

## **SGAM Alternative Investments launches ETF emulating hedge fund performance**

By *Anonymous*

Created 24/09/2008 - 08:09

Société Générale Asset Management Alternative Investments has launched what it says is the first exchange-traded fund in the world that seeks to replicate the performance and risk profile of the global hedge fund universe, SGAM ETF T-Rex (for total return exposure), on Euronext Paris.

SGAM ETF T-Rex aims to replicate synthetically the performance of the HFRI hedge fund index. The portfolio invests in the main asset classes of equities, bonds and currencies, and is managed dynamically using liquid financial instruments such as futures.

The fund is based on the concept of alternative beta, involving the replication of estimated hedge fund allocations in traditional asset classes. According to SGAM, academic studies show that hedge fund investments can on the whole be broken down into long/buy positions and short/sell positions in traditional asset classes.

Applying this approach, the firm says, it is possible to build a portfolio of dynamic strategies designed to replicate overall allocations in the hedge funds industry, and thus attempt to replicate performances by taking up equivalent positions in these asset classes.

The allocation process of the SGAM ETF T-Rex portfolio is based on a quantitative model, created by SGAM AI's structured asset management team. The model automatically calculates the allocation that optimises correlation to the index, composed of more than 2,000 hedge funds tracked in the HFR database. Positions are reviewed every month.

This approach aims to deliver the performance of a diversified investment in the hedge fund universe, and can be viewed, SGAM says, as a way to obtain exposure to the asset class or as a liquid and transparent complement to a standard hedge fund allocation. SGAM ETF T-Rex has no minimum subscription, and offers real-time liquidity and total transparency.

The SGAM AI T-Rex strategy was launched in a mutual fund format in August 2007, since when SGAM says it has largely proven the effectiveness of the concept and the strength of the quantitative model. The launch of the strategy in an ETF format offers investors a choice between the subscription/redemption channel of a traditional fund and the flexibility of a real-time stock market negotiation via the ETF.

The launch of SGAM ETF T-Rex brings the number of listed products on NextTrack, the Euronext segment dedicated to ETFs, to more than 340, and the number of underlying products to more than 220.

SGAM AI launched its first structured ETFs in October 2005. The active ETFs in the SGAM ETF range do not merely replicate the performance of their benchmark but provide leveraged index exposure, capital protection using the portfolio insurance technique or a reverse index exposure as well as access to alternative investment classes.

Société Générale Asset Management had EUR309bn in assets under management at the end of June, including EUR50bn in alternative investment. SGAM AI Structured Asset Management Group managed EUR25.7bn in June through guaranteed structured products, structured credit products, index funds and ETFs.

SGAM Index is a wholly owned Société Générale Asset Management subsidiary that offers passive management, differentiated index management, structured ETFs and alternative beta products, and whose funds are commercialised by SGAM Alternative Investments.

- [Structured Products](#)

**Source URL:**

<http://www.hedgeweek.com/2008/09/24/sgam-alternative-investments-launches-etf-emulating-hedge-fund-performance>