

News Briefs: What investors say about managed futures allocations; the Dubai Mercantile Exchange; Altegris, and more.

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NEWS BRIEFS

Investors' Preferences for CTAs and Macro

Two separate surveys suggest a rising or relatively stable demand for global macro and commodity trading advisor strategies, depending on the evolving conditions in credit and stock markets.

One study, by The Bank of New York Mellon and consultant Casey Quirk, found that investors worldwide are re-defining hedge funds by liquidity and risk exposure. From this perspective, global macro and CTAs belong to the "classic hedge liquid" category and are defined by not having consistent exposure to equity or credit market risk and not relying on any illiquidity premium for returns.

The preferences of investors vary across the different economic scenarios. In the bull case, investors are expected to gravitate toward strategies with higher market exposure, in particular long/short equity, and illiquid strategies such as distressed investing. By contrast, in the bear case, "classic" strategies like CTAs and global macro are the most favored.

In the baseline case there is a balance of strategy categories, but hedged market exposure strategies have an edge over "classic" because many of the latter are capacity constrained, according to the report.

Nevertheless, the Bof NY Mellon-Casey Quirk authors find that the classic category has more stable prospects. "A key implication is that while their share varies by scenario, the absolute opportunity for "classic" hedge fund strategies is the most stable going forward, as their relevance to investors is less dependent on external capital market returns," the report says.

A separate survey of Middle Eastern hedge fund investors by CapIntro Partners found that global macro and CTA are the top strategies – after distressed investing – favored for 2009. For changes in strategy allocation, 19% of the Middle Eastern investors interviewed said they favor distressed, 17% favor global macro and 15% CTAs.

Dubai Mercantile Exchange Appoints New Directors

Ali Tabbal and John Sandner were named to the board of directors of Dubai Mercantile Exchange Ltd. Mr. Sandner was chairman of the Chicago Mercantile Exchange for 13 years and continues to serve on the CME Group board of directors and executive committee. Mr. Tabbal is presently chief financial officer of Dubai Holding and was previously director of finance at TECOM

DME chairman Ahmad Sharaf said the new appointments bring valuable industry and regional expertise to the board of directors. "We look forward to working closely with them and harnessing their insights and counsel as we work with the executive management team to drive a new phase of growth at the DME," he said.

The DME has created the Oman Crude Oil Futures Contract, recognized as the third global benchmark for crude oil and the first successful exchange-traded contract for crude oil for East of Suez markets.

Altegris Expands Research Team

La Jolla, California, based alternative investment firm Altegris hired Mark Dombrowski as a senior research associate focusing on operational due diligence and risk. Previously he was at Bank of America Merrill Lynch, where he developed financial models and did due diligence for potential IPO offerings and M&A opportunities. Prior to that, he worked for Context Capital Management with responsibilities for trade reconciliation, daily portfolio monitoring, portfolio valuation, and risk monitoring.

Altegris, led by Allen Cheng, finds and selects managed futures programs for its clients as well as hedge funds and other alternatives. Investors have allocated more than \$2 billion through Altegris. Mr. Dombrowski's role includes conducting due diligence on new funds and managers for Altegris investments.

Swine Flu Roils Hog Futures

Pork futures gained on the Chicago Board of Trade last Friday as fears lessened about the swine flu epidemic that appears to have started in Mexico. Earlier in the past week prices for US hogs fell as a number of countries, including big importers China and Russia, responded to the outbreak by banning pork imports from regions where the flu was found.

Health officials say people catch the virus from other people, not by eating pork. However, American pork exports have already dropped.