds: 0%(IEF), long Gold: 21%(IAU), and Cash: 43%(BIL).*
- [Long/Short Portfolio](#): *Our long-short strategy is to position long Stocks: 16%, long Commodities: 19%, short Bonds: -52%, long Gold: 21%.*

# Market Monitors

# Markets: Weekly Path



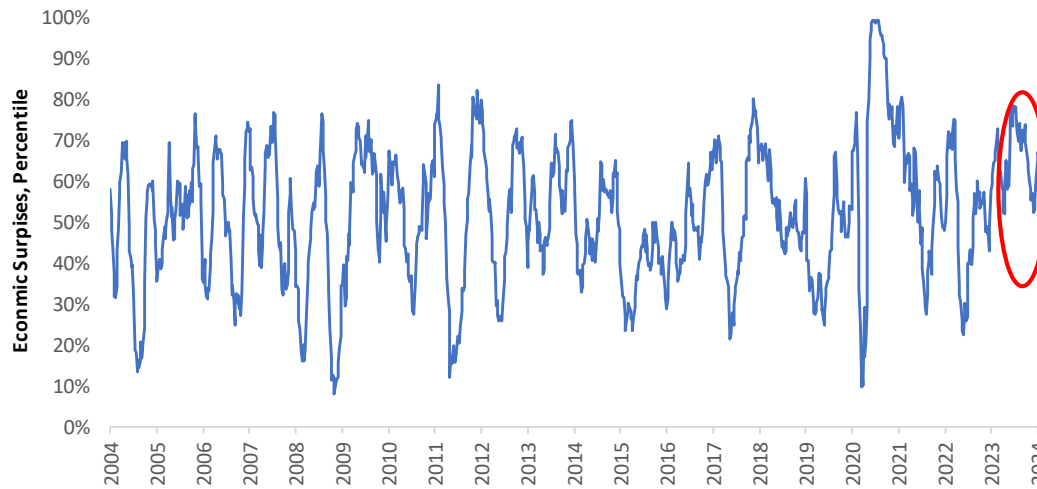
*Over the last week macro asset markets fell in aggregate. This decline primarily came from equity markets. At the same time, gold prices rallied significantly. The cumulative effect of cross asset pricing has now significantly moved market regime dynamics.*

*For information purposes only.*

# Markets: Weekly Path

## Economic Momentum: Economic Surprises vs Asset Class Performance

US Economic Surprises



Economic Surprise Percentile: Weekly Trend

Mar 15	Mar 22	Mar 29	Apr 05	Apr 12
59.7%	62.4%	63.1%	66.0%	65.4%

Asset Class Performance By Economic Surprise Percentile

	0-25%	25%-50%	50%-75%	75%-100%
Stocks	-8%	2%	14%	30%
Commodities	-29%	3%	7%	17%
Bonds	28%	9%	-8%	-3%
Gold	15%	12%	10%	-3%

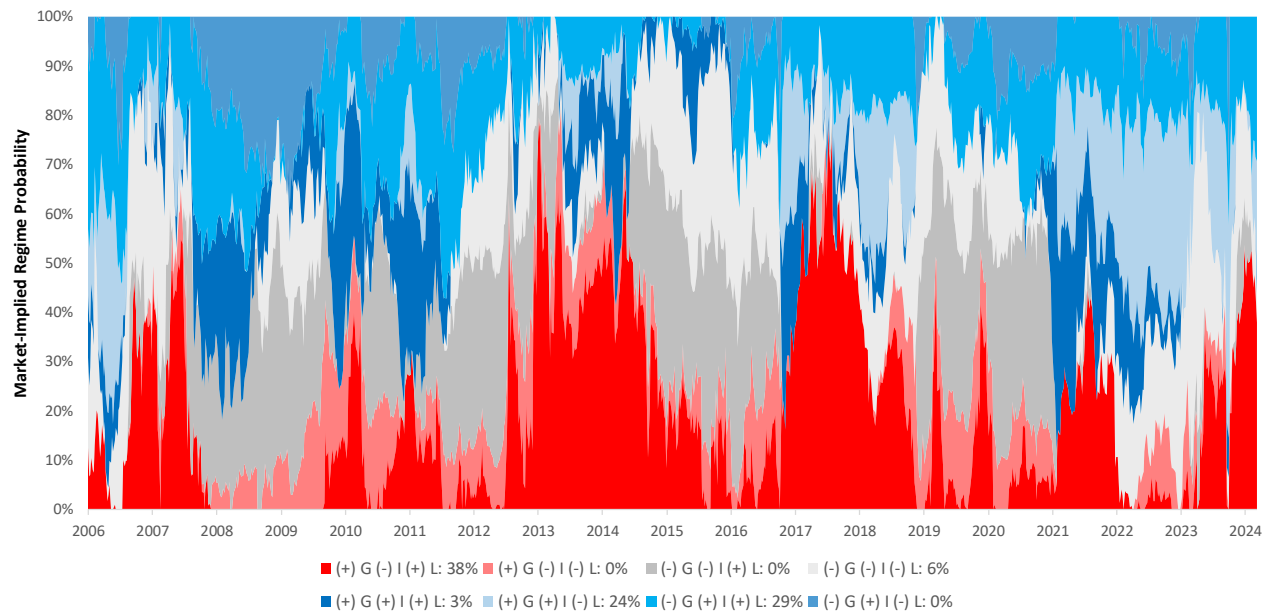
*Economic data momentum fell this week, driven by weaker than expected housing data, PMIs and capacity utilization.*

# Markets: Weekly Path

## Prometheus Market Regime Probabilities

	(+) G (-) I (+) L	(+) G (-) I (-) L	(-) G (-) I (+) L	(-) G (-) I (-) L	(+) G (+) I (+) L	(+) G (+) I (-) L	(-) G (+) I (+) L	(-) G (+) I (-) L
Probability %	37.9%	0.0%	0.0%	5.8%	3.1%	23.8%	29.4%	0.0%

Regime Probabilities: Recent History



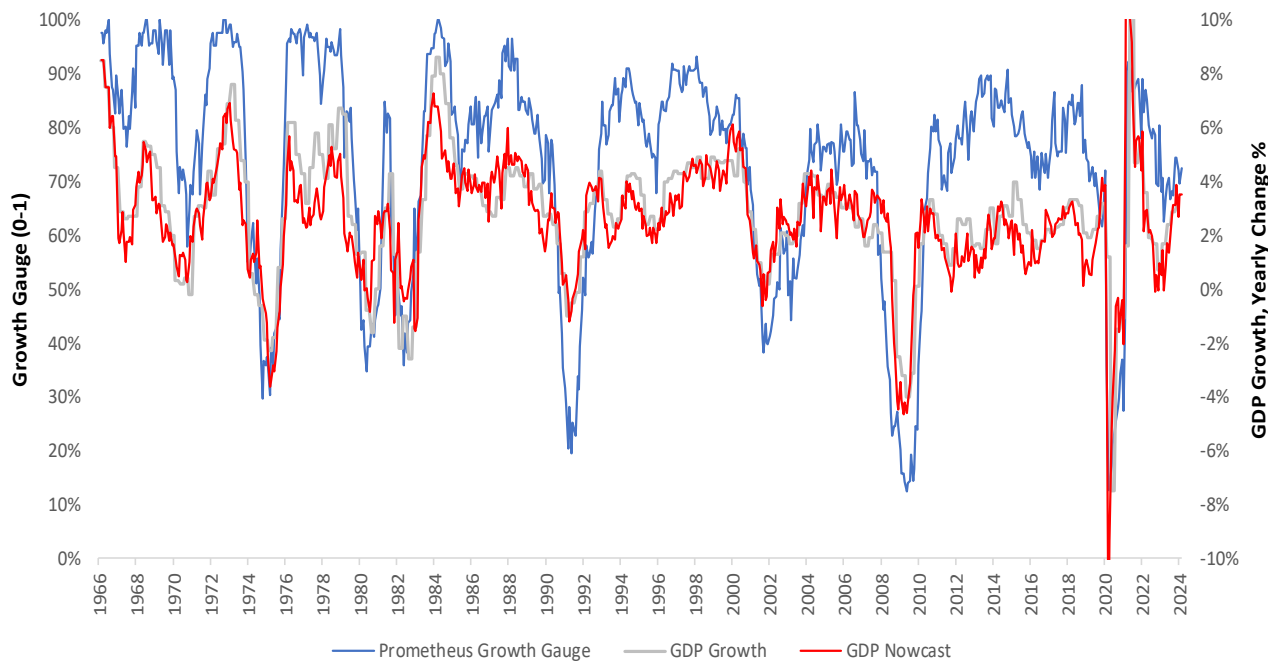
*For a further understanding of how economic dynamics have been priced into markets, we show our tracking of market-implied macroeconomic regime probabilities. **Markets have now moved to dominantly price inflationary conditions, a significant shift for asset markets. These dynamics continue to create a difficult backdrop for bonds, but if significantly extended, then also for stocks.***

