Editorial

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A general air of gloom surrounds quantitative hedge funds at the moment. It is believed, and whispered, that investors are withdrawing money from the quant funds and putting them somewhere else. I have no direct evidence that this is true or false, nor do I know the destination of this money, if the rumours were true. It is probably not highly geared, mortgage-backed securities.

The persistent weakening of the dollar, among other reasons, has led to an increase in activity of sovereign funds. This represents a huge influx of

money into the equity market, far outweighing any withdrawals from quant funds and 'out of equity'. It may be that this money will not be spent on quant funds, but it is very likely that this should sustain the equity markets in the medium term, and there should be a market opportunity for index plus products, to which quant funds will be well-positioned to take advantage.

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