

# Nordic CTAs recover in July, trend followers in bad international company on year

Stockholm (HedgeNordic) – Nordic CTAs, as measured by the Nordic Hedge CTA Index (NHX CTA), gained 2.37 percent in July and thereby recovered from recent losses. Year-to-date, the index is still in firm negative territory with losses mounting to 3.64%.

In July, the best performing manager was the Alfa Axiom Fund from Alfakraft, with gains of 8,3 percent, closely followed by Estlander Alpha Trend II (+7,31 percent) and SEB Asset Selection Opportunistic (+5.68 percent). Looking at numbers for the full year reveals a significant dispersion in returns. While long- and medium term systematic trend following strategies have struggled, performance among managers using fundamental inputs and shorter term trading horizons have fared much better. For example, the Systematic Macro Fund from IPM has added 5 percent on the year, and the commodity focused fundamental program MG Commodity is up by almost 9 percent. In the short-term space, Estlander Presto shows gains of 4.5 percent in 2017.

The difficult trading conditions faced by Nordic trend followers is by no means an isolated event. According to a recent article by Reuters headlined “Computer error, top trend following hedge funds lose out in 2017”, big international computer-driven hedge funds such as AQR Capital Management, Aspect Capital and Two Sigma reportedly have lost money in the first seven months of 2017.

Among the biggest losers was AQR Capital Management’s \$16 billion managed futures strategy, which lost 6 percent in the first seven months, data compiled by BarclayHedge and reviewed by Reuters revealed. Two Sigma’s Compass Fund, which has \$2.5 billion in assets under management, lost 4.4 percent over the same period, while London-based Aspect Capital’s flagship \$3.9 billion diversified fund lost 3.4 percent, the data showed.

Winton Capital, the fund set up in 1997 by David Harding, was down 0.8 percent, a source close to the firm told Reuters. And Leda Braga’s Systematica Investments’ BlueTrend, which was founded in January 2015 after spinning out of former hedge fund BlueCrest Capital, was down 6.4 percent.

Among big quant funds bucking the negative trend were Braga’s Systematica Alternative Markets programme, which made gains of 11.2 percent, a source with knowledge of the firm told Reuters. Also successful during the period were the five main trend-following AHL funds run by Man Group, which all delivered returns of between 0.5 percent and 10 percent over the same period, according to its website.

According to a mid-month estimate on the BarclayHedge website, the world’s major systematic hedge funds as measured by the BTOP50 index are again struggling in August being down an estimated 0.5 percent on the month, bringing year-to-date returns to -4.68 percent.

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