Demand continues for alternative UCITS funds, says Alceda, Schroders unveils new macro bond fund on GAIA platform…

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Alternative UCITS enjoyed further improvements in demand in Q2 2012, according to the first in a series of quarterly reviews of the UCITS sector produced by independent structuring specialist Alceda Fund Management. Alceda's review found that the 'Newcits' space grew from 282 funds in Q1 to 292 funds in Q2, managing total assets of EUR82.5billion. The figures were compiled by tracking the Absolute Hedge Global UCITS Index. Due to the challenging economic environment, however, UCITS funds fell 2.14 per cent in Q2, reducing YTD gains to a modest 0.47 per cent.

The review found that the three largest launches over the quarter were credit strategies. Between Q1 and Q2 equity long/short went from being the best performing strategy to the worst, recording a 2.77 per cent decline. FX strategies came out on top, returning 3.54 per cent. The number of funds charging performance fees has also increased to over 81 per cent according to Alceda.

Michael Sanders, chairman of the board at Alceda Fund Management, said that while the performance of the UCITS sector declined over the quarter, YTD performance remained positive and "we are continuing to see new fund introductions". "We are also seeing a lack of regional specialist strategies which we believe is a function of investor demand for more broadly diversified global strategies post the financial crisis," said Sanders.

Continuing the theme of performance, **the UCITS Alternative Index Global posted gains of 0.18 per cent in August**, bringing its YTD performance to 0.68 per cent – by comparison global hedge funds are up 2.02 per cent according to the Dow Jones Credit Suisse Core Hedge Fund Index. Five of the 11 strategies tracked by Alix Capital, the provider of the UCITS Alternative Index. These included: Commodities (1.20 per cent); Event-Driven (0.66 per cent); Fixed Income (0.50 per cent); Long/Short Equity (0.67 per cent), and Macro (0.24 per cent). CTA was the worst performing strategy in August, losing -1.47 per cent. This now pushes it into negative territory for the year, down -0.88 per cent. Market Neutral remains the worst performer YTD, down -1.44 per cent, while Fixed Income is far and away the most effective strategy in 2012, up 3.19 per cent YTD.

Aquila Capital announced this week that its AC Risk Parity 12 Fund had achieved four years of consecutive positive returns. Since launch it has generated 51.2 per cent; equivalent to annualised returns of 10.9 per cent (AC Risk Parity 12 Fund EUR A, as of 31 August 2012). Within the 'multi-asset' category, the fund is one of this year's top 10 performers having delivered returns of 8.1 per cent through July. **Roman Rosslenbroich, co-founder and CEO of Aquila Capital** said he was delighted with the fund's consistent positive year-on-year and that it has "clearly demonstrated its value to investors seeking consistent absolute returns".

Recently, as reported by Hedgeweek, Aquila Capital launched the AC Risk Parity 17 Fund. The number refers to the target level of volatility. The firm now has three such funds available to investors, offering the following volatility levels: 7 per cent, 12 per cent and 17 per cent. The AC Risk Parity Fund was first launched in 2004 in an offshore format. It was one of the first UCITS III absolute return funds when it launched in 2008.

Schroders has welcomed a new internally managed fund onto its UCITS platform, Schroder GAIA. The new fund is called **Schroder GAIA Global Macro Bond**. It aims to deliver an annualised gross return of 8 per cent per annum over LIBOR using currency, sovereign and credit strategies. It is earmarked for launch in October 2012. The Schroders Fixed Income Multi-sector team led by Bob Jolly will manage the fund. The team consists of 10 investment professionals augmented by seven European credit portfolio managers. In addition, the team has access to regional expertise

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and will be able to draw on the strength of nearly 100 fixed income investment professionals globally, allowing it operate without style bias.

“The launch of Schroder GAIA Global Macro Bond allows us to respond to demands that we are seeing from clients to this effect and utilize currency, credit and sovereign strategies to effectively harness opportunities that may occur through the market cycle,” commented **Eric Bertrand, Director of Schroder GAIA**.

Bob Jolly, Head of Global Macro at Schroders, added: “Schroder GAIA Macro Bond is about capturing all available opportunities, utilizing excellent portfolio construction and risk management skills, with the ultimate aim of building on strengths demonstrated by our existing successful multi-strategy product offerings.”

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