



## Small Managers - BIG ALPHA - Report 63



### Japan quant strategy uses academia as starting point of investment research

B. G., Opalesque Geneva:

Shin Samurai is a systematic Japan macro strategy taking advantage of behavioural biases by using mathematical and statistical techniques to achieve

absolute returns. It relies heavily on academic research for its idea generation and then applies this with its deep understanding of the financial market to generate uncorrelated returns.

It is advised by [K2Q Capital Ltd](#), a London-based boutique investment advisor founded by Aman Oberoi, CEO, in 2016.

“Our strategy is unique in that we base our decision making on our model which generates signals using big data,” Aman Oberoi tells Opalesque. “And our model is unique in its concept that macro movement is driven by a cumulation of micro movements.”

The strategy is constantly evolving, he continues, as K2Q benefits from their extensive relationship with academia. Indeed, the manager conducts co-research projects with the top level academia in computer science, math and finance.

“Cross pollination among different disciplines is the driver of our unique model development,” he says.

Oberoi will present at the [Small Managers - Big Alpha Episode 10 webinar](#) on October 4 at 11 am ET.

The current volatile environment is showing that the strategy is relatively stable and resilient to the market turmoil, he says. “Our performance has a low correlation with the market historically, and the ongoing market turmoil is a good testing ground to prove it.”

“We navigate so far with some success, our average exposures are quite low though we take large risks for shorter timeframes,” he adds.

### The investment strategy

Shin Samurai is a managed futures statistical systematic Japan macro strategy that takes advantage of

behavioural biases. It generates alpha using market timing both trend following and contrarian trading.

Academia is the starting point of investment research. The advisor has a strong relationship with academia through [Magne-Max Capital](#), a research firm based in Osaka, Japan, with which he started working in 2011. Risk is managed through global geopolitical and economic events, using a quantitative rather than an economically rational approach.

The strategy, which is run through managed accounts, has \$26.5m of AuA. K2Q Capital is an appointed representative under the [Sturgeon Ventures](#).

## Performance

From its inception in June 2019 to August 2022, Shin Samurai returned 7.1% with a 9.8% volatility, according to documents seen by Opalesque.

The Nikkei 225 returned -10% in the past 12 months (as of 29 Sep. 22), the [MSCI Japan](#) -18%, and the Morningstar Japan index -12%. Comparatively, the S&P 500 returned -14%.

Technology and industrials have been the leading detractors in the [Morningstar](#) Japan index. Technology is been among the worst performing sectors in the first half of 2022 while manufacturing stocks suffered the combined effect of an increase in commodity prices and yen weakness against the dollar.

Japan-focused hedge funds seem to have done better in this environment; the [HFRI](#) Japan Index returned 0.6% in the last year, and the [Eurekahedge](#) Japan Hedge Fund Index is down 1.1% YTD through August after returning 8.7% in 2021.

Related article:

24.Aug.2022 [Opalesque Video: Systematic Japan strategy follows the 'Keep it Simple' rule](#)

[Upcoming webinar:](#)

### Small Managers - BIG ALPHA 10

Episode 10 of this groundbreaking webinar series presents another carefully screened panel of investment managers. In one hour, you'll meet them all, get to know their top quartile strategies, and since this is an interactive session, you will be able to ask questions.

#### Who:

- Manjeet Mudan, Carmika Partners
- Aman Oberoi, K2Q Capital
- Ted Parkhil, Incline Investment Management
- Pascal Rohner, Katch Investment Group

**When:** Tuesday, October 4th 11 am ET

**Free registration:** [www.opalesque.com/webinar/](http://www.opalesque.com/webinar/)