

Nordic CTAs add to losses in second quarter as industry suffers

Stockholm (HedgeNordic) - Nordic CTAs continued to struggle during the second quarter 2017 as the NHX CTA Index lost another 4.1% during the period, bringing the year-to-date loss to -5.8%. This was largely in line with global industry benchmark as the SG CTA Index and the Barclay BTOP50 Index posted losses of 3.5% and 3.1% respectively.

The managed futures industry has been under pressure as of late and according to a recent Bloomberg article quantitative trend following strategies are on track for their worst performance in 30 years by some measures. Sector overcrowding, the suppression of notable price moves in either direction due to enduring central bank stimulus, and, relatedly, lows in cross-asset volatility, are mentioned as possible explanation to the recent weak performance.

As for the Nordic managers active in the CTA space, there was quite a significant return dispersion among the different strategies during the second quarter. Overall, performance was weakest for the ones relying on trend following strategies while fundamental and sector specialist strategies fared better.

The worst performing fund was Swedish industry giant Lynx who lost 12.2% during the period to bring year-to-date performance to -13.2% (see separate HedgeNordic article [here](#)). The funds from Swedish CTA multi-manager provider RPM also had a rough time with the RPM Evolving CTA Fund and the RPM Galaxy Fund dropping 8.9% and 7.3% respectively. On a positive note, Swedish IPM's Systematic Macro Fund and Finnish MG Commodity Fund managed to end the quarter in positive territory.

The returns for Nordic CTAs during the second quarter and for the full year are summarized in table 1 below, table 2 reveals the same numbers but has had all funds adjusted to a similar annualized volatility of 11.7%, which is the average number for Nordic CTA managers. Rankings for the quarter and the full year are displayed in chart 1 and 2 (both risk-adjusted to make the comparison viable).

Looking at the longer term perspective, Nordic CTAs remain in line with global industry benchmarks since its inception in January 2005 (see chart 3 below).

Table 1. Performance overview Nordic CTAs Q2, 2017

Manager/Program	Volatility*	Apr	May	Jun	Q2 2017	2017
Trend Following						
Alfakraft ALFA Commodity Fund	15,9%	-4,0%	3,7%	-2,1%	-2,6%	-12,4%
LYNX	14,8%	-3,3%	-2,4%	-6,9%	-12,2%	-13,2%
Estlander & Partners Alpha Trend	10,9%	0,1%	-3,1%	-2,1%	-5,0%	-10,9%
Nordea 1 Heracles Long/Short MI Fund	11,5%	-0,6%	1,9%	-2,3%	-1,1%	1,1%
SEB Asset Selection	7,7%	0,0%	0,6%	-2,2%	-1,5%	-2,6%
SEB Asset Selection Opportunistic	14,4%	0,2%	1,5%	-4,0%	-2,4%	-4,0%
Average	12,6%	-1,3%	0,4%	-3,3%	-4,1%	-7,0%
Macro/Fundamental						
IPM Systematic Macro	12,8%	3,8%	0,2%	-2,5%	1,4%	5,5%
Average	12,8%	3,8%	0,2%	-2,5%	1,4%	5,5%
Commodities						
MG Commodity	4,8%	-1,9%	2,7%	1,9%	2,7%	7,1%
Average	4,8%	-1,9%	2,7%	1,9%	2,7%	7,1%
Currencies						
IPM Systematic Currency	12,4%	4,7%	-1,4%	-5,4%	-2,3%	0,5%
Average	12,4%	4,7%	-1,4%	-5,4%	-2,3%	0,5%
Short-Term						
Estlander & Partners Presto	10,7%	1,2%	-2,0%	-2,0%	-2,8%	2,7%
Average	10,7%	1,2%	-2,0%	-2,0%	-2,8%	2,7%
Multi-Manager						
RPM Evolving CTA Fund	14,9%	-1,2%	-1,2%	-6,7%	-8,9%	-12,2%
RPM Galaxy Fund	21,0%	-1,6%	-0,8%	-5,0%	-7,3%	-5,2%
Average	17,9%	-1,4%	-1,0%	-5,9%	-8,1%	-8,7%
Nordic CTA Average	11,7%	-0,2%	0,0%	-3,0%	-3,2%	-3,4%
Benchmark						
Barclay BTOP50	7,0%	-0,6%	0,1%	-2,6%	-3,1%	-4,8%
SG CTA Index	8,6%	-0,1%	0,0%	-3,4%	-3,5%	-3,5%
SG Trend Index	10,2%	-1,0%	-0,3%	-3,7%	-5,0%	-5,8%
NHX CTA	8,7%	0,0%	-1,0%	-3,1%	-4,1%	-5,8%
Benchmark Average	8,6%	-0,4%	-0,3%	-3,2%	-3,9%	-5,0%

