

AsiaHedge

Volume 5 Issue 1 September 2004

www.asiahedge.com

Old GIC hands set up Octagon as quant based equity shop

Two experienced hands from Singapore's Government Investment Corporation have set up a new hedge fund operation known as Octagon.

Lam Poh Min and Nelson Chia both spent nine years at the GIC. Lam helped to pioneer quant investing there, and was most recently senior portfolio manager in the Quantitative Investment Unit. He has a diverse range of experience, including enhanced equities, convertibles, multi-strategy absolute return, long/short credit and fixed income. Chia

was one of the GIC's most experienced traders, trading most major global equities and equity derivatives markets in Asia, US and Europe, having worked in the GIC's Singapore, New York and London offices.

Octagon's directional long/short equity fund is set to launch this month with 'seed' money from the partners.

The fund has a capacity of \$200 million. It targets annual net returns of 15%.

It will invest across Asia, including Japan and Australia, covering nine markets and 2,000

stocks. The quantitative investment process is driven by a trend-following model that seeks to identify the best trending stocks based on a proprietary momentum measure. Some qualitative judgment is used in portfolio construction and execution, in view of implementation constraints in Asia.

The fund also has comprehensive risk controls at the stock, sector, country and portfolio levels, both on the long and short side, using stop losses and exposure limits.