

VEGASOUL

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VEGASOUL – OVERVIEW

FIRM HISTORY

FOUNDED BY VINCENT WONG IN MARCH 2005, GROWN TO 40 PEOPLE WITH OFFICES IN HONG KONG AND NEW YORK

RESEARCH-DRIVEN ASSET MANAGEMENT FIRM SPECIALIZED IN SYSTEMATIC TRADING OF GLOBAL MARKETS

FOCUSED ON INNOVATIVE RESEARCH AND DEVELOPMENT OF INVESTMENT STRATEGIES THAT GENERATE TRADING DECISIONS IN A DISCIPLINED AND SYSTEMATIC MANNER

A DISTINCTIVE MENTALITY FOR CAPITAL PRESERVATION AND FOCUS ON PERSISTENT RISK-ADJUSTED MARKET INDEPENDENT RETURNS

VEGASOUL FUND – OVERVIEW

INVESTMENT PHILOSOPHY OVERVIEW

INVESTMENT STRATEGY:

BASED ON A QUANTITATIVE ANALYSIS OF
PRICE AND VOLUME BEHAVIOR OF MARKETS

EXPLOIT INEFFICIENCIES IN THE MARKET
THAT MANIFEST THEMSELVES IN
REOCCURRING, NON-RANDOM PRICE
PATTERNS

ADAPTIVE IN NATURE AND DYNAMICALLY
ADJUSTED TO DIFFERENT MARKET
VOLATILITY AND PRICE TRENDS

ACHIEVE DIVERSIFICATION THROUGH
TRADING MULTIPLE CONCEPTS, MARKETS
AND TIME FRAMES

TRADING SIGNALS AND MARKET EXECUTION
ARE COMPLETELY AUTOMATED THROUGH
THE USE OF STATE-OF-THE-ART
TECHNOLOGIES TO REDUCE SLIPPAGE COSTS
AND EXECUTION ERRORS

VEGASOUL FUND – OVERVIEW

INVESTMENT STRATEGY OVERVIEW

THE VEGASOUL FUND'S INVESTMENT STRATEGIES FALL INTO TWO CATEGORIES:

REVERSAL STRATEGIES

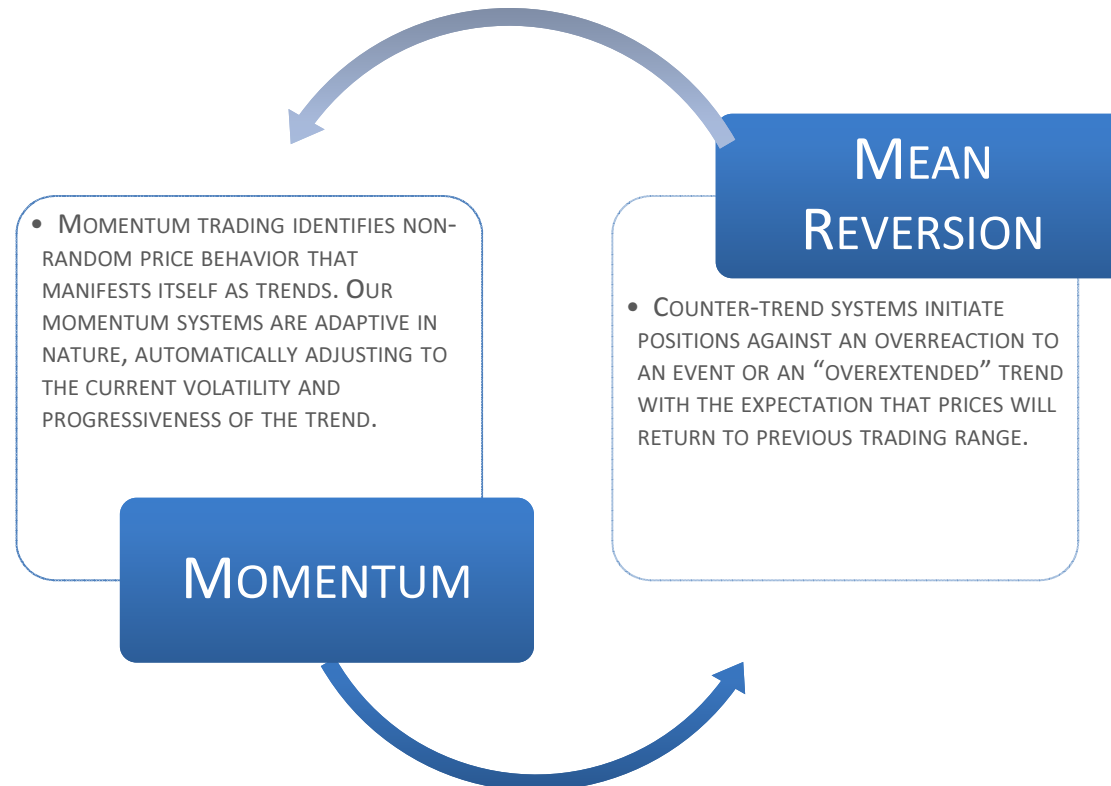
Counter Trend trading signals are triggered by a rapid adjustment in a market where there is an opportunity to initiate a position against the adjustment.

