

Adding, Not Replacing: Managed Futures in the Age of Efficient Capital

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Key Takeaways

- In April 2026, portfolios using WisdomTree's Efficient Capital framework delivered stronger returns by maintaining core 60/40 exposure through the [WisdomTree U.S. Efficient Core Fund \(NTSX\)](#) while adding the [WisdomTree Managed Futures Strategy Fund \(WTMF\)](#) as an overlay rather than a replacement.
- As stock–bond correlations have become less reliably low during market stress, managed futures strategies offer “crisis alpha” through low correlation and trend-following returns, positioning [WTMF](#) as a diversifier that can perform in both rising and falling markets.
- By combining [NTSX](#) with [WTMF](#), investors can preserve traditional equity and bond allocations while layering in a differentiated return stream, transforming portfolio construction from a zero-sum trade-off into a more flexible, additive strategy.

For decades, portfolio construction has revolved around a simple constraint: you have 100% of a total allocation, and every new addition requires taking a portion from somewhere else. That constraint has shaped the dominance of 60/40 portfolios and the difficulty of incorporating alternatives without sacrificing expected return.

Introducing WisdomTree's Efficient Capital Framework

To provide asset allocators with a way around this issue, WisdomTree's Efficient Capital framework launched in 2018 with the debut of the [WisdomTree U.S. Efficient Core Fund \(NTSX\)](#).

[NTSX](#) represented the practical implementation of an idea that had largely lived in institutional portfolios and academic journals for decades. By combining a 90% allocation to U.S. equities with a 60% exposure to U.S. Treasury futures, the strategy delivered approximately 150% notional exposure, effectively recreating a traditional 60/40 portfolio, doing so more efficiently, using less capital for the same notional exposure.

The innovation wasn't leverage for its own sake. It was about solving a structural inefficiency in portfolio construction, thereby freeing up capital without giving up core exposures.

In doing so, [NTSX](#) marked a shift from thinking in terms of capital allocation to thinking in terms of exposure construction.

This leads to a fundamentally different question:

Not: *what do we remove to add something new?*

But: *what can we add, once we separate capital from exposure?* This is the second of three articles where we will introduce this efficient capital concept and then explore a particular option that could be added with the extra space.

Filling the Gap: Why Managed Futures Belong in an Efficient Portfolio

We believe that one of the most compelling uses of that newly created portfolio “space” could be managed futures, an asset class designed to behave differently when traditional assets struggle.

At their core, managed futures strategies (often implemented by Commodity Trading Advisors, or CTAs) systematically trade futures across equities, rates, currencies and commodities, going both long and short to capture persistent market trends. This flexibility is critical. Unlike traditional assets, these strategies are not dependent on markets going up, and they are designed to extract returns from *movement itself*.

The empirical case is well established. A large body of academic and practitioner research has shown that managed futures, particularly systematic trend-following strategies, have historically exhibited low or even negative correlation to traditional asset classes like stocks and bonds.¹

Since these strategies can go both long and short across global markets, they tend to perform best during sustained market moves, including during periods of stress. Research from AQR and others has demonstrated that trend-following strategies have delivered positive returns with ‘little correlation to traditional asset classes’ and often performed strongest during extreme equity market environments.²

This dynamic is often referred to as ‘crisis alpha,’ a term popularized following the Global Financial Crisis to describe the tendency of managed futures to generate returns during equity drawdowns. Empirical studies confirm that CTAs can provide meaningful diversification benefits specifically during crisis periods, helping offset losses elsewhere in a portfolio.³

Importantly, this comes at a time when traditional diversification has become less reliable. In periods of market stress, correlations across equities and even between stocks and bonds tend to rise, reducing the effectiveness of conventional portfolios. In that context, a strategy designed to thrive on dispersion and trends, rather than static allocations, becomes especially valuable.

This is where the [WisdomTree Managed Futures Strategy Fund \(WTMF\)](#) fits within the Efficient Capital framework. [WTMF](#) implements a quantitative, rules-based approach to capturing price trends across global markets through long and short futures positions, seeking positive returns in both rising and falling environments.