*Volatility measured on a 24-month rolling basis. Source: HedgeNordic, SG Prime Services, Barclayhedge

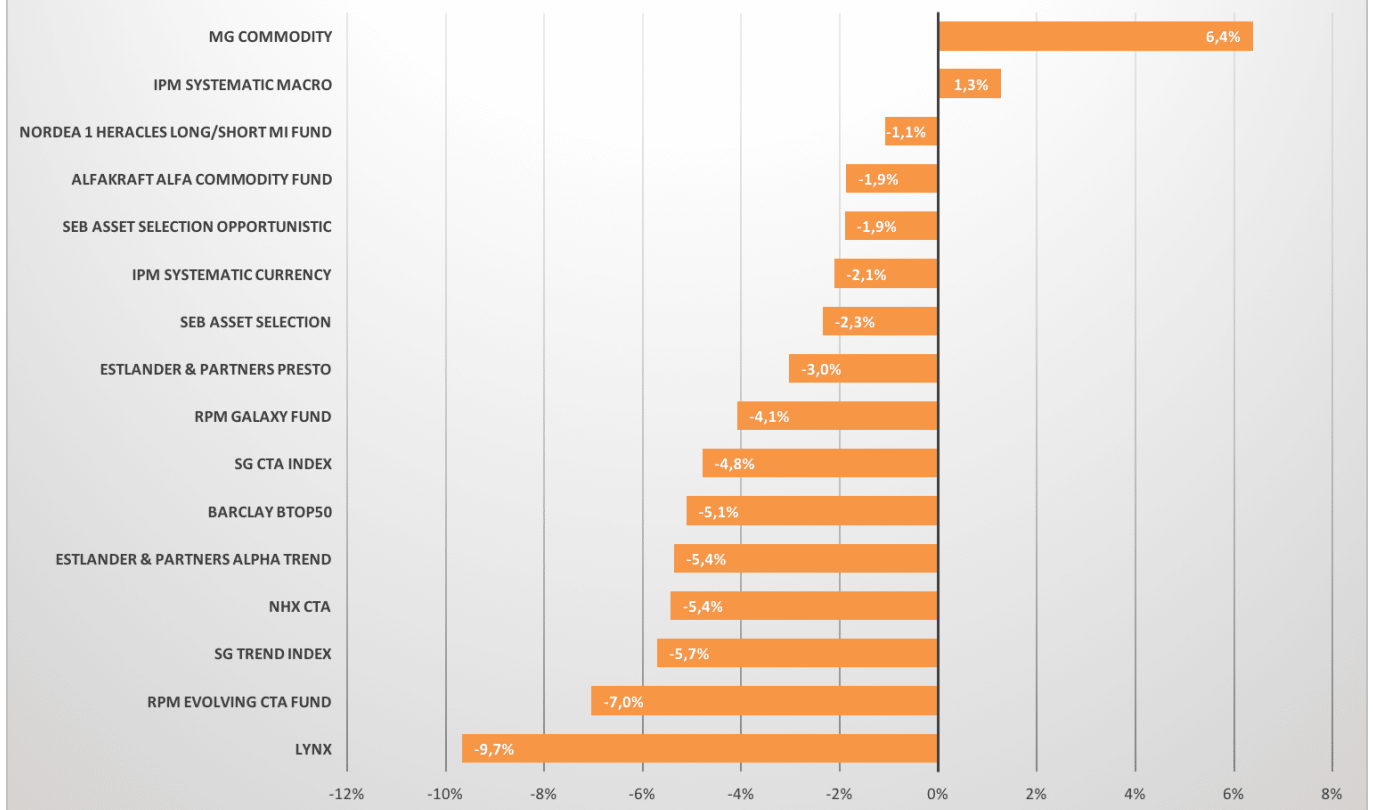
Table 2. Performance overview Nordic CTAs Q2, 2017 (risk-adjusted)

