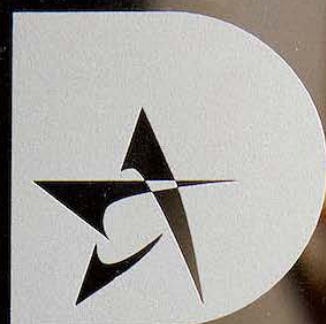


Hedgeweek Global Awards 2016



hedgeweek
AWARDS 2016

Best Global Hedge Fund
Research Provider

Preqin

edgeweek
2016

Alternatives
Administrator

hedgeweek
AWARDS

Best Macro

Lyxor Asset



GFM COO, Oliver Bradley, addresses the audience at the Hedgeweek Global Awards ceremony 2016



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The winners

Best Long/Short Equity Strategy Hedge Fund

Sabre Fund Management

Best Long Bias Strategy Hedge Fund

RBR Capital Advisors

Best Value Oriented Strategy Hedge Fund

The Children's Investment Fund

Best Sector Focused Strategy Hedge Fund

Broadwalk Asset Management LLP

Best 130/30 Strategy Hedge Fund

Cornerstone Capital Management LLC

Best Long/Short Credit Strategies Hedge Fund

Capital Four Management
Fondsmæglersekskab A/S

Best Fixed Income Credit Strategies Hedge Fund

S.E.A Asset Management Pte Ltd

Best Mortgage Backed Securities Strategies Hedge Fund

Semper Capital Management

Best Specialist Credit Strategies Hedge Fund

Serone Capital Management LLP

Best Equity Market Neutral Hedge Fund

Saemor Capital

Best Fixed-Income Arbitrage Hedge Fund

PIMCO

Best Statistical Arbitrage Hedge Fund

Blue Diamond Asset Management AG

Best Convertible Arbitrage Hedge Fund

Quest Global Advisors

Best Macro Hedge Fund

Lyxor Asset Management

Best Commodities Hedge Fund

Martin Fund Management

Best Foreign Exchange Hedge Fund

Sequoia Capital Fund Management

Best Managed Futures/CTA Hedge Fund

Piquant Technologies

Best Insurance-Linked Strategies Hedge Fund

Securis Investment Partners

Best Multi-Strategy Fund of Hedge Funds

Enneking Asset Management

Best Single-Strategy Fund of Hedge Funds

Skönderbeg Alternative Investments AG

Best Systematic CTA

Da Vinci Invest

Best Discretionary CTA

Quaesta Capital

Best UCITS Liquid Alternatives Fund

Dunn Capital Management

Best Event Driven Fund

Portland Hill Capital

Best Absolute Return Fund

Slater Investments Limited

Best "40 Act" Liquid Alternatives Fund

IndexIQ

Best Global Index Provider

MSCI

Best Global Hedge Fund Administrator

Opus Fund Services

Best Offshore Hedge Fund Administrator

Circle Investment Support Services B.V.

Best UCITS Liquid Alternatives Fund Administrator

State Street Global Services

Best Liquid Alternatives "40 Act" Fund Administrator

SEI

Best Global Prime Broker

Cowen Prime Services LLC

Best Global Hedge Fund Research Provider

Preqin

Best Managed Accounts Platform
HedgeMark

Best Seeding Platform

Protégé Partners

Best Risk Management Software

Broadridge Financial Solutions

Best Fund Accounting and Reporting Systems

Nedelma Inc.

Best Managed Account Platform Technology

Lyxor

Best Global Trading Venue

Eurex

Best Global Accounting Firm

Anchin Block & Anchin LLP

Best Global Shadow Accounting Firm

QRMO

Best Global Regulatory Advisory Firm

Cordium

Best Offshore Regulatory Advisory Firm

DMS Offshore Investment Services

Best Global Cyber-security Services Provider

ACA Aponix

Best Global Cloud Services Provider

Capital Support Ltd

Best Global Public Relations Firm

Peregrine Communications

Best Global Data Visualisation Software Provider

Pomerol Partners Ltd

Best Global Consultant in Business Strategy

Sturgeon Ventures LLP

Best Global Law Firm

Sadis & Goldberg LLP

Best Offshore Law Firm

Ogier

Best Global Third Party Marketing Firm

Agecroft Partners



Honing one's edge to stand out from the crowd

By James Williams

With fund raising set to become even more challenging in 2016, hedge fund managers have their work cut out but as this industry has proven time and again, innovation and coming up with creative ways to attract investor dollars – as well as trade markets – is never far away. Hedge funds thrive on adversity, although one feels that with performance having lagged for a couple of years, 2016 could be a particularly important year.

Not that this was a concern for the fantastic selection of hedge funds at this year's Global HedgeWeek Awards

event, with each of our winners having delivered exceptional returns for their respective investors.

James Holloway is CIO of Piquant Technologies – this year's winner for best CTA. The Pegasus Fund enjoyed a fourfold increase in assets during 2015, having returned nearly 20 per cent the previous year, and represents a new class of CTA that uses machine learning to control the systematic trading model.

"We try to get data from a wide range of sources, and we are a heavily technology dependent fund. We've built everything



internally so that we can effectively monitor and process all of that data. We are not economists at Piquant, indeed many of us are trained in the sciences. This means that we view data as being literally that; empirical observations from which we try to extract some kind of information, rather than using data to try and support a pre-existing model. We let the data build its own model and our systems then adapt to it accordingly,” explains Holloway.

Currently, Holloway thinks that equities are incredibly volatile and are over-valued by just about any measure. “Long-only equities, in our view, seem a dangerous area at present. CTAs, which are highly diversified across multiple markets, have historically

performed very well in times of uncertainty or crisis. There is a clear appetite in the market for new types of CTAs and there aren’t too many of them around. We are one of a select handful of newer quants that are successfully doing interesting and different things,” comments Holloway.

Go to any conference and the chances are, when investors are asked to vote on their preferred strategy for 2016, market neutral will feature prominently. In the current market environment, non-directional strategies are garnering a lot of interest.

The Sabre Dynamic Equity Fund managed by London-based Sabre Fund Management – although awarded best equity long/short fund – is better thought of as being a ‘market ▶ 12

ACA Aponix

Best Global Cybersecurity Services Provider

ACA Aponix provides financial services firms with a 360-degree, independent approach to technology risk and governance.

Over the past 12 months, the firm has grown its client roster to 150 clients spanning the US and Europe, and is now signing contracts in Asia. To support this expansion, its client-facing team has grown by 300 per cent and added offices in London and the West Coast of America in addition to New York.

Cybersecurity has become one of the most important operational considerations for hedge fund managers today, particularly as regulators such as the Securities Exchange Commission in the US make it a key priority for 2016. As James Tedman, Managing Director, ACA Aponix (Europe) comments, the sophistication of attacks has increased significantly over the past 12 months:

“Challenges go well beyond implementing the most common technical tools of firewalls, intrusion detection, spam filters, and the like, and require a broader effort from more than just the IT team. Getting buy-in from the entire business is critical, and staff training is valuable in ensuring staff know their roles and responsibilities, as well as understand the risks that funds are exposed to.”

Indeed, having a robust cybersecurity programme is now a regulatory requirement for any SEC or NFA regulated fund and Tedman expects other regulators, including the UK’s FCA, to follow suit during 2016.

“The cornerstone of the regulators’ requirements is a cybersecurity risk assessment but this is a tricky and hugely time consuming thing for the average hedge fund to undertake internally, and outsourced IT providers and even internal IT departments are conflicted – you can’t mark your own homework! Our independence from products or vendors means that we can offer impartial advice based on our



James Tedman, Managing Director, ACA Aponix (Europe)

knowledge of funds, cybersecurity and technology best practices,” says Tedman.

On 1st March 2016 the National Futures Association followed the SEC’s example by formerly introducing the Cybersecurity Interpretive Notice. Cybersecurity risk assessments with regular reviews, written information security policies, staff training, vendor due diligence, deployment of appropriate protective measures and recordkeeping around programme implementation are now all regulatory requirements for NFA member firms says Tedman, who expects the FCA to publish similar guidance to that of other regulators.

“Many funds are concerned that they will struggle to meet the requirements for different regulators but the good news is that they are all broadly in lock step with each other and are using the National Institute of Standards and Technology (‘NIST’) framework as the basis for their programmes.”

Aside from cyber attacks, another challenge for the funds industry is vendor risk. Outsourcing back- and middle-office functions has become popular, meaning that sensitive data resides outside of the four walls of the fund manager.

Tedman says it is critical that funds make efforts “to understand where that data is and the measures and controls in place to secure it. There are various generic vendor due diligence templates available but firms also need to ask pointed questions to determine the specifics of the vendor’s implementation for their firm.

“We help our clients to map out data residence and flow both inside and outside their infrastructure to identify which vendors have access to sensitive data. This helps to determine which vendors to include in the due diligence exercise for which we have built a proprietary portal with custom questionnaires for each vendor type,” confirms Tedman. ■

Agecroft Partners

Best Third Party Marketing Firm

Agecroft Partners was founded by Don Steinbrugge, who has 32 years of experience in the institutional investment management industry, including previously serving as the head of sales for one of the world's largest hedge funds and institutional investment management firms.