In effect, if Efficient Core frees up space, managed futures offer a way to fill it with something structurally different—a *return stream driven not by direction but by dynamics*.

From Trade-Off to Addition: A New Way to Add Managed Futures

To make this more tangible, we can compare three ways of incorporating managed futures into a portfolio, but first, we must define our different ETF building blocks.

- **IVV:** The **iShares Core S&P 500 ETF**, which is designed to track, before fees and expenses, the total return performance of the S&P 500 Index, the most widely followed and referenced benchmark for U.S. equity market performance. This strategy is among the largest by assets under management tracking this benchmark.
- **AGG:** The **iShares Core U.S. Aggregate Bond ETF**, which is designed to track, before fees and expenses, the total return performance of the Bloomberg U.S. Aggregate Bond Index. This is among the most widely followed measures of the performance of U.S. investment grade fixed income.
- **NTSX:** As described previously, this strategy incorporates 90% notional exposure to U.S. equities and 60% notional exposure to U.S. fixed income futures, for a total notional exposure of 150%. It is a portfolio tool designed to help investors free up allocation space to add in other asset classes that may have different portfolio characteristics.
- **WTMF:** As described previously, this strategy implements a quantitative, rules-based approach to capturing price trends across global markets through long and short futures positions, seeking positive returns in both rising and falling environments.

In Figure 1, the starting point is the ‘traditional 60/40’, 60% equities (IVV) and 40% fixed income (AGG). This serves as a familiar baseline, with 100% total notional exposure split between stocks and bonds.

From there is the ‘traditional allocation to managed futures’ approach, which introduces commodities by reallocating capital: 50% equities, 30% bonds and 20% managed futures (WTMF). This maintains 100% total exposure but requires reducing core equity and bond allocations to make room for the diversifier, in this case, managed futures.

The ‘Efficient Allocation to Managed Futures’ takes a different path.

Overall, the idea is to keep the 60% U.S. equities and 40% U.S. fixed income parts of the allocation intact, but to then add commodities over the top. Figure 1 shows how placing:

- 24% in IVV
- 40% in NTSX
- 16% in AGG
- 20% in WTMF

Leads to notional exposures of 60% U.S. equities, 40% U.S. fixed income and 20% managed futures.

This is the key distinction. The investor keeps the original allocation and adds a potential diversifier over the top.

Figure 1: Adding vs. Replacing: How Efficient Capital Changes the Allocation

ETF Allocation	Traditional 60/40	Traditional Allocation to Managed Futures	Efficient Allocation to Managed Futures
IVV	60%	50%	24%
NTSX	0%	0%	40%
AGG	40%	30%	16%
WTMF	0%	20%	20%
Total	100%	100%	100%

Notional Exposure	Traditional 60/40	Traditional Allocation to Managed Futures	Efficient Allocation to Managed Futures
U.S. Equities	60%	50%	60%
U.S. Fixed Income	40%	30%	40%
Managed Futures	0%	20%	20%
Total	100%	100%	120%

Source: WisdomTree

Looking at realized performance, the key question is whether this more efficient structure has actually translated into better outcomes.

Over the available live history of the current strategy, the Efficient Allocation to Managed Futures, has generally delivered stronger returns than both the Traditional Allocation to Managed Futures and the Traditional 60/40. Over the past year, the Efficient Allocation to Managed Futures returned 27.9%, compared to 24.5% for the Traditional Allocation to Managed Futures and 23.6% for the traditional 60/40. Over three years, it again led at 14.2%, versus 13.2% and 13.4%, respectively.

Even in more challenging environments, such as the current year-to-date period, the Efficient Allocation to Managed Futures delivered 0.3%, which was comparable to the Traditional Allocation to Managed Futures (0.8%), and ahead of the Traditional 60/40 (-0.2%).

