Crossbow Partners
Experience & Discipline

London Trip Report

Focus on Macro and Volatility Funds

July 15 - 16, 2019

Executive Summary

2019 proved to be a good year so far (as of August) for many Macro managers, while several long biased Volatility funds are negative YTD

A large performance driver for Macro funds was the constant decline in core interest rate markets, as US and German 10y yields fell as low as 1.50% and -0.70% as of the end of August

Several managers thus benefitted from directional positions in both US and European interest rates as well as US steepener. Long gold also generated strong contributions for some managers in June and August

On the negative side, some Macro managers recorded losses in currencies especially in Q1, as FX volatility reached historical lows without particular currency price trends

This decline in currency volatility proved painful for Volatility managers and many of them only rebounded partly in August when interest rate volatility rose meaningfully

Macro managers remain focused on the US/China trade war and on the possible actions of the main central banks, which could well extend the global monetary easing cycle