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Futures Stars: 12 for 2016

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[1]**Start-up activity in the managed futures space may have hit a low in 2014 and the return of asset inflows this year be mostly benefiting the largest players.**

But while the field of new managers has been reduced and the entry barrier has certainly been raised, it appears the pool of talent launching their own ventures is as strong and diverse as ever.

In our third annual Future Stars roundup, we have again scoured the managed futures universe to find a selection of the most promising new managers and program launches that have emerged in the past twelve months.

While not an exhaustive list, nor a ranking, we have sought to highlight some of the brightest prospects for 2016.

Expert opinion was canvassed from funds of funds, seeders, FCMs and prime brokers, introducing brokers, administrators and allocators.

Given the short time period from which to assess past performance, the final selection was compiled as much on qualitative as quantitative factors, with *CTA Intelligence*'s editorial judgment used to make the final selection.

Some of the prospects have already opened to external capital. Others have been keeping themselves below the radar to quietly build a track record.

Some are yet to launch. Like last year, most trade on the shorter-term end of the spectrum and have a quant approach.

All are tipped to prosper.

ALCAZAR INVESTMENT MANAGEMENT STRATEGY
LAUNCH: Q1 2015
FOUNDER: JOAQUIN NARRO
HQ: LONDON

Joaquin Narro, co-founder of energy hedge fund Cumulus, received a $20m seed from Bainbridge Partners for his liquid energy futures trading strategy at the start of the year. Bainbridge, a $860bn London-based alternative investment firm, added Narro's Alcazar Renewables Strategy to its multi-manager alpha-centric portfolio as part of a strategic partnership announced in February.
The Alcazar strategy seeks to monetise opportunities created by the sustained expansion of renewable energy markets, focusing on regional electricity, coal and gas.
Narro, who has a PhD in nuclear physics, is a veteran of the hedge fund industry.
He co-founded Cumulus in 2005 with Peter Brewer, where he was pivotal to establishing and managing their energy trading strategy.
Narro went on to work as a lead trader for Sweden's Vattenfall Energy Trading before founding Alcazar Investment Management in 2012.
His Alcazar trading program is available via managed accounts, or via Cayman pooled vehicles with weekly liquidity.
Announcing the tie-up, Bainbridge CEO Antoine Haddad noted it was an "unrivalled opportunity to generate alpha in a space where we expect greater inefficiencies, and also an excellent opportunity for investors looking to truly diversify their traditional portfolios."
Narro's pedigree and track record made him a solid pick for many sources.

FLORIN COURT CAPITAL
STRATEGY LAUNCH: Q3 2015
FOUNDERS: DOUGLAS GREENIG, ANTHONY VINITSKY, SIMON NICHOLLS, DAVID DENISON
HQ: LONDON

The former chief risk officer of Man AHL is the man behind this new quant hedge manager heavily backed by Swedish hedge fund giant Brummer & Partners.
Douglas Greenig left Man Group in November after two years with the $79bn UK-listed hedge fund firm to partner with Brummer on the launch of London-based Florin Court Capital.
He has taken the role of CEO and CIO at the quantitative macro manager, which was set

up in January.
Former AHL head of investment operations Anthony Vinitsky is a fellow founding partner, serving as Florin's COO and chief risk officer.
Simon Nicholls, a third founding partner, is the firm's CTO having previously ran the quant trading group at Gloucester Research, and served as head of listed equity derivatives automated portfolio management at Lehman Brothers, then Nomura when it acquired the business.
AHL's head of FX for six years, David Denison is deputy CIO. Florin Court's diversifi ed systematic fund trades over 200 securities across all major asset classes including equities, interest rates, credit, commodities, energy and volatility.
The firm received FCA authorisation in July.
Brummer's multi-strategy is investing in the new fund, which sits alongside existing CTA giant Lynx Asset Management and global macro manager Nektar.
It has more than $250m in assets. Brummer & Partners CEO Klaus Jäntti said Florin Court was expected to deliver uncorrelated returns and a competitive Sharpe ratio to further improve Brummer's multi-strategy offering.