MOMENTUM STRATEGIES

Selective directional trend predicting algorithm that seeks to profit from emerging trends. These strategies identify the infrequent situations when markets will have a stronger tendency to produce longer term trends.

FUTURES STRATEGIES

ALPHA IS GENERATED BY FUSING THE CONCEPTS OF MOMENTUM AND MEAN-REVERSION AND IS ENHANCED BY PATTERN RECOGNITION OVERLAYS THAT FILTER AWAY FALSE SIGNALS



VEGASOUL FUND – INVESTMENT STRATEGY

MULTIPLE STRATEGIES APPLIED ACROSS MULTIPLE TIME FRAMES

DIVERSIFICATION IS ACHIEVED THROUGH MULTIPLE MARKETS, TRADING CONCEPTS AND TRADE DURATION

STRATEGY TYPE		TARGET % OF PORTFOLIO	AVERAGE HOLDING PERIOD	CONCEPT & DESCRIPTION
FUTURES STRATEGY	SHORT TERM INTRADAY SYSTEM	APPROX. 90%	0-10 DAYS	TREND REVERSALS, PURE TREND FOLLOWING, PULL BACKS FROM LONG TERM OR TREND EXHAUSTION, SIMPLE MOMENTUM, AND OTHER SWING TRADING TECHNIQUES ENHANCED BY PATTERN RECOGNITION OVERLAYS THAT FILTER AWAY FALSE SIGNALS
	LONG TERM SYSTEMS	APPROX. 5%	> 10 DAYS	SELECTIVE DIRECTIONAL TREND PREDICTING ALGORITHM THAT SEEKS TO PROFIT FROM TRENDS THAT APPEAR PERIODICALLY
EQUITY STRATEGY		APPROX. 5%	<20 DAYS	STATISTICAL ARBITRAGE, TREND FOLLOWING AND MEAN-REVERSION STRATEGIES THAT TRADE 15 SECTORS IN 5 MAJOR MARKETS WITH APPROXIMATELY 2000 POSITIONS

VEGASOUL FUND – INVESTMENT STRATEGY

RISK MANAGEMENT

Risk Management Technique:

Systematic Application:

DRAWDOWN CONTROL:

Drawdown is used as a surrogate for risk and we calculate it by bootstrapping the fund's realized returns to generate a distribution of worst case drawdowns.

- 10% daily drawdown triggers a reduction in risk by 50%
- 5% additional drawdown triggers a halt in trading and an unwinding of positions
- 5% recovery in back test using original risk level triggers a return to the half sized risk allocation
- Recover to a 7.5% drawdown triggers a full size risk allocation

PORTFOLIO LIQUIDITY:

The Fund trades in listed products and OTC foreign exchange markets exclusively. Market prices are readily available. The Fund could exit all positions in two days with little effect on valuations.