Figure 2a: Turning “Extra Space” into Returns: The Impact of Efficient Capital

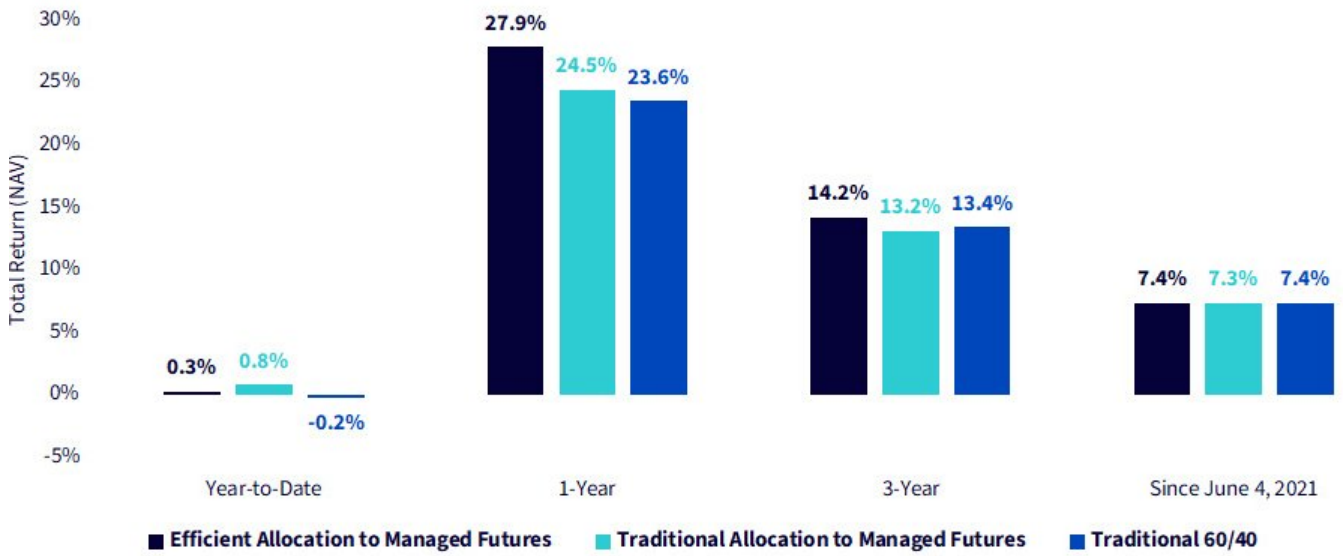


Figure 2b: Standardized Performance

Blend/Fund Name	Fund Ticker Symbol	Fund Inception Date/Blend Longest History Date	Fund Expense Ratio (Gross)	Fund Expense Ratio (Net)	Year-to-Date	1-Year	3-Year	5-Year	10-Year	Since Fund Inception/Blend Longest History
Efficient Allocation to Managed Futures					-2.35%	15.36%	13.22%	7.76%	N/A	9.27%
Traditional Allocation to Managed Futures					-1.52%	13.88%	12.29%	7.63%	8.36%	7.75%
Traditional 60/40					-2.69%	12.17%	12.53%	7.56%	9.27%	7.93%
WisdomTree Efficient Core Fund (NAV)	NTSX	8/2/18	0.20%	0.20%	-4.87%	16.58%	15.56%	8.25%	N/A	11.38%
WisdomTree Efficient Core Fund (MP)	NTSX	8/2/18	0.20%	0.20%	-4.78%	16.68%	15.57%	8.15%	N/A	11.38%
WisdomTree Managed Futures Strategy Fund (NAV)	WTMF	1/5/11	0.67%	0.66%	3.62%	19.36%	9.69%	6.47%	3.01%	0.88%
WisdomTree Managed Futures Strategy Fund (MP)	WTMF	1/5/11	0.67%	0.66%	4.11%	19.86%	9.88%	6.54%	3.04%	0.89%
iShares Core S&P 500 ETF (NAV)	IVV	5/15/00	0.03%	0.03%	-4.90%	17.08%	18.05%	11.90%	14.06%	7.90%
iShares Core S&P 500 ETF (MP)	IVV	5/15/00	0.03%	0.03%	-4.87%	17.08%	18.09%	11.89%	14.06%	7.90%
iShares Core U.S. Aggregate Bond ETF (NAV)	AGG	9/22/03	0.03%	0.03%	0.56%	4.90%	3.81%	0.42%	1.72%	3.15%
iShares Core U.S. Aggregate Bond ETF (MP)	AGG	9/22/03	0.03%	0.03%	0.54%	4.90%	3.77%	0.40%	1.70%	3.14%

