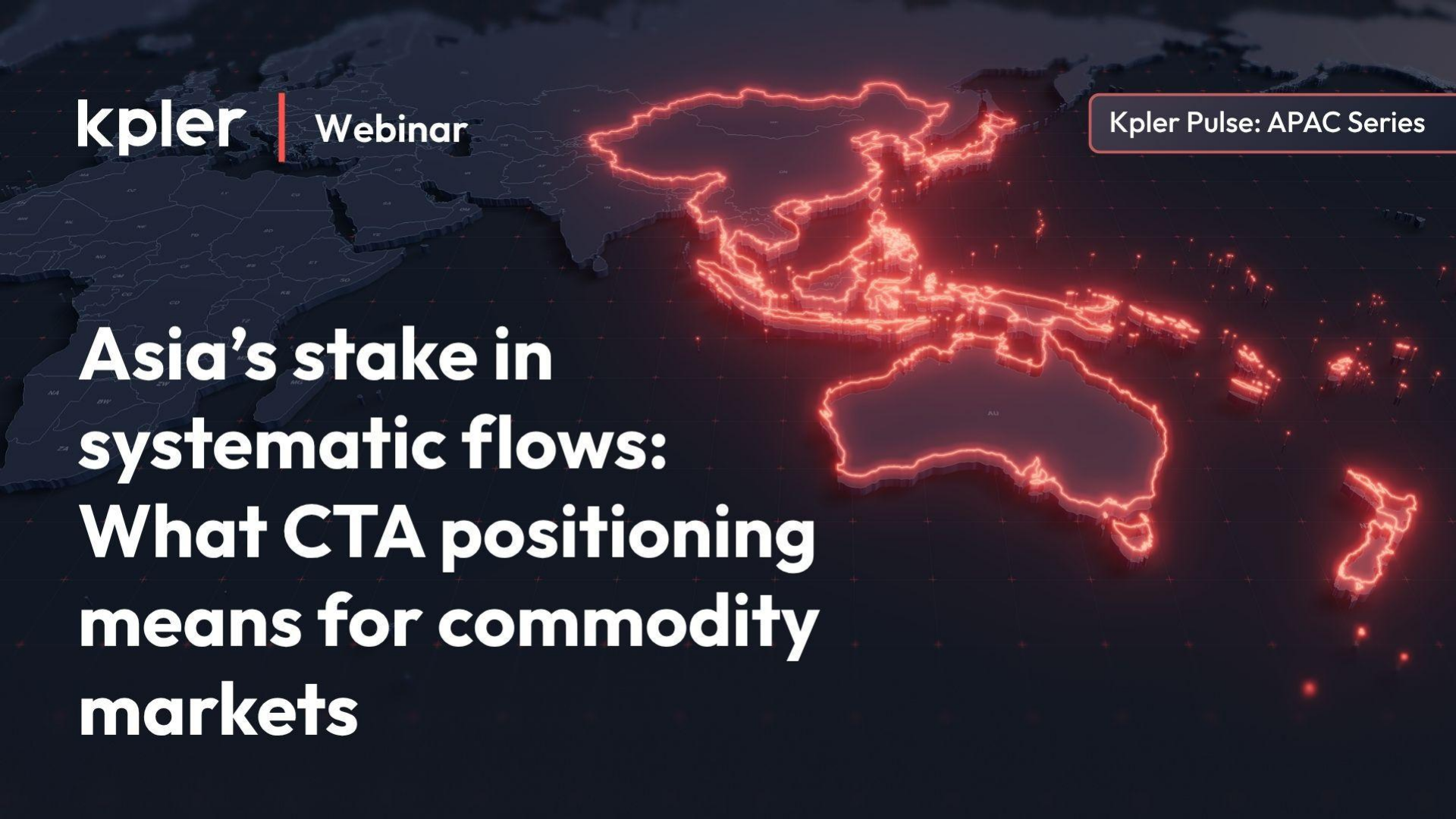
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Kpler Pulse: APAC Series



Asia's stake in systematic flows: What CTA positioning means for commodity markets

FINANCIAL FLOWS

What is Kpler Financial Flows?

Built by Traders, for Traders

Born as a Systematic Firm

Formerly Bridgeton Research Group, Financial Flows began by developing proprietary CTA trading strategies across global futures markets.

Backed by a Real Trading System

Powered by a fully developed systematic platform modeling entries, exits, position sizing, and risk management without deploying AUM.

Real Systematic Strategies

Levels are generated by executable trading strategies, not standalone technical indicators or statistical regressions.

Rigorous Research

Every strategy is supported by an extensive framework of historical testing, performance analysis, and ongoing validation.

THE DISTINCTION

We don't just estimate where CTAs might trade. We model how systematic trading strategies actually make decisions and translate that behavior into actionable market intelligence.

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What is a CTA?



What is a CTA?

Commodity Trading Advisors

professional money managers that trade across commodity and financial markets.

High Frequency Strategies

Driver: Price, liquidity microstructures, market events
Flows: fast, reactive, unsynchronized across participants

Discretionary Funds

Driver: Macro views and fundamentals
Flows: episodic, no persistence or synchronization across participants

Traditional Systematic

Driver: Price
Flows: synchronized and persistent across participants

Financial Flows Focus

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Financial Flows Market Coverage

Crude, Products, & Chemicals
(14+ Markets)

Brent Crude (ICE), WTI Crude (NYMEX), Gasoil (ICE), ULSD (NYMEX), RBOB (NYMEX), and Ethanol (NYMEX)

Agriculture
(25+ Markets)

Corn (CBOT), Soybeans (CBOT), Wheat (CBOT), Soybean Oil (CME), Soybean Meal (CBOT), and Live Cattle (CME)

Gas, Power, & Emissions
(20+ Markets)

Natural Gas (NYMEX), TTF Gas (ICE), NBP Gas (ICE), EUA Emissions (ICE), Phelix DE Power (EEX), and API2 Coal (ICE)

Metals
(21+ Markets)

Gold (COMEX), Silver (COMEX), Copper (COMEX), Aluminum (LME), Nickel (LME), and Iron Ore (SGX)

Softs
(10+ Markets)

Cocoa (ICE), Coffee C (ICE), Cotton #2 (ICE), Sugar (ICE), White Sugar (ICE), and Rubber (SHFE)

Financial Markets

Major asset classes covered

Equity Index, Interest Rates, Currencies, Bonds

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How Systematic CTA strategies are built

Systematic CTA strategy construction

Inputs: Price, Open Interest, Trade Volume

Investment Thesis	Trade Entry	Risk Management	Trade Sizing	Position Management
What is the directional bias of the market?	**When should a position be initiated?**	**How is risk defined and controlled?**	**How is position size determined?**	**How are exits managed?**
Determination of bullish or bearish positioning based on prevailing market conditions	Confirmation signals that define entry levels and ensure alignment between market conditions and the directional thesis	Volatility-based parameters that set initial stop levels and define exposure limits, ensuring consistent risk per trade across market conditions	Position sizing calibrated to target risk per trade, adjusted for volatility and liquidity	Adaptive stop mechanisms that adjust to evolving market conditions, tightening or extending based on changes in volatility and time

