

Growing Areas of Investment Interest for Armistice Capital and Other Hedge Funds

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Investors extracted more than \$100 billion from hedge funds in 2023 — for the second consecutive year, according to Nasdaq eVestment [data](#).

In December, Reuters [reported](#) funds were facing a growing pressure to amplify returns in 2024. A BNP Paribas [survey](#) of allocators who invest or advise on \$1.2 trillion in hedge fund assets found investors now have the highest hedge fund return expectations in more than 10 years.

Competition within the market remains high; and insightful and strategic investing can be key.

To retain investors, savvy funds are working to stay on top of emerging trends and industry developments to facilitate insightful and strategic investing.

In 2023, for instance, a long-short equity strategy based in the technology, media and telecommunications sector, sometimes referred to as TMT, proved to be one of the best-performing hedge fund approaches — a marked change from 2022, according to BNP Paribas.

Assessing Segments' Value Proposition

The [TMT sector](#) includes tech companies that produce hardware, software and provide tech-related services; media companies that create and distribute content and other entertainment ventures — such as streaming services; and entities that supply infrastructure and services relating to the telecommunications industry.

The companies could include software providers, for instance, or a streaming service that earns revenue through subscriptions or single-sale events. Some may function in more than one sector.

A number of hedge funds have shown interest in TMT-oriented investments in the past year. The global value-oriented and event-driven hedge fund [Armistice Capital](#), for instance, has historically focused on the health care and consumer sectors.

To facilitate Armistice's focus on medically related endeavors, in addition to professionals with investment experience, the company has hired individuals who have medical degrees and are able to rigorously examine scientific studies and gauge if they're likely to be successful.

Armistice also employs an alternative data team, which utilizes in-depth data sets to help the organization identify and understand emerging trends and developments in various industries.

While a notable portion of Armistice's portfolio involves biotech and other health-related entities, like a number of hedge funds, its investment approach can periodically shift as the market changes and new opportunities arise.

Armistice's skilled investment professionals analyze multiple streams of data on an ongoing basis — such as recent credit card-related sales information from a specific retail chain, for example, or content culled during discussions with some organizations' management teams — to determine what positions could potentially be the most profitable.

Over the past year, hedge funds have invested in a number of offerings that involve the biotech sector — a market that's projected to grow at a [compound annual growth rate of 11.8%](#), reaching a market size of \$4.25 trillion by 2033, according to Precedence Research.

Institutional investment firms like Vanguard Group Inc, BlackRock, Inc. and State Street Corporation, along with Armistice Capital, also have interests in large-scale tech providers such as [Microsoft](#) Corporation, the source of the widely used Office platform, and [DocuSign](#), Inc., which provides electronic signature capabilities.

Earlier this year, CNBC reported private equity firms [were seemingly looking into buying](#) DocuSign.

With the rising interest in artificial intelligence use, a number of hedge funds [increased their holdings in the first quarter of 2024](#) of companies that will possibly benefit from the technology's implementation, according to Morningstar — such as pharmacy chain Walgreens Boots Alliance and Adobe, which provides design, document sharing and other software.

[Armistice Capital](#), according to Nasdaq, and institutional investment firms such as the Vanguard Group, BlackRock, Inc. and State Street Corporation have shares of both [Walgreens](#) and [Adobe](#).

Additional TMT Appeal

Some hedge funds have also invested in media and entertainment-related entities, such as Live Nation Entertainment, a corporation that operates and manages event-based ticket sales. Live Nation reached a new concert attendance level in 2023, closing the year out with a 13% rise in sponsorship and [\\$22.7 billion in revenue](#) — a 36% revenue increase from the previous year.

The company had a strong start to the year, with event [attendance up 21%](#), and revenue increasing 21% year-over-year in the first quarter of 2024; President and CEO Michael Rapino said in a statement that Live Nation is on track to have another record year, according to Variety.

Other performance highlights in the tech portion of the TMT sector include streaming player and service provider Roku — which despite the competitive media climate, reported an [11% year-over-year total net revenue increase and 6% gross profit growth](#) in 2023. Funds such as [Armistice Capital](#), [Sessa Capital](#) and Third Point currently hold shares of the streaming corporation.

Roku's metrics [illustrate its operational strength](#) and ability to expand and retain its userbase and monetize its platform, according to Yahoo Finance. The company's letter [EBI] to shareholders said Roku plans to focus more of its management attention on innovation and growth in 2024 — which could potentially position it for further profitability.

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