

Quant Daily Digest

■ Daily Overview

Macro & Sentiment Wall Street kicked off 2026 riding the momentum from 2025's best performance since 2009, with broad-based gains across equities, bonds, and commodities. Investor sentiment remains buoyant, underpinned by strong risk appetite and optimism around sustained economic growth. However, liquidity stress in small-cap funds despite robust inflows signals underlying market segmentation and potential fragility in less liquid segments. Concentrated portfolios in select focused funds have outperformed peers, highlighting the premium on targeted sector bets amid volatility.

Equities / Rates Focused mutual funds with concentrated sector exposures continue to deliver competitive returns, benefiting from selective positioning. Small-cap funds face liquidity challenges despite inflows, reflecting valuation pressures and concentration risks that may weigh on performance and increase volatility in this segment. Hedge funds specializing in event-driven strategies, such as Melqart Opportunities Fund, posted strong gains in 2025, suggesting continued investor interest in idiosyncratic alpha sources. Rates markets remain supported by stable growth expectations, with no immediate signs of policy shifts. FX & Commodities Gold ETFs were standout performers in 2025, with returns up to 72%, driven by safe-haven demand amid geopolitical tensions and inflation concerns. This strong gold price momentum may persist into 2026, though elevated valuations warrant caution. Energy markets remain relatively stable despite political unrest in Venezuela, given the country's limited near-term production impact.

What to Watch • Liquidity and valuation stress in small-cap funds—potential volatility trigger • Focused funds' sector bets—key drivers of alpha in current environment • Gold price trajectory amid geopolitical and inflation dynamics

■ Hot List

Focused funds tracker: Select outperformers

The article highlights select focused mutual funds that have outperformed peers by maintaining concentrated portfolios. These funds have delivered competitive returns amid recent market volatility, benefiting from targeted sector bets and stock selections. The analysis underscores the importance of portfolio concentration in capturing alpha, especially in a fluctuating macroeconomic environment. Data points include fund performance metrics relative to benchmarks, sector allocations, and recent inflows indicating investor confidence. The piece serves as a resource for quant and market participants seeking high-conviction investment strategies with potential for superior risk-adjusted returns.

Read more: <https://www.thehindubusinessline.com/portfolio/personal-finance/focused-funds-tracker-select-outperformers/article70465462.ece>

BusinessLine

Small-cap funds remain stressed amid strong inflows

Small-cap funds are experiencing significant stress despite strong inflows, indicating liquidity challenges in the segment. Rising valuations and concentrated investments have exacerbated the pressure on these funds. The inflows have not translated into improved liquidity, suggesting potential difficulties in meeting redemption demands. This situation highlights a divergence between fund flows and underlying market liquidity in small-cap stocks. Market participants should monitor positioning and valuation metrics closely, as stress in small-cap funds could signal broader market vulnerabilities.

Read more: <https://www.thehindubusinessline.com/markets/small-cap-funds-remain-stressed-amid-strong-inflows/article70467143.ece>

BusinessLine

Gold ETFs deliver upto 72% return in 2025. What should investors expect in 2026?

Gold ETFs saw significant gains in 2025, with Tata Gold ETF delivering a standout 72.17% return, reflecting strong investor demand for safe-haven assets amid global geopolitical tensions and inflation concerns. The surge in gold prices was driven by increased risk aversion and macroeconomic uncertainties. Looking ahead to 2026, experts anticipate sustained demand for gold, supported by ongoing geopolitical risks and inflationary pressures. Market participants should monitor positioning in gold ETFs as inflows remain robust, but also consider potential volatility linked to central bank policies and economic data. Risk management remains crucial given gold's sensitivity to interest rate changes.

Read more: <https://m.economictimes.com/mf/analysis/gold-etfs-deliver-up-to-72-return-in-2025-what-should-investors-expect-in-2026/articleshow/126317401.cms>

Economictimes.com

Wall Street carries big expectations after best run since 2009

Wall Street began the new year with a robust rally, continuing the momentum from 2025, marking the best performance since 2009. Gains were broad-based, spanning equities, bonds, and commodities, fueled by strong investor enthusiasm around AI advancements and easing inflation pressures. This synchronized rally has led to concerns about reduced diversification benefits across asset classes. Market positioning appears heavily tilted towards growth and technology sectors, reflecting optimism about AI-driven earnings growth. Investors are closely watching inflation data and central bank policies for cues on sustaining this bullish trend amid potential volatility.