"Agecroft has changed the model of hedge fund third party marketing," says Steinbrugge. "Most third party marketing models are based on leveraging personal relationships and doing extensive entertaining. Ours has been to build a global brand with a reputation as an industry thought leader, strong institutional investment knowledge and representing very high quality managers"

Steinbrugge has been a prolific writer of industry thought pieces and white papers, having written or appeared in more than 500 articles in the last few years. Often asked to share his thoughts with the media on the hedge fund industry, he has also been a regular guest on Bloomberg News and CNBC and has spoken at more than 100 leading industry conferences since Agecroft's inception.

"This has helped us to attract some of the highest quality hedge fund managers to represent and has also allowed us to access many institutional investors that other third party marketers have difficulty accessing," states Steinbrugge, who adds:

In their latest article they predicted the top 10 trends in the hedge fund industry for 2016, which has been widely covered in the media: https://www.linkedin.com/pulse/top-10-hedge-fund-industry-trends-2016-don-a-steinbrugge-cfa?trk=pulse_spock-articles

Agecroft is highly selective of the firms it represents by utilising an institutional quality due diligence process in manager selection. This begins by leveraging its industry-leading reputation to attract high calibre managers



**Don Steinbrugge, Founder,
Agecroft Partners**

requiring marketing support. Agecroft's success is that it analyses hedge funds based on its own internal selection factors that closely mirror those used by institutional investors. Unsurprisingly, manager selection is highly discerning.

"95 per cent of hedge funds can be screened pretty quickly. It's the remaining 5 per cent that take a lot of time to do deep due diligence," says Steinbrugge.

Once a new manager is added, Agecroft works to add value to its clients by focusing on the following three components:

- Quality of product
- Quality of message
- Distribution strategy

To be successful at raising assets, managers have to have a high quality product that ranks well across each of the selection factors that investors use.

In addition, a manager needs a concise linear message that clearly articulates what their differential advantage is across each of those selection factors.

"One of our main objectives is to ensure that the product is strong, and secondly that the marketing message is as strong as possible to enhance investors' perception of the fund.

"The third component of raising assets is the marketing strategy. Reaching out to a wide selection of investors and setting up qualified meetings. It also requires making sure that we have the right follow-up strategy in place for each prospect. Building momentum in asset growth is vital to successfully raising assets; because raising asset is not linear it is exponential, as the hedge fund's brand grows in the market place. I'd much rather represent a hedge fund that is going from USD75 million to USD175 million than one that has been at USD800 million for the last few years," says Steinbrugge. ■

Anchin Block & Anchin LLP

Best Global Accounting Firm

For the sixth consecutive year, the Best Global Accounting Firm is Anchin, Block & Anchin LLP. With a staff of more than 350 and numerous specialised industry and service teams, Anchin is a full-service accounting, tax and advisory firm that provides investment companies, privately-held businesses, and HNW individuals with a wide range of traditional and non-traditional services. Jeffrey Rosenthal, CPA, is Partner-in-Charge of Anchin's Financial Services Group. 2015 was, he says, a 'breakthrough year'.

"We saw a significant increase in the number of startup funds, and a growing trend in family offices establishing funds for investing purposes and having those funds audited. Both of these growth areas created an expanding market for our services," confirms Rosenthal.

To address these important developments, Anchin Block & Anchin has supplemented its due diligence support for funds, ensuring it has knowledgeable, experienced personnel available to help its clients. "We are also engaging a growing number of large and established funds seeking a more hands-on partnership from their service providers. The consolidation in the accounting industry has led many existing funds to seek alternatives to the big four and national firms," says Rosenthal.

Anchin prides itself on providing clients with high involvement from senior personnel as well as frequent communication with fund managers. This is a key point if one considers that many start-up fund managers may have extensive trading experience but little business acumen.

"We assist them with issues and help them avoid common pitfalls of setting up a business. We can advise on structuring, hiring, budgeting, thinking forward about growth, creating short- and long-term plans, and establishing best practices that include



**Jeffrey Rosenthal, Partner,
Anchin Block & Anchin**

preparing to register with the SEC as an investment adviser. Adopting best practices early on is not only beneficial from a compliance standpoint, but also helps with investor relations. We also help our clients evaluate whether launching a fund is truly the best strategy for what they want to accomplish and make sure that they evaluate all of their options before making that important decision," explains Rosenthal.

The SEC plans to focus on expenses and fees, in addition to cybersecurity preparedness, when the Office of Compliance Inspections and Examinations (OCIE) embarks on its latest round of inspections. It is therefore becoming increasingly important for hedge funds to have a clear audit trail, not only for the SEC, but also to be able to communicate clearly with auditors and investors and show support of what they have done.

"This is especially true in the valuation process," says Rosenthal. "When a fund's investments include more than Level One or easy-to-value securities, the methodology that must be used to value less liquid securities is more complex. It is therefore important to make sure that the fund has thoroughly documented support and has consistent, well thought out and auditable procedures in place.

"With respect to cybersecurity, we have many firm-wide checks and balances in place and are well prepared. We strongly encourage our clients to do likewise and advise them accordingly. We recommend they create a written information security policy (WISP) that articulates their security policies and procedures, clearly assigns responsibilities, and describes the monitoring and testing of their systems."

On winning the award, Rosenthal comments: "To say that we go beyond the expected is not just a catchphrase; it is what we actually do." ■

Blue Diamond Asset Management

Best Statistical Arbitrage Hedge Fund

Blue Diamond Asset Management is an independent privately owned company based in Pfaffikon, Switzerland. The team of 4 investment professionals and one COO has a singular focus on the Non-Directional strategy. The strategy uses systematic, proprietary investment processes to capture opportunities arising in the equity volatility markets to generate attractive risk-adjusted returns. Since the strategy launched on 30th September, 2011 it has generated a gross annualised return of 31.9 per cent, 21.6 per cent net. The fund itself commenced trading on 1st May, 2012. To demonstrate the robustness of the strategy, it has generated +0.7 per cent average monthly return during negative S&P 500 months and 3.3 per cent average monthly return during positive S&P 500 months. Its AUM is approximately USD168mn (as at 29th February 2016), the majority (65 per cent) from UK and US pension plans.

"We believe that market inefficiencies exist and that while these inefficiencies wax and wane, robust research, rigorous risk management, and diligent position management can allow a manager to continue to maintain its edge. This is especially true in new markets like the VIX futures and options, which have certain structural attributes, and where there are an increasing number of new and diverse volatility-related exchanged traded and privately placed products," comments Jonas Stark, CEO/CIO of Blue Diamond.

"The Non-Directional strategy is built on the insight that volatility is a new and relatively inefficient market. The strategy's systematic investment process seeks to identify and exploit inefficiencies arising from the price level and term structure of liquid equity market volatility-related instruments. It establishes spread positions to capture these inefficiencies," explains Stark.

Blue Diamond's systematic trade



Jonas Stark, CEO/CIO of Blue Diamond collects the award from Hedgeweek's James Williams

execution process uses a portfolio management system that has been built entirely in-house. The system performs several tasks throughout the day. Among them, it calculates the specific contracts and exact quantities to be traded, it reconciles trades with all brokers every 15 minutes and it monitors risk limits in real time.

Stark explains that Blue Diamond's risk management is founded on the structural attributes of the equity volatility term structure and is integrated directly into its investment and trading processes.

"In addition to managing traditional market risks, the strategy manages idiosyncratic risk resulting from strong spikes or drops in equity volatility, so we regularly run scenario analyses to determine possible impacts on the strategy. The results of these tests are combined with Value-at-Risk measures and position limits," says Stark.

2016 has already proven to be a volatile start to the year. This has played directly to the strengths of Blue Diamond. The strategy is up +3.95 per cent (net) through February. "In January and the first half of February we saw strong interest in selling volatility, which created interesting opportunities," confirms Stark.

On winning this year's award, Stark comments: "We feel honoured to win industry recognition like this." ■

Broadridge Financial Solutions

Best Risk Management Software Provider

Whereas previously investment managers might have looked at risk from a 'check-the-box' perspective, today's regulatory environment and the growing sophistication of institutional investors is requiring them take it more seriously. There is, according to Bennett Egeth, President of Broadridge Investment Management Solutions, a need to generate consistent, reproducible risk reporting for regulators.

"Risk requirements have a ripple effect with managers having to explain how they arrived at the risk numbers being reported. They're detailing what their assumptions were in calculating risk, how those assumptions have changed (if at all) from the previous quarterly filings, and where the data came from that was used to generate the results. This is no longer a case of simply plugging in numbers. It requires having the right infrastructure," says Egeth.

There are, he says, a few key challenges with respect to risk management.

