

HOW THE WINNERS WERE DECIDED



Andrea Sorani picked up the Asia ex-Japan Award for Riley Paterson

ASIA EXCLUDING JAPAN

Presented by: Stewart Bent, Fortis Prime Fund Solutions

Nominees:

K2 Asian Absolute Return, Platinum Asia, Riley Paterson, Sofaer Capital Asian Hedge Fund

Asia ex-Japan was one of the more straightforward awards in 2009. In a market which certainly tends to favour the long-side, it was a fund that was not afraid to take net short positions in the tough year that was 2008 which eventually pulled through as the winner.

The Riley Paterson Asian Opportunities Fund, managed by Daren Riley and Stewart Paterson, was also the youngest of the four nominee funds, a comparative newcomer to the industry having launched only relatively recently in 2007. The baptism of fire came almost immediately with the fund putting on 32.3% over the qualifying 12-month period with a Sharpe ratio of 2.16. The fund's gains in 2008 were particularly impressive at 20.6%.

Both measures were the best in the strategy making Riley Paterson the clear winner in Asia ex-Japan this year. Second in terms of returns was K2 Asian Absolute Return, a winner in previous years. This portfolio, one of a number of very strong showings from K2 in 2009, put on 26.6% but its Sharpe of 1.2 was pipped by Sofaer Capital Asian Hedge Fund which came in at 1.3, with a 23.2% return for the year. Platinum Asia, another regular nominee for this award in previous years, was the final nomination in the category.

Winner: Riley Paterson Asian Opportunities
12-month return: 32.29%
Sharpe ratio: 2.16

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ASIA INCLUDING JAPAN

Presented by: Charlie Maclean, Barclays Capital

Nominees:

Greater Asian Hedge Fund, JF Asia Absolute Return, Marshall Wace Asia Diversified TOPS Fund, Real Return Asian Fund

This year's Asia including Japan nominees produced a wide range of portfolios. Managed out of Hong Kong were the JF Asia Absolute Return Fund and Bill Kaye's Greater Asian Hedge Fund. Both number among the industry's older hedge fund portfolios. JF Asia Absolute was launched in 1998 and is a previous winner of this award.

Marshall Wace's Asia Diversified TOPS Fund, the youngest nominated fund having been launched in 2006, has nonetheless already become a well known name in the strategy, as has Ezra Sun's Real Return Asian Fund, a portfolio started in 2004 and managed from London.

The AsiaHedge awards process for nominated funds is quantitatively based and focuses upon Sharpe ratios and performance, not just the latter outright, to decide the ultimate winner in each category. The Sharpe ratio is the initial measure used with performance coming in to play if the relative positions of a nominated fund's Sharpe ratio comes within 25% of the best nominated Sharpe. In such a case it is performance that decides the winner. However, in the case of Asia including Japan this year, no fund was able to come within 25% of the 2.74 Sharpe clocked by the Marshall Wace Asia Diversified TOPS Fund. Ezra Sun's Real Return Fund came very close, but



The Marshall Wace Asia Diversified TOPS Fund team scooped the Asia inc Japan Award

with a Sharpe of 2.03 fell marginally outside the band by the matter of a few basis points.

So, with no funds able to match it on Sharpe, the TOPS fund was deemed to be the clear winner in its category this year. In terms of returns, Bill Kaye's Greater Asian Hedge Fund clocked a very healthy 47.7% return on the year but with a comparatively lower Sharpe of 1.35 when compared to the other nominated funds. The Real Return Fund clocked a 34.4% gain for the year while Marshall Wace's winning portfolio made 22.1%.

JF Asia Absolute put on 15.05% with a Sharpe of 1.8.

Winner: Marshall Wace Asia Diversified TOPS Fund

12-month return: 22.07%

Sharpe ratio: 2.74



Hadoh's Takashi Sato picked up the Award for best Japan fund

JAPAN

Presented by: Ryan Bacher, Barclays Capital

Nominees:

Akamatsu, Asuka Japanese Equity, Hadoh, Henderson Japan Absolute Return, Henderson Japan Select Absolute Return, PK Japan

Japan long/short equity funds have taken some fearful knocks over much of the past decade. The past year has been another tough one, so those funds that remain in Japan long/short represent a group of market hardened managers that have just about seen it all. Reflecting just how tough this strategy is, this year's nominations saw an absolutely new group of funds, with none having been nominated in 2008.

