Thanks to Donald Trump’s unexpected Presidential election, equity markets had one of its best months ever thanks to President-Elect Trump’s platform for corporate tax cuts and deregulation. Conversely, President-Elect Trump was critical of Fed Chair Janet Yellen and making remarks about changing America’s debt structure. These are two factors that have led to the bond indices to steeply decline as the Treasury yield curve has increased dramatically throughout November.

Hedge Fund Managers, in general, benefited from Trump’s election but provided investors with a smaller return compared to the S&P 500 and MSCI ACWI. The leading strategy for November was the Event Driven Index which provided a 1.75% return, its monthly return since March of this year. Distress Securities also had an outstanding November with a 1.50% return (along with a 9.36% return for 2016), thanks to Trump’s proposed business-friendly policies. Convertible Arbitrage provided a 1.20% return because of the sudden jump in equities; investors turned their convertible bonds into equity. The Equity Long/Short Strategists did not receive the sudden dip in equities they needed to obtain a profit from their short positions in November, leading to a little erosion of their profits in their long positions. Surprisingly, the China Long/Short Index provided a 1.15% return despite President-Elect Trump’s campaign promise for stiff tariffs.

Not all strategies provided excellent returns, as the Equity Market Neutral Index earned investors a return of 21 basis points; the Fund of Funds Index provided a return of 44 basis points, while the Fixed Income Arbitrage Index had a loss of 11 basis points. The Fixed Income Arbitrage loss is not cause for concern considering that its benchmark dropped by 2.37%.

The CTA Equal Weighted Index had its fourth consecutive month with a loss, costing investors 59 basis points. Gold and silver spurred the decline as their prices dropped by 9% and 11%, respectively.
Helping commodity traders was an 8% increase in oil prices for the month. Lastly, currency trades within the CTA Index posted a loss of 27 basis points.