IGUAKO CAPITAL · Case study

Ninepin Systematic

US$18 million of seed capital for a market-neutral book in Asian equities, run on the risk and settlement chassis of the institution rather than on a new one.

YEAR	SECTOR	DIVISION
2025	Quantitative Markets	Quantitative Strategies

JURISDICTION

Hong Kong

Situation

Quantitative Strategies runs its own books and had never seeded an external manager before 2025. A team of four in Hong Kong had run a market-neutral book in Asian equities inside a larger firm for six years. They wanted to run it themselves and had the record to support the proposition.

What the team did not have was infrastructure. Execution, position keeping, reconciliation, risk reporting and a compliance function take about a year to build from nothing and consume capital that ought to be in the market. Most seeders answer that problem by taking a larger share of the revenue.

Approach

The firm seeded US$18 million in February 2025 and supplied the chassis instead of taking the larger share. Execution, position keeping, reconciliation and independent risk reporting run on systems the institution owns, operated from Hong Kong. The team runs research and portfolio construction and nothing else.

Limits were written before the first trade. Gross exposure is capped at US$72 million, net exposure at fifteen per cent of capital, a single name at three per cent and a sector at twelve per cent. A breach reduces the book at the next open. The Risk and Valuation Committee holds the limit file, not the team.

The revenue share steps down as the book grows and the seed capital is locked for three years. Third-party capital may be admitted from 2027, at which point the holding of the institution becomes a minority of the book and the limits travel with the strategy rather than with the seed.

Outcome

Nineteen months of live trading to 30 June 2026 produced a gross return of 14.2 per cent a year with realised volatility of 5.8 per cent and a maximum drawdown of 2.9 per cent. Correlation to the other quantitative books of the institution is 0.11 over the same period.

Two limit breaches occurred, both on single name concentration following a corporate action, and both were reduced automatically within a day. The chassis has since been written up as a standard offering, and a second seeding is under review for a volatility team in Singapore.

Figures

Measure	Value
Seed capital	US$18 million
Gross exposure limit	US$72 million
Live months to 30 June 2026	19

Colophon

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