

# Absolute UCITS *Awards 2013*

Odey Asset Management's CF Odey UK Absolute Return Fund led the line-up of winners of the Absolute UCITS Awards for 2013 – winning two awards this year, in its main European long/short equity category and as the overall Fund of the Year.

The fund, which is managed by James Hanbury at London-based Odey, has consistently been one of the best-performing strategies in the Absolute UCITS database.

Since its inception in May 2009 it has generated a compound return of 147%, giving an impressive annualised return of almost 25% during the past four years of

volatile and fast-changing equity markets.

During the 12-month period on which this year's Awards are based, the fund returned an impressive 32% with a Sharpe ratio of 3.44 – significantly outperforming its peers and the Absolute UCITS European Equity Index, which returned 6.85% during the same period.

Marshall Wace, another long-established name in the European alternative asset management space, also won an award this year for its TOPS Market-Neutral strategy in the Equity Market Neutral and Quantitative Strategies category.

This is also the first year that sub-funds

on platforms run by investment banks have won awards – with funds run on the platforms of Morgan Stanley and Bank of America Merrill Lynch winning in 2013.

Other award-winners this year include boutiques like Xaia Investment Management as well as more established institutional firms like Jupiter and GAM.

All the awards – except for the overall Fund of the Year, which has to take into account funds trading in different strategy areas – are judged on an established quantitative methodology, based on Sharpe ratios and absolute returns from May 2012 to April 2013.





Fund manager: James Hanbury of CF Odey UK Absolute Return

## European Equity Long/Short

**Fund name:** CF Odey UK Absolute Return

**Fund manager:** James Hanbury

**Launch date:** May 2009

**12-month return:** 32.34%

**Sharpe ratio:** 3.44

The past year has been another very successful one for CF Odey UK Absolute Return, winning two more awards in 2013 to add to the Fund of the Year award that it won at the inaugural Absolute UCITS Awards in 2011.

Run by James Hanbury at Crispin Odey's long-running and high-performing Odey Asset Management operation, CF Odey UK Absolute Return had grown to a size of around \$630 million by the end of 2012 — after being soft-closed to investors in 2012 — from a size of \$420 million as at the end of June 2012.

Marshall Wace — MW Developed Europe TOPS had the highest Sharpe ratio among the funds in consideration in this category, and a strong return for the 12-month period of almost 17%. But CF Odey UK was within the 25% range of the leader on Sharpe as required by our methodology — and with a substantially higher return over the 12-month period.

Other funds that were considered on the grounds of their strong risk-adjusted performances — with the minimum asset size for all funds being set at \$50 million — included Pictet TR Corto Europe, BNY Mellon Absolute Return Equity and Ennismore European Smaller Companies (the winner of this category in 2011).

## Global Equity

**Fund name:** Jupiter International Financials

**Fund manager:** Robert Mumby

**Launch date:** December 2009

**12-month return:** 32.50%

**Sharpe ratio:** 2.10

Global equity funds following strategies focused on the financials sector turned in some very impressive performances in 2012 and early 2013, during a 12-month period when financials funds turned the corner after some earlier heavy losses.

As a result several of the contenders in global equity this year were financials-focused funds — including GLG Financials Alternative Fund, which had a high Sharpe ratio, and MS Algebris Global Financials.

The Algebris fund had the highest return in the sector — at almost 42% over the 12-month period, and with a Sharpe ratio that was in range of the leader. But it did not meet the minimum assets level of \$50 million.

A third financials fund — Jupiter International Financials, managed by Robert Mumby and Guy de Blonay — had the highest Sharpe ratio in this category and also a very high return for the 12-month period, at 32.50%, so Jupiter was the winner this year.

Other global equity funds that were also considered this year include Schroder GAIA Egerton and GAMCO Strategic Value — while other strong performers, such as Jabcap Global Balanced, were also below the minimum assets level.



Fund manager: Robert Mumby of Jupiter International Financials

## Asian & Emerging Market Equity

**Fund name:** Atlantis China Healthcare

**Fund manager:** Yang Liu

**Launch date:** June 2007

**12-month return:** 38.13%

**Sharpe ratio:** 3.89

Asia & Emerging Market Equity strategies enjoyed a dramatic performance turnaround during the 12-month period on which the awards for 2013 are based — with Chinese and Japanese-focused strategies faring particularly well.

This marked a sharp contrast with the difficult times in the latter part of 2011, which resulted in very few funds being in positive performance territory for this award last year.