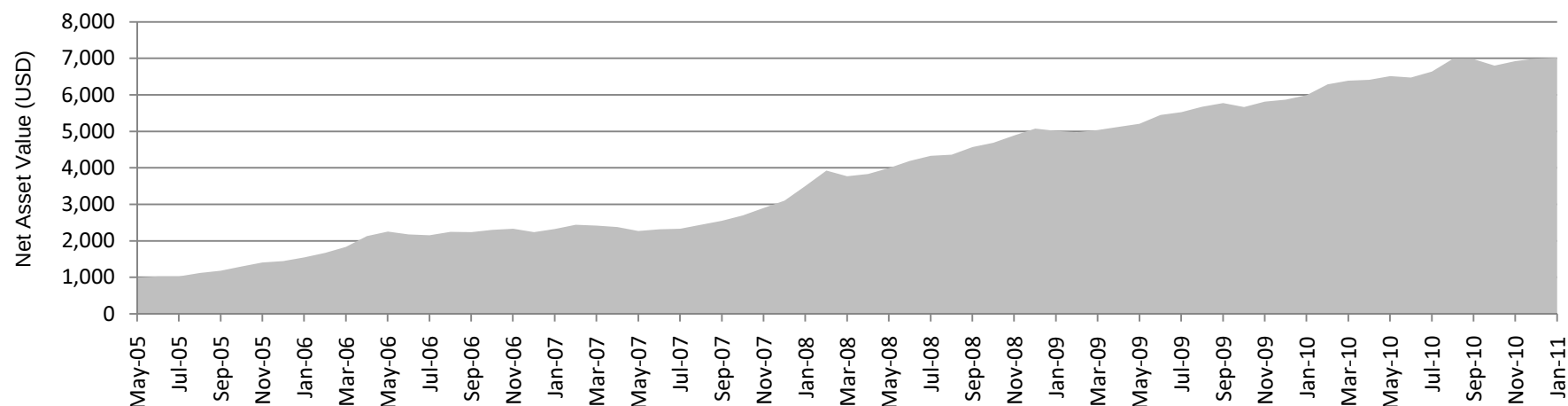
- 90% of trading is intraday – 10 day holding period
- Markets must meet a liquidity and volatility threshold
- Trade size is formulaically constrained by trading volume

VOLATILITY CONTROLS:

Applied at portfolio and position level

- Positions are sized inversely to market volatility
- Volatility stops are set when a position is established for all longer term strategies
- When correlation between markets spikes, risk is reduced across the portfolio to ensure portfolio volatility falls within predefined limits

VEGASOUL FUND – HISTORICAL PERFORMANCE



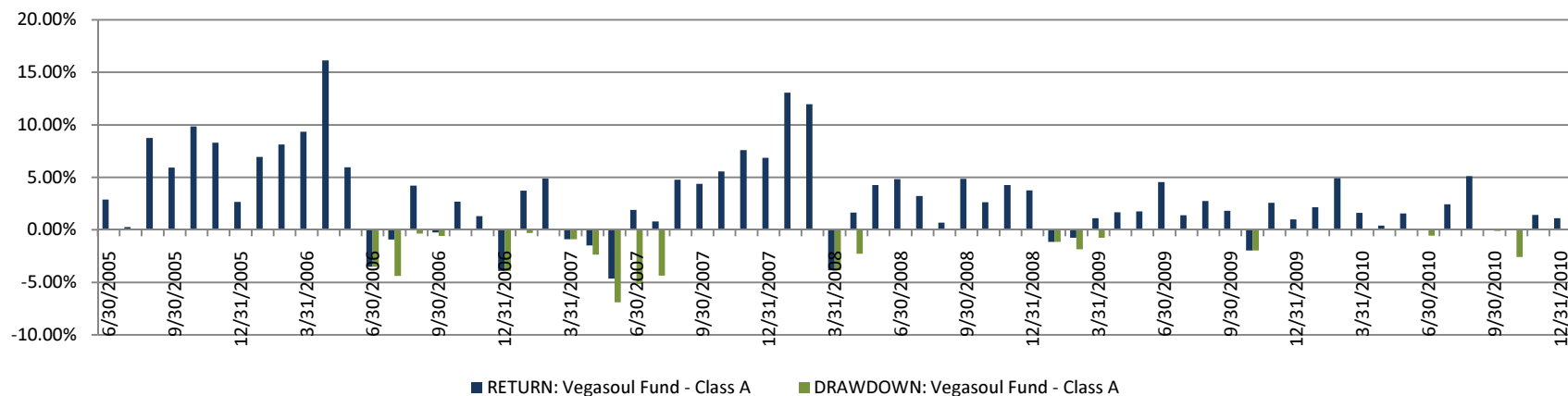
	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Year
2005						2.88%	0.27%	8.74%	5.94%	9.86%	8.30%	2.66%	45.15%
2006	6.95%	8.14%	9.34%	16.14%	5.96%	-3.50%	-0.92%	4.22%	-0.23%	2.69%	1.30%	-3.90%	54.69%
2007	3.74%	4.90%	-0.90%	-1.47%	-4.64%	1.89%	0.81%	4.78%	4.38%	5.56%	7.60%	6.87%	38.17%
2008	13.06%	11.97%	-3.86%	1.66%	4.28%	4.82%	3.22%	0.69%	4.85%	2.62%	4.28%	3.75%	63.64%
2009	-1.13%	-0.74%	1.12%	1.68%	1.77%	4.55%	1.40%	2.75%	1.83%	-1.96%	2.58%	1.00%	15.69%
2010	2.06%	4.93%	1.62%	0.41%	1.55%	-0.55%	2.43%	5.27%	-0.09%	-2.57%	1.80%	1.03%	19.21%
2011	0.29%												0.29%