Firstly, the larger the fund, the more diverse the infrastructure - funds need to be able to gather data from multiple sources. Secondly, the different platforms and infrastructure a fund uses doesn't produce consistent data. This means that data normalisation is a real challenge, and that the broadest asset class coverage is crucial.

"Thirdly, once you get that data normalised, there is an interpretive component to how you report risk. The regulations are not always specific on the methodology and there tends to be a firm-by-firm interpretation of how to represent their risk numbers. That makes it challenging for both the fund and the administrators because no one wants to provide the interpretation, and everyone wants to provide the processing.

"Managers need to develop a risk management culture. They can't just wait until the end of the quarter and scramble together



**Bennett Egeth, President
of Broadridge Investment
Management Solutions**

risk data. Without proper tools and a tested process, firms will not be able to meet current or future regulatory expectations," says Egeth.

To help hedge funds, Broadridge takes responsibility for collecting and scrubbing the data that is used for risk reporting and provides the governance on that data. "We tie the risk and the risk calculations into the trading workflow rather than making it an end-of-day process so that traders are aware, on an intraday level, of their risk and exposure.

"The ultimate goal of risk management needs to be to prevent a situation from causing a negative impact on the fund's portfolio, and not to provide a regulatory report detailing risk exposure. It's much more important to identify an event and curb your risk exposure before that event happens, and that's what we're focused on with the services we provide," explains Egeth.

"We provide an integrated solution that can consolidate at least three quarters of the product set that a manager uses. It significantly reduces their operational risk, and also removes 'key-man risk'. This is helping us to win business from much larger hedge funds. Investors are only beginning to ask what capability managers have to produce a risk report throughout the day. While these reports may not actually be given to investors, it is crucial that the funds have the ability to produce them.

"As investors become more sophisticated, they will increasingly ask about intraday risk exposures, and the tools a fund has in place, rather than reliance on end-of-day, monthly and quarterly reports," comments Egeth.

On winning this year's global award, Egeth says: "We appreciate the this year's award, and view it as confirmation that many firms are recognising the importance of integrated technology solutions to enable them to reduce risk, improve the quality of their data and strengthen their infrastructure." ■

Capital Support

Best Global Cloud Services Provider

Capital Support is a leading managed IT services provider. Midway through 2015, it was acquired by Six Degrees Group. Being able to rely on a stronger balance sheet, coupled with the fact that Six Degrees Group owns data centres and network assets, has helped Capital Support win larger and more complex customers, according to COO, Carl Chapman.

"We've always been fortunate to have an enviable customer list, even if most prefer no publicity. The new names on this customer list are swelling the USD500bn AUM our customers reported last year," says Chapman.

Capital Support is able to provide customers with the option to use public cloud services, or to establish their own private cloud. Obviously the decision will depend on the individual fund manager, but Chapman says that there are common trends that the team has identified while working with firms, many of which tend to be driven by the fund's tolerance to, and attitude towards:

- Infrastructure Availability - for example, a 99.7% SLA may be perfectly acceptable to a Long/Short Equity fund, since the likelihood of downtime at a peak trading time is small. However, a Quant fund would be unlikely to accept that same risk.
- Service Level Agreement - establishing how the provider is accountable for the services delivered, along with the route to remediation in the case of a failure to deliver, is often a key influencer in the decision to host services in either a public or a private cloud.
- Security Strategy - how tolerant the fund is to the inherent risk using a multi-tenant platform, and how aligned the provider is to the security standards deemed applicable by the fund, their investors and regulators.



Carl Chapman, COO at Capital Support

- Cost - a private cloud invariably attracts a higher premium in return for the increased availability and improved performance, redundancy and resiliency.

Discussing the characteristics of Capital Support's cloud environment, Chapman says that the cloud infrastructure is sub-divided into performance optimised data centres - or 'pods' - with each pod having separate infrastructure components.

"As of February 2016, we have 14 pods across two entirely separate clouds, each hosting many terabytes of live data. The whole environment currently serves more than 3,000 seats, with capacity objectives of 45 per cent for any single component. As we reach this limit, capacity is provided such that at any time all systems can fail over to their disaster recovery equivalent with no impact to overall performance," confirms Chapman.

As well as choosing between a public or private cloud, fund managers can also choose to build their own local infrastructure to ensure that they have maximum control over the environment in which they operate.

It is this flexibility of service offering that puts Capital Support in a unique position. Indeed, it is the only niche mid-market IT services provider to the alternative investment market that builds its own platforms, within its own data centres, connected by its own networks.

"This allows us to provide low-level, end-to-end management and support of the entire infrastructure estate. This is recognised by our alternative investment customers, who value the single service-level model we utilise and the certainty they gain in knowing where (and how) their data is stored and managed - an important consideration for regulators and investors," confirms Chapman. ■



5 ► neutral plus' strategy. Launched in February 2013, it is a fully systematic equity long/short strategy with a variable bias.

With respect to fund raising, Melissa Hill, Managing Principal, confirms that Sabre Fund Management has two new partners providing acceleration capital; one in New York, the other in Paris. "They are going to help us with distribution, both in Europe for the UCITS version of the strategy and also in the US for the Cayman fund. We now have our three-year track record for Sabre Dynamic Equity Fund and we want to maximise asset raising opportunities. We have also just launched a fund-of-one for a US institution and as we are able to offer bespoke portfolios to our investors, we are

hoping that this will increase our quota of longer term assets," explains Hill.

Another of our award winners this year providing non-directional strategies to investors is Pfaffikon-based Blue Diamond Asset Management - voted this year's best statistical arbitrage hedge fund. The Non-Directional strategy has been running since 30th September, 2011 and has generated a net annualised return of 21.6 per cent net.

According to Jonas Stark, CEO/CIO of Blue Diamond, institutional investors are choosing to allocate to the Non-Directional Strategy for three reasons.

"Firstly, it offers a relatively high absolute return target and it has consistently achieved this target (net of fees). Secondly, the

► 20

Cordium

Best Global Regulatory Advisory Firm

According to Stephen Burke, Managing Director, EMEA, at Cordium, one of the world's leading regulatory compliance consultancies, regulation has changed the fund market. There is much more complexity and both investors and regulators are more exacting. This has led to Cordium focusing on its software proposition, which culminated in the launch of a product solution set earlier this year around how clients organise their compliance arrangements and engage with their compliance programmes.

"This software includes Cordium ELF, a personal compliance software management system, Cordium Pilot, a compliance workflow management tool, and Compliance Trak, which provides AML functions; in aggregate, our systems ensure that a firm's compliance arrangements are properly organised and that the compliance officer is able to oversee and monitor the compliance activities of the firm, whether resourced in house or by Cordium staff," says Burke.

As well as developing the underlying platform infrastructure, Cordium has focused on developing its on intellectual property on the myriad regulatory compliance tasks that managers face. It is, says Burke, "the bedrock of every one of our client relationships".

To provide solutions that are most appropriate to fund managers' needs in the UK, Cordium recently launched 'tiered services' support by their software. At Level 3, Cordium is heavily involved in a manager's compliance programme.

"We might be on site with the client weekly, certainly monthly, doing a programme of work. In Level 2, we might visit the client on a quarterly basis and with Level 1 it is much more of an annual check, making sure that the client is doing the right things and that their compliance infrastructure is in good order.

"In a software-only arrangement, the client simply uses our tools, harnessing their



Stephen Burke, Managing Director, EMEA, at Cordium

own intellectual property; we are talking about some of the world's largest financial institutions in this context," explains Burke.

This ability to provide tiered services underscores the commitment that Cordium has to supporting clients as they grow, and their compliance needs change.

"We don't provide a one-size-fits-all solution, which has become relatively common in the marketplace. We're trying to differentiate ourselves. Our technology framework is really the skeleton on which we build solutions for clients. The compliance tools that we've built are out of reach for most firms as the cost burden would be too great," suggests Burke.

Over recent years, managers' compliance needs have evolved in response to a seemingly endless stream of regulation, the latest example of which is UCITS V. Given that UCITS V largely borrows from AIFMD (e.g. the remuneration code), this isn't expected to give managers too much of a headache.

Nevertheless, the fact that UCITS V is just one piece of regulation in a regulatory soup that also includes AIFMD, Dodd-Frank Act, FATCA, upcoming Common Reporting Standards, MiFID II, Burke says that managers increasingly need to rely on technology to better manage data and meet their obligations.

"With respect to MiFID II the details remain unclear. We think that people should focus on MiFID II after the summer break; particularly those who will be registering for the first time," advises Burke, who, on winning this year's award, comments:

"We are delighted to be recognised by *Hedgeweek* as the best global regulatory advisory firm. Cordium puts incredible energy into ensuring our clients have world class regulatory compliance arrangements, we work hard to define good practice, to find practical and cost effective ways of meeting ever increasing compliance obligations." ■

Cowen Prime Services

Best Global Prime Broker

2015 was a big year for Concept Capital Markets, LLC having entered into an agreement to be acquired by Cowen Group, a leading growth investment bank and alternative investment firm with a heritage dating back to 1918.

