The Top 50 realized steady gains quarter-over-quarter ending 2025 up 11.2%, in line with the group's long-term annualized returns. The top four performing strategies accounting for nearly half the group--macro, emerging markets, arbitrage, and multistrategy--collectively kept pace with the market.

The three best-performing funds are again small experienced shops led by hedged-equity Peconic Grandier (+44.8%), multistrategy Wexford Spectrum (39.2%), and EM Enko Africa Debt (35.7%).

The dozen credit and fixed income managers, the largest constituent strategy in the survey, however, weighed down the group's returns with average gains of just 6.3%. As a result, the Top 50 trailed the more volatile S&P 500 by nearly 7 percentage points, which had rallied 18% in 2025.

Fund data starts on page 9.

by Eric Uhlfelder
22 February 2026

DESPITE THEIR NEW-FOUND FAVOR, HEDGE FUNDS TRAIL THE MARKET FOR A THIRD STRAIGHT YEAR

Concentrated global equity exposure, high-net leverage, and sudden seismic events like the Supreme Court's ruling against the president's tariffs should remind that current market and hedge fund exuberance is fueling misplaced expectations that are focused on perpetuation of current trends rather than history.

Bloomberg recently highlighted a macro hedge fund manager, Minal Bathwal, who has now delivered 18 straight profitable years. This news has been celebrated across financial websites.

Focusing on Asian markets, this manager has sidestepped multiple selloffs which is key to delivering consistent performance.

Global Investment Report has argued consistency should be the benchmark against which investors determine the value of paying hefty fees and dealing with restricted liquidity.

Until now, the media has paid little attention to this metric, which only a select number of managers have delivered.

This new focus is welcome.

Last year, this report highlighted 11 funds that have been consistently profitable over at least the past dozen years. More than half were not household names. (See table on pp. 25-26.)

At the same time, the press is also taking note of how hedge funds are increasingly favored by institutional investors. These findings reported by Goldman Sachs was the basis of a recent front-page *Wall Street Journal* headline: "Investors Flock Back to Hedge Funds."

Then in early February, Bloomberg's hedge fund guru Nishant Kumar exclaimed, hedge funds are hot.

Then what felt like a monkey wrench being thrown into the mix, Kumar quipped, "Good luck in finding one," suggesting the most desirable funds are closed to new investors.

All this marks a distinct turn in the way financial journalism has been covering the industry. For years, many of these same folks have been focused on manager failure: both real and imaginary.

The story gets muddled further by the fact that the industry hasn't really changed; just the perception of it. (See chart on p. iii.)

Yes, Hedge Fund Research, a leading database, has reported net inflows grew in 2025 by a 2.3% and Goldman Sachs expects allocators will increase hedge fund exposure this year. But going back a decade, net flows have been negative and since the Great Recession, that number has been flat.

Since the bull market resumed after the 2022 sell off, BarclayHedge, another leading industry tracker, reports broad fund performance has been averaging around 10% annually. That's about as good as it has ever gotten this century over any rolling three-year period.

In reporting comparable returns, the French global prime brokerage BNP Paribas' 3-year average fund correlation to the market is 0.80. Last year alone, it was 0.90. Meanwhile, beta has been falling to around 0.20.

Managers appear to be getting nicked less when markets sell off and rallying more as they climb, perhaps suggesting an evolving paradigm where funds can better sustain performance.

But paradoxically, we're also seeing net exposure significantly rising —a clear indicator of risk. It's now above 80%. (See graph on p. vi.)

When asked to clarify, BNP declined to comment.

Looking back five years tells a less compelling story with average fund gains of 6.4%. (BNP Paribas reports a number closer to 8%.) Annual market returns over that time exceeded 14.5%.

When shifting focus from average to the most consistent fund returns, Global Investment Report's five-year trailing returns of itsTop 50 funds through 2024 was 13.6%. (Updated data through 2025 will be available in the spring.)

This lends further import on finding the few managers that focus on delivering consistency.

Within this finite group, funds fall into two universes: large expensive managers that are often returning capital and whose recent performance are shaping the positive narrative; and well-established lesser-known managers who quietly continue to generate consistent gains and are accepting commitments.

This latter group's smaller asset size is often related to idiosyncratic management that doesn't appeal to large allocators and a corresponding desire by such funds to intentionally limit capacity to sustain performance.

The current media embrace of the industry will fade when large managers stumble, which will again generate headlines with the wrong message.

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Consolidated Top 50 Hedge Fund Performance by Strategy YTD Thru December 2025

No. of Funds	Strategy*	YTD 2025 Net Returns	5-Year Sharpe Ratio thru 2024
3	Macro	28.66	1.76
7	Emerging Markets	15.30	1.07
5	Arbitrage **	12.21	1.17
9	Multistrategy	11.88	2.18
9	Equity	10.74	1.43
12	Credit and Fixed Income	6.32	1.04
2	Municipal Credit	6.31	1.68
2	Event Driven	1.30	0.80
	Top 50 Averages	11.17	1.52
	BarclayHedge Fund Index	12.55	0.44
	S&P 500 Total Return	17.95	0.66

* The one fund that is not included is an asset-based loan strategy
** This category combines statistical, volatility, closed-end fund, convertible, and merger strategies

Source: BarclayHedge and proprietary sources

BREAKING DOWN THE TOP 50'S PERFORMANCE

This select group delivered steady performance across 2025. It broke even during a volatile first quarter when the market went south, was up 4% as of midyear, rallied another 4% through September 30, and ended the year up 11.2%. That's in line with the group's historical annualized returns, which dates back 17 years.

Inside these numbers, however, reveal significant dispersion.

Top Performers

Peconic Grandier, both the top-ranked fund and top hedged equity manager, was the year's largest turnaround story. The elder statesman of the Top 50, which launched back in 1986, transformed a first-quarter loss of -20% and ended the year up 44.8%. That was the largest gain of any fund in the Top 50.

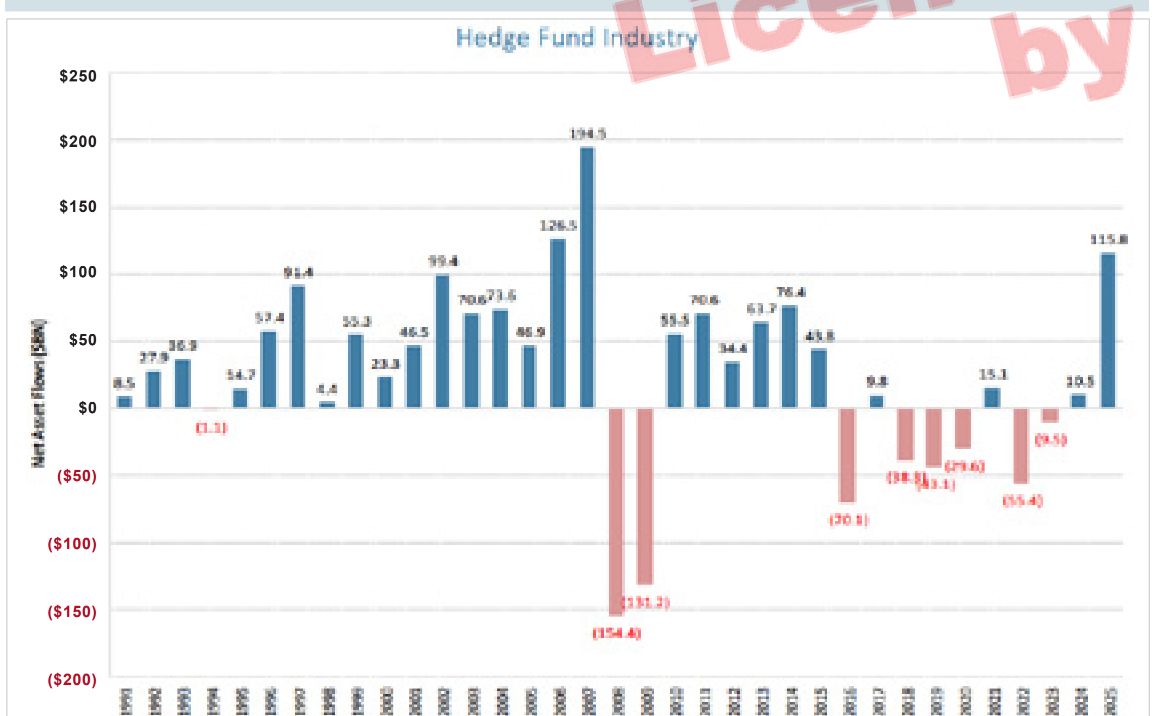
A close second to Peconic's outsized returns was the 39.2% gains of a small West Palm Beach-based multistrategy fund Wexford Spectrum. Launched back in 1997, the fund had its best year in 2025. This little known $800 million, 46th-ranked fund far outpaced returns of the large familiar multistrategy names: D.E. Shaw Composite (18.5%), Millennium (10.4%), and Citadel Wellington (10.2%).

Spectrum's global value-oriented unleveraged book maintains about 400 positions across a half-a-dozen strategies. Key drivers of last year's returns included metals (especially gold and gold miners), energy, and emerging markets, where it continues to build up Chinese exposure.

The team remains constructive towards energy, foreign opportunities affected by further US dollar weakening, and firms benefitting from the application of AI.

The 19th-ranked Enko Africa Debt, profiled in the 2022 Survey, also delivered its best year since its launch a decade ago, having soared nearly 37%. In that interview, CIO Alain Nkontchou explains his fund's active rotation helps generate profits from small, inefficient, and often illiquid hard- and soft-currency continental debt markets, ex South Africa.

ESTIMATED ANNUALNET ASSET FLOWS



Source: HFR®

Associate Director Nick White notes that Enko's exceptional 2025 was driven by "continued strong inflows into African assets (especially local currency debt) that fueled further yield compression and appreciation." Gains in sub-Saharan Africa and Kenya were also material.

Last year's performance will elevate the fund's ranking in the 2026 survey as it becomes one of the industry's most consistent and profitable emerging market shops.

Struggling Funds

In 2024, **Mudrick Distressed** produced a huge 4th quarter turnaround to end the year up 32%. But the $4 billion fund couldn't do the same in 2025 and ended the year where it stood after a tough first quarter, down more than -24%.

Discussions with individuals familiar with the fund believe pursuit of higher-risk and higher-return idiosyncratic credits may be behind the fund's increasing risk profile. This is evident in the recent rise in annual volatility. It had averaged around 6.5 in 2022 and 2023 and more recently ran around 20 in 2024 and 2025, according to BarclayHedge.

Two other funds that disappointed last year were in the top 10. While that sounds unexpected, it's actually not.

Perennially, the highest-ranking funds are where the survey's greatest turnover tends to occur because funds with the highest five-year annualized returns (which determines ranking) typically have received an outsized boost during one of those years.

That kind of performance suggests corresponding susceptibility to significant drawdown.

Cooper Creek, a hedged equity fund that ranked No. 4 in each of the last two annual surveys, struggled last year. It sustained double-digit losses throughout 2025 and closed the year down -26.5%.

Since its inception in 2008, this $1 billion fund had registered annualized gains of 11% through 2024. But its trailing 5-year numbers received a huge boost in 2022 when the fund soared 42%.

The 10th-ranked event driven fund Beryl Capital cut into its -25% first quarter 2025 loss, ending the third quarter down -14.5%. But it couldn't improve upon that and closed the year off -15.3%.

The 8-year-old fund, which was running $730 million at the end of 2024, blew way past its average returns of 14.5% in 2021 when it gained 36%.

(The other event driven fund that made the survey, 36th-ranked Kite Lake Special Opportunities, delivered steady quarter-over-quarter gains, having ended 2025 up nearly 18%. This 15-year old, $2.5 billion fund never generated outsized annual gains over the preceding five years, with returns having topped out at 14.4% in 2022.)

BREAKING DOWN STRATEGY PERFORMANCE

Upside

BarclayHedge's 2025 strategy data revealed the largest performance dispersion we've seen in quite some time. (See p. 6 for current and historic hedge fund strategy performance.)

The four top-performing strategies outpaced their 5- and 10-year returns, again led by Emerging Markets managers, who were collectively up 20%.

Equity Long-Bias managers, not surprisingly, delivered average gains of nearly 18%, followed by Equity Long-Short managers having rallied 14%.

Global Macro funds outpaced their trailing historical returns in delivering gains of 12.4%.

Emerging markets have been attracting capital due to increasing central bank fiscal discipline across the space, which has pushed up rates and increased spreads over developed market economies.

They received a further boost last year from a weakening US dollar, which David Hauner, head of global emerging markets fixed income strategy at Bank of America, believes refocused foreign investor attention on EM's improving fundamentals.

Investors searching to diversify beyond high US valuations are also adding to demand for EM equities and credits, especially local-currency debt.

Two of the Top 50's **EM funds** fueled the strategy's performance. The aforementioned 19th-ranked **Enko Africa Debt**, which has made the short list four years running, delivered gains of nearly 37%.

Singapore-based **FengHe Asia** rallied 27.3%. The $4 billion hedged equity fund has qualified for the survey over the past five years. The 29th-ranked fund has benefitted from significant net-long exposure to large-cap information technology and industrials in China and related US securities.

Long-Short and Long-Bias Equities were the next two top-performing strategies. They were led by the 1st- and 2nd-ranked funds: Peconic Grenadier and Anson Investments. Both idiosyncratically-managed funds thrived in the current risk-on environment with Peconic having risen nearly 45% and Anson up over 21%.

Downside

Bringing up the rear were **Distressed Securities** (3.1%), **Commodity Trading Advisors** (3.2%), **Asset-Backed Securities** (3.5%), and **Volatility Trading** (4.6%).

Distressed Securities difficult year marked a dramatic shift from a solid 2024 when the strategy turned in average gains of 12.2%, the third strongest strategy that year.

The volatile performance of 28th-ranked **Mudrick Distressed**, which was down double-digits, echoed the challenges that faced the strategy in 2025.

The 21st-ranked **Millstreet Capital**, like Mudrick, targets sub-investment-grade securities. It had made this survey every year since 2019.

But unlike Mudrick, Millstreet, which hard-closed in July at $4 billion, invests only in public securities. Co-PM Craig Kelleher explains that while there remains an abundance of opportunities, "our scale allows us to exert market influence, which helps us lead restructurings, exchanges, recapitalizations, and new issues."

The fund gained 9.7% last year, several percentage points below its historical annualized rate of return. But that's still good enough to assure its continued listing in the Top 50.

Commodity Trading Advisors continue their long-term slump, which dates back over a decade. No surprise that not one made the Top 50.

The 32nd-ranked **Bay Point Capital Partners II**, the only **Asset-Backed fund** in the survey rose 9.8%.

Caption Partners II, the only ranked **Volatility fund**, rallied nearly 17%.

FUND FOCUS UPDATE: Sandglass Capital Advisors

After bumping around in the low single-digits through the first three quarters of 2025, the 13th-ranked emerging market credit strategy rallied in the fourth quarter to end the year once again exceeding its long-term historical average returns with gains of 12.3%.

Last year, when we asked PM Genna Lozovsky whether the strategy could avoid mean reversion after having achieved his biggest ever return of 40%, (the highest across the Top 50 in 2024), he pointed to characteristics that remain in place: active portfolio rotation, rising volatility, asset performance dispersion, and positive growth prospects across emerging markets. (See profile on pp. 5, 7.)

Also helpful: EM debt defaults are remaining low.

The strategy profited in 2025 from the successful restructuring of Ukrainian warrants, Ecuadorian sovereign debt, and a sub-Saharan miner convertible bond.

A struggling Brazilian corporate debt restructuring held back returns for part of the year. But it now appears to be back on track.

Asked if the recent troubles in the high-yield private credit space could affect emerging market debt, Lozovsky said it was too early to tell.

"After a long boom, credit in any economy frequently suffers from excesses due to malinvestments," says Lozovsky. "What really matters is not what's happening to certain PC firms, but whether underlying credit conditions as a whole are deteriorating, which will affect a far-ranging number of investments. We don't see that happening, yet."

The manager is also watching the crypto sell-off. "Again," explains Lozovsky, "this event by itself doesn't directly hit EM debt. But whenever there is a sustained wealth-effect event, it could reach across multiple sectors."

Sandglass recently announced a substantial new commitment of $300 million from Moody Aldrich Partners, a Boston-based private investment fiduciary for family office and institutional investors. If fully realized, that would boost firm assets by more than one third.

RISKS AND OPPORTUNITIES

Since this survey started tracking market risks and opportunities soon after the pandemic hit in 2020, it's been rare to see wide-spread positive sentiment shared by both allocators and managers.

Collectively, the largest risks they see are US focused: high valuations and heavy global exposure to domestic shares, interest rates and Fed independence, geopolitical combativeness, and tariffs. (See introductory note on Linked In.)

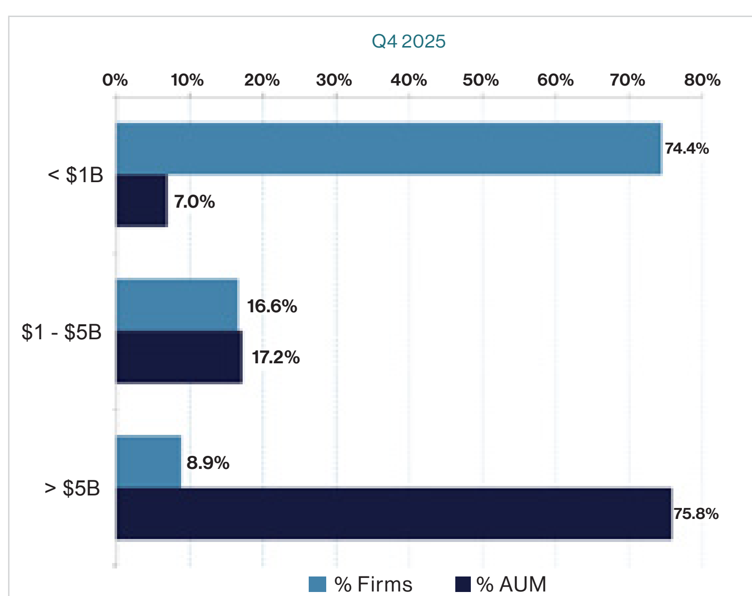
Still, the US continues to deliver reasonable growth, inflation more restrained than most fear, and steady demand for dollars and related assets.

MEMCO's Director of Investments Justin Young in fact sees that, "Global holdings of US assets appear to be materially increasing, with Treasury holdings at an all time high despite selling by China and Brazil."

At the same time, European markets are expected to build on their strong 2025 performance when the MSCI Europe rallied past the S&P 500, up more 22% in euro terms. Goldman Sachs expects the continent's cyclical improvement to be stronger than last year as German fiscal stimulus kicks in and consumer spending rising as income growth outpaces inflation

Last year, Asian markets were up 21% in local currency terms, a trend that's been further charged by Japanese Prime Minister Takaichi Senae's recent mandate. This sent the Nikkei to record highs on the belief that stable, pro-growth Japanese government policy, including fiscal stimulus and structural reforms, will continue to fuel investor confidence.

ESTIMATED DISTRIBUTION OF INDUSTRY ASSETS BY FIRM AUM TIER



Source: HFR®

Leading the world in 2025, the MSCI Emerging Market index (in local currency terms) delivered 31% gains. Strong sentiment continues to drive this space, supported by sustained central bank fiscal discipline and attractive yield spreads that will likely attract more global capital seeking greater diversification away from higher-priced and lower yielding markets.

This shift may get a boost from additional US rate cuts, which could further weaken the dollar. A recent Bank of America survey found that fund manager sentiment toward the dollar is now at its lowest point in more than a dozen years.

Many observers feel all this continues to bode well for hedge funds.

Patrick Ghali, partner at the London-based global hedge fund consultancy Sussex Partners, says, hedge funds are enjoying their best returns since the 1990s. And this is triggering greater allocator interest into the asset class.

In seeking to diversify client exposure, Sussex has regularly veered away from material US exposure, instead focusing more on Europe and Asia, especially Japan which the firm believes offers the most differentiated opportunities for global investors.

Cedric Dingens, head of investment solutions at NS Partners, the Swiss-based $13 billion allocator, reported its flagship fund of funds, Haussmann, enjoyed its strongest returns since the pandemic, having rallied more than 20% in 2025. That followed gains of 10.3% in 2023 and 16.4% in 2024.

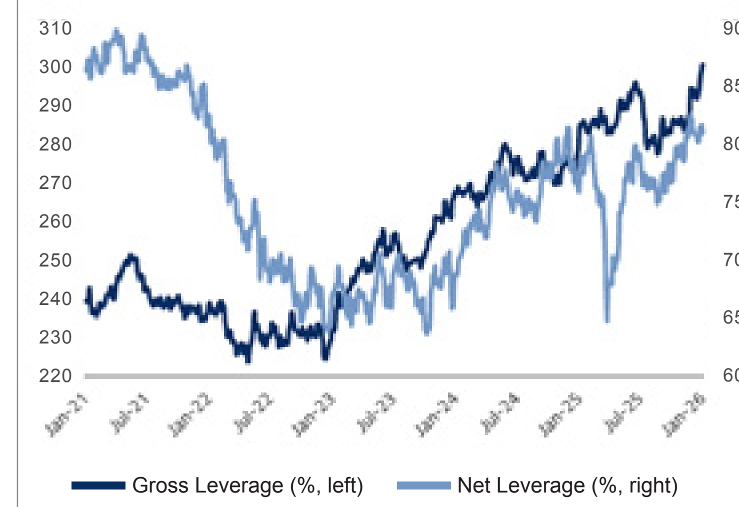
NS is continuing to lower US exposure to reduce risk, which is now down to nearly half the firm's book, while increasing investments to Europe, which is up to 25%. The firm's Asia weighting has increased to 15%.

The World Bank's Mohamed Farid, the head of hedge fund allocation at the Washington-based IGO, has also been pleased with his account's recent performance. "Given where current growth, inflation and interest rates are now," says Farid, "hedge funds are in a good place to continue to profit from dispersion in both equities and various central bank monetary policies."

But he's concerned that the US administration's push for lower interest rates may not be helpful. "Until data supports such a shift," says Farid, "further loosening of monetary policy could be counterproductive."

Citadel's Ken Griffin agrees and also sees a portion of the administration's current immigration policy as inflationary while "potentially losing us access to the best and brightest minds of the world."

Gross and Net Leverage, Full PB Book, Trailing 5 Yrs as of 1/16/26



Source: Goldman Sachs FICC and Equities and Prime Services data as of January 16, 2026. Past performance is not indicative of future results.

While sanguine about near-term economic and market conditions, MEMCO's Justin Young sees the largest risks to equities being the very high level of allocation to this asset class by retail, hedge fund, and institutional investors.

The most cautious voice has come from veteran alternative investor Pierre de Saab, now CIO of Swiss-based alternative firm Convexa. Despite the array of positive trends and signals, de Saab believes that a market retrenchment would not be unexpected after a multi-year rally.

Such a sell-off could be fueled by various systemic risks that so far haven't slowed the market. These includes the familiar suspects: soaring global debt, overly optimistic valuations, and extremely narrow credit spreads that discount default risk.

Investors have recently been reminded that Crypto is an extraordinarily volatile asset. The dramatic sell off will have knock-on effects well beyond the currency itself.

Then there is the massive capital spending going into all things AI, much of which will prove imprudent, and will likely lead to significant dislocation regardless of efficiency gains.

Sussex's Ghali fears the 2nd- and 3rd-order effects of AI and Crypto volatility coming from sharp price declines could lead to deleveraging and unwinding of unrelated investments.

"While hedge fund managers can benefit from such volatility," explains de Saab, "rallies inevitably weaken, fueling uncertainty and then fear which then can send markets and funds tumbling." ▪

Since the spring selloff triggered by President Trump's imposition of tariffs, a strong rally has generated year-to-date returns of 15% through the third quarter.

The Top 50 hedge funds saw mid-year gains having doubled to 8% by the end of September. Macro managers led the pack, surging by more than 11%, followed by multistrategy funds which collectively rose 10.7%. Emerging market funds continued their strong run, up by more than 10.5%.