DEVET CAPITAL
STRATEGY LAUNCH: Q3 2015
FOUNDERS: IRENE PERDOMO, LEONARDO MARRONI
HQ: LONDON

A systematic hedge fund firm set up by former Barclays commodities pros was widely tipped by London-based investment manager Devet Capital was co-founded by Irene Perdomo and Leonardo Marroni was understood to have raised more than $15m in AuM.
The pair have developed a proprietary systematic, market-neutral absolute return strategy focused on commodity futures.
It aims to provide stable positive returns with low volatility and low correlation to other hedge funds and market benchmarks.
Prior to co-founding Devet Capital, Perdomo traded base metals at Noble Resources in Singapore between 2012 and 2013.
Before that, she worked in the commodity investor structuring team at Barclays in London from 2009 to 2012, co-responsible for European product development of commodity investment derivatives.
Devet co-founder Marroni was until January an asset manager with the emerging markets team at GLG Partners in London.
He joined GLG in January 2010 from Barclays, where he worked for three years as a structurer in the commodities division.
He was responsible for global product development of commodity investment derivatives.
Before Barclays, Marroni worked in the equity structured products trading team at Banca Caboto in London, where he was responsible for structuring and trading algorithmic products. He was previously part of the interest rates derivatives trading team at Banca Caboto.

Devet Capital Investments was authorised by the UK's FCA in August.

EVOLUTIQ (PRED-X MODEL)
STRATEGY LAUNCH: Q1 2014
FOUNDER: OLIVER STEINKI
HQ: ZURICH

Algorithmic trading firm Evolutiq launched a systematic managed futures program at the start of the year, using proprietary in-house market prediction and simulation software.
The firm, based near Zurich, Switzerland, was founded in 2013 by CEO and CIO Oliver Steinki, who brings expertise in statistical learning techniques, ensemble methods and quantitative trading strategies.
Steinki, who has co-founded several successful start-ups in Germany including a school backpack maker, is a former portfolio manager with Geneva-based systematic macro firm Stigma Partners.
Before that, he worked in research at Morgan Stanley Capital International and corporate banking with Commerzbank.
He is also adjunct professor teaching algorithmic trading and portfolio management at IE Business School in Madrid.
Peter Miko, who also worked at Stigma and has an academic background in artificial intelligence, is head of research and COO of Evolutiq.
The firm also has three research analysts, according to a presentation.
Evolutiq's 'Pred-X' multi-asset class CTA strategy uses an ensemble of state-of-the-art Lévy process-based market models to predict daily market moves.
It invests in futures on major equity indices, commodities, G7 currency pairs, interest rates and the VIX.
The Pred-X Model started trading in March with around $5m. Cited as a promising prospect given both the business and quant backgrounds of the team.

SILVER TIDE MANAGEMENT
STRATEGY LAUNCH: Q4 2014
FOUNDERS: DARON GREENE, PATRICK KREMER
HQ: NEW YORK

A pair of ex-Blackrock and Conquest Capital portfolio managers are behind New York-based multi-strategy systematic global macro manager Silver Tide Management.
The firm was set up by Daron Greene, a former Blackrock fixed income portfolio manager who spent thirteen years at the asset manager, and Patrick Kremer, who spent ten years at Conquest Capital, a systematic CTA.
Its investment strategy is based on the belief that markets are driven by waves of capital fl ow, 'the Silver Tide', and that these flows are the primary determinant of price action.
Silver Tide aims to deliver attractive risk adjusted returns with low correlation to other investments using quantitative investment process across the 25 most liquid global futures and foreign exchange markets.

Its systematic global macro program is balanced between momentum, reversion, and counter-trend techniques across a variety of trade horizons with five to ten days average holding period.

Kremer, Silver Tide's CIO, was most recently the portfolio manager at Conquest, where he began working in 2004.

The MIT math and computer science graduate began his career in fixed income research at Lehman Brothers.

