

iCapital®

BEYOND 60/40

October 2023



WELCOME TO OUR MONTHLY NEWSLETTER.

Designed to serve as your primary source for navigating the world of alternative investments.

The phrase “higher for longer” has gained traction of late, as the world’s central banks have indicated they may need to maintain interest rates at current (or potentially higher) levels to continue combating inflation.

Higher interest rates have an impact on all major asset classes. In equities, it creates fiscal strain and widening dispersion in stock performance. In credit, companies seeking to service or refinance debt face higher borrowing costs and tighter loan standards, leading to heightened volatility. Across commodities and currencies, volatility is also likely to remain elevated as central banks address inflation within their own economies.

While investors are still assessing the implications of a sustained period of higher rates, we believe there is a current opportunity for macro hedge fund strategies, which have historically performed best when interest rates are higher, when volatility is elevated, and often when traditional asset portfolios suffer.

Returns for macro hedge fund managers are primarily driven by large market and price movements in either direction, providing macro investors the opportunity to generate uncorrelated returns, regardless of the direction of risk assets. By capturing those return-generating opportunities, we believe macro hedge funds should continue to drive value in client portfolios.



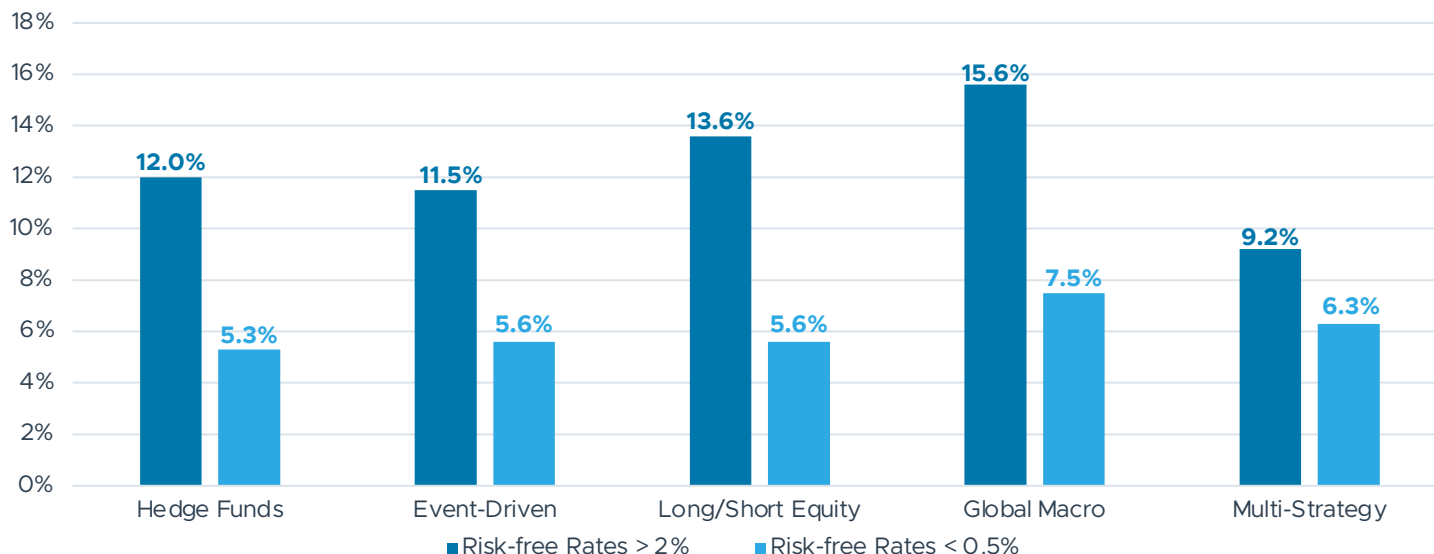
Steve Houston

Managing Director
Head of Enterprise Solutions

CHART OF THE MONTH

Hedge Funds Performed Better in Higher Rate Environments

Hedge fund strategy performance in different risk-free rate environments



Source: Blackrock, Hedge Fund Opportunities in a Rising Rates and Uncertain Market Environment, August 2023. Data from Morningstar, median index returns from Jan. 1, 1994 to June 30, 2023. Hedge Funds are represented by the Credit Suisse Hedge Fund Index, Event-Driven by the Credit Suisse Event-Driven Index, Long/Short Equity by the Credit Suisse Long/Short Equity Index, Global Macro by the Credit Suisse Global Macro Index, and Multi-Strategy by the Credit Suisse Multi Strategy Index. For illustrative purposes only. Past performance is not indicative of future results. Future results are not guaranteed.

SPOTLIGHT: BEYOND 60/40: EPISODE 8



Anastasia Amoroso, iCapital Chief Investment Strategist, discusses absolute return strategies with Joe Dowling, Senior Managing Director and Global Head of Blackstone Alternative Asset Management; and iCapital Co-Founder and Managing Partner Dan Vene highlights how iCapital Marketplace is expanding access to alternatives.