Manager/Program	Volatility**	Apr	May	Jun	Q2 2017	2017
Trend Following						
Alfakraft ALFA Commodity Fund	11,7%	-3,0%	2,7%	-1,6%	-1,9%	-9,2%
LYNX	11,7%	-2,6%	-1,9%	-5,5%	-9,7%	-10,5%
Estlander & Partners Alpha Trend	11,7%	0,1%	-3,3%	-2,3%	-5,4%	-11,6%
Nordea 1 Heracles Long/Short MI Fund	11,7%	-0,6%	1,9%	-2,3%	-1,1%	1,1%
SEB Asset Selection	11,7%	0,0%	0,9%	-3,3%	-2,3%	-4,0%
SEB Asset Selection Opportunistic	11,7%	0,2%	1,2%	-3,2%	-1,9%	-3,2%
Average	11,7%	-1,0%	0,3%	-3,0%	-3,7%	-6,2%
Macro/Fundamental						
IPM Systematic Macro	11,7%	3,5%	0,1%	-2,3%	1,3%	5,0%
Average	11,7%	3,5%	0,1%	-2,3%	1,3%	5,0%
Commodities						
MG Commodity	11,7%	-4,7%	6,6%	4,7%	6,4%	17,5%
Average	11,7%	-4,7%	6,6%	4,7%	6,4%	17,5%
Currencies						
IPM Systematic Currency	11,7%	4,4%	-1,3%	-5,0%	-2,1%	0,5%
Average	11,7%	4,4%	-1,3%	-5,0%	-2,1%	0,5%
Short-Term						
Estlander & Partners Presto	11,7%	1,3%	-2,2%	-2,2%	-3,0%	3,0%
Average	11,7%	1,3%	-2,2%	-2,2%	-3,0%	3,0%
Multi-Manager						
RPM Evolving CTA Fund	11,7%	-0,9%	-0,9%	-5,3%	-7,0%	-9,6%
RPM Galaxy Fund	11,7%	-0,9%	-0,4%	-2,8%	-4,1%	-2,9%
Average	11,7%	-0,9%	-0,9%	-5,3%	-7,0%	-9,6%
Nordic CTA Average	11,7%	-0,5%	0,4%	-2,6%	-2,6%	-2,4%
Benchmarks						
Barclay BTOP50	11,7%	-1,0%	0,2%	-4,4%	-5,1%	-7,9%
SG CTA Index	11,7%	-0,2%	0,1%	-4,7%	-4,8%	-4,7%
SG Trend Index	11,7%	-1,2%	-0,4%	-4,2%	-5,7%	-6,7%
NHX CTA	11,7%	0,0%	-1,4%	-4,1%	-5,4%	-7,8%
Benchmark Average	11,7%	-0,6%	-0,4%	-4,3%	-5,3%	-6,8%

