Good Strategies for Tough Times

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Historically high valuations in major stock and bond markets, and meaningful recent losses across global equities have increased investors’ concerns about downside risk.

This issue of Alternative Thinking shows how different investments performed amid the worst quarters for stock and bond markets in recent decades. It concludes that certain long/short strategies have been not only market-neutral in the long run, but also during these tail events — suggesting a valuable role over the long-term, and when it really counts. It also documents strong complementary behavior from two strange bedfellows — private equity and trend following — which have each tended to do well when the other has fared poorly.