Read more: <https://economictimes.indiatimes.com/markets/us-stocks/news/wall-street-carries-big-expectations-after-best-run-since-2009/articleshow/126316731.cms>

The Times of India

Bridgewater, D.E. Shaw among top hedge fund gainers of 2025

In 2025, Michel Massoud's event-driven Melqart Opportunities Fund led hedge fund gains with a 45% surge, highlighting strong performance in event-driven strategies. Citadel's flagship fund also posted a robust 10.2% increase, reflecting effective multi-strategy execution amid volatile markets. Other notable performers included Bridgewater and D.E. Shaw, underscoring the continued dominance of large quant and macro hedge funds. These gains suggest significant capital flows into event-driven and quant strategies, with positioning likely benefiting from market dislocations and policy shifts. The performance data points to a favorable environment for diversified hedge fund approaches in 2025.

Read more: <https://fortune.com/2026/01/02/top-hedge-fund-performers-2025-bridgewater-de-shaw-citadel-millennium/>

Fortune

Rubio explains how U.S. might 'run' Venezuela after Maduro's ouster

Following President Donald Trump's statement that the U.S. will "run" Venezuela until a new leader is established, Senator Marco Rubio outlined potential U.S. governance strategies post-Maduro. This

development signals increased geopolitical risk in Latin America, potentially impacting oil markets given Venezuela's significant crude exports. Market participants should monitor shifts in Venezuelan asset flows and sanctions policy, as U.S. intervention could alter supply dynamics and investor positioning in emerging markets. The announcement may prompt volatility in energy prices and regional currencies, with quant models adjusting for heightened political uncertainty and risk premia.

Read more: <https://www.cnbc.com/2026/01/04/rubio-explains-how-us-might-run-venezuela-after-maduro-ouster-.html>

US Top News and Analysis

Trump admin pressed on pardon for ex-Honduras president after Venezuela's Maduro snatched

The U.S. government captured Venezuelan President Nicolas Maduro on January 4, 2026, charging him with drug-related crimes, marking a significant geopolitical event. This development has intensified scrutiny on the Trump administration regarding a potential pardon for the former Honduran president, raising concerns about political motivations and international relations. The capture could impact market sentiment, particularly in Latin American assets and commodities linked to the region. Investors may monitor shifts in risk appetite and currency flows as geopolitical tensions rise. The situation could also influence U.S. policy direction and enforcement actions in the drug trade sector.

Read more: <https://www.cnbc.com/2026/01/04/trump-venezuela-maduro-pardon-honduras.html>

US Top News and Analysis

Dow Jones Futures: Markets React To Trump's Venezuela Action; Nvidia, AMD, Taiwan Semi Due

Dow Jones futures showed volatility following President Trump's statement on Venezuela, indicating potential geopolitical risk impacting market sentiment. Despite Trump's claim of U.S. control after capturing Nicolas Maduro, the existing regime remains, creating uncertainty. Semiconductor stocks are in focus with Nvidia and AMD CEOs set to speak at CES, potentially influencing tech sector positioning. Taiwan Semiconductor is also due to report, which could affect chip supply chain expectations and related equity flows. Market participants are likely adjusting positions based on evolving geopolitical developments and upcoming tech sector catalysts.

Read more: <https://finance.yahoo.com/m/d3aa3714-1ae7-36bd-90d6-a7ef43eaf2f8/dow-jones-futures-%3A-markets.html?.tsrc=rss>

Yahoo! Finance: ^GSPC ^IXIC ^DJI News

An On-Time Jobs Report. Plus, Albertsons, Constellation, Jefferies, and More Stocks to Watch this Week.

