



2015 Performance Update: CTAs

This month, [Christopher Beales](#) takes a look at the recent performance of CTAs and how specific events have resulted in falling CTA fund returns.

Fig. 1: 2015 Net Monthly Returns (As of October 2015)

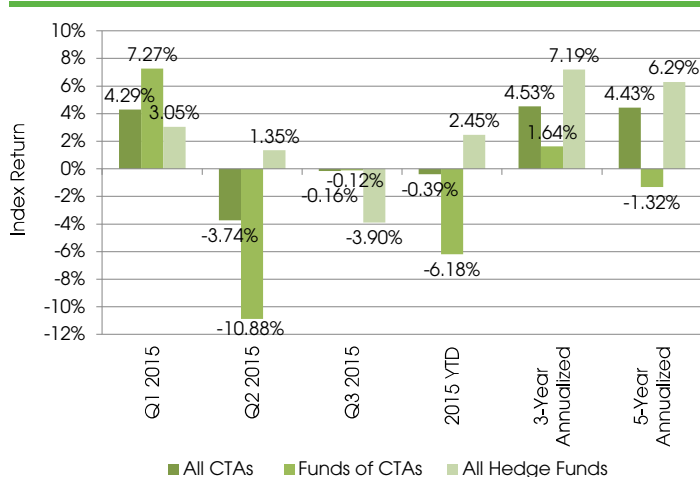
	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	2015 YTD
All CTAs	3.67	-0.02	0.62	-1.33	-0.08	-2.36	1.19	-2.11	0.79	-0.61	-0.39
Funds of CTAs	5.18	-0.19	2.18	-4.46	-1.00	-5.78	3.39	-5.02	1.71	-1.74	-6.18
All Hedge Funds	0.09	2.13	0.81	1.39	0.88	-0.91	-0.48	-2.20	-1.26	2.07	2.45

Source: Preqin Hedge Fund Analyst

Despite a strong start to 2015 for CTAs in Q1, commodity market conditions have made return generation difficult for fund managers over much of the rest of the year to date. Oil production levels from US shale and OPEC operations resulted in the price of oil dropping to record lows. As the world's leading metal consumer, decreases in China's demand for 'early stage' metals caused a fall in steel, iron ore and copper prices. US natural gas prices plunged to their lowest levels since April 2012 on the back of large reserves, and a mild start to the 2015 winter has also resulted in reduced demand. Commodity market conditions have therefore rippled through the corporate world, with oil giant BP's total third-quarter revenue dropping to \$55.9bn in 2015 compared with \$94.8bn the previous year. Furthermore, Glencore suffered one of the worst trading days in FTSE 100 history, as the firm's share price dropped 29% amid concerns regarding commodity prices and the uncertain future of Chinese growth. These events have all impacted the performance of CTAs.

In 2014, CTAs generated their highest annualized return (+10.85%) since 2010 (+15.70%). The run of positive performance continued into 2015, and the Preqin All-Strategies CTA benchmark added 4.29% in Q1 2015. However, as shown in Fig. 2, the second quarter

Fig. 2: Performance of CTAs, Funds of CTAs and Hedge Funds

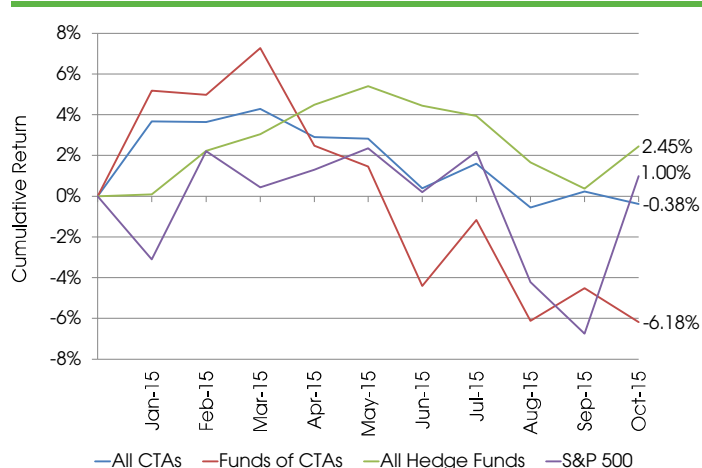


Source: Preqin Hedge Fund Analyst

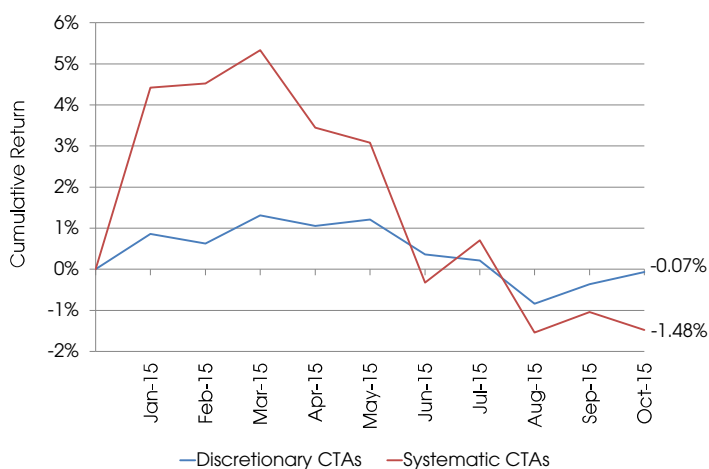
of the year was the most difficult for CTAs, with these funds making losses of 3.74%. All leading CTA benchmarks – funds of CTAs, systematic CTAs and discretionary CTAs – posted negative returns over this quarter; the third-quarter return was also in negative territory. As of October 2015, Preqin's [Hedge Fund Analyst](#) shows that the All-Strategies CTA benchmark is negative for 2015 YTD, making a loss of 0.39%, behind the Preqin All-Strategies Hedge Fund benchmark (+2.45%). The strong performance of hedge funds (+2.07%) in October has taken the 2015 YTD return to nearly three percentage points higher than that of CTAs – which in comparison posted -0.61% – representing the benchmark's sixth monthly loss of the year.