Prior to forming Silver Tide, Greene worked at Blackrock in various investment, risk management, and business development roles.

Most recently, he was a senior MBS portfolio manager.

The firm registered as a CTA and CPO in October last year.

The solid pedigree of the founders make Silver Tide an attractive prospect.

ZAFIRO CAPITAL
FUND LAUNCH: Q4 2014
FOUNDER: STEPHEN SMETHURST
HQ: GENEVA

Veteran commodity trader Stephen Smethurst, who has more than two decades experience in the field, launched commodity hedge fund Zafiro Capital in November last year.

The Geneva-based, oil-focused fund uses a discretionary approach combining both fundamental and technical commodity price analysis together with appreciation for CTA models and positioning.

Smethurst set up Zafiro last year after three years at Black River Asset Management, managing oil trading for the $600m Black River Commodity Trading Fund among others.

He is Zafiro's CEO and CIO. Tony Simmonds, an ex-Macquarie Group senior consultant, is Zafiro's chief financial and operating officer.

Smethurst has been an energy trader since the early 1990s.

He headed up the oil operations at Japan's Nomura, Mitsui and Co-Energy Risk Management, and South Africa's Standard Bank. He started out as an energy derivatives trader at Calyon.

While many commodity hedge funds have been closing their doors or haemorrhaging assets, contributors think Smethurst's experience will set him in good stead to make a success of his new venture.

Performance of the futures and options strategy has been flat to date, but an 11% gain in its Cayman fund in August hints at its de-correlation from other managers, strategies and the macro environment.

Around 70% of the fund's risk is expected to be in energy, with the remaining 30% split between metals and agricultural commodities.

INDEPENDENT VIEW
FUND LAUNCH: Q4 2014
FOUNDERS: ROBIN VAN BOXSEL, THOMAS HUFENER

HQ: AMSTERDAM

Independent View is a quantitative investment manager formed in Amsterdam, Netherlands, by two former managers at global prop trading powerhouse IMC.
CEO Robin van Boxsel spent 15 years at Dutch high-frequency trading and asset management firm IMC, latterly as head of trading and its managing director in Chicago, before founding Independent View in 2012 with some other former IMC traders, in Amsterdam and Zug.
Ex-IMC managing director Thomas Hufener is Independent View's CIO.
Matthew Newbon, formerly with Amsterdam-based Palladyne International Asset Management, is head of operations.
Robert Crenian, a managing director Renaissance Technologies for seven years and before then head of product development at Aspect Capital, was hired in May to head a UK unit.
Independent View aims to generate positive absolute returns in all market conditions, targeting a 10% annualised volatility with low correlation to individual asset classes.
It follows a systematic investment approach, investing in exchange traded futures with holding periods between days and months.
Independent View is registered with Dutch regulator the AFM under the AIFMD, and in the US, has registered as a CPO in January, and a CTA in August.
The firm, which is understood to be very well-financed, was the most hotly tipped of this year's roundup by industry sources.

TEZA CAPITAL MANAGEMENT
FUND LAUNCH: Q4 2014
FOUNDER: MIKHAIL "MISHA" MALYSHEV
HQ: CHICAGO

High-frequency trading (HFT) firm Teza Technologies, founded by ex-Citadel quant chief Mikhail "Misha" Malyshev, opened a futures hedge fund to outside investors end of last year.
Chicago-based subsidiary, Teza Capital Management began trading with around $25m of owners' money, offering a futures strategy focused on US, Asian and European markets.
Sources suggest it has raised more than $400m, giving it a sound platform to scale in 2016.
The futures fund trades currencies, securities, options and commodities, using algorithmic trading strategies to analyse market information and risk metrics.
Trade holding periods range from intra-day to quarterly.
Malyshev serves as CEO of Teza Capital, which was registered as a CTA and CPO with futures regulator the CFTC in May 2014, and commenced investment adviser operations in October that year.
Russian-born Malyshev founded Chicago- based Teza in 2009 after quitting Citadel to start his own business.
He was latterly managing director and global head of HFT at Citadel, until he resigned in

the winter of 2009.

