

CTA performance dips in August

The latest performance data for Societe General Prime Services CTA Indices shows that August was a difficult month for CTA strategies, with all managed futures indices in the red and 19 out of the 20 CTA Index constituent strategies ending August negatively. With 75% of managers having reported, the Nordic Hedge Index (NHX) CTA category indicates a downward move of 2.4%, still up 4.8% for the year.

The SG Short-Term Traders Index produced the lowest returns in August at -3.41 per cent despite remaining the strongest performing of the managed futures indices year to date. The flagship CTA index was also still in solidly positive territory year to date.

Attribution data from the SG Trend Indicator show that equity indices were the only positive sector for trend-following strategies in August, contributing 0.56 per cent to overall performance.

All other sectors were negative, in particular commodities (-2.43 per cent) where losses in the energy complex and metals were the primary driver of losses.

Long bonds trends also gave some performance back, ending August with a negative contribution of -0.68 per cent.

Exposure to the Japan 10 year bond changed direction to short, having been long since July last year.

“CTA strategies were one of the better performing strategies for investors in the first half of the year, and have enjoyed considerable inflows compared to other hedge fund strategies. Markets have recently become slightly more challenging, with CTAs giving back some of the gains made earlier in the year. Whilst August performance has dipped, year to date figures for our broad-based CTA and Short-Term Traders indices are still looking good, ” says Tom Wrobel, director of alternative investments consulting at Societe Generale Prime Services.

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