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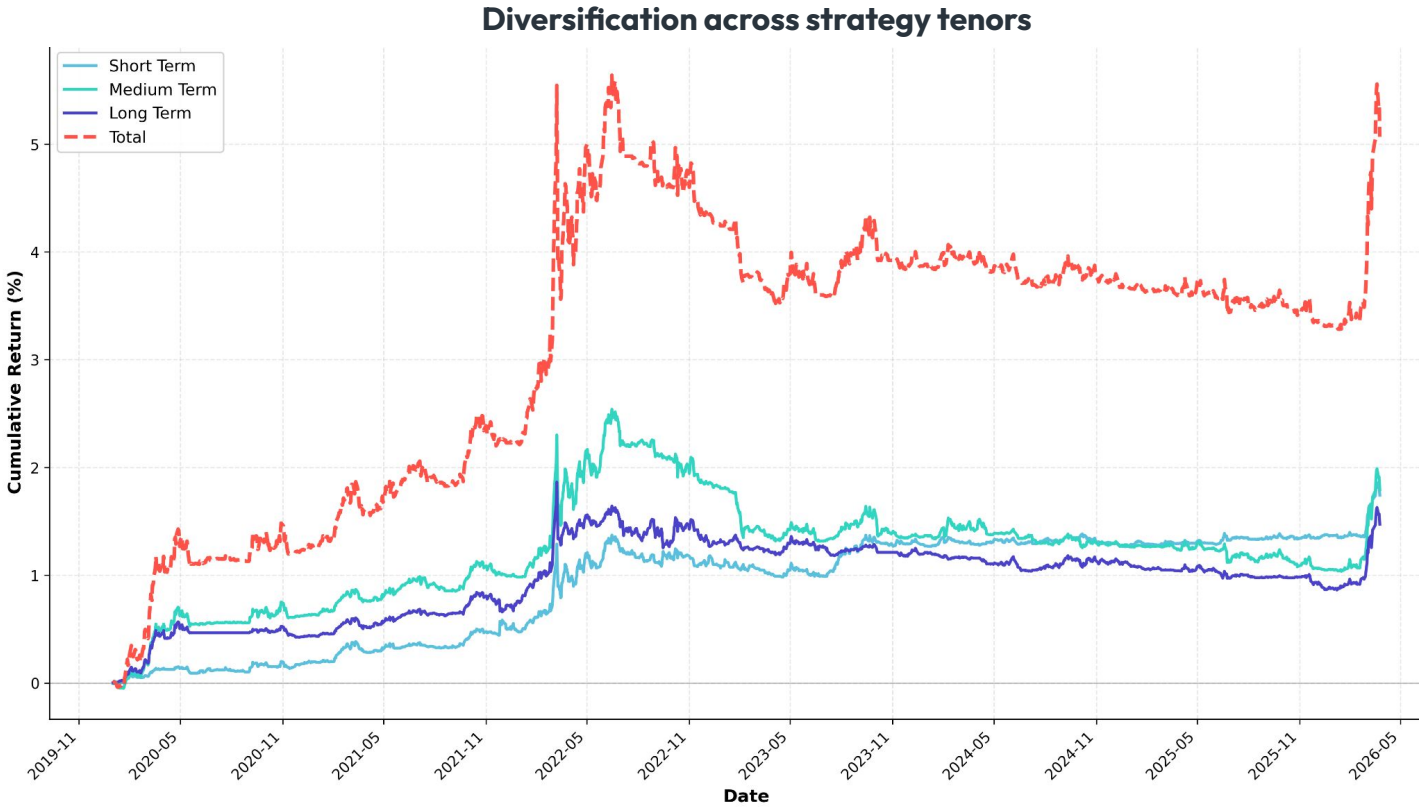
Systematic CTAs: Robustness through diversification

Systematic strategies are intentionally built with minimal, low-dimensional inputs.

They are sacrificing single-market edge in order to achieve robustness, consistency, and broad performance across markets and regimes, shifting the focus from isolated edge to diversified exposure.

CTAs will diversify across:

- **Strategy Tenors**
- Markets/Sectors
- Strategy Types



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Systematic CTAs: Robustness through diversification

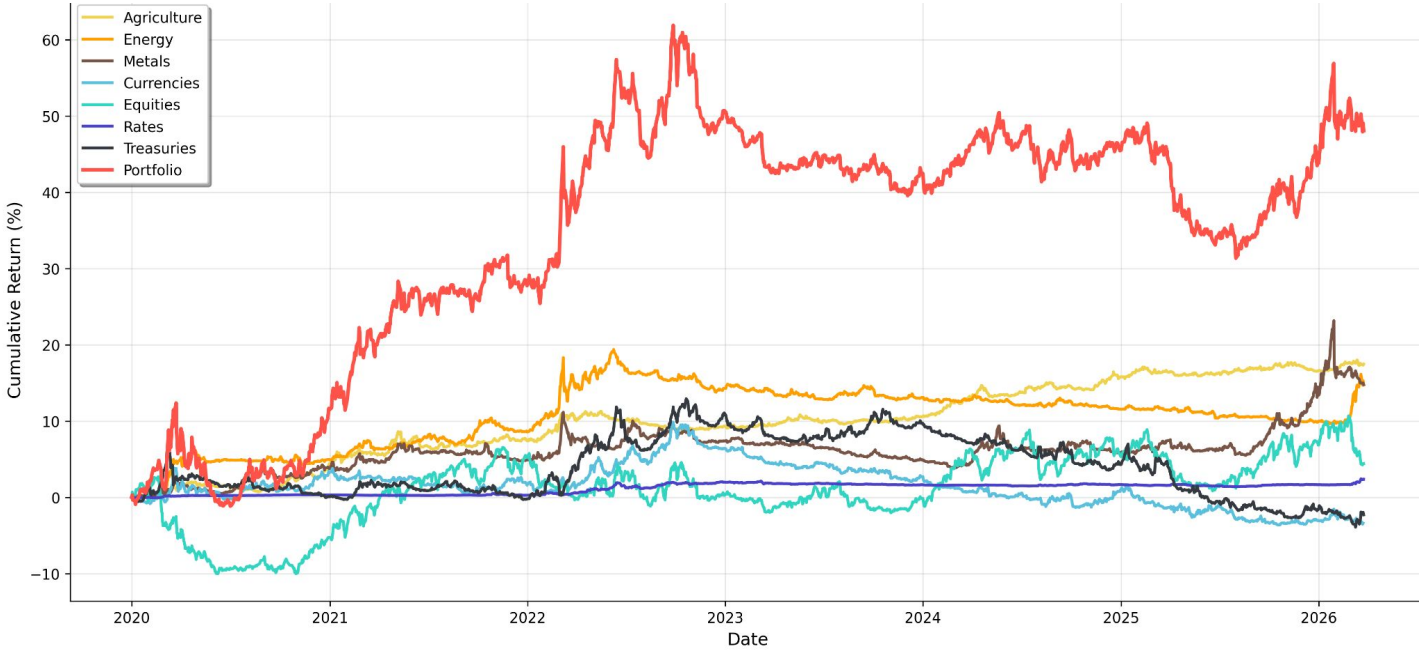
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Diversification across markets/sectors



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- **Strategy Types**

Diversification across strategy types



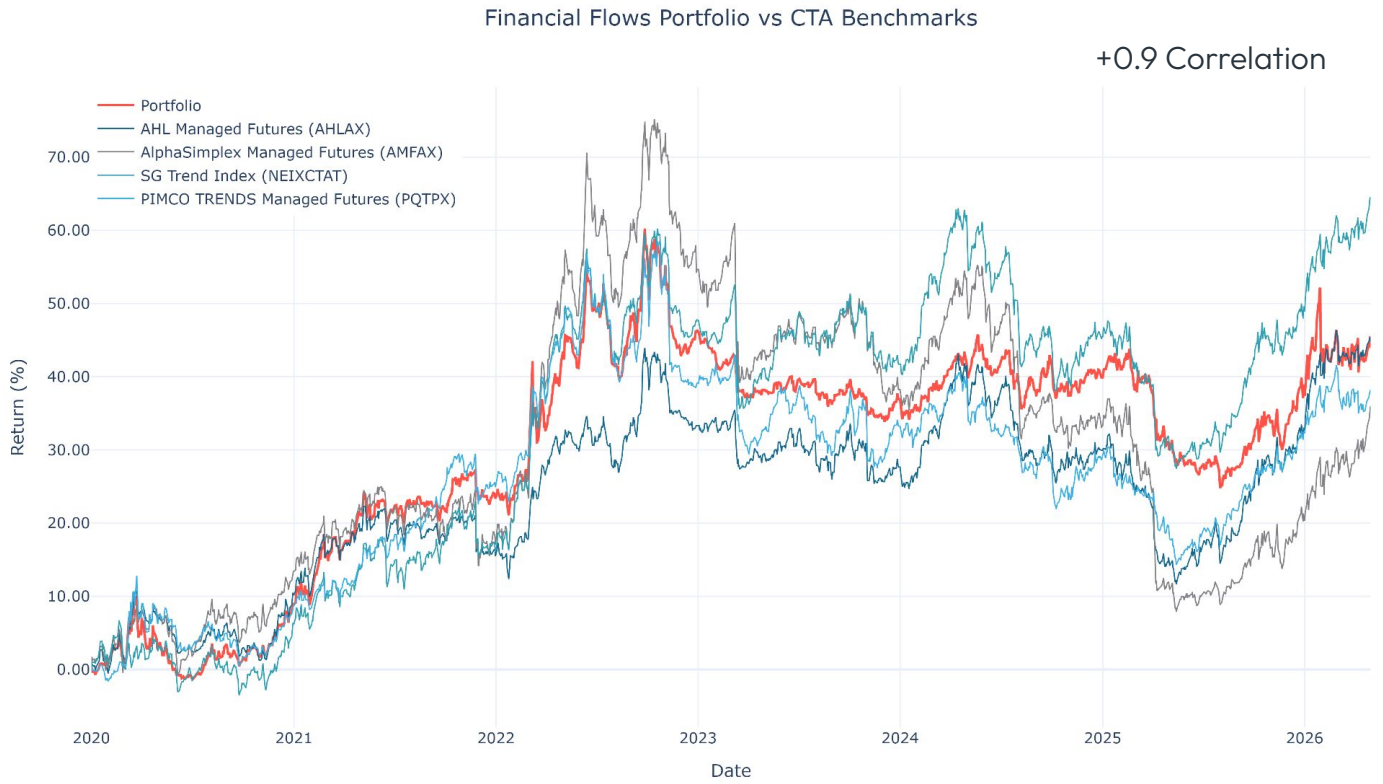
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Validating our approach