The transaction was completed 1st September 2015 and thanks to the significant financial and intellectual resources that Cowen has at its disposal, the newly named 'Cowen Prime Services' division is now well positioned, and resourced, to further expand its prime brokerage offering.

"The acquisition is a validation of Concept Capital's capabilities in the marketplace and a realisation that with the firms' shared view with respect to market philosophy and client services, the opportunity is significant to grow the offering globally. We have been entrusted to use the Cowen name to grow the business and are very excited at the opportunities ahead," says Mike Rosen, Cowen's Global Co-Head of Prime Brokerage.

Indeed, with so much turmoil in the industry caused by the impact of Basel III regulation, bank-owned primes are jettisoning hedge funds. This is playing straight into the hands of Cowen Prime Services, with its ability to use Cowen's balance sheet and other capital markets capabilities helping to attract and service ever larger hedge funds.

"We had a very good fourth quarter onboarding new clients and we still see significant activity in the early part of 2016. Things slowed up a touch towards the end of January given the extent of market volatility, but the markets have settled down recently and now it's very much business as usual," says Rosen.

One of Cowen Prime Services' strengths as an introducing broker is the number of long-term, stable clearing relationships it has in place (five in total). This enables the firm to facilitate most hedge fund strategies in the market. "There are select strategies that we may prefer to avoid. That said, if there is a sound business reason for taking on a



Mike Rosen, Cowen's Global Co-Head of Prime Brokerage

strategy and the Investment Manager is well pedigreed, we are extremely entrepreneurial and flexible in our views as to what we will onboard. When we onboard a new client, we want to be confident that it will be successful. We are extremely thoughtful in our due diligence in order to maintain the integrity of our platform and avoid jeopardising any of the relationships we have spent years cultivating," confirms Rosen.

With respect to business expansion opportunities, Cowen Prime Services has its sights firmly set on Europe with Rosen confirming that the first component will be to offer outsourced trading services to hedge funds in London, which is scheduled to go live this month.

"We will use our registered broker/dealer, Cowen International Limited, for our outsourced trading solution, taking advantage of the infrastructure Cowen has in place in London. We will then follow that up with our prime brokerage offering," says Rosen. "We are one of the few firms that has a full-service offering in the introducing brokerage space where we've got a significant and recognised equity research team and solid capital markets capabilities; this definitely helps to set us apart from most of our competitors.

"From a philosophical perspective, we view our client relationships very much as partnerships where we truly try to help each manager to survive and thrive in a competitive marketplace." ■



Mike Rosen collects the award from Hedgeweek's James Williams

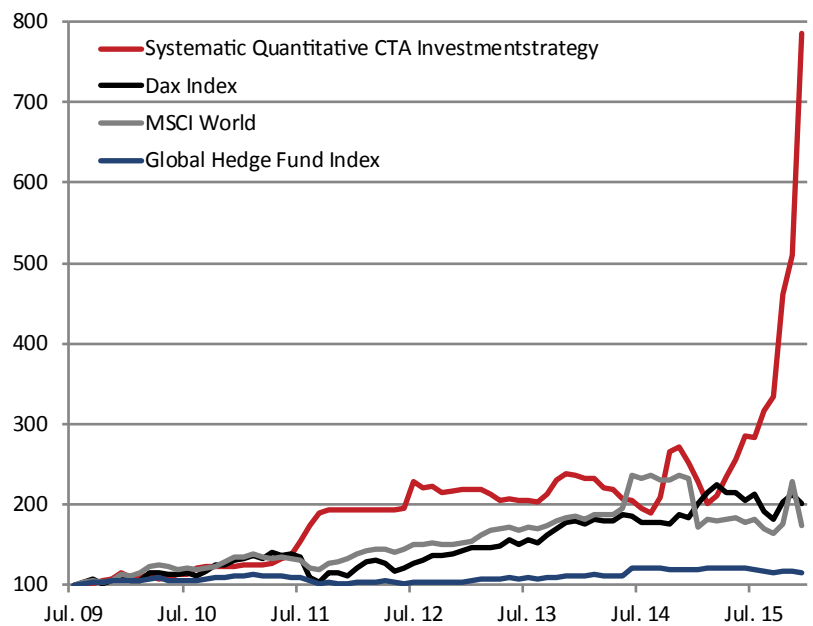
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Da Vinci Invest

Best Systematic CTA

Hendrik Klein and his team at Zurich-based Da Vinci Invest AG have been trading futures on Eurex since 1995, using a sophisticated algorithm to track economic indicators. In 2009, when Need to Know News brought out a computer-readable news feed, Klein immediately implemented it into the Da Vinci algorithm.

The proprietary strategy that resulted was highly successful, generating nearly 14 per cent between August and December of 2009. On 1st June 2011, the strategy, which scans newsfeeds for econometric indicators such as non-farm payroll data, US unemployment figures to trade as soon as there are discrepancies between the consensus view and the actual news data, was formally launched as the K2 Tachyon Fund.

As its name suggests, speed lies at the heart of this ultra low latency trading strategy. Tachyons are sub-atomic particles that are thought to move faster than the speed of light.

"CERN in Geneva has been trying to discover these tachyons for many years, without success. We implemented our ultra low latency strategy with common fiber optic cables, but our dream is to gain an edge with sophisticated technology to transmit information from a source to a co-location," explains Da Vinci Invest CEO, Hendrik Klein.

The model developed by Da Vinci Invest uses news feeds that seek to optimise their way from the source to the co-location to minimise latency. The fastest order executed to date was 0.6 milliseconds, says Klein. Currently, the K2 Tachyon Fund uses co-locations in Frankfurt, Chicago and New Jersey.

"Using co-locations, our algorithm systems analyse news and take long or short positions in equities, fixed income, FX and commodities," says Klein.

What the algorithm is essentially doing



Hendrik Klein, CEO at Da Vinci Invest

is predicting how specific instruments will behave when a piece of news comes out. Although not definitive, there's a high probability the markets will move the way the algorithm predicts, according to Klein. All trades placed by the system are short-term – just a couple of minutes at the start and end of each day – after which the portfolio reverts back to cash.

Last year, the strategy added equities (including small cap stocks) and FOREX alongside fixed income and commodities and the fund was able to generate excellent returns for its investors.

"2015 was a record year, we were really pleased," confirms Klein. "Since inception we have never had a down year although investors need to be aware that this is a volatile strategy that does, on occasion, incur heavy drawdowns."

To further enhance the capabilities of the trading strategy, Da Vinci Invest added corporate news into the universe of newsfeeds, and plans to add natural disaster news into the model in 2016.

The K2 Tachyon Fund trades 16 futures markets: three index futures – the Dax, EURO STOXX 50, and SMI (Swiss Market Index), three interest rate futures – the Bund, Bobl (5-year German bond) and Schatz (2-year German bond), seven FX futures and three commodity futures.

The strategy thrives on market surprises such as Mario Draghi's announcement last week that the ECB would be increasing its bond buyback programme to EUR80bn per month.

Asked how such events have helped to generate alpha opportunities in the fund year-to-date, Klein says: "The perception of the markets versus the released news generates alpha including discrepancies between expert opinions and facts. There will be always opportunities every day i.e. on corporate news." ■

DMS Offshore Investment Services

Best Offshore Regulatory Advisory Firm

DMS Offshore Investment Services specialises in providing global fund governance with the firm best regarded for the provision of offshore independent directors in the Cayman Islands. The second core business line is its UCITS and AIFMD management company and platform based in Dublin and Luxembourg. The interest in the platform has accelerated this year to the point where the management company has secured more than 60 fund mandates with close to 40 launched.

"In addition, we have over 100 risk clients to whom we are providing a range of risk and reporting services," comments CEO, Anne Storie. She continues: "We're listening to our clients and what the industry is facing in terms of regulation and we're trying to find the right solutions. We have a duty to do so being governance experts. We want to offer comprehensive solutions to our clients so that they can concentrate on managing their fund(s)."

With respect to AIFMD, having real substance on the ground is hugely beneficial to DMS hedge fund clients as the team have direct communication with over 19 European regulators to date, thereby allowing DMS to communicate with managers - especially non-EU managers - on the latest regulatory developments. As Storie points out: "They simply don't have the capacity to keep on top of everything themselves."

"This year, interest in our European solution suite continues to build momentum. Indeed, whether it is our AIFM platform, our UCITS platform, Annex IV reporting or guiding clients to register their offshore funds on a private placement basis - we've been busy across the board. It's a lot for hedge funds to absorb. Many are suffering from regulatory fatigue and our job is to help them as much as possible."

Three years ago, DMS Offshore Investment Services Europe hired Jason



Anne Storie, CEO, DMS Offshore Investment Services

Poonoosamy to develop DMS's own proprietary risk system. This substantive approach to risk is a point of differentiation at DMS, having invested considerable time and money to ensure that its solutions are recognised as best in class.

Beyond regulatory services DMS Bank & Trust have identified and fulfilled another industry need; client friendly and responsive banking services providing clients with cash management solutions, active fx, trading and custody solutions.

