Bridgewater Partners With State Street For ‘All Weather’ ETF

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(Bloomberg) -- Bridgewater Associates founder Ray Dalio’s All Weather strategy is coming to the exchange-traded fund market.

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State Street Global Advisors plans to create the SPDR Bridgewater All Weather ETF, according to a Tuesday regulatory filing. The fund will be sub-advised by Bridgewater, which will provide a daily model portfolio specific to this product.

The move marks the latest example of a hedge fund extending into ETFs, which have burgeoned into a $14 trillion global market thanks to the ease of trading, tax benefits and generally lower fees.

First launched in 1996 to manage Dalio’s trust assets, All Weather is a so-called risk-parity strategy that allocates to different assets based on their volatility. The idea is that rather than pile on a risky asset like stocks to chase big returns, the portfolio can achieve similar results with less risk by diversifying across the likes of bonds and commodities and levering up the safer investments.

Bridgewater’s iteration of the approach emphasizes holding a balance of assets that will weather the ups and downs of a business cycle.

“We believe a diversified asset allocation is a great step in preparing for the future, and we are excited to broaden access to our approach with an innovative organization like State Street Global Advisors,” Karen Karniol-Tambour, co-chief investment officer of Bridgewater Associates, said in a press release Tuesday announcing that the firms entered into a “strategic relationship” to expand alternative asset investing.

Investor interest in such diversified strategies has waned in recent years as they have trailed the S&P 500 Index. When inflation and Federal Reserve interest-rate hikes battered stocks and bonds in 2022, risk parity suffered as well, thanks to its typically higher debt allocation. Wealthfront Inc. said this month it will close its $1.3 billion risk-parity fund, and pensions have also been cutting allocations.

An S&P risk-parity index that targets 12% volatility is up 3% this year, compared with 11% for a Bloomberg index that puts 60% in stocks and 40% in bonds. The S&P 500 is up about 24% through Monday’s close.

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The fund’s fees and tickers are not yet listed. Bridgewater’s Karniol-Tambour and Christopher Ward are responsible for creating the model portfolio, while a team led by SSGA’s James Kramer will handle day-to-day management of the fund.

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FILE PHOTO: G7 Finance Minister and Central Bank Governors meet in Stresa, Italy, to debate global economic developments · Reuters

Reuters

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ROME (Reuters) - Italian ruling-coalition lawmakers are urging the government to scale back plans to increase taxes on cryptocurrency capital gains and expand the number of firms forced to pay a digital tax, a parliamentary document showed on Tuesday.

Both proposals are part of more than 300 "priority amendments" that the ruling parties have submitted to change Prime Minister Giorgia Meloni's budget for next year, testing her ability to keep lawmaker requests at bay.

Economy Minister Giancarlo Giorgetti intends to hike taxation on capital gains from cryptocurrency such as bitcoin to 42% from 26%.

But his party colleague Giulio Centemero, backed by other lawmakers, opposes the move and has submitted an amendment to scale back the tax increase to 28%, rather than 42%.

To overcome the party spat, Giorgetti this month said he was ready to review the measure by considering different forms of taxation.

The co-ruling Forza Italia party led by Foreign Minister Antonio Tajani also promoted an amendment to keep focusing the impact of Italy's web tax on big tech such as Meta Platforms, Google and Amazon.

Italy in 2019 introduced a 3% levy on revenue from internet transactions for digital companies with annual sales of at least 750 million euros ($790 million) if at least 5.5 million are made in Italy.

Now, as part of the budget bill, the Treasury wants to remove these minimum conditions for the tax to be applied, in a move critics say would be a blow for small and medium-sized enterprises (SMEs).

If approved, Forza Italia's amendment would preserve the two revenue floors.

Giorgetti has said that extending the scope of Italy's web tax could help the government avoid clashes with the United States, which considers the scheme unfair discrimination as it mainly targets U.S. tech companies.

($1 = 0.9459 euros)

(Reporting by Giuseppe Fonte; Editing by Bernadette Baum)