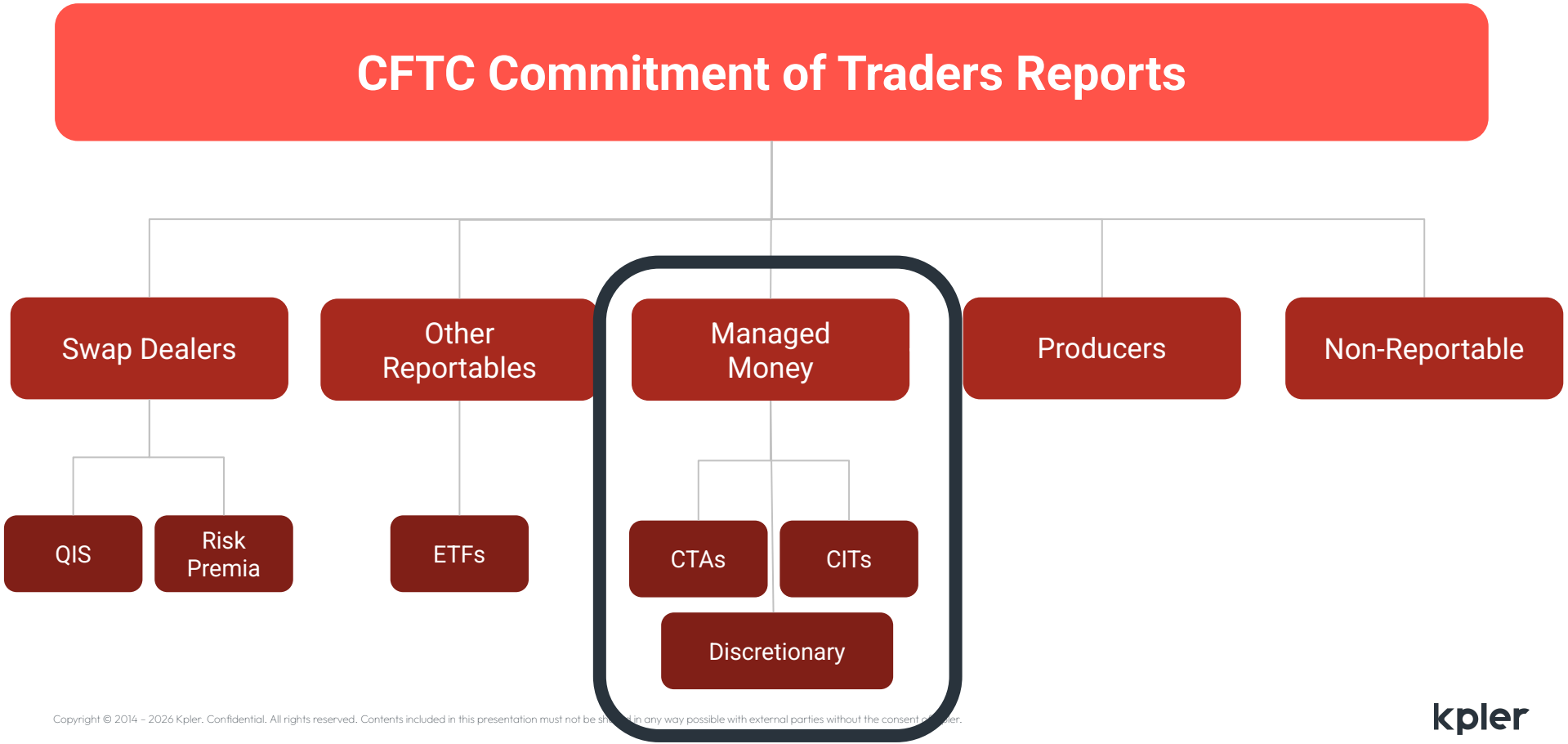
Performance Benchmarks



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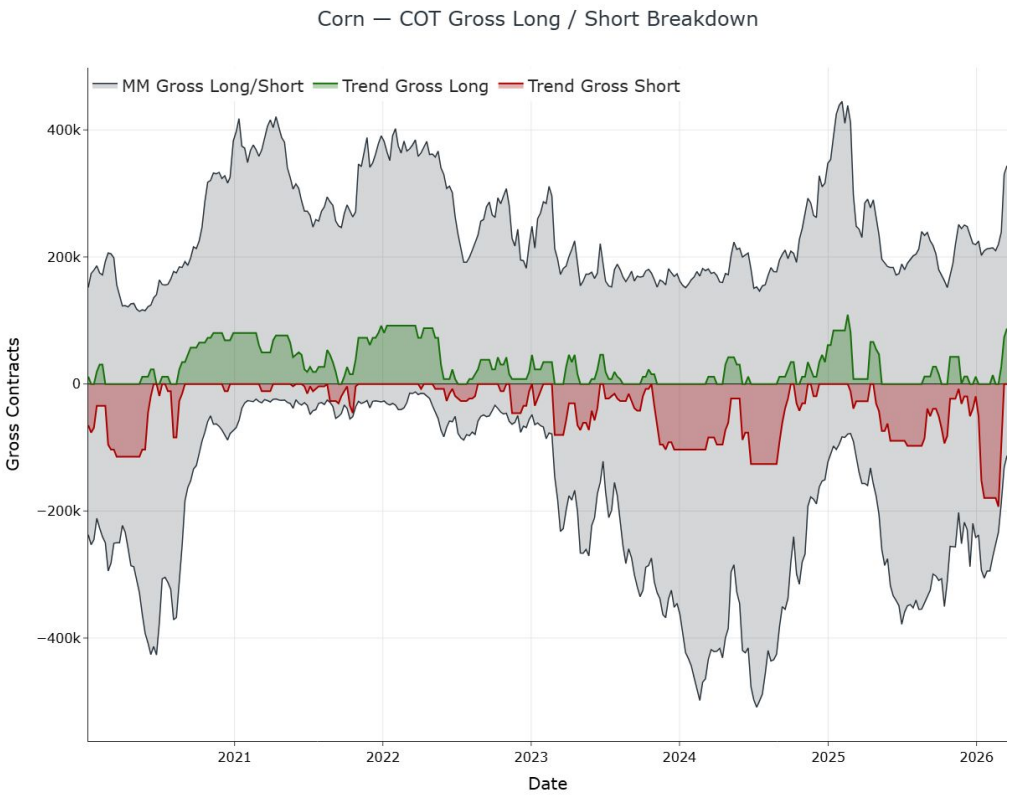
Where CTAs sit within Commitment of Traders Reports



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CTA footprints in Managed Money



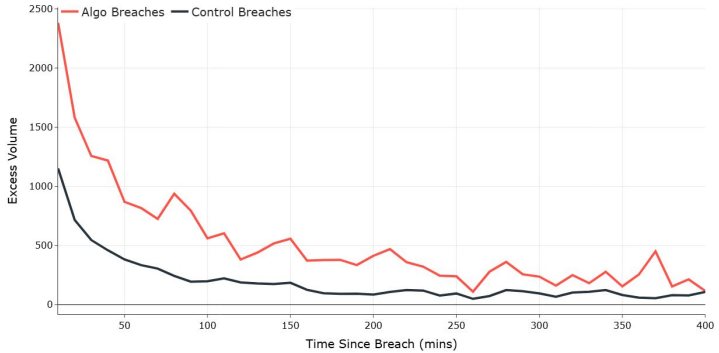
Market	Trend Gross Long % MM Gross Long	Trend Gross Short % MM Gross Short
Brent Crude	9.20%	22.70%
Gas Oil	21.50%	35.80%
Natural Gas	6.30%	11.70%
Gold	22.30%	26.00%
Copper	22.50%	17.50%
Corn	9.70%	17.90%
Soybeans	18.80%	31.90%
Sugar #11	16.80%	25.20%

