

Alternative UCITS attracting assets

Stockholm (HedgeNordic) The combination of hedge fund-like returns in a liquid and regulated form, which alternative UCITS funds describe continued to increase their popularity with investors during 2017.

According to the latest market overview from LuxHedge, total Assets under Management for that segment grew 16 percent EUR450 billion. The report further reveals that asset growth was nicely distributed across the different strategies with Equity Hedge Funds attracting 14 percent and Fixed Income Relative Value funds gaining 17 percent in assets. The largest asset growth was realised by Global Macro and CTA funds which both advanced 25 percent in 2017. 2017 also saw a record of 248 new fund launches, just falling short of one new fund launch every business day. Some 178 Alternative UCITS funds, however, were liquidated during 2017, bringing the total number of funds to 1429 at the year-end.

In line with the broader Hedge Fund market, performance for Alternative UCITS funds was solid in 2017 with close to 80 percent of funds the LuxHedge universe posting positive returns. All broad strategy groups realised gains in 2017.

On the back of rising equity markets, performance was led by Equity Hedge strategies which generally kept a long bias to equity markets. Especially Asia proved to be the most fertile ground to find equity long/short trading opportunities with the LuxHedge Long/Short Asia incl. Japan UCITS index advancing 25.6 percent in 2017. In this bullish equity market environment, two out of three Equity Market Neutral funds posted a positive return and the LuxHedge Equity Market Neutral UCITS index gained 2.31 percent for the year.

With bonds and currencies at the mercy of central banks, many Global Macro funds struggled to add value during 2017. The performance was widespread with the worst funds returning -20 percent and the best funds returning close to 30 percent. Tracking the average fund, the LuxHedge Global Macro UCITS Index realised a modest gain of 1.16 percent in 2017.

The Nordic hedge fund universe, by comparison, measured by the Nordic Hedge Index (NHX), advanced by 3% in 2017, with fixed income strategies showing the strongest gains, up to an impressive 7.1% on the year.

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