Individually, the top performing funds in the 50 were again dominated by smaller managers. This group includes the No. 1-ranked Peconic Grenadier, a $1.3 billion hedged equity shop, which was up YTD 34.5%. The $600 million 46th-ranked multistrat Wexford Spectrum gained 33.1%. Magnetar Constellation, the $1.9 billion 35th-ranked fixed-income specialist, added 30.8%. And the 19th-ranked $754 million Enko Africa Debt fund rallied 25.4%.

Fund data starts on page 9.

by Eric Uhlfelder
15 November 2025

A TALE OF TWO CITIES

Markets are near record highs, mergers and profits are surging on the back of tax cuts, and hedge fund assets have hit a record $5 trillion. These trends weren't enough from keeping the federal government from reaching a new level of dysfunction with the longest ever shutdown despite one party controlling all three branches of government. Missing was any effort to compromise. At the same time, a Supreme Court that has been supportive of administration policies may upend President Trump's signature tariff policy, potentially triggering more uncertainty, volatility, and deficits—which would further heighten risks and opportunities for hedge funds.

"It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of Light, it was the season of Darkness."

Charles Dickens' opening line to his novel about the French Revolution timelessly summed up the contrast of great fortune and privation that was Paris toward the end of the 18th century.

Today, the current *light* has been a relentless bull market that dismisses domestic and global challenges. Even the selloff triggered by President Trump's April tariff announcement couldn't derail it for long. The market ended September up nearly 15%, just about where it stood in early November as we went to press.

The BarclayHedge broad index of hedge funds has also enjoyed a strong run, having more than doubled between the end of the 2nd and 3rd quarters, ending the period up 10.6%. The benchmark is on pace to deliver its best year since 2009.

This suggests the index's high 5-year correlation to the market, which stood at 0.91 as of the end of 2024, is likely extant.

The far less correlated Top 50 (0.32) appreciated from mid-year levels of 3.9% to 8% as of September 30th.

The combination of the three-year old market rally and investor push for alternatives has propelled hedge fund assets to reach $5 trillion in October.

According to data from the fund tracking firm HFR, asset growth was fueled in the last quarter by over $238 billion in gains and another $34 billion in net new investments. Ken Heinz, president of HFR, said this recent quarterly flow was the largest the industry has seen since fall 2007.

Industry flows are also getting a boost from new fund launches, a number of which were especially well endowed, according to Luke Hinshlewood, managing director at Middlemark Partners, an alternative investment advisory. Given high valuations and rising uncertainty, Hinshlewood also thinks flows are benefitting from demand for more liquid alternatives, which private credit and equity can't provide.

On the *darker* side, Chief Global Strategist at J.P. Morgan Asset Management David Kelly saw the shutdown having contributed to an economic data void for over a month. This undoubtedly made it harder for economists, policy makers, and investors "to assess where the U.S. economy is and where it is heading," says Kelly.

The shutdown also cut passenger and cargo air travel, which in turn affected a wide range of ancillary businesses dependent on the seamless movement of passengers and goods around the country and the world.

The *Financial Times* reported that federal consultants and IT contractors, "have been tapping debt markets for emergency cash, cutting executive pay and putting staff on unpaid leave."

Potentially, the most significant effect related to the shutdown could fall on monetary policy. John Williams, president of the Federal Reserve Bank in New York, recently discussed impacts on the least well-off members of society. They're getting exaggerated by tax cuts having been made permanent, largely benefitting the wealthy, and cuts to health, human services, housing and food assistance that disproportionally hurt poorer households. Williams believes collectively these events could end up forcing the Fed to cut rates when macro conditions suggest a need to sustain them.

Reopening of the government will not address the systemic political and socioeconomic problems that were partially behind the shutdown, issues

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Consolidated Top 50 Hedge Fund Performance YTD Thru September 2025

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7	Emerging Markets	10.52	1.07
5	Arbitrage **	8.39	1.17
9	Equity	7.22	1.43
12	Credit & Fixed Income ***	5.92	1.04
2	Municipal Credit	5.76	1.68
2	Event Driven	0.37	0.80
	Top 50 Averages	8.01	1.52
	BarclayHedge Fund Index	10.59	0.44
	S&P 500 Total Return	14.83	0.66

* The one fund that is not included is an asset-based loan strategy
** This category combines statistical, volatility, closed-end fund, convertible, and merger strategies
*** Drawbridge Special Opportunities returns are through August.
Source: BarclayHedge and proprietary sources

GLOBAL INVESTMENT REPORT
22ND ANNUAL EDITION

that will likely grow more material as budget cuts collide with rising prices, unemployment, and pending Supreme Court rulings.

THE TOP 50

The Top 50 has continued its steady performance, from breaking even during the first quarter (when the market was down more than -4%), to a 4% gain as of midyear, and ending the third quarter up 8% gain. But within the group, funds have revealed significant dispersion.

Top Performers

The largest upside surprise continues to be the outsized returns of a diversified fixed-income manager. **Magnetar Constellation**, the 35th-ranked fund, held onto most of its mid-year gains, up 31%. Driving performance has been its convertible note exposure to Wall Street darling and Nvidia partner CoreWeave. The fund reportedly owns nearly a third of CoreWeave.

In contrast, the average credit and fixed income manager reporting to BarclayHedge was up 4.3% through September.

Top-ranked **Peconic Grandier**, the leading hedged equity manager, remains the largest turnaround story. The elder statesman of the Top 50, launched back in 1986, transformed a first-quarter loss of -20% to a nine-month gain of 34.5%. That was the largest return of any fund in the Top 50.

A close second to Peconic's outsized returns was the 33% gains of a Connecticut-based multistrategy fund. **Wexford Spectrum**, the little known $612 million, 46th-ranked fund, far outpaced the large familiar names: Citadel Wellington (5%), Millennium (6%), and D.E. Shaw Composite (11.6%).

Struggling Funds

The Top 50's largest downside surprise is the high volatility of perennially-ranked **Mudrick Distressed**.

The $4 billion credit manager, that was launched back in 2009 and secured a 28th ranking in this year's survey, ended the first quarter down a whopping -25%. By the end of June, it had pared back its losses by half. But through September, fund losses again broke below -20% mark.

(Jason Mudrick was profiled in last year's survey but was unavailable for comment.)

Discussions with individuals familiar with the fund suggest that pursuit of higher-risk and higher-return idiosyncratic credits and converted equity may be behind the fund's increasing risk profile. This is evident in the recent rise in annual volatility which had averaged around 6.5 in 2022 and 2023 and is on pace to average 20 in 2024 and 2025, according to BarclayHedge.

Two other funds were down significantly, each ranked within the top 10. While sounding unexpected, it's actually not.

Perennially, the highest-ranking funds are where the survey's greatest turnover tends to be because these managers' high five-year annualized returns typically have gotten an outsized boost during one of those years. That kind of hyper-performance suggests funds that could be prone to significant drawdowns.

Cooper Creek, a hedged equity fund that has ranked No. 4 in each of the last two annual surveys, has struggled in 2025. It has been down double-digits throughout the year and ended the third quarter off -16.6%.

Since its inception in 2008 through 2024, the fund had realized annualized gains of 11%. But its 42% gain in 2022 was a driver of Cooper Creek's high ranking.

The 10th-ranked event driven fund **Beryl Capital** has cut into its -25% first quarter loss, ending the third quarter down -14.5%. The 7.5-year-old manager, that's running $730 million, blew past its average returns of 14.5%% in 2021 when it soared 36%.

BROAD STRATEGIES

Upside

As Global Investment Report has been reporting for several years, emerging market funds in general have continued their strong performance. The strategy was up by more than 17% over the first nine months of the year, according to BarclayHedge. (For current and historic hedge fund strategy performance, turn to the table on p. 6.)

The returns of the seven emerging market funds in the Top 50 are collectively up 10.5% through the third quarter.

The MSCI benchmark index of EM stocks gained 28% while local currency EM government bonds were up 16% during this time. Both assets have been benefitting from a weakening dollar. (See graphs below.)

The head of emerging markets credit research at S&P Global Ratings, Zahabia Gupta, reported that investor demand for high-yield paper has fueled a record issuance of $268 billion in local currency government bonds. Credit rerating is also boosting demand, valuations, and returns.

According to Oliver Harvey, managing director and head of EM foreign exchange research at Deutsche Bank, developing market local currencies have, "enjoyed the strongest first three quarters of the year since 2010 as measured by a Deutsche Bank composite index. An equally-weighted basket of such currencies is up 12.7 per cent against the dollar."

Harvey also sees EM benefitting from investors' reducing their substantial US exposure, attracted by many EM countries pursuing more responsible fiscal policies.

Two of the Top 50's EM funds dominated the strategy's performance.

Enko Africa Debt, which was profiled in the 2022 Survey and has made the short list four years running, delivered YTD gains of 25.4% for many of the reasons just described.

Nick White, an associate director at the 19th-ranked fund, explained that third-quarter double-digit returns, "were supported by continued strong inflows into African assets (especially local currency) leading to further yield compression." He noted gains were most noteworthy in sub-Saharan Africa and Kenya.

Singapore-based **FengHe** Asia produced comparable returns with gains of nearly 24% through September. The $4 billion hedged equity fund has seen its assets steadily rise over the five trailing years in which it has qualified for this survey.

The 29th-ranked fund has rallied on net exposure to large-cap information technology and industrials in China and related US securities.

Broad equity funds—Long Bias and Long-Short—were the next two top-performing strategies led by the 1st- and 2nd-ranked funds: Peconic Grenadier and Anson Investments.

Both idiosyncratically managed funds have thrived in the current risk-on environment with Peconic having risen 34.5% and Anson up 14%.

Downside

Commodity Trading Advisors have barely registered gains through the first nine months of the year. They're continuing their long-term sluggish performance, which according to BarclayHedge, dates back over a decade.

No CTA made the Top 50.

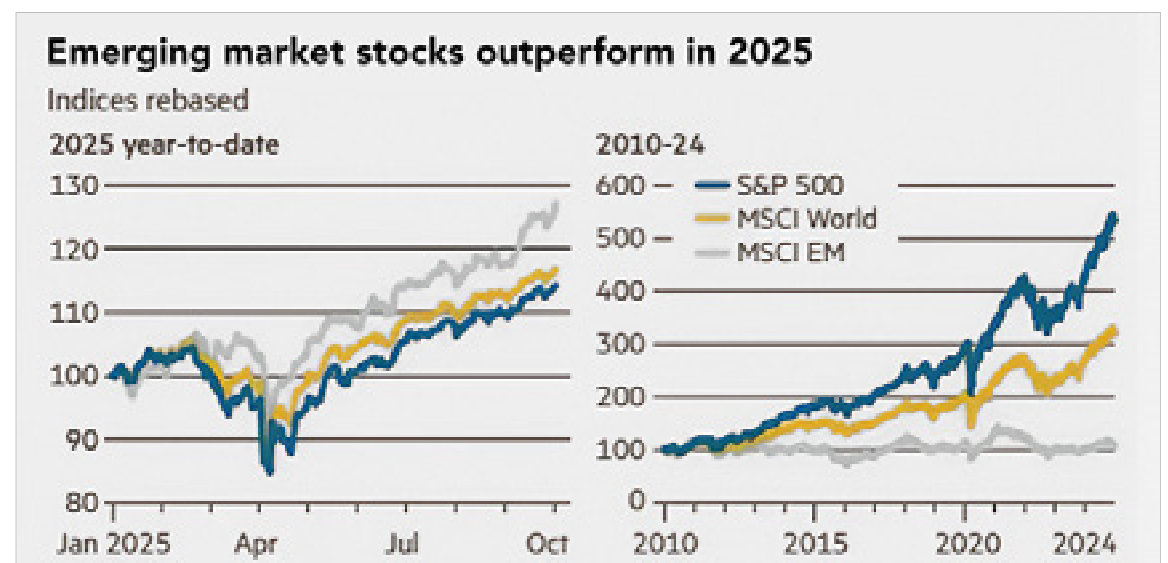
Distressed Securities are also having a difficult year, registering collective gains of just 2.5% through September, marking a dramatic shift from a solid 2024 when the strategy turned in average gains of 12.2%.

The 28th-ranked Mudrick Distressed fund, while far more volatile than the index, reflects some of the challenges facing the industry. The fund ended the third quarter down by more than -21%.

The 21st-ranked Millstreet Capital also targets sub-investment-grade securities and has also made the survey since 2019 when the current methodology was adopted. (See pp. 25-26 for a list of all 11 funds that also delivered comparable consistancy.)

Though hard-closed in July at $4 billion, Millstreet's co-PM Craig Kelleher explains that there remains an abundance of opportunities and his fund's scale increases "our market influence, positioning us to lead restructurings, exchanges, recapitalizations, and new issues."

With the exception of the tariff-related hiccup in April, Kelleher described 2025 as a relatively quiet year with the fund having steadily registered gains. The fund ended September up 6.9%.



Source: LSEG & FT

RISKS AND OPPORTUNITIES

Many Wall Street brokerages are maintaining their sanguine outlook for the economy and market over the coming year on the back of strong corporate earnings.

According to Howard Silverblatt, senior index analyst at S&P Dow Jones Indices, both operating and reported earnings are significantly rising since their first quarter decline.

With more than 81% of the S&P 500 reporting, Silverblatt found operating earnings jumped from $57.51 in March to over $73 as of the end of September. Reported earnings are tracking a similar trajectory.

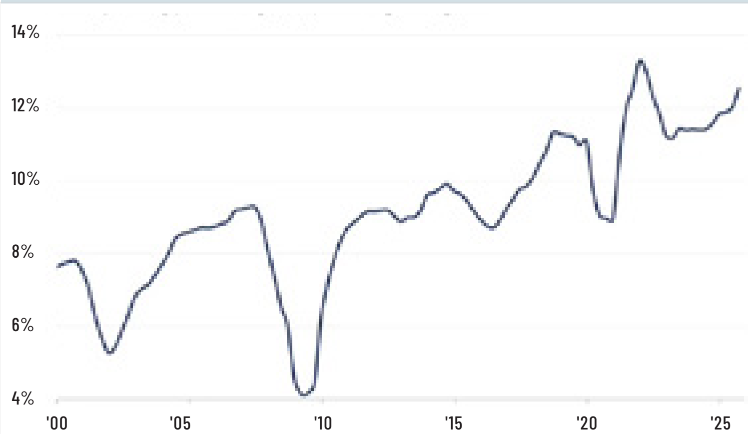
"So far, concerns that tariffs, trade wars, inflation, and persistent higher interest rates could weigh on the economy are not showing up in our data," observes Silverblatt, "and Congress' decision to make President Trump's 2017 tax cuts permanent has boosted earnings, a trend that is likely to continue well into next year."

Rich valuations and plenty of uncertainty, however, have a number of industry experts anticipating a correction.

Morgan Stanley CEO Ted Pick and Goldman Sachs CEO David Solomon think the S&P could sell off by up to 20% over the next 24 months.

Though many investors are betting AI efficiency gains will

S&P 500 OPERATING PROFIT MARGIN, 4-QTR MOVING AVERAGE, %



Sources: Standard & Poor's, Haver Analytics. Data as of November 5, 2025

support growth expectations, Morgan Stanley's CIO Lisa Shallet says it's only "even odds" whether or not AI "implementation may take longer than hoped for." She's also concerned that productivity gains may be limited to a few very large companies.

Citing the Warren Buffett indicator (see chart below) that contrasts total equity market capitalization with the US GDP, Apollo's chief economist Torsten Sløk sees the S&P at historically extreme levels.

With the indicator currently at 200%, Buffett believes investors are "playing with fire." The last time it was this high was in late 2021.

Does this matter?

Note that before the Tech Wreck struck in 2000, the indicator touched 150%; and when the 2008 financial crisis struck, it had just broken 100%.

While acknowledging valuations are well above average, UBS CIO Mark Haefele doesn't believe the market will correct based only on this single metric. He feels that current valuations are supported by higher growth rates and multiples of sectors like IT.

"Results from the current earnings season have been solid," noted Haefele, "with both the breadth and magnitude of earnings beats so far exceeding historical averages." UBS forecasts S&P 500 earnings per share to grow 10% this year and 7.5% growth next year.

One systemic risk that concerns Colm Kelleher, chairman of UBS, is insurance companies' significant exposure to private credit. He fears the lack of effective regulation and the reliance on lenient agency credit ratings are underestimating capital and liquidity risks and helping to justify investments in these higher yielding vehicles.

A veteran hedge fund analyst at a major Texas public pension fund, who spoke off the record, sees comparable risks facing banks lending to non-depository financial institutions (significantly populated by private credit), which has surged by 300% over the past decade.

He says if private credit begins to default, "these funds will then draw on bank credit lines therefore creating a potential liquidity feedback loop where if one stumbles, both feel the pain."

The IMF has also highlighted this risk, reporting that US and European banks have $4.5 trillion exposure to hedge funds, private credit groups and other non-bank financial institutions. On average, that's about 9 per cent of loan books, an amount that's comparable to banks' tier-one capital.

How is all of this affecting allocators?

MEMCO's Justin Young, this year's feature interview, remains sanguine about the near-term outlook. See his full updated thoughts on p. vi.

He cites real GDP estimates are now tracking near 4%, supported by surging Capex and accelerated depreciation that's providing a massive tailwind for households and business next year. With the support of AI and wealthy household spending, he's not seeing a slowdown that had previously concerned him back in May.

He also cites, "supportive monetary and fiscal moves with central banks lowering interest rates coupled with US tax-cut stimulus and Chinese and German spending packages providing additional demand support."

Perennially cautious, Sussex Partners' Patrick Ghali admits, "it's hard to argue with growing market optimism that has followed the tariff hiccup." The firm is pushing up its formerly neutral equity market to slightly net long.

Sussex remains mindful of clear risks which markets have been ignoring for quite some time. These include US tariff uncertainty, the AI boom, and credit spreads that he feels are not correctly pricing risk. And he's increasingly concerned about private credit.

Ghali thinks the impact of diminishing underwriting standards could get compounded by increasing private credit lending to private equity. "I'm not seeing a great deal of transparency in both spaces which makes it more difficult to discern evolving difficulties," says Ghali.

Anthony Novara, partner and research director at the $373 billion Chicago-based Fiducient Advisors, agrees with Ghali, seeing that riskier and wider credit spreads are masked behind more opaque private credit holdings.

Novara remains concerned about index concentration, which he thinks is typically a sign of the market being in the later-stage of an investment cycle, along with clear evidence of AI and crypto bubbles.

While Novara is maintaining his heavy North American weighting, he's increasing European credit and Asian multistrategy exposure.

A long-time proponent of Asian exposure, especially Japanese, Ghali says the firm is now considering the addition of hedged equity Chinese exposure. "This could be achieved with the help of knowledgeable local managers," Ghali explains. But he admits China's regulatory framework is not particularly transparent and introduces its own set of risks. ▪

Buffett Indicator: US Market Cap/GDP

Interactive Charts. Oct. 1 2025, 18:0 UTC. Powered by GuruFocus.com

JUSTIN YOUNG: 3Q25 INTERVIEW UPDATE

12 November 2025

The gap between tariff fears and economic reality has been the main story of 2025.

When we spoke earlier this year, uncertainty dominated. CEO and household surveys showed significant unease, volatility was elevated, and the path forward felt murky.

Six months later, the picture has clarified and markets were proven right to look past the headline noise as they quickly refocused on what has been happening.

AI has exceeded even optimistic expectations, tax cuts and global monetary easing are providing support, and Trump's willingness to calibrate tariff policy has kept the market impacts manageable.

Margins have held up, tariff cost pass-throughs were partial and manageable, supply chains proved more adaptable than models predicted. Larger corporate earnings stayed solid.

As we expected, Trump has walked back some of the more aggressive rhetoric. Administration adjustments, carve-outs, and recalibrations that were more trial and error than what markets are accustomed to meant that the government was watching and responding to market reaction.

Earlier this year, investors weren't paying enough attention to what could lift sentiment and earnings. These had included the tax plan that's supporting cash flows, global monetary easing that's improving financial conditions, and AI-driven productivity gains.

Tariff levels landed roughly where I outlined in May--lower rates for Canada and Mexico, around 10% for most countries, but substantially higher for China.

These achievements have supported equity valuations and balance sheets of households with assets as aggregate consumption has held up.

Real GDP estimates are now tracking near 4% with accelerated depreciation providing a massive tailwind for households and business next year. With the support of AI and wealthy household spending continuing, we're not seeing the slowdown I was concerned about in May.

Surging Capex has materially pushed up GDP growth rates while accompanying labor market softening is giving the Fed room to ease without the inflation pressure associated with strong growth.

Global central banks are moving in sync, with coordinated easing supporting financial conditions worldwide. At the same time, US tax-cut stimulus and Chinese and German spending packages are providing additional demand support.

Cracks do remain and I'm monitoring them. Weaker companies are hurting, job losses are accelerating, and lower income households continue to struggle as COVID-era stimulus runs out. Related credit issues have contributed to failures of First Brands and Tricolor. Resumption of student loans and the loss of ACA premium subsidies will further weigh on the bottom half.

Without housing or equity wealth to cushion them, these households are facing pressure that the aggregate data masks.

But neither these weaknesses nor the government shutdown have proven large enough to derail the broader economy.

A volatile ride initially sent the S&P 500 down -4.3% through March and then up net 6.2% as of June. Through August, the benchmark had gained nearly 11% for the year, outpacing most hedge funds.

In contrast, the Top 50 continues its steady performance. Flat through the difficult first quarter when it significantly outpaced stocks, the 50 turned in a half-year gain of nearly 4%.

This elite shortlist of the most consistent funds has been led by global macro, multistrategy, emerging market, and credit/fixed-income strategies. These 31 managers have collectively delivered gains of 5.2 percentage points through June, led unexpectedly by a diversified fixed-income shop. The 35th-ranked fund, Magnetar Constellation, soared 36%.

The second-best return was turned in by the No. 1-ranked Peconic Grenadier, a hedged equity manager whose fortunes swung from a 1Q double-digit loss to a 21% gain through June.

Fund data starts on page 9.

by Eric Uhlfelder
8 September 2025

A REMARKABLE RALLY AS WE FURTHER VEER OFF AXIS

A soaring market appears to be driven more from relief that tariffs are coming in lower than feared, rather than from enhanced earnings, macro news, and policies that collectively don't sync with current valuations.

As I was finalizing this belated mid-year update, a pretty big news story broke, reminding us that China, India, and Russia are again looking to establish a free-trade block that could include a number of countries disaffected by US trade policies.

Always a long shot for many reasons, this time the combination of high tariffs and sanctions may lend more traction to the effort. The geopolitical advantages are tempting.

Such a potent trading block could create new uncertainties and unexpected alliances affecting global trade, reminding US policy makers that for every major action it pursues, there's often an equal and opposite reaction.

In July, I had discussed the shift in foreign perception of the US, having quipped that "Things Change." But the degree and speed in which this change is occurring is remarkable. And it's worth noting: global financial markets typically are slow to react to such shifts. More on this below.

Since the Liberation Day selloff sent the market tumbling more than -15% for the year, we've seen the S&P 500 roar back by more than 25% through August.

While earnings are expected to rise, says Oaktree's Howard Marks, he sees stock prices having accelerated at an even greater pace. Marks thinks U.S. stocks appear even less appealing today than they were in December. "Even then," he recalls, "that wasn't great."

Market skepticism may also be fueled by the continued shallowness of the current rally. According to Howard Silverblatt, senior index analyst at S&P Dow Jones Indices, the Magnificent 7 was up 39% for the year through August 13. The 493 other stocks making up the S&P 500 were up 6.6%.

Sentiment isn't helped by a Yale Budget Lab August report that says, "consumers are facing an overall average effective tariff rate of 18.6%." That may be well below what many feared back in April. But that number is the highest since 1933, which contributed to a devolving economy.

Tariffs were at least partially behind the unexpected July surge in the Producer Price Index, which increased 0.9% while retail and wholesale margins rose 2%.

This keeps the Fed awkwardly placed, seeing job growth slow but prices rise as the effects of tariffs start to kick in. The White House's daily jaw-boning about the Fed and it's members isn't helping matters.

Despite all the news flooding our screens, the event that truly caught my attention was the administration's decision to become a major equity stake holder in a legacy US brand.

A *Wall Street Journal* headline: "Trump, Intel Agree to 10% U.S. Stake as President Promises More Deals."