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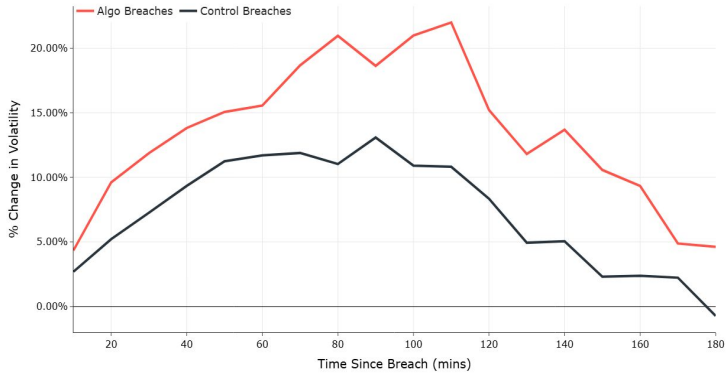
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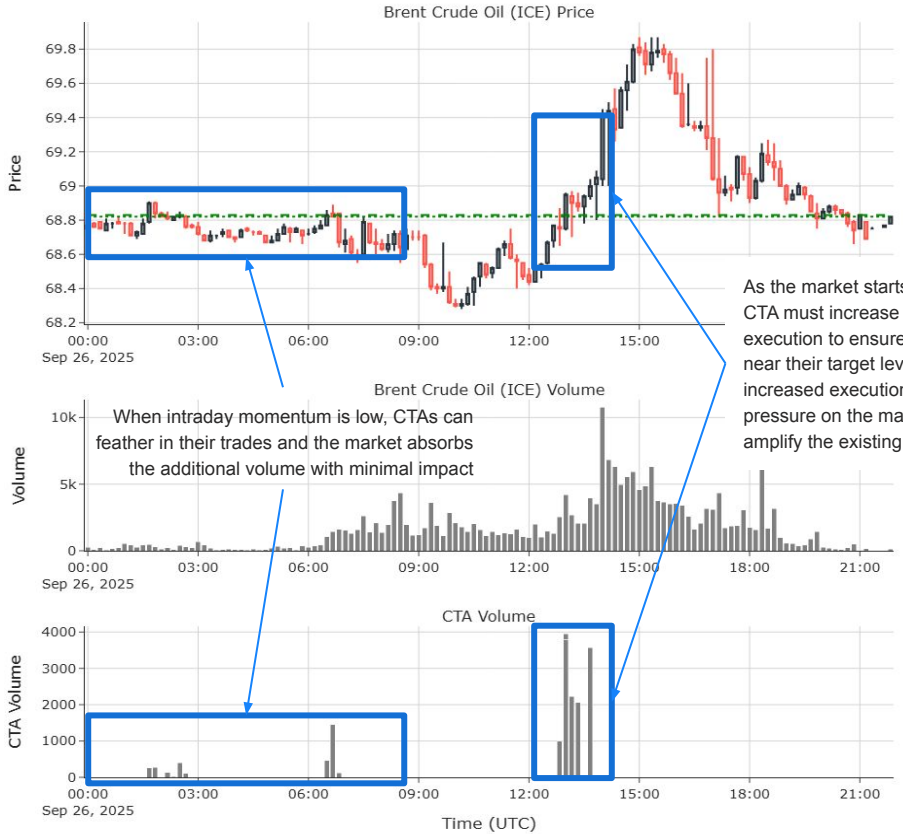
What happens around Financial Flows trigger levels?

Brent Crude Excess Volume After Level Breach



Brent Crude Change in Volatility After Level Breach





As the market starts to accelerate, CTA must increase their pace of execution to ensure they fill orders near their target level. This increased execution places further pressure on the market and can amplify the existing momentum

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Financial Flows Platform



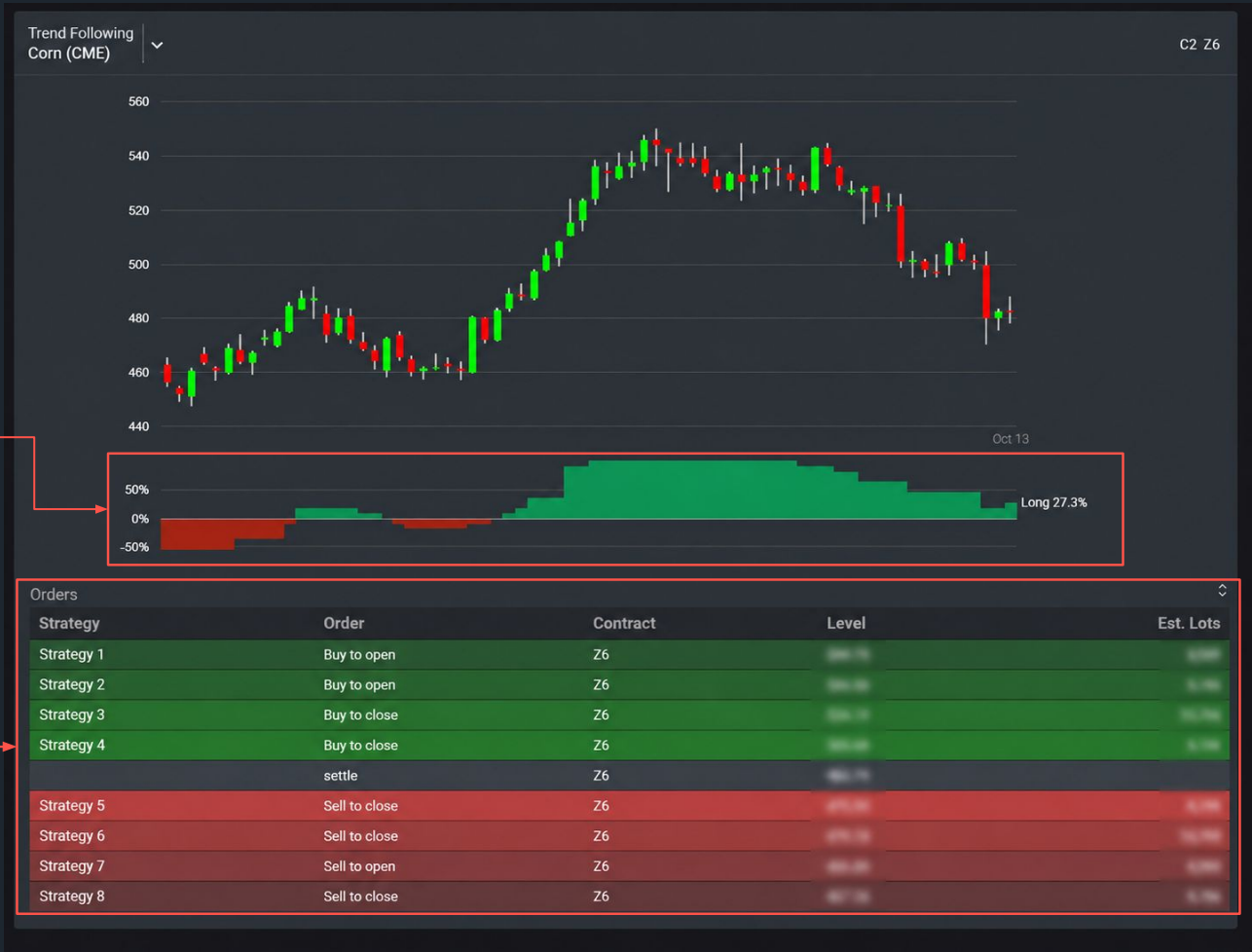
Systematic CTA order book & positions

Aggregate Positions

90-day lookback of aggregate net positions across all strategies.

Daily Order Book

- **Strategy:** Name of sub-strategy
- **Order:** execution instruction
- **Contract:** contract month being traded
- **Level:** Stop Level above/below the market that will either initiate a new position or cover an existing position.
- **Est. Lots:** Estimated Trade Volume in number of contracts.



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How do clients consume this data

Built to integrate seamlessly into both **the trader and analyst workflow.**

Online Portal

Main hub for accessing any Financial Flows data.

Intraday Alerts

Pushed every 10 minutes to clients if there are new CTA related market events.

Email Reports

Pushed to clients pre-market open every weekday. Contains PDFs and excel worksheets.

API

Historical data back to 2014 for most markets. Available now via Kpler REST API.

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How to use Financial Flows

How to incorporate Financial Flows

Phase 1
Your Current Position

▼

Phase 2
Your Next Action

▼

Objective
Improve Trade Timing with Financial Flows

Execution Timing

Where could systematic flows accelerate or disrupt execution?

Trade Validation

Does systematic positioning support or challenge my fundamental thesis?

Risk Management

Where are large systematic orders sitting relative to my position?

