

Asia inc-Japan

Joint winners: About Capital Asian Special Opportunities Fund and Zentrum Asia Opportunity Fund



About Capital's Yu Wang, centre left, and Rex Chan, centre right, received the Asia inc-Japan award

This tightly-contested category resulted in joint winners, with funds run by About Capital and Zentrum Capital. Both firms operate from Hong Kong and their investing strategies share similarities – based on stock selection backed by strong fundamental and value-driven research in combination with quantitative techniques.

Zentrum founder and portfolio manager Kevin Yuen says his team's multi-strategy approach employs fundamental analysis supported by technical analysis, while also deploying quantitative approaches to manage trades.

"Our portfolio is biased towards equities, but we also invest in bonds. We are an absolute return strategy but not market-neutral and use proprietary quantitative techniques to manage our exposures," he said.

About Capital was started in 2013 by Ted Chen, a former Greenwood's partner who runs the firm's growing investment team. The 'quantamental' and opportunistic strategy focuses on Hong Kong and China and developed markets in the region including Japan, Korea, Taiwan and Australia – deriving additional alpha from event-driven and capital structure-related strategies.

Chen's attempt to combine a Warren Buffett-style fundamental value investing approach with the trading savvy of quant firms like Renaissance Technologies has delivered strong risk-adjusted returns over the last four years – and the firm's team has grown this year with a number of additional hires.



Kevin Yuen, centre, Zentrum Capital founder and CIO, received the Asia inc-Japan award

Winner

About Capital Asian Special Opportunities Fund

Performance (Sep-16 to Aug-17): 24.01%

Sharpe ratio: 3.10

Launch date: June 2013

Winner

Zentrum Asia Opportunity Fund

Performance (Sep-16 to Aug-17): 22.91%

Sharpe ratio: 3.18

Launch date: June 2010

Nominees

- About Capital Asian Special Opportunities Fund
- Anatole Partners Master Fund
- Antipodes Asia Fund
- Dalton Asia Fund
- Doric Asia Pacific Small Cap Fund
- Octagon Pan Asia Fund
- Panah Fund
- Pangolin Asia Fund
- Sensato Asia Pacific Master Fund
- Zentrum Asia Opportunity Fund Segregated Portfolio

Panel session: Showcasing the secrets to success in Asia

Speakers

Kenji Iwamoto, GO Investment Partners

Brian Pohli, CQS (Asia)

George Yang, Anatole Investment Management

Kevin Yuen, Zentrum Capital Advisors

Moderator

Rodney Diola, AsiaHedge

Navigating Asia's volatile and multi-faceted markets can be challenging for some hedge funds. But for the managers who opened AsiaHedge Forum 2017, challenging meant opportunity, as they addressed ways in which they seek to create alpha from the region's fragmented and, in many cases, still developing markets.

George Yang, CIO and founding partner at Anatole Investment Management, is undaunted by market troubles. In fact, his fund sets out to thrive from the fact that inefficiency is commonplace in Asian markets.

"We don't really care about the market direction. What we only

care to see is if there's enough inefficiency," he said. Anatole seeks "disruption" in markets because that is when markets tend to be "mispriced". Yang said electric vehicles and 5G are potential sources of "disruption" in the future.

"Over the coming months, correction is likely, but the markets should be positive overall," predicted Kevin Yuen, founder and CIO at Zentrum Capital Advisors. "Performance is important, but it's not the most important thing. What's important is you have a plan and you stick to the plan. Players should focus on the game rather than the scoreboard. This is the key to a successful performance," he said.

Investors are sometimes uneasy about managers holding cash, but Yuen believes that "retaining cash during market turmoil" prepares him mentally to capture the upside when the market turns. But when markets turn volatile, just what can investors do to protect their portfolios?

Brian Pohli, CEO at CQS in Asia,



L to r: Rodney Diola, Kevin Yuen, George Yang, Brian Pohli, Kenji Iwamoto

believes in "right-sizing positions". "If you right-size your position, then you should be able to navigate your way out of a change in market environment," he said. "Regardless of where the market direction is taking you, you need to ensure that your positions are right-sized, risk management is correctly calibrated, and you're able to exit positions or add positions you find attractive."

Another challenge in investing in the region, he added, is liquidity or the lack of it. "Because of fragmentation in Asian markets, you end up with liquidity traps. This is the one thing you always

want to guard against," he added.

Kenji Iwamoto, director of engagement at GO Investment Partners, believes that investors' increasing awareness of corporate governance issues is also driving change in the Asian markets.

Iwamoto, who runs an activist-style engagement fund, says corporate governance is a tailwind for the fund. "Corporate governance helps in driving engagement. We observe governance as we involve management and hold dialogues. We assess the openness of management toward improvement and growth and that ensures the fund's success," he said.