
“ Having been named the Macro fund manager of the year is a recognition of our team’s success in terms of investment performance and an acknowledgement of investors’ appreciation of our investment approach and philosophy. ”

*-Patrick Armstrong,
Managing Partner at Armstrong Investment Managers LLP*

“ Tactical asset allocation is becoming increasingly popular with institutional investors, as an environment of uncertainty, low leverage and increasing regulation calls for nimble and flexible approach to asset management. ”

*-Ajay Jain,
Head of Portfolio Engineering at Funds and Advisory at Barclays*

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“ Winning an award like this is very Satisfying and to realise that the team And platform you’ve put together is getting Recognition from our clients is great. ”

*-Hannah Goodwin,
Head of Prime Brokerage at Citi.*

“ We began this journey just a few short years ago and it’s been a privilege to have met with so many people and for our efforts to be acknowledged So early in our development. ”

*- Kenneth S. Phillips,
Chief Executive Officer at HedgeMark.*

Global Macro fund of the year, UK Innovative fund manager of the year, UK fund manager of the year: Multi-Strategy

Armstrong Investment

Armstrong Investment Managers LLP (AIM) is a global macro manager specialising in inflation-benchmarked investment solutions with controlled volatility. AIM was formed in 2009, but the investment team has worked together for over 12 years, previously managing billions of dollars at UBS and Insight Investment. AIM have quickly established themselves as a leading discretionary macro manager based on their strong and consistent performance. The firm's managing partners; Dr. Ana Armstrong and Patrick Armstrong are well known, regular contributors to several business news networks and a wide range of print media. Their thought provoking, and often contrarian views on the global economy and markets have helped AIM become recognized for their effective top down investment approach.

Acquisition International speaks with the partners of Armstrong Investment Managers LLP about their firm and their recent haul of four International Hedge Fund awards.

Husband and wife team, Patrick Armstrong and Dr. Ana Armstrong founded Armstrong Investment Managers LLP (AIM) following successful careers at UBS, where they headed investments for the \$6 billion Managed Accounts Programmes, and at Insight Investment, where they created and headed the firm's \$2 billion Multi-asset group.

AIM's offices are located in a beautiful Georgian building just next to London's scenic Regent's Park. The location is a few minutes north of Mayfair which is the customary home of most London based hedge funds. The Marylebone area was chosen to be "a bit different", a theme that is very apparent in almost everything AIM does.

Patrick Armstrong (Patrick) comments, *We have never been scared to stand out from the crowd. We knew that being different would be an advantage. If you invest like everyone else, you get returns like everyone else. The industry didn't need another "me too" manager.*

Dr. Ana Armstrong (Ana) comments, *When we established AIM, we wanted to create a client centric, entrepreneurial and innovative culture. Achieving this has been one of our greatest early successes.*

The firm is an eclectic mix of backgrounds in terms of country of origin, academic backgrounds, and per-

sonality types. Ana was born and raised in Belgrade, Serbia, and did an MBA and Ph.D at Imperial College in London. She then joined Coutts bank as an analyst and moved to Fischer Francis to become a fixed income and futures trader. Patrick was born and raised in Saskatchewan, Canada, and did an MBA at the Rotman School of Management, University of Toronto and is a Chartered Financial Analyst. He worked at TD securities as a derivatives analyst and then moved to Deutsche Bank to become an equity analyst. Eugen Fostiak (Eugen), partner at AIM, is from Lviv Ukraine where he did his MSc. in Finance and then joined Deutsche Bank London as a quantitative emerging markets analyst. These three make up the core of the investment team and they all met and began working together at UBS London in 2000. They moved as a team to Insight Investment in 2003, where they started working with Gideon Nell (Gideon) the final partner at AIM. Gideon is from Johannesburg South Africa, and did his Business degree at the Global School of Business in South Africa. Gideon began his investment career as private client portfolio manager at PPM Stockbrokers and he then moved to Rothschild Asset management in London.

The geographic mix continues outside of the partners. The two investment analysts, one from Austria, and the other from Cyprus both have computer science degrees, and are doing postgraduate work in Physics and the CFA programme. Their compliance

officer is a Welshman with over 20 years experience, and a newly recruited sales man is from Belfast, Northern Ireland.

The firm's flagship global macro fund, the Armstrong Diversified Dynamic Solution (DDS) fund has just won an International Hedge Fund award for the UK Global Macro fund of the year. DDS is different from many macro funds in that it offers weekly liquidity, it is domiciled in Dublin, and it aims to significantly beat inflation rather than just targeting absolute returns above zero.

