

A EuroHedge Awards 2010



Equity Market-Neutral & Quant Strategies presented by Bank of America Merrill Lynch

The award for Equity Market-Neutral and Quantitative Strategies is usually competed for by some of the more systematically focused equity funds — and so it was this year, with several long-time operators in the quant and statistical arbitrage space in the running again.

The list of nominees included Jon Hiscock's GSA Capital International flagship, last year's winner of this award, and Sabre Style Arbitrage — one of the oldest names in European hedge funds, with its quant equity flagship being nominated this year for the fifth time.

It also included OxAM Quant, another long-running quant-driven strategy that was finally added to the EuroHedge league tables in 2010 and which had comfortably the high return among the peer group on the year at an impressive 25.92%.

But the other three contenders this year were in non-systematic strategies. These were Pfaffikon-based Swiss Alpha Strategies, with its option-based market-neutral approach, along with Lugano-based Talentum and HSBC European Alpha at the market-neutral end of the long/short equity spectrum — all of which produced strong risk-adjusted returns on the year, with the leveraged versions of the Talentum and HSBC funds (which were not eligible for consideration) delivering especially good performance.

The bar on Sharpe ratio was set at a particularly high level in this category — as one might expect in a sector where low volatility and market neutrality form an integral part.

GSA had the highest Sharpe at just over 4, while the lowest Sharpe among the peer group — for Swiss Alpha Strategies — was 2.6, higher than the winning

fund in several other categories.

But this was a complex award to adjudicate this year — to put it mildly. There seems to be one category every year where we have two funds that simply cannot be separated by our existing methodology — and this year this was the one.

Although OxAM had much the highest return, it was out of range on Sharpe — while the three market-neutral equity funds did not have sufficiently high returns to mount a challenge.

So that left GSA and Sabre — and a unique problem. GSA had the high-performing dollar share class, pipping Sabre's dollar return by a few basis points. But Sabre had an even higher-performing euro share class — which just shaded the GSA dollar return, by 3bps — and GSA did not have a euro class against which Sabre's euro return could be compared.

In these extraordinary circumstances, a dead-heat was deemed the only fair result. And so awards went both to Hiscock and his team at GSA — and to Melissa Hill, fund manager Dan Jelcic and the team at Sabre.

Winner: GSA Capital International
Manager: Jon Hiscock
Inception: March 2005
Return (dollar class): 12.09%
Sharpe ratio: 4.04
Winner: Sabre Style Arbitrage
Manager: Dan Jelcic

Inception: August 2002
Return (euro class): 12.12%
Sharpe ratio: 3.35
Nominees: GSA Capital International, HSBC European Alpha, OxAM Quant, Sabre Style Arbitrage, Swiss Alpha Strategies, Talentum Activedge



2009 winner Jon Hiscock's GSA Capital International was a joint winner again



The other joint winner was Sabre Style Arbitrage, represented by Melissa Hill