In summary the DMS group is increasingly recognised as providing 'all-encompassing services' thanks to the strength of its internal technology, and the breadth of its team, both in Cayman and in Europe.

"The banking services we are providing to hedge funds are also of tremendous interest to family offices and expanding further in to this group is one of our primary goals for the bank in 2016," says Storie.

"The latest key growth area for us is the provision of bespoke solutions for the structured finance industry. We recently hired a new Global Head of Structured Finance, Murray McGregor. Murray has been in the industry for more than 20 years and we're excited to have him on board."

"All these services are underpinned by DMS's 15-year track record - our Directors have literally watched all of the regulation as it's evolved. This gives us a level of in-house governance expertise that we pass along to not only our clients, but the service providers we work alongside," says Storie.

On winning the award for the third consecutive year, Storie comments: "We are immensely proud of our team. It's a testament to our client-focused approach. We are also grateful to Hedgeweek's readers for voting for us. They put a lot of trust in us when guiding them through regulatory and compliance matters." ■

HedgeMark

Best Managed Account Platform

2015 proved to be an excellent year for HedgeMark. Since BNY Mellon's acquisition of HedgeMark in May 2014, its thesis regarding the strategic value of housing a dedicated managed account business within a global asset servicing organisation has been validated.

"Being tied to a global financial institution is a critical factor when investors are evaluating dedicated managed account (DMA) providers. Last year, we closed several new dedicated managed account (DMA) clients and launched more than 20 new DMAs for existing and new clients, who are shifting from commingled hedge fund investments into hedge fund managed accounts," comments Andrew Lapkin, CEO of HedgeMark.

To illustrate HedgeMark's recent business growth, Lapkin confirms that across the range of managed account services that HedgeMark provides, including liquid alternative mandates, at the end of 2014 HedgeMark had platform assets of approximately USD5.2bn. By the end of 2015, HedgeMark's platform assets had increased to USD8.8bn.

DMAs are typically single-investor funds established for the exclusive use of an institutional investor. These structures allow an investor to maintain greater control over their assets, receive full position-level transparency and customise the account structure as well as specific investment strategies. Large institutional investors such as public and private pension plans and fund of hedge fund firms have been the most significant users of DMAs as this option is better suited for those investing USD100mn or more per managed account.

"The large pension funds want to have their own private DMA platforms and FoHF managers are now also embracing the DMA model because they too want greater control, governance and transparency of their hedge fund assets."

"FoHF managers may have sector-specific or asset class-specific fund-of-funds that



Andrew Lapkin, CEO of HedgeMark

can allocate to the underlying managed accounts. In many cases, FoHF managers are allocating assets into managed account structures, using a multi-investor DMA as a core building block for their existing FoHF products, for new FoHF products, as well as for the advisory services that they provide to institutional clients," explains Lapkin.

HedgeMark is regarded as a pure play DMA provider. HedgeMark does not perform investment due diligence or manager selection. The HedgeMark DMA model, says Lapkin, empowers the investor to select the managers that it wants on its DMA platform "and we work them to negotiate an investment management agreement and operational onboard the manager. The fund selection and due diligence functions are performed by the investor or its advisor.

"Our core competency is helping clients to set up and operate a private DMA platform. It's a very clean model compared to others in the marketplace where core competencies may be investment management or investment banking rather than asset or investment servicing."

Adds Lapkin: "An investor might work with a consultant or an advisor in terms of selecting the fund managers for its DMA platform but when it comes to structuring, launching and operating the funds, we believe that a global custody-type organisation is a better fit."

HedgeMark supports the full breadth of hedge fund strategies including equity-based strategies, credit strategies, global macro strategies, high convexity strategies, risk premia strategies, amongst others. "We've seen a mix of strategies and that's what helps differentiate HedgeMark from the competition, some of who perhaps cannot accommodate more complex, derivative-heavy strategies that involve multiple counterparties."

On winning the award, Lapkin comments: "We are honored to receive this award from Hedgeweek, a premier voice in the alternatives industry." ■

IndexIQ

Best '40 Act Liquid Alternatives Fund

The IQ Hedge Multi-Strategy Tracker ETF ('QAI') seeks to replicate the risk-adjusted return characteristics of hedge funds using multiple hedge fund investment styles, including long/short equity, global macro, market neutral, event-driven, fixed income arbitrage, and emerging markets.

Since its inception in 2009, QAI has outperformed the Barclays US Aggregate Bond Index during all 12 rising rate periods. Based on IndexIQ's proprietary rules-based process, QAI rebalances exposures across the broad hedge fund strategies to respond to the changing dynamics of the market. To clarify, QAI does not invest in hedge funds and the Index it tracks (IQ Hedge Multi-Strategy Index) does not include hedge funds as components, thus avoiding the lock ups, high fees and idiosyncratic manager risk inherent with individual hedge funds. "Instead, the index is made up of ETFs that, when combined, replicate the risk/return characteristics of six hedge fund strategies," explains Adam Patti, Founder and CEO of IndexIQ.

Here are a few additional features:

- Seeks performance similar to the overall hedge fund universe;
- Seeks low correlation to the equity market;
- Tax-efficient - historically has not paid out short term capital gains.

"When we designed QAI and its underlying index, we sought to deliver true 'hedge' fund performance, i.e., not a product that's designed to shoot the lights out, but rather a vehicle that was intended to provide investors with a means to mitigate volatility, protect against downside risk, and allow for upside participation," comments Patti. "QAI has performed consistent with that mandate and investors have definitely responded to its potential role as a fixed income alternative. Investors increasingly consider QAI as the S&P 500 of the hedge fund



Adam Patti, Founder and CEO of IndexIQ

market. It provides broad market/asset class exposure that is used as a core holding in one's portfolio."

QAI returned approximately -2.5 per cent last year (inclusive of fees), though that number doesn't tell the whole story. In the second half of 2015, market volatility increased substantially, with the S&P declining more than 6 per cent in August alone. That same month, QAI returned -1.66 per cent, indicating resiliency in a challenging market.

"Additionally, QAI has never paid out short-term capital gains on portfolio turnover in its nearly seven-year history," confirms Patti.

As mentioned, the IQ Hedge Multi-Strategy Index is composed of six sub-indices, each replicating one of the main hedge fund strategies. Each month, the sub-indices are examined and scored according to a number of factors (including a strategy's momentum of returns and volatility) and are then reweighted based on that analysis. It is, says Patti, "a similar process that a FoHF manager might undertake in rebalancing their strategy allocation. However our process is 100 per cent rules-based."

Investor interest in QAI has been strong over the last 12 months as volatility has come back to the fore. Not only that, but factors such as divergent central bank policies, the US Fed's move to raise interest rates, the ongoing U.S. Presidential election, and more, have all combined to bring hedging strategies to the forefront for many investors.

"QAI, being the first ETF of its kind, has the longest track record in the category, stretching back to March 2009, so investors can see how the fund has performed during a number of turbulent times. As a fixed income alternative or an alternative to traditional hedge fund exposure, the fund continues to find numerous uses across investor types," confirms Patti. ■



12 ► resulting return stream has a low correlation with traditional asset classes, risk factors, and other strategies. And thirdly, their investment gives them access to some of our proprietary research on volatility term structures and the volatility of volatility, which they can incorporate as a variable in their own investment decision-making processes,” explains Stark.

Moving aside from fund strategies, one issue that any hedge fund manager is increasingly having to focus on is cybersecurity; a theme that will undoubtedly dominate the industry in 2016.

All of which is good news for third party providers such as ACA Aponix - voted best global cybersecurity services provider.

According to James Tedman, Managing Director, ACA Aponix (Europe), vendor risk is expected to become a greater focus during 2016.

“Last year we saw a significant breach at a fund administrator and we believe that there will be others during the course of the year. We are continually developing the vendor diligence part of our offering, asking more pointed questions. We are also introducing first hand inspections of vendor sites such that we can review their infrastructures, meet with their staff and validate of some of the question responses.

“Many clients are keen to go beyond the measures required by the regulators and are looking for us to assist them with this. One ► 25

Nedelma Inc

Best Fund Accounting and Reporting Services Firm

The Portfolio Amalfi™ platform by Nedelma Inc. offers multi-asset, multi-language, multi-currency dynamic reporting and data visualisation, as well as analytical capabilities to the asset management industry. The platform also offers data aggregation tools, portfolio management solutions and a calculation engine. Users can analyse and view data from multiple perspectives using a combination of attributes, formulas and values, with extensive options for dynamic customisation.

Nedelma also has an online investor document repository with document approval workflow and interactive reporting.

“Everybody in the financial industry cares about four factors – improving performance, increasing transparency, raising assets and reducing costs. Our products help business users achieve those goals with quick integration and minimal input required from the user’s technology team,” says Managing Director, Jeff Strauss.

