

# Lyxor sees dovish Fed stance to work in favour of CTAs

Stockholm (HedgeNordic) – Lyxor, the French asset manager and hedge fund platform provider, remains bullish about CTAs in the near term and expects the strategy to outperform on the back of a short USD exposure. Commenting on the outlook for hedge fund strategies in their latest strategy report, Lyxor highlights CTAs as one of their strategies of choice given an anticipated “lower for longer” stance from the Fed.

“We maintain an overall cautious stance which involves an overweight position on L/S Equity Market Neutral, Merger Arbitrage and CTAs. In that regard, we expect that the underperformance of CTAs in July will come to an end in the near term. Their aggregate short USD position, which was not rewarding in July, is likely to generate gains going forward as the Fed stance may remain dovish for longer”, Lyxor writes.

The Lyxor CTA Broad Index, which tracks CTA managers that are traded on the Lyxor managed account platform, gained an estimated 0.7% in July thereby underperforming the Lyxor Hedge Fund Index which recorded gains of 1.6% during the month. In 2016, the CTA Broad Index has outperformed the Lyxor Hedge Fund index significantly showing gains of 2.8% compared to a decline of 2%.

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