This week's market focus centers on the Bureau of Labor Statistics' on-time jobs report due Friday, a key indicator for labor market health and Fed policy direction. Early in the week, the ISM Manufacturing PMI on Monday and Services PMI on Wednesday will provide additional insights into economic activity and inflation pressures. Earnings reports from Albertsons, Constellation Brands, and Jefferies Financial Group on Wednesday could influence sector-specific flows and volatility. Market participants will closely monitor these data points and earnings for signals on growth, inflation, and potential shifts in monetary policy, impacting positioning and risk appetite across equities and fixed income.

Read more: <https://finance.yahoo.com/m/0199866e-7aad-3a9a-bfa4-b99d354c9498/an-on-time-jobs-report-plus%2C.html?.tsrc=rss>

■ Articles

aldakit 0.1.3

The provided information is about "aldakit 0.1.3," a Python parser and MIDI generator for the Alda music programming language, listed on Pypi.org. This is a software development update rather than financial news, and it does not contain market data, price action, policy changes, flows, or positioning relevant to financial markets or quantitative analysis. Therefore, it holds no direct relevance to market or quant-focused financial news.

Read more: <https://pypi.org/project/aldakit/>

Pypi.org

10 Weekend Reads

The article from Ritholtz.com offers a curated list of longer-form weekend reads, touching on themes like executive leadership and business culture. While it provides insightful commentary on corporate dynamics, it lacks direct market data, price action analysis, policy updates, or flow and positioning information relevant to quant strategies. The content is more qualitative and thematic, focusing on broader business trends rather than actionable financial metrics or market movements. Therefore, it holds limited immediate relevance for market or quantitative analysis purposes.

Read more: <https://ritholtz.com/2026/01/10-weekend-reads-72/>

Ritholtz.com

Edelweiss Flexi Cap Fund remains underrated despite strong long-term performance, says Radhika Gupta

Edelweiss Mutual Fund's CEO Radhika Gupta emphasizes the Flexi Cap Fund's strong long-term performance, highlighting its consistent 3, 5, and 10-year returns despite modest one-year gains. The fund remains underrated in a market environment favoring short-term results, suggesting potential undervaluation and opportunity for investors with a longer horizon. This positioning may attract flows from investors seeking stable, multi-year growth rather than immediate returns. The commentary underscores the importance of evaluating funds beyond recent price action, focusing on sustained performance metrics relevant for quant strategies and portfolio allocation.

Read more: <https://m.economictimes.com/mf/analysis/edelweiss-flexi-cap-fund-remains-underrated-de spite-strong-long-term-performance-says-radhika-gupta/articleshow/126317615.cms>

Economictimes.com

Show HN: QuantDinger – A local-first, open-source AI quant trading workspace

QuantDinger is an open-source, local-first AI quant trading workspace designed to facilitate algorithmic trading development. It emphasizes privacy and control by running entirely on the user's local machine, avoiding cloud dependencies. The platform integrates AI tools to assist in strategy creation, backtesting, and execution, potentially enhancing quantitative research efficiency. While it currently has limited community engagement, its open-source nature allows for customization and improvement by quants and developers. This tool could influence quant workflows by providing a flexible, AI-driven

environment for strategy development and testing.

Read more: <https://github.com/brokermr810/QuantDinger>

Github.com

Denmark tells Trump to stop threatening to seize Greenland

Denmark has formally responded to President Donald Trump's renewed threats to seize Greenland, emphasizing the island's sovereignty and rejecting any discussions of sale or acquisition. This stance comes amid Trump's ongoing interest in purchasing Greenland, a move that has caused diplomatic tensions. The Danish government reiterated that Greenland is not for sale and highlighted the strategic importance of maintaining control over the territory. Market implications include potential geopolitical risks in the Arctic region, which could affect resource exploration and shipping routes. Investors should monitor developments for shifts in regional stability and related commodity flows.

Read more: <https://www.cnbc.com/2026/01/04/trump-denmark-greenland-frederiksen-venezuela.html>

US Top News and Analysis

Maduro overthrow in oil-rich Venezuela unlikely to shake energy markets in the near term

Despite Venezuela holding the world's largest oil reserves, its current oil production remains relatively low, limiting its immediate impact on global energy markets. Political instability, including potential moves to overthrow President Maduro, is unlikely to cause significant near-term disruptions in oil supply or prices. Market participants appear to be pricing in limited risk from Venezuelan production changes due to ongoing sanctions and operational challenges. Consequently, oil price volatility is expected to be driven more by broader geopolitical and economic factors rather than developments in Venezuela. Positioning and flows in energy markets remain focused on global supply-demand dynamics rather than Venezuelan political events.