This year, by contrast, there were numerous funds with high absolute returns of up to 50% over the 12-month period — although many did not have sufficiently high Sharpe ratios to merit consideration on a risk-adjusted return basis.

Atlantis China Healthcare, run by Hong Kong-based Yang Liu, returned an impressive 38.13% with a Sharpe of 3.89. The fund invests in companies principally engaged in health-related industries in China, including pharmaceuticals, biotechnology, medical devices, healthcare providers, hospitals, nursing homes and environmental protection.

Other funds that also merited consideration in this category, with returns of over 20% and Sharpe ratios of over 2, included Veritas China, Prusik Asian Smaller Companies and Prusik Asian Equity Income.



Fund manager: Yang Liu of Atlantis China Healthcare

## Equity Market Neutral & Quantitative Strategies



Photo: © MW LLP

Fund managers: The Marshall Wace team

**Fund name:** MLIS  
Marshall Wace TOPS  
Market Neutral

**Fund manager:**  
Anthony Clake

**Launch date:** February  
2008

**12-month return:** 10.63%

**Sharpe ratio:** 2.89

In a strong year for the Marshall Wace stable of long/short equity funds, MLIS Marshall Wace TOPS Market Neutral was the winner of the Equity Market Neutral & Quantitative Strategies award this year – returning more than 10% with a Sharpe of almost 3 during the performance awards reporting period.

The strategy, which is managed by Anthony Clake and the team at Marshall Wace, has a track record of more than five years and is run on the Merrill Lynch Investment Solutions platform. The fund was considered for an Absolute UCITS award last year and comfortably outstripped its rivals in this category on a risk-adjusted return basis this year.

Old Mutual Global Equity Absolute Return – last year's winner in this category – had a slightly higher return than the Marshall Wace fund this year, but with a substantially lower Sharpe ratio.

Other funds that were considered in this category this year include Absolute Insight UK Equity Market Neutral and Planetarium Anthilia Blue.

## Event Driven

**Fund name:** MS PSAM  
Global Event

**Fund manager:**  
P Schoenfeld Asset  
Management

**Launch date:** September  
2010

**12-month return:** 8.21%

**Sharpe ratio:** 1.93

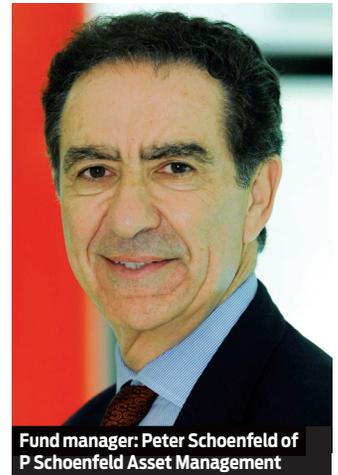
In what was generally a disappointing 12-months for most event-driven strategies, MS PSAM Global Event was a worthy winner in this category – returning 8% with a Sharpe of 1.93 during the performance award reporting period.

The fund significantly outperformed the Absolute UCITS Event Driven Index, which was down by 1.5% during the same period.

The fund, which was launched on Morgan Stanley's FundLogic UCITS platform, follows a global event driven strategy – with the sub-fund being managed by New York-based event-driven investing veteran Peter Schoenfeld's P Schoenfeld Asset Management group.

Helium Opportunities – which is run by Paris-based Syquant Capital, and which had previously won this award two years in a row – was also considered again this year, with a return of 2.78% and a Sharpe of 2.53.

Castlerigg Merger Arbitrage, run by New York-based Sandell Asset Management, was also among the best performers in this category during the 12-month period – returning 7.76% with a Sharpe of 1.01.



Fund manager: Peter Schoenfeld of P Schoenfeld Asset Management



Fund managers: Xaia Investment team

## Credit

**Fund name:** Xaia Credit  
Basis II

**Fund manager:**  
Xaia Investment

**Launch date:**  
January 2010

**12-month return:** 4.76%

**Sharpe ratio:** 28.64

This is the second year in a row that the Xaia Investment team has won an Absolute UCITS Award for the best risk-adjusted performance strategy with its Credit Basis II fund.

The fund returned 4.76% – just outperforming the Absolute UCITS Credit Index, which returned 3.76% for the same period – but with an extraordinarily high Sharpe ratio of 28.64. The fund is the largest to win an award this year, with assets under management of \$1.5 billion at the end of 2012.

When the strategy won the award last year the team behind Xaia was operating a joint venture with Assenagon Credit Management, which terminated last summer.