Fund Summary		Return Summary		Performance	
Fund AUM (31 Jan 2010)	US\$ 219Mil	Longest Periods Between Equity Peaks	5.00	Sharpe Ratio (Annualized RF = 0%)	2.97
Firm Trading Level (31 Dec 2010)	US\$ 581Mil	Average Months to New Equity Peak	1.39	Annualized Volatility	13.81%
Correlation to Newedge CTA Index	0.19	Worst drawdown (%)	-6.9	Annualized Performance	41.06%
Correlation to Tremont Managed Futures Index	0.16	% of Months Profitable	79.4	Performance Since Inception	602.34%

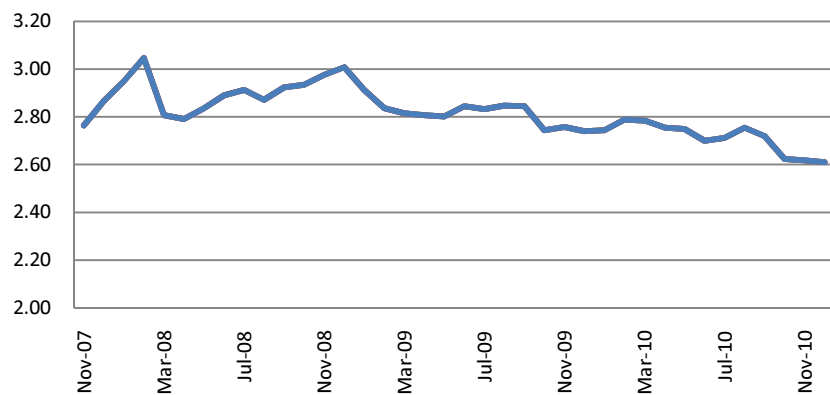
Historical returns are not indicative of future performance. The above performance results are net of all fees and expenses and are the actual returns of the Class A shares of the Fund. Italics indicate an estimated return number. Sources: Newedge, Credit Suisse/Tremont

VEGASOUL FUND –PERFORMANCE ANALYSIS

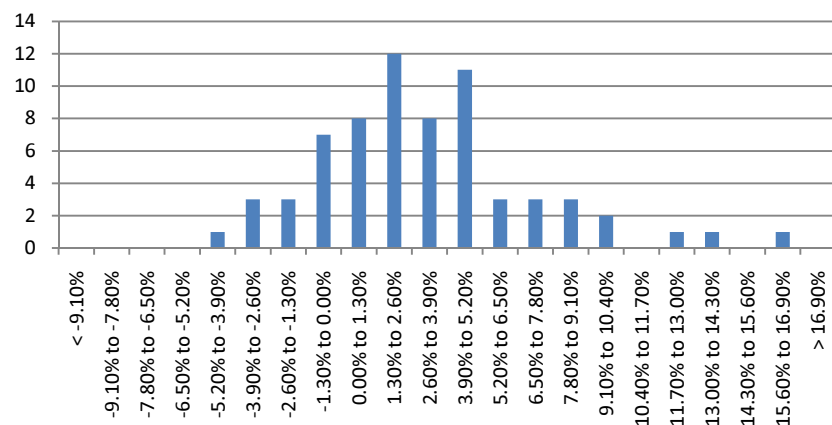
Monthly Returns and Monthly Drawdown



Rolling 12 month Sharpe Ratio

