

Another week behind us and waking to potentially hopeful news from Abbott on testing. Here we do some digging on **bear market “mini-rallies” and explore whether hedge funds...hedge** (spoiler alert: they do!). Have a good weekend. Hug your family members. Thank a health care worker.

# Jefferies

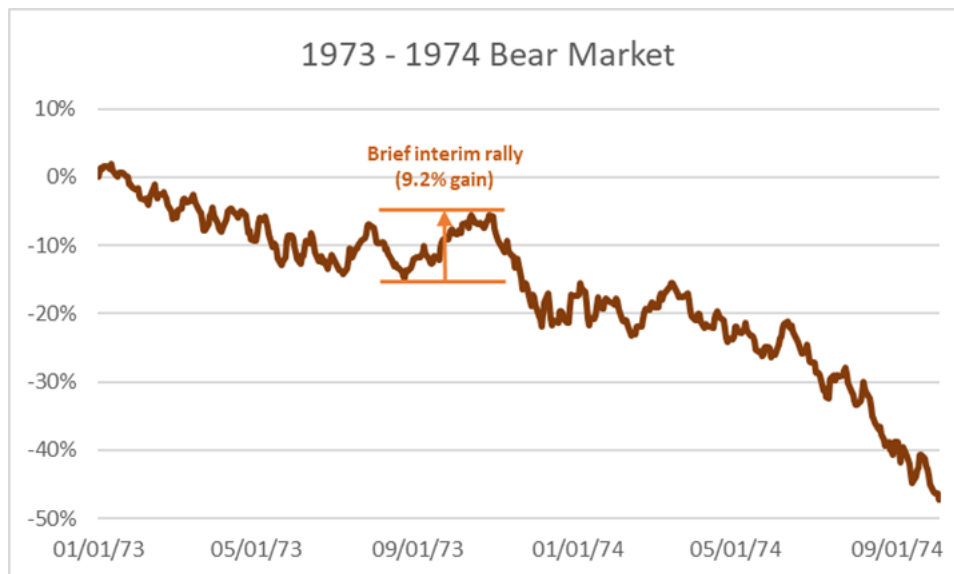
EQUITIES

Market Structure Minute:  
Bear market mini-rallies & hedge funds...hedge!



We explore what the average bear market “mini-rallies” have been in five of the biggest bear markets. Each of the 5 charts below map the **downward S&P move**, and any **interim rallies during these bear markets**. The largest: **a 13.7% rally following the dot com bubble bursting in 2000-01**. This week, the S&P rose 10.3%, for its best weekly gain since 2009.

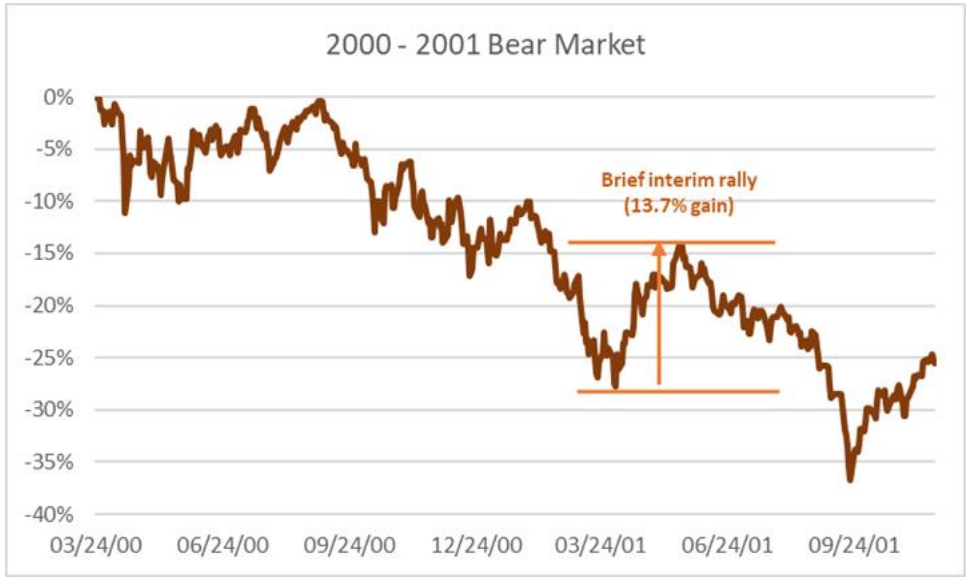
## S&P Performance in Different Bear Markets:



