

Event-Driven Forges Ahead; CTAs Stumble

Stockholm (HedgeNordic) - The Lyxor Hedge Fund Index has risen 0.5% in March, increasing 0.2% last week and approaching an average of 1.1% for Q1 2017, according to its weekly report.

Event-driven strategies have outperformed during Q1, according to Lyxor, with special situations funds at the forefront and activist funds prospering in the range of 4-5% YTD.

The Lyxor Equity Market Neutral L/S index is up 3.3% YTD, extending its recovery last week after disappointing returns last year.

The Lyxor CTA Broad Index, however, underperformed last week, being down 1.6%.

“Event-driven remains a highly attractive strategy going forward,” Lyxor’s Cross Asset Research team wrote. “Exposures are balanced between cyclical and defensive sectors (though there has been a tilt towards adding to cyclicals lately), thus preventing any major reversal in market optimism from causing losses on Event-Driven portfolios. The, CEO confidence is at a decade high and this is likely to translate into stronger corporate activity. Finally, several elements related to the new US administration may also prove supportive.”

Fiscal reform, if implemented, and regulatory easing were suggested by the Lyxor team as factors that could make the environment for event-driven managers more predictable and less exposed to deal breaks.

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