

ETFs tracking hedge funds are underperforming

Stockholm (HedgeNordic) – ETFs tracking hedge funds are performing poorly, Bloomberg writes. Global X Guru ETF, has built a strategy that aims to track the holdings of leading hedge funds. But the fund has not made unit holders happy so far. Since inception in August, the fund is down by 10 percent and has significantly underperformed the S&P 500 index.

The Alphaclone Alternative Alpha ETF has a different strategy. It tracks the performance of U.S. equities to which hedge funds and institutional investors have disclosed “significant” exposure. The ETF has lost 18 percent since the start of August.

However, it has not always been a bad strategy to aligning one’s holdings with those of hedge funds. A Goldman Sachs gauge that identifies the most popular bets across firms had annual returns exceeding the S&P 500 in each year from 2012 through 2014.

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