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# Economic Data Monitor

# Macro-Gauges: Growth

**Growth Monitor: Growth Diffusion & GDP Nowcast**



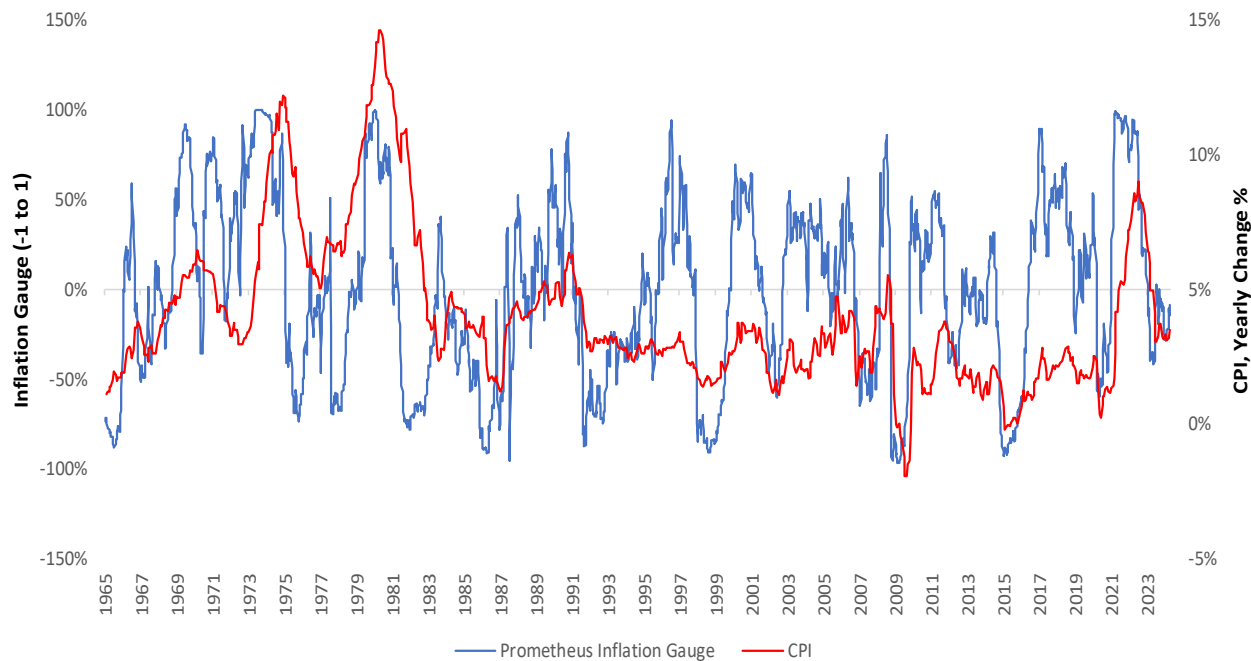
*Our Growth Gauge tracks economic data across 75 measures of real growth conditions to understand the economy and give us a more granular understanding of the forces driving our GDP Nowcast. **Currently, these measures continue to point to above-trend GDP growth, with a low probability of imminent declines.***

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# Macro-Gauges: Inflation

Inflation Monitor: Inflation Gauge vs. CPI Inflation

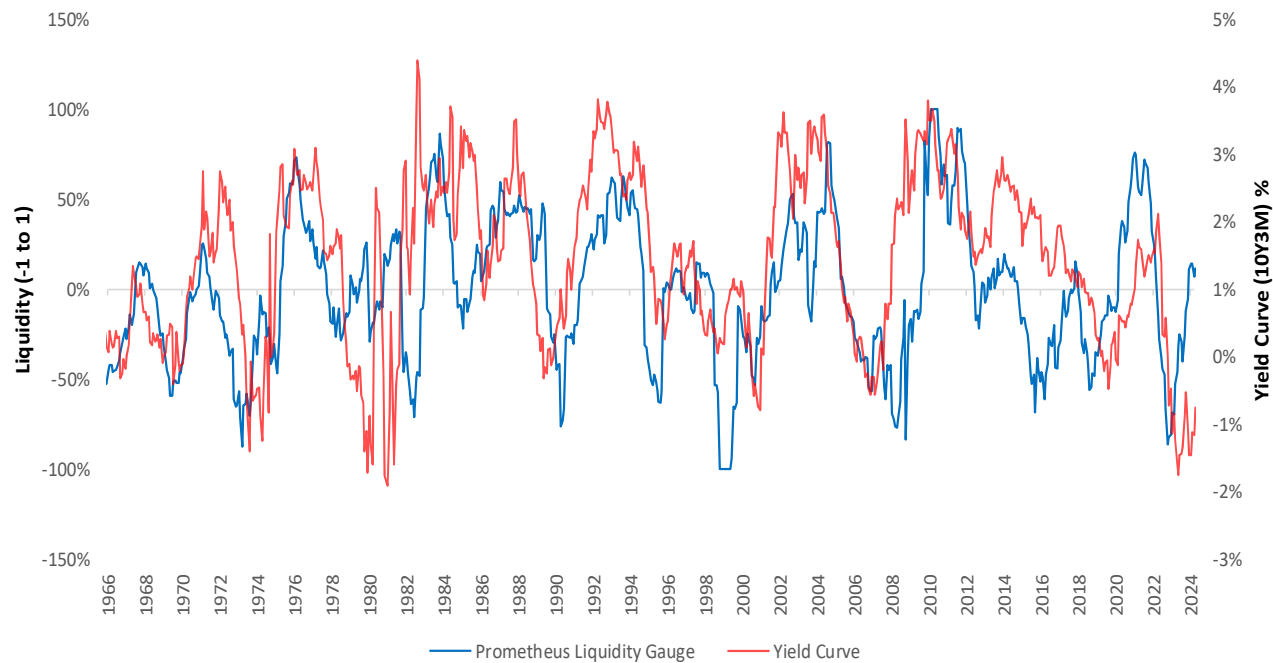


*Our Inflation Gauge tracks inflationary pressures coming from 40 raw commodity prices to understand the impulse to consumer price inflation on a high-frequency basis. **These measures tell us that inflationary pressures remain muted, suggesting little change in the inflation outlook.***

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# Macro-Gauges: Liquidity

Liquidity Monitor: Liquidity vs. Yield Curve

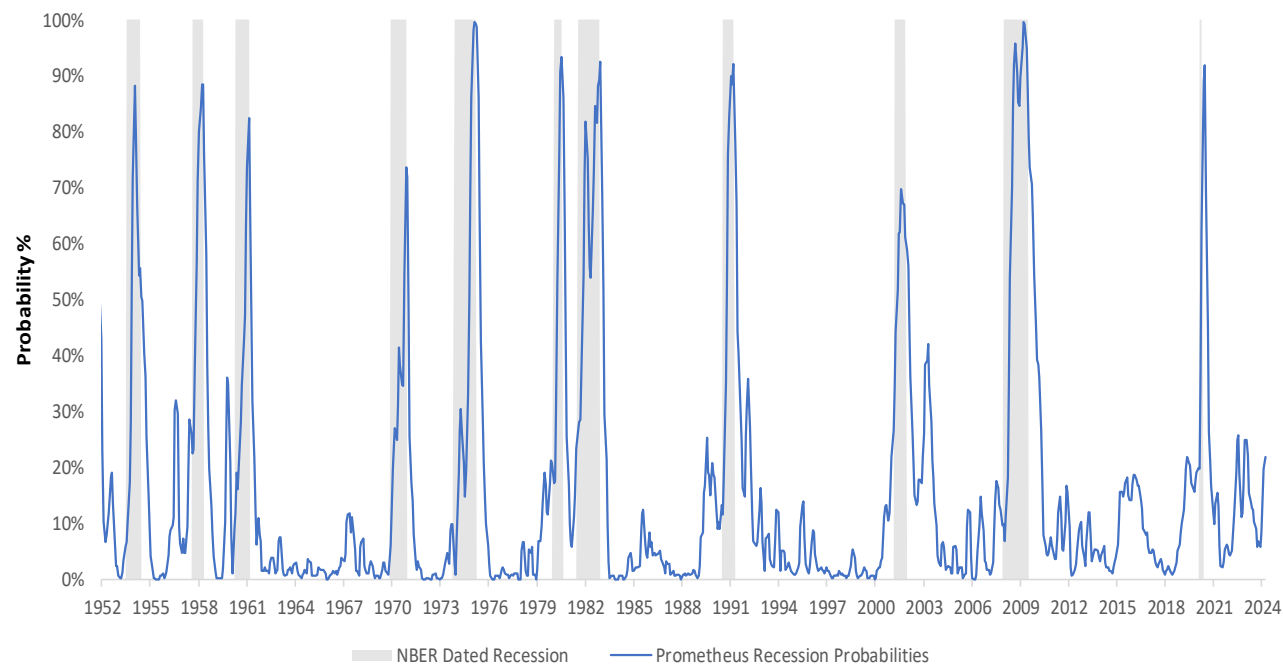


*Our Liquidity Gauge aggregates measures of liquidity across the public and private sectors that represent trillions of dollars of liquid assets, allowing us a real-time estimate of the potential for risk-taking in the financial system **Today, our measures suggest that liquidity conditions remain ample, however, we may be at a local top in liquidity growth. This does not mean contracting liquidity but slowing liquidity conditions.***