That followed the Pentagon's decision not only to take a 15% stake in the large domestic miner of rare earths MP Materials, but to provide price guarantees for MP, regardless of what commodity markets are demanding.

The New York Times took a deeper look: Corporate America's Newest Activist Investor: Donald Trump. "Activist" may not be the right adjective, and I don't think the news should be overhyped. But it shouldn't be dismissed, either.

The Trump Administration is taking a more aggressive and transactional approach in how an increasingly number of businesses are run. Further, just the fear of being a target is affecting how many companies are approaching their decision making.

Kai Liekefett, co-chairman of the corporate defense practice at the law firm Sidley Austin, told the *Times* that, "Virtually every company I've talked to which is a regular recipient of subsidies or grants from the government is concerned about this right now."

It's unlikely that the US government is going on a buying spree. Still, the administration isn't well known for parsing details before acting.

So, let's think for a moment how a minority government stake in Intel could affect the way certain federal agencies interact with the firm. As a guide, consider how Washington is affecting the way a number of universities are being run.

TABLE OF CONTENTS

Consolidated Top 50 Hedge Fund Performance By Strategy Thru June 2025

No. of Funds	Strategy*	1H2025 Net Returns	5-Year Sharpe Ratio thru 2024
3	Macro	5.83	1.76
9	Multistrategy	5.62	2.18
7	Emerging Markets	4.67	1.07
12	Credit and Fixed Income	4.67	1.04
5	Arbitrage **	3.88	1.17
9	Equity	2.70	1.43
2	Municipal Credit	1.90	1.68
2	Event Driven	-6.29	0.80
	Top 50 Averages	3.92	1.46
	BarclayHedge Fund Index	5.07	0.44
	S&P 500 Total Return	6.20	0.66

* The one fund that is not included is an asset-based loan strategy
** This category combines statistical, volatility, closed-end fund, convertible, and merger strategies
Source: BarclayHedge and proprietary sources

S&P VALUATION MEASURES

Source: JP Morgan Asset Management

- Might the US favor Intel over superior bids on government contracts?
- Will the government lay claim to Intel's earnings stream?
- Will it get involved in dividend and stock buyback policy?
- Will it shape hiring practices or the composition of the board of directors?
- Will the Department of Justice intervene to protect Intel's interests, especially when involving acquisitions or takeovers?
- How will the SEC respond to dubious corporate activity?
- How aggressively will the IRS audit Intel's tax returns?

Things can get complicated very quickly.

Whether coming from treasury shares or a new limited offering, government ownership will also likely dilute corporate earnings, which isn't in shareholders' interest.

More to the point, US share ownership wasn't the purpose of monies designated to Intel by the 2022 CHIPS and Science Act. Instead of relying on tariffs to shape business decisions, the Biden Administration delivered legislation that relied on grants to promote more on-shoring of critical microchip production.

The reason: there was clear evidence that pandemic-related supply chain disruptions slowed economic recovery. The government wasn't seeking long-term leverage over corporations, which could be what this administration wants. Consider the proposed 15% export taxes the administration plans on levying on Nvidia and Advanced Micro Devices sales to China.

Bottom line: Past government interventions have usually sought to stave off existential threats to key industries that have been triggered by unavoidable external factors. And it often required companies to pay back such assistance—not to offer equity in exchange for it.

Further, this extraordinary aid, which Intel doesn't need after receiving a $2 billion infusion from Softbank, isn't typically rewarded for poor management decisions, which has hobbled the chip maker.

This action resurrects a risk we haven't heard much about since the financial crisis: moral hazard, not just regarding lax corporate decision making, but also in the way in which the government sees its place in corporate management.

How does this relate to hedge funds?

It's another example of how the administration is exerting more influence on how our economy and markets work. In doing so, it's adding investment risks and opportunities, which proven active managers may be able to hedge and exploit.

While too self-serving to be considered independent affirmation of this point, the BlackRock Investment Institute just advised institutional investors to now hold up to five percent of their assets in hedge funds in response to rising uncertainty and market risk. This is the largest hedge fund allocation the Institute has ever recommended..

THE TOP 50

This group continued its steady positive performance ending the first six months up nearly 4 percent. While 2.2 percentage points behind the market, the 50 provided a far less volatile ride as the market fell by a net of 11% during the second quarter.

Managers within the 50 did show significant dispersion. These outliers reveal the value of looking beyond familiar names.

Top Performers

The biggest upside surprise was the outsized returns of a diversified fixed-income manager. **Magnetar Constellation**, the 35th-ranked fund, gained a whopping 36%, which was generated in the final two-months of the first-half.

That's certainly not exemplary of how consistent performers behave. Several allocators have attributed this gain to the firm's exposure to AI cloud service provider and current Wall Street darling CoreWeave, which the manager was an early lender.

According to a May 13 PitchBook article by Michael Bodley, "Magnetar has invested hundreds of millions of dollars into CoreWeave via debt and equity financing, often via convertible notes. Magnetar now owns about 30% of CoreWeave's common stock."

Besides these extraordinary monthly returns, why is this investment such an outlier?

Bodley explains, "Magnetar has rarely, if ever, built up as large an investment stake as it has in CoreWeave, according to people familiar with the firm." This is certainly not a repeatable investment process.

If Magnetar can lock in these gains, it would represent more than three times its historical annualized rate of return since the fund's launch in 2007.

In contrast, the average credit and fixed income manager reporting to BarclayHedge was up less than 3.5% during the first six months of the year.

Top-ranked **Peconic Grandier** had the largest turnaround over the first two quarters. The elder statesman of the Top 50, which launched back in 1986, transformed a -20% loss into a 21% mid-year gain.

The $1.3 billion fund did not respond to requests for comments. But it's not a stretch to imagine that Peconic's CIO, William Harnisch, an old-fashioned long-short stock picker, saw his portfolio smacked by the uncertainty surrounding the first few months of Trump's second term and decided to hold tight, perhaps adding to some beaten down positions.

The third best performing fund in this year's survey was **Wexford Spectrum**. This little known $612 million, 46th-ranked multistrategy fund soared 17.7% through June, far outpacing Citadel Wellington, Millennium, and D.E. Shaw Composite.

Struggling Funds

The 10th-ranked event driven fund, **Beryl Capital** found no relief after getting smacked during the first quarter. The 7.5-year-old manager that's running $730 million had generated average annualized gains of 14.5% through 2024. But it barely improved upon its first quarter loss of -24.6%, having ended the first half still down -23%.

Mudrick Distressed, a perennial member of the Top 50, had an even worse start to the year, being down by more than 25% through March. The 28th-ranked distressed credit manager, which has delivered annualized gains of 11.3% since its launch in 2009, did cut its losses in half, ending June down -12.7%.

This volatile performance has increasingly characterized Mudrick's returns over the past several years. (While Global Investment Report [profiled the fund in last year's survey](), the manager was unavailable for comment.)

Discussions with individuals familiar with the $2 billion fund, however, suggest that pursuit of higher-risk and higher-return idiosyncratic credits may be behind the fund's changing risk profile. This is evident in greater annualized volatility of 16% over the past five years versus the fund's standard deviation of 12.7% since the fund's inception.

The biggest downside surprise was another perennial Top 50 fund. Blue Diamond Non-Directional achieved its highest ranking ever this year at No. 23. The fund's annualized gains over its 13 years has been well over 14%, with a worse drawdown in the single digits.

This impressive Swiss-based statistical arbitrage shop has been closed for a while, content running its $2.5 billion book. But it got uncharacteristically tagged when President Trump announced his tariffs. However, Blue Diamond has cut its losses in half and ended June down -9.3%.

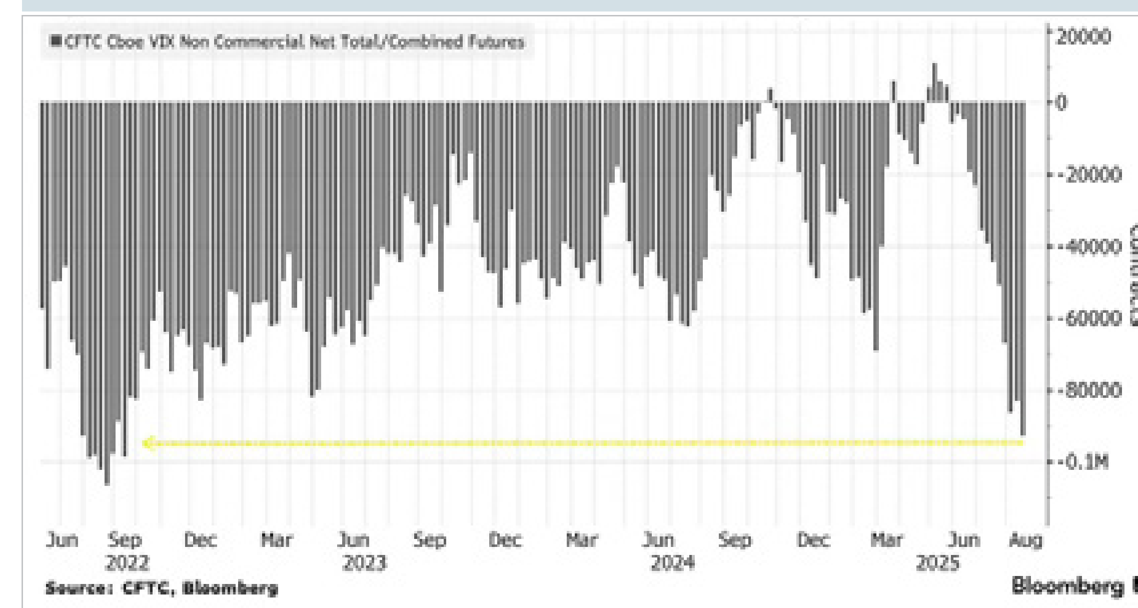
BROAD STRATEGIES

Upside

Looking at hedge funds at a strategy level tells a bit of a different story, but there was some overlap on the downside. See table on p. 6.

With the US dollar weakening and demand growing for emerging market exposure, **EM funds** built on its 2% 1Q25 gains and delivered the best first-half performance of all strategies. The BarclayHedge EM Index rallied 8.4%. That reinforces the theme this survey has been highlighting over the past two reports—there's something compelling about certain EM funds.

SPECULATORS' NET SHORT VIX POSITIONS AT HIGHEST SINCE 2022



No Fear: Though telling only half this investment strategy, low volatility and rising markets are fueling complacency and doubts that something could go wrong.

Soaring nearly 13%, 19th-ranked Enko Africa Debt was the top performer of the seven EM funds in the Top 50 and outpaced the BH strategy average by 4.5 percentage points. Nick White, an associate director at Enko, explained that the fund has continued to profit from attractive net carry opportunities with low duration across the continent, boosted by strengthening local currencies that have benefitted from a falling US dollar.

After getting hit during the first quarter, **Equity Long-Bias** funds rallied to the second-spot as of June with collective gains of over 7%.

Convertible Arbitrage funds had the third-strongest and steadiest returns with half-year gains of nearly 5%, doubling its first-quarter gains.

Downside

Commodity Trading Advisors, which had the second worst returns last year, continued to struggle, down -2.8% through June.

Distressed Securities have seen a more severe reversal from last year when the group had registered the third highest returns in 2024—as evidenced by Mudrick Distressed's performance. This strategy lost -1.5% during the first six months of 2025, cutting its first quarter losses nearly in half by the mid-year mark.

Echoing the troubles of Blue Diamond Non-Directional, **Volatility Traders** turned in the third weakest strategy returns, continuing their struggles from last year when the group claimed the bottom spot. Through June, vol traders managed gains of 1.3%, an improvement over its 1Q loss of -1.2%.

RISKS AND OPPORTUNITIES

Many leading brokerages remain positive for the next 12 months. Having ended August around 6,500, Morgan Stanley's bullish scenario sees the market adding another 10% over the next year, reaching 7,200. Both Citi and Goldman Sachs think another 5% is within reach by mid-2026.

UBS, on the other hand, sees a flat year coming. And HSBC anticipates a 5% selloff.

Common sentiment across allocators I've interviewed paint a slightly different picture, seeing unbridled optimism in equity and credit markets.

To Cedric Dingens, the head of alternative investment solutions at NS Partners in Geneva, bonds and stocks are demonstrating remarkable complacency within the context of all the uncertainty surrounding markets and economies. "It's as if the markets have become desensitized to the risks associated with the daily utterances of the American president and what they could mean for various investments," says Dingens.

Patrick Ghali at Sussex Partners, a London-based hedge fund consultancy, agrees: "I don't get the disconnect between the chaos being constantly generated by the US government and the country's euphoric markets."

Partner and research director at the $347 billion Chicago-based Fiducient Advisors Anthony Novara is concerned about index concentration, which he thinks is typically a sign of the market being in the later-stage of an investment cycle.

Novara also senses investors not being paid very much for credit risk, with publicly-traded investment-grade, distressed, and emerging market debt trading at historically tight spreads over Treasurys. (See graph below.)

"One potential reason behind tighter spreads, even in the high-yield space," posits Novara, "is riskier credits are now being absorbed by private credit shops and are not captured in publicly-traded and reported credit spreads."

He thinks private credit spreads of these more troubled securities are running several hundred basis points greater than public junk bonds, around 550 to 650 bps above SOFR.

These three allocators also see parallels between current market sentiment and that which preceded the Great Recession. But with a key difference.

As Novara explains, "Instead of banks holding risky debt as they have done in the past, they are more frequently being held by private credit shops, and this may mitigate some of the blowback from a material rise in defaults."

Ghali, Dingens, and Novara also see concentrated risks in AI and crypto bubbles that are forming, similar to TMT before the Tech Wreck struck in 2000. Though PEs aren't quite as extreme, the euphoria is similar, reminding Dingens of what Fed Chair Alan Greenspan called, "irrational exuberance."

They know these risks also offer long and short opportunities. Short-term selloffs may present buying opportunities and over the medium term, heavy cap-ex investment in AI may weigh on profitability across many sectors where promised efficiencies aren't realized.

Ghali believes, "Whether enhancing returns or driving losses, AI is teeing up volatility from which certain managers will profit."

Dingens and Ghali have also started rotating away from US exposure where higher tariffs are likely creating more onshore risks than elsewhere.

Sussex is selling off systematic exposure and employing new monies to increase European equity exposure to 15% where equity valuations are not as high and inflation and interest rate risks are lower.

Ghali doesn't think US inflation has been tamed, especially with the effects of US tariffs only starting to be felt during the third and fourth quarters. This shift could extend into 2026 if tariff costs are passed on to customers on a more staggered basis.

A move by the Fed to modestly reduce overnight rates soon, says Ghali, may be short lived if prices continue to rise, setting up a possible stagflation scenario.

Novara reports Fiducient's hedge fund portfolios are maintaining their North American focus, adding modest exposure to European credit and Asian multistrategy.

Despite moderate-term concerns, Dingens expects the current rally to continue through the rest of the year, aided by several Fed cuts amounting to 50 bps. On the back of the post-Liberation Day rally, he has pared back US exposure by 5%, locking in large gains in tech, financials, and energy.

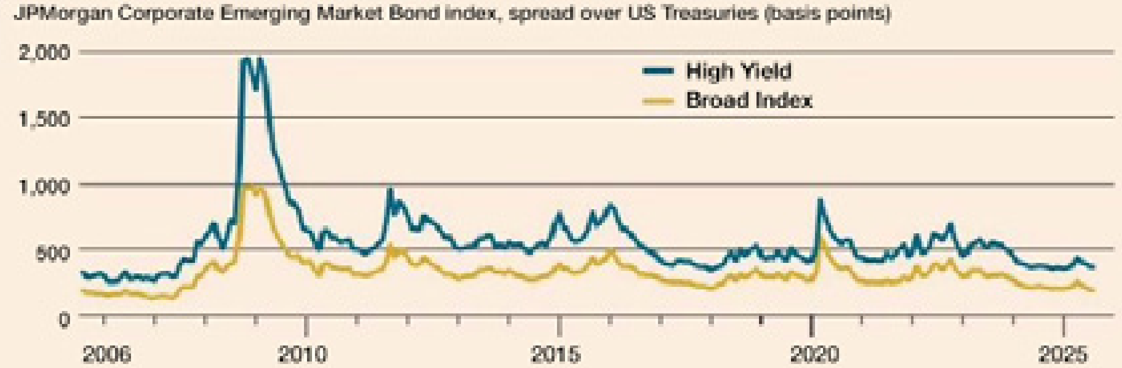
Still, NS Partners retains a 65% US exposure. But half the dollar currency risk is hedged as Dingens expects further devaluation of the Greenback over the medium term. And he has partially shifted to equally-weighted S&P exposure to further diversify his book and gain additional exposure to small-er-cap shares he expects will benefit from likely rate cuts.

He has doubled his European weighting, pushing it up to 20%. And the firm's Asia weighting has been bumped up from 12 to 15% through increased Chinese exposure.

Still, Dingens admits feeling hobbled by a lack of transparency: "We are less certain about what will continue to drive the market beyond its own momentum. This is muddying our conviction and enhancing our belief in proven global macro managers that have helped us sustain consistent performance and reduce portfolio volatility." ▪

Emerging market corporate bond risk has fallen

JPMorgan Corporate Emerging Market Bond index, spread over US Treasuries (basis points)



Sources: Bloomberg, JPMorgan

Memco's Justin Young Q&A Update

Justin looks back at our conversation in April and says that so far, things have been playing out largely as we discussed..

- With many businesses having front-loaded imports to initially sidestep tariffs, imports during the summer are now where they were a year ago, around $350 billion. Tariffs are generating around $30 billion a month in revenue, which is at the lower end of expectations.
- This encourages me to think that when the dust settles, we'll see the average tariff around 10-15%. But China remains the wildcard in this calculus.
- US businesses are currently absorbing most of the costs, and they will be slow to push prices to consumers. But we'll need several quarters to see how things shake out, including renegotiating deals with trading partners.
- Conversations with business owners and earnings calls suggest supply chains are rotating away from China. In response, China is looking to dump excess capacity on lower tariff regions – with Europe's domestic businesses particularly vulnerable.
- While inflation rates have stopped declining, rising prices are not a problem. We may see inflation rise about 50-75bps by the end of the year, which may be fueled by tariff pass throughs and pockets of labor shortages.
- Employment growth has materially slowed, broadly easing wage inflation.
- The stock market has welcomed the tax cut. But equities are now more expensive than they were even before the president announced his tariff plans. Equity allocations remain near all-time highs, sustaining risk to a slowdown.
- After falling during the first half of the year, the dollar seems to have stabilized and doesn't appear to be a source of disruption.
- Treasury yields have come down and overnight rates are likely to fall as we get a more accommodative Fed. However, long yields have not moved very much and the curve has steepened with concerns of longer-term fiscal sustainability.
- AI continues to do its own thing, fueling strong earnings growth. But beyond tech, EPS growth is tepid.

Despite two straight years of 25% returns, the market outpaced the Top 50 hedge funds by just 1 percentage point annually over the trailing five years through 2024. During that time, the Top 50 generated far superior risk-adjusted returns, experiencing half the market's volatility and delivering nearly twice its Sharpe ratio. And through the first quarter of 2025, this group outpaced the market by 4.3%.

Macro, hedged equity, and event driven funds delivered the strongest returns. They were followed by seven emerging market funds with annualized returns averaging 13.5%.

More than 80% of funds that made last year's short list again qualified for the 2025 survey, and the group's average age is more than 16 years—testaments to the group's consistency and longevity.

by Eric Uhlfelder
30 June 2025

HEDGE FUND INVESTING DURING A TIME OF CONTEMPT

Three sharp selloffs since the start of 2020 tell investors how volatile the S&P 500 can be, especially now that the world's largest economy has become a key source of geopolitical, macro, and market uncertainty. These risks spring from the breakdown in the norms and standards of governance across all three branches of the federal government. They are starting to impact the way markets and economies function—here and abroad. Ken Griffin observes, in discussing trade and tariffs, "We've devolved into a nonsensical place." The single most significant force behind this change is contempt for established capitalistic, democratic, and diplomatic systems.

> "Reality cannot be ignored except at a price; and the longer this ignorance persists, the higher and the more terrible becomes the price that must be paid."
>
> - Aldous Huxley

As the market and bonds sold off in April in response to President Trump's announced tariffs, I sat down with Justin Young to discuss economies, geopolitics, and markets. Justin was the well-regarded financial force behind the $40 billion South Carolina Retirement System and is now director of investments at the multi-endowment MEMCO.

Justin brings a sober look past the current noise in describing a larger continuum that's been going on for a while.

His initial thoughts saw a struggle between ideologies and reality. But after considering the matter for a while, he concluded what we're experiencing is a great rebalancing of priorities—the pendulum swinging back to the right. (See the full interview on pp. 21-23.)

Things Change 19 Oct. 2024

That makes sense given populist pushback against declining opportunities at home and globalization, which many folks feel has created an ever-widening wealth divide. In the process, we're seeing a revival of nationalism and desire to return to a time when life was less expensive and the future more hopeful.

As I considered what Justin was saying, I thought back to last year's study, when I sensed growing cognitive dissonance produced by so many conflicting data points. Economist David Rosenberg said, "I have been in the business nearly 40 years and have never before witnessed so many crosscurrents occurring at the same time."

I sense these counterpoints colliding with Justin's great rebalancing theory—supercharged by rising contempt and disregard for process. The result is pushing us well off the normal arc of conservative return.

Big picture: We're seeing growing contempt for the post-World War II order shown by a rising number of extreme Western political parties and specifically in

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Consolidated Top 50 Hedge Fund Performance By Strategy

No. of Funds	Strategy*	5-Year Ann. Returns thru 2024	5-Year Sharpe Ratio thru 2024
3	Macro	19.35	1.76
9	Equity	19.18	1.43
2	Event Driven	14.57	0.80
7	Emerging Markets	13.45	1.07
9	Multistrategy	13.29	2.18
5	Arbitrage **	11.68	1.17
12	Credit and Fixed Income	11.17	1.04
2	Municipal Credit	8.83	1.68
	Top 50 Averages	13.63	1.46
	BarclayHedge Fund Index	6.15	0.44
	S&P 500 Total Return	14.52	0.66

* The one fund that is not included is an asset-based loan strategy
** This category combines statistical, volatility, closed-end fund, convertible, and merger strategies
Source: BarclayHedge and proprietary sources

About This Year's Survey

Global Investment Report's 22nd annual hedge fund survey is a comprehensive independent review of the industry's most consistently performing broad strategy funds.

The Financial Times, *Barron's*, *The Wall Street Journal*, and SALT commissioned 17 previous editions.

This survey tracks various data points over the trailing five years and since inception. Data includes worst drawdown, standard deviation, Sharpe ratio, and market correlation, which together provide a nuanced understanding of performance and risk.

Combining extensive statistical study with commentary from leading industry participants explains the source of consistent long-term performance that only a handful of hedge funds have been able to deliver.

Putin's expansionism. Mass migration and inflation have further fueled electorate contempt towards incumbents.

In the U.S., we're seeing contempt toward traditional conservative values that desire less intrusive government, more free trade, and use of soft power diplomacy to spread our values and standing around the world. This shift away from convention is being fueled by growing populist contempt toward expertise, experience, and compromise.