Systematic CTAs' strong start to 2015 resulted in cumulative gains of more than 5.00% by March (Fig. 4). However, negative returns over of the majority of the year so far has left the 2015 cumulative return underwater and, as of 31 October 2015, the Preqin Systematic CTAs cumulative benchmark return is -1.48%. Although the losses of discretionary CTAs have been smaller than their systematic counterparts, the Preqin Discretionary CTAs benchmark is also in negative territory for 2015 YTD (-0.07%).

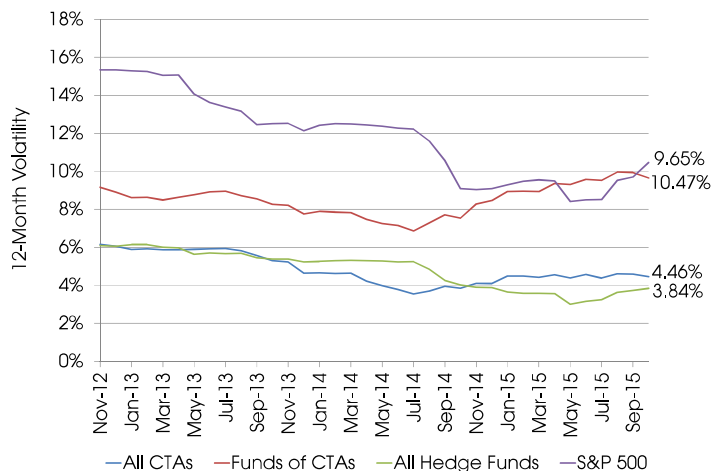
Fig. 3: Cumulative Returns of CTAs, Funds of CTAs, Hedge Funds and S&P 500 Index, January 2015 - October 2015



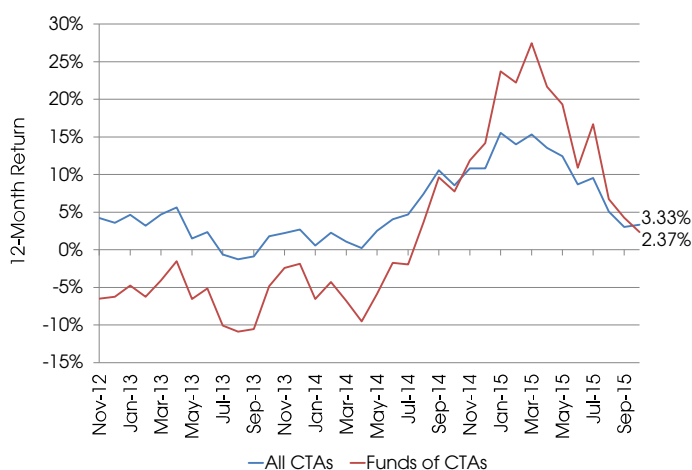
Source: Preqin Hedge Fund Analyst

**Fig. 4:** Cumulative Returns of Discretionary and Systematic CTAs, January 2015 - October 2015

Source: Preqin Hedge Fund Analyst

Fig. 5: 12-Month Rolling Volatility of CTAs, Funds of CTAs, Hedge Funds and S&P 500 Index

Source: Preqin Hedge Fund Analyst

Fig. 6: 12-Month Rolling Returns of CTAs and Funds of CTAs (As of 31 October 2015)

Source: Preqin Hedge Fund Analyst

Fig. 7: Net Returns of Top Performing CTAs, 2015 YTD (As of 31 October 2015)

Fund	2015 YTD Return (As of 31 October 2015)
ICA Aggressive Strategy	218.39%
Finamatrix Quant Fund	149.75%
Da Vinci K ² Tachyon Fund - EUR Class M	83.77%
X-Type Level 4	44.38%
Pilatus SICAV - Algo Risk Performance	43.69%
Quaesta Capital v-Pro Dynamic - GBP P	43.31%
Bear Commodities Level II Trading Program	42.25%
Dutch Darlings Fund	32.60%
Global Macro Universal	25.26%
LJM Aggressive Strategy	21.99%

Source: Preqin Hedge Fund Analyst

Fig. 8: Five-Year Correlation of CTAs to Hedge Funds and S&P 500 Index

	Five-Year Correlation
CTAs to S&P 500	0.10
CTAs to All Hedge Funds	0.15

Source: Preqin Hedge Fund Analyst

Data Source

Preqin's **Hedge Fund Analyst** contains fund-by-fund and industry level performance data for more than 12,700 funds, with 8,200 reporting monthly returns, providing you with a true market overview. Compare funds to specific segments of the market, including by strategy, fund structure, geography and now also by fund size classification, using the fully customizable benchmarks function.

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