

# MACRO TRADING STRATEGY: C'MON C'MON COMMODITIES (3C)

**Team:** Market Mavericks  
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**Investment Decision:** Invested \$50,000

## INTRODUCTION:

We chose to focus on commodities due to their unique positioning within the current macroeconomic environment. With rising geopolitical tensions, persistent supply chain disruptions, climate-driven agricultural volatility, and the rapid growth of AI infrastructure driving demand for industrial materials and water resources, commodities offer an effective hedge against inflation and economic uncertainty. We were also drawn to the historical resilience commodities have shown during periods of stagflation, financial crises, and market downturns, making them an ideal complement to a diversified portfolio.

## TRADING STRATEGY DETAILS:

The 3C Strategy is inspired by the All Weather Portfolio, balancing exposure across commodities to perform in different economic environments. We allocate 5% of the total fund to the 3C Strategy: 40% to DBC for broad commodity exposure, 20% to DBA for agriculture, 30% to USG for gold with an income overlay, and 10% to PHO to capture growth in water infrastructure. By focusing on commodities with low correlation to equities, the strategy offers inflation protection and diversification, particularly during periods of economic uncertainty or stagflation. It is recommended to rebalance the strategy within 6-8 months to evaluate the relevance and keep the portfolio aligned with changing macro conditions.

## BACKTESTING PERFORMANCE:

Backtesting over the past 10 years shows the 3C Strategy delivering competitive returns with significantly lower volatility and drawdowns compared to SPY. While equities have enjoyed strong performance in recent bull markets, our strategy demonstrated clear outperformance during inflationary spikes and periods of economic stress, such as the COVID crash in 2020 and supply chain shocks post-2022. The 3C portfolio's beta of 0.38 and correlation of 0.4 with equities highlight its ability to diversify risk while maintaining meaningful return potential. Though the strategy may lag during prolonged equity bull runs, its downside protection, inflation resilience, and alignment with current macroeconomic trends make it a prudent and timely allocation.

