Alternative risk premia with near-zero stock exposure

Case study against a published allocator mandate. Not a past or current client. Simulated results; past performance does not guarantee future results.

What the client needs

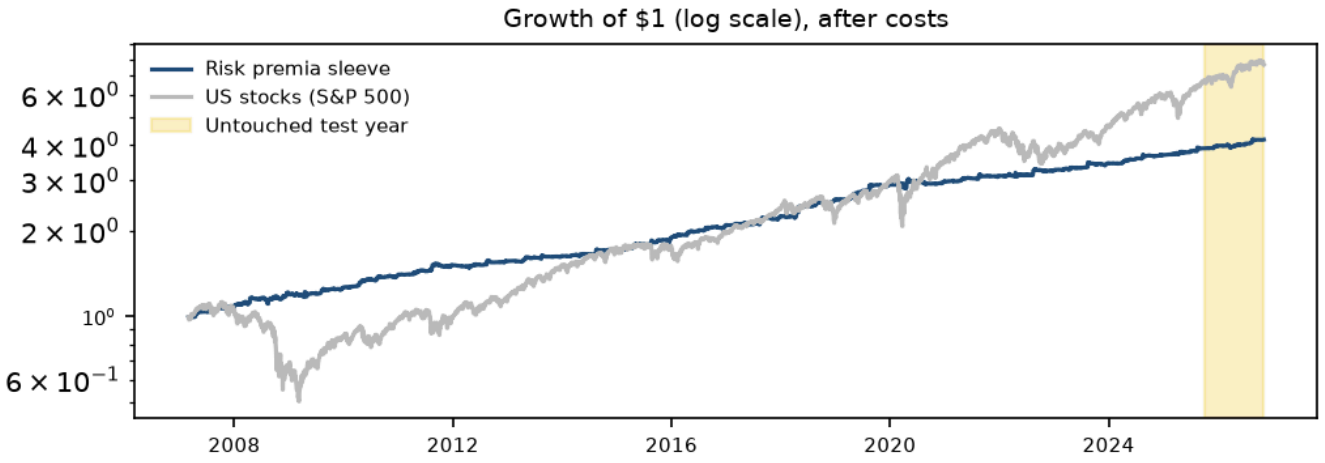
SURS's 20% crisis-risk-offset portfolio includes an alternative risk premia allocation (8% target) with low or no equity beta, benchmarked to 90-day T-bills + 2%, sized at roughly $200–300M per account.

Our one-week trial

We built a sleeve led by a seasonal commodity strategy, with a shelter switch (bonds and gold in weak markets, cash otherwise) and a small alternative-market trend slice. Every design choice was fixed using data up to September 2025 only and written down before testing. The following year (Oct 2025 – Oct 2026) was held back as an untouched test. Results include trading costs and next-day execution, and were re-checked with doubled costs and an extra day of delay.

Results

Client rule	Target	Our result
Stock-market sensitivity	low / none	−0.02
Q1 2020 and 2022	hold up	+0.2% and +4.2%
Return vs T-bills + 2%	beat it	+4.0% a year ahead (2007–2025); +0.7% in the test year
Return per unit of risk above cash	solid	1.23 (2007–2025); 0.79 in the test year, 0.68 with double costs and late trades
Calendar years above cash	consistent	19 of 19
Worst fall	small	−4.9%



Honest notes

- In the test year the margin over the T-bill + 2% benchmark was slim (+0.7%).
- We have screened about 2,000 ideas overall; adjusted for that, the statistical evidence is moderate rather than conclusive.
- Capacity for a $200–300M account needs confirming for the commodity component.

Next step

> A **fixed-fee one-month paid trial**: we run the strategy on paper daily against your exact policy rules and benchmark, send a monthly report in your format, and hand over full risk and attribution data. No commitment beyond the trial.