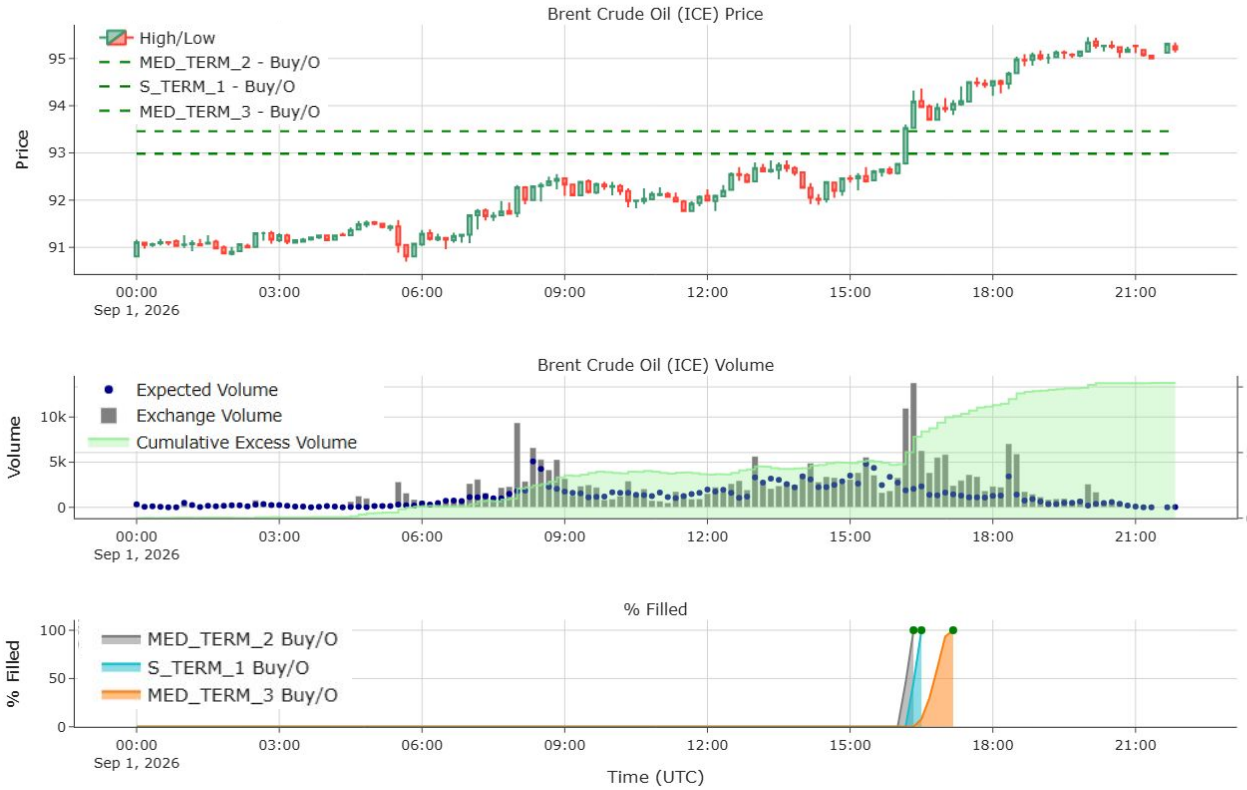
Scenario Analysis

If price moves $X, how could CTA positioning evolve over the following days?

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Brent Convergence Event



Event Timeline

- **$92.99 Clustered Buying**: Short- and Medium-Term CTA strategies trigger **26.8k lots** of buying, creating upward price pressure.
- **$93.46 Final Trigger**: Buying pressure pushes prices into the next Medium-Term level, triggering another **17.8k lots of buying**.

Total CTA Execution

- **44.5k lots** of CTA buying across the three triggered levels.
- **3 Trend strategies** open long positions.
- **Net Trend position** extends from **45% long → 91% long**.

Market Impact

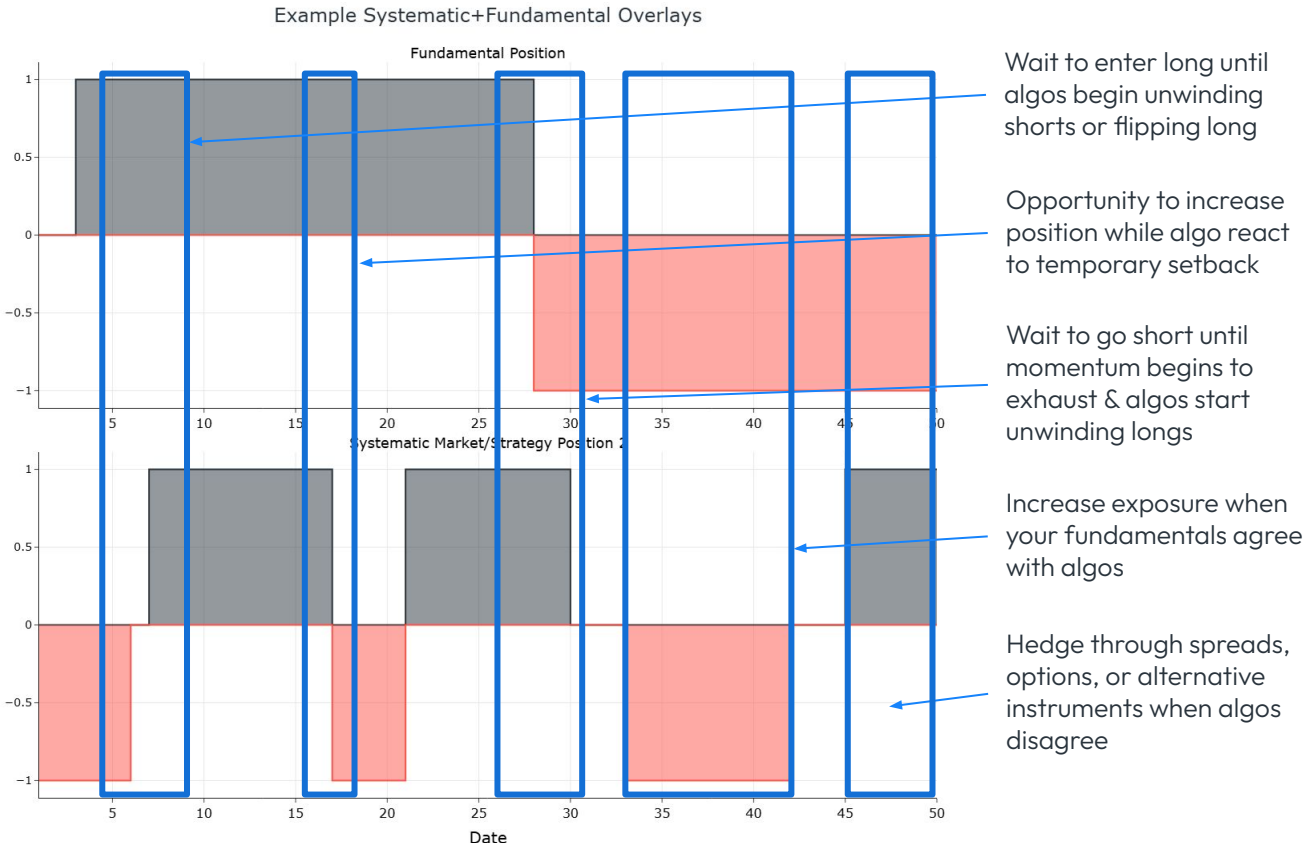
- Clustered systematic orders can amplify existing price momentum as successive CTA levels trigger.
- Three **CTA orders fill within 70 minutes**, 2x faster than the historical average.
- **Prices rise $1.26 during the CTA filling window**, contributing to a rally of more than 4.5% on the day.

