

# HedgeNordic CTA Report 2015

Stockholm (HedgeNordic) -Managed Futures for many investors only had some cameo appearances on the big screens until they had their first lead role in 2008, arriving to the rescue of financial-crisis struck portfolios like superheros. Ever since though, CTAs have struggled to find an environment to match historical returns. It seemed like the industry had met its Kryptonite in markets influenced and „manipulated“ by government and central bank interventions and politically influenced monetary and fiscal policies where volatility disappeared.

Let us recap: From 2000 until 2008, Barclay Hedge CTA Index showed positive returns every single year, and in 2008 amidst the turbulence of the financial crisis registered the highest annual return since 1990. Since then however, the index had four negative years; three of which came back-to-back 2011 - 2013. To put this into perspective, in the entire 28 year period from 1980 until 2008 only three individual years showed negative returns. And never before were there even two back-to-back negative years. The largest yearly drawdown in these (nearly) three decades was -1,19% in 1999. What was most remarkable in this period however was not the depth of the drawdowns Managed Futures indices and / or individual trading programs suffered. It was the time off peak, the time the index needed to recover from the drawdown to achieve new highs that was unprecedented.

And then came 2014 and seemingly out of the blue with no apparent good reason, no equity market sell off and no Black Swan event, CTA's were back like a knight in shining armor cutting through the darkness with the drawn sword, setting new all time highs.

At HedgeNordic we took this as a trigger to take a closer look at the Managed Futures space, why the segment lagged performance for so long, what brought it back and what the outlook for systematic traders can be. The approach we took was to ask those who should know the best, the managers, service providers, analyst and allocators to CTAs. Rather than through a journalistic filter we invited the contributors to this paper to share their views in their own words. We are pleased and humbled so many actors in the space, from small Nordic local managers to the oldest and largest in our Nordic region and some of the most recognized names in the industry. We believe to have a nice mix all across the CTA spectrum, from specialized, niche managers, broadly diversified trend followers, CTAs with a multi-strategy approach, single and multi managers, managers with a long bias or a systematic macro approach represented in this paper.

Now granted, the end result of this paper is not an unbiased, deeply critical and analytical discussion about Managed Futures and related strategies, their possible merits and faults. Much rather our aim was to carry together some of the key arguments CTAs have always used to make their case, along with some food for thought in a comprehensive yet compact paper.

Enough said, enjoy the HedgeNordic CTA Report!

Kamran George Ghalitschi CEO / Publisher HedgeNordic

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