

Emerging market strategies lead the way

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A new, quarterly survey of hedge fund strategy performance from InvestorForce shows that emerging marketing strategies were the best performers in the year to 30 September 2002.

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InvestorForce surveyed the performance of 11 different hedge fund strategies in its Altvest hedge fund database. The survey was based on performance figures from the firm's database of over 2,600 hedge funds for the year-to-date period ended September 30, 2002.

Leading the pack was the emerging markets strategy, a strategy that typically invests in developing countries through the equity and/or debt of companies in those countries or in the nations' sovereign debt. The strategy returned an average 5.72 per cent.

The runner-up, currency trading, returned an average 5.06 per cent. Currency strategies include two parties exchanging specific amounts of different currencies initially and then repaying those currencies at future points in time according to a specified schedule.

For the year, seven out of the 11 strategies identified by InvestorForce had positive returns ranging from a high of 5.72 per cent to 0.11 per cent. The four strategies with negative returns ranged from -0.19 per cent to a low of -3.82 per cent.

The same 11 hedge fund strategies fared less well during the third quarter. Only one strategy saw positive performance: Capital Structure Arbitrage with a return of 0.68 per cent. The other performance numbers ranged from -.21 per cent to -4.28 per cent. The Long/Short Equity strategy was the lowest in both time periods: -3.82 per cent year-to-date and -4.28 per cent for the quarter.

By comparison, InvestorForce's composite Hedge Fund Performance Indicator returned -0.67 per cent year-to-date and -1.96 per cent for the quarter. By comparison, the S&P 500 returned -17.6 per

cent for Q3, and -28.9 per cent year-to-date as of September 30, 2002.

Background Note: InvestorForce is an information and technology company committed to providing greater business efficiency and enhancing the investment decision-making process used by investment professionals serving institutional and high net worth clients.

The reported data reflect returns submitted to InvestorForce on or before 31 October, 2002. The rankings contain performance returns for the past quarter and year-to-date period through September 30, 2002. To qualify for inclusion in the ranking, products must report performance for the current month.

The composite performance indicator is comprised of all funds in the Altvest database that have reported performance for the current month. Monthly historical numbers will never be rebalanced to account for new funds added or funds removed. A fund will be classified in the category where it reports its greatest percentage involvement. As a fund changes its classification, past performance remains with the previous strategy and future performance is included accordingly.

For each month, the universe of funds that have reported performance for the current month are grouped according to strategy. For each grouping, an arithmetic average is calculated for the given month

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