Global Macro Hedge Fund Investing: Diversification Within a Portfolio

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Global Macro is a key component of the Tactical Trading sector in Aksia's Hedge Fund Taxonomy. As of the end of Q1 2026, HEDGX had an approximately 11-12% allocation to Global Macro managers. Additional macro-like strategy exposure may come from CTAs, tail strategies, and Multi-Strategy funds.

What Is Global Macro?

Global Macro managers use top-down views on the business cycle, central banks, and asset pricing to trade across a wide range of liquid asset classes, including interest rates and yield curves, currencies (FX), sovereign and quasi-sovereign credit, equity indices and credit indices, and commodities and related derivatives. Managers typically express these views via futures, forwards, swaps, and options, combining directional (outright bets) and relative value positions (changes in relationships between two instruments).

Figure 1: Global Macro Styles, Approaches, Diversification

	Primary Approach	Core Asset Classes / Instruments	Typical Geographic Focus	Role in HEDGX	When It Tends to Help	When It Can Lag
Developed Markets Discretionary Macro	Fundamental, top-down; discretionary risk allocation based on macro views and policy analysis	G10 rates, yield curves, cross-country spreads; FX crosses; index-level equity and credit via futures/options	U.S., Europe, U.K., Japan, other developed markets	Anchor macro exposure; express views on growth, inflation, and central bank policy	Periods of economic and policy divergence, regime shifts, higher volatility with sustained market moves	Periods of low macro dispersion, or when policymakers are perceived as highly predictable
EM / Asia Discretionary Macro	Region-specific macro with an emphasis on	Local sovereign bonds, EM FX, EM equity	Asia, LatAm, EMEA	Add geographic and risk	When EM cycles de-couple	Broad EM risk-off episodes,

	political risk, reforms, and balance of payments	indices, sometimes quasi-sovereign credit		premia diversification beyond developed markets; monetize idiosyncratic country paths	from DM, reforms / carry are rewarded, and local policy credibility improves	global USD squeezes, or when capital flight overwhelms fundamentals
Systematic Trend / CTA & Quant Macro	Rules-based models: trend, carry, cross-asset relative value; dynamic risk scaling	Liquid futures and forwards across equities, bonds, FX, commodities; sometimes volatility instruments	Global, often >50 markets across DM and EM	Provide structural diversification and convexity, especially when trends are strong and cross-asset moves are persistent	Extended trending markets (up or down), inflation or deflation regimes with persistent moves, large breakouts from ranges	Choppy, range-bound markets with frequent reversals where trends fail to persist
Macro Risk Mitigators / Volatility & Specialty Macro	Convex, often option-based structures; volatility relative value; event-driven macro	Options and volatility structures on rates, FX, equity indices; sometimes correlation and tail-hedging baskets	Primarily liquid DM markets, with selective EM or cross-market overlays	Provide insurance-like payoffs against sharp drawdowns; support HEDGX's objective of low equity beta and smoother compounding	Sudden spikes in volatility, risk-off shocks, rate or FX regime breaks	Prolonged low-volatility, carry-friendly periods when hedges cost premium and realized risk stays muted

Source: Aksia

Why Macro in HEDGX?

Macro investing can be attractive because monetary and fiscal policy, inflation dynamics, and growth differentials can create persistent misalignments between asset prices and the most likely macro paths. Skilled macro managers can exploit those mispricings, sometimes structuring trades that can change the asymmetry of risk and reward.

HEDGX's macro investments are diversified across the different approaches outlined above. The individual positions are sized to account for the potential for more volatile performance at the manager level. In aggregate, the allocation to macro is intended to:

- Provide opportunistic return potential that is not solely dependent on equity or credit risk premia
- Add an additional layer of risk management and convexity via certain macro risk-mitigating strategies

Potential Risks and Mitigants

Figure 2: Potential Risks and Mitigants

Risks	Mitigants
• Correlation instability: Positions that are expected to be diversifying can become more correlated than anticipated in stress environments.	• Diversifying across discretionary and systematic managers with different investment horizons and toolkits.
• Market risk and beta creep: At times, macro books may align with broader risky assets (equities, credit, high-yielding EM) more than intended.	• Balancing directional and relative value styles so that not all macro risk depends on being "right" on the broad tape.
• Crowding in consensus trades: Popular macro themes (e.g., long USD, short duration, specific EM reforms) can become crowded and unwind sharply.	• Limiting concentration in any single theme, country, or asset class, and monitoring exposures at both the manager and total-portfolio level.
• Model and process risk: For systematic strategies, models can gradually lose efficacy as signals are arbitraged or structural relationships change.	• Continuously reviewing correlations, factor exposures, and drawdown behavior to ensure that the macro sleeve is delivering the intended diversification.

Source: Aksia

Conclusion

HEDGX's macro allocation is designed less as a single "macro trade" and more as a balanced sleeve of differentiated macro risk-takers. By combining approaches across developed and emerging markets, spanning rates, FX, equities, commodities, and volatility, HEDGX seeks to capture an attractive opportunity set while obtaining important diversification and convexity exposure.

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