***Volatility adjusted to 11.7% for all programs. Source: HedgeNordic, SG Prime Services, Barclayhedge

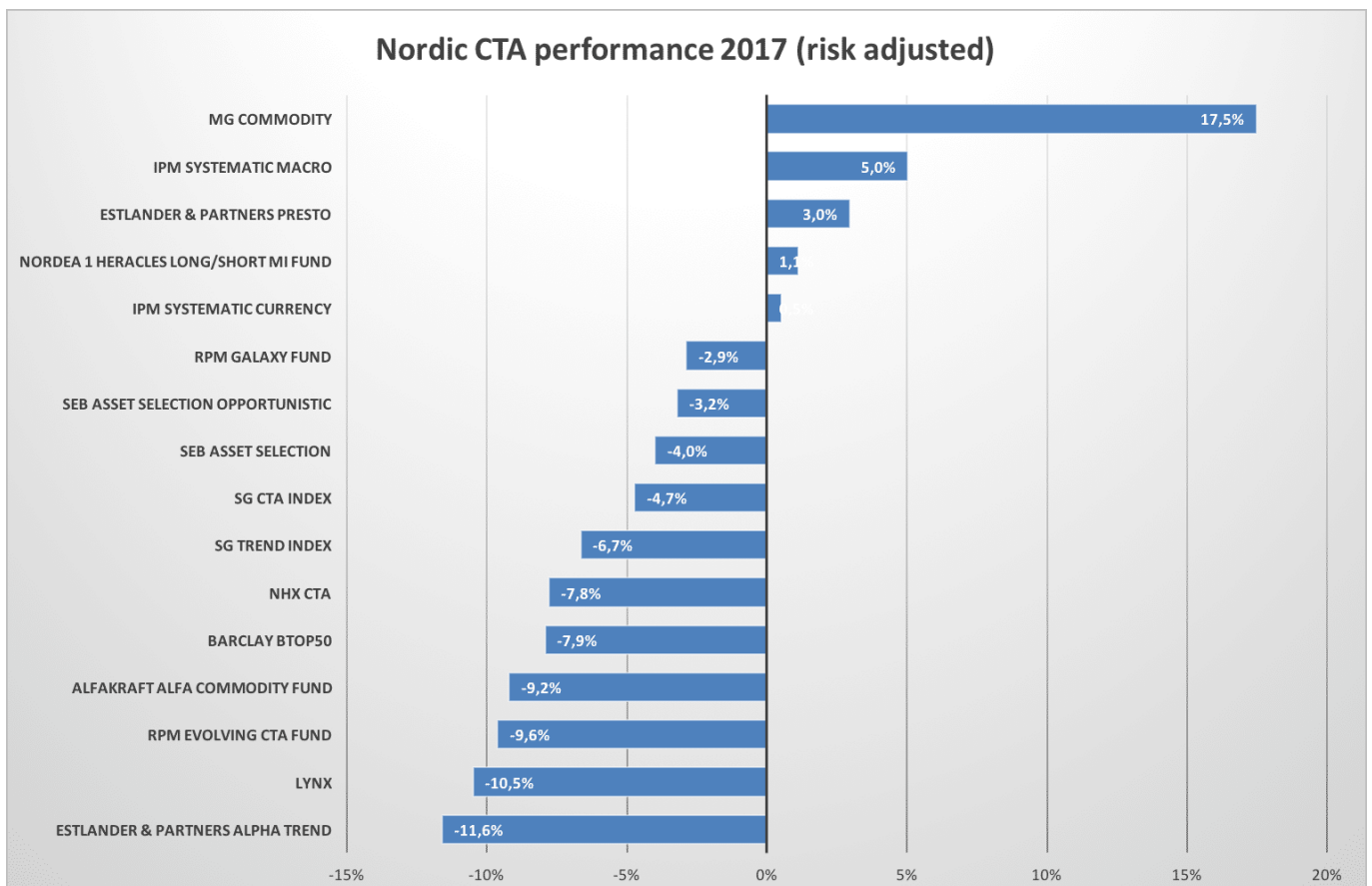
Chart 1. Performance rank, Nordic CTAs Q2, 2017 (risk adjusted)

Nordic CTA performance Q2, 2017 (risk adjusted)