Portfolio Amalfi™ seamlessly aggregates P&L, risk, exposures, third party and in-house data making it available across numerous devices including desktops, iPads and other mobile devices. Anyone using the software – whether it’s the CFO, CIO, portfolio manager, or operations team can work remotely without having to rely on others to complete important tasks.

Nedelma’s CEO, Michael Medvinsky (pictured) confirms that one main area of focus has been making enhancements to its iPad application on the back of recent Apple security developments. Apple security requirements are becoming stricter for companies that provide Apple certified products. “We constantly focus on delivering highly secure products. This gives our clients a lot of confidence and reassurance, when using Portfolio Amalfi. Their fund data is well protected even if they lose or misplace their iPad,” says Medvinsky.

Both Strauss and Medvinsky held



**Michael Medvinsky, CEO,
Nedelma Inc**

senior positions at Goldman Sachs and are applying that expertise to enhance Nedelma’s products. They point out that Portfolio Amalfi can be used to access fund data anytime, anywhere and to analyse portfolios across sectors, geographies and other attributes, which is a powerful proposition for fund managers, especially those who are raising assets.

If you are trying to raise assets in Asia, for example, Portfolio Amalfi enables you to share fund information with investors in their local language, e.g. Japanese. It also empowers users to provide multi-currency results. Portfolio Amalfi provides track records, the fund’s performance over a user defined period and other valuable investor focused information and outputs.

“The information you see on your desktop can be fully replicated on the iPad. This gives the user flexibility in how they look at the portfolio and the ability to generate customised on the fly reports. It really helps improve business efficiency and reduces demand on IT teams,” says Medvinsky.

What makes Portfolio Amalfi particularly important is the ability to enhance the relationship with existing and potential investors. An investor relations team generally presents a snapshot of the fund’s performance to a cornerstone investor using Powerpoint. The information is static, making it difficult to provide investors with answers dynamically, such as “What’s the fund’s exposure in Latin American telecom stocks?”

“With Portfolio Amalfi, you can also connect your iPad to a projector at an investor’s office and during the presentation discuss the fund and manipulate and present the data precisely in response to the investor’s questions. This achieves two important goals: you give the investor an immediate answer and you make the investor comfortable and impressed that you have their information at your fingertips,” says Strauss. ■

Opus Fund Services

Best Global Hedge Fund Administrator

Multi-award-winning hedge fund administrator Opus Fund Services was established in Bermuda in 2006, subsequently expanding its footprint into the US with offices in Chicago (2008), San Francisco (2009), New York (2013) and Portland (2014). It serves over 275 fund managers and 400+ funds with a combined AUM exceeding USD10.5bn.

Last year saw another flurry of activity among hedge fund administrators, both large and small, and for a mid-sized administrator with an institutional offering, Opus was able to reap the benefits; this was partly due to M&A activity, and partly due to banking groups deciding to focus on other areas of the market and/or shedding certain types of hedge fund clients.

“Such developments have yielded some good opportunities for us because some hedge fund managers have been looking for a new home and we are well placed to cater for them. This was an interesting dynamic that played out in 2015, and I think it will continue in 2016. There was a wide range of fund launches across a variety of asset classes in hedge funds as well as private equity and venture capital, direct lending and marketplace lending,” confirms Jorge Hendrickson, Director of Sales and Business Development.

Indeed, Opus is at the vanguard of providing administration services to managers investing in the marketplace or ‘peer-to-peer’ lending space.

“Orchard, a prominent technology and infrastructure provider, recently published an infographic showing the main marketplace players and Opus Fund Services is listed as one of only two administrators. We got into this space very early (2011), and today we service 55 funds in this sector; as a percentage of our overall client book it is quite small, but it is quite a significant percentage of the marketplace



Jorge Hendrickson, Director of Sales and Business Development, Opus Fund Services

lending ecosystem,” says Hendrickson.

Over time, Opus has built its operational capabilities to enable it to work with many of the leading platforms such as Lending Club, Prosper Marketplace etc.

“We now have clients transacting in real estate, consumer loans, small business, education and medical. We were an early adaptor and that has certainly helped us to establish a solid reputation. We work closely with the platforms, technology providers to those platforms, as well as attorneys, tax firms and third party valuation companies, which are increasingly being used,” adds Hendrickson.

The technology capability that Opus has established enables it to connect with marketplace platforms and perform accurate reconciliation and reporting on the underlying loans in a fund portfolio. Indeed, Opus is able to report portfolio-level detail and fund-level detail to its clients and their investors.

Part of the reason why marketplace lending has become so popular is that some institutional investors have been disappointed by the level of returns they’ve been getting from their hedge fund allocations for the fees they’ve been paying.

Not that hedge funds are being overlooked to any great degree. Hendrickson thinks that as the industry evolves, more institutional money will start going to institutional-quality funds operating in the USD250mn to USD1bn AUM range; funds that are nimble and better placed to generate solid risk-adjusted returns.

“One of the biggest problems that new managers face is the amount of distraction they face over the first year or two; in other words the operational process interferes with the investment process. But the industry is becoming more efficient, allowing smaller managers to check off the number of institutional processes through outsourcing,” says Hendrickson. ■

Piquant Technologies

Best CTA

Piquant Technologies' Pegasus Fund launched in 2013 and has delivered stable and diversifying returns annualising at just over 10%. Piquant runs a fully automated portfolio, gaining trading insights by applying machine-learning techniques to huge datasets.

The model uses multiple signals and as Piquant's Chief Investment Officer James Holloway comments: "It's hard to find new signals and it's even harder to aggregate all that information and know what to do with it; not only to try and determine which way the markets are going to go, but also to make predictions about risks, costs, and liquidity.

"We have an engine at the core of our strategy that absorbs hundreds of thousands of market statistics every day, allowing the portfolio to adapt to changing market conditions. The engine understands how to use this information and this makes us good at making allocation decisions."

Holloway was a Senior Researcher at Winton Capital and Piquant's two other senior partners, CEO, Roddy Orr and CTO, Iain Buchanan were formerly with Goldman Sachs and Aspect Capital respectively.

Last year, Piquant's assets grew fourfold on the back of a successful 2014, which saw Pegasus return 19.87 per cent.

At the centre of the strategy lies one core allocation/decision-making system that controls everything. The system does not simply look at markets in isolation and try to predict their directionality, it will also look at their peers to determine how they are doing on a relative basis.

"We might look at the Hang Seng Index to see how well it is doing relative to the Nikkei 225, or to the S&P 500. We're not just taking an outright view. At least part of our portfolio is based on making relative judgments based on various common features of the markets," explains Holloway.

Where the machine learning component comes into play is through marshalling all of Piquant's systems, with their multiple signal processing algorithms designed to



James Holloway, CIO at Piquant Technologies

predict correlations, market movements etc, by pulling in massive data streams from which the different pieces of information are extracted. The more the system understands these signals over time, the better it is able to make decisions in the portfolio.

"A signal is basically a statistic that tells us how a particular market is behaving. What our engine does is take all the different signals and determine if they have any use in telling us what is about to happen. Overall, they do. Markets are pretty efficient, but not completely. Each signal gives us a small hint about what is going to happen. We use that information not only to decide what trades we want to do but also to position our trades and make our execution more efficient," says Holloway.

In essence, the Pegasus engine can be thought of as a massive brain, working through and processing data, which it uses to build a view of the market environment. Fundamental data is not used, however, for two reasons.

"Firstly, it's incredibly noisy and it's subject to constant revision. Secondly, it's hard to demonstrate that the information contained within a fundamental data set is different to what is already encoded in the market price. We need to know that we are extracting different, unique pieces of information from the data sets we are pulling in," says Holloway. ■



Piquant's Roddy Orr collects the award from Hedgeweek's James Williams

Peregrine Communications

Best Global Public Relations Firm

Peregrine Communications is an international, asset management marketing communications specialist, providing brand building, brand protection and lead generation services to help clients grow AUM. It has been delivering integrated marketing communications for hedge funds since 2002, supporting an increasingly international client base from its primary offices in London and New York.

Factor in that Peregrine has a bench of senior advisors, including Savuti's founder, Ben Scales, Tim Bell, former Head of Alternatives at UBS, and Rob Allard, former head of structured products at Goldman Sachs, and one can appreciate the weight of expertise Peregrine clients have at their disposal.

At Peregrine, they use experience and analytics to understand how each piece of marketing communications fits into the overall business strategy. The construction of a website, social media management, digital advertising; each one plays its role in building a brand and growing AUM. Being able to create effective campaigns that reach the right audience by delivering meaningful insights using a variety of communication channels has become a key requirement for fund managers, as they look to stand out from the crowd, especially for those offering UCITS versions of their offshore strategies.

"There are an increasing number of US and UK hedge fund managers offering these vehicles and they need help with marketing because even if they are on a platform, they are not necessarily getting a lot of support," says Anthony Payne, Chief Executive.

"Investors into UCITS are very different to those who invest in offshore hedge funds and tend to be located across multiple geographies. Therefore, building insights into who the investors are, how they break down into different types, different geographies, and then determining the best channel(s) to deliver tailored messaging is very important."