In terms of returns, Dexia Bonds Euro High Yield outperformed the winner, returning 17.7% with a Sharpe of 3.42. Other strategies considered were Catella Nordic Corporate Bond Flex, Xaia Credit Debt Capital and Henderson Credit Alpha, but none were within the 25% band on Sharpe ratio set by the winner.

Credit has been one of the most popular asset classes in recent years and is now the fifth-largest strategy according to research by Absolute UCITS.



Fund manager: Adrian Owens of GAM Star Global Rates

## Macro

**Fund name:** GAM Star Global Rates

**Fund manager:** Adrian Owens

**Launch date:** November 2009

**12-month return:** 11.85%

**Sharpe ratio:** 3.89

Alternative UCITS macro funds are among some of the most popular strategies with investors, with some of the largest UCITS funds operating in the space.

It has also been the largest strategy sector for new funds in terms of raising assets of late, with seven funds launching in 2012 with assets of \$282 million in 2012 — and with two of the five largest new alternative UCITS funds launched in 2012 being macro funds.

In terms of outright returns, Odey Odyssey Fund was the top performer in the macro category during the 12-month period — with a return of over 21%.

But Odey Odyssey's Sharpe ratio of 1.54 was well out of range of GAM Star Global Rates, which was the leader in terms of risk-adjusted returns with a stellar Sharpe ratio of almost 4.

So GAM Star Global Rates, the fixed-income and currency strategy run by Adrian Owens at London-based alternative investments veteran GAM, was the clear winner — despite having a lower return than Odey Odyssey.

Other contenders in the macro space this year included Threadneedle Global Opportunities Bond, Alessia Absolute Return Macro, Dexia Global Alpha and GAM Star Keynes Quantitative Strategy.

## Managed Futures

**Fund name:** Accura AF1

**Fund managers:** Michael Demmel, Rüdiger Fries and Hadi Saidi

**Launch date:** December 2008

**12-month return:** 8.15%

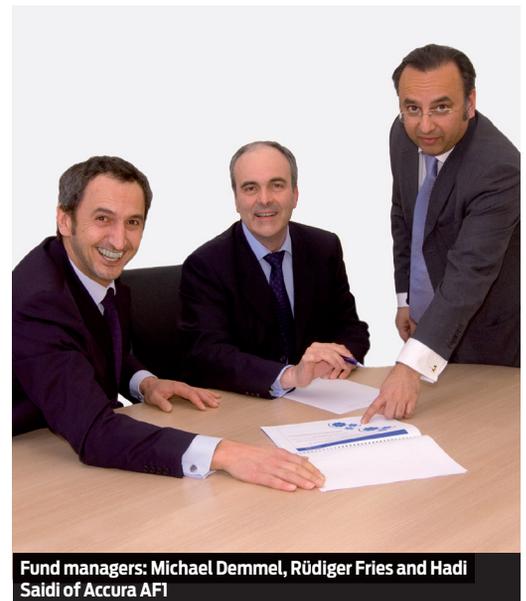
**Sharpe ratio:** 1.15

Berlin-based boutique firm Accura Consult again beat off competition from some well-established competitors, led by Man AHL Diversity and SEB Asset Selection, to win the award for best risk-adjusted returns in the managed futures sector for the second year in a row.

Accura AF1 had a 12-month return of 8.15% and a Sharpe ratio of 1.15. This compares to the index which returned 6.66% during the awards reporting period. The algorithm-driven trading model is 100% computerised and uses four different calculations before it invests.

In what was a fairly solid 12-month period of returns for most CTAs — with this year's awards performance period ending just before the rout that has hit the sector in the last few weeks — Man's AHL Diversity and Man AHL Trend managed futures strategies also produced decent returns in the range of 7-8%, as did SEB Asset Selection.

The smaller SEB Asset Selection Opportunistic fund had a significantly higher return, at just over 13%, but did not meet the minimum assets level criterion.



Fund managers: Michael Demmel, Rüdiger Fries and Hadi Saidi of Accura AF1



Fund managers: Stefan Gerstner and Christian Niedermeier of Swiss Alpha

## Multi-Strategy and Mixed Arbitrage

**Fund name:** BayernInvest Alpha Opportunity Plus

**Fund managers:** Stefan Gerstner and Christian Niedermeier of Swiss Alpha

**Launch date:** March 2008

**12-month return:** 9.12%

**Sharpe ratio:** 2.18

In a category dominated in terms of size by the largest portfolio in the Absolute UCITS database — Standard Life Investments' Global Absolute Return Strategies fund (the winner of last year's Fund of the Year), BayernInvest Alpha Opportunity Plus took the award for best-risk adjusted performance in the mixed arbitrage and multi-strategy category this year.

