

CTAs storm back after wretched first quarter

Managed futures strategies staged a powerful bounce-back in April, ending their generally miserable start to 2007 with a raft of high returns on the month.

Brand-name firms were to the fore – with good returns from the likes of AHL Diversified (up 7.99%), Winton, BlueTrend and Aspect – while some of the CTAs that had made the worst start to the year were among those that came back most strongly.

Tulip Trend, for instance, gained 15.35% - to cut its loss for the year to -0.14%. And Estlander

& Ronnlund's Global Markets XL leveraged strategy gained 13.6% to put its performance for this year narrowly into positive territory at 0.56%.

Jon Hiscock's new GSA Capital Futures was up by 6.64% on the month for a return of 4.26% after its first three months, while Karsten Schroeder's Amplitude Dynamic Trading gained 6.78% in April for a year-to-date gain of 9% – a noteworthy achievement after a four-month period in which many of its systematic trading peers are still under water.

Macro players finally dig out a strong month

Macro strategies produced their best performance in many months as a variety of big and small players at last found some opportunities for profit in a strategy sector where returns have recently been unexciting at best and dismal at worst.

Among the bigger players in the space, Mike Platt's BlueCrest Strategic had a strong month with a gain of a shade under 3%, while Vega Select – which has had a torrid time over the past year or so – was up by 2.77%.

Richard Davidson's Lansdowne Macro Fund was up by 2.8%, taking the strategy back into positive territory for the past three months, while Larry Abele's Auriel Global Macro was up by just over 4%, Jon Hiscock's GSA Capital Macro gained 3.46% and Dave Fishwick's big

Episode strategy at M&G returned 2.77%.

The best performance on the month came from Harmonic Global Macro, up a notable 7.73%, while the leveraged version of the IKOS Financial Too strategy was up by 8.44%, with the underlying fund gaining 4.71%.

Several smaller and specialist players like Prana, Pico and NeoM also had strong returns on the month, while other good performers included Melchior Global Macro (up 5.57%) and Sinopia Global Macro (up 3.86%).

But not everyone found the going easy. Arsago, Odey Capital Strategies, Pivot Global Value and JB Global Rates were all down in April – while David Morrison's Titanium Global Macro continues to labour, down a further 2.9% for a 12-month loss of 12.32%.

Israeli-based Pi profits with macro EM strategy

The Pi SPC Emerging Markets Macro fund racked up its best performance to date in April, posting a 4.75% gain on the month and bringing its year-to-date total up to a solid 10.48% with volatility of 4.7%.

The fund, which launched in March 2006 and is now approaching \$40 million in assets, invests in global emerging market debt and derivatives and has posted a compounded annual return of 15.37%.

Debt positions in a range of countries including Brazil, Israel and Indonesia as well as derivative positions in Turkey all contributed to April's strong numbers.

A key aspect of the fund's approach is its top down macro analysis, which is used to capitalise on anomalies in debt and derivative markets, with the aim of identifying and buying cheap protection in the various markets.

The fund's primary strategy is fundamental emerging-market debt with a derivatives overlay. To a lesser extent, the fund employs volatility trading as well as day trading, the latter of which accounts for roughly 10% of the fund's positions.

The fund is managed by Jonny Kaye, who founded Pi Financial Instruments, a multi-service investment house based in Israel, in 1999.

Kaye has 13 years of experience in trading and managing proprietary index, FX and fixed-income derivative books in the US, Israel and Europe.

His previous roles include stints as an options trader for Philadelphia-based investment firm Susquehanna and as head of the proprietary derivatives trading desk at Ilanot-Batucha, an Israeli securities firm.

Joab gets going with FrontPoint European

New to our tables this month is FrontPoint European, the long/short European equity strategy run by long-time former Mercury/Merrill Lynch manager Samuel Joab.

Launched in March 2006, the strategy is showing an annualised return of 10.77% and is currently running assets of \$190 million. Performance has picked up in recent months, with the portfolio up by some 14.7% over the last six months and by over 10% this year.

Joab, who was at MAM/MLIM for over 10 years before joining FrontPoint and who ran the Merrill Lynch European Equity Hedge Fund for four years, is supported by two senior portfolio analysts, Rosanna Burcheri and Dan Cohen.

Evaluation's EV up 27% in debut year

EV Smaller Companies, the flagship fund of Amsterdam-based EValuation Capital Management, has just passed its first anniversary with an impressive return of 26.7% since inception.

Fund managers Willem de Vlucht and Charles Estourgie focus predominantly on Benelux, German and Scandinavian markets, taking a value-driven stock-picking approach. The \$30 million portfolio has held up well during difficult periods, and has a Sharpe ratio of 2.2 over its lifetime.

During May 2006, when the market was off by some 7%, the fund was down 2.4%, and during the February 2007 correction it was up by 0.5% – which the managers attribute to stock selection and the defensive nature of the fund.

Since inception the fund has had an average net exposure of 69%. The fund was up by 1.8% in April.