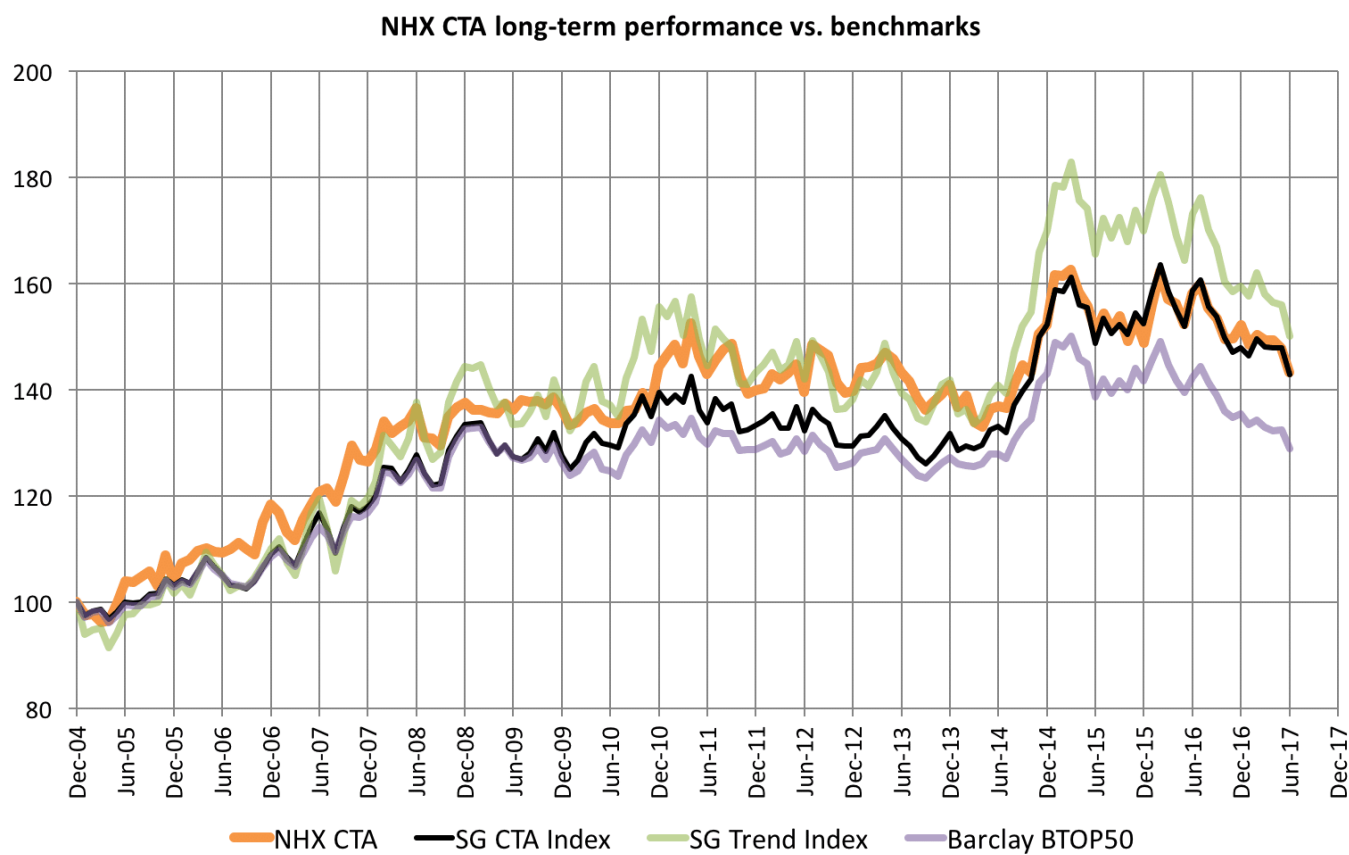
Source: HedgeNordic, SG Prime Services, Barclayhedge

Chart 2. Performance rank, Nordic CTAs 2017 (risk adjusted)



Source: HedgeNordic, SG Prime Services, Barclayhedge

Chart 3. Nordic CTAs - long-term performance against benchmarks



Source: HedgeNordic, SG Prime Services, Barclayhedge

Picture (c): Vintage-Tone-shutterstock