Last year, representatives from South Korean investment bank Shinhan came to Europe and the US in search of high quality managers to make up what is now the diversified CTA-focused platform, G-MAP.

Looking for short-term investment strategies with a unique niche in specific markets, London-based commodities specialist Jaguar was one of the first managers they approached.

In March 2017, Shinhan launched a second G-MAP product, a security linked to Jaguar's systematic energy futures strategy Aegir.

"Aegir among others had the right attributes and was a good fit for G-MAP as it structurally focused on risk management, alternative returns, price inefficiencies, and volatility in the dynamic energy sector," explains Shinhan's head of business development, Sooch Park.

Running capital through managed accounts, Shinhan isn't the only institutional investor to have allocated money to Jaguar's three strategies over the past two years.

"The last six months have seen us lose a number of smaller investors and gain a smaller number of larger investors, including the G-MAP product," says Jaguar principal Colin O'Neill, who in 2002 founded the firm alongside fellow Rothschild and JP Morgan alumnus Tony Coote.

O'Neill began his career as a bullion trader at Rothschild and Sons in the mid-1980s before moving to JP Morgan seven years later and then to Standard Bank in 1996 where he headed up the metals desk for the next six years.

Similarly, Coote moved from his position as head of Rothschilds' gold trading desk to JP Morgan in 1995 and then to Standard Bank a year later.

After launching in 2002, Jaguar was still sitting at around the $40m mark by early 2015. However, having tripled assets over the past two years, the firm's principals are confident in the attractiveness of their strategies.

Jaguar's two flagship products — Aegir and Ultro — adopt two differing trading methodologies: Aegir is a systematic energy-focused strategy overseen by former Oak Capital quant Jagjit Manhas, while Ultro, run by veteran Barclays metals trader Iain Dockerill, adopts a discretionary approach to exploit relative-value opportunities in the metals market.

"Each looks to profit from opportunities in spread trading, arbitrage and inter-commodity spreads and are therefore much more akin to a relative-value type strategy than a standard CTA product," says O'Neill, pointing out that this gives them a more balanced and lower volatility return stream.

"A blended portfolio of the two (Aegir and Ultro) has been tested to be complementary to one another," says Park. "Based on quantitative data they have ultra-low correlation and provide the diversification benefit to a portfolio."

For Jaguar this creates a unique proposition.

"The ability to offer both systematic and discretionary solutions enables us to better meet investor requirements," says O'Neill, adding that the dual offering effectively eliminates one of the reasons that potential investors may give for ending a conversation.

Ultro and Aegir have annualised 6.5% and 17.5% since inception respectively.

The returns are solid, rather than spectacular, and for O'Neill, that's the point.

"As can be seen with our Ultro and Aegir track records, the Jaguar philosophy is very much the accumulation of small gains with minimal heartache.

"We do not 'swing the bat', as many other commodity funds and CTAs have been known to do, and we have found this approach to be increasingly attractive to potential investors."

The risk/reward factor has been key when considering Jaguar as a manager, says Park.

"Jaguar's programs have proven to deliver excellent numbers in skewness and kurtosis, coupled with attractive returns over the past five, six years," he adds.

"One of the things we get asked a lot is do you look at the commodity currencies, the Australian or Canadian for example; and the truth is none of those are typically going to affect the price of copper or gold," explains O'Neill.

"But if the commodity does something, then the currency will react. So it's about getting the drivers the right way round."

After gaining an initial seed, the Vario strategy had a string of positive years, reaching almost $100m in AuM by 2008.

Yet despite making money in 2008, the majority of allocations were pulled as many CTAs became an ATM for investors wanting quick cash.

"The strategy's assets were held in managed accounts with daily liquidity, and most of our investors went to cash and closed accounts," says O'Neill.

Unlike its predecessor, the redesigned Vario strategy offers investors an in-depth systematic risk management overlay.

With just $5m in AuM, Vario is the most recent addition to the firm's rebuild, and O'Neill is confident the strategy is an attractive addition to Jaguar's strategy mix.

In line with the recent interest from larger institutional investors such as Shinhan, Jaguar is taking steps to improve the accessibility of its offering, with all three strategies having reduced fees from 2/20 to 1.5/20 on 1 June.

"We had previously stayed at 2/20 for Aegir because we felt that the work involved in developing and testing such a robust system justified the (relatively) higher management fee."

> "The Jaguar philosophy is very much the accumulation of small gains with minimal heartache"
>
> **Colin O'Neill**

"Moreover, prior to the recent equity rally, there was high demand in low risk / mid-return profiles among qualified institutional clients, our main target client pool for G-MAP."

The increased demand for such products led Jaguar to launch a third strategy in May last year, trading both the metals and energy sectors.

The Vario strategy is a reincarnation of Jaguar's original systematic offering, which, O'Neill and Coote had created in 2002 to provide them with a back-tested track record to pitch to potential seed investors.

With almost half a century of discretionary metals experience between them, the challenge for the pair was converting that market knowledge into a series of actionable inputs.

The reduction in price reflects how O'Neill views the Jaguar offering in an investor's portfolio. Despite being disappointed by the strategies' roughly flat performance this year, he believes this is the characteristic that validates the strategies inclusion in a diversified portfolio.

"When markets are challenging, we remain invested but manage the risk well and so it is entirely probable that we will be flat," he says. "The trick as always is staying in the game, and an investment with us is more like owning a relatively cheap call option on performance."