Read more: <https://www.cnbc.com/2026/01/03/trump-venezuela-attack-oil-markets.html>

US Top News and Analysis

Passive Income Gold Mine: Own This Many Oneok Shares for \$1,000 in Yearly Dividends

Oneok is highlighted as a strong passive income investment, offering substantial dividend yields. The article suggests that owning a specific number of Oneok shares can generate approximately \$1,000 in annual dividends, making it attractive for income-focused investors. This reflects Oneok's stable cash flow and commitment to returning capital to shareholders. The focus on dividend income may influence investor positioning, particularly among income-oriented funds and retail investors seeking yield in a low-interest-rate environment. Market participants should monitor Oneok's dividend sustainability and any policy changes affecting energy infrastructure firms.

Read more: <https://www.fool.com/investing/2026/01/04/passive-income-gold-mine-own-this-many-oneok-share/?tsrc=rss>

Yahoo! Finance: ^GSPC ^IXIC ^DJI News

Where Will Uber Stock Be in 5 Years?

Uber's stock has increased by 57% since late December 2020, reflecting moderate growth over the past three years. Despite this, the company's valuation and future prospects remain under scrutiny as it

navigates competitive pressures in mobility and delivery sectors. Market participants are closely watching Uber's ability to sustain revenue growth, manage costs, and expand its service offerings. The stock's price action suggests cautious optimism, with investors weighing potential regulatory impacts and evolving consumer behavior. Positioning data indicates mixed sentiment, with some institutional investors increasing exposure while others remain wary of profitability challenges.

Read more: <https://www.fool.com/investing/2026/01/04/where-will-uber-stock-be-in-5-years/?tsrc=rss>

Yahoo! Finance: ^GSPC ^IXIC ^DJI News

The First Energy Stock I Plan to Buy in 2026

Enterprise Products Partners is highlighted as a top energy stock pick for 2026 due to its potential for increased cash returns to investors. The company's strong cash flow and distribution growth prospects position it well amid evolving energy market dynamics. Investors may see attractive yield opportunities as the firm plans to enhance shareholder distributions. This outlook is relevant for market participants focusing on energy sector positioning and income-generating assets. The stock's anticipated performance could influence flows into energy-focused portfolios and ETFs in the coming year.

Read more:

<https://www.fool.com/investing/2026/01/04/the-first-energy-stock-i-plan-to-buy-in-2026/?tsrc=rss>

Yahoo! Finance: ^GSPC ^IXIC ^DJI News

Want a long-term equity market return forecast? Just think of a number between six and seven

FT Alphaville reviews over a decade of equity market return forecasts, finding a consistent consensus range between 6% and 7% annual returns for the long term. This aligns with historical averages and reflects expectations factoring in earnings growth, dividend yields, and valuation multiples. The analysis suggests that despite market volatility and economic cycles, long-term equity returns remain anchored within this band. For quants and market participants, this reinforces the use of 6-7% as a baseline assumption in portfolio modeling and risk management. The piece highlights the importance of tempering expectations amid current market uncertainties.

Read more: <https://www.ft.com/content/534a5f26-1fd5-4dc3-a361-02509709229d>

FT Alphaville

FTAV's further reading

The FT Alphaville article covers diverse topics including polarized political discourse impacting market sentiment, quantitative strategies advice amid volatile conditions, and discussions on Modern Monetary Theory (MMT) influencing fiscal policy expectations. It also touches on geopolitical risks related to oligarchic sovereignty, which could affect asset flows and risk premia. Additionally, the piece briefly mentions emerging scientific research on sperm RNA, though its direct market relevance is limited. Overall, the content provides insights into macroeconomic policy debates and geopolitical factors that quants and market participants should monitor for positioning and risk management.

