

# Sabre Fund Management

## Best Market Neutral Fund

Sabre Fund Management is one of London's best-known hedge fund managers, having first risen to prominence as a CTA in 1982. Its core business is quantitative strategies, becoming the first European hedge fund to use style investing as a means for generating alpha.

The philosophy behind style investing is that investment managers pursue value, growth and momentum strategies for stock-picking. Sabre uses sophisticated quant models that are able to detect and then capitalise on the dominant themes in the market at any given time by screening arrays of data and forming predictive style models.

Sabre's management team includes Melissa Hill, Dan Jelcic and Tom Stevenson. Hill, who joined in 1996 and has been managing principal since 2005, when she led a management buyout, is responsible for overall business strategy and development, and chairs the firm's board and risk management committee. Jelcic is the architect and lead portfolio manager of Sabre's style arbitrage strategy, heading the portfolio investment team, whilst Stevenson is the firm's chief operating and finance officer.

The firm's flagship Sabre Style Arbitrage Fund - winner of the 2011 Hedgeweek Award for the Best Market Neutral Fund - was launched in August 2002. Sabre uses three uncorrelated alpha engines to capture long-term economic trends in the market as well as short-term returns generated by investor behavioural activity.

Overall, the strategy is one that combines elements of quant factor methodologies with statistical arbitrage and dynamic style rotation to help validate and support fundamental market views. This gives it a unique position in the market neutral space and has



**Melissa Hill, managing principal, Sabre Fund Management**

helped the fund generate consistent returns.

Commenting on last year, Hill says no major themes dominated and there were no real surprises, but she admits that May was one of the worst months for equity markets. "However, due to our dynamic style process, we were able to capture the sudden flight to quality and the short-term resurgence in value and finish the month with a positive return," she says.

That the Style Arbitrage Fund is quant-based means it can react to the markets regardless of what's happening. "As quants we aren't required to have a view on the market, but our models do give us unique insights into thematic undercurrents and the structure of equity markets," Hill says.

Regarding her expectations for 2011, while any deviation from the expected growth targets for Asia and the US will lead to more equity market volatility, she is confident that the fund is well diversified to protect the downside. "The year could well be challenging when you also factor in the spectre of rising inflation and political instability in the Middle East and North Africa," Hill adds.

The Cayman-domiciled fund offers monthly redemptions in US dollar and euro share classes. Key service providers include LaCrosse Global Fund Services as administrator, KPMG as auditor, Campbells as legal counsel and Deutsche Bank as prime broker.

On winning the award, Hill said: "It's wonderful for Dan and the entire team at Sabre to be recognised for their huge achievement in generating consistent risk-adjusted returns over the years. However, this doesn't make us complacent. It spurs us on to try and keep winning and at the least to remain in the top league for future years." ■

**Dan Jelcic accepts the award for Best Market Neutral Fund**