Before joining Citadel, Malyshev worked at McKinsey & Co.

He earned a PhD in astrophysics from Princeton University in 1998, and also holds degrees in physics and mathematics and a master's degree in theoretical physics from the Moscow Institute of Physics and Technology, according to the firm website.

SPRING VALLEY ASSET MANAGEMENT
STRATEGY LAUNCH: Q4 2014
FOUNDER: JOHN RYAN
HQ: NEW YORK

Ex-NuWave Investment Management technology chief John Ryan launched his own managed futures firm last year after leaving Troy Buckner's New Jersey-based quant firm.

Spring Valley Asset Management (SVAM) was registered as a CTA in September and has raised around $20m in assets with a well-managed offering, according to sources.

Ryan was a principal and CTO at NuWave, joining the firm in 2001, a year after it was founded by Buckner.

As CTO, he was responsible for the management and oversight of the firm's technology, from software development and technology infrastructure. He was instrumental in developing the firm's proprietary systems architecture and electronic trading platform.

Before that, he was director of technology and a principal at New Jersey-based investment advisor Hyman Beck & Co from 1993 to 2001.

Ryan earlier spent four years at IBM designing custom network and communications solutions for institutional clients.

SVAM seeks to generate returns that are non-correlated to those of traditional stock and bond investments, yet differentiated from its relevant peer group in terms of its proprietary modelling, asset allocation and portfolio construction techniques.

Its SVAM Tactical Trend Portfolio employs a multi-strategy approach to trade a diversified blend of more than 50 futures markets.

Strategies use multiple market inputs and technical indicators to identify directional trading opportunities across a broad spectrum of time frames, including short-term, intermediate-term and long-term.

QLAB INVEST
FUND LAUNCH: Q4 2014
FOUNDER: JAN-ERIK SKOGLUND
HQ: ZURICH

Set up to act as an engineer of systematic strategies suitable for replication, QLAB Invest is best known for its low-cost strategy indices, which it licences to institutional investors and fund managers.

With a presence now in both London and Zurich, the idea of QLAB was initiated in 2007 by Jan-Erik Skoglund as a research activity focussing on advanced systematic portfolio construction techniques.

CEO Steven Bates is a particle physics PhD and asset management veteran who has held senior investment management positions at UBS and trading risk management at Merrill Lynch.

The company is backed by a strong group of entrepreneur partners. QLAB expanded its product offering in 2014 to enter the space between hedge funds and ETFs by launching two Luxembourg funds with Swedish FoHF RPM Risk & Portfolio Management.

Based on two of its multi-asset long-only indices, they offer exposure to US equity sectors, individual commodities, US treasuries, and G10 FX.

The funds, called Convexity and Convexity Dynamic Leverage, have attracted $30m in assets with strong interest from institutions and wealth managers, according to sources.

The 1x fund has a return target of one-month Libor plus 4%, with a 60bps management fee and no performance fee.

QLAB is currently building seed for a fund version of its Quadrant Commodity L/S Index, which takes long and short positions in 14 liquid commodities, and has been outperforming leading commodity benchmarks.

It represents a "third generation commodity index solution that seeks to offer high absolute returns compared to the commodity and CTA hedge fund space," according to QLAB.

DOMEYARD
FUND LAUNCH:2016
FOUNDERS: LIKAI LIN, CHRISTINA QI, JONATHAN WANG
HQ: BOSTON

Domeyard is a quantitative high frequency start-up hedge fund based in the heart of Boston's financial district.

The firm claims to be backed by the CEO of one of the largest quant funds in the world, the pioneer of China's Internet industry, and one of the world's biggest fintech investors.

It deploys data driven models to trade broad range of asset classes including equities, futures, fixed income instruments, energy products and commodities.

The firm says on any given day it processes more order messages than Google searches and Twitter messages combined.

The firm started hiring quant researchers, developers and programmers last autumn.