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Creating Overlays

- Systematic CTA positions can be analyzed alongside fundamental positions to enhance baseline fundamental returns
- Rather than use CTA positions as a stand-alone signal, investigate fundamental returns when:
  - CTAs/Fundamentals agree
  - Fundamentals flip positions before CTAs
  - CTAs/Fundamentals disagree

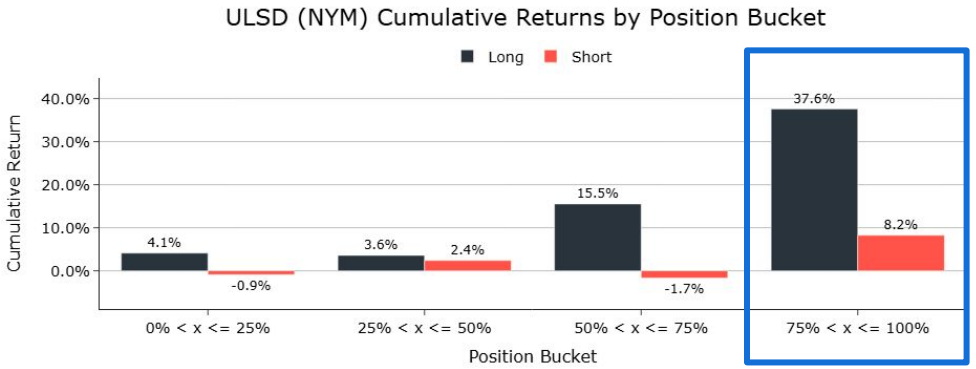


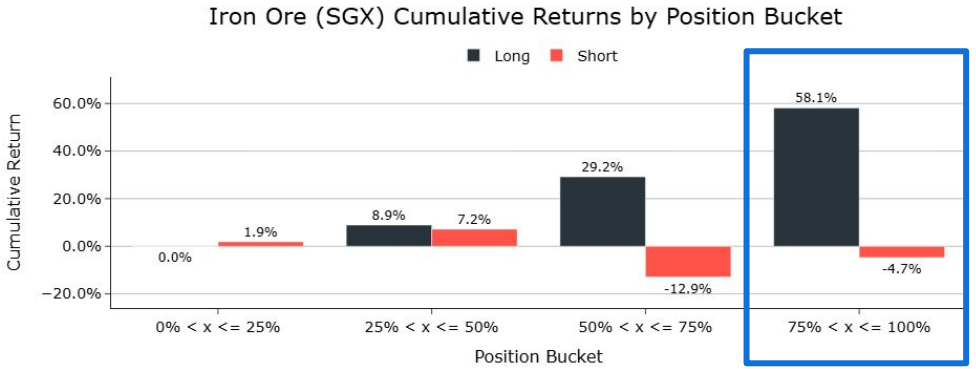
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CTA Performance vs Position Buckets

- The Systematic Trend Following Portfolio deploys 8 sub-strategies to capture various hold-time tenors
- As momentum aligns across strategy tenors, positions become more cohesive and extend further towards 100% long/short
- Cohesive positions tend to result in increased strategy performance
    - Performance when Trend strategies extend between 75%-100% long or short tend to drive the overall portfolio returns
- Performance across position buckets can vary based on market/sector characteristics
    - Energy markets tend to do well in both extend long & short positions
    - Metals markets tend to only do well in extended long positions



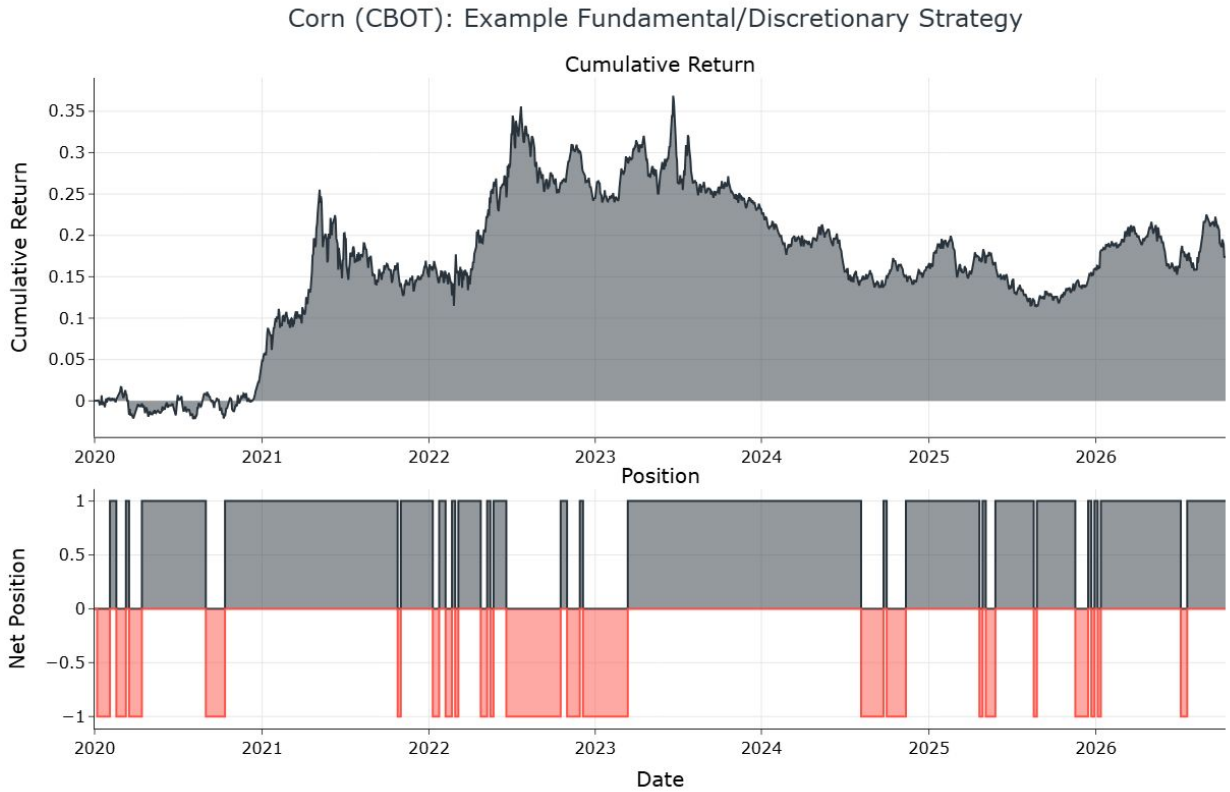


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Overlaying CTA Positions & Analyzing Key Drawdowns

- The plot on the right highlights an example fundamental signal based on COT data
- The strategy examines the current net position of the Discretionary COT participants relative to its 60 week median
- Strategy trades alongside the current net position if it is more extended than its median and against the current net position if its less extended than the median

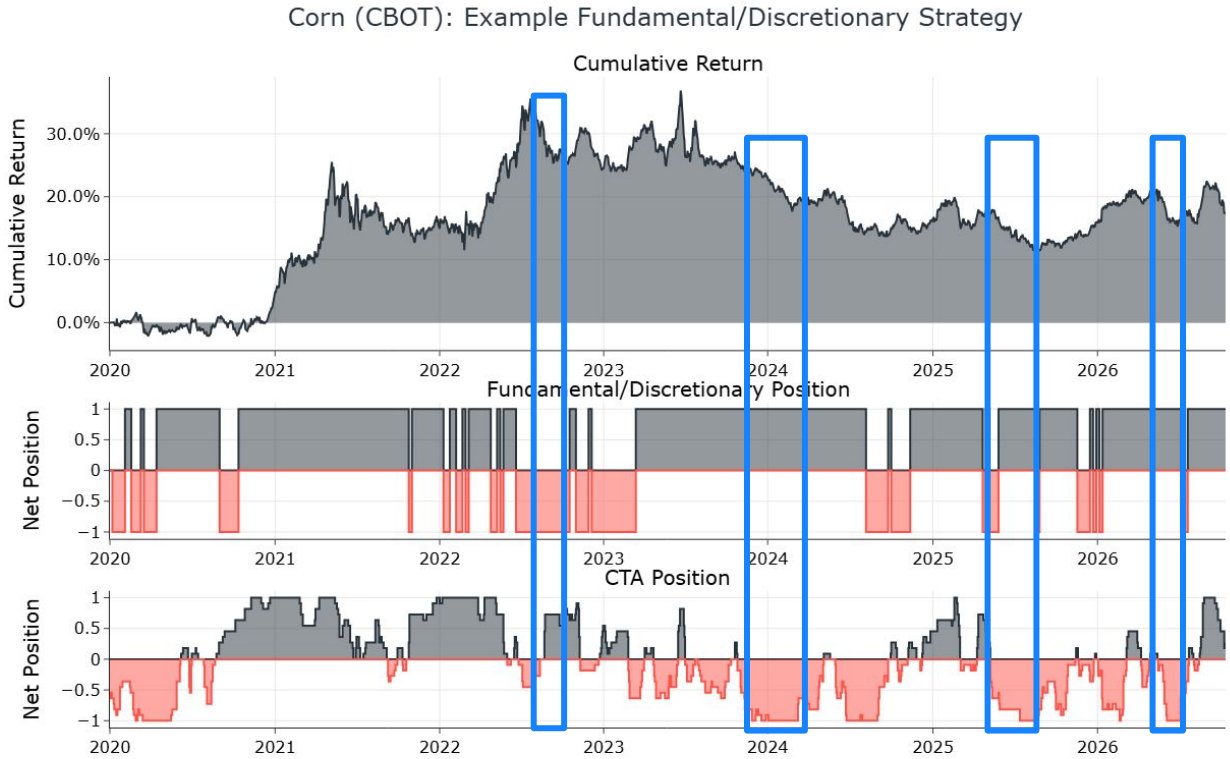


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Overlaying CTA Positions & Analyzing Key Drawdowns