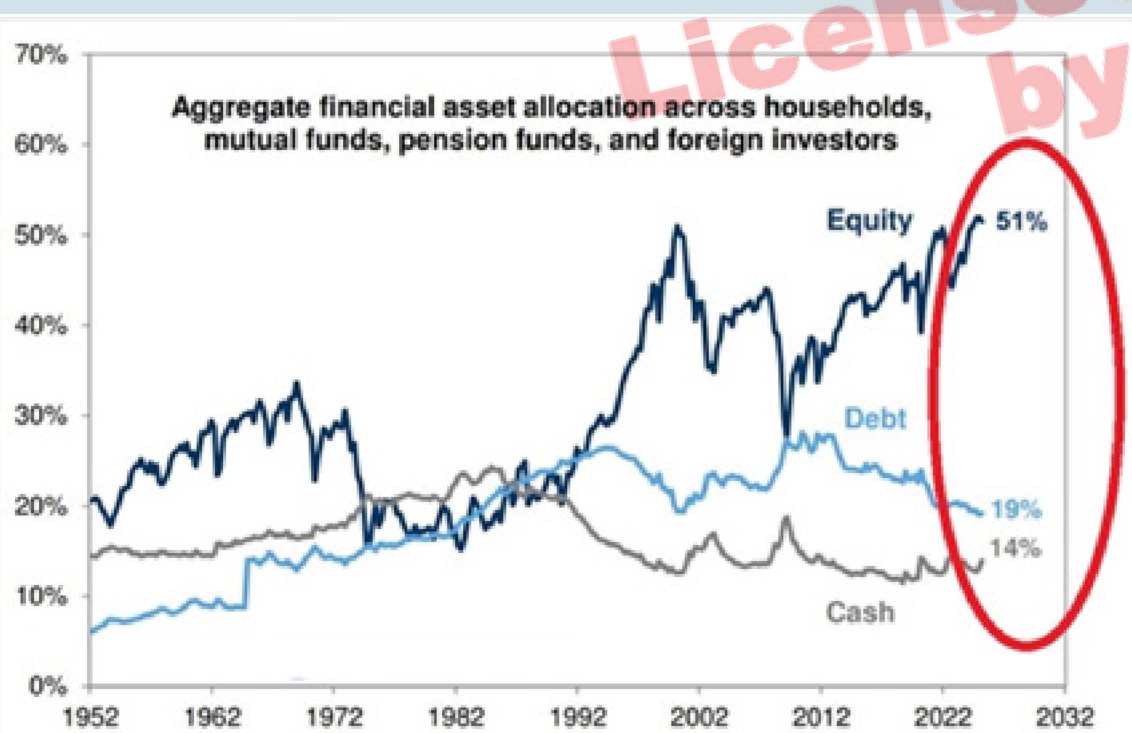
The Supreme Court has been delivering verdicts contemptuous of precedent, even after its newest members told Senators during their confirmation hearings that past High Court rulings made many matters settled law.

These verdicts have included pushing aside constraints on Executive power established after Watergate, curtailing abortion rights, and refusal to acknowledge the logical right of government agencies to apply their expertise in dealing with matters that were only broadly authorized by Congress.

All of this helped usher President Trump back to power and his pursuit of a unilaterally conceived agenda. In the process, the president is displaying contempt towards an independent-minded cabinet, towards robust discussion and decision-making processes, towards Congress (which has disappeared), the Federal Reserve, the judiciary (including the Supreme Court), states' rights, opposition protest, and our allies.

All administrations have casual relationships with the truth. But current Executive leadership, from the Oval Office and cabinet heads to the presidential press secretary, has frequently veered off planet: claiming the U.S. is a victim of global trade, Canada is not a viable sovereign state, measles is not preventable, the president inherited a failing economy, Ukraine is the aggressor, Putin is a victim, and presidential prerogative to start war without any congressional or ally consultation.

INVESTOR ALLOCATION TO EQUITIES AT AN ALL-TIME HIGH



Source: EPFR Goldman Sachs Global Investment Research. As of March 13, 2025.

Why does all this matter?

Despite the remarkable resilience of the U.S. economy to rebound from all sorts of shocks, many businesses are now finding it increasingly difficult to run operations efficiently when certain governing policies are shaped by fiat and alternative facts.

Citadel's Ken Griffin argues, "we've devolved into a nonsensical place," and this is dangerous, especially "with the entire Western world engulfed in a debt crisis."

This is introducing all sorts of unnecessary challenges and stresses.

Early examples: European and Canadian travel to the U.S. has fallen by 20%. In mid-April, Goldman Sachs predicted the potential cost of this shift, coupled with reduced U.S. export sales, might reach $90 billion this year; and China is now buying more oil from Canada at the expense of American producers, potentially costing them $20 billion in 2025. Chip-giant Nvidia is taking a $5.5 billion hit because a sale approved by the Biden administration to China was abruptly cancelled by Trump.

Walmart was called out for announcing it would need to pass on rising costs related to tariffs, which earned it a dressing down from the president who demanded the retailer eat the additional costs. Large importers and manufacturers might be able to digest a portion of the tariffs, but mid-size and smaller

> "The United States is more than just a nation. It's a brand. It's a universal brand, whether it's our culture, our financial strength, our military strength . . . It's like an aspiration for most the world. And we're eroding that brand right now."
>
> **- Ken Griffin, CEO Citadel**

operations will not be able to, potentially threatening their business models.

Apple is facing a 25% tariff on its iPhones if the company continues to make them abroad.

Then there are the billions of dollars in authorized government contracts that have suddenly been pulled from various businesses and universities involving work that was started and, in many cases, completed.

The challenge posed by the country's staggering national debt has been made worse by the new federal budget. By significantly cutting revenue, it's driving debt levels ever higher, likely requiring higher medium- and long-term Treasury yields to finance that debt. The budget will have the same effects on local and state governments, which will be forced to shoulder services dropped by Washington. And in a cynically ironic twist, many populist voters who supported President Trump last November will suffer the most from services and assistance they will lose.

Even more disconcerting, Ken Griffin fears the combination of the global debt crisis combined with suspect US policies are putting, "the credit worthiness of U.S. Treasurys at risk."

Well before stocks started to rebound in May, Justin Young believed market reaction would help tamp down the current chaos and help the U.S. economy and securities reset right side up.

But former *Wall Street Journal* conservative columnist Bret Stephens is not so sure. He thinks that without seismic reconsideration of administration policies, "This will not end well."

But end it will.

This begs two questions: how long will the volatility last and how much damage may be done in the process?

These are just two of the many issues this year's survey will explore in assessing impacts this great rebalancing is having on the economy, markets, and hedge fund investments.

DATA ANALYSIS

Key Trailing 5-Year Results

- S&P 500 TR outperformed the Top 50 by just 89 basis points.
- But the 50 collectively generated superior risk-adjusted returns vs. the S&P 500.
- 5-year Sharpe Ratio of the 50 was 1.46; the market's was 0.66.
- Average market correlation of the 50 was 0.32.
- Macro, hedged equity, and event driven managers outpaced the market.
- Seven emerging market managers made the survey, generating annualized returns of 13.5%.
- Average age of the Top 50 (16.4 years) jumped more than 1 year from the 2024 survey.
- 80% of last year's funds qualified for this year's survey.
- Average fund size jumped considerably from last year, from $3.7 billion to $4.5 billion.
- One quarter of the Top 50 funds were managing less than $1 billion.

The Top 50 funds collectively generated 5-year annualized gains through 2024 of more than 13.6%. That was 89 bps less than the S&P 500. But it was more than double the return of the average hedge fund reported by BarclayHedge.

When looking at risk-adjusted returns (Sharpe ratio) over the same period, the 50 generated vastly superior numbers. The market's was 0.66, and the Top 50's was twice that coming in at 1.46 and nearly three times that of the average hedge fund.

Digging deeper reveals the source of these superior numbers.

The market's standard deviation over the trailing five years averaged over 18%;

SANDGLASS CAPITAL ADVISORS

Outpacing The Crowd

Genna Lozovsky PM

After making the Top 50 last year based on its 5-year trailing performance through 2023, based on data from BarclayHedge, Genna Lozovsky's Sandglass Capital's flagship strategy then rallied nearly 40% in 2024. That was the strongest performance of all funds on this short list, which included the likes of Citadel, DE Shaw, Millenium, Point72, and AQR.

With BarclayHedge reporting 5-year trailing returns of 17% through 2024, this boosted the strategy's ranking from No. 33 to No. 13.

But what made the strategy's returns noteworthy was that they were generated in emerging markets.

Those following this survey know a leading story has been the increasing presence of EM managers in the Top 50, an achievement we highlighted in our EM webinar that featured Lozovsky.

The key drivers of Sandglass' 2024 returns included gains from fiscal reforms in Argentina, Ecuador, and Pakistan; sovereign restructurings in Ukraine, Ghana, and Sri Lanka; and event-driven corporate opportunities in Eastern Europe and across Latin America.

Though last year's gain was many times greater than the firm's annualized returns, the PM doesn't anticipate mean reversion for several reasons. One, Lozovsky actively rotates his event-driven book with trades that are realized within a year or less; two, rising volatility and higher dispersion is creating greater opportunities; and three, global growth prospects remain resilient, despite uncertainty surrounding US economic trade policies.

"The basic risks associated with the administration's approach to global trade," he explains, "is that instead of relying on compromise, it's grounded in trial and error." This drives uncertainty.

As the government navigates through its changing policy, it appears to be promoting the dollar's decline. Lozovsky believes this will likely increase the value of local EM currencies, lower their debt costs, and likely promote investment opportunities.

Backstory

Born in Ukraine and raised in the United States, Lozovsky developed an early interest in emerging markets while studying under the late Nobel Laureate economics professor Robert Lucas at the University of Chicago in the early 1990s.

Lucas questioned why capital flows into emerging markets had been so muted, despite offering opportunities for much higher returns than developed markets. The red flags, of course, had been weak legal infrastructure, capital repatriation concerns, and unstable governments, which had kept many investors away.

But things were beginning to systematically change while Lozovsky was at university, with many emerging markets being reshaped by the fall of centrally planned economies in Eastern Europe, the Soviet Union, and China, accompanied by a dramatic need of foreign capital inflows. This piqued Lozovsky's interest in figuring out how to navigate the risks that remained extant while exploiting the attractive upside potential.

For many years, he managed private equity, credit, and distressed investments for several global emerging market firms before launching Sandglass in 2013 with his co-founder, Michelle Kelner.

The firm's investment approach: pursue a repeatable strategy built on engagement with multiple local decision-makers to uncover overlooked, under-researched EM sovereign and corporate opportunities.

Lozovsky targets deeply discounted hard-currency denominated issues that will likely benefit from near-term recovery events. And he hedges many systemic risks: interest rate, FX, commodities, and equity-risk premia.

Sandglass never uses leverage, minimizes concentration in similar risk assets, and focuses largely on liquid securities. The strategy regularly harvests profits when near-term upside is realized, the investment thesis has changed, or when better opportunities avail themselves.

While Sandglass is largely a long-biased credit-focused firm, it adds opportunistic exposure in equity, macro, and alpha-short positions.

The firm's geographical investment reach extends from Latin America, Africa, and the Middle East to Eastern Europe and South Asia. Lozovsky deliberately avoids China because of its excessively competitive landscape, opacity, and regulatory irregularities.

continued on p.7

the Top 50's was 9.8%. The average hedge fund's volatility was 8.2%.

The market's worst drawdown over this time was nearly -24%, when the pandemic initially hit in 2020. But the Top 50's average worst drawdown was -11.6%. The average hedge fund held up slightly better.

The Top 50's correlation to the market was 0.32. BarclayHedge, meanwhile, reported the average hedge fund had a market correlation of 0.91.

Looking at the average historical performance of the Top 50, over an average of 16-plus years, tells the same story of superior risk-adjusted returns.

Past performance doesn't ensure anything. But when management teams and strategy execution don't change, long-term consistency can be a pretty good indicator of an effective and repeatable investment process. And when that process has delivered attractive gains regardless of what the market is doing, then maybe that's something worth looking for.

This was the conclusion of a white paper I wrote with Ben Crawford, head of research at BarclayHedge, entitled Challenging Convention.

HEDGE FUND STRATEGY PERFORMANCE THRU DECEMBER 2025

Ranked by 2024 Net Returns

Strategy	2025 Net Returns	2024 Net Returns	3-Year Net Annualized Net Returns (%) thru 2024	5-Year Annualized Net Returns (%) thru 2024	10-Year Annualized Net Returns (%) thru 2024
Equity Long Bias	17.92	14.94	4.36	9.13	6.79
Collateralized Debt Obligations	3.59	13.88	6.16	6.02	6.69
Distressed Securities	3.12	12.23	2.29	7.82	4.82
Equity Market Neutral	8.46	12.13	6.86	5.41	3.31
Asset-Backed Securities	3.45	11.44	7.03	5.16	6.34
Fixed-Income Arbitrage	7.98	11.42	5.90	5.79	4.39
Emerging Markets	20.01	10.34	1.06	4.41	4.67
Convertible Arbitrage	10.92	9.52	4.21	6.97	5.07
Global Macro	12.36	9.20	6.84	7.87	4.88
Equity Long/Short	13.96	9.15	5.16	7.05	5.09
Asset-Backed Loans	6.28	7.90	6.36	7.06	5.63
Event Driven	8.23	7.40	3.16	6.50	5.29
Mortgage-Backed Securities	6.83	7.15	2.27	1.88	2.15
Multistrategy	10.42	6.54	2.26	4.15	3.22
Fixed-Income Diversified	7.58	6.01	1.51	1.85	2.14
Credit Long/Short	5.54	4.91	1.87	2.21	2.03
Credit Long-Only	4.69	4.52	-0.81	0.09	1.59
Merger Arbitrage	7.38	4.45	3.31	5.33	5.26
Commodity Trading Advisers	3.18	3.45	3.35	4.10	2.01
Volatility Trading	4.56	3.01	1.79	5.52	2.48
Top 50 Average	11.17	15.16	11.92	13.62	NA
Backstop BarclayHedge Index	12.55	9.68	3.23	6.15	5.17
S&P 500 Total Return Index	17.95	25.02	8.93	14.52	13.10
JPMorgan Global Gov't Bond Index	2.65	0.15	-3.16	-1.35	0.56

Source: Backstop BarclayHedge

Size

Another key finding of this survey is that steady consistent performance comes in all fund sizes. It's not the exclusive realm of the industry's largest and best-known managers.

Only 8 funds that made the survey were running more than $5 billion: Citadel, D.E. Shaw, Point72, Millennium, GoldenTree, Verition, Hudson Bay, and Drawbridge.

This was the same number of Top 50 funds managing less than $750 million, and 12 funds in all were running less than $1 billion. Especially noteworthy was the average age of these 12: more than 11 years, suggesting that these consistently performing funds prioritized performance over asset gathering.

Few of these smaller funds are familiar names. But they've been regularly represented in this survey. Interviews of these managers reveal their funds' smaller size enables them to target a greater range of investment opportunities than larger funds that need to focus on bigger investments to move their needles.

Large funds can certainly benefit from greater research capacity and construction of more attractive investment deals. But smaller managers have an edge in finding opportunities in undersized and under-researched companies.

Leaders

Of the top ten funds with the highest 5-year annualized returns through 2024, six were equity strategies. All were managing less

Sandglass continued from p. 5

Investment Examples

A country at war is not normally an investment opportunity. But the manager thought differently after Russia invaded his birthplace in late February 2022.

"Toward the end of 2022, when it had become evident Russia would not destroy Ukrainian sovereignty," observed Lozovsky, "we capitalized on our knowledge of corporate issuers in essential industries, including telecom, infrastructure, and heavy industry. These companies had little debt, were determined to remain current on debt performance, and had adapted their businesses to wartime conditions."

Hard-currency bonds of corporate issuers were trading at extremely distressed levels, some between 15 and 35 cents on the dollar, while still paying their 7-9% coupons.

After speaking with local company management and various international authorities involved in supporting Ukraine, Lozovsky's team invested. And within a year, these bonds had appreciated by 2.5 to 3.5 times.

Soon after Sandglass closed this trade, the firm began studying Egyptian finances in 2023. It saw an overvalued currency, a deeply negative net foreign asset balance, and acute financing needs.

Then October 7th happened.

Egypt was seen as a bulwark against the risk of growing regional instability. The Gulf Corporation Council, IMF, US, and Europe aligned their strategies to stabilize Egypt's economic position to prevent regional disorder.

Sandglass met with Egyptian officials in London and Cairo to gauge the government's plans and with the IMF to understand its program goals.

In early February 2024, Lozovsky established a long position in medium- and long-term dollar sovereign Egyptian bonds. The largest position, maturing in 2047, was trading at 63 cents on the dollar, with an implied yield of around 14%.

One month later, Egypt's partners announced economic support packages in conjunction with Cairo's decision to sharply devalue the pound against the dollar. Sandglass' bonds climbed to 81 and the manager sold, realizing a 29% profit within a month.

Performance

According to BarclayHedge, these kinds of investments have helped Sandglass more than quadruple the returns of the BarclayHedge Emerging Market Index over the past 5 years and to even top the S&P 500 over that period by 2.5 percentage points annually—with less volatility than the market.

A telling indicator of the firm's accomplishments is that nearly 40% of firm assets under management belong to cautious endowments and foundations, according to co-founder Michelle Kelner. About the same amount is owned by wealth managers, OCIOs, and fund of funds.

This kind of institutional recognition has helped the firm steadily grow with strategy and firm assets approaching $500 million and $650 million, respectively. And recognizing capital constraints essential to sustain performance, Kelner anticipates the flagship strategy to soft close by the end of the year.

Less than one-third of the time, the team's investment themes don't work out. One recent example: in late 2024, after a long period of structural pessimism about Turkey, the manager believed the country was returning to monetary policy orthodoxy, which would bring rapid disinflation. Having previously profited from positive changes in undervalued Greek and Argentine banks, Lozovsky saw a similar opportunity evolving.

Turkish bank equities appeared cheap, and the manager believed disinflation would result in lower interest rates and rapid loan growth. At the end of 2024, the strategy invested in two of Turkey's premier lenders, Garanti Bank and AkBank.

But in March 2025, President Erdogan arrested his main political opponent, Istanbul's mayor Ekrem İmamoğlu. This triggered a sharp sell-off of lira assets, and a $50 billion drawdown in Turkey's currency reserves.

This challenged the central bank's strong lira policy and meant that rate cuts would be delayed. Bank stocks tumbled and Sandglass lost 16%.

"Correctly assessing Turkish political and economic risk has been a frequent source of profit for us," says Lozovsky, "but not this time. We immediately divested, and swapped into short-dated local lira bonds, which are working well to recover our losses."

Outlook

Noting the adage that when the US sniffles, the rest of the world catches cold, Lozovsky is concerned about an ostensible disconnect: tariff uncertainties and excessive deficits amplifying US cyclical and structural risks while global asset prices remain robust.

He acknowledges the remarkable resilience of the US economy. But if the economy does weaken, he expects Fed Chairman Powell to cut rates.

Overall, Lozovsky remains constructive on emerging markets. He believes, "continued dispersion and volatility coupled with the likelihood of lower interest rates and a weaker dollar should fuel EM growth and the prospects of finding more attractive opportunities."

than $1.8 billion and four were running less than $1.2 billion.

The hedged equity fund that grabbed the top spot for the second straight year is the oldest fund in the survey.

The roots of **New York-based Peconic Grenadier** date back to when Ronald Reagan was president, having been launched in July 1986 by Forstmann-Leff & Associates. It was then spun out as a stand-alone entity in 2004 and led by William Harnisch, who remains the fund's CIO.

It has generated annualized returns of 27.1% since the beginning of 2020, outpacing the market by 12.6% annually. And since inception, the fund has turned in annualized gains of more than 11%.

The $1.3 billion fund quietly goes about its business without much celebrity. It feels like an old-school hedged equity shop that relies on a small team to suss out the most compelling growth and value opportunities primarily in the US. It then transforms its research into a short list of high-conviction long trades, with risk managed through selective hedging.

This tends to produce a net long position around +35%, but that figure ranges between 0% and +50%.

Even the outbreak of the pandemic didn't slow down performance. After declining just -12% when the market went into free fall during the early months of 2020, the fund ended the year up 44%.

In 2022, when funds and the market tanked, Peconic gained 19.6%.

The fund's worst 5-year drawdown over the past 5 years, -20.6%, occurred between July and October of 2023, when industrials sold off and the market corrected by -5%. The fund still ended the year up 23.5%.

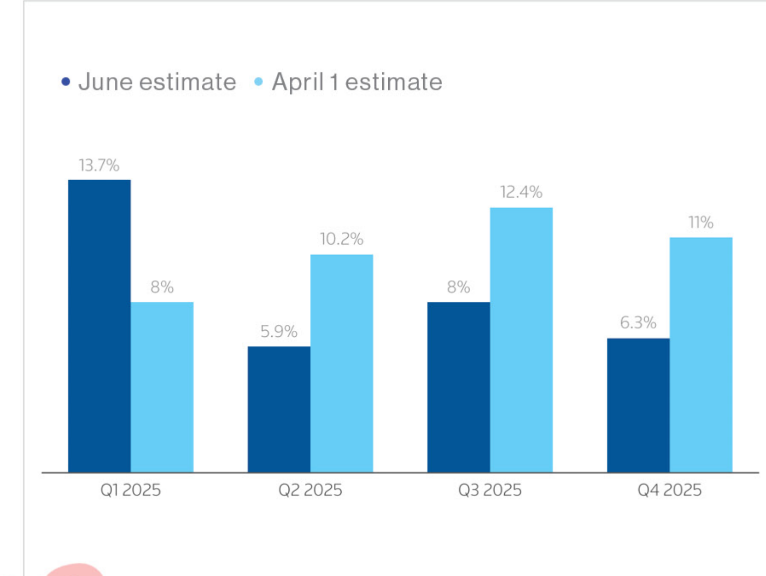
Peconic's torrid performance accounts for a good deal of its volatility of 22%. But it still was able to generate a 5-year Sharpe ratio of 1.12. The fund's correlation with the market over this time was just under 0.42.

Toronto-based Anson Investments is the only hedged equity fund that has made the Top 50 survey every year since the current methodology was established in 2019 for the edition published by *The Wall Street Journal*. With ranking determined by the highest trailing 5-year annualized returns, that means Anson has one of the leading performance records dating back to 2014. (See sidebar on The Rare 11 on pp. 25-26.)

Each year since 2019, the fund has seen its ranking increase. It became the second-ranked fund in this year's survey with annualized returns of more than 24% since January 2020, a Sharpe ratio of 1.8, and a worse drawdown of less than -5.4%. (See Anson's profile on pp. 28.)

Led by CIO Moez Kassam and CEO Amin Nathoo, the multi-manager fund makes a variety of idiosyncratic

DECLINING US EARNINGS GROWTH RATES



Note: Year-over-year change
By: Lewis Krauskopf • Source: LSEG IBES
S&P 500 earnings projections in 2025

"We have the impression that there's a serious disconnect between what the current US administration sees as reality and what reality actually is. This reflects more than the president's thinking about economics and markets. There appears to be no serious assessment about problems and solutions--a lack of robust methodology that's driving his policies."

