



Apostolos Katsaris

Alternative risk premia market gathers pace

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INVESTOR STRATEGY NEWS

The alternative risk premia space is about to gain some new competition in Australia and New Zealand with a partnership between Australian funds manager and distributor Brookvine and the London-based CdR Capital. CdR Capital's Apostolos ('Stoli') Katsaris, the CIO, is visiting Australia next week for joint meetings with Brookvine, investors and asset consultants.

For the past few years the main risk premia strategy players in Australasia have been Paris-based CFM, Connecticut-based AQR and Zurich-based GAM. A common thread between those three and CdR is a strong background in academia together with a relatively long track record. While each manager can adapt its strategy to big investor requirements for significant mandates, CdR differentiates itself by accessing more 'esoteric' and emerging markets, and a wider set of signals.

Steve Hall, Brookvine's chief executive, says: "CdR's investment strategy has evolved from more conventional risk premia strategies. The 'CdR Systematic Absolute Return (SAR) Fund' incorporates a broader diversity of signals, markets and strategies than its peer group. CdR is well placed to innovate in the alternative risk premia space, with the core of the investment team having worked together for over 10 years, at CdR and before that at Fulcrum Asset Management." CdR offers a diversified basket of risk premia strategies, across 'trend', 'carry', 'value', 'volatility' and 'event', Katsaris, says.

"Some of the implemented signals are very differentiated, and the universe of instruments CdR trades is wider than many of our peers. We incorporate more emerging market equity markets, currencies and rates, and more 'esoteric' markets such as rubber, canola and electricity. These esoteric markets account for approximately 25-30 per cent of the risk," Apostolos says.

Alternative risk premia strategies seek to provide exposure to multiple alternative return streams within a single investment, many of which have traditionally been accessed via hedge funds. Alternative risk premia funds and strategies typically have low correlations to traditional asset classes, at fair levels of fees, and with greater transparency than many hedge funds.

CDR Capital, which has 15 staff within a boutique CdR Group of 39 and US\$2.3 billion under management, came about with a take-of three key people at Fulcrum Asset Management, who ran similar strategies for seven years until 2014. The CdR risk premia strategy was started in 2017.

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CdR targets a return of 8 per cent a year and volatility of 8-12 per cent. It has a low correlation to traditional markets and conventional long-only investment strategies.

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