- Look at some of the top drawdowns of the example strategy
- These drawdowns tend to occur when the CTAs are heavily deployed against discretionary position

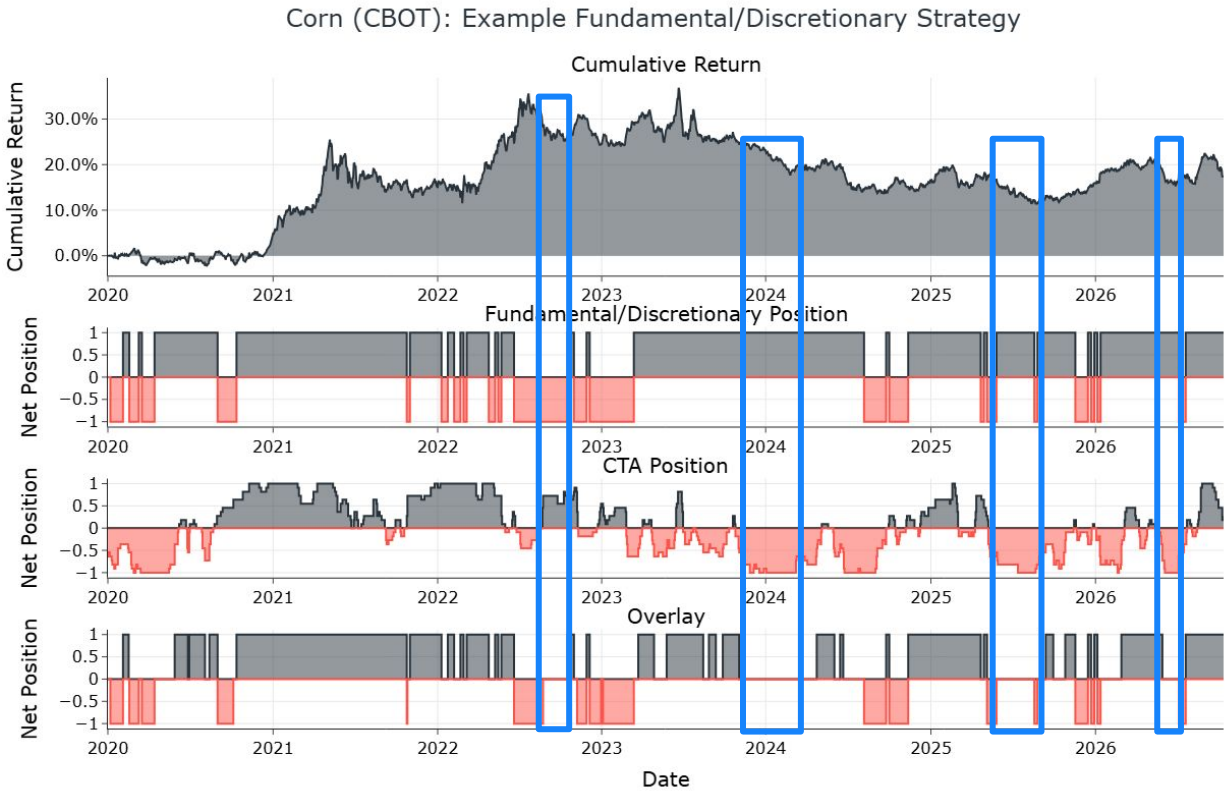


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Overlaying CTA Positions & Analyzing Key Drawdowns

- Look at some of the top drawdowns of the example strategy
- These drawdowns tend to occur when the CTAs are heavily deployed against discretionary position
- We can develop an overlay that cuts allocation when CTA positions are deployed in opposed positions
- We can compare the overlay's performance to the baseline discretionary strategy's performance to measure the improvement

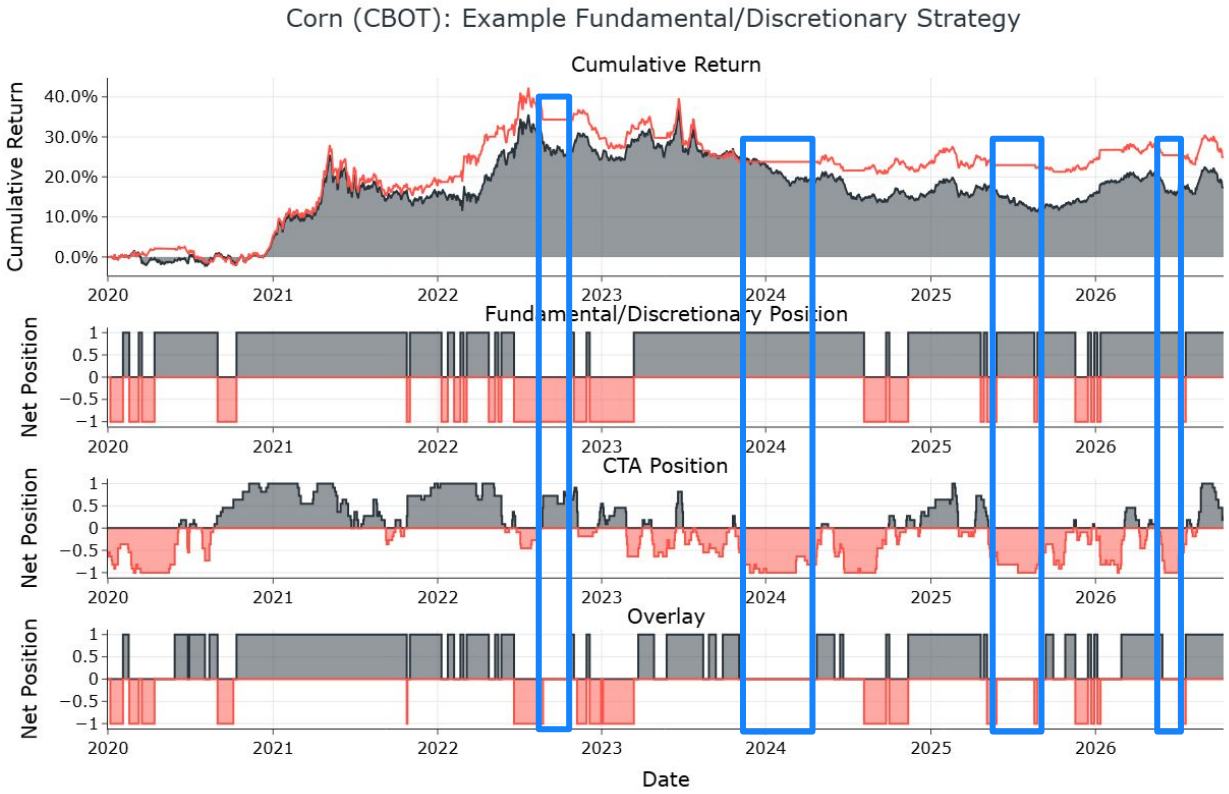


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Practical Example: CTA Flow vs US-Iran War Headlines

March: Physical Shock Establishes the Trend

Fundamental Backdrop

- War begins and Hormuz effectively closes, removing **~11mm b/d** of global supply.
- Brent rises **64% in March**, briefly trading above $119.

Systematic Positions

- CTAs enter the crisis **already heavily long**, limiting incremental buying.
- As prices accelerate, crude and products markets reach/maintain **100% long**.

Key Takeaway

The shock met an extended CTA book: Fundamentals drove prices higher, while already-heavy longs limited additional systematic demand.

Brent Crude Price vs Systematic Trend Positions



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April: CTAs react differently to similar fundamental trends

Fundamental Backdrop

- **Apr 8**: Brent loses 13% amid ceasefire headlines, despite Hormuz remaining constrained.
- **Apr 17**: Brent loses 9% as Iran declares Hormuz open.
- **Late April**: Ceasefire frays and Hormuz transits stay far below pre-war levels: rebound, with Brent back near $120.

Systematic Positions

- **Apr 8**: Trend from **100% to 91% long** (previous volatility placed CTA-stops wide → only 1 short-term strategy sold).