[Watch Now](#)

MONTHLY MARKET ROUNDUP

WELLINGTON MANAGEMENT®

[Financials Amid Rising Dispersion](#)

Discover how the widening dispersion between winners and losers is creating opportunities for alpha in the new, higher-rate environment.

PREQIN

[Future of Alternatives 2028](#)

In this report, Preqin provides data and insights to help navigate the alternatives landscape and answer some important questions about what our industry can expect in the next five years.

APOLLO

[How Important Is Vintage in Private Credit Investing Today?](#)

In the latest episode of The View from Apollo podcast, Chief Economist Torsten Slok talks with Jim Vanek, Co-Head of Global Performing Credit, about what's happening in the credit markets and potential opportunities in private credit.

BAIN & COMPANY

[Preparing for Exit: A Buyer's Market Is Coming for Tech Assets](#)

Reduced exits, extended hold times, and steady dry powder reserves point toward an incoming wave of tech asset exits that will create a crowded, competitive buyer's market.

IN CASE YOU MISSED IT



In today's increasingly volatile market environment, the need to incorporate a diverse range of quality private asset exposures into a portfolio is greater than ever. [Read more.](#)



Discover why macro hedge funds have historically performed best when interest rates are higher, when volatility is elevated, and often when traditional asset-only portfolios suffer. [Read more.](#)



Fixed income investments with principal protection, including rate-linked investments, can help investors generate current income while mitigating downside risk. [Read more.](#)

[Gain More Insight](#)

WEEKLY MARKET PULSE



In Chief Investment Strategist [Anastasia Amoroso's Market Pulse](#), read why despite potential near-term headwinds, we still see several reasons to remain constructive in segments of the market throughout the balance of the year.

[Subscribe to Market Pulse](#)

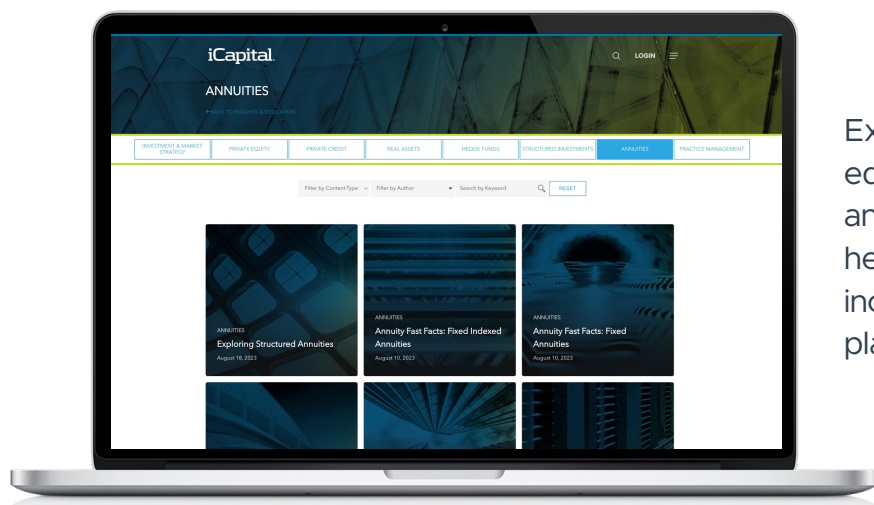
PODCAST: ALPHA EXCHANGE



Catch iCapital Chief Investment Strategist [Anastasia Amoroso](#) on [Alpha Exchange](#), where she discusses how iCapital is expanding access to private markets with host [Dean Curnutt](#).

[Listen Now](#)

NEW AT iCAPITAL



Explore our new suite of insights and education materials dedicated to annuities to learn how annuities can help investors build a guaranteed income stream and address retirement planning needs.

[Learn More](#)

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Credit Suisse (CS) Event-Driven Index is a subset of the CS Hedge Fund (HF) Index that measures the aggregate performance of Event-Driven funds, which typically invest in various asset classes and seek to profit from potential mispricing of securities related to a specific corporate or market event. CS Global Macro Index: A subset of the CS HF Index that measures the aggregate performance of global macro funds, which typically focus on identifying extreme price valuations in equity, currency, interest rate and commodity markets. CS HF Index: An asset-weighted hedge fund index that includes funds in the CS HF Database, which tracks ~9,000 funds with a minimum of US\$50 million under management, a 12-month track record, and audited financial statements. The index is calculated/rebalanced on a monthly basis and reflects performance net of all performance fees and expenses. CS Long/Short Equity Index: A subset of the CS HF Index that measures the aggregate performance of long/short equity funds, which typically invest in both long and short sides of equity markets, focusing on diversifying/hedging across particular sectors, regions, or market capitalizations. CS Multi Strategy Index: A subset of the CS HF Index that measures the aggregate performance of multi-strategy funds, which typically allocate capital based on perceived opportunities among several hedge fund strategies.

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