- Cédric Dingens,
Head of Investment Solutions & Institutional Clients, NS Partners

2025 SURVEY OF THE MOST CONSISTENTLY PERFORMING HEDGE FUNDS†

GLOBAL INVESTMENT REPORT

HISTORICAL RANKINGS† '20	'21	'22	'23	'24	Fund Name	Launch Date	Strategy	Fund / Firm Assets ($ Million)	2020 Net Returns (Hurdle: 4.5%)	2021 Net Returns (Hurdle: 4.5%)	2022 Net Returns (Hurdle: -5%)	2023 Net Returns (Hurdle: 5.75%)	2024 Net Returns (Hurdle: 6%)	2025 Net Returns	3-Year Annualized Net Returns (%) Thru 2024	5-Year Annualized Net Returns (%) Thru 2024	Annualized Net Returns (%) since inception Thru 2024	Worst Draw Down (%) Last 5 Yrs Thru 2024	Worst Draw Down (%) since Inception Thru 2024	5-Year Annualized Standard Deviation Thru 2024	Annualized Standard Deviation since Inception Thru 2024	5-Year Sharpe Ratio Thru 2024	Sharpe Ratio since Inception Thru 2024	5-YearFund Correlation versus S&P 500 TR Thru 2024
NA	NA	NA	1	1	Peconic Grenadier (New York)	Jul-86	Equity Long/Short	1,302 / 1,302	43.69	34.21	19.56	23.54	16.63	44.80	19.88	27.14	11.37	-20.64	-47.64	21.98	19.05	1.12	0.46	0.42
26	10	5	5	2	Anson Investments Master (Toronto)	Jul-07	Equity Long/Short	1,212 / 1,915	44.51	45.50	7.58	18.22	10.01	21.20	11.85	24.09	15.12	-5.36	-18.68	11.88	10.44	1.80	1.23	0.16
19	13	3	3	3	Citadel Wellington (Miami)	Nov-90	Multistrategy	52,330 / 65,000	24.51	26.58	38.22	15.28	15.21	10.20	22.44	23.66	19.46	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	4	4	Cooper Creek Partners (New York) *	Nov-08	Equity Long/Short	1,057 / 1,057	21.16	22.68	42.68	10.00	14.03	-26.52	21.41	21.53	11.03	-7.30	-22.12	11.37	11.22	1.67	0.88	-0.02
23	19	9	7	5	Citadel Tactical Trading (Miami)	Jan-08	Quantitative Equity	1,840 / 65,000	20.24	21.55	26.58	14.92	22.48	18.60	21.23	21.10	20.41	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	9	6	AQR Helix -- Alt. Trends Composite (Greenwich, CT) **	Jan-18	Quantitative Macro	2,454 / 132,500	20.75	6.91	49.12	14.03	17.92	18.58	26.09	20.95	15.56	-11.09	-15.41	12.29	12.47	1.50	1.06	-0.27
NA	NA	14	15	7	DE Shaw Oculus (New York) ***	Mar-00	Global Macro	13,100 / 65,000	25.02	15.19	20.30	7.73	36.34	28.20	20.85	20.54	13.49	-9.70	-9.70	8.92	8.39	2.02	1.41	-0.09
NA	9	8	8	8	Voss Capital Value Master LP (Houston)	Oct-11	Equity Long/Short	337 / 889	23.84	39.30	1.11	19.20	19.98	-3.61	13.08	20.06	18.30	-21.20	-21.20	24.50	17.46	0.72	0.97	0.76
NA	NA	NA	2	9	Engine Capital LP (New York)	Jul-13	Equity Long-Bias	1,069 / 1,069	25.77	32.58	6.58	15.48	15.21	5.67	12.34	18.78	14.98	-18.96	-19.28	14.30	13.23	1.14	1.01	0.73
NA	NA	NA	11	10	Beryl Capital Partners (Redondo Beach, CA)	Jan-17	Event Driven	730 / 730	20.40	35.77	1.42	15.32	23.62	-15.33	13.07	18.77	14.48	-26.00	-26.00	25.65	20.68	0.63	0.59	0.37
					BarclayHedge Hedge Fund Index	NA		NA / NA	11.14	10.22	-8.22	9.27	9.68	12.38	3.23	6.15	7.73	-11.90	24.09	8.17	7.04	0.44	0.79	0.91
					S&P 500 Total Return Index	NA		NA / NA	18.40	28.72	-18.14	26.29	25.02	17.95	8.93	14.52	12.07	-23.89	-50.95	18.06	15.19	0.66	0.53	1.00

† Ranked by trailing 5-year net annualized returns thru 2024.
* Cooper Creek annualized returns since inception are through January 2025. ** AQR firm assets were as of August 2024.
*** DE Shaw Oculus and Composite historical performance and risk metrics since inception are through February 2025.
NA = Performance data was not available or fund did not qualify for inclusion.

> "We're entering a uniquely dangerous period of world history on par with the 1930s and the early Cold War."
>
> - Eurasia Group

investments, mostly in the US and Canada, that range from traditional activist longs and opportunistic shorts to SPACs and structured financing in which Anson makes short-term investments into smaller-cap stocks that it can profitably sell after the deals close.

Ken Griffin's flagship multistrategy fund Citadel Wellington took the No. 3 spot in the survey for the third straight year with trailing 5-year annualized returns of 23.7%.

Powering this performance were three consecutive extraordinary years starting when COVID struck in 2020 and the fund generated gains of 24.5%, This was followed by returns of 26.6% and 38.2%. Since the fund was launched in 1990, Citadel has delivered annualized returns of 19.5%, making it among the strongest long-term performing funds.

Perennially, the Top 10 funds tend to experience the most turnover of any portion of the survey. I caution readers not to chase after the highest returns. These higher numbers are often difficult to sustain and can be associated with larger risk taking than funds that generate more modest returns.

But that wasn't the case this year. All of the 2025 Top 10 ranked within the top 15 funds in last year's survey. And all but one increased its ranking. New York-based Engine Capital, an equity long-bias fund, saw its ranking decline from No. 2 to No. 9. But that wasn't due to declining performance, which was up more than 15.2% in 2024. The lower ranking was due to elimination of its remarkable 2019 performance in calculating 5-years returns. That year, Engine soared nearly 52%.

STRATEGIES: A TOP-DOWN LOOK

BarclayHedge tracks 20 different strategies ranging from hedged equity and credit, event driven, to various types of arbitrage, asset-backed loans and municipal credit. "While data provides a broad sense of how individual strat-

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NA	NA	NA	NA	11	FIM MENA Horizon (Dubai, UAE)	Jun-10	Emerging Markets MENA - Equity-Long Only	2,094 / 3,805	8.83	38.69	7.76	24.98	13.94	-0.18	15.35	18.29	13.97	-26.23	-28.09	17.52	13.79	0.90	0.92	0.50
30	23	11	13	12	DE Shaw Composite (New York) ***	Mar-01	Multistrategy	26,800 / 65,000	19.14	18.35	23.99	9.78	18.08	18.50	17.14	17.78	12.59	NA	-17.38	3.61	5.36	4.22	2.03	0.10
NA	NA	NA	33	13	Sandglass Opportunity LP Class D (London)	Feb-13	Emerging Market Credit ex China	409 / 570	9.46	16.25	-2.20	25.98	39.81	12.24	19.87	16.99	11.25	-19.90	-19.98	14.09	10.85	1.03	0.90	0.56
NA	NA	NA	NA	14	MW Market Neutral TOPS A USD (London)	Nov-07	Equity Market Neutral	4,393 / 69,000	14.23	23.73	15.63	7.67	22.74	19.34	15.18	16.65	9.97	-3.50	-15.99	5.73	6.37	2.46	1.38	0.16
32	34	16	16	15	Citadel Global Fixed Income (Miami)	Aug-12	Macro/Fixed Income	3,500 / 65,000	17.53	12.97	33.15	10.97	9.89	9.40	17.53	16.59	11.86	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	16	Napier Park Eton (London) ****	Aug-10	Credit Long/Short	1,168 / 21,800	28.90	15.73	1.82	18.08	18.44	2.54	12.50	16.26	14.47	-23.74	-23.84	15.81	11.05	0.91	NA	0.44
NA	NA	NA	10	17	Greenlight Capital (New York)	May-96	Equity Long/Short Value	3,700 / 3,700	5.20	11.90	36.60	22.10	7.30	9.00	21.35	16.04	12.90	NA	-34.00	17.60	13.10	NA	0.90	0.21
NA	NA	NA	21	18	Context Partners LP (La Jolla, CA & Greenwich, CT)	Jan-11	Convertible Arbitrage/RV	2,349 / 2,349	34.66	15.33	0.20	10.99	21.05	21.15	10.42	15.89	11.47	-7.29	-7.29	7.39	5.39	1.81	1.88	0.31
NA	18	18	18	19	Enko Africa Debt B (London)	Oct-16	African Macro/ Fixed-Income RV	754 / 850	25.24	9.42	1.03	16.37	27.28	35.66	14.39	15.45	15.36	-21.19	-21.19	13.67	10.77	0.97	1.23	0.27
36	28	19	19	20	Millennium USA LP (New York)	Jan-90	Multistrategy/ Credit Rel. Value	22,797 / 59,634	25.28	13.43	12.47	10.03	15.05	10.42	12.50	15.13	13.67	-0.64	-7.01	3.52	4.16	3.58	2.65	0.07
					BarclayHedge Hedge Fund Index	NA		NA / NA	11.14	10.22	-8.22	9.27	9.68	12.38	3.23	6.15	7.73	-11.90	24.09	8.17	7.04	0.44	0.79	0.91
					S&P 500 Total Return Index	NA		NA / NA	18.40	28.72	-18.14	26.29	25.02	17.95	8.93	14.52	12.07	-23.89	-50.95	18.06	15.19	0.66	0.53	1.00

*** DE Shaw Composite and Oculus historical performance and risk metrics since inception are through February 2025.

**** Napier Park Global Capital firm assets were as of June 2024.

NA = Performance data was not available or fund did not qualify for inclusion.

egies have been performing over time," explains Ben Crawford, head of research at the alternative database, "they mask wide dispersion of fund performance within each strategy." (See Strategy table on p. 6.)

Another shortcoming of most databases: many of the largest and most exclusive hedge funds, including all the various strategies managed by Citadel, D.E. Shaw, and Point72, don't report to them. In contrast, the Top 50 includes 6 funds from this group, helping to better identify the most consistent strategies.

Broad View

Over the past several years, we've seen a material contraction in the performance spread between top-performing and worst-performing strategies.

In 2022, when inflation and global interest rates took off, shocking markets and investors, that performance breadth extended beyond 20 percentage points. On the top, Commodity Trading Advisors gained more than 7.1%, while emerging markets fell the most, down -13.9%.

In 2023, the spread shrunk a bit to 15.5 percentage points, with equity long-bias having taken the pole position up 15% while CTAs saw a complete reversal of fortune, registering the weakest returns, down -0.4%.

And last year, the differential was under 12 percentage points. Equity long-bias again took the top spot, with average gains of 14.9%, and volatility trading came in last, up 3%.

Collateralized debt obligations retained the second spot in 2024 with gains of 13.9%. But the big mover was distressed securities. That strategy rallied from 19th spot in 2023, when it was up just 2.1%, to 3rd place in 2024, when it gained 12.2%.

Convertible arbitrage and global macro made considerable leaps. The former improved from 17th (4.7%) to 8th (9.5%); the latter from 15th (4.9%) to 9th (9.2%).

Losing the most ground in 2024 were strategies that are well represented in this year's Top 50 with 12 credit and fixed income funds having made the cut. They collectively gained 14.7% last year.

But when looking across the industry, credit long-short fell from 7th place (7.3%) to 16th (4.9%) and fixed-income diversified sank from 6th (8.5%) to 15th (6%).

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4	8	13	17	21	Millstreet Credit (Boston)	Jun-10	Credit Long/Short	3,938 / 3,938	21.38	20.42	4.84	14.23	12.54	9.65	10.46	14.52	12.04	-4.39	-33.26	4.91	7.76	2.44	1.39	0.47
NA	NA	NA	25	22	Point72 (Stamford, CT) ^	Feb-18	Multistrategy	NA / 35,200	17.55	9.19	10.29	10.53	18.60	17.50	13.07	13.16	11.40	NA	-23.28	NA	7.87	NA	1.27	NA
43	46	27	28	23	Blue Diamond Non-Directional (Pfaffikon, Switz.)	Oct-11	Statistical Arbitrage	2,479 / 2,479	11.81	16.36	5.98	19.69	11.85	2.79	12.37	13.04	14.33	-4.95	-9.71	7.95	10.25	1.32	1.26	0.44
NA	NA	NA	24	24	Glazer Enhanced Offshore Ltd (New York)	Aug-10	Merger Arbitrage	1,710 / 1,926	37.67	10.87	3.52	6.69	8.22	11.28	6.12	12.77	9.07	-9.01	-9.01	10.39	6.41	1.09	1.20	0.42
NA	NA	NA	27	25	GoldenTree Master Select (New York) ^^	Jul-00	Fixed Income Relative Value	14,000 / 57,000	11.35	21.66	1.62	15.00	13.93	8.76	10.01	12.52	9.05	-15.31	-15.31	9.44	6.79	1.06	1.12	0.68
NA	NA	NA	23	26	Verition Multistrategy Composite (Stamford, CT) ^	Mar-08	Multistrategy	11,600 / 11,600	30.41	8.60	5.57	8.19	11.16	7.50	8.28	12.45	12.76	NA	-7.89	NA	5.48	NA	2.11	NA
NA	NA	NA	NA	27	BlueBay Emerging Market Credit Alpha (London)	Nov-11	Emerging Markets Credit Long/Short	540 / 484,709	11.05	5.34	7.06	18.16	21.14	9.18	15.29	12.38	9.11	-16.23	-16.23	11.94	8.90	0.82	0.87	0.59
11	25	26	34	28	Mudrick Distressed Opp. (New York)	Jul-09	Distressed Credit	2,000 / 4,000	11.16	7.94	0.65	11.43	32.01	-24.38	13.97	12.17	11.33	-19.50	-31.48	16.04	12.68	0.53	0.77	0.15
28	16	29	31	29	FengHe Asia Fund Ltd (Singapore)	Dec-12	Asian Emerging Markets	3,847 / 4,618	19.10	27.20	-4.82	9.20	10.34	27.33	4.68	11.68	12.98	-11.50	-11.50	10.53	10.54	0.87	1.06	0.61
NA	NA	NA	NA	30	BlueBay Event Driven Credit Ltd (London)	Dec-09	Credit Long/Short	550 / 484,709	10.09	15.96	15.15	10.20	6.13	8.00	10.43	11.45	9.32	-13.51	-13.51	8.67	7.30	1.19	1.22	0.34
					BarclayHedge Hedge Fund Index	NA		NA / NA	11.14	10.22	-8.22	9.27	9.68	12.38	3.23	6.15	7.73	-11.90	24.09	8.17	7.04	0.44	0.79	0.91
					S&P 500 Total Return Index	NA		NA / NA	18.40	28.72	-18.14	26.29	25.02	17.95	8.93	14.52	12.07	-23.89	-50.95	18.06	15.19	0.66	0.53	1.00

^ Point72 and Verition net annualized returns and Sharpe Ratio are thru February 2025. ^^ GoldenTree firm assets were as of March 2025.
NA = Performance data was not available or fund did not qualify for inclusion.

The one strategy that continues to surprise on the upside is emerging markets. As a group, EM funds have risen from the nadir of 2022 (-13.9%) to the 5th spot in 2023 (8.6%), easing slightly in 2024 to no. 7 despite improving returns that topped 10.3%.

Seven EM funds made the Top 50 this year, helped by having registered the largest returns of all strategies in the survey of nearly 21% in 2024. Two of these EM funds are profiled in this year's survey: 13th-ranked Sandglass Opportunity (see profile p. 5) and 27th-ranked BlueBay Emerging Market Credit Alpha (see profile pp. 35-36).

Top 50 Leading Strategies

Across the Top 50, global macro, hedged equity, event driven, and emerging markets generated the strongest 5-year annualized returns, accounting for more than 40% of the funds in the survey.

Equity

Nine equity funds collectively returned more than 19.2% annualized over the past five years. That was more than 12 and 10 percentage points greater than the returns of the average hedged equity and equity long-bias funds, respectively, according to BarclayHedge.

These 9 funds experienced high volatility of 13.4%. However, much of it was on the upside, which generated an impressive Sharpe ratio of 1.43 and a low market correlation of 0.31.

The three top-performing funds are all smaller running less than $1.3 billion. But the most curious feature of their performance over the past five years—which was arguably among the most volatile 5-year stretch since the dot com crash—is that during that time, two of the three generated twice their historical rate of return. The third outpaced its historical annualized returns by 66%.

Peconic Grenadier (No. 1), managing $1.3 billion, was the best of the lot, not just within the equity space but across the entire Top 50, having returned more than 27.1%

> "In responding to a changing investment environment, we seek to be more responsive to conditions, rather than trying to be predictive."
>
> **- Moez Kassam, CIO Anson Investments**

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NA	NA	NA	35	31	Palmer Square Opportunistic Credit LP Class A (Mission Woods, KS)	May-12	Opportunistic Credit	762 / 33,209	10.69	14.53	2.01	16.65	13.66	7.72	10.59	11.39	9.51	-23.36	-27.39	12.09	9.82	0.76	0.83	0.49
NA	NA	NA	32	32	Bay Point Capital Partners II LP (Atlanta)	Jul-18	Asset-Backed Loans	683 / 813	7.76	12.87	13.47	10.95	10.56	9.78	11.65	11.10	10.60	-0.87	-0.87	1.50	1.39	5.73	5.90	0.27
NA	NA	NA	NA	33	Caius Capital Class A (London)	Sep-16	Distressed Credit	1,241 / 1,378	8.82	18.51	9.48	7.63	9.23	7.90	8.79	10.67	11.64	-11.23	-11.23	11.48	10.04	0.71	0.95	0.31
NA	26	28	29	34	Whitehaven Credit Opportu-nites Master (New York)	Dec-09	Municipal Credit Opportunities	1,325 / 1,354	28.15	7.40	5.52	6.88	6.64	3.54	6.34	10.60	9.70	-1.45	-1.75	3.54	3.36	2.28	2.36	0.06
NA	NA	NA	45	35	Magnetar Constellation Ltd (Evanston, IL)	Mar-07	Diversified Fixed Income	1,906 / 19,000	18.61	13.53	-3.81	8.97	17.11	17.91	7.07	10.57	10.93	-13.30	-13.30	10.36	8.28	0.78	1.16	0.36
NA	NA	NA	NA	36	Kite Lake Special Opportunities (London)	Jan-11	Event Driven	2,400 / 2,400	5.70	10.54	14.38	10.81	10.51	17.93	11.89	10.36	8.69	-9.49	-9.49	8.18	6.50	0.96	NA	0.52
NA	NA	NA	37	37	Waha Emerging Markets Credit SP (A) (Abu Dhabi, UAE)	Jan-12	Emerging Market Credit	1,039 / 2,800	14.90	7.20	1.80	9.50	18.40	12.96	9.70	10.20	10.40	-15.80	-15.80	5.40	4.40	1.44	2.00	0.23
43	46	27	36	38	Wolverine Flagship Fund Trading Ltd (Chicago)	Sep-01	Multistrategy	4,807 / 4,807	13.89	10.74	5.75	7.98	12.48	11.58	8.70	10.13	8.14	-10.84	-25.96	6.67	6.27	1.14	1.04	0.51
25	22	30	30	39	Boothbay Absolute Return Strategies (New York)	Jul-14	Multistrategy	1,750 / 2,200	25.24	11.38	1.27	6.71	7.03	17.94	4.97	10.04	9.43	-1.80	-2.41	4.3	3.91	1.75	1.97	0.26
NA	NA	20	41	40	Caption Partners II LP (Oklahoma City, OK)	Jun-16	Volatility Arbitrage	377 / NA	13.39	9.37	5.74	9.10	12.62	16.90	9.12	10.01	10.81	-7.15	-14.85	7.39	11.19	1.01	0.78	-0.32
					BarclayHedge Hedge Fund Index	NA		NA / NA	11.14	10.22	-8.22	9.27	9.68	12.38	3.23	6.15	7.73	-11.90	24.09	8.17	7.04	0.44	0.79	0.91
					S&P 500 Total Return Index	NA		NA / NA	18.40	28.72	-18.14	26.29	25.02	17.95	8.93	14.52	12.07	-23.89	-50.95	18.06	15.19	0.66	0.53	1.00

NA = Performance data was not available or fund did not qualify for inclusion.

"Continued dispersion and volatility coupled with the likelihood of lower interest rates and a weaker dollar should fuel EM growth and the prospects of finding more attractive opportunities."

- Genna Lozovsky, CEO, Sandglass Opportunity

annually over the past 5 five years. The 38-year-old fund is the oldest in the survey.

The second strongest equity performer was diversified hedged equity fund **Anson Investments** (No. 2). Launched more than 18 years ago, it was managing $1.2 billion as of the end of 2024. It generated annualized gains of more than 24%, with a wicked-high Sharpe ratio of 1.8.

The $1.1 billion **Cooper Creek Partners** (No. 4), which has been around since November 2008, has returned an annualized rate of more than 21.5% over the trailing five years. Its worst drawdown was just -7.3%. Volatility of 11.4% generated a Sharpe ratio of 1.67.

Global Macro

Global macro funds on average saw significant improvement over the past year, moving up the performance rankings from 15th to 9th with 5-year trailing annualized returns rising to 7.9%. But the number of macro funds in the Top 50 has been declining.

In 2022, 6 made the list, then 5 in 2023. This year, the count was down to 3, but all ranked within the Top 15.

The main reason for this decline was related to inconsistency, which knocked out funds that had regularly made the list. Clear trends that had formed in 2022, for example, including rising interest rates, falling equity and bond markets, and dynamic foreign exchange rates gave way to more amorphously moving markets in 2023 and 2024.

The three remaining funds are well-established industry names.

Cliff Asness' 6th-ranked **AQR Helix**, the new fund on the block, which launched in 2018, delivered the top trailing 5-year annualized returns of 21%, supercharged

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NA	32	41	42	41	CRC Bond Opportunity Trading (New York) ^^^	Oct-16	Credit Long/Short	965 / 7,500	10.61	10.28	1.52	5.93	20.95	12.30	9.16	9.67	10.07	-10.48	-10.48	NA	6.73	NA	NA	NA
45	36	35	38	42	Hudson Bay LP (New York)	Jan-06	Multistrategy	5,745 / 18,769	15.75	13.23	3.33	6.09	9.55	7.39	6.29	9.50	10.16	-1.21	-6.04	3.43	5.09	2.03	1.69	0.09
NA	NA	NA	44	43	ProMeritum Fund SPC Class A (London)	Jan-15	Emerging Markets Credit	377 / 600	7.19	4.57	4.53	15.77	15.78	9.88	11.54	9.18	9.02	-8.94	-8.94	4.62	4.06	1.43	1.75	0.17
NA	NA	NA	NA	44	Redwood Offshore (New York)	Jul-00	Distressed Credit	2,200 / 9,400	10.89	13.72	-4.36	9.46	17.16	10.25	7.04	9.11	11.76	NA	-36.28	NA	10.26	NA	NA	NA
37	42	42	46	45	Mariner Atlantic Multistrategy Ltd (New York)	Nov-95	Fixed-Income Relative Value Multistrat.	2,918 / 8,700	9.94	7.15	4.14	7.95	6.76	5.89	6.36	8.29	7.65	-3.21	-29.00	3.21	4.23	1.51	NA	0.08
NA	NA	NA	NA	46	Wexford Spectrum LP (West Palm Beach, FL)	Apr-97	Global Multistrategy	612 / 2,000	5.47	21.45	-0.65	5.57	8.19	39.20	4.30	7.77	9.33	-27.36	-39.82	15.94	11.64	0.33	0.62	0.63
NA	39	45	48	47	Drawbridge Special Opportunities LP (New York)<	Jul-02	Credit Long/Short	3,000 / 50,000	6.34	15.43	0.66	6.16	8.73	5.84	7.24	7.36	NA	-17.30	NA	9.10	NA	0.50	NA	0.49
NA	NA	NA	47	48	Summit TX Alpha Master (Forth Worth, TX) ^^^^	Jul-15	Equity Market Neutral	1,224 / 17,400	4.87	6.01	5.7	11.96	7.94	8.14	8.50	7.27	6.16	-3.54	-4.87	4.32	4.02	1.10	1.06	-0.01
NA	NA	NA	49	49	Old Orchard Credit Master LP (New York)	Aug-14	Municipal Credit	1,254 / 1,430	10.36	6.32	2.93	8.94	6.85	9.07	6.21	7.06	7.72	-4.91	-4.91	4.21	3.64	1.08	1.65	0.47
NA	NA	NA	50	50	RiverNorth Institutional Partners LP (Chicago) >	Aug-07	Closed-End Fund Arbitrage	861 / 5,005	11.17	6.48	-1.22	8.70	8.87	8.95	5.34	6.71	11.57	-8.18	-8.18	6.88	7.46	0.61	1.33	0.80
					Top 50 Averages	16.37 yrs		4,547 / 39,663	17.06	16.04	9.10	12.08	15.17	11.17	11.92	13.63	11.82	-11.63	-16.66	9.77	8.47	1.46	1.41	0.32
					BarclayHedge Hedge Fund Index			NA / NA	11.14	10.22	-8.22	9.27	9.68	12.38	3.23	6.15	7.73	-11.90	24.09	8.17	7.04	0.44	0.79	0.91
					S&P 500 Total Return Index			NA / NA	18.40	28.72	-18.14	26.29	25.02	17.95	8.93	14.52	12.07	-23.89	-50.95	18.06	15.19	0.66	0.53	1.00
					JPMorgan Global Gov't Bond Index			NA / NA	5.55	-2.54	-13.01	4.52	0.15	2.65	-3.16	-1.35	5.94	-17.13	-17.13	5.03	5.86	-0.77	0.48	0.47

^^^ CRC Bond Opportunity Trading fund assets were as of October 2024. < Drawbridge Special Opportunities 3Q2025 returns are thru August. ^^^^ Summit TX was formerly known as Crestline Summit Equity Alpha.

