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NEW FUND NEWS

Galaxy seeks seed investors for new quant vehicle

Joe Chan's Galaxy Asset Management is on the lookout for potential seed investors for its first quant fund that trades managed futures.

The Galaxy Quantitative Fund, which invests in 15 markets mostly in Asia, had a soft launch in May last year with internal capital of \$5 million. It pursues a short-term, intra-day trading strategy that helps it avoid a host of non-manageable trading and market risks.

Chan, founder of Galaxy, says that the nearly one-year-old strategy is now open to outside investors after it successfully tracked positive returns amid the difficult market environment in recent months. It generated a 4.82% return in the last eight months of 2011, including 4.16%



Joe Chan

in the first quarter of 2012.

The fund performed best last September, when it delivered a 6.51% return amid flailing markets worldwide. Its portfolio manager is Derek Lee, who joined Galaxy two years ago

and has over 20 years of experience in financial markets, specialising in risk management and derivatives.

Lee's track record includes working in risk management and the equity departments of a number of financial institutions including HSBC Asset Management, Indosuez WI Carr Securities and Credit Agricole Indosuez Cheuvreux Securities. Prior to Galaxy, he had worked at Natixis Asia, where he was head of equity derivatives sales for Asia ex-Japan.

Chan says that Galaxy is looking to raise at least \$20 million from each seed investor, adding that the firm would prefer to work with an allocator that has already a significant experience investing in CTA strategies. The fund targets to deliver an annualised 20% return and hopes to achieve \$100 million in AUM in the near term, though the capacity can be considerably higher.

Chan observes that the past two years proved to be a mixed picture for many CTAs in the region, adding that while some have done well, others, including some of the most experienced ones, actually went underwater. "Many [CTAs] focus on long-term trends and it been difficult to extract gain from such an approach, especially in the past two years. This is why our fund is focused only on short-term trends."