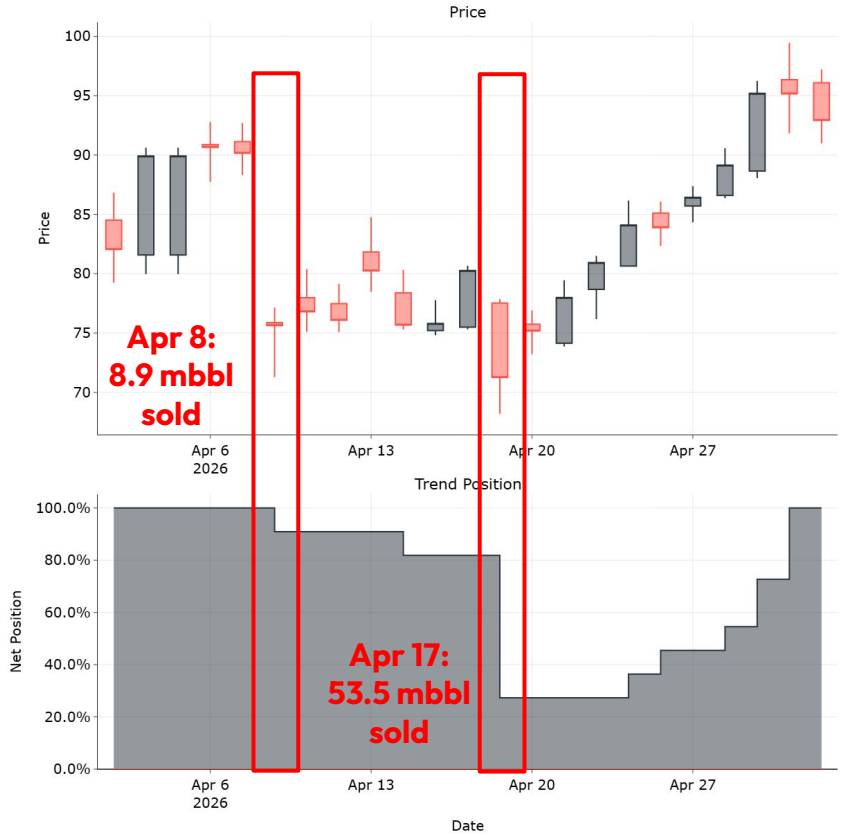
Apr 17: Trend from **82% to 27% long** (**cascade**: CTA sell cluster reinforces price pressure).

- **Late April**: Previously long Trend strategies keep bullish bias. As the rally returns, Brent CTAs **rebuild to 100% long**.

Key Takeaway

- Apr 8 vs Apr 17: **similar bearish fundamental trend but different CTA action** (limited selling vs selling cascade)
- After Apr 8-17 sell-off: bullish CTA bias, CTAs **rebuild once price confirms bullish trend**.

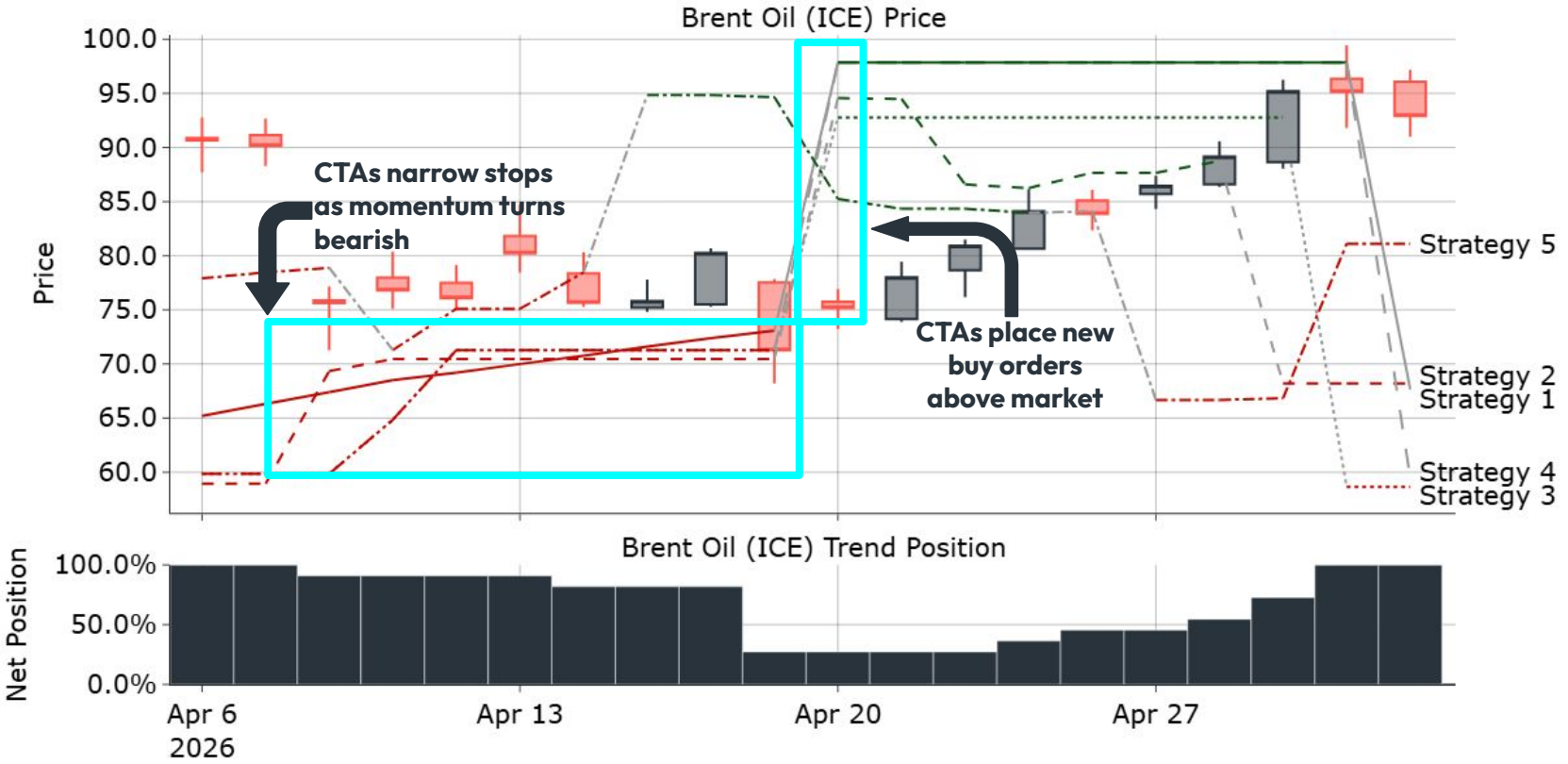
Brent Crude Price v Systematic Trend Positions



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ICE Brent - CTA trigger level history



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Sample flow event: April 17 crude sell-off



Event Timeline

- **$92.18 Breached:** Prices break first Trend level shortly after open.
- **CTA Clustered Selling:** Two Medium-Term strategies trigger at $90.40.
- **$89.57 Final Trigger:** Long-Term level triggers as prices accelerate lower.

Total CTA Execution

- **4 Trend strategies** close long positions 53.5k lots of CTA selling.
- **Net Trend position** falls from **82% long → 27% long**.

Key Takeaway

Knowing where systematic orders are clustered can identify areas where an existing price move may encounter additional mechanical flow.

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Fundamentals Set the Catalyst. Systematic Positioning Shapes the Response.

Starting Position Matters

- **Fundamental shocks can generate different flows** depending on existing CTA exposure.

Systematic Capital Is Reactive

- **Fundamentals and headlines drive** the initial repricing phase.
- **Trend strategies respond dynamically** as price moves develop and key trading levels trigger.

Flows Can Reinforce the Move

- Systematic execution can add **meaningful buying or selling** volume into an active, existing move.
- Pre-calculated positioning and trend levels outline exactly **where that flow could emerge**.

The Strategic Value

The value is visibility: understanding where systematic capital is positioned today and mapping precisely where it may activate as prices move.

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Current state of affairs









Brent & ULSD Outlook

CTAs have **liquidated roughly half of their previous maximum long exposure during the past three-day selloff** , with both markets now sitting at 54.5% long. **Additional sell levels remain clustered below current prices** , potentially adding to further downside pressure.

Corn Outlook

CTAs are currently **net short at 54.5%.** Strategies are largely managing existing stops or positioning for potential long entries, suggesting buying interest could emerge at higher price levels.

Iron Ore Outlook

CTAs remain **heavily net short at 72.7%** , with some short exposure unwound in recent sessions. Most buy-side stops remain well above the market, while shorter-term strategies that previously exited could re-engage on the short side.

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