



ALTERNATIVE INVESTING

Is Your Equity Hedge Fund Portfolio Resilient Enough for Uncertain Times?

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Major asset classes have historically exhibited significant sensitivity to macroeconomic drivers, such as growth, inflation and volatility. With the outlook for macroeconomic uncertainty still heightened, these sensitivities may continue to have meaningful impacts on portfolio performance.

We analyze the historical macroeconomic sensitivity of traditional asset classes and major hedge fund strategies. We show that the average hedge fund is unlikely to provide meaningful diversification during periods of macro uncertainty, which are also typically difficult for traditional assets. However, long/short low-risk strategies have tended to exhibit low macro sensitivity, offering the potential to mitigate the macro sensitivities found elsewhere in investors' portfolios.

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