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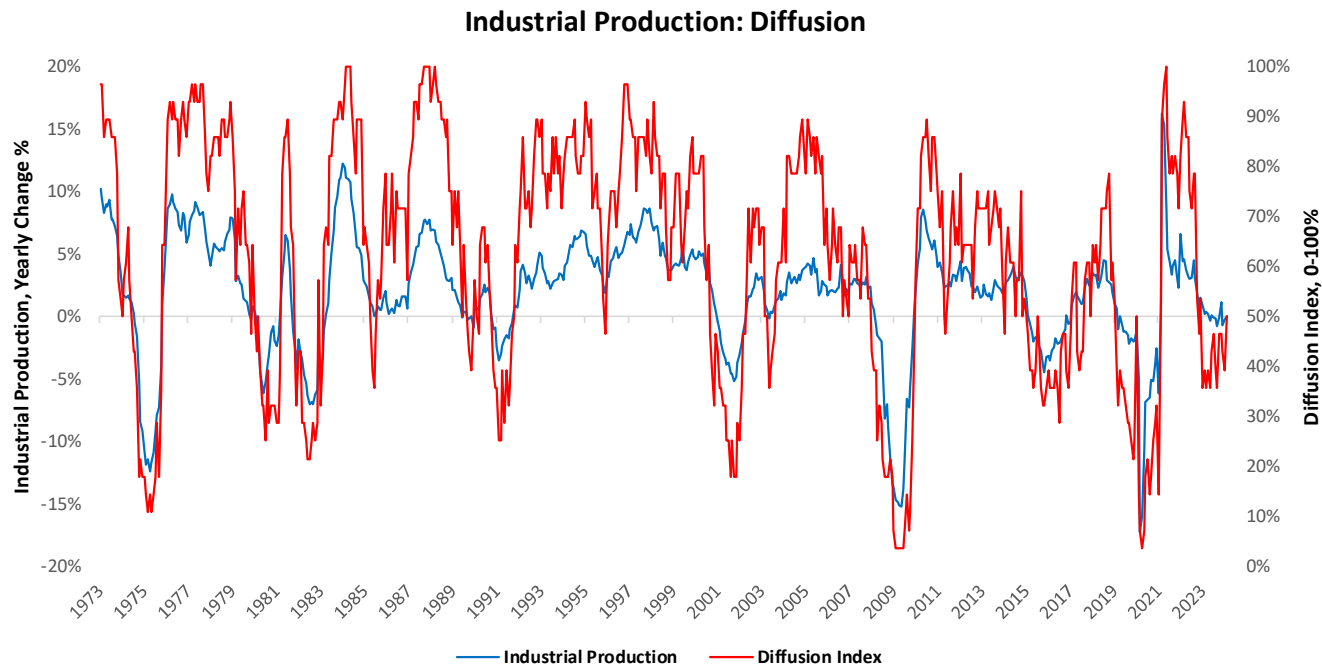
# Macro-Gauges: Recession Monitor

**Recession Probabilities: Real-Time vs. NBER Dated**



*For a timely insight into recessionary pressures, we aggregate macroeconomic indicators, consistent with the NBER methodology of recession classification, into a recession probability monitor. This gauge gives us a real-time understanding of developing recessionary pressures. **Currently, recession probabilities remain muted at 20%.***

# Macro Spotlight: Industrial Production

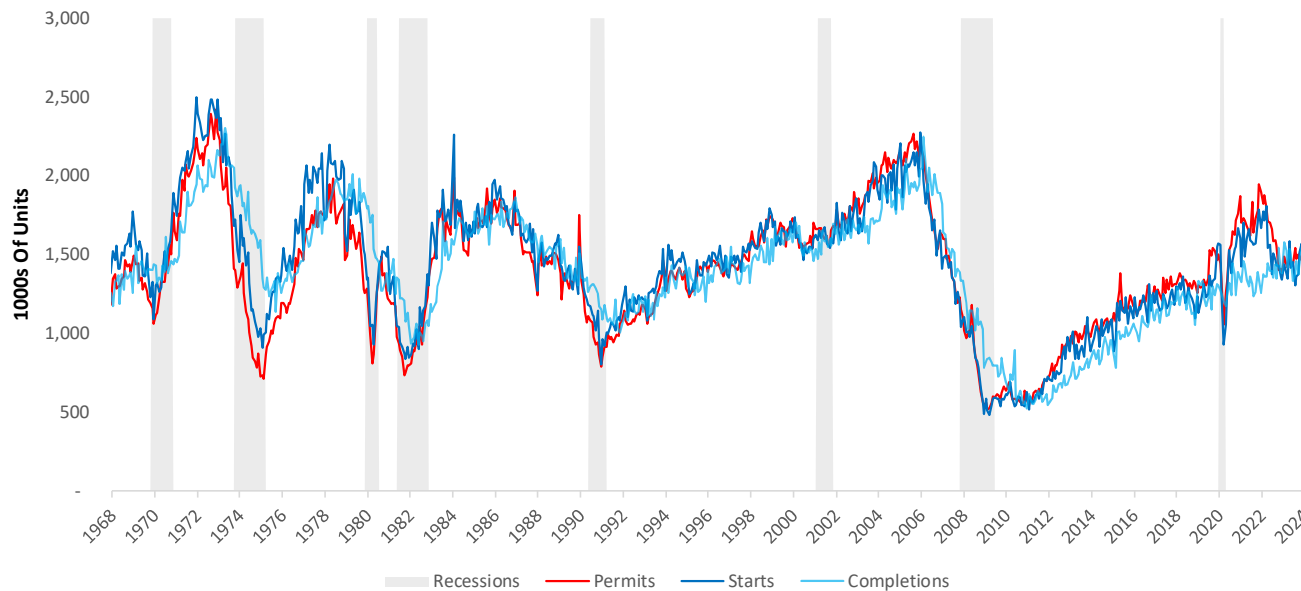


***Production dynamics have improved, even though the capacity print disappointed expectations.***

*Over the last year, we find that 50% of industries are contracting. We visualize how a diffusion index has generally been a good barometer of the durability of upturns and downturns in industrial production.*

# Macro Spotlight: Housing Data

Housing: Permits, Starts & Completions

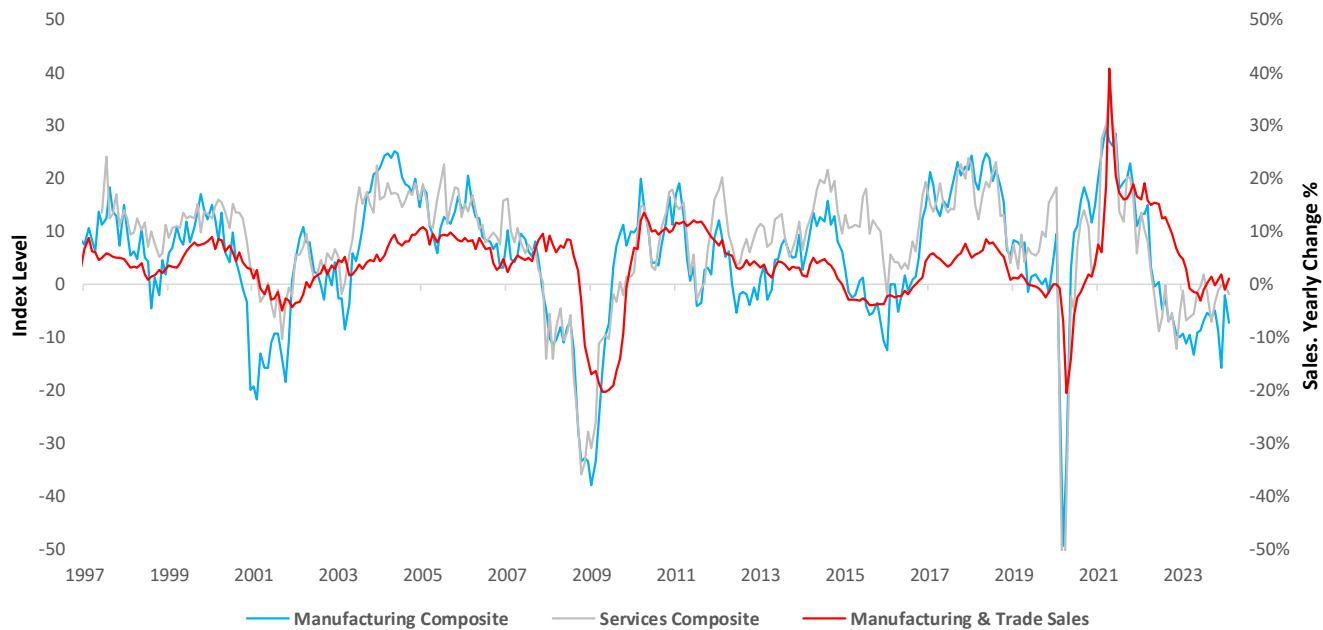


***Much like the industrial production data, housing data disappointed expectations, but continues to suggest stable underlying trends.***

*The latest data for March showed housing permits decreased by -4.27%, housing starts decreased by -14.72%, and housing completions decreased by -13.49%.*

# Macro Spotlight: PMIs

Cyclical Monitors: Manufacturing & Services Sub-Indexes



*The latest PMI data from the NY Fed also disappointed expectations. **PMI measures remain mixed regarding the pressures on the manufacturing sector, though there has been improvement within a downtrend.***

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# Long-Only Portfolio

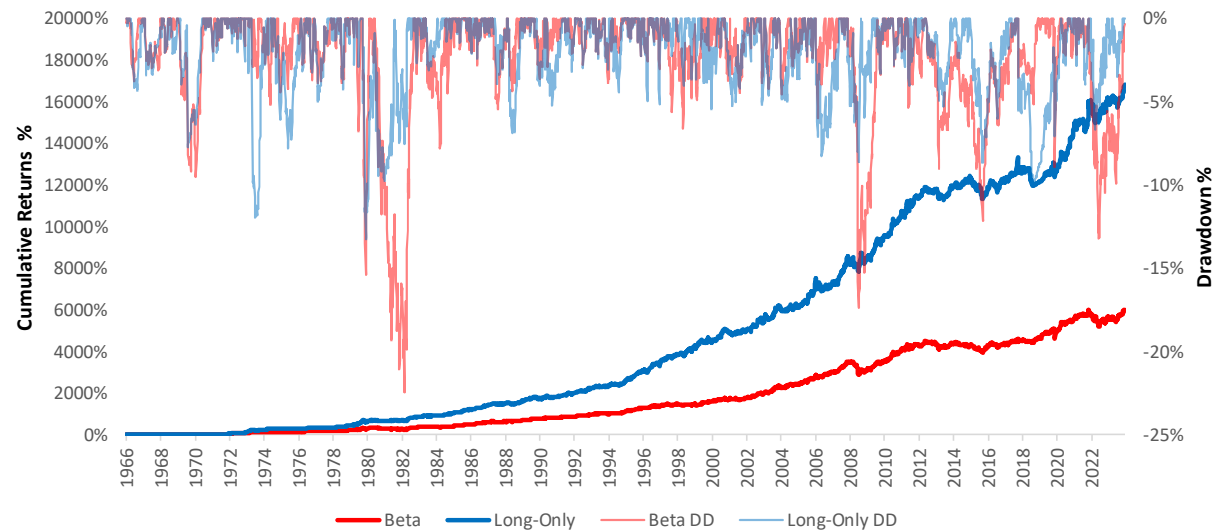
# Long-Only: Summary Statistics

## Prometheus ETF Portfolio: Long-Only

### Summary Statistics

	Beta	Long-Only
Gross Returns	7.3%	9.2%
Excess Returns	2.7%	4.5%
Volatility	6.8%	7.1%
Semi-Variance	4.7%	4.9%
Max Drawdown	-22%	-13%
Sharpe Ratio	0.40	0.64
Sortino Ratio	0.57	0.92
Calmar Ratio	0.12	0.34
Max DD Duration (Years)	5.29	2.60
Trades/Year	-	13

