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From the Opalesque Team: CTA and macro hedge funds were among the winners in 2008. Here is a look at two macro funds and their forecasts.

Conquest: Look out for China - Conquest Capital Group`s Conquest Macro fund up 45% in 2008

The $337m Conquest Macro fund began 2009 by earning 6.20%, after returning 45.02% in 2008. It has had a compounded annual return of 15.11% since its May-99 inception, compared to 6.85% for the HFRI Composite Index and -3.17% for the S&P500.

New York-based Conquest Capital Group's Conquest Macro fund is a systematic trading strategy that captures short-term price movements in futures and FX markets. The program itself consists of three independent strategies: a short-term long-volatility strategy, a short-term trend-following strategy, and a short-term counter-trend strategy. These three strategies operate in parallel to invest in approximately 30 of the most liquid global foreign exchange, fixed income, equity, and physical commodity markets.

Regarding the broader economy, the manager Marc H. Malek said in a monthly report that was forwarded to Opalesque, that it was embroiled in two simultaneous crises: a credit crunch and a business cycle recession. He believed that the government's measures would help eventually, but there were still major global risks to address.

After ten to fifteen years of intense globalization, the world is encountering its first global recession, he said. The multiplier from global trade that was so good to world economies during the period of expansion is now dragging the world economy down just as aggressively.

Investors have sought the BRIC countries as the standard-bearers of growth to lead the world out of its global recession. Brazil's output is declining and the Russian Ruble continues to devalue, pushing toward the lower bound of its trading range. Although India's economy continues to grow at a rapid rate, the growth rate has declined significantly over the past two years.

The manager believes the real risk lies in the possibility that the Chinese economy might surprise to the downside with very small (i.e. 1-2%) or even negative growth. This negative growth scenario is a low probability event, but the effect would be devastating were it to transpire. He added: "We normally have a tendency to ignore events with low probability. However, when a low probability event would beget ruin it is essential that we account for it."