

Markets

# The World's Best-Performing Hedge Fund Is Up 278% This Year

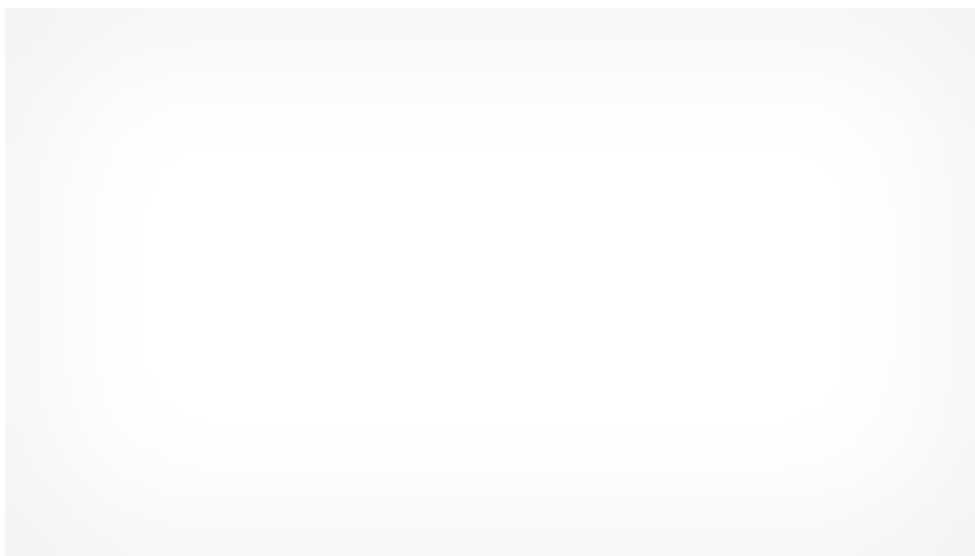
David Ramli

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- ▶ Vanda has average annualized return of 40% since inception
  - ▶ Chong invests in often volatile exchange-traded futures
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Three years ago, Chong Chin Eai watched Donald Trump's shock election victory roil markets. His months-old Vanda Global Fund Ltd., founded with \$24 million from friends and family, was down more than 50%. At his nadir, Chong considered using his own savings to cover investors' losses and shut up shop.



Instead, he decided to stick to his investment thesis. Fast forward to now, and Singapore-based Vanda is the world's best performing hedge fund this year, Eurekahedge Pte data show, up 278% through July. The group, named after Singapore's national flower, has delivered an average annualized return of 40% since inception.

"A lot of fund managers would've just given up after six months to start a brand new track record," Chong, 45, said. "But I wanted to show investors the flow of the fund and the growth of the fund, both in terms of the performance and also in myself."

Vanda, which now has assets under management of \$194 million, trades on Swiss-Asia Asset Management Ltd.'s platform. It invests in exchanged-traded futures and has more than 100 across asset classes from commodities and government bonds to equity indexes. Futures are an often highly leveraged class of financial instrument that can mean big returns, or steep losses. Vanda gained 260% in 2017 but lost 49% the following year.

## High-Octane Strategy

"There's always that risk in these high-octane strategies that funds might blow up when things don't go their way," Eurekahedge analyst Mohammad Hassan said, adding exchange-traded future funds have a volatility akin to cryptocurrency investing. "But in 2018 and 2016, when the markets were tough for this kind of strategy, he didn't lose as much as he could have, so the upside capture is still pretty decent."

Eurekahedge tracks more than 25,000 funds globally.

Chong, who previously worked at Standard Chartered Plc, said Vanda currently has around “10 to 15 investors” and plans to raise another \$20 million in the coming 12 months. Accredited investors who invest more than \$1 million will be charged a 2% annual management fee and a 20% performance fee, while those investing the minimum \$250,000 will become Class B subscribers with a 2.5% subscription fee and 25% performance fee.

To help offset some of the risk involved in exchange-traded derivative contracts, Chong, who operates largely solo and works from a home office, has from this year adopted a new strategy that places as much as half of the fund into highly liquid money market accounts that earn a relatively low interest rate.

“My target is to reach \$500 million by the time I reach 50, so that’ll be in about four years,” he said. “I think I can do it, it’s just a matter of time.”

## In this article

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**STANDARD CHARTER**

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