### Prometheus ETF Portfolio: Long-Only vs. Beta

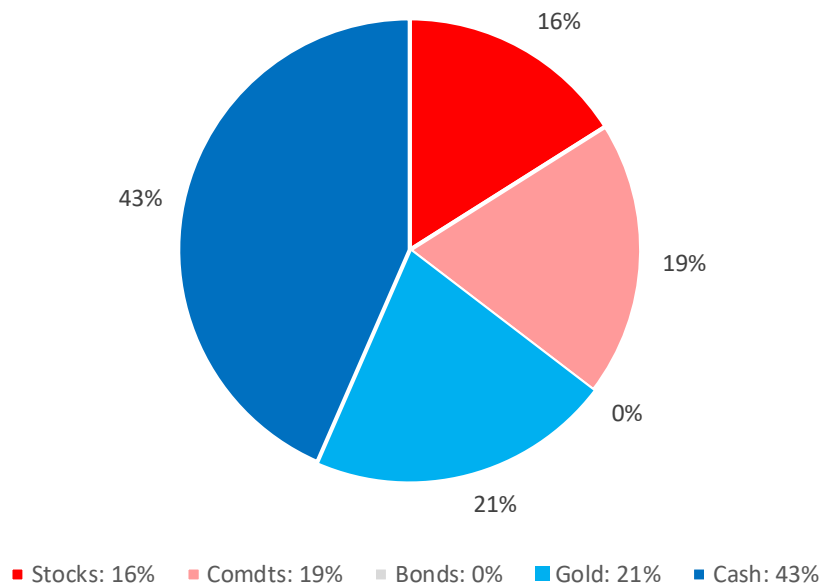


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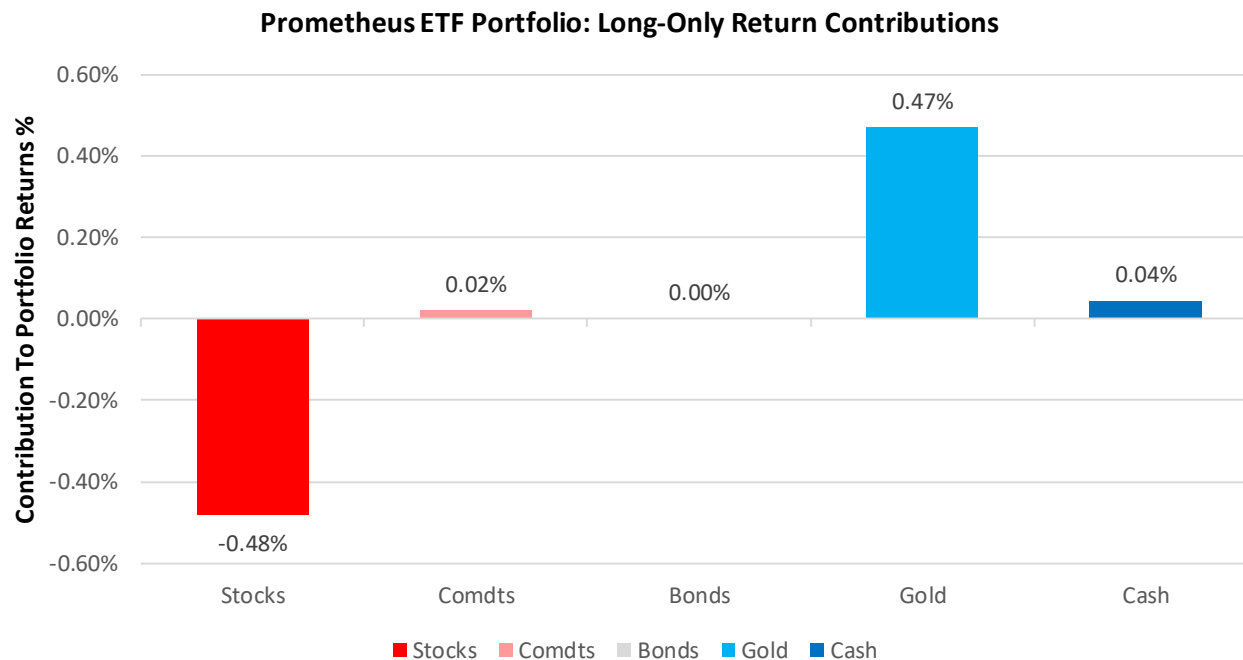
# Long-Only: Portfolio Allocations

Prometheus ETF Portfolio: Long-Only Allocations



*Our long-only portfolio continues to maintain balanced exposure to stocks gold, and commodities. Cash levels are modest as a function of risk control. For those looking for a higher risk level we suggest decreasing cash holdings.*

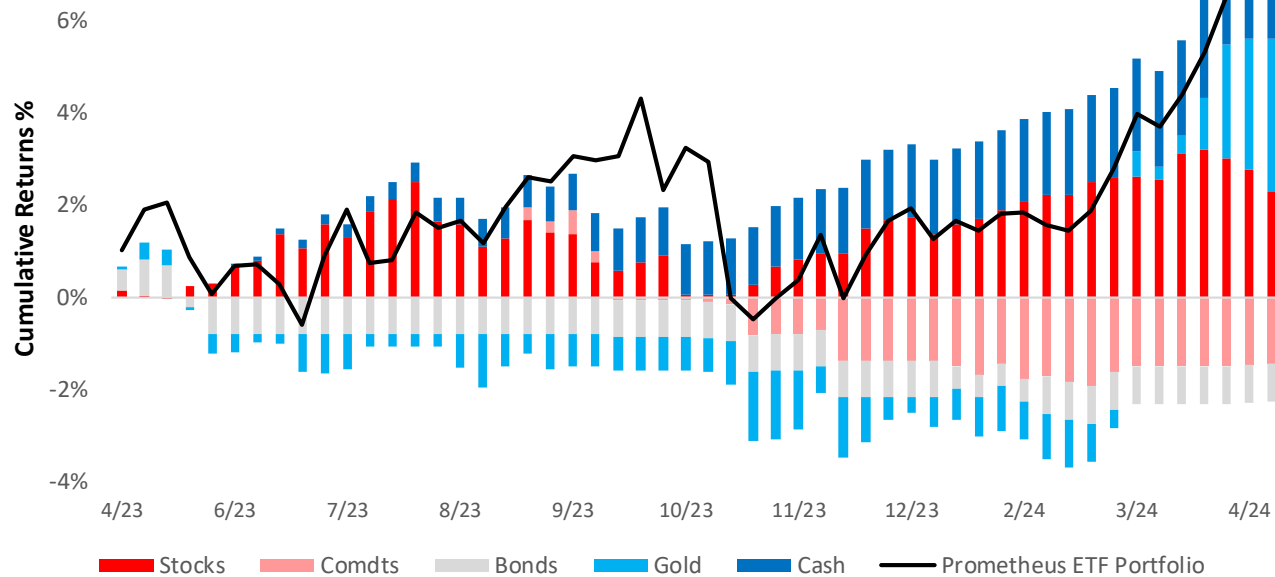
# Long-Only: Week-To-Date Attribution



*Our long-only portfolio saw gains 0.05% this week. These gains were driven by strong gold performance and offset by stock performance. This performance continues to highlight the importance of portfolio diversity. Avoiding overconcentration of risk has been beneficial.*

