The Cambridge Strategy

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The Cambridge Strategy Wins Award for Work on Counterparty Risk

The Cambridge Strategy, a leading asset management firm offering active currency alpha, currency overlay and emerging markets equity programmes, is pleased to announce that it has won the IMCA Kessler Award in recognition of its work on counterparty risk.

The Kessler Award is presented to a member of IMCA (Investment Management Consultants Association) who has published the best original article in the Investments & Wealth Monitor and made a substantial contribution to knowledge in investment management consulting and wealth management.

The article, titled "A Framework for Managing Counterparty Risk" was published in January/February 2010 and penned by Edward Baker, Executive Chairman of The Cambridge Strategy, and Bob Colehan, Senior Portfolio Manager.

It details the framework that the firm has developed to monitor its counterparty risk in real time, and examines the firm's proactive and successful attempts to protect its clients' assets when several major financial services companies collapsed, or came close to collapse in 2008.

The methodology focuses on a handful of market-based measures:

- year single name Credit Default Swap spreads (CDS),
- short-term change in the company's traded share price,
- change in the company's share price from its all-time high; and
- the volatility of the company's traded share price.

Two independent thresholds are used to re-evaluate the company's fundamentals, or reduce exposure to the counterparty immediately.

About The Cambridge Strategy:

The Cambridge Strategy was founded in 2003 and is headquartered in London with offices in Hong Kong, Sydney and New York. The firm offers currency alpha programmes (global, Asian and emerging markets), active currency overlay, emerging markets equity and emerging markets macro strategies. It has developed unique methods for managing volatility and "left side" tail and extreme risk.

About the Authors:

EDWARD BAKER (Executive Chairman)

Ed joined The Cambridge Strategy in 2007, he is responsible for the firm's emerging markets equity strategies and leads the firm's research efforts. Until April 2007 Ed was the Chief Investment Officer of Emerging Markets Growth Equities at AllianceBernstein. Ed joined Alliance Capital in 1995 and served in various roles during his tenure, including CEO of Alliance Capital Limited, Alliance's London based subsidiary. Ed assumed responsibility for the Emerging Markets Growth Equities business in early 1998 and built this into a $10 billion AUM business. Prior to joining Alliance, Ed worked for Barra, Inc., an investment technology firm which he joined in 1978. He is currently a member of the Editorial Board of The Journal of Investment Consulting, which is published by the Investment Management Consultants Association. In addition, he is the Chairman of the Equity Advisory Group of the Institute of International Finance and a Trustee for the Mathematical Sciences Research Institute. Ed earned a B.A. from the University of South Florida and an M.A. in mathematics from the University of California at Berkeley, where he was a Regents Fellow. He has also completed work there towards a Ph.D. in both mathematics and finance.

BOB COLEHAN (Senior Portfolio Manager)

Bob joined The Cambridge Strategy in 2008 and is a Senior Portfolio Manager focusing on the G-10 currencies. Prior to joining the firm, he spent 9 years working for UBS O'Connor's Currency and Rates hedge fund. As a Portfolio Manager, he traded G-14 and Emerging Markets foreign exchange and interest rate products in a systematic style. He previously ran the execution team and was in charge of pricing and trading a wide variety of instruments, as well as the day to day running of the business. Between 1994 and 1999 Bob worked for HSBC Futures as a senior sales director, with the last two years in their New York office, where he expanded their North American operation. He was one of their top producers in terms of revenue and the sourcing and development of new top-tier business. From 1989-1994 Bob worked at First Chicago Futures as a senior sales person and London desk manager. Bob started in the financial markets in 1985 with Brown Shipley Merchant Bank and subsequently moved to Butler Harlow Futures. Bob graduated in 1983 from the City of London Polytechnic with a BA (Hons) in Economics. In 1984 he passed out as a commissioned officer from the Royal Air Force College in Cranwell before training to fly jets.

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