If one considers the offshore hedge fund



**Anthony Payne, Chief Executive
at Peregrine Communications**

market it is becoming increasingly saturated. There are now more than 11,000 hedge funds. In the US regulated '40 Act fund space, it's double that number.

For hedge funds diversifying into the regulated marketplace, it is vital to have a robust brand strategy "that articulates their story, demonstrates their edge, but at the same educates investors. For the most part, hedge funds buy in to the underlying notion of market transparency and external communications but to be effective they need to work with specialists that have the requisite expertise in crafting that message, and building a comprehensive marketing communications strategy," adds Max Hilton, who heads up Peregrine's New York office.

For a specialist like Peregrine, building greater insights is partly a response to the fact that clients are increasingly asking for tracking and analytics. "Getting more insights on the end investors, packaging content effectively, working on websites, marketing collaterals, branding; all the packaging that goes into building excellent thought leadership. This is something we have developed with our clients quite a lot over the last 12 months," says Payne.

To help build greater insights, Peregrine has established joint ventures with FCA-regulated Savuti Capital, a marketing services firm which has built a global network of institutional investors, and White Spider Media, a media planning and buying agency. "We are in the process of building software with White Spider, which will track interest areas on Twitter and other social media channels and allow us to see in real time what IFAs and intermediaries are interested in.

"The point to this is that we can help our clients to build content that investors actually want to hear about, rather than what they think they want to hear about," stresses Payne. ■

www.peregrinecommunications.com



20 ▶ such example is the use of table top incident response exercises whereby we simulate breach scenarios and work with members of the client's team to test and practice incident response plans as well as help staff understand roles, responsibilities and actions to take in the event of a breach," outlines Tedman.

Ron S. Geffner, partner at New York law firm Sadis & Goldberg LLP - voted this year's best global law firm - heads up its Financial Services Group. On the subject of cybersecurity, he confirms that "we are actively guiding our clients with regard to the requirements and associated risks.

"The SEC's Office of Compliance Inspections and Examinations examined 49 registered investment advisers and 57 registered broker dealers in 2014 and in January 2015 reported that 74% of the registrants interviewed experienced a cyber-related incident. In September of 2015, the SEC brought their first enforcement case against an investment adviser for allowing a breach of data to occur, exposing personal identifiable information of the adviser's clients to an unknown hacker.

"Moreover, advisers registered with the CFTC are required to have written policies and procedures regarding cybersecurity controls and incident reporting by March 1, 2016," says Geffner.

Perhaps unsurprisingly, cybersecurity is also becoming a key consideration with respect to fund governance. Anne Storie is the CEO of DMS Offshore Investment Services Limited, Cayman's leading provider of fund governance and directorship services and winner of this year's best offshore regulatory advisory services firm.

She confirms that the firm is receiving more cybersecurity questionnaires, not just from institutional investors as part of their ODD but also from clients' service providers.

"We have a full-time cybersecurity officer who goes through all the questionnaires; some are comprehensive, some are just check-the-box exercises. With the technology infrastructure we have in place, we are well positioned to answer any questions and help guide our clients on what the latest regulatory developments are so that they can stay on top of their cybersecurity processes," says Storie.

▶ 31

Preqin

Best Global Hedge Fund Research Provider

Preqin is a leading alternative asset data provider that sits between managers and investors, tracking appetite for the industry based on fund raising activity and fund performance. Since it was established 15 years ago, Preqin has been the go-to source for investors as they assess manager performance and track record as part of their selection process.

Amy Bensted, Head of Hedge Fund Products at Preqin gave an insightful presentation to open this year's Hedgeweek Awards Event at the Reform Club in London. Making reference to Preqin's latest global hedge fund report published in January, Bensted said that year-on-year, institutional investors have continued to allocate to alternative assets, and 2015 was no different.

"This time last year we were fielding a lot of questions about the effect of CalPERS leaving the asset class; would it be the trigger for a widespread exit of institutional investors from hedge funds? What we saw, in actual fact, was the complete opposite. We saw new institutions investing into the asset class for the first time, as well as existing institutions increasing their allocations.

"Today, we estimate that there are USD3.2tn in assets within the hedge fund industry. We saw over USD70bn of net new inflows over the course of 2015," said Bensted.

Although it was a successful year in terms of fund raising, performance remained a challenge for a lot of hedge funds. The Preqin All-Strategies Hedge Fund benchmark returned just 2.02 per cent in 2015, and as Preqin's survey results show, 33 per cent of investors felt that hedge funds had fallen short of expectations. Fund managers shared this sentiment, with 40 per cent saying that they too felt performance had lagged.

In Bensted's view, fundraising will become more challenging in 2016 at the same time as investors pay even closer scrutiny to performance.



Amy Bensted, Head of Hedge Fund Products at Preqin, collects the award from Hedgeweek's James Williams

"We have asked investors about their plans for investing in hedge funds for nearly a decade, and for the first time we've seen more investors confirming that they plan to reduce their hedge fund investments than those saying they plan to increase their investments," confirmed Bensted. Whereas 58 per cent said they planned to maintain their allocations in 2015, only 44 per cent responded in kind for 2016.

"But it's not all bad news. Roughly 25 per cent of the investors we track plan to make new investments over the course of the year and in particular we see the strongest appetite from the largest hedge fund investors. We also think there could be good news for emerging managers as large funds close to new investment," added Bensted.

Bensted said that performance will become even more critical in 2016 as investors re-evaluate what good performance means. "We are seeing investors evaluating hedge funds in terms of risk-adjusted returns as well as their ability to preserve capital at times when traditional markets are not doing well. What we could see is a change in how hedge funds are perceived in the industry over the next 12 months," said Bensted, adding that systematic CTAs, macro strategies and equity strategies will likely be the preferred strategies this year. ■

To view a summary of the survey findings, please click here: www.preqin.com/docs/newsletters/hf/Preqin-HFSL-Feb-16-Industry-Forecast.pdf

Quaesta Capital AG

Best Discretionary CTA

Quaesta Capital AG is an independent Swiss financial services provider with a primary focus on currency management. Based in Pfäeffikon, Switzerland, Quaesta Capital AG was founded in 2005 and currently manages approximately USD3bn in currency volatility and global macro strategies and bespoke currency overlay mandates.

It is regulated both by the Swiss Financial Market Supervisory Authority (FINMA) and the US Securities and Exchange Commission (SEC).

Quaesta Capital's FX long/short volatility programme is called v-Pro & v-Pro Dynamic. It has a nine-year track record, a Sharpe ratio of 0.88 (through 31st Jan 2016), and is market neutral in its trading style. The v-Pro strategy returned 20.06 per cent in 2015, whilst v-Pro Dynamic generated 43.35 per cent positive performance.

It is currently available as a Luxembourg-domiciled SICAV-SIF and as managed account. The UCITS-version of the strategy will go live soon.

The main difference between the two versions is that v-Pro Dynamic uses around twice the leverage of v-Pro, although the underlying investment strategy remains the same.

"Since our inception we always have been focused on currency management as the main pillar of our business activities. For us, the world's most liquid market with USD5.3tn daily turnover offers a host of opportunities and we feel investors want to speak with specialists offering this dedicated and in-depth expertise," says Thomas Suter, CEO of Quaesta Capital AG.

2015 has seen the v-Pro volatility strategy start on a positive note due to the removal of the EURCHF floor by the Swiss National Bank in January, "for which we were positioned nicely", confirms Suter. "As volatilities stayed elevated in major currency pairs we were able to continue the positive performance with



Thomas Suter, CEO of Quaesta Capital AG

skew and curve trades in the g-10 currency throughout the whole 2015."

Quaesta sees numerous opportunities over the next few months. Not only is the number of clients asking for tailored currency risk management solutions growing, but also, as market volatility is likely to remain high the need for specialised advice will remain elevated.

"As a discretionary currency volatility manager we like the volatile environment that has arisen from Central Bank divergence, shaky equity markets and other uncertainty at present. This allows for good trading opportunities. In addition more people will be willing to look into proper currency risk management solutions, which we have on offer too," confirms Suter.

Quaesta Capital also sees good interest from family offices in its structuring capabilities, where it comes up with securitised currency solutions for its clients. Due to the wrapping into an ISIN-bearing instrument, clients can get easier and more competitive market access to currency option trades and benefit from Quaesta Capital's expertise.

"Next to our longstanding passive currency overlay services, clients are once again asking for more active overlays in the currency space. Given our market expectations we're confident that our discretionary v-Pro relative value strategy will continue its positive run as we note a lot of good trading opportunities," comments Suter. "Our clients can draw on a number of seasoned currency specialists to achieve an optimal and transparent currency risk management setup for their firm, be it as passive or active overlay. For us the topic of FX Best Execution goes beyond just executing on best price, but also to have a robust and regulatory compliant risk management setup that is built for the future." ■

RBR Capital Advisors AG

Best Long Bias Fund

At the heart of Swiss-based RBR Capital Advisors AG's investment philosophy is the strong belief that rigorous bottom up research has the potential to allow it to outperform the markets on a consistent basis. RBR Capital invests in companies by building a strong fundamental investment case allowing it to take meaningful position sizes in those companies in which it has the most conviction.

