

Structured Product

Monthly Commentary



2021 • MARCH

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S&P Family of Indices

The S&P 500 daily risk control 10%ER (SPXT10UE) is one of the best performing risk control indices that we have been tracking. The S&P 500 during the market dislocation in 2020 was down around 33% while the SPXT10UE index was only down around 13.5%. The risk control feature reduced the volatility of the index components and thus reduced the potential for large negative swings.



As the markets went positive after the correction the S&P500 had an annualized return of 34%, while the SPXT10UE had an annualized return of 12%. This drag on performance is one of the drawbacks to a risk-controlled index. S&P also has a version with a risk control of 5% (SPXT5UE) which performed in line drawing down about 7% during the correction and having an annualized return of 6%. These indices are effective options for clients looking for different risk/reward scenarios. The SPXT10UE and SPXT5UE are tracking the S&P 500 with a risk control filter that will introduce cash investments in order to bring the overall volatility of the index to its targeted level; a true

advantage over the other other volatility controlled proprietary indices is the simplicity of the investment objective.

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Citibank Market Pilot 5ER

Citibank's Market Pilot 5ER was one the best performing momentum-based strategies in 2020. Market Pilot 5 saw a drawdown of about -4.70% during the crisis which performed well compared to its peers but not only did it help protect the clients assets during the crisis it also generated one of the best annualized returns from our sample group at nearly 7.20%. When compared to the S&P daily risk control 5%ER index, Market Pilot's use of the efficient frontier style of investing helped reduce risk during drawdowns by more than 200 basis points while also improving returns during the recovery by more than 100 basis points. Market Pilot 5 is your classic multi-asset / momentum-based strategy that uses a specific pool of underlyings to build its portfolio and rebalances on a monthly basis based on the previous year's performance. The main feature that helped Market Pilot better control losses than others is the unique feature employed by Citibank Market Pilot 5ER; the feature is designed to help the index from suffering losses during a market dislocation.

The rebalancing mechanism will rebalance the index if the index has suffered more than 8% loss of its value over a 21 business day period. This allowed Market Pilot to be more reactive to the fast-moving negative markets that we all experienced during the 2020 correction. Even though Citibank Market Pilot 5ER did perform extremely well in 2020, historically Market Pilot has not performed well against its peers by only producing an annualized return of 2.72% over the last five years.

In addition to Structured Products, DDW covers these packaged products:

- Annuities
- Life Insurance
- Mutual Funds
- Closed End Funds
- UITs
- ETFs
- Alts

And these fee-based products:

- FSP
- ETF
- SMA
- Mutual Funds

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BNP Paribas MAD5

BNP Paribas has had one of the most consistent performing indices in the market over the past five years. The MAD 5 index is a multi-asset / momentum-based strategy that employs a volatility control filter in order to capture the best performing portfolio on a daily basis. The daily rebalancing helps the index be more reactive to movements in the market both positive and negative. The MAD 5 index saw a drawdown of about -8% during the crisis and saw an annualized return of 5.86% after the recovery which is an average performance based on its peers. Where BNP Paribas has some advantage versus its competition is that BNP Paribas uses futures-based indices as its building blocks vs. standard ETFs/indices; this method reduces a lot of the cost for hedging which can help increase the performance of the index. The MAD 5 index has the second-best annualized return over a 3-year period of 4.72% and the 7th best annualized return over a 5-year period of 4.31%. This makes BNPP's MAD 5 index one of the most consistent performing indices over the last five years.