Sources: Morningstar, FactSet and WisdomTree. Data is from the PATH Fund Comparison Tool, accessed as of April 10, 2026, but showing returns for the period ended April 8, 2026 for Figure 2a and March 31, 2026 for 2b. NAV denotes total return performance at net asset value. MP denotes market price performance. The Fund's strategy changed effective June 4, 2021. Prior to June 4, 2021, Fund performance reflects the investment objective of the Fund when it tracked the performance, before fees and expenses, of the WisdomTree Managed Futures Index. **Past performance is not indicative of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. For the most recent month-end and standardized performance, click the relevant ticker: [NTSX](#), [WTMF](#), [IVV](#), [AGG](#).**

Conclusion: What If a Managed Futures Allocation Didn't Require a Trade-Off?

At its core, this is a shift in how portfolios are built. Managed futures offer a differentiated return stream, one that can diversify traditional assets and potentially add resilience during periods of stress. The challenge has always been implementation: how to incorporate that diversification without sacrificing core exposures.

Efficient Capital changes that equation.

By separating exposure from capital, investors are no longer forced into zero-sum trade-offs. Instead of replacing equities or bonds, they can *add* new sources of return alongside them. The result is a more flexible, more complete portfolio—one designed not just to participate in markets but to adapt to them.

Figure 3: Additional Information

Fundamentals	WisdomTree U.S. Efficient Core Fund (NTSX)	WisdomTree Managed Futures Strategy Fund (WTMF)	iShares Core S&P 500 ETF (IVV)	iShares Core U.S. Aggregate Bond ETF (AGG)
Objective	The exposure is defined at 90% invested in the 500 largest U.S. equities, defined by market capitalization, with the other 10% in short-term U.S. Treasuries as collateral for a futures position. The futures position is defined as a 60% notional exposure to U.S. Treasury futures. The total exposure therefore includes the impact of leverage, as 90% exposure to equities + 60% exposure to U.S. Treasury futures = 150% combined exposure, or, put another way, every \$100 invested leads to a notional exposure of \$150. Leverage has the potential to increase the volatility of an investment relative to either of the underlying asset classes viewed individually.	The WisdomTree Managed Futures Strategy Fund is an actively managed exchange-traded fund that seeks to achieve positive total returns in rising or falling markets that are not directly correlated to broad market equity or fixed income returns. The Fund is managed using a quantitative, rules-based strategy designed to capture rising and falling price trends in the commodity, currency, equity, and rates markets through long and short positions in futures contracts. The Fund may also invest up to 10% of its net assets in any combination of shares of one or more exchange-traded products that primarily hold bitcoin and in bitcoin future contracts. The Fund will not invest in bitcoin directly.	IVV seeks to track the price and yield performance of an index, the S&P 500, that is comprised of large market capitalization U.S. companies.	AGG seeks to track the price and yield performance of an index, the Bloomberg U.S. Aggregate Index, comprised of certain segments of investment grade U.S. Fixed Income.
SEC 30-Day Yield (Subsidized)	1.18%	2.26%	1.05%	4.17%
SEC 30-Day Yield (Unsubsidized)	1.18%	2.25%	1.05%	4.17%
Total Expense Ratio (Gross)	0.20%	0.67%	0.03%	0.03%
Total Expense Ratio (Net)	0.20%	0.66%	0.03%	0.03%
Total Assets Under Management (millions)	\$1,211.09	\$215.41	\$725,340.63	\$137,314.91

