



Corona Fighters - Report 53: Asset managers who delivered during the meltdown



Bailey McCann, Opalesque New York:

This is our regular report on hedge funds and alternative asset managers who are successfully protecting assets and outperforming the markets during the first months of 2020.

2020 has been a good year for short-term CTAs. Société Générale's Short-Term Traders Index - which monitors the daily performance of a portfolio of CTAs and global macro managers is up +2.98% year to date through June 30. The index lost -0.68 in June, but approximately half of the funds in the index posted positive returns for the month according to an update from SocGen.

May and June were difficult months for many CTAs as markets failed to trend - moves often lasted a day or a few days time, which makes it difficult for medium and long-term oriented programs to change course. Short-term CTAs also had to adjust, but losses were minimal.

One of the few CTA strategies that also produced significant profits in the equity meltdown of 4Q 2020

Kapil Rastogi, co-founder and managing partner at short-term CTA PlusPlus Capital tells Opalesque that as intraday reversals increase, even short-term CTAs will face difficulty. Still, the market overall has good opportunities for CTAs. "In May, the market totally reversed from where it was in March during the pandemic crisis," Kapil says. "When volatility drops off we focus on capital preservation and that's worked well for us." PlusPlus' flagship trading program PlusPlus Global Alpha is up 9.6% year to date through June 30.

During the Corona virus led market meltdown it was up 0.5% in February and 6.8% in March. The strategy was also positive in 2019 (0.8%) and also in 2018 (11.8%) where it was one of few CTA strategies (<1.9%) that produced significant profits in the equity meltdown of 4Q.

PlusPlus' short-term program uses trading signals based on the current volatility regime of the market. By staying short-term, the strategy is able to capture pivots in the market environment and position accordingly. PlusPlus uses a proprietary technology platform it built internally over several years to monitor market volatility and other trading signals.

The Global Alpha strategy launched in 2018. Murat Unluer and Kapil Rastogi, former traders at New York-based CTA R.G. Niederhoffer Capital Management and ISAM (International Standard Asset Management), left Madison Quant Labs (MQL) in early 2015 to launch Fort Lee, NJ-based PlusPlus Capital Management and run the same quant strategy they had run at MQL.

According to Rastogi, PlusPlus' models started to move net short in February as markets struggled with how to respond to the emerging pandemic. According to CTA performance data, funds that were net short by the end of February outperformed other systematic strategies and hedge fund strategies that were net long going into March's steep drop into

bear market territory.

Looking ahead, Rastogi expects continued volatility. The annualized volatility of the S&P 500 is typically higher when the Fed Funds rate declines year over year. Volatility could mean more opportunities for short-term CTAs like PlusPlus.

Rastogi will go into greater detail about their approach during recent volatility in our fourth Corona Fighters webinar. Each webinar is free, lasts an hour, and features five managers.

Webinar: The Corona Fighters Episode 4

Meet five more asset managers who delivered during the meltdown.

Time: Tuesday, July 21st, 10 am EST

Details and registration: www.opalesque.com/webinar/

New eBook: The Corona Fighters COLLECTION - A Handbook for Investors

200+ funds that were up or protected assets in Q1 2020: A Compendium of Opalesque Corona Fighters Report #1 to Report #52

Download here: www.opalesque.com/ebook.

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