Read more: <https://www.ft.com/content/7d4a0793-cde6-44c5-a584-f7586d0c8f36>

FT Alphaville

What links the Trump crypto empire and Burkina Faso's stablecoin plans?

The article explores the unexpected connection between Donald Trump's crypto ventures and Burkina Faso's plans to launch a national stablecoin. Both initiatives highlight the growing interest in digital currencies beyond traditional financial hubs, reflecting broader trends in crypto adoption and regulatory challenges. Burkina Faso aims to leverage stablecoins for financial inclusion and economic modernization, while Trump's crypto empire underscores the political and commercial dimensions of digital assets. Market implications include potential shifts in capital flows towards emerging market digital currencies and increased scrutiny on crypto governance frameworks. This intersection signals evolving dynamics in crypto policy and positioning globally.

Read more: <https://www.ft.com/content/ddc2b71b-7134-4863-a096-6256f17ddfe0>

FT Alphaville

Dotcom tycoon to bankruptcy court: the fall and fall of Robert Bonnier

Robert Bonnier, a dotcom entrepreneur, faces bankruptcy court amid allegations of manipulating AudioBoom's share price. The court found that Bonnier lied to secure investment from property tycoon Nick Candy, raising concerns about the integrity of the company's stock and investor confidence. This case highlights risks around market manipulation and the impact of misleading disclosures on share price dynamics. AudioBoom's shares have experienced volatility amid these revelations, affecting positioning and flows in the stock. The situation underscores the importance of due diligence and regulatory scrutiny in maintaining market fairness.

Read more: <https://www.ft.com/content/728d7c77-f037-48b3-9a81-d112791d8b62>

FT Alphaville

The best of FT Alphaville, 2025 edition

FT Alphaville's 2025 edition offers a reflective overview of market dynamics, emphasizing introspection over new data or policy shifts. The piece highlights ongoing market uncertainties and the challenges in predicting price movements amid evolving economic conditions. There is a focus on the interplay between central bank policies and market positioning, though no specific changes or flows are detailed. The analysis underscores the importance of understanding market sentiment and behavioral factors in quant strategies. Overall, the edition serves as a contemplative summary rather than a source of actionable market data or trends.

Read more: <https://www.ft.com/content/c5e120cd-494e-4eef-a620-35fed8d62d27>

FT Alphaville

■ AI & Finance

Trump's removal of Maduro prompts questions from Congress

President Donald Trump's unexpected military action to remove Venezuelan President Nicolas Maduro has raised concerns among Congressional lawmakers, who claim they were not briefed prior to the operation. This lack of communication has sparked questions about the administration's decision-making process and potential impacts on U.S. foreign policy. The move could introduce volatility in markets sensitive to geopolitical risks, particularly in Latin America and energy sectors, given Venezuela's oil exports. Investors and quant models may need to adjust for increased uncertainty and potential sanctions or retaliatory measures affecting commodity flows and regional stability.

Read more: <https://www.cnbc.com/2026/01/03/trumps-maduro-venezuela-congress.html>

CNBC

SMRs Explained: Real-World Economics, Fuel Bottlenecks, and the Race to Scale

Small Modular Reactors (SMRs) are emerging as a critical solution to meet the soaring energy demands driven by AI technologies. The article highlights the economic challenges of scaling SMRs, including high upfront costs and supply chain constraints, particularly in nuclear fuel availability. Market implications include potential shifts in energy sector investments and policy support aimed at accelerating SMR deployment. Price action in energy and related sectors may reflect anticipation of increased nuclear capacity, while flows could favor firms involved in SMR technology and fuel supply. Positioning in energy equities and commodities might adjust as investors weigh the long-term benefits against near-term bottlenecks.

Read more: <https://www.nakedcapitalism.com/2026/01/smrs-explained-real-world-economics-fuel-bottlenecks-and-the-race-to-scale.html>

Nakedcapitalism.com

NZ's top economists pick the big issues for New Zealand in 2026

New Zealand's economy is showing signs of recovery, with top economists highlighting key issues to monitor through 2026. Growth momentum is supported by easing inflation and stable monetary policy, but risks remain from global uncertainties and domestic housing market dynamics. Inflation trends and Reserve Bank policy decisions will be critical for market positioning, especially as interest rate adjustments influence bond yields and currency flows. Economists also emphasize the importance of productivity gains and labor market conditions in sustaining growth. Investors should watch data releases on inflation, employment, and housing for signals on policy shifts and market reactions.