Sources: Respect fund webpages for each respective ETF sponsor. Assets under management data is as of April 1, 2026. **Subject to change.**

1. Source: Lo, A. W., & Pedersen, L. H. (2014). *Demystifying managed futures*. *Journal of Investment Management*, 12(3), 42–58.
2. Source: Hurst, B., Ooi, Y. H., & Pedersen, L. H. (2017). *A century of evidence on trend-following investing*. *The Journal of Portfolio Management*, 44(1), 15–29.
3. Source: CME Group. (n.d.). *Managed futures research digest*.

Source: Lo, A. W., & Pedersen, L. H. (2014). *Demystifying managed futures*. *Journal of Investment Management*, 12(3), 42–58.

Source: Hurst, B., Ooi, Y. H., & Pedersen, L. H. (2017). *A century of evidence on trend-following investing*. *The Journal of Portfolio Management*, 44(1), 15–29.

Source: CME Group. (n.d.). *Managed futures research digest*.

Important Risks Related to this Article

All funds are managed differently and do not react the same to economic or market events. The investment objectives, strategies, policies or restrictions of other funds may differ and more information can be found in their respective prospectuses. Therefore, we generally do not believe it is possible to make direct fund to fund comparisons in an effort to highlight the benefits of a fund versus another similarly managed fund.

There are risks associated with investing, including possible loss of principal.

WTMF: An investment in this Fund is speculative, involves a substantial degree of risk, and should not constitute an investor's entire portfolio. One of the risks associated with the Fund is the complexity of the different factors which contribute to the Fund's performance, as well as its correlation (or non-correlation) to other asset classes.

These factors include use of long and short positions in commodity futures contracts, currency forward contracts, swaps and other derivatives. In addition, bitcoin exchange-traded products (ETPs) and bitcoin futures are relatively new and the markets may be less developed. They are subject to unique and substantial risks, and historically, have been subject to significant price volatility. As a result, the markets for bitcoin futures and bitcoin ETPs may be less developed, and at times, potentially less liquid and more volatile, than more established commodity futures and ETP markets. While the bitcoin futures market has grown substantially since bitcoin futures commenced trading, there can be no assurance that this growth will continue. Derivatives can be volatile and may be less liquid than other securities and more sensitive to the effects of varied economic conditions.

The Fund should not be used as a proxy for taking long only (or short only) positions in commodities or currencies. The Fund could lose significant value during periods when long only indexes rise (or short only) indexes decline. The Fund's investment objective is based on historic price trends. There can be no assurance that such trends will be reflected in future market movements. The Fund generally does not make intra-month adjustments and therefore is subject to substantial losses if the market moves against the Fund's established positions on an intra-month basis. In markets without sustained price trends or markets that quickly reverse or "whipsaw" the Fund may suffer significant losses.

The Fund is actively managed thus the ability of the Fund to achieve its objectives will depend on the effectiveness of the portfolio manager. Due to the investment strategy of this Fund, it may make higher capital gain distributions than other ETFs. The Fund will not invest in bitcoin directly.

NTSX: While the Fund is actively managed, the Fund's investment process is heavily dependent on quantitative models and the models may not perform as intended. The Fund invests in derivatives to gain exposure to U.S. Treasuries. The return on a derivative instrument may not correlate with the return of its underlying reference asset. The Fund's use of derivatives will give rise to leverage and derivatives can be volatile and may be less liquid than other securities. As a result, the value of an investment in the Fund may change quickly and without warning and you may lose money. Interest rate risk is the risk that fixed income securities, and financial instruments related to fixed income securities, will decline in value because of an increase in interest rates and changes to other factors, such as perception of an issuer's creditworthiness.

Please read the Fund's prospectus for specific details regarding the Fund's risk profile.

For additional fund disclosures, please click the respective ticker: [IVV](#), [AGG](#).