> RiverNorth data includes performance of RiverNorth Capital Partners LP , whose inception dates back to 12/31/2009. NA = Performance data was not avilable or fund did not qualify for inclusion.

by a 49% gain in 2022. This contributed to higher volatility of 12.3% but also to an impressive Sharpe ratio of 1.5. But the most extraordinary statistic is that Helix was the survey's second-most uncorrelated fund over the last 5 years, coming in at -0.27.

The oldest macro fund in the group, **D.E. Shaw Oculus**, got started back in 2000 and delivered trailing 5-year annualized returns of 20.5%. Fueling the fund's move up the ranking from 15th in 2023 to 7th in 2024 was last year's gain of more than 36%.

Despite Oculus' high-octane performance since the start of 2020, its volatility has remained around its historical average, below 9%, which has produced a stunning Sharpe ratio over 2 while being uncorrelated to the S&P 500 (-0.09).

Citadel Global Fixed Income has made the Top 50 ever since the current methodology was adopted for the 2019 survey. Over that time, the fund has steadily seen its ranking increase from 40 to 15, with 5-year trailing returns of 16.6%. Like AQR, the fund got a big boost from its performance in 2022, when it gained more than 33%.

Event Driven

Just two event driven funds made the Top 50, but they collectively averaged 5-year gains of 14.6%.

That number of funds in this strategy could've been doubled if two other opportunity funds making this year's survey were classified as event driven. But 13th-ranked Sandglass Opportunity is an emerging market credit shop, and 30th ranked BlueBay Event Driven Credit (profile on pp. 31-32) sees itself first as a credit fund. If they had been added in, the strate-

METHODOLOGY BEHIND THE SELECTION OF THE TOP 50 MOST CONSISTENTLY PERFORMING FUNDS

The value of any statistical study is rooted in its methodology and how well it distinguishes among lies, damned lies, and meaningful and actionable results.

The approach perennially deployed in this annual survey delivers that third outcome by objectively identifying active management that has realized consistent value.

The results also challenge a core belief that's been driving markets for a long time: that passive investing delivers superior results.

Historical evidence supports the value of low-cost index investing. And for a 30-year investment period, it would likely serve most investors well. But it will be intermittently exposed to sharp sell-offs.

Because of market volatility, results over a 5- or 10-year period will be materially affected by timing. Risk is related not only to asset exposure but also to when that exposure commences.

A select number of seasoned hedge fund managers can mitigate that risk by achieving consistent returns across various market conditions.

Decades of research have shown there's a corner within the multi-trillion hedge fund industry that delivers on that promise. Evidence of this claim is rooted in the way this survey determines consistency.

Data Verification

The initial search for these 50 funds starts each year in early February by reviewing various databases that report the previous full-year fund returns. The initial screen focuses on only broad strategy funds. The reason: to seek out managers who have consistently delivered gains with low to moderate volatility without tailwinds or headwinds associated with specific industry or country exposure.

Requiring funds to manage at least $300 million helps ensure reliability of data. When funds reach that size, they are more likely to hire top-tier service providers. These include administrators, prime brokers, accountants, and lawyers, whose involvement may enhance reporting accuracy. These higher standards in turn may result in greater institutional investor and consultancy interest, which then may lead to further critical assessment.

Each fund that qualifies for the Top 50 is then contacted to confirm the accuracy of data collected.

When a fund feeds data directly into databases, accuracy isn't guaranteed. Reported data may be from a founders' class with low fees, numbers may have been revised since submission, or strategy classification may be wrong.

UCITS and '40 Act funds, for example, can slip into hedge fund databases. That risk is increasing as larger hedge fund managers increasingly spin off these more liquid, lower cost, and more publicly accessible alternative investment vehicles.

An example are London Stock Exchange-traded hedge funds. As closed-end funds, their trading price is determined by market demand as well as by the underlying performance of the fund.

Whether it's a CEF or UCITS version, these results cannot be used as proxies for flagship hedge funds. When such funds are identified, they are then deleted from the screen.

A handful of managers refuse to verify their numbers. This does not mean their data is faulty, but it reinforces the need for prospective investors to always conduct their own due diligence.

Accordingly, the numbers cited in this report should be treated only as a starting point for identifying potential investments. Receiving published performance documents by the fund—not by a third party—is essential for verifying return histories.

Universe Expansion

Several years ago, I started to consider two types of funds I had previously excluded.

The first is diversified long-short commodity funds that include a global macro component—whether in determining investments or in making macro trades to hedge or enhance a strategy. Managers of these funds must contend with volatile markets along with financial, geopolitical, supply-chain and transport forces. They are far more complex and diversified investments than their names suggest.

The second group is exogenously levered funds. A fund that seeks to enhance performance of a flagship product by ratcheting up portfolio leverage beyond what's embedded in specific investments feels like a cheat—a way to juice returns at the risk of greater volatility. But a deeper dive into this space reveals that managers who developed levered fund versions of their main funds have effectively contained risk while enhancing returns. (See the No. 24th-ranked Glazer Enhanced. The 43rd-ranked fund, ProMeritum, recently launched an enhanced version of this fund.)

Performance Hurdles

Among the survey's most important filters is use of performance hurdles for each of the last five years. They appear at the top of each yearly data column on pp. **9-18**.

Minimum annual performance standards impose further discipline in fund selection. This helps identify managers who may likely take profits periodically and successfully redeploy them, rather than betting gains may beget greater gains—an approach that can enhance risk.

Hurdles are also an indirect way of detecting strategy shift by identifying performance that significantly deviates from past returns.

For the year ending December 2024, the hurdle was set at 6%—the highest it has ever been since I adopted this approach for the 2019 *Wall Street Journal* survey. For that report, which looked at performance through 2018, my editor and I felt that funds on any short list, regardless of how well they may have done during the trailing five years (the basis for the ranking), needed to have delivered at least 5% gains in 2018.

The reason?

We wanted an objective way to see which funds delivered alpha—or to paraphrase Warren Buffett, to reveal managers who had trunks on when the tide went out in the 4th quarter of 2018.

That year, the market had enjoyed decent returns until the year-end selloff turned full-year market results and the average hedge fund negative. Both ended the year down around -5%. That meant we were screening for funds that had outperformed the industry and the market by around 10%.

This simple requirement promotes a list of more consistently performing and less-volatile managers. And because the hurdle is always a mid-single-digits number, it's strategy agnostic. It doesn't raise the bar too high for non-equity strategies when the market is ripping.

But it's also saying, if you're paying substantial management and performance fees, minimum net returns should be at least a couple of hundred basis points above the risk-free rate regardless of what the market is doing.

Hurdles have excluded many venerable funds that had previously made the cut, including Renaissance, Tiger Global, Element Capital, and Alphadyne.

Though infrequent, hurdles can knock off the previous top-ranked funds. In last year's report, there was a significant rotation at the top of the 2023 list, with five of the top seven funds having failed to make the 2024 cut.

There have been several instances when funds have made this list for many years and impressed to have earned profiles in this survey. But then they have a slightly off year. In some instances, that shift in fortune is a tell, a nod to more closely examine why performance has shifted that sometimes reveal management or execution issues.

The only time the hurdle rate was negative and below the risk-free rate was in 2022, when war and supply-chain shocks collided with rapid post-pandemic spending, sending inflation and interest rates soaring. That year, the market lost more than -18%, 15 of 20 hedge fund strategies reported by BarclayHedge lost money, the JP Morgan Global Government Bond Index dropped by more than -13%, and the average hedge fund ended down by more than -8%.

There were few safe corners in which to hide that year. But at the same time, the risk-free rate soared to its highest levels since before the financial crisis. This created a conundrum in determining a fair hurdle rate.

It was set at -5%.

Still, 44 of that year's Top 50 funds made money. Only five lost money, and only three were down more than -2%. The 50's average return in 2022 exceeded 9%, which outpaced the market by more than 27%.

Fund Rotation

This year sees only a minimal fund rotation off the list. The seven funds that have been dropped were spread across the 50. A common reason for underperformance appears to have been skepticism that the 2023 rally would continue in 2024—the same issue that plagued some managers that made the 2022 survey but struggled in 2023.

The biggest surprise: Previously 6th-ranked Waha MENA Equity had made the survey every year since 2019 averaging gains of nearly 17%. Last year, it was up 1.2%.

I was tracking the 26th-ranked equity fund Hawk Ridge for years, waiting for it to clear its sub-par 2018 performance to qualify in last year's report. Its 5-year and since-inception annualized returns for 16 years were around 12%. In 2024, it gained just 4.7%.

Then there was the 12th-ranked activist fund Starboard Value which had generated annualized returns of 16.5% since its launch in 2002. It turned in gains of just 4.2% in 2024.

This doesn't mean these funds have lost their appeal, just that they significantly underperformed their historical average and the market during a time that proved supportive for most investments.

Beyond the Chaos: Markets Will Help Right the Ship and Ensure the Return of Rationality, Says Justin Young

Asset Manager Justin Young

This well-regarded asset manager looks beyond the current headlines and believes that once volatility subsides the US will retain its unique place in the global economy and markets. But valuation and growth risks remain front and center. We spoke several times as the initial bout of uncertainty surrounding tariffs was playing out.

Thanks for being here Justin. How would you briefly describe what's going on?

I see this as a global rebalancing process which was reflected in elections across developed markets in 2024—from the UK to France, Japan to the US. We've reached a point where the previous policy mix which relied on globalization, debt, foreign energy, immigration, and inflation—became increasingly unworkable. What we're seeing now is a global reset—politically, economically, and across corporate strategy—and markets are in the process of digesting that. You also have AI emerging as a huge disruptive force.

Many experts like yourself fear our ballooning government debt and want to see spending seriously cut to reduce our national debt. That's not happening with the current Republican budget despite all the cuts in services. How do you think this will play out, and how does the extension of tax cuts jive with this effort?

Basic mathematics tells us that cutting taxes without equivalent spending reductions worsens our fiscal trajectory. That is why I am more interested in the combination of taxes, tariffs, and spending cuts in aggregate. One option would be a tax cut alongside spending cuts. The administration is working on that, and I think markets would welcome that.

This issue segues into tariffs. What are your thoughts on the current trade war?

First, I believe framing this as a tax plan is more accurate than calling it a trade war—with the exception of China, where we have been in a trade war. Treasury Secretary Bessent says the administration is aiming to raise $300–600 billion for deficit reduction through targeted tariffs that vary by country. This would translate to around 10–20% tariffs on $3 trillion of imports. I believe these levels will end up being lower for Canada and Mexico, around 10% for most countries, and substantially higher for China. Overall, I think this is a manageable level and a modest headwind to earnings if costs are shared by foreign producers, domestic businesses, and households. This is likely to slow growth by less than 1% of GDP. The other goal seems to be to move supply chains away from China towards our allies.

Huge brands like Walmart may be able to swallow a portion of the tariffs. But I imagine mid-size and smaller operations will suffer, which might end up further concentrating market share. If most foreign producers refuse to shoulder this burden and domestic importers pass on most of these tariffs, what then might happen?

As I just mentioned, I don't think average tariffs of around 10% will cause widespread economic indigestion or have huge market impacts. Currency movements are often larger than that. The ratio of who bears what cost will move around a bit. But my expectation, as outlined above, suggests the impacts should be manageable. We saw this exact dynamic play out in Trump's first term where he applied tariffs.

China, however, is the exception, and for good reason. Beyond being just another trading partner, China has positioned itself as a strategic rival pursuing economic dominance in critical technologies and industries. Foreign companies operating inside its borders face real risks: regulatory unpredictability, technology transfer pressure, and persistent IP concerns. These are not political abstractions—they're core business issues that affect long-term competitiveness, profitability, and national security. Ultimately, we're moving supply chains toward more predictable and aligned partners. This is also part of the rebalancing we discussed earlier.

This transition comes with short-term costs, but it should build long-term resilience. Over time, as business move supply chains elsewhere in search of lower tariffs, I believe markets will reward that shift as a structural improvement, not as a setback.

The president's approach to global trade issues has begun to delay some expansion plans by both domestic and foreign companies. How long might that pause be?

It's too early to tell definitively. Both CEO and household surveys show significant unease. What remains unclear is whether these sentiment shifts will result in persistent behavioral changes or prove temporary. If markets stabilize or continue to recover, that should reverse some of the hesitation we're seeing. Interestingly, amid this broader uncertainty, we're seeing targeted efforts to reshore critical manufacturing in semiconductors and pharmaceuticals, creating sector-specific opportunities.

How long do you imagine it will take before the issues related to tariffs and associated volatility are resolved?

I think we'll likely see clarity within a couple of months. I think the Trump administration front-loaded the most economically controversial elements of his policy agenda. I think the remaining issues, like tax or spending cuts, are likely to be viewed more favorably by markets, which tend to be indifferent to cuts related to social issues.

I would like to push back a bit more here. The last two major stock market shocks were due to poor financial regulatory oversight and the pandemic, the latter having been countered by a unique and robust vaccine response. Significant recent cuts have been made to both governmental functions and leadership with material shifts being made to policy. Are you concerned these changes may enhance risks to the economy and markets?

While we're monitoring these areas, my view is that markets tend to focus more on fundamental earnings drivers than regulatory adjustments. I don't think these changes are likely to have the same impact on earnings as policies like tariffs and taxes. The cuts you referenced are certainly showing headcount reductions, but not a dismantling of the core agencies, so I would view the changes as less existential.

We're seeing significant decline in foreign tourism into the US, a material movement against buying American products, slowdown in foreign student applications to US schools, and a pause in foreign direct investments until there's greater clarity. Again, are you concerned that these might materially affect the economy and market?

I think these issues have also generally been overstated. So far, travel data and hotel occupancy show no impact. Foreign direct investment in the US is less than 1% of GDP annually, and at the same time, we're also seeing onshoring activity expand. I believe some of the hesitancy we're seeing—whether in tourism or university applications—reflects uncertainty, not a structural rejection of the US as a destination for talent or capital. Generally speaking, I do expect to see a modest hit to earnings from tariffs and a small increase in price levels, and I'm closely assessing the impact of this uncertainty on cross-broader investments.

Let's change gears for a moment and discuss your move from the $40 billion South Carolina Retirement plan to a $3 billion organization in Oklahoma. What was behind this move?

There were two big reasons. One, at South Carolina, the program I managed was focused exclusively on market-neutral hedge funds. After building a strategic asset allocation framework and reallocating 75% of the portfolio, then designing a robust reporting and risk process, I felt I had taken the program as far as I could and wanted a bigger challenge.

MEMCO offered the opportunity to work with a broader platform with multiple clients, three hedge fund portfolios configured around a directional book, a relative value exposure, a new portable alpha program as well as the ability to work with private market investments.

Let's discuss your decision to introduce portable alpha.

To maximize alpha exposure, we focused on managers running 100% alpha overlay strategies. These managers provide exposure to their hedge fund strategies alongside equity beta via swaps, allowing us to maintain market exposure while isolating active returns.

What are the benefits of MEMCO's non-profit status as an OCIO?

The first is that serving non-profit clients, like university endowments, means we think about taxes far less than most people and that opens up our investible universe quite a bit. The second is that we are focused on client portfolios and not our bottom line. Third, we have much lower expenses, greater transparency, and our clients can even join our board. Lastly, and most importantly, the work offers a much deeper sense of purpose: we're funding scholarships and retirement benefits.

Have you rotated strategy exposure in response to the spike in volatility?

No, other than adding a small amount of equity exposure during the recent lows. The changes we've been making over the past several years have inherently derisked our exposure, the biggest being to our directional hedge fund book, which had historically been mostly long-short equity. We're now more focused on increasing capital efficiency and reducing beta. We added shorter duration private credit strategies (picking up illiquidity premia), reinsurance after the dislocation in 2022, and higher vol macro and directional commodity exposure alongside our existing CTA exposure. While our average fund volatility is in the mid-teens, diversification has lowered overall volatility in that portfolio to the mid-single digits. The benefit showed up last year when we delivered near equity-like performance with very low beta and our new portable alpha book outperformed equities. We are also working on a new tail hedge program to supplement our existing roster.

Continued on next page

Continued from p. 22

To mitigate capital-loss risk during this current period of uncertainty, are you considering risk-free investments?

With the recent rise in yields to levels meaningfully above inflation, we added a modest amount of long-duration Treasury exposure for the first time in a very long time. However, Treasury returns alone won't get our clients to their return targets. We're finding better value in shorter duration spread assets, like receivables, though these aren't entirely risk-free either.

Where do you think inflation and short-term rates are heading?

Setting aside tariff effects and potential dollar weakness, I believe the major inflation wave is now behind us. Energy prices have fallen considerably, rent has flatlined, and wage pressures have subsided with more tepid growth. With the Fed Funds rate currently about 2% above inflation, there's room for cuts by the end of the year—especially if growth weakens from here and inflation continues to moderate. Tariffs will have a short-term impact, but most economists and the bond market have not projected this to last beyond 12 months.

How do you imagine the economy and market will respond to the rest of 2025?

GDP and employment growth have been slowing for more than six months, with early signs of stress appearing in low-income households. When combined with tariff-related uncertainty, growth could weaken further by year-end. From a market perspective, rising bond yields mean minimal premium for equity risk. With valuations still elevated and attractive real yields in fixed income, equities could face downward pressure. A 10% decline in both earnings and multiples could translate to a 20–30% market drop. The market could realistically end the year well below Memorial Day levels. .

Could anything drive earnings or stock prices in the near-term?

Several factors could improve the outlook. Moderate tariff cuts, which I believe are likely, would help offset uncertainty. Tax cuts and deregulation would likely support corporate profitability. Though AI capex is massive, these investments could soon translate into productivity gains and earnings growth. Lastly, we are seeing a coordinated global interest rate easing cycle alongside big spending packages in China and Germany.

Looking further out, if interest expense becomes a serious problem as near-zero rate COVID-era bonds are refinanced with more expensive debt, the Fed might consider implementing yield-curve control. This means targeted quantitative easing for longer-term bonds. If that were to happen, we would likely see gold, equities, and other real assets rip, though probably at the expense of the dollar.

If trade and capital flows continue to shift outwardly, do you see the dollar's reserve currency status coming under threat in the coming years?

I don't see the dollar's reserve status being challenged. It is anchored by the depth of US capital markets, global trust in American institutions, and the lack of a credible alternative. With that said, dollar weakness would not surprise me at all. It's rich when measured by traditional metrics like Purchasing Power Parity or Real Effective Exchange Rate, and US investors are heavily overweight US equities. Lastly, European and Japanese yield curves are much steeper, which reduces inflows into our bond markets.

Let's conclude by identifying risks that concern you most right now.

Beyond what we've already discussed, economic fundamentals have been softening beneath the surface since last summer. Hiring momentum is slowing, housing markets have stalled, PMI surveys suggest we may be entering a period of decelerating growth, and if Sino-American trade tensions aren't eased soon, China could stop exporting parts and materials critical to manufacturing.

Adding to this, the delayed impact of rate hikes remains underestimated. Most US debt—corporate bonds, Treasurys, and mortgage-backed securities—is longer duration rather than floating rate and was refinanced during COVID at historically low rates. This means effective borrowing costs will continue climbing even as the Fed cuts rates, maintaining pressure for years to come.

While a modest slowdown would not normally be cause for concern, equity markets face a precarious combination of elevated valuations, stretched earnings expectations, and elevated allocations. US markets are now more than 70% of global equity benchmarks. Retail and traditional long-only investors maintain near-peak historical allocations despite growing economic pessimism in survey data. This cognitive dissonance seems unsustainable longer term, especially with 5% bond yields now offering compelling alternatives that should attract capital over time.

Longer term, the fiscal deficit represents the most significant structural challenge, though meaningful reform will likely require bond market stress to force policymakers' hands. Until then, these converging headwinds create an increasingly fragile backdrop for risk assets.

Eric Uhlfelder, June 2025

Justin Young is Director of Investments at MEMCO. In 2023, *Institutional Investor* cited him as a Rising Star for Alpha Generation. Prior to joining MEMCO, he spent 11 years at the South Carolina Retirement System Investment Commission, where he concluded his tenure as director of portable alpha. *Institutional Investor* named that program as Public Plan of the year in 2022. He began his career as a research analyst on the global equities team at Bridgewater Associates.

gy's average 5-year returns wouldn't have changed.

The lesser known of the two event driven operations is the 10th-ranked Beryl Capital that resides in Redondo Beach, California. The small $730 million fund generated 5-year annualized returns of 18.8% on the back of three years of 20+% returns.

But this fund comes with higher risk. Its volatility and worst drawdown were running around 26, which depressed its Sharpe ratio to 0.63. And it got tagged in the first quarter of 2025, off -24.6%, and hasn't seen any improvement through May.

London-based Kite Lake Special Opportunities, which is managing $2.4 billion, runs a more stable book. The 36th-ranked fund, with 5-year returns of 10.4%, has a volatility of 8.2% and worst drawdown of just -9.5%, which has helped it to achieve a Sharpe ratio of 0.96. And during the rollercoaster first quarter of 2025, it gained over 5%.

As of market close on June 27
Source: LSEG Data & Analytics • By The New York Times

"Russia is the world's leading rogue power, now by a large margin following the collapse of Iran's ability to project power. This year, Moscow will pursue more policies that undermine the US-led global order."

- Eurasia Group

Emerging Markets

In 2022, only three emerging market funds made the Top 50. When the number doubled in 2023, the strategy's average 5-year trailing returns declined from 13.4% to 9.5%. But last year, 6 emerging funds that made the survey delivered the strongest returns of any strategy in 2024, soaring an average of 18.8%. This boosted their trailing 5-year annualized returns—which now counts 7 funds—back up to 13.5%. That's triple BarclayHedge's average returns of all EM funds it tracks.

Last year's emerging market rally, especially in credit, was due to several factors, including structural improvements in certain sovereign debt markets, specific corporate restructuring, and growing macro and geopolitical uncertainty that increased both volatility and opportunities.

A systemic driver of returns has also been the limited amount of active fund assets investing in emerging market credit relative to the actual depth of the EM credit market.

Leading the EM group is 11th-ranked FIM MENA Horizon, with 5-year trailing returns of 18.3%. and 13th-ranked Sandglass Opportunity, which delivered annual returns of 17%.

But these are two very different funds.

FIM founder and CEO Hedi Ben Mlouka manages a long-only equity fund that targets stocks in the Middle East and North African region. His unhedged approach focuses on one of the world's fastest growing regions that's also often a place of conflict, which could make the fund prone to volatility. The fund's five-year volatility was 17.5%, with a worst drawdown of -26.2%. This produced a Sharpe ratio of 0.90.

Sandglass Opportunity, co-founded and managed

THE RARE 11: THE MOST CONSISTENT FUNDS

In quarterly reports that follow the release of each year's Top 50 survey, the performance of each fund is then tracked to test the mettle of the selection process or to see if it's more of a Sports Illustrated Cover Curse.

For those who aren't familiar with the phrase, this is when an athlete or team gets featured in this venerable publication, only then to stumble. This occasionally happens in this survey.

But this sidebar takes a deeper dive into consistency by identifying the nearly dozen funds out of the hundreds that have made this short list since I established the current methodology for *The Wall Street Journal* edition in 2019. That survey identified the managers that had outperformed the market by at least 9.5% in 2018 and had the strongest 5-year trailing returns.

No surprise that this ultra short list includes the likes of Citadel Wellington, D.E. Shaw Composite, and Millennium. Perhaps more unexpected is the inclusion of far smaller and less familiar names. This analysis reveals funds with the most consistent returns, dating back more than a decade, and some of the characteristics behind their consistency.

Distinguishing Between the Rare 11 and the Top 50

Main Takeaway: The 11, with a heavy tilt to multistrategy funds, over the trailing 5 years through 2024, delivered superior returns with less risk than the 50. But over a much longer time, that distinction diminishes due to greater drawdowns.