The fund, which is advised by Swiss Alpha and administered by Munich-based BayernInvest, returned 9.12% during the performance reporting period and had a Sharpe of 2.18. This significantly outperformed the Absolute UCITS Macro Index, which returned 1.94%.

Other funds in the category that came into consideration this year include Dexia Dynamix, Barclays Diversified Alpha, Planetarium Anthilia White and the giant Standard Life GARS fund (which had another good year, returning 7% on a Sharpe ratio of almost 2 during the 12-month period).

## Fund of the Year



**Fund manager: James Hanbury of CF Odey UK Absolute Return**

**Fund name:** CF Odey UK Absolute Return

**Fund manager:** James Hanbury

**Launch date:** May 2009

**12-month return:** 32.34%

**Sharpe ratio:** 3.44

For this special award, as in previous years, we took into account not just the funds that won in their various categories – but also all others that had very strong returns, including those which narrowly missed out on awards by being slightly short on the Sharpe ratio.

A number of funds that had not won in their individual categories – such as Marshall Wace MW Developed Europe TOPS in European Equity, or the Prusik Asian Smaller Companies and Prusik Asian Equity Income funds in Asian & Emerging Market Equity – had produced very good performances.

Atlantis China Healthcare, a specialist sector-focused strategy, was a very strong winner in the Asian & Emerging Market Equity category – producing an outstanding performance with a return of 38% and a Sharpe ratio of 3.89% – while Jupiter International Financials was another outstanding winner in Global Equity, also with high returns and Sharpe.

In macro, Odey Odyssey had by some margin the highest return in its category over the 12-month period – but was well outside the Sharpe ratio band of the winner GAM Star Global Rates.

In the end, however, we felt there was one outstanding contender for this special award: CF Odey UK Absolute Return, the winner of this award two years ago and one of the largest equity funds operating in the Absolute UCITS universe.

The fund's performance in very different equity market conditions has been impressive. In 2011, when most equity strategies struggled, it was up by 3.5% – despite suffering a drawdown of almost 11% in August of that year. In the 2012 calendar year it returned 37%.

During the performance reporting period for this year's awards, from May 2012 to April 2013, the fund had returned an impressive 32% and it had a Sharpe of 3.44 – operating on a much larger asset base than the other strong winners in different equity categories.

So, for a second time in three years, the award for Fund of the Year went to CF Odey UK Absolute Return.

## 2012 Award Winners

**European Equity Long/Short**  
Phileas L/S Europe

**Global Equity**  
DNB TMT Absolute Return

**Asian & Emerging Market Equity**  
Arkos Capital World Invest Absolute Emerging

**Equity Market Neutral & Quant**  
Old Mutual Global Equity Absolute Return

**Credit**  
Assenagon Credit Basis II

**Event Driven**  
Helium Opportunities

**Macro**  
CF Eclectica Absolute Macro

**Managed Futures**  
Accura AF1

**Mixed Arbitrage & Multi-Strategy**  
1741 Global Diversification

**Fund of the Year**  
Standard Life Global Absolute Return Strategies

## Methodology

The aim of the Absolute UCITS Awards is to recognise those alternative UCITS funds which have produced the best risk-adjusted returns over a 12-month period, with awards being presented across a variety of strategy areas.

The winners of the 2013 performance awards were selected using an established methodology based on a combination of Sharpe ratios and returns from May 2012 to April 2013.

To be considered for these risk-adjusted performance-related awards, funds had to

submit performance on a monthly basis to the Absolute UCITS database, which tracks 945 single-manager and funds of funds, managed by 269 management companies globally.

### Nomination criteria

To be considered for an award, funds must have at least a 12-month track record history.

Nominations are decided by those funds in each peer group that achieve the strongest Sharpe ratios over 12 months, so long as they also beat the median returns in their relevant

peer groups.

The eventual winners are the funds that achieve the best returns, as long as they also achieve Sharpe ratios within 25% of the best of the nominees. The award categories require a minimum asset level of at least \$50 million.

For Fund of the Year overall: we take into account the winners of all the various categories, as well as any other funds with exceptional performance that may have missed out on winning other awards by being narrowly outside the range on Sharpe ratio.

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