Nordic CTAs Struggle in November as AI Funds Shine

Stockholm (HedgeNordic) – Nordic trend-following hedge funds, as expressed by the NHX CTA, were down 1.5 percent in November (95 percent reported), the third consecutive monthly decline for the group. With one month left until the end of the year, the NHX CTA is likely to incur its largest annual decline on record. Nordic CTA funds are down 6.6 percent year-to-date through the end of November.

International CTA funds performed better than the average Nordic CTA in November. The Société Générale CTA Index, for example, declined by an estimated 1.1 percent last month, extending year-to-date losses through November to 7.2 percent. The Barclay BTOP50 Index, meanwhile, was down 0.4 percent in November and down 5.3 percent year-to-date. Both indices reflect the performance of the largest 20 CTA funds, though their constituents differ slightly. The Barclay index includes two members of the Nordic Hedge Index (NHX), whereas the SG index comprises three members of our index. The broader Barclay CTA Index, which includes 541 programs, was flat to marginally positive in November, keeping the year-to-date performance at down 3.0 percent.

Seven of the 21 members of the NHX CTA ended the month of November in the green, with three artificial intelligence-assisted trend-followers sitting among last month's top five performers.

Volt Diversified Alpha Fund, which uses machine learning and fundamental input data to capture price moves in more than 80 liquid futures markets, gained 3.6 percent in November and clinched the title of the best-performing member of the NHX CTA for a second consecutive month. Estlander & Partners Alpha Trend II, the leveraged version of systematic short- to medium-term trend-following strategy Alpha Trend, gained 2.7 percent last month, cutting year-to-date losses to 16.1 percent.

Trend-following commodity fund Calculo Evolution Fund delivered a monthly gain of 1.9 percent in November and registered its fourth consecutive month of positive performance since launching in August of this year. After gaining 8.6 percent in only four months, the Danish fund is currently the second best-performing member of the NHX CTA in 2018. The fund's strong performance is mainly attributable to its pure commodity focus, and an adaptive artificial intelligence-assisted approach used to handle positions.

Shepherd Energy Portfolio, a managed futures fund focused on the Nordic power market, was up 1.2 percent in November, bringing the year-to-date performance to 14.0 percent. This vehicle is currently the best-performing member of the NHX CTA this year. Innolab Capital Index and Coeli Prognosis Machines, two trend-followers relying heavily on artificial intelligence, gained 1.2 percent and 1.1 percent last month, respectively.

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