Gideon, comments *The wide ranging appeal of an inflation plus target is shown through the fund's diverse investor base which includes family offices, high net worth individuals, fund of funds and pension assets. Our clients have told us that our objectives in terms of risk, and return are aligned with what they are trying to achieve.*

Ana notes, *DDS exhibits significantly lower volatility than most macro funds. This strategy has delivered much higher risk adjusted returns than almost any fund in the macro sector. Its diversified portfolio of positions significantly reduces risk, and we always ensure a very high degree of liquidity within the fund.*

Patrick adds, *Its strong performance has been driven by a very diverse set of positions and strategies over the years. Successful long positions in emerging market currencies, tactical positions in Italian bonds, and long positions in luxury goods companies have added significantly to performance. Timely shorts in European banks and U.S. natural gas have also generated significant returns for the fund.*

Ana highlights another difference which AIM view as a clear advantage, *Our focus on risk and inflation reflects the primary concerns of most investors, namely protecting against the risk of capital loss in the short term and growing capital at a rate which is significantly higher than inflation over the longer term. Portfolio risk management lies at the heart of our capability and underpins our entire investment process. We have developed sophisticated quantitative systems which we use to forecast risk-premia across a wide range of assets.*

We are very pleased with all of the awards we have received. We have become recognised as pioneers in global macro investing, and we believe the most innovative fund manager award is due to our focus on the macro big picture for investment returns

Pictured left to right: Gideon Nell, Ana Armstrong, Patrick Armstrong, Eugen Fostiak



and UK Macro fund manager of the year

Managers LLP

“When we established AIM, we wanted to create a client centric, entrepreneurial and innovative culture. Achieving this has been one of our greatest early successes.”

combined with our proprietary risk management systems and bottom-up risk management.”

AIM put a great deal of emphasis on risk management and managing assets within a predefined risk budget is the first step of their investment process. AIM have developed their own proprietary, real-time risk management, asset allocation and portfolio construction system which they call “AIM-folio”. The system allows for the incorporation and analysis of all liquid asset classes and all their related investment instruments on a global basis under one facility.

Eugen Fostiak comments, *“AIM-folio was developed because there was no wholly integrated system on the market with the functionality to include long and short positions across many different types of assets and derivatives. We need to be aware of risks before we trade, and this system makes that possible. AIM-folio gives us a significant competitive advantage and allows the investment team to run real-time ‘what-if’ scenario analysis before the implementation of any portfolio changes.”*

AIM have built their investment process around five key investment tenets:

1. Markets are not efficient
2. The largest inefficiencies in markets are now at sector and asset class level, rather than in individual securities.
3. The broader the opportunity set, the greater the potential for excess returns.
4. Real diversification is the most efficient method to control portfolio risk

5. Illiquid investment instruments are not appropriate for funds which offer liquidity.

Patrick adds, *“The world has become too short sighted in its investment horizon. There are thousands of CTAs trying to trade off of past price movements and holding positions for minutes at a time. The real opportunities in markets are now with managers willing to take a longer term view on what is happening in the global economy and its impact across all asset classes. Managers with the ability to take both long and short positions across many different types of assets and regions will never be left wanting for opportunities. Our flexible approach is well suited to the current market environment as there are significant divergences across many regions in terms of economic growth and many investment possibilities created around the consequences of the debt burden many western governments are facing. The broad opportunity set we consider creates many attractive investment possibilities, and this also offers a great potential for diversification within the fund.”*

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AIM’s growing reputation has been built by way of their ability to take advantage of opportunities in a timely manner, and their distinctive investment style which identifies long term themes and implements shorter term, tactical trading strategies around these longer term views. They are off to a very good start,

in terms of performance, asset growth, and they have no intention of slowing down now.

Ana sums it up, *“We were fortunate to become profitable as a business within a year of our first fund launch. We now have over \$200 million in strategy assets and award winning performance with our DDS fund.”*

“We are truly delighted with the shape that we find ourselves in today. When you extract a team from a large corporation to set up independently, you know many investors want to see at least three years of good numbers and that clients want liquidity and transparency. We believe we are in a very strong position going forward.”

The Armstrong Diversified Dynamic fund is open to new investors and the firm will also be launching a Luxembourg UCITS version of this strategy in Q1 2013.



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ARMSTRONG
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Armstrong Diversified Dynamic Solution Fund

The Armstrong Diversified Dynamic Solution (DDS) fund is a discretionary global macro fund which targets a return of at least inflation plus 7% per annum, over a market cycle, with no more than two thirds of equity volatility.



**Global
Opportunities**

**Tactical
Positions**

**Real
Returns**

Armstrong Investment Managers LLP

- * Global Macro Fund of the Year
- * Macro Fund Manager of the Year
- * Fund Manager of the Year - Multi Strategy
- * Innovative Fund Manager of the Year

Armstrong Investment Managers LLP (AIM) is a London based asset manager which specialises in managing inflation benchmarked investment solutions with controlled volatility. Our top-down global macro investment approach uses advanced quantitative models and takes advantage of long and short opportunities across different regions and asset classes. AIM's focus on risk and inflation reflects the primary concerns of most investors, namely the risk of capital loss in the short term and the need for investments to significantly beat inflation over the longer term.

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