Among them was Paul Kirkby's PK

Japan Fund. Kirkby is a long standing Japan manager who was GAM's key Japan manager from the mid-1980s through to the early part of this decade. Akamatsu is another fund from the PCE London based platform to have been nominated in recent years. Meanwhile, both Asuka and Hadoh have excellent pedigrees from previous years. Finally, two Henderson portfolios made it into the Japan nominations.

Sister fund nominations are very unusual for the AsiaHedge Awards. But it was the Henderson portfolios that took up much of the running in the months leading up to the end of September, on which the final nominations were ultimately based.

However, September itself was an unfortunate month for the Henderson funds. Both portfolios clocked losses on the month of more than 5% which pulled back their performance for the year and affected their Sharpe ratios for the year.

September 2009 therefore allowed Hadoh, up slightly in October 2009, to nip through and take the laurels both in terms of its Sharpe ratio (2.99) and return, up 22.7% for the year. Hadoh's success highlights the fund's consistency and solid performance over the 12 month period in question. In the event, the Henderson funds which came through next in terms of performance at about 19.7%, lagged both Akamatsu (2.26) and Asuka (2.36) with regard to their Sharpes, in the 1.8-1.9 range.

PK Japan led the rest of the field in performance terms, up nearly 15% for the year on a Sharpe of 2.02. Akamatsu put on 14.42% while Asuka made 12.2% for the period in question.

Winner: Hadoh

12-month return: 22.73%

Sharpe ratio: 2.99

CHINA

Presented by: Hannah Goodwin, Citi Prime Finance

Nominees:

Aija-Lighthorse China Growth Strategy, Dragon Billion China, Golden China, LBN China+ Opportunity, Pinpoint China, Pure Heart China Growth, Triskele China

This is the first year that a specific China Award has been given at the AsiaHedge

14 November/December 2009



Benjamin Chang from LBN China+ Opportunity picked up best China fund

Awards. At the beginning of the decade there weren't that many in existence. But China has seen significant growth as an investment strategy throughout the decade, as Japan's star has waned dramatically.

The new award saw some very strong competition indeed. The strategy is traditionally a very volatile one and the year to end September 2009 did not disappoint.

Highlighting the pedigree of the nominated funds, there were seven nominees with all of three previous winners of the Single Country Award in the running: Golden China, Pinpoint China and Dragon Billion China. Other funds such as Triskele China have also been nominated in previous years.

There was also a distinction between those funds that clocked losses in 2008 only to come back very strongly in 2009, and those who recorded positive performances in 2008 but which have clocked comparatively slower gains in 2009. Two funds, Triskele and LBN China represented the latter group.

In terms of returns for the period, it was Golden China that led the way with a gain of 88.6%. This came on the back of an extremely strong recovery for the fund in 2009, up 125% in the year to date, following a very difficult 2008 when the fund lost about 56%. But with such volatility, Golden China's Sharpe ratio, unsurprisingly, stood to be affected and it was the lowest of the seven nominee funds at 1.57.

On a Sharpe basis, Dragon Billion, last year's Single Country Award winner, led the way with a ratio of 2.66. However, its return of 23.6% was also the lowest of the seven nominees.

Within a 25% range of the highest Sharpe however, was LBN China+ Opportunity managed by Lilian Co, on 2.36 with a full year's performance of 47.02%; and, Pinpoint China, on a Sharpe of 2.06 and a slightly higher return of about 51%.

Pinpoint may have been narrowly ahead on return, but following a tough 2008 when the fund lost 35.3%, its 55.9% recovery up to end-September 2009 was ultimately not quite enough yet to bring the fund back above its high water mark.

LBN China+, on the contrary, was one of the very few China funds to make a gain in 2008, up nearly 11%. The fund has continued to perform well with a 36.8% gain up to the end of September with no high watermark issues arising out of 2008 performance. On this basis, the inaugural China Award had to go to the LBN China+ Opportunity Fund.

Winner: LBN China+ Opportunity

12-month return: 47.02%

Sharpe ratio: 2.36



Single Country Award winners Viresh Mehta and Sanjiv Duggal (right) from HSBC India Alpha

SINGLE COUNTRY

Presented by: Sukru Kesebi, Deutsche Bank

Nominees:

Agora Absolute Return, BGI Australia Absolute Equity, HSBC India Alpha, K2 Australian Absolute Return, PXP Vietnam

With China funds no longer considered within the Single Country award strategies, Australia invested portfolios came through to the fore in 2009 with three nominations – Agora Absolute Return, K2 Australian Absolute and BGI Australia. K2 and BGI are previous winners at the AsiaHedge awards and have been regularly nominated through the years. HSBC India, managed by

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Fund of the Year

Japan

Hadoh

