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The Alpha Hunter's Manifesto: Edward Lam on Culture, Conviction, and Unconstrained Investing - Part 1

Matthias Knab, Opalesque for New Managers:

How a veteran emerging markets investor rebuilt his career at legendary macro shop Sloane Robinson - and delivered 57% returns by refusing to be pigeonholed - Part 1 of 3.

In an industry increasingly dominated by rigid mandates, box-ticking compliance, and marketing-driven narratives, **Edward Lam** represents something increasingly rare: an investor who follows alpha wherever it leads, works in a culture that prioritizes research over politics, and has the track record to prove that conviction-driven, unconstrained investing still works.

As portfolio manager of the S.R. Ocellus Fund at **Sloane Robinson,** Lam has delivered net returns of 57% for 2025 - and notably, achieved this performance without riding the AI and mega-cap tech wave that propelled most of 2025's winners. Instead, his returns came from an unfashionable thesis that he's been developing for years: a global banks bull market, driven by deep fundamental analysis across geographies that most emerging market managers aren't "allowed" to touch.

But Lam's story is about more than just performance. It's a case study in how the right institutional culture, intellectual honesty, and the freedom to pursue alpha across artificial boundaries can resurrect a career - and deliver exceptional results for investors willing to look beyond conventional asset gathering strategies.

The Somerset Exodus: When Culture Destroys Capital

Lam's journey to Sloane Robinson began with disillusionment. After years as a portfolio manager at Somerset Capital - a long-only emerging markets specialist - he left the industry entirely in 2020, burnt out by what he describes as fundamental mismanagement and a culture increasingly divorced from investment excellence.

"There was too much of an attempt to try and tell investors what they wanted to hear," Lam reflects, "rather than being transparent about what we actually wanted to do and why, or telling them things they might not want to hear."

Somerset's trajectory vindicated his concerns. By 2023, the firm had confirmed it was winding down and by 2024 it had formally closed. Lam had already moved on, taking a two-and-a-half-year sabbatical from the industry with no intention of returning.

What changed his mind was an opportunity to meet investment legends Hugh Sloane and George Robinson - names he'd heard whispered in Hong Kong dealing rooms since he started in markets in 2004, but had never met.

Seduced by Culture: The Sloane Robinson Proposition

“They have a great reputation for integrity,” Lam says simply. But it was the culture that ultimately won him over.

At 70 years old, Sloane and Robinson still arrive at the office every day to build financial models in Excel, pitch stock ideas, and engage in the daily battle of markets. This wasn’t lip service to “intellectual capital” or mentorship theater - it was genuine passion for research and markets that had sustained them for decades.

“George Robinson loves his Excel,” Lam says with obvious admiration. “They’re still putting together financial models daily. That’s the environment I want to work in.”

For allocators drowning in glossy pitch decks and choreographed DDQ responses, this detail matters more than it might initially appear. A firm where the founders - who have already achieved financial success - continue to grind through models and pitch ideas daily signals something profound about incentive alignment and intellectual honesty. These aren’t asset gatherers extracting management fees; they’re investors who genuinely love investing.

Lam started at Sloane Robinson part-time in mid-2023 as an analyst - a “soft start” to see if he could reconnect with markets after his sabbatical. “I immediately remembered what I enjoyed about doing research on stocks, research on macro - without the distractions, without the politics, without all that other stuff.”

He transitioned to full-time in September 2023, and the S.R. Ocellus Fund launched at the beginning of 2024. The fund currently manages $46 million, seeded primarily by Sloane, Robinson, and Lam himself - the kind of skin-in-the-game alignment that sophisticated allocators should demand but rarely find.

The Pigeonhole Problem: Why Mandate Restrictions Destroy Alpha

The arc of Lam’s career illuminates a critical tension in institutional asset management: the conflict between investors’ desire for alpha and their organizational need to categorize managers into neat boxes.

“I’ve been headhunted many times over the years,” Lam explains, “and the problem with headhunters and bigger asset managers is that they pigeonhole you. They want you to do what you’ve been doing, just better.”

But markets don’t respect neat categories. Alpha doesn’t announce itself by asset class or geographic boundary. And the most important advantage any investor has, Lam argues, is the ability to learn - to recognize when adjacent opportunities offer superior risk-reward, even if they fall outside conventional mandates.

The S.R. Ocellus Fund was originally conceived as an emerging markets strategy. Today, it’s more accurately described as a “rest of the world” fund - global ex-U.S., with significant exposure to European and Asian financials.

“We understand that these countries go through financial crises every so often,” Lam explains. “There are patterns that repeat. I’ve been working on Greece as an emerging market for many years - seeing the recovery there, it was very easy for me to say Spain looks exactly the same, and Italy looks very similar too.”

Try pitching Italian and Spanish banks to an emerging markets allocation committee. “They would say: ‘No, no, you’re an emerging market manager. Don’t look at these Italian banks. You’re not allowed to own them.’”

Yet this is exactly where Lam found alpha - not because he was venturing into unknown territory, but because his deep understanding of financial systems, banking cycles, and crisis resolution patterns applied directly to these markets.

The Monte dei Paschi Case Study: Information Asymmetry Through Experience

Lam’s investment in Monte dei Paschi di Siena - historically one of Italy’s most troubled banks - exemplifies how experience and pattern recognition can create genuine information advantages.

The bank’s current CEO, Luigi Lovaglio, previously ran Bank Pekao in Poland - a position he was before the global financial crisis, when Lam was actively investing in Polish financials. During Poland’s pre-crisis boom in Swiss franc mortgages (a disaster still being worked out today), Lovaglio refused to participate, accepting significant market share loss and investor criticism.

“It was the equivalent of a U.S. investment bank refusing to do subprime,” Lam notes. “That was firsthand experience of his risk management. So when he got put into Monte dei Paschi, I said - this is the kind of person who can turn this bank around.”

How many developed market European bank analysts covering Monte dei Paschi had this historical context? How many had met Lovaglio 15 years earlier and witnessed his risk discipline under pressure?

This is part of the information asymmetry that generates alpha - not machine learning algorithms, but accumulated experience, pattern recognition, and the intellectual infrastructure to connect dots across geographies and time periods.

--- *To be continued in Part 2* ---

Meet Edward Lam Live on Feb 12

Want to hear more from Edward Lam about his investment approach and the opportunities he’s seeing in global banks and financials? Join Edward and his co-panelists Youssef Sbai (Katch Investment Group), Jonathan Jacoby (Tabor Asset Management), and Rob McGregor (Coromandel Capital) for a live conversation at the Small Managers - BIG ALPHA Investor Workshop on February 12th (for qualified investors only).

Register now: https://www.opalesque.com/webinar/#uw1

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