Read more: <https://www.nzherald.co.nz/business/nzs-top-economists-pick-the-big-issues-for-new-zealand-in-2026/premium/N7KLVPRI75CIBNKYFC2DOI5TCE/>

New Zealand Herald

Vibe Coding Killed Cursor

The article discusses the decline of Cursor, attributing it to cost-optimization strategies that limit model scope, causing tunnel vision in Retrieval-Augmented Generation (RAG) agents. These agents underperform as they only process information explicitly searched for, missing broader context. The piece advocates for workflows in 2026 centered on massive context windows, exemplified by Gemini 2.5 Pro, combined with manual control to enhance performance. This shift suggests a move away from purely automated retrieval methods toward more expansive and controlled coding environments. The insights highlight evolving trends in AI model deployment and potential impacts on tech-driven market strategies.

Read more: <https://ischemist.com/writings/long-form/how-vibe-coding-killed-cursor>

Ischemist.com

The 2026 Reckoning: Americaâs collapse is now unstoppable

The article highlights concerns over the U.S. dollar's weakening due to the Federal Reserve's extensive money printing, suggesting a potential collapse. It points to China controlling 70% of global silver exports, contributing to a looming silver shortage and forecasts silver prices possibly reaching \$200/oz by 2027. Additionally, the piece notes BRICS nations moving away from the dollar, implying shifts in

global currency dominance. These developments could impact currency markets, precious metals pricing, and international trade flows, signaling increased volatility and repositioning in related asset classes.

Read more: <https://www.naturalnews.com/2026-01-02-the-2026-reckoning-americas-collapse-is-now-unstoppable.html>

Naturalnews.com

■ Quant Keywords & Mini-Glossary

Alpha — [Excess return of an investment relative to a benchmark index.]

Portfolio Concentration — [Degree to which a portfolio holds a limited number of securities or sectors.]

Fund Flows — [Net cash moving into or out of investment funds.]

Liquidity — [Ease with which assets can be bought or sold without affecting price.]

Valuation Metrics — [Quantitative measures used to assess the value of securities or assets.]

Risk-Adjusted Returns — [Investment returns measured relative to the risk taken.]

Safe-Haven Assets — [Investments expected to retain or increase value during market turbulence.]

Volatility — [Statistical measure of the dispersion of returns for a given security or market index.]

Positioning — [The aggregate exposure or stance of investors or funds in particular assets or sectors.]

Risk Premia — [Extra return expected by investors for taking on additional risk.]

Geopolitical Risk — [Risk of financial market impact due to political events or instability.]

Event-Driven Strategies — [Investment approaches that seek to capitalize on specific corporate or political events.]

Multi-Strategy Execution — [Use of multiple investment strategies within a single fund to diversify risk and enhance returns.]

Market Dislocations — [Periods when asset prices deviate significantly from their fundamental values.]

Inflation Data — [Economic statistics measuring the rate at which prices for goods and services rise.]

Central Bank Policies — [Monetary policy actions by central banks affecting interest rates and liquidity.]

Earnings Growth — [Increase in a company's profits over time.]

Diversification Benefits — [Risk reduction achieved by holding a variety of uncorrelated assets.]

Dividend Yield — [Annual dividend payment divided by the stock price, indicating income return.]

Redemption Demands — [Requests by investors to withdraw funds from investment vehicles.]

Supply-Demand Dynamics — [Balance between the availability of an asset and the desire to buy it.]

Currency Flows — [Movements of capital across borders affecting exchange rates.]

PMI (Purchasing Managers' Index) — [Economic indicator of manufacturing or services sector health based on surveys.]

Backtesting — [Testing a trading strategy using historical data to evaluate performance.]

Risk Appetite — [The degree of variability in investment returns that an investor is willing to withstand.]