It registered with the CFTC as a CTA and CPO in July and is in the midst of fund-raising for a launch next year.

Its principals are Likai Lin, Christina Qi and Jonathan Wang, who have backgrounds in both financial and tech sectors.

The firm claims to have a flat organisation, in which the founders sit next to the interns, and traditional titles don't exist.

Its name comes from MIT's Dome and Harvard's Yard. While a number of so-called 'big data' launches have failed to gain traction with investors, Domeyard is seen as a strong prospect for 2016, with a super smart team.

SOLHARBOR MANAGEMENT
STRATEGY LAUNCH: Q4 2014
FOUNDER: SIDDHARTH KAUL
HQ: LONDON

London-based SolHarbor Management describes itself as risk management company specialising in quantitative strategies and analytics.
Incorporated four years ago by Siddharth Kaul, the firm received its first external investment twelve months ago from Crabel's emerging manager FoHF vehicle AlphaTerra, which was set up to find the world's most promising early stage hedge fund talent.
While performance has been muted to date, its short-term systematic strategy approach, which has an average hold period of 30 minutes, has made a number of emerging manager watch lists as a differentiated strategy.
Kaul was previously chief risk officer of Cairn Capital, senior risk manager at GAM and led the pricing and modelling team at UBS Investment Bank.
He is joined by James Leo, an ex-senior developer at Barclays, Mizuho and UBS, who has led development of SolHarbor's technology platform.

Class of 2015: where are they now?

London-based **Piquant**, set up by ex-Winton/Aspect duo James Holloway and Iain Buchanan, is understood to have raised over $100m in the past 12 months.Its Pegasus strategy completed its first full calendar year in 2014, returning 20%, and was beating CTA benchmarks this year.The strategy, which launched in September 2013, has grown from $5m to around $150m, with a "very strong pipeline", according to sources.

Former RG Niederhoffer Capital duo Kapil Rastogi and Murat Unluer's **PlusPlus Capital Management**, which was incubated inside New York-based Madison Quant Labs, completed its two-year track record with an annualised return of 15% and Sortino of 1.8. The firm has grown assets to $26m.

KFL Capital Management, a Canadian CTA deploying machine learning techniques through an AI machine, dubbed Krystal, returned 31% last year. 2015 has proved trickier. While performance remains positive, it had slumped to -13% YTD by the end of August. A partners' fund launched in December 2013 has yet to gain traction with investors, currently at $6m in AuM.

Stockholm-based **Kvarken Capital**, co-founded at the end of 2012 by Nordic hedge fund veterans Tommi Lindeman and Jukka Harju, an ex-Lynx Asset Management senior quant, has been trading an adaptive learning, fundamentally driven, systematic commodities program. They have since added a second ex-Lynx quant to develop a 3rd generation all asset class, short-term CTA.

Chicago-based **EMC's Alpha Plus** program, which came out of a reorganisation of the firm to strengthen and expand its product range, completed its first 12-months in April with strong performance, up 34%, and has raised $25m in assets.

Red Rock's systematic Commodity Long-Short program has been an outstanding performer in its class. It reached its second anniversary in August with an annualised return of 36%. The short-term pattern recognition program, which has a very low correlation to trend-followers, was inspired by a strategy PM Thomas Rollinger developed with quant hedge fund pioneer Edward O Thorp.

London-based **Quantitative Strategic Investments (QSI)**, which was set up by a pair of former Graham Capital and AHL managers in November last year offering a systematic diversified approach, is to embark on asset raising as it nears its one year mark. Fellow London-based shop,

Sagat Capital which fuses global macro/RVs methods with systematic short-term futures trading, has suffered from poor performance so far this year and struggled to raise client assets.

Robert Vallen's re-launched **Vallen Advisors** short-term systematic strategy has had lacklustre performance since the summer of last year and has lost much of its assets.

London-based **Finex** has generated strong preformance across its Navigator Ucits fund and EU managed accounts, growing AuM to $60m. It made its strategy available to US investors with the launch of Chicago-based Finex CTA in Q1.
