

ARKK is up 90% off its April lows. Poster child of the S&P recovery.

But this isn't a macro-driven move. It's all alpha momentum — especially over the past 2 months (see chart 1).

That's a key trait across the most speculative parts of the market right now: a bet on a policy mix that lets the US run hot.

From a macro lens, HY credit spreads are still the clearest driver of ARKK — a pure read on sentiment.

But the second derivative matters too: ARKK's exposure to rate vol has fallen sharply into negative territory i.e. it wants lower rate vol (see chart 2).

Textbooks typically say higher rates = lower multiples.

But this cycle? Large-cap growth still leading, not small caps - it is not your typical recovery.

Why? Rates are elevated BUT rate vol is dead. Realised 10y yield vol = near 25-year lows.

We're heading into a big data week. Dovish or hawkish? Still unclear.

But when HY spreads are near record tight and rate vol is asleep, we need to pay particular attention to the divergence between macro-driven and specific returns.



ARKK Headline Return Attribution