1. Five-year net annualized returns of the 11 is 16.04%, two percentage points higher than the Top 50 and one percentage point more than the S&P 500. Credit this outperformance to 2022, when the 11 generated an average return of 14.85% while the 50 was up 9.1% and the market was down more than -18%.
2. With 3 of the 11 funds having been launched in the 1990s, this group's average age is nearly 5 years older than the Top 50, which is already a very senior 16-plus years.
3. The older 11 has a much higher average drawdown since inception of -21.6% versus the 50's -16.7%. These larger losses shrunk the difference in annualized returns since inception: 12.6% for the 11 and 11.8% for the 50.
4. Five of the 11 funds are multistrategy, a much higher percentage than the Top 50 (9 of 50); two fixed-income/credit strategies are in the 11, where 12 made the 50; and 1 of the 3 macro funds that made the 50 are in the 11.
5. With a higher tilt toward multistrategy funds, it's no surprise the average fund size of the 11 is more than twice the average of the Top 50 and, even when knocking out the elephant on the list Citadel Wellington, the 11 is still nearly twice as large of the average 50 fund AUM.
6. Smaller funds are well represented with 6 of the 11 funds managing $3.5 billion or less. Many of these funds had managed much fewer assets when the survey first started tracking them many years ago. This reveals the unique value of identifying talented, smaller, and often less-expensive managers earlier in their careers.

Characteristics Driving Consistency

After years of interviewing portfolio managers, this survey has found that consistent performance is rooted in an experienced management team that's been working together on the same strategy for many years and is committed to a disciplined investment process. Specific management features include:

- Profit taking, limiting loses from cascading, and regular investment rotation.
- Limited or no exogenous leverage.
- Proven ability to distinguish between noise and opportunity.
- Target less researched and less crowded idiosyncratic investments with low market correlation.
- Limits downside by hedging core risks, and restricting concentration and investment correlation.
- Learns from failure and is willing to challenge beliefs that are no longer productive.
- Aligns investor interests by having material management fund exposure and being candid and transparent about operations, investments, and performance.
- Has attracted a stable long-term base of investors.

Jeffrey Growney, partner at the 21st-ranked Millstreet Credit, explains the fund "has steadily grown over the years because we've stuck to a disciplined process in targeting stressed and distressed credits where we believe the underlying value of targeted uncorrelated securities are unlikely to fall significantly below our entry prices and where we see conditions that enable credit performance to be sustained or enhanced." And when the fund is wrong, it gets out sooner rather than later, limiting performance drag.

Its worst drawdown over the last 5 years was –4.4% with a standard deviation that wasn't much higher and a Sharpe ratio of 2.4.

He also credits the management team that has been together since the fund's launch in 2010 and follows a proven investment process, which avoids leverage and focuses on under-researched small- and mid-cap corporate debt or loans that are realized within 3 years or less.

The partner also thinks the fund's sticky investor base reduces uncertainty about material redemption to enable credit investments to run their course. That reality was firmly established between 2018 and 2020 when endowments, foundations, and pensions, along with sophisticated family offices, became nearly 90% of the fund. Partner capital has held steady at 5% since the fund's launch.

Millstreet has also avoided the performance trap often associated with funds that significantly expand past an originally stated capacity. The firm was originally targeted to close at $2 billion before inflation and interest rates took off in 2022. Growney explains that increased stressed and distressed opportunities enabled the fund to grow assets further without compromising its investment strategy.

Last year, net returns remained in lockstep with the fund's 12% historical annualized net returns.

This year, management will hard close the fund around $4 billion—a nearly 10-fold increase over assets the fund was running at the end of 2018 when this survey originally identified this remarkably consistent manager.

AN EXCLUSIVE CLUB *Ranked by trailing 5-year annualized returns through 2024*

Fund	Strategy	Fund Assets ($ Million) as of Dec. '24	2024 Net Returns (Hurdle 6%)	5-Year Annualized Net Returns (%) thru '24	Annualized Net Returns (%) since inception thru '24	Worst Draw Down (%) Last 5 Yrs thru '24	5-Year Annualized Standard Deviation thru '24	5-Year Sharpe Ratio thru '24	5-Year Fund Correlation versus S&P 500 TR thru '24
Anson Investments Master (Toronto)	Equity Long/Short	1,212	10.01	24.09	15.12	-5.36	11.88	1.80	0.16
Citadel Wellington (Miami)	Multistrategy	52,330	15.21	23.66	19.46	NA	NA	NA	NA
Citadel Tactical Equity (Miami) *	Quantitative Equity	1,840	22.48	21.10	20.41	NA	NA	NA	NA
DE Shaw Composite (New York)	Multistrategy	26,800	18.00	17.73	12.59	NA	3.61	4.22	0.10
Citadel Global Fixed Income (Miami)	Macro/Fixed Income	3,500	9.89	16.59	11.86	NA	NA	NA	NA
Millennium USA LP (New York)	Multistrategy/Credit Rel. Value	22,797	15.05	15.13	13.67	-0.64	3.52	3.58	0.07
Millstreet Credit (Boston)	Credit Long/Short	3,938	12.54	14.52	12.04	-4.39	4.91	2.44	0.47
Blue Diamond Non-Directional (Pfaffikon, Switz.)	Statistical Arbitrage	2,479	11.85	13.04	14.33	-4.95	7.95	1.32	0.44
Mudrick Distressed Opp. (New York)	Distressed Credit	2,000	32.01	12.17	11.33	-19.50	16.04	0.53	0.15
Wolverine Flagship Fund Trading Ltd (Chicago)	Multistrategy	4,807	12.48	10.13	8.14	-10.84	6.67	1.14	0.51
Mariner Atlantic Multistrategy Ltd (New York) **	Fixed-Income Relative Value Multistratrategy	2,918	6.76	8.29	7.65	-3.21	3.21	1.51	0.08
Rare 11		11,329	15.12	16.04	13.33	-6.98	7.22	2.07	0.25
BarclayHedge Hedge Fund Index		NA	9.68	6.15	7.73	-11.90	8.17	0.44	0.91
S&P 500 Total Return Index		NA	25.02	14.52	12.07	-23.89	18.06	0.66	1.00
JPMorgan Global Gov't Bond Index		NA	0.15	-1.35	5.94	-17.13	5.03	-0.77	0.47

* Citadel Tactical Equities replaced Citadel Global Equity in the 2021 survey because of its stronger performance. The latter was then dropped due to the survey's rule of not including more than one specific strategy type from within the same firm. Tactical would've qualified for inclusion in the three previous surveys with returns of 8.88% (2018), 20.30% (2019), and 20.24% (2020).

** Mariner Atlantic data was not available for the 2019 survey. But had it been, the fund would've qualified for inclusion.

Consistency has also been the hallmark of the $4.8 billion **Wolverine Flagship Trading** fund, which has generated 23 years of stable returns. Over that time, the 38th-ranked fund had only three down years with cumulative losses of under 30%.

The Chicago-based fund credits a key source of consistency being an in-house management team that's been together for more than 15 years. The firm believes this has led to candid debate and efficient collaboration.

Another key driver of steady returns is its uncorrelated sub-strategies, led by capital structure arbitrage, which benefit from the firm's extensive network of market-maker and execution services. Proprietary technology enables the investment team to track and uncover opportunities derived from constant review of thousands of issuers and financial instruments.

All of this has attracted significant pension fund interest that's more than 40% of assets, while internal capital is over 25%. Collectively, this commitment helps sustain support of a well-established investment process.

Hedged-equity fund Anson Investments has seen its ranking steadily increase from 27th- to this year's 2nd-ranked fund because of its focus on idiosyncratic investments with limited market correlation that has generated even larger annualized monthly gains when the market is down (+1.32%) than when the market is rallying (+1.17%).

When Anson qualified for *The Wall Street Journal* Survey, it was managing $354 million at the end of 2018. The Toronto-based fund has since grown to $1.2 billion due to one of the industry's highest winning records. It has lost money in only one year after more than 18 years in business. Reflecting the fund's incongruous performance, that off year (-9.9%) occurred in 2017, when the market was up nearly 22%.

CEO Amin Nathoo credits the fund's focus on smaller-cap and under-researched investments, its multi-manager approach that targets strategies uncorrelated to one other, and maintenance of low net exposure for consistent performance.

"We also believe," explains Nathoo, "that having a core investment team that's been working together for more than a decade supports open and productive dialogue." And with management owning 26% of the fund, that also aligns its interest with those of its external investors. (See fund profile on pp. 28.)

by Genna Lozovsky, largely targets EM credit around the globe, ex-China. It targets shorter-term event driven credit opportunities, ranging from distressed Ukrainian corporate credits to the recovering Argentinian sovereigns. And it hedges many systemic risks: from interest rate and FX to commodities and equity-risk premia.

While it had an uncharacteristically strong 2024, soaring nearly 40% on the confluence of a series of positive events, Lozovsky's approach produces a bit less volatility than FIM, with a trailing 5-year standard deviation of 14.1% and a worst drawdown of -20% This has produced a Sharpe ratio over 1.

The third-best performing emerging market fund in the survey, like FIM, also targets a specific region. **Enko Africa Debt**, which was launched in 2016, gained the 18th spot when it first qualified in the 2022 survey, with its unique story profiled in that edition. Since then, Enko has generated surprisingly consistent returns, with 5-year trailing returns of 15.5%—virtually the same as its returns since inception. But it wasn't always easy.

Soaring inflation and interest rates, war, and supply-chain disruptions created all sorts of problems for the fund in 2022. But it rallied and ended the year slightly in the black, helping Enko to retain its 18th spot in the 2023 survey.

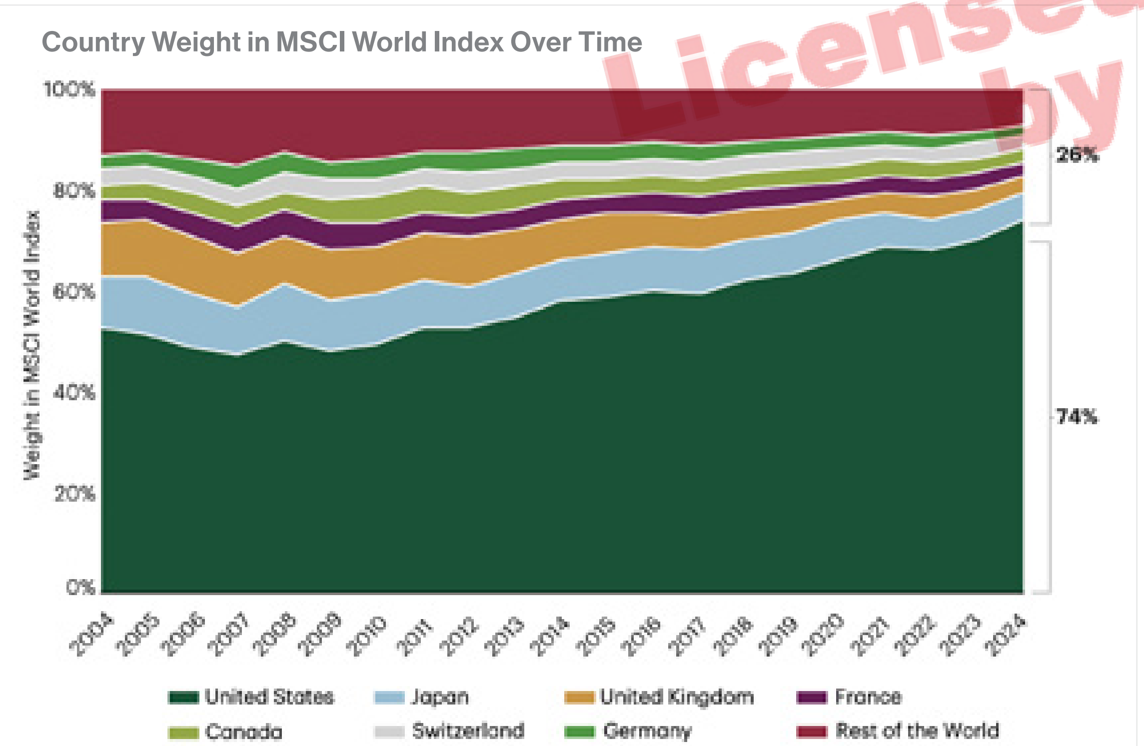
A 16.4% gain in 2023 again earned Enko the 18th spot last year. And despite having its best-year ever in 2024, gaining more than 27%, its ranking unexpectedly eased to the 19th spot in this year's survey.

These returns were minimally correlated to the market, producing a 5-year market correlation of 0.27.

The challenging year of 2022 pushed the fund's 5-year standard deviation of 13.7% well above its historical rate of 10.8%. Lower long-term volatility (coupled with lower risk-free rates prior to 2022) helped generate a historical Sharpe ratio of 1.23, significantly better than its 5-year Sharpe of 0.97.in the 2023 survey.

RISKS & OPPORTUNITES

A sharply rallying global stock market has a way of dispelling concerns that had sent it tumbling not so long ago.



Source: FactSet Research Systems Inc. All data is in CAD as of Dec 31, 2024.

The issue that fueled the turmoil—the president's announcement of wide-ranging tariffs—is still very much unresolved. And the underlying conditions that exaggerated the selloff are still present.

These are led by highly valued markets that don't align with slowing earnings growth estimates, tremendous concentration of US equities comprising global exposure, and an unconstrained US president constantly challenging economic, business, legislative, legal, and diplomatic norms that's adding to uncertainty and risk.

A recent study, discussed below, found nearly half of institutional investors surveyed expect volatility over the coming year to be even greater than it was during the global financial crisis.

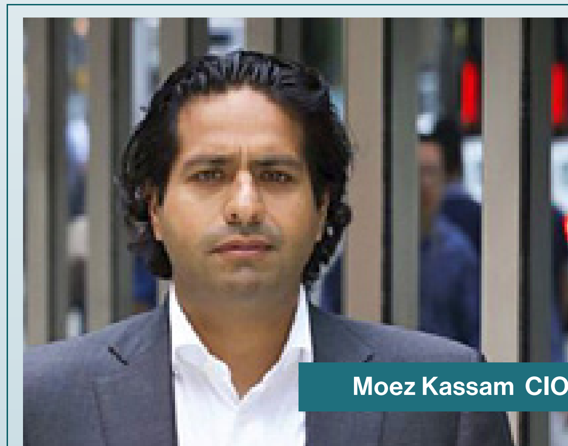
In the wake of the stock market rally, it's easy to forget warnings recently issued by a key supporter of President Trump.

Citadel's Ken Griffin put it plainly. "We're moving too quickly, we're moving too haphazardly, and we're breaking a lot of glass in trying to solve some very real problems . . . With the policy volatility, you actually undermine the very goal you're trying to achieve."

These concerns are also applicable to domestic policies that are significantly affecting every facet of American life, from farmers and veterans, education and health care, to state and local finances and

ANSON INVESTMENTS

Truly Idiosyncratic Consistency



Moez Kassam CIO

Early on, before the manager attended college, it was evident that Anson CIO Moez Kassam would take a different approach to investing.

It was in the middle of the Internet craze of the late 1990s. Instead of tracking an intriguing new product or a shrewd business guru, Moez instead discovered newsletters that hyped the next Nokia were fairly good indicators of stocks worth shorting.

His former high school mate and future CEO Amin Nathoo recalled, "Moez initially fell victim to this kind of marketing, but he learned quickly."

Fast-forward more than two decades and two Canadians found themselves running one of the most consistently-performing hedge funds this survey has ever tracked.

Far from a household name, the $1.2 billion Toronto-based fund has qualified for this survey since the current ranking system was established for the version published by *The Wall Street Journal* in 2019 when it notched the 27th spot. Its ranking has risen every year since, now claiming 2nd place in this year's survey with trailing 5-year net annualized returns of more than 24%. And since its inception in July 2007, the fund has generated annualized returns of more than 15% with only one down year.

Consistency of this diversified hedged equity shop is evident by how well it has controlled risk. Standard deviation since inception has been 10.4, and its worst drawdown (including the financial crisis and COVID) was just -18.7%. This has helped to produce an historic Sharpe ratio of 1.23 and a 5-year trailing market correlation of just 0.16.

But perhaps the most telling data is the fund's performance during months the market has been down. Anson calculates that figure being +1.32%, which is superior to its monthly returns of +1.17% when the market has been up.

Investments

Fund performance reflects Anson's diverse and often unorthodox investments that range from traditional activist longs and opportunistic shorts, to SPACs and structured financing into small-cap equity that Anson can then profitably sell soon after such deals close.

In mid-2024, Anson exited one of its most profitable idiosyncratic trades involving a SPAC that had teamed up with the Trump Organization.

In September 2021, Digital World Acquisition Corporation (DWAC), a SPAC, started trading on the Nasdaq. A month later, it announced plans to merge with Trump's Media and Technology Group (owner of the Truth Social platform) as an efficient way to bring the latter entity public.

Initially, more than a dozen investors were considering participating in this $1 billion SPAC. But it faced a series of regulatory and legal issues that delayed SEC approval.

The first involved an unusual effort to pre-register shares of the IPO before it was approved. The SPAC subsequently fired its CEO in 2023 and then lost nearly half its financing.

The SEC then disqualified the auditor who had reviewed DWAC's financials. Compounding these issues, Trump was facing dozens of civil and criminal charges, and his political fortunes were far from clear—issues that would affect the eventual value of the newly merged company.

All of this contributed to a much smaller $50 million offering.

Anson, which had been tracking the saga, saw an unusual opportunity evolving that had potential for large returns that only required small capital risk—a non-refundable 10% deposit on a potential $15 million investment, which would only be made if and when the SEC approved the deal.

In February 2024, that finally happened. Shares of the merged company began trading in March 2024. Then, after the shares became registered in June, Anson sold its position, realizing a 300%+ gain.

As Trump won back the White House in November 2024, the fund was focusing on a series of early-stage quantum computing micro- and small-cap stocks that had caught the interest of retail investors who were driving up their prices even without these firms showing any profits.

Kassam then approved a series of related trades. One of his submanagers shorted many of the high-flying, overvalued shares, while another submanager scoured for opportunities to extend financing to

Continued on p. 30

Tariffs, increased military spending, declining foreign assistance, and slowing growth will hurt emerging markets and likely shorten the time between EM market default cycles.

- Polina Kurdyavko
Head of BlueBay Emerging Markets

Source: European Central Ban

In just 6 months the Euro has rallied nearly 16% against the dollar, reflecting an accelerated decline in demand for dollar-based assets and in sentiment towards the Greenback.

financial markets oversight.

Griffin said his biggest fear is the damage the president's approach and policies were doing to the country. "The United States is more than just a nation. It's a brand. It's a universal brand, whether it's our culture, our financial strength, our military strength . . . It's like an aspiration for most the world. And we're eroding that brand right now."

Four independent reports released in June serve as a reality check.

A leading association of US CEOs, Business Roundtable, found economic sentiment among America's top CEOs having plunged to the lowest level since 2020, with its employment indicator having fallen by almost 19 points, its capital expenditures indicator down 15 points, and sales expectations off 10%.

The World Bank significantly cut its global growth forecasts for 2025 from 2.7% to 2.3% and warned that global growth for the decade is "on track for the weakest performance for any decade since the 1960s due to trade tensions, policy uncertainty, and financial stress."

The head of hedge fund allocations at the World Bank Pension Fund, Mohamed Farid, who oversees $3.5 billion, said he had no conviction about where the market or the economy are heading. The reason: "uncertainty and volatility that will continue for the rest of the year and likely beyond, since it's a reflection of the manner in which the US president operates."

The one thing that is clear to Farid: the market remains expensive and overinvested.

Consistently elevated volatility was also the takeaway from a recent study by the $1 billion UK asset management firm Schroders. The report found that nearly half of North American institutional investors surveyed expect volatility over the next year to be even greater than it was during the global financial crisis.

Consumer sentiment, regularly tracked by the University of Michigan, rebounded in early June, but is still near secular lows, driven by fear of rising prices and a slowing economy. Survey director Joanne Hsu told Bloomberg, "When all the signals are pointing the same way, it's just really dangerous to overlook."

The future safe-haven status of US dollar-denominated assets was also found to be in doubt by a vast majority of 47 economists polled recently by the Kent A. Clark Center for Global Markets at the University of Chicago Booth School of Business. Driving this concern: growing US debt, a new Fed chair in 2026 who will likely ease interest rates regardless of inflation, and the declining value of the dollar.

An additional reality check:

Anson Investments continued from p. 28

others to gain access to discounted equity that soon after could be sold.

Nathoo explains the fund has been actively providing such structured financing to small-cap companies for a while, and it has been a major driver of returns over the past five years.

By the end of 2024, the post-election rally further drove these momentum stocks. While Anson profited from equity sales related to its financings, it lost more than that on the shorts. This sliced off 5% from the fund's full-year performance, leaving Anson up 10% in 2024.

Likely due to the fund's unique and diverse strategies, institutional investors comprise less than 10% of Anson's investor base.

CEO Nathoo says the vast majority of the fund's investors are high net-worth and family offices, and that 75 percent of LP assets have been with the firm for at least a decade, reflecting a deep-seated commitment to Anson. And the firm keeps GP and LP interests aligned with management owning 28% of the fund.

The firm's commitment to process drives consistency. This starts with net exposure that's more like a market neutral fund, running between 0% and 35%. Currently it's around 20%.

Second, the fund's multi-manager approach has each manager deploying a strategy that, to varying degrees, is lowly correlated to one other and the market.

It adopted this structure as growing assets and focus on under-researched small-cap companies required more manpower. Starting in 2018, Anson began adding in-house, non-beta-focused managers. While each strategy's individual performance may be volatile, collectively they produce a low-volatility book.

Third, the core management team has been together for more than a decade. According to Kassam, this familiarity supports open and robust debate and understanding, aligning focus and interest. It forges a more stable and reliable operation, and helps the team recognize and effectively respond to risk.

2025 and Beyond

Many Canadian REITS are undervalued, according to Nathoo. With Anson being an experienced real estate investor, one in particular caught the firm's attention: InterRent, a $1.9 billion market cap. The residential REIT, which trades on the TSX, had lost about 40% since the fall of 2021.

Anson thought it could apply its evolving activist strategy to help unlock value. It became the REIT's largest shareholder at 9%. With the ability to reshape the board of directors, Anson encouraged InterRent to reduce and eliminate unproductive joint ventures and multi-insider agreements. It suggested simplification of the company's business structure and strategy to help improve decision-making.

And Kassam thought the REIT could make more efficient use of excess profits to increase buybacks and dividends.

One way to help realize these improvements was for management to take the firm private. Kassam thought a buy-in sale at a significant premium over the stock's December 2024 stock price would secure sufficient shareholder support for the deal.

Amin Nathoo CEO

Growing investor awareness of pending changes started moving its stock higher. And in early 2025, the firm announced plans for an internal buyout.

In late May, a bid was made at a 40% premium to the 52-week low. It's now in a 40-day go-shop period where potential external buyers can make an offer. As of mid-June, with Anson maintaining its exposure, the stock was trading slightly above the deal price, suggesting some investors think another offer may be coming.

*

Looking ahead, Nathoo sees inflation remaining somewhat sticky, making it difficult for the Federal Reserve to lower interest rates despite a weakening economy. Accordingly, the fund believes this sets up the potential for stagflation, a risk that's not receiving the consideration it merits due to more urgent issues currently buffeting markets.

The big one is tariffs. Kassam, like many fund managers, avoids even trying to predict what the US Administration will eventually do. "This clearly adds uncertainty," he explains, "to an already highly-priced market and a president who frequently changes his mind."

A key to sustaining the fund's performance, says Kassam, is to "target investments in the US and Canada that are not directly affected by changing tariff policies." Still, he knows industries and markets are invariably linked regardless of tariff exposure. So, he sticks with a steady approach of, "being more responsive to conditions, rather than trying to be predictive in fashioning shorter duration opportunities."

BLUEBAY EVENT DRIVEN CREDIT

Profiting . . . Over There

Adam Phillips, PM, Event Driven Credit

The US has been the dominant investment story for years, with its weighting in global equity indices now exceeding 70%. That's a lot of weight.

The search for diversified exposure, hastened by the uncertainty triggered by Washington's flailing tariff policies, has started leading some investors to Europe.

One such opportunity is the 30th-ranked BlueBay Event Driven Credit vehicle, that's part of the firm's special situations strategy, which focuses on European mid-market corporates. The euro-denominated fund is lowly correlated to US and European equity markets. And over the past 5 years through 2024, it has generated annualized returns of 11.5%. That's 5 percentage points greater than the average event driven fund tracked by BarclayHedge.