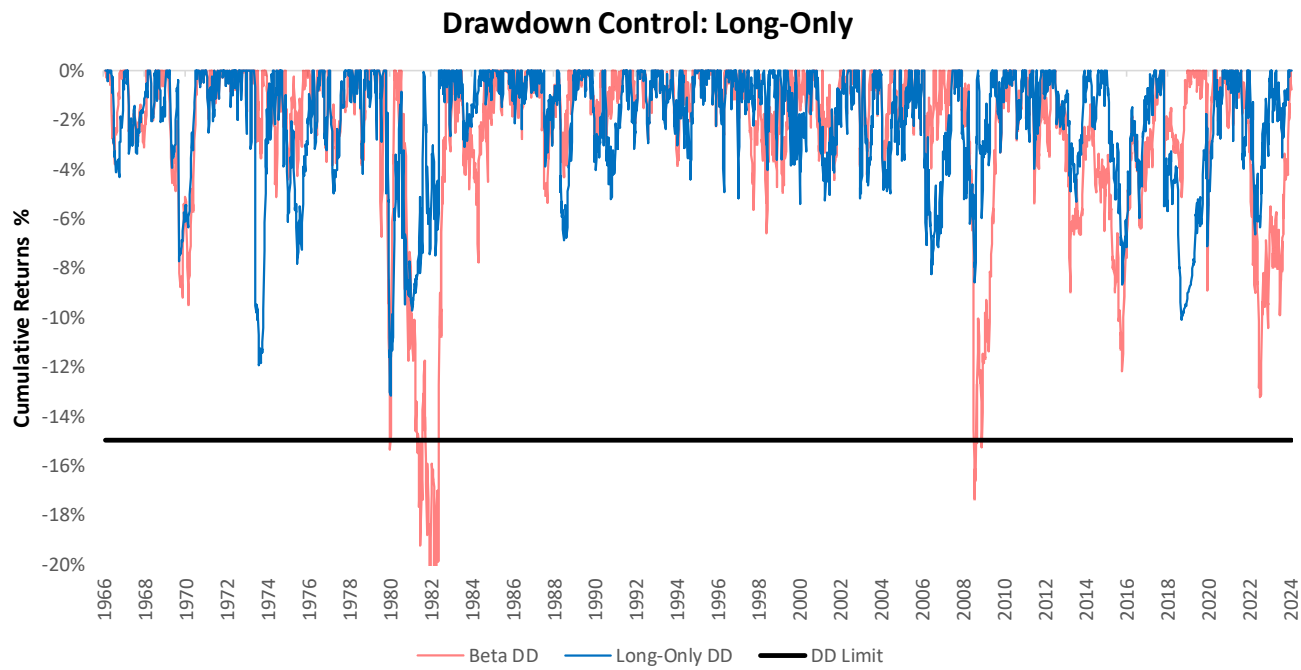
# Long-Only: One-Year Lookback

Prometheus ETF Portfolio: Long-Only, Performance



*Our long-only portfolio has seen a recent run up in cumulative returns, pushing returns to all-time highs, recently driven by gold and stock allocations. This is largely a function of correct regime identification since inception.*

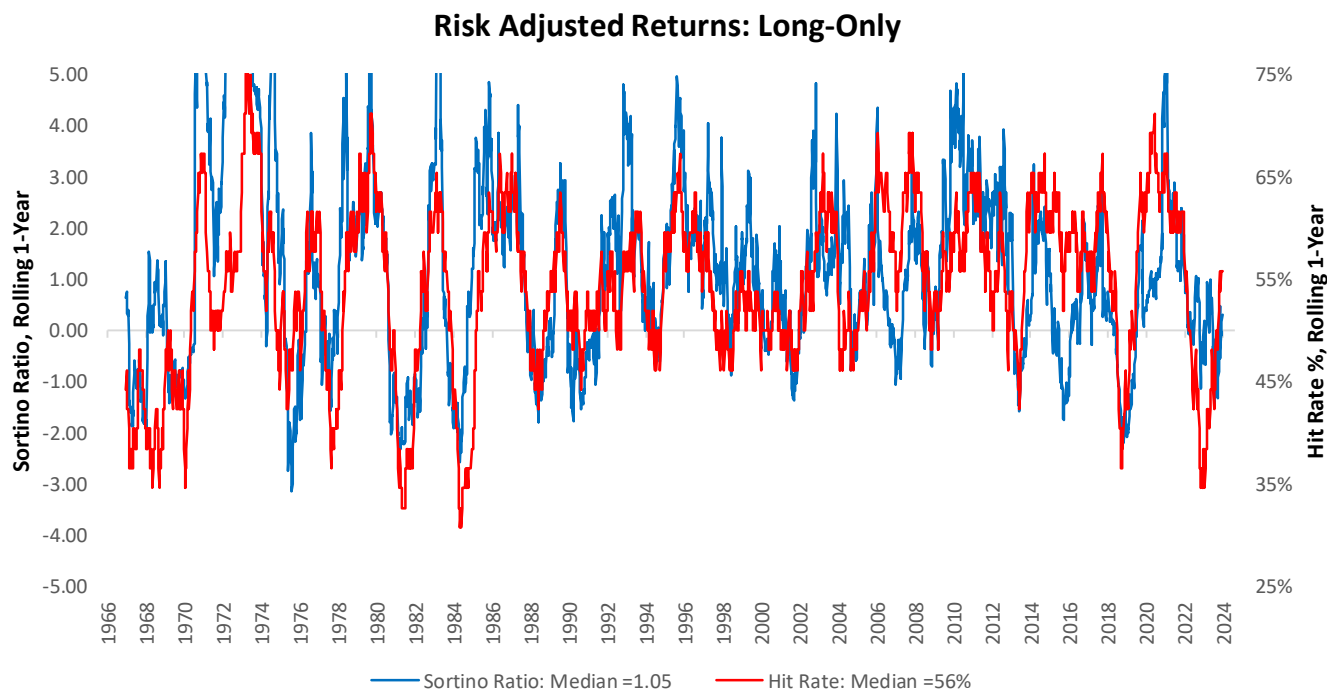
# Long-Only: Drawdown Monitor



*Our long-only portfolio is currently at a drawdown of 0%. This drawdown level requires no pullback of risk-taking at the portfolio level.*

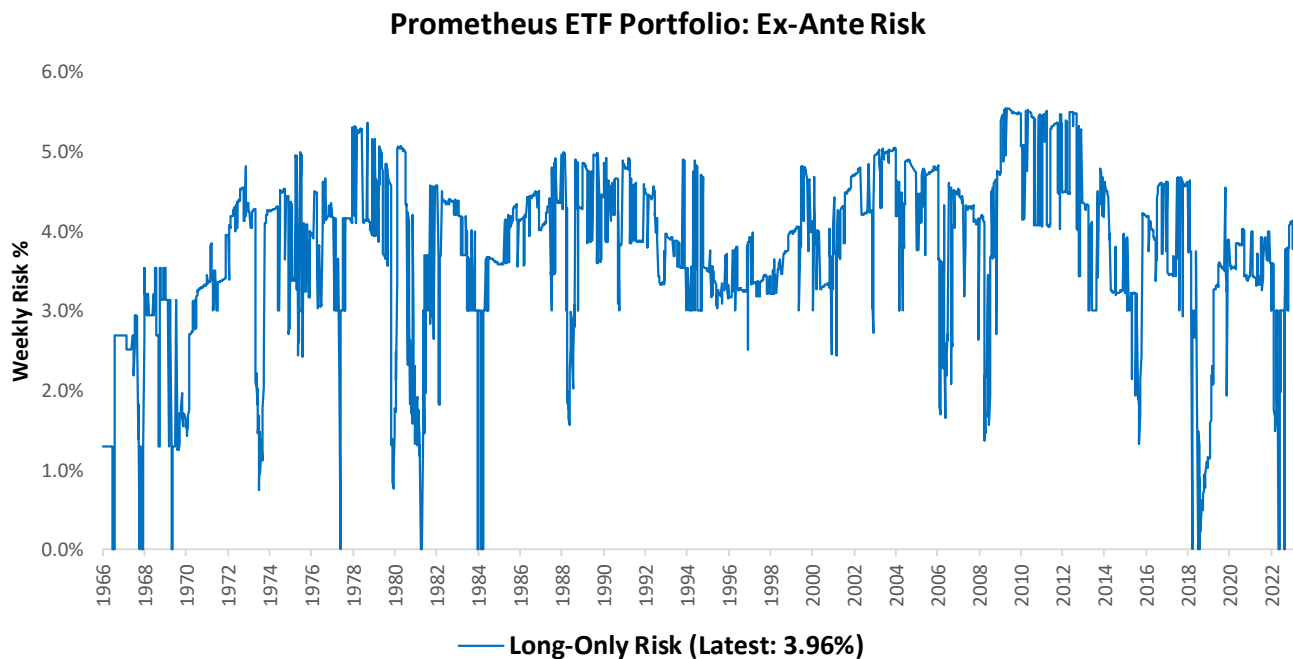
*For information purposes only.*

# Long-Only: Risk-Adjusted Returns



*Our long-only portfolio has seen significant improvement in recent hit rates, bringing us back to the historical median hit rate. Risk-adjusted returns (sortino ratios) have followed suit.*

# Long-Only: Ex-Ante Risk Estimate



*Heading into next week, our long-only portfolio is seeking to maintain a risk of 3.96%.*

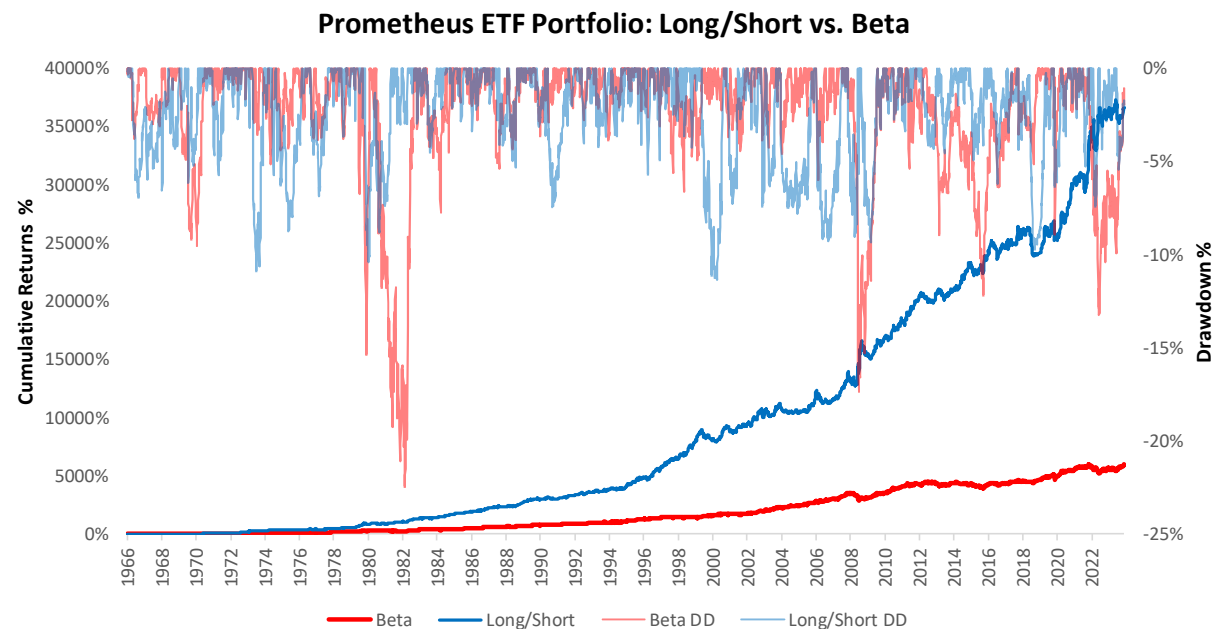
*These loss numbers are intended to allow users to adjust their exposures as desired to meet their risk objectives. Those wishing more or less risk can scale up or down positions based on our ex-ante risk assessment. For instance, if our systems are running a 5% risk heading to the next week, but an individual desires a 2.5% risk, they may scale all positions down by 50% (2.5%/5.0%=50%) while scaling up their cash by the same amount.*

# Long/Short Portfolio

# Long/Short: Summary Statistics

## Prometheus ETF Portfolio: Long-Short

Summary Statistics		
	Beta	Long/Short
Gross Returns	7.3%	10.7%
Excess Returns	2.7%	5.9%
Volatility	6.8%	7.8%
Semi-Variance	4.7%	5.4%
Max Drawdown	-22%	-11%
Sharpe Ratio	0.40	0.76
Sortino Ratio	0.57	1.10
Calmar Ratio	0.12	0.52
Max DD Duration (Years)	5.29	2.10
Trades/Year	-	18

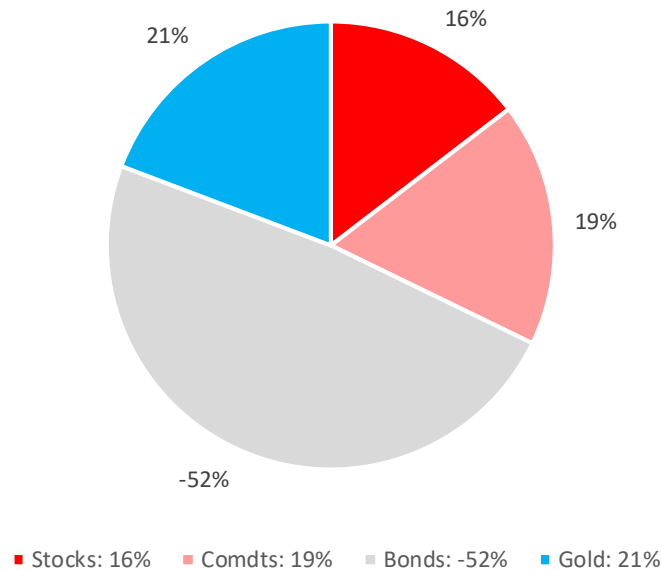


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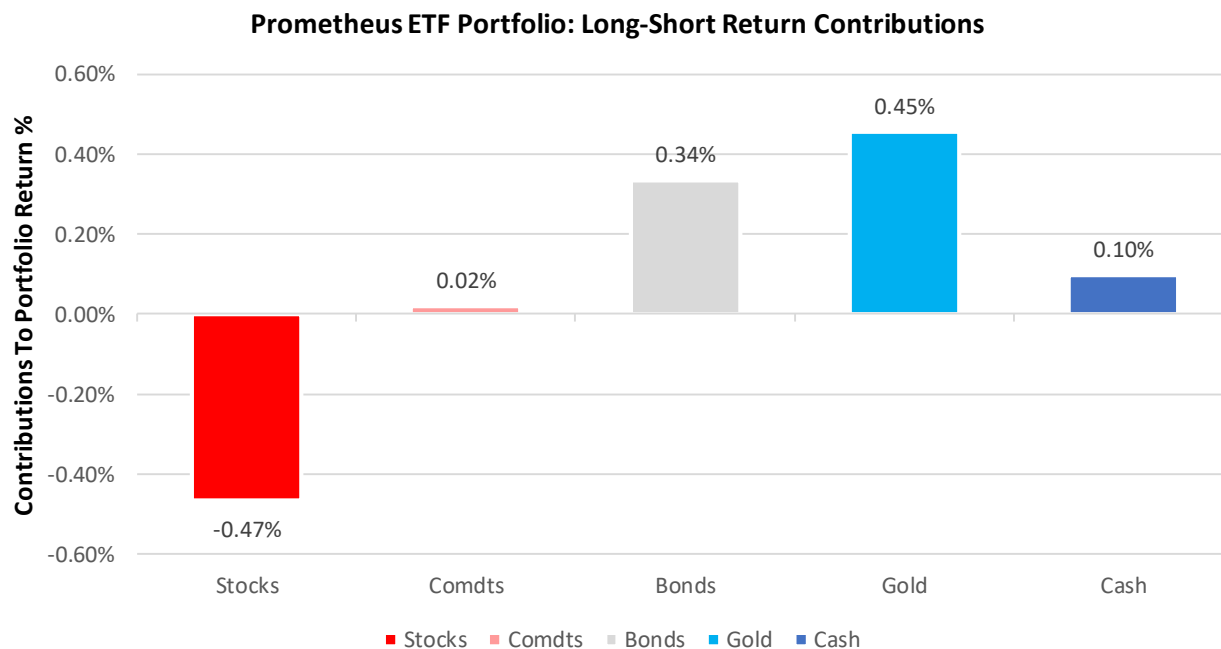
# Long/Short: Portfolio Allocations

Prometheus ETF Portfolio: Long/Short Allocations



*Our long/short portfolio is maintaining long equity, long commodity, long gold, and short bond exposures. The opportunity set for the long/short portfolio is beginning to look increasingly rich.*

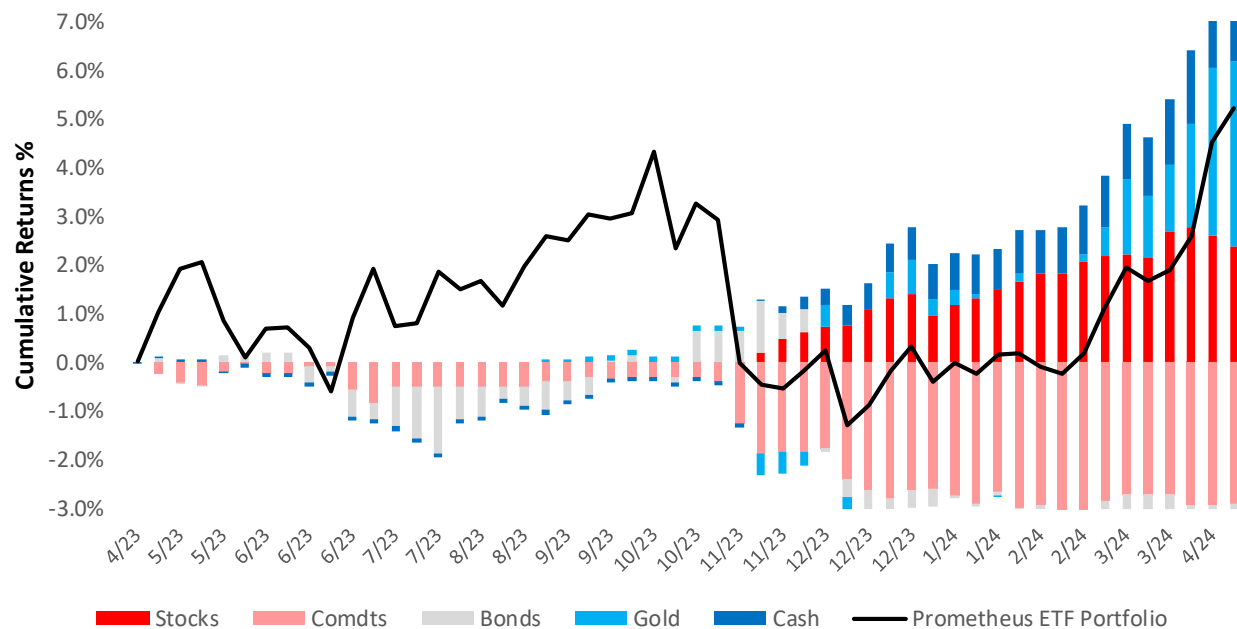
# Long/Short: Week-To-Date Attribution



*Our long/short portfolio saw gains of 0.44% this week, driven by long gold and short bond positions. Equity positions weighed on the portfolio while commodity positions were neutral..*

# Long/Short: One-Year Lookback

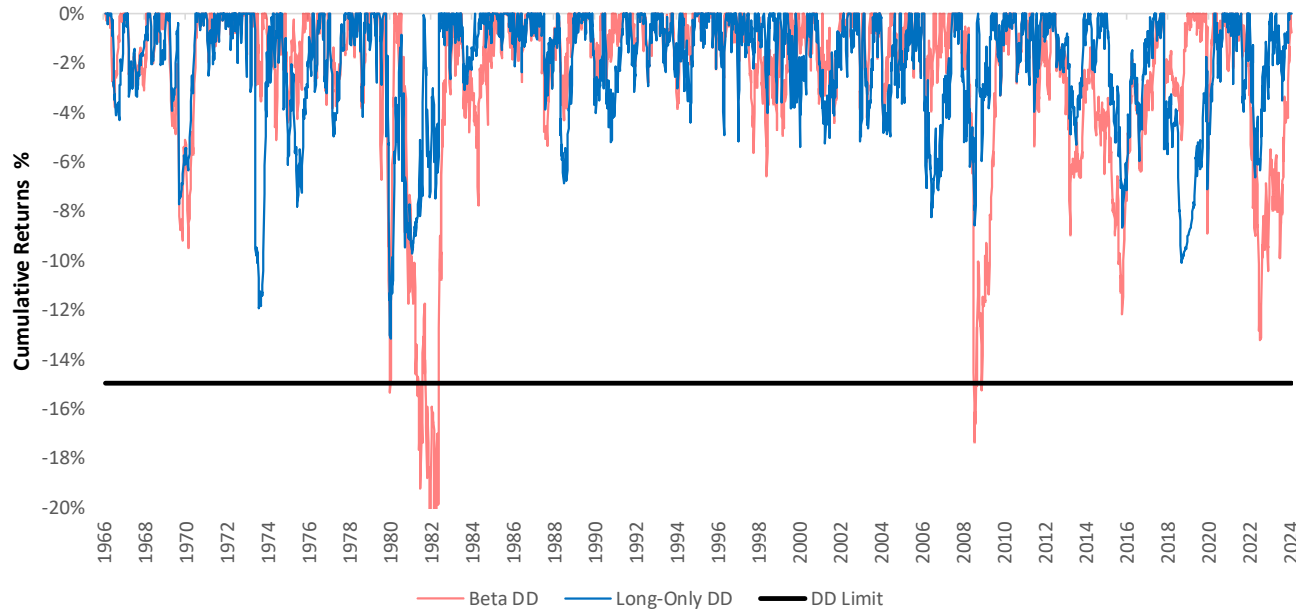
Prometheus ETF Portfolio: Long/Short, Performance



*Our long/short portfolio has begun to see improved gains in the recent past. As macro divergences widen, the opportunity set for our long/short portfolio to take on more risk expands. Recent weeks have been a case in point.*

# Long/Short: Drawdown Monitor

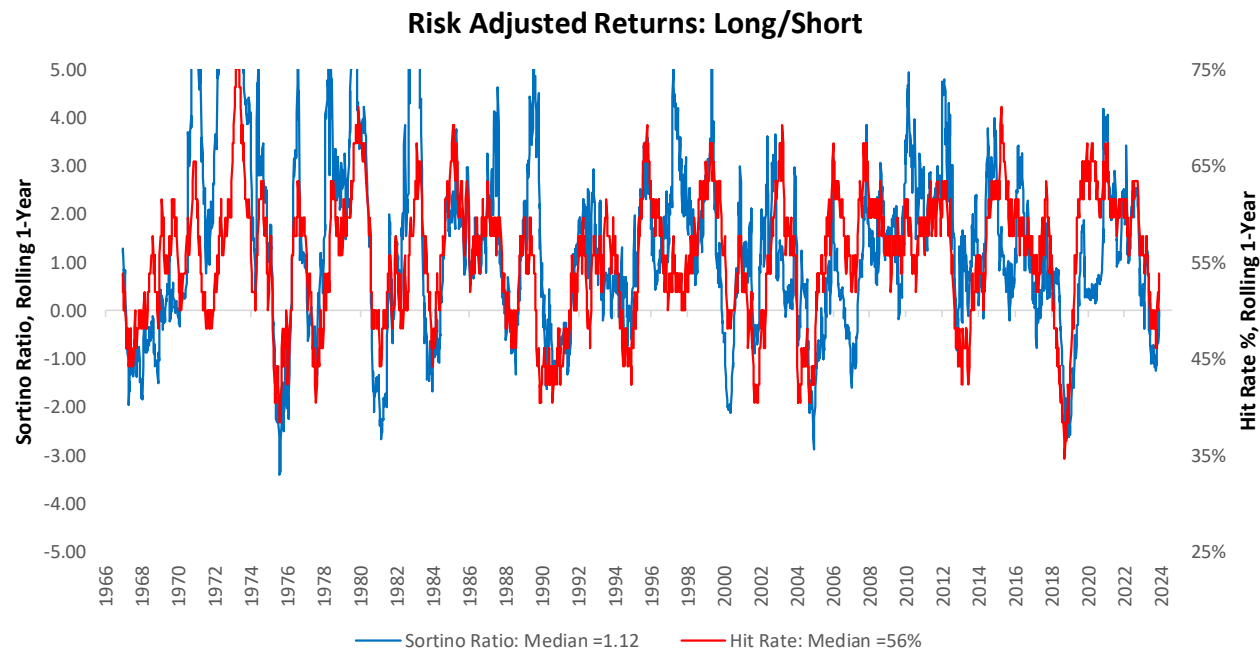
**Drawdown Control: Long-Only**



*Our long-only portfolio is currently at a drawdown of 0%. This drawdown level does not warrant a pullback of risk at the portfolio level.*

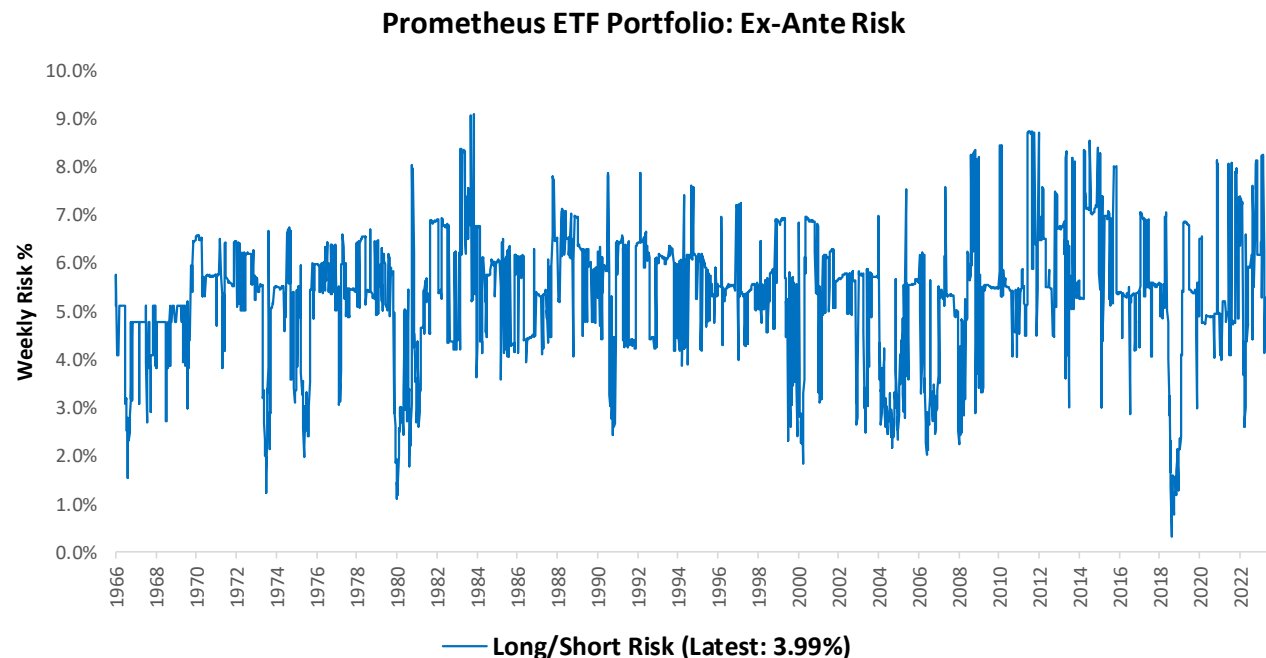
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# Long-Short: Risk-Adjusted Returns



*Our long-short portfolio has seen recent improvement in recent hit rates, but remains below our historical median. Mean-reversion continues.*

# Long/Short: Ex-Ante Risk Estimate

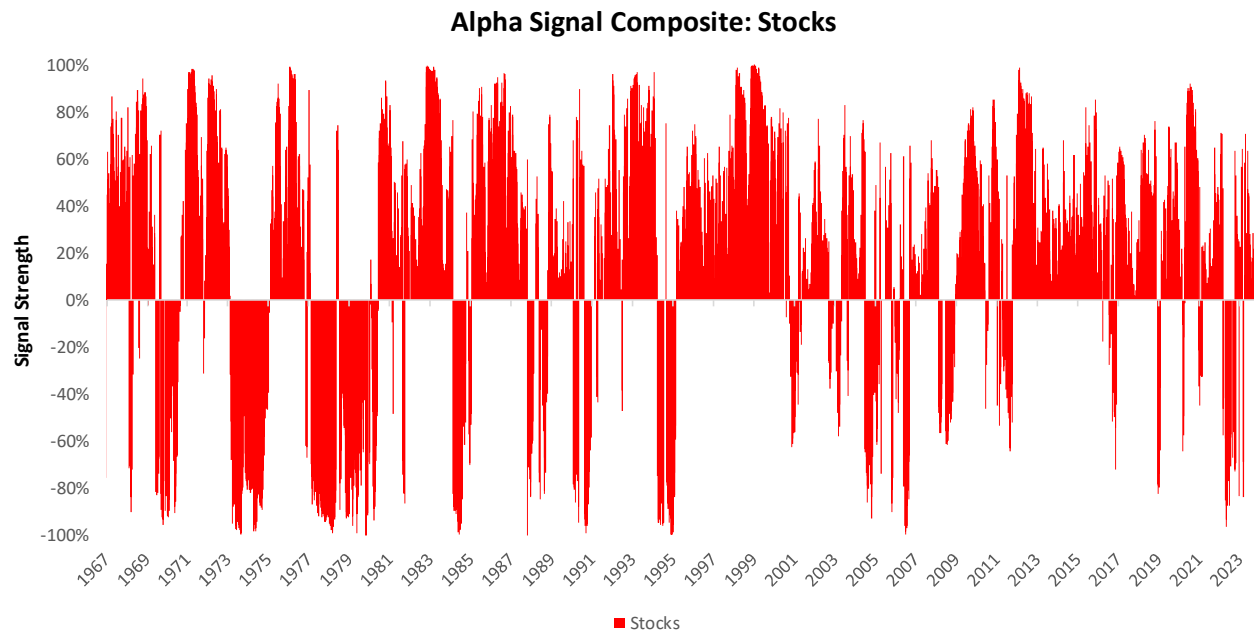


*Heading into next week, our long-only portfolio is a risk of 3.99%.*

*These loss numbers are intended to allow users to adjust their exposures as desired to meet their risk objectives. Those wishing more or less risk can scale up or down positions based on our ex-ante risk assessment. For instance, if our systems are running a 5% risk heading to the next week, but an individual desires a 2.5% risk, they may scale all positions down by 50% (2.5%/5.0%=50%) while scaling up their cash by the same amount.*

# Signal Composites

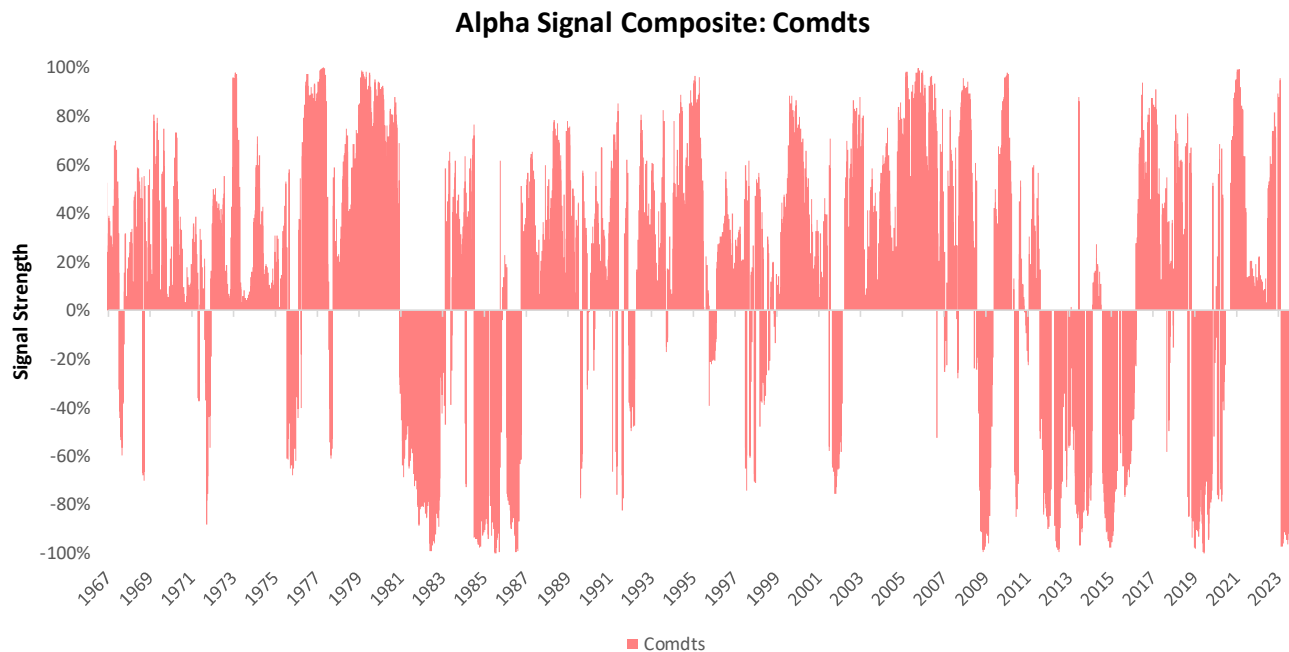
# Signal Composites: Stocks



*Stocks continue to look attractive in an environment where nominal growth remains resilient. While alpha opportunities are not abundant, beta is a suitable exposure in this environment. Risk control is imperative to maintaining continued exposure. However, as macro regimes begin to turn, signal strength has deteriorated. Extension of these moves would see us exit equities.*

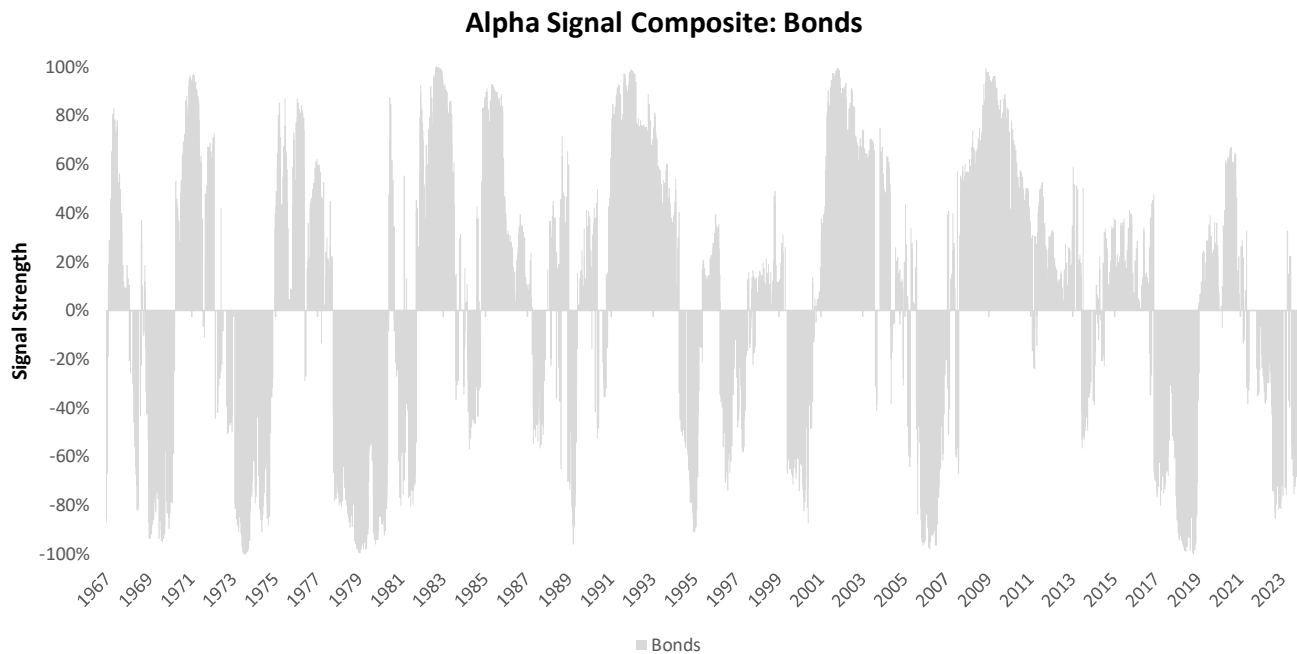


# Signal Composites: Commodities



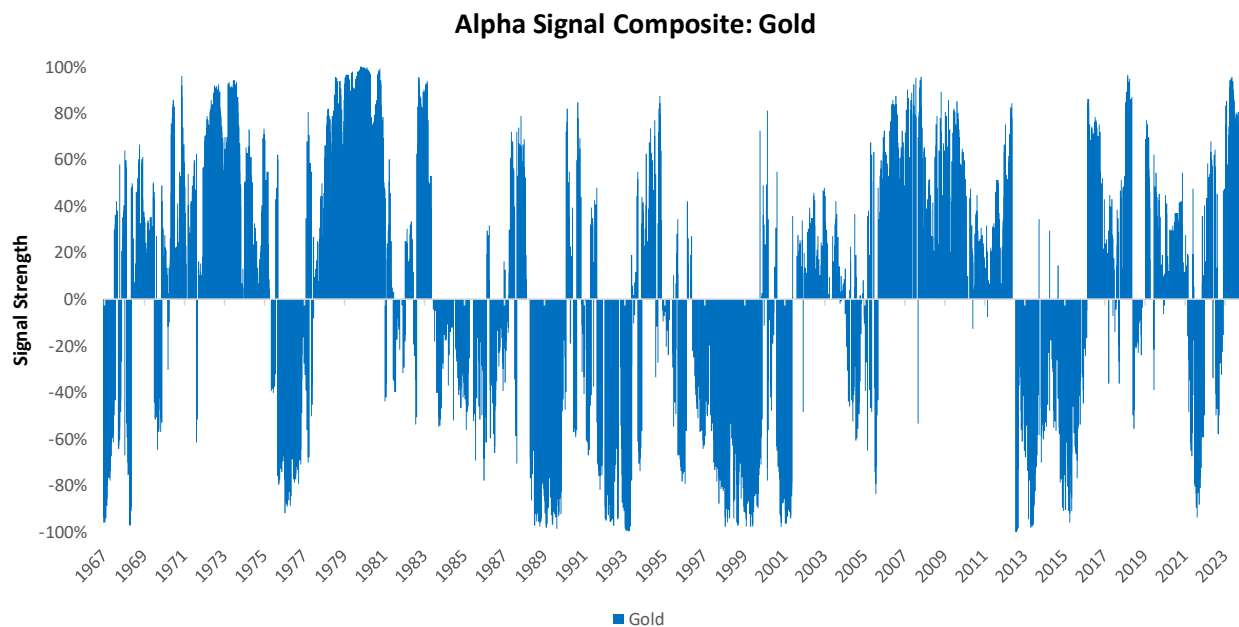
*With industrial activity declining and nominal activity slowing, our commodity signals have deteriorated into nascent negative territory. However, an abundance of liquidity and improving sequential data have caused our strategies re-engage in long positions. Commodities remain supported by near-term dynamics, but with a weak outlook.*

# Signal Composites: Bonds



*Bond market pricing remains at odds with the ongoing pace of growth in the economy, creating pressure on treasury returns. Our signals remain negative. We expect the onset of a cutting cycle to impact this signaling; however, those signals remain a ways off from today.*

# Signal Composites: Gold



*In an environment of elevated monetary liquidity, elevated valuations in stocks and bonds, and elevated inflation levels, gold continues to offer the most value amongst macro asset classes. Our signal composites continue to remain elevated for gold..*

**PROMETHEUS** 

Thank You.

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