Source: FactSet, Jefferies



Source: FactSet, Jefferies

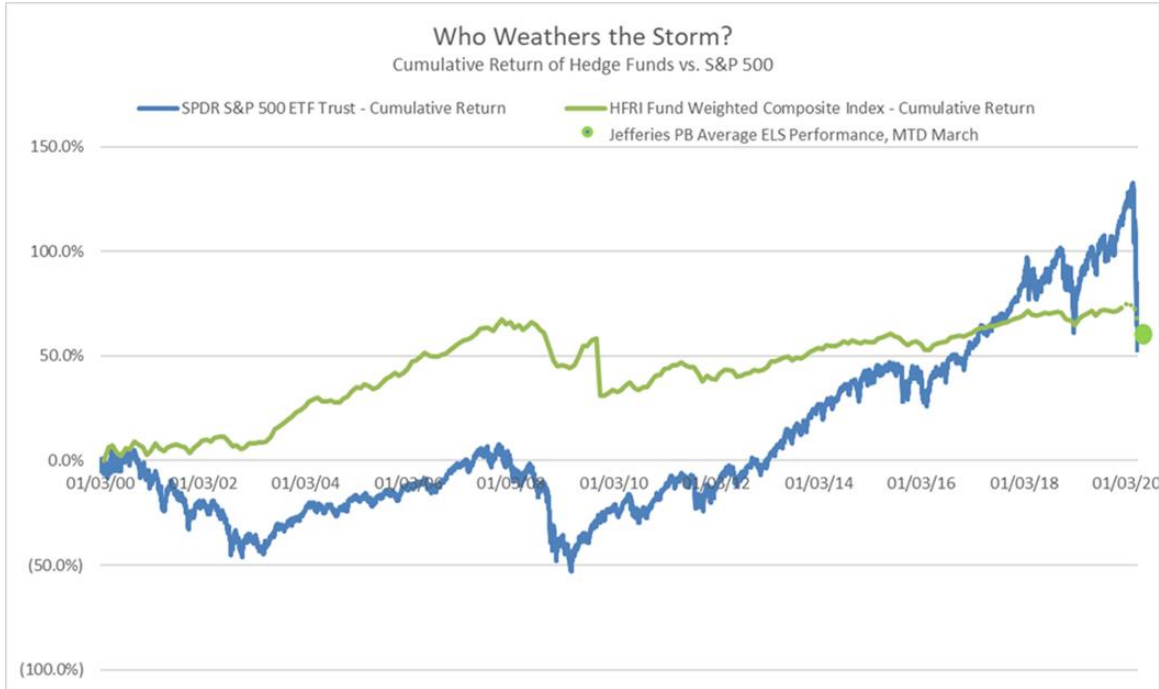


Source: FactSet, Jefferies



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Finally – and this is something we are doing **a lot of work around** – there is increasing evidence that hedge funds, do in fact, hedge. And that over cycles they offer a clear value proposition for allocators looking for a product that can perform over cycles. *Not that funds can be all things to all people (Outperforming in up markets! Still positive in down ones!)*, as some headlines suggest. **But the below indicates across cycles (at least back to 2000) hedge funds clearly establish a reason so many allocators consider them critical to portfolio performance.** We map cumulative S&P return vs. fund weighted HFR and using Jefferies’ internal March Equity Long/Short estimates for the past few weeks. Please contact us if you want further information.



Source: HFR, FactSet, Jefferies

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