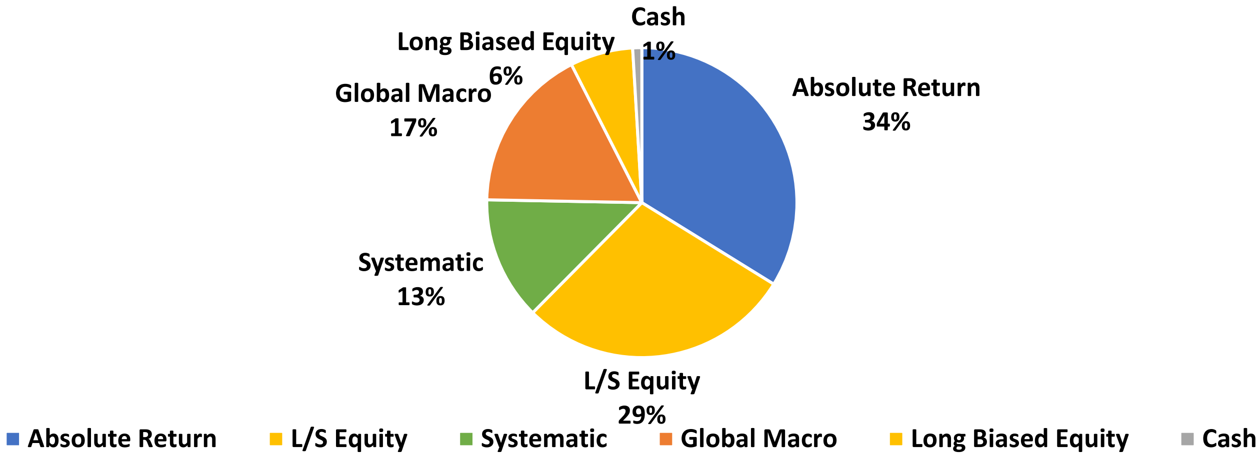
## Alpha Diversified Fund - Positioning 7/31/2022




## Global Macro Discussion

Soaring inflation may have frightened consumers and investors; nevertheless, macro funds are taking full advantage. While most equities, cryptocurrencies, and bond yields are down, macro hedge funds are making double-digit and, in some instances, eye-popping triple-digit gains. Global macro hedge funds, made famous by the likes of Said Haider, Ray Dalio, and George Soros, are making their most significant gains as inflation unfolds and the current economic environment deteriorates. This year, market moves have been exceptionally favorable for most macro funds.

So, what are Macro funds, and how are they performing so well in the current economic environment? Macro Hedge Funds are actively managed funds that take advantage of broad market swings triggered by economic and political events globally. These funds bet on economic events and use financial instruments to make long or short positions based on extensive research. An investment based on an event can cover various assets and instruments, including currencies, futures, options, commodities, bonds, and index funds. The aim is to uncover the right mix of assets and instruments to maximize returns when a forecasted outcome occurs.

Macro hedge funds predominantly focus on interest rates, currencies, and stock indexes; however, positions in fixed income, commodities, and futures markets are not uncommon. These funds offer diversification in a form that is distinctive from most equity markets, making them appealing to investors seeking protection from global financial events that typically drag down bond and stock returns. Examples of such events are the current war in Ukraine and the onset of Covid-19 in early 2020. Apart from these rare events, macro funds usually set up positions to exploit global market volatility.

Macro funds rely on underlying global macro trading strategies. Some of the strategies that macro funds may look at are Monetary and fiscal policies, Geopolitics, Market mispricing, Demographics, and Black swan events. These strategies are often based on broad sectors and securities and have no geographic restrictions. Most funds are highly leveraged and invest in markets with ample liquidity, enabling them to change positions on short notice.

The three underlying approaches to macro trading strategies are 1) Systematic macro, which is rigid and rule-based and works by feeding precise rules into a sophisticated computer program that decides what to buy and sell. 2) Discretionary macro allows flexibility and discretion based on analysis, which could be fundamental or technical. 3) Commodity Trading Advisor (CTA)/Managed Futures is an approach in which a fund manager trades only future contracts using a systematic or discretionary approach.

# Strategy Series - Global Macro (Part 1)

Haidar Jupiter macro fund managed by Haider Capital Management is the best performing macro fund this year. The fund gained 61% in the first two months and soared 170% during the first half of 2022. Last year, the fund surged by almost 70% leading to one of the best performances in the industry.

The fund managed $1.8 billion at the end of January 2022 and had over $3.5 billion by June 2022. While several funds have struggled over the last few years as central banks kept interest rates near a record low, Haidar's Jupiter fund has been soaring. This year, volatility in stocks, commodities markets, and bonds has created opportunities for macro funds, and Haidar has made the most of them. Said Haider, who runs a high-conviction strategy, oversees one of the industry's

| YEAR | HAIDAR'S FUND | BLOOMBERG MACRO HEDGE FUND INDEX |
|---|---|---|
| 2022 (First Half) | 170.0% | 2.3% |
| 2021 | 69.6% | 6.4% |
| 2020 | 27.1% | 7.0% |
| 2019 | 31.3% | 6.5% |

If you would like to learn more about the Alpha Diversified Fund and discuss exposure to the Global Macro investment category, please reach out to Mark Kress at 415-290-7164 or mkress@alphawealthfunds.com.

I would like to acknowledge Ravinder Singh of Victoria University's contribution to this article.