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## Liquid Alternative Hedge Fund Strategies Index

**Down 0.02 in April; 1.64% Y-T-D**

Liquid Alternative Performance Lag Hedge Funds for the Year

### Caution Urged in Use of LiquidAlt Indexes

Concentration of Assets and Limited Track Records

NEW YORK, NY, (May 11, 2015) –*The Liquid Alternative Investment Company’s Liquid Alternative Hedge Fund Strategies Index lagged the S&P 500 Index’ 0.85% gain in April and 3.1% year-to-date. (The Index is based on 467 U.S. domiciled mutual funds, ETFs and Closed End Funds. Together, these funds managed \$250 billion in assets.)*

LAIC Hedge Fund Strategy Index	April	YTD	1 Year	3 Year	5 Year	10 Year
Aggregate LAIC Index	-0.02%	1.64%	4.08%	4.14%	3.46%	3.31%
Equity Hedged Index	-0.05%	1.13%	4.56%	6.97%	5.54%	3.82%
-Equity Long Short Index	-0.02%	1.60%	5.62%	7.81%	6.27%	4.39%
-Equity Market Neutral Index	-2.16%	-3.05%	-2.26%	-0.39%	0.06%	0.73%
Directional Trading Index	-0.50%	2.31%	6.36%	1.18%	0.81%	0.68%
-Global Macro Index	0.11%	2.58%	3.04%	1.53%	1.12%	-
-Managed Futures Diversified Index	-1.73%	4.02%	14.58%	3.66%	2.00%	-
Alternative Fixed Income Index	0.43%	1.15%	-0.59%	1.37%	1.34%	-
Absolute Return Index	0.50%	2.15%	1.93%	4.89%	3.34%	1.83%
Alternatives Multi-Strategy Index	0.26%	2.03%	2.76%	2.18%	1.55%	1.85%
HFRI Fund Weighted Composite Index	0.83%	3.07%	5.20%	5.75%	4.43%	

#### **Concentration of assets and limited track record call for caution is using LiquidAlt indexes**

According to Ezra Zask, founder and president of the Liquid Alternative Investment Company, “investors need to use caution in using liquid alternative indexes in choosing funds and constructing portfolios. The concentration of liquid alternative assets in a few funds and the shortness of these funds’ track record calls for analysis and due diligence at the fund and sub-strategy level.”

According to Mr. Zask, “one-fourth of LiquidAlt funds manage 95% of the category’s assets, while fewer than 50% of the 467 LiquidAlt funds have been in existence for more than 3 years. Only 67 funds (14% of the total) were in existence during the Credit Crisis in 2008. This makes it impossible to determine how this group of funds would have fared during the Crisis, or how it will perform in any future crises.”

LAICI was developed to provide standardized benchmarks for mutual funds and ETFs pursuing alternative strategies. Mr. Zask claims that, “the lack of a standardized benchmark has impeded the ability of investors to compare funds to each other and to traditional investments. LAICI provides the tools to enable investors and investment professionals to evaluate funds against peers and to construct portfolios using combinations of alternative and traditional investments.”

### **Concentration of Assets among Largest Liquid Alternatives**

The usefulness of an index as a benchmark which can be used to evaluate strategies and to compare individual funds is limited to the extent to which the index is dominated by a relatively few funds. In the case of Liquid Alternative Investments, this concentration is pronounced, with 186 funds (out of 462 total liquid alternative funds) managing close to 95% of all assets.

<b>Concentration of Assets in Relatively Few Firms</b>				
<b>Strategy</b>	<b>Assets under Management (\$B)</b>	<b># of Funds</b>	<b>Assets Managed by Top Quartile (\$B)</b>	<b>Assets Managed by Top Quartile (%)</b>
<b>Absolute Return</b>	24414	46	22378	92%
<b>Fixed Income Multi-Strategy</b>	107489	34	96647	92%
<b>Event Driven</b>	2441	16	1599	66%
<b>Trend Following</b>	38615	108	33723	81%
<b>Multi-strategy</b>	16854	72	12042	71%
<b>Equity Hedge</b>	67775	186	61429	95%
<b>All Funds</b>	257588	462	227818	94.6%

### **Limited Performance Record of Liquid Alternatives**

A rule of thumb in the investment management industry is that it takes 36 months of performance history to calculate meaningful performance and risk statistics, such as Sharpe ratio and standard deviation. However, less than 50% of all liquid alternative funds have this minimal statistical property and, even more disturbing, only 14% of all the funds have a performance that includes the crisis of 2008, the seminal market event of the past decade.

<b>More than 50% Liquid Alts formed in past 3 Years</b>		
<b>Time Period</b>	<b>Number of Funds</b>	<b>Percent of All Funds</b>
<b>Greater than 36 months</b>	<b>263</b>	<b>48%</b>
<b>Greater than 60 months</b>	<b>111</b>	<b>24%</b>
<b>Post 2008</b>	<b>67</b>	<b>14%</b>

**About Liquid Alternative Investments Company, LLC ([www.liquidaltinvest.com](http://www.liquidaltinvest.com))**

The Liquid Alternative Investment Company was founded by Ezra Zask in 2013 to assist investors and advisors in the use of alternative investments to enhance portfolio performance. LAIC provides data, analytics, information and education services on liquid alternative investments. In addition to the performance indexes, LAIC provides [Fund Selector](#) and [Portfolio Builder](#) software programs which allow subscribers to screen and select managers and construct and test portfolios. In addition, LAIC provides a ranking of managers by strategy along a number of criteria including performance, risk and correlation to major markets, as well as providing information, commentary and analysis of funds, strategies and industry trends and educational and consulting services to various groups in the liquid alternative investments industry, including investors, investment advisers and consultants, and ETF and Mutual Fund producers and platforms.

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**For information on all the Indices and Methodology and Definitions, see**

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