PM Adam Phillips explains sluggish European recovery since the pandemic has fueled performance by providing plenty of stressed and distressed credit opportunities, especially within the sub-$500 million market-cap space in which BlueBay hunts.

Because the strategy runs $550 million, these small, under-researched companies are ideally sized for BlueBay, which typically limits exposure to no more than 20% of the firm's size. "We typically make investments of between $10 and $30 million in first-lien loans and bonds that are high up in the capital structure," says Phillips, "and these investments generally comprise 80% of our book."

Helm Change

The strategy had been around for nearly a decade when Phillips joined in late 2020—smack in the middle of the pandemic and what may have been viewed as a very challenging time. The manager thought otherwise.

"We saw many overleveraged firms," says Phillips, "struggling in the aftermath of COVID and then shocked by soaring energy prices that were triggered by the Russian invasion of Ukraine." These firms were then hit by rising interest rates in response to the sudden surge in inflation, which reached double-digits in Europe.

He notes these smaller European firms are less resilient to economic events than their larger brethren, in part because they have less access to various sources of capital and are more reliant on banks. When these credits turn distressed, Phillips says banks are then inclined to sell such paper, which creates buying opportunities for funds that are well versed in managing such risks.

Being sector agnostic and able to identify firms that are likely able to manage through their debt issues (along with those that likely cannot), Phillips has delivered annualized gains of 11.5%—the strongest five-year run the strategy has ever experienced. And the strategy was up nearly 4% in the first quarter of 2025. This has helped surge assets from less than $100 million to $550 million.

Investing in challenging environments is part of Phillips' DNA. While working at a merchant bank in Asia in the late 1990s, he had a front-row seat to the evolving emerging market financial crisis that hit later in the decade. And not too many years later, he was working at Lehman Brothers in London when the Tech Wreck struck in 2000.

He then joined one of the biggest names in opportunistic investing, Marathon Asset Management, where, as European CIO, he built and ran continental operations for a decade.

After joining RBC BlueBay and becoming PM of the strategy, Phillips says he helped refine its investment process, expanding its research capacity and increasing focus on details that can help distinguish between average and more profitable investments. And success has forged a virtuous cycle as a growing asset base has supported a larger team and more extensive research.

Despite shocks of pandemic, war, inflation, and rising interest rates, a notable absence so far during Phillips' tenure has been down years.

In fact, the strategy has had only two negative years across its 15-plus years in business, which amounted to just -3.6% in losses. This limited downside, especially since 2020, is reflected in the strategy's mild annualized volatility of 8.7% and a Sharpe ratio of 1.2.

The manager points to six main attributes that have helped control losses: understanding a firm's capital structure and liabilities; identifying where a firm's decision-making authority actually lies; deciphering local bankruptcy laws; and accurately assessing valuation and liquidity of underlying collateral.

Doing all this helps the firm, more often than not, establish entry prices that are close to the near-term lows. Further, Phillips has found it advantageous to be on ad hoc bond holder or bank steering committees to influence and effect a desirable outcome.

This approach has helped produce a success rate of 75%. The fund has 12 fully realized investments since 2020 that have produced fund gains of more than 1% versus one trade that had resulted in a fund loss of more than -1%.

That trade, which lost the fund -1.4%, involved a large-cap US firm in 2022. First-lien lenders, which included BlueBay, were hurt by "a liability management exercise" that turned investments south.

Investments

RBC BlueBay's leveraged finance team was already invested in Demire Deutsche Mittelstand Real Estate AG when Phillips' team took note of a potential opportunity shaping up with a €499 million maturing bond issue.

Like many commercial German property firms, Demire was struggling in 2023 with the combination of rising interest rates and a challenging selling environment that limited its ability to reduce and repay debt.

Demire was unlikely to secure new financing. Phillips saw the firm's attractive loan-to-value ratio of 53%, Apollo Global Management holding a majority equity position, and existing BlueBay's knowledge and involvement through its leveraged finance team as encouraging reasons to believe a restructuring or an amend and extend agreement was likely.

In August 2023, Phillips' team established a position in the 2024 bonds at 65.

The company, creditors, and Apollo began restructuring negotiations in late 2023 in which RBC BlueBay was a key member of the ad hoc group. The group supported a plan under which Apollo would inject an additional €100 million of capital that enabled both a reduction in debt and an extension of the bond's maturity by three years.

This deal, which was completed in October 2024, enabled Demire to tender €209 million of the bonds at 81.25 and repurchase €49.5 million worth of bonds at par that generated an overall creditor exit price of 83.13. Phillips' earned an IRR of 33%.

Around the same time the strategy was digging into Demire, BlueBay was also looking at a stressed British specialist care provider, Voyage Care, that offers services both in-home and at its own residential facilities. It has hundreds of locations and freehold properties whose collective value of £312 million exceeded the firm's £271 million in debt.

The combination of Brexit and COVID resulted in staff loss. This forced management to boost wages to attract qualified personnel and resulted in a decline of EBITDA from around £45-50 million to £35 million. This sent bond prices falling.

Believing diminished earnings were only temporary, the investment team established a position at 72 in November 2023.

By the second half of 2024, Voyage Care received its fee increase from the UK National Health Services, which helped boost revenue by 10% that year. EBITDA then rebounded to over £40m with expectations of further growth. By the end of the year, the team sold the investment at 96.

Looking Ahead

Phillips sees President Trump's tariff policies driving risk and opportunity in Europe in unexpected ways. "Production and sales of mid-market European companies are to a significant extent contained within the continent, ostensibly insulated from the tariff wars," posits Phillips. But European markets are not, with debt and equity prices trading often in lockstep with US securities regardless of underlying corporate fundamentals.

Volatility has delayed some pending IPOs and mergers on which some of BlueBay's investments were geared.

Still, Phillips is generally optimistic, not just because of opportunities caused by tariff disruption. "Europe may benefit," he explains, "as the chaos forces the continent to seek greater unification in policies and to think more independently."

More spending on guns than on butter will happen. But the upside, Phillips thinks, is that, "Europeans may feel more in control of their destiny than they have been for quite some time."

Eurasia Group's Key Geopolitical Risks

In last year's feature interview conducted in May 2024, Eurasia CEO Maziar Minovi served up a series of predictions that turned out to be spot on. They included a Trump victory and markets underestimating the geopolitical impacts of his return to power. Minovi anticipated increasing conflict with Iran that would escalate beyond the previous tit-for-tat, potentially impacting oil. He saw an increasingly entrenched stalemate between Russia and Ukraine as US support erodes. And he anticipated the Fed would sustain higher interest rates for longer.

Below are the leading geopolitical risks Eurasia Group cited heading into 2025. So far, they also seem to be spot on.

We're entering a uniquely dangerous period of world history on par with the 1930s and the early Cold War. Specifically: The US and China will export disruption to everyone else this year, short-circuiting the global economic recovery and accelerating geo-economic fragmentation. And as most governments opt for lighter-touch regulation and as international cooperation falters, AI capabilities and risks will continue to grow unchecked.

TRUMP: The erosion of independent checks on executive power and the rule of law will increase the extent to which the US policy landscape depends on the decisions of one powerful man. Further, Donald Trump is about to inherit a robust US economy, but his policies will undermine its strength this year through higher inflation and reduced growth.

EUROPE: Economic malaise, security threats, and defense shortcomings meant Europe was always going to face a daunting 2025. Donald Trump's return to power will exacerbate these geopolitical and economic pressures, threatening the continent with an existential crisis that could break European unity.

This year will test the maxim that when faced with a crisis, the EU always pulls together. But just like during the Eurozone crisis, Brexit, the pandemic, and Russia's 2022 invasion of Ukraine, the EU will likely overcome—or, at a minimum, muddle through—these challenges, too.

IRAN: The Middle East will remain a combustible environment in 2025, for one big reason: Iran hasn't been this weak in decades. Simply put, Iran is a sitting duck.

US-CHINA: Trump's return to office will unleash an unmanaged decoupling in the world's most important geopolitical relationship.

RUSSIA: Russia will do more than any other country to subvert the global order in 2025.

Russia is the world's leading rogue power, now by a large margin following the collapse of Iran's ability to project power. This year, Moscow will pursue more policies that undermine the US-led global order, despite a likely ceasefire in Ukraine. Russia will take hostile, asymmetric steps against EU countries—particularly those on the front lines—as they continue to support anti-Russian policies. It will also continue its role as leader of the Axis of Rogues—the strategic military partnership with Iran and North Korea that could significantly disrupt global stability this year.

Putin's revisionist goals toward the US-led West are a core driver of his foreign policy. The Russian president strongly objects to NATO expansion and Russia's exclusion from the European security system. These grievances lie behind Putin's desire to undermine Western democracies and provoke chaos in the US-led Western alliance system.

the Magnificent 7 is primarily driving US equity performance. According to Howard Silverblatt, senior index analysts at S&P Dow Jones Indices, the average equity move since the nadir hit in early April through late June is a little over 3% versus nearly 32% for the Magnificent 7.

MEMCO's head of investments, Justin Young, is concerned about excessive retail and traditional long-only investors remaining at near-peak historical allocations despite growing economic pessimism in survey data."

Source: Financial Times

That data, partially echoed in the studies cited above, includes slowing growth, rising unemployment and US government debt, stubborn inflation that will increase with tariffs and a falling dollar, sinking US new home sales and low existing home sales, and the sharp exodus out of long-term US bond funds that may portend higher long-term rates on which so much core lending is based.

The fear of extended maturities, explains fixed-income portfolio manager Bill Campbell at DoubleLine, "is a symptom of a much bigger problem. There is a lot of concern domestically and from the foreign investor community about owning the long end of the Treasury curve."

Patrick Ghali, partner at the London-based global consultancy Sussex Partners, says that "signs beneath the surface of the market rebound suggest not all is as it seems." He thinks the current rally is simply about liquidity and momentum chasing returns globally.

Kristina Hooper, Man Group's chief market strategist, puts it more bluntly, believing markets' buoyancy is "incomprehensible" and is more likely to end in disappointment.

Looking ahead, a partner at the $13 billion Swiss-based investment firm NS Partners, Cédric Dingens, believes US leadership is one of the most significant risks.

"We have the impression," observes Dingens, "there's a serious disconnect between what the current US administration sees as reality and what reality actually is. This reflects more than the president's thinking about economics and markets. There appears to be no serious assessment about problems and solutions—a lack of robust methodology that's driving his policies."

While many domestic allocators and managers share Dingens' thinking, they fear speaking candidly. I've seen, first-hand, industry leaders admit a need to edit their remarks. A British expatriate partner of a Top 50 hedge fund running his firm's US office has developed contingency plans in case members of his team have their work visas revoked.

> "(Our) poll found that more than 90 per cent of 47 economists surveyed were either somewhat concerned or very concerned about the safe-haven role of US dollar-denominated assets over the next five to ten years."
>
> **- Kent A. Clark Center for Global Markets**
> **University of Chicago Booth School of Business**

In this kind of environment, Dingens finds it hard to assess risk and said his firm has heightened its focus on capital preservation. Yet, it also seeks to exploit opportunities caused by policy-induced dislocation.

NS Partners' current hedge fund exposure is led by equity long/short, that's been benefiting from higher dispersion. The most noteworthy performance has been generated by the firm's macro managers that have shorted the US dollar, played the yield curve, and was long gold and specific emerging markets.

With the continent finally rallying, Sussex Partners is adding small European equity managers running low-net

BLUEBAY EMERGING MARKET CREDIT ALPHA

Distinguishing Inefficiency From Risk

Head of BlueBay's Emerging Market Debt and PM of its EM Credit Alpha Strategy, Polina Kurdyavko has figured out how to take much of the risk out of emerging market investing to generate consistently profitable returns.

Since its launch in late 2011, this 27th-ranked strategy has generated net annualized returns of more than 9% and a worst drawdown of -16.2%, while suffering just one

Polina Kurdyavko PM

down year when performance was off -6.6%.

A good part of Kurdyavko's understanding of emerging markets comes not only from her aptitude but from her personal familiarity with such economies.

Born of Armenian and Ukrainian parents and having spent her early years in Moscow, Kurdyavko's roots are very much in emerging markets. The challenges of growing up in the Russian capital toward the end of the last century made her exceedingly curious about how things worked and didn't work in places like Russia.

Three times her family had lost their wealth—first due to the war in Afghanistan in 1988, then when the Soviet Union collapsed in 1991, and then again in 1998 when the emerging market crisis spread across the globe.

"I wanted to learn why these financial crises kept reoccurring," recalls Kurdyavko, "and in doing so, hopefully prevent my family from ever suffering that same fate again."

After working for Alliance Bernstein and UBS as an EM equity and credit analyst, she then joined BlueBay in London. In 2007, she was managing the emerging market credit sleeve of the firm's multistrategy investment vehicle.

Having generated nearly triple-digit returns during the first 4½ years of operations, which included the Great Recession, Kurdyavko was given the reigns to manage a standalone EM strategy.

A Different Perspective

While much of the investment world looks at EM as risky, Kurdyavko sees it instead as inefficient. That subtle distinction, explains the manager, is key to distinguishing significant upside opportunities from investments that are likely to stumble. Making that determination, Kurdyavko says, requires in-depth research and nuanced understanding of local markets. It also involves portfolio and trade construction that is often more complex than what's demanded in many developed market deals.

Performance is also driven by geopolitical and macro events that are often more pronounced in emerging than developed markets. One recent example: the Russian invasion of Ukraine during which sanctions, soaring energy prices, supply chain problems, inflation, and rising interest rates led to increased stress and volatility across global markets but directly impacted corporate and sovereign debt in Russia and Ukraine.

Understanding how to manage this volatility fueled the strategy's strong 5-year run.

Over that time through 2024, the strategy generated annualized returns of 12.4%. That was nearly three times the return of the average EM hedge fund tracked by BarclayHedge.

While the S&P 500 delivered 2.1 percentage points greater returns than the strategy over this time, it did so with 50% more volatility. That suggests the strategy's risk-return profile has been more attractive than the US market.

The team controls the downside through effective hedging techniques as well as strict stop-loss policies on both individual positions and at the strategy level.

This is triggered when a single credit loses more than -250 bps. For the overall strategy, it starts at -3.5% decline. A harder trigger kicks in at -7%.

Before key investments are made, Kurdyavko requires the preparation of worst-case scenarios or "pre-mortems," as her team calls them. After studying sovereign or corporate risks, local and nationwide events that lie ahead, and regional geopolitical uncertainties, various scenarios are then devised that stress-test positions. "This analysis also helps us determine the most viable hedges," explains Kurdyavko.

Assets & Growth

Despite the compelling track record of this strategy, increasing regulatory restrictions on pension investments, along with Brexit, has limited the team's ability to market the strategy and grow assets. The managers are mindful, however, that a smaller asset base helps keep the strategy nimble.

The strategy's $540 million book combined with strong bottom-up fundamental study has allowed the manager to effectively exploit smaller, less-researched corporate opportunities involving tickets ranging from $20 to $50 million. Examples include provision of first-lien post-bankruptcy financing and borrowing bonds to short smaller issuances, both of which would likely be off-radar for larger funds.

The investment team also invests in much larger issuers, such as Argentina, where the strategy has made money over five of the last six years.

National elections in Argentina have been driving opportunities as incumbents perennially struggle balancing the country's poor finances, promises of reform, and desire to sustain populist support through unaffordable spending.

In 2019, then-President Macri's failure to deliver reforms fueled greater debt and economic uncertainty that contributed to a weakening currency.

The increasing likelihood that the opposing Perónist ticket (Alberto Fernández and Cristina Kirschner) might win and stymie reforms led Kurdyavko and her co-PM, Anthony Kettle, to establish a pair trade: going long highly discounted 100-year dollar bonds and effectively shorting government debt by buying fairly inexpensive default protection via CDS.

Macri lost the October election, the market railed, and bonds defaulted in June. In this case, the price of the already discounted 100-year bond dropped significantly less than other bonds in the curve. However, the default itself triggered the CDS which, in turn, helped the strategy generate a net gain of 10%.

Kurdyavko and Kettle instituted a similar trade at the end of September 2023 during the lead-up to the November 2023 elections, but with conditions far more severe: triple-digit inflation, a plummeting peso, and a deep recession.

Argentinian assets had previously sold off, and restructured dollar bonds due in 2038 and 2041 were trading around $0.20 when the managers bought them sporting a current yield of 23%. The strategy countered the position with CDS.

This time, the PMs were slightly more optimistic that reforms would happen regardless of who won because conditions were so dire.

Milei's surprise victory over Fernández sent the price of the bonds soaring. By the time BlueBay closed the position a year later at the end of 2024, the trade was responsible for one-third of the strategy's 2024 returns, or about 7%.

Managing A Sideways Play

In late 2021, BlueBay established a long position in a hard currency 2030 Ghanian sovereign backed by the World Bank at 115. That position turned more challenging, however, when a *Financial Times* opinion piece questioned that partial guarantee. Its value stumbled back to par. The rarity of the issue limited the size of the investor base, research, and subsequent demand for the security.

Kurdyavko and Kettle then established a series of short positions involving non-guaranteed sovereigns due between 2025 and 2029, which were trading at significant discounts.

Around this time, the country was confronted with slowing growth, a falling currency, and surging public debt as global inflation and interest rates soared on the back of supply shocks related to the Russian invasion of Ukraine and post-COVID economics. This made it more challenging for Ghana to refinance and turned sovereign prices more volatile.

Having closely scrutinized the bond's documents, the manager was also aware that its structure was part of broader World Bank program serving a number of countries and concluded the guarantee would hold. The team traded around the long 2030 exposure as the bond sold off. This ended up reducing the strategy's losses, which were then entirely offset by various shorts. By 2024, BlueBay had salvaged a 1% net profit.

What May Lie Ahead

Looking at the potential impacts of the US administration's tariff and foreign policies, Kurdyavko thinks declining foreign assistance to many emerging markets may end up reducing liquidity and exacerbating pricing pressures on certain assets, resulting in potential price dislocations. When EM dislocations reflect technical flows and market mispricing rather than fundamentals, they may indicate opportunities.

Kurdyavko believes a weakening US dollar and strengthening EM currencies may lead to lower local interest rates. This may then fuel further rotation into local EM assets and in turn shape more discernable trends for her team to identify.

But she also fears current policy changes could shorten the period between emerging market default cycles caused by both slowing economic growth and greater military spending. The latter may lead to steeper yield curves and potentially higher refinancing costs for both developed and EM nations.

Kurdyavko thinks greater disruption, dispersion, and inflation will likely create opportunities in Central and South America and Sub-Saharan Africa.

As for the elephant in the room, Kurdyavko believes rationality will eventually prevail in Washington. But before it does, she fears, "substantial damage will be done as volatility and costs rise."

and diversified exposure that targets low-beta idiosyncratic investments.

With the consultancy focused mainly on hedge funds, Ghali says Sussex avoids pure momentum and extensively hedged managers, searching instead for funds that can deliver gains from opportunistic longs and shorts. He admits, however, that the latter is periodically nicked by retail euphoria that triggers indiscriminate buying of "junk companies" and exposes its managers to short squeezes.

On the European stressed and distressed credit side, BlueBay's head of special situations, Adam Phillips, remains positive, not just because tariff disruption creates opportunities, which he suspects will remain extant for some time to come. "Europe may benefit," he explains, "as the chaos forces the continent to seek greater unification in policies and to think more independently, allowing Europeans to feel more in control of their destiny than they have been for quite some time."

What worries Moez Kassam, CIO of the 2nd-ranked Anson Investments, is stagflation. Given more immediate issues pressing investors at this moment, Kassam believes, "markets are ignoring this risk that may be building as inflation remains sticky and the Fed is unable to ease interest rates."

Like many fund managers, Kassam avoids even trying to predict what the US Administration will eventually do about tariffs. "This clearly adds uncertainty," he explains, "to an already highly priced market and a president who frequently changes his mind."

His strategy targets mostly North American investments that are not directly affected by changing tariff policies. (See examples in Kassam's profile on p. 28.) Knowing that security prices are still invariably correlated regardless of tariff exposure, Kassam believes it's most productive to "respond to conditions rather than trying to predict them in fashioning shorter duration opportunities."

Delivering the survey's best returns last year, Sandglass Capital's veteran EM manager Genna Lozovsky sees, "the combination of tariff uncertainty and excessive deficits likely amplifying US cyclical and structural risks." He's mindful of the adage that when the US sniffles, the rest of the world catches cold.

But Lozovsky, who's profiled on p. 5, feels "continued dispersion and volatility coupled with the likelihood of lower interest rates and a weaker dollar should fuel EM growth and the prospects of finding more attractive opportunities."

With the passage of the government's budget, the country's fiscal outlook will worsen. This structural challenge is what Justin Young worries most about, fearing that "meaningful reform is only likely when bond-market stress forces policymakers' hands. Until then, various converging headwinds create an increasingly fragile backdrop for risk assets." ▪

WEAKENING CONSUMER SENTIMENT

University of Michigan, June 27, 2025

Why Some Good Funds Didn't Make the Survey

The reason why most hedge funds don't qualify for this survey is because they are inconsistent.

But there are a number of really good managers that don't qualify because they don't meet all the thresholds for inclusion.

Five funds had regularly made this survey, but didn't this year because of subpar 2024 performance. That doesn't mean investors should lose faith in any of them, such as Starboard Value, Kryger Event, or EDL Global Opportunities. But in relying on objective parameters from which this survey won't deviate, readers are provided with a list of the most consistently performing managers.

Until 2025, **Waha MENA Equity** has qualified for this survey every year since 2019.

Launched in January 2014, the fund's trailing annualized returns through 2024 have been 15.3%, significantly outpacing the S&P Pan Arab Composite Index by 9.8% annually. Its annualized standard deviation of 10.5% and historic Sharpe ratio of 1.3 has helped boost assets of the Abu Dhabi-based fund to nearly $1 billion.

But manager Mohamed El Jamal, who had soft-closed the fund last year had a modest 2024, up just 1.2%—well below the survey's 2024 hurdle rate of 6%. This flat performance has continued through May 2025.

The main reason behind this shift in fortune, according to the fund, is that since October 7th, 2023, it has anticipated rising regional risk as fighting broke out in multiple directions. In response, El Jamal significantly reduced net exposure. Some positions he then underweighted and shorted moved against him.

This caution left Waha uncharacteristically out of sync with markets in 2024, which continued to rally. Still, the PM remains defensively positioned with the sudden outbreak of war between Iran and Israel.

A reason why this proven manager may regain his luster is because he believes the foundation of solid equity investing is rooted in sound credit analysis. El Jamal's 37th-ranked EM Credit fund, which was launched two years before MENA equity, continues to thrive.

Later this year, the firm is adding two seasoned investment professionals to enhance the fund's stock picking, further complementing Waha MENA's experienced team and long track record of delivering compelling, consistent returns in one of the world's fastest-growing regions.

BlackRock Strategic Equity is the firm's flagship hedge fund and one of the most proficient funds not in the Top 50.

Launched in December 2011, the $11.7 billion fund has generated annualized returns of more than 14%. Its annualized volatility is under 10% and, despite the high risks associated with equity investing, the fund's worst drawdown is a modest -14.1%.

The London-based fund managed by Alister Hibbert has periodically suffered down years. First in 2016, when it lost -11.4%, then again in 2018 when it stumbled toward the end of the year which turned a decent performance into a slight loss of -0.13%.

But it was the challenging year of 2022 that prevented the fund from making the Top 50 when it lost more than -12%, suggesting significant market correlation.

Also based in London is Jack Lund's **Axebrook Credit Alpha**. Managing a wee bit less than BlackRock, Lund's $413 million fund has been delivering 12.5% annualized returns with exceptionally low volatility of under 6% with a worst drawdown of just -1.25%, which hints at the fund holding assets that don't trade much.

It failed to make the cut because it was launched in July 2020, just missing the 5-year performance requirement. Maybe next year.

This independent study is not a recommendation to invest in any of the funds profiled, ranked, or mentioned in the survey. The author is not responsible for any inaccuracies related to cited data or attributions. Readers that invest in any hedge fund must conduct their own extensive due diligence before allocating. Special thanks to Marina D'Angiolillo, research and professional services manager at Backstop BarclayHedge, for her extraordinary help for initially screening through thousands of funds in the firm's database and performing specific fund analysis. And many thanks to my designer extraordinaire Coco Sallée.

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