Rudolf Bohli, Founder and CEO of RBR Capital Advisors, and his investment team invests only in Continental European equities where, as Bohli explains, "we have strong local alpha with Swiss and German companies due to the geographical proximity and the fact there are no language barriers."

The firm wins this year's global award for best long-bias fund for the RBR Strategic Value Fund, a single stock co-investment fund, which in effect operates in a similar fashion to an activist fund. "RBR Strategic Value Fund was created specifically for the opportunity to allow our investors to participate in a unique opportunity to invest into gategroup, a Swiss-listed leading independent airplane catering company, where we have engaged in an activist manner," says Bohli.

The fund, which has USD45mn in AUM, currently uses moderate leverage (130 per cent) and the volatility is largely dependent on the performance of the gategroup stock, which has returned 33 per cent over the last 12 months and is fractionally down on a year-to-date basis.

Bohli explains that RBR Capital's position in gategroup is not mainly based on a general bullishness on the aviation sector, "but rather on the enormous cost saving potential within the company. We have been pushing actively for this and we have been engaging with the board and the management of the company for more than 18 months. Our efforts have produced



Rudolf Bohli, Founder and CEO of RBR Capital Advisors

initial results but we believe there is still massive upside to be realised via further cost savings."

Indeed, RBR Capital helped to replace four out of seven people on gategroup's board of directors last year, which included Gerard van Kesteren, former CEO of Kuhne & Nagel, and Fred Reid, former CEO of Virgin America.

"We are not a general activist manager. Most of our positions in our diversified funds are not activist positions. We just found the upside potential in gategroup so compelling that we started to become activist with this position and due to the huge upside potential we have created a dedicated fund," continues Bohli.

RBR's objectives within the RBR Strategic Fund are threefold:

- For the BoD to implement a significant restructuring programme to strengthen internal controls, optimise financial structure and cut costs;
- Return to best-in-class margins and returns;
- Restore investor sentiment to GATE which is operating in a strong and growing industry.

In Bohli's view, frequent exchange with management is an effective way to seek out alpha. "Continental Europe has fewer hedge funds covering companies. Therefore we believe we have a specific edge in Switzerland and Germany, where we are even closer culturally. With respect to other opportunities, we are excited at the low valuations of the Greek banking sector and we are currently considering launching yet another dedicated special fund to profit from this opportunity."

On winning this year's award, Bohli comments: "We are very pleased to see that our approach of creating special opportunity funds has been proven to produce the results that we set out to achieve." ■

Sabre Fund Management

Best Long/Short Equity Hedge Fund

For the last three years, Sabre Fund Management, one of London's most well established hedge fund managers, has been running a low net equity strategy in tandem with the market neutral Sabre Style Arbitrage Fund.

Launched in February 2013, Sabre Dynamic Equity Fund is a fully systematic equity long/short strategy with a variable bias.

"On average, markets go up. So by constraining a strategy to remain market neutral - as we do with our Style Arbitrage Fund - you will leave some of the available equity returns on the table. What appeals to investors about our Dynamic Equity Strategy is that by incorporating a core market neutral component, we can provide a defensive equity product - equity-style returns but with lower volatility" explains Sabre's Managing Principal, Melissa Hill.

From February 2013 through January 2016, Sabre Dynamic Equity Fund has delivered an annualised Sharpe ratio of 1.58 with an annualised volatility of 9.6 per cent. "We've achieved compound annualised returns of 15.3 per cent, which is in line with our target range," says Hill.

What sets Sabre apart from other quantitative specialists operating in the market neutral space is that it is primarily Europe-focused; this applies to both the market neutral Sabre Style Arbitrage Fund and Sabre Dynamic Equity Fund.

"Ever since we've been running dynamic style rotation strategies in 2002, the alpha generated by our models has been stronger from the UK and Europe than it has been from the US. Although we utilise a universe of 1,300 stocks, of which 800 are European and 500 are US, in terms of the geographic attribution of the book, approximately 80 per cent is allocated to Europe/UK," confirms Hill.



Melissa Hill, Managing Principal, Sabre Fund Management

Sabre Dynamic Equity Fund represents the latest evolution of Sabre, building on the highly successful track record in generating returns from the Style Arbitrage Fund. Sabre combines its original market neutral stock selection process with directional tilting, driven by risk sentiment. It also incorporates some new beta factors that improve the risk/return profile of the Fund. "It has been designed to profit in more market environments than a pure market neutral fund," says Hill

On winning this year's award, Hill says: "The Sabre team is thrilled to have won our first award for Dynamic Equity. It is a great recognition of our efforts to provide investors with an innovative strategy and excellent risk/adjusted returns". ■

Sabre's Dan Jelacic collects the award from Hedgeweek's James Williams



Sadis & Goldberg LLP

Best Global Law Firm

Sadis & Goldberg LLP is one of New York's leading financial services focused law firms.

Known both domestically and internationally as a dominant force in the financial services sector, Sadis & Goldberg serves clients throughout the world and was recently ranked as one of the top five law firms for hedge fund launches in the 2016 Preqin Global Hedge Fund Report.

The Financial Services Group is headed up by partner Ron Geffner and comprised of 13 attorneys that have each spent a significant amount of their career practicing in the private fund space, providing a compelling roster of seasoned legal advisers.

Many of the attorneys were trained at the world's largest law firms, firms that specialise in the private fund space and/or have prior working experience with the US Securities and Exchange Commission. All of the attorneys in the group embrace the entrepreneurial spirit of the firm.

They routinely handle a diverse range of enquiries providing legal counsel to over 800 funds including domestic and international financial institutions, family offices, hedge funds, private equity funds, venture capital funds, real estate funds and commodity pools.

"At Sadis & Goldberg, we see ourselves as businessmen practicing law. We actively involve ourselves with and often assist our clients in the development of their businesses," comments Geffner.

The firm's client base is comprised of all sizes, backgrounds and investment sectors. This client base represents a significant percentage of the whole private fund industry's market share, providing the firm with a usual awareness of current market behaviors, favored commercial terms and other industry trends. This unique access to current market information allows the firm to advise their clients with both experience legal counsel and timely business intelligence. The firm is regularly called



Ron Geffner, Partner, Sadis & Goldberg LLP

upon by its clients and other third parties to opine on such trends and often participates in or hosts industry events where the firm, its clients and colleagues, and other market participants can exchange their collective observations and perspectives.

Sadis & Goldberg takes pride in their collegiate team-oriented environment. Client matters are assigned to lawyers of appropriate seniority with the necessary partner supervision.

Unlike many of their competitors, Sadis' lawyers are remunerated by performance rather than billings and collections alone. This model provides the following advantages to their clients: (i) direct access to the partners; and (ii) partners delegate the work to the appropriate level to ensure the work is done cost-efficiently. The firm places significant emphasis on training and teamwork within their group structure, thus ensuring a consistent quality to their clients.

Because of the Sadis & Goldberg's market leading practice in financial institutions and investment funds, the firm refers an exceptional number of mandates to other professionals globally.

"We enjoy very strong relationships with leading offshore legal counsel and other professionals in leading international centers of onshore and offshore finance, such as the Cayman Islands, Bermuda, the British Virgin Islands, Luxembourg, Ireland, the United Kingdom, Jersey, Guernsey, Malta, Mauritius, Cyprus and Hong Kong. Further, by virtue of representing several hundred alternative investment vehicles with investment managers domiciles throughout the world, our market share give us a unique perspective on the global investment funds industry," states Geffner.

On winning this year's global award, Geffner comments: "The Hedgeweek Awards rank amongst the top global awards and we are honored to be recognised by our industry in this category." ■



25 ► It is worth stating, in conclusion, that aside from the continual headache of coping with regulatory developments and delivering valuable returns for investors, today's hedge fund management community must also focus on how to build a more effective brand identity. Standing out from the crowd, in an industry that now has more than 11,000 hedge funds, is critical.

"Boutique fund managers, which institutional investors are looking more closely at, need to improve their look and feel and shout about their differentiators. They need more sophisticated marketing and the appetite in the market is clearly building," suggests Anthony Payne, Chief Executive of Peregrine Communications - winner of this year's best global PR firm.

He says that social media is giving

managers the opportunity to build their brand and distribute their content cost effectively. "If you add in to that all the analytic capabilities, there's a lot you can do today to build your brand in a sophisticated, targeted way. We've been doing, for example, some interesting education videos; Elm Partners* is one, which has been very successful," confirms Payne.

There's no doubting that hedge fund managers still have a way to go to fully embrace digital marketing and brand building. But if, as expected, the fund raising environment becomes even more competitive, the first movers will likely be tomorrow's winners. ■

**www.peregrinecommunications.com/case-study/elm-partners-stock-market-risk-motion-graphics-animation*