Popular Indices – Recent Performance

INDEX		YTD	MTD	QTD	1 Day	1 Week	1 Month	3 Month	6 Month	2/20/20 –	3/23/20 –	Annualized			
										3/23/20	1/29/21	1 year	3 year	5 Year	Last Price
Russell 2000	RTY	15.34%	3.38%	15.34%	3.38%	1.10%	7.10%	24.21%	44.90%	-40.79%	109.04%	56.07%	16.23%	18.20%	2,275.32
Dow Jones	INDU	3.42%	1.99%	3.42%	1.98%	0.14%	4.68%	6.25%	11.18%	-36.21%	64.14%	26.87%	11.14%	16.03%	31,535.51
NASDAQ 100	NDX	3.19%	2.89%	3.19%	2.89%	0.45%	0.34%	6.83%	8.44%	-27.16%	85.70%	58.28%	26.52%	26.42%	13,282.95
S&P500	SPX	4.13%	2.38%	4.13%	2.38%	0.68%	3.54%	6.93%	11.50%	-33.54%	68.44%	34.40%	15.52%	16.80%	3,901.82
US AGG	LBSTRUU	-2.32%	-0.17%	-2.32%	-0.17%	-0.28%	-1.66%	-1.83%	-1.90%	-1.13%	5.64%	1.21%	5.16%	3.59%	2,336.53
MSCI EAFE	MXEA	2.60%	1.39%	2.60%	1.39%	-1.49%	2.95%	6.35%	16.52%	-32.19%	60.50%	24.86%	6.16%	10.44%	2,198.61
MSCI Emerging Markets	MXEF	5.58%	1.74%	5.58%	1.74%	-2.51%	0.14%	11.73%	22.50%	-30.62%	79.29%	38.82%	7.41%	15.67%	1,362.47
EuroStoxx 50 (in Euros)	SXSE	4.63%	1.93%	4.63%	1.93%	0.18%	5.10%	5.48%	13.73%	-34.95%	43.57%	14.29%	6.31%	7.92%	3,706.62
EuroStoxx 70 -International (In Euros)	ISX70D5	2.74%	1.49%	2.74%	1.49%	0.00%	4.18%	3.08%	10.58%	-35.20%	37.40%	7.32%	-0.38%	2.22%	1,112.41
HANG SENG (in HK\$)	HSI	8.16%	1.63%	8.16%	1.63%	-2.86%	1.94%	10.88%	17.52%	-21.31%	34.41%	16.37%	1.60%	12.64%	29,452.57
GS MOBU (previous)	GSMBMA5	1.54%	0.39%	1.54%	0.39%	-0.63%	0.67%	3.23%	5.36%	-7.87%	8.72%	6.16%	1.77%	3.87%	129.97
GS MOBU	GSMBMA5S	0.50%	0.72%	0.50%	0.72%	-0.32%	0.25%	1.95%	2.84%	-7.24%	5.60%	3.64%	1.59%	3.13%	111.46
Solactive National Defense Merged Series 7 ER Index	SOLNATMS	0.91%	1.09%	0.91%	1.09%	-0.23%	1.07%	2.93%	1.09%	-11.61%	5.64%	2.34%	0.42%	#VALUE	138.17
Solactive Aging of America Merged Series 7 ER Index		1.73%	0.54%	1.73%	0.54%	0.08%	-0.10%	3.46%	3.86%	-7.44%	9.21%	6.26%	5.36%	#VALUE	129.62
JP Morgan Efficiente Plus DS 5	EFPLUS5D	1.34%	0.62%	1.34%	0.62%	-0.11%	1.20%	3.27%	3.55%	-10.38%	7.03%	2.26%	-1.03%	1.50%	161.26
JP Morgan SP Economic Factor Cycle Rotator	SPECFR6P	-1.46%	0.73%	-1.46%	0.73%	-0.62%	-1.83%	-0.12%	2.08%	-8.40%	7.82%	2.43%	-1.58%	3.31%	378.02
Barclays Trailblazer 5 Sectors	BXITBZ5	-2.97%	0.10%	-2.97%	0.10%	-0.03%	-1.36%	-2.12%	-2.10%	-6.29%	1.64%	-1.44%	2.27%	4.46%	206.1
HSBC Vantage 5 Index	HSIEV5UE	1.22%	0.80%	1.22%	0.80%	-0.08%	0.23%	2.62%	3.09%	-19.46%	16.94%	1.54%	1.13%	4.00%	156.61
Morgan Stanley ETF Map 2	MSUSMAP2	-0.09%	0.69%	-0.09%	0.69%	-0.51%	-0.08%	1.05%	2.12%	-6.49%	7.22%	5.38%	3.11%	4.90%	1,236.54
Citi Market Pilot 5 ER	CIISMA5N	0.82%	0.10%	0.82%	0.10%	-1.33%	-0.85%	3.70%	3.34%	-4.70%	8.31%	7.19%	0.70%	2.72%	1,988.42
Citi Dynamic Asset Selector	CIISDA5N	0.16%	0.67%	0.16%	0.67%	-0.03%	0.50%	1.20%	-3.10%	-1.65%	1.55%	5.26%	2.36%	3.15%	231.35
S&P 500 Daily Risk Control 5%ER	SPXT5UE	1.21%	0.80%	1.21%	0.83%	0.25%	1.08%	2.01%	2.90%	-6.94%	6.51%	5.99%	2.49%	5.21%	155.09
S&P 500 Daily Risk Control 10%ER	SPXT10UE	2.39%	1.66%	2.39%	1.66%	0.49%	2.14%	4%	5.77%	-13.53%	13.31%	12.08%	4.77%	10.20%	225.2
S&P Retiree Spending	SPRETIRE	0.25%	0.64%	0.25%	0.64%	-0.27%	0.41%	1.16%	2.81%	-7.29%	5.06%	3.47%	4.64%	5.15%	510.08
MorningStar Ultimate Stock Pickers Index 7% Vol	MSDIUSP7	0.14%	1.01%	0.14%	1.01%	0.12%	1.14%	0.40%	1.82%	-8.58%	6.32%	4.57%	2.10%	4.42%	1,527.82
JP Morgan Mozaic II	JMOZAIC2	2.17%	0.78%	2.17%	0.78%	-0.27%	1.42%	3.01%	4.59%	-8.46%	6.07%	3.82%	2.93%	4.06%	388.15
BNP Paribas MAD 5%	BNPIMAD5	0.83%	0.61%	0.83%	0.61%	-0.71%	0.85%	1.75%	3.52%	-8.14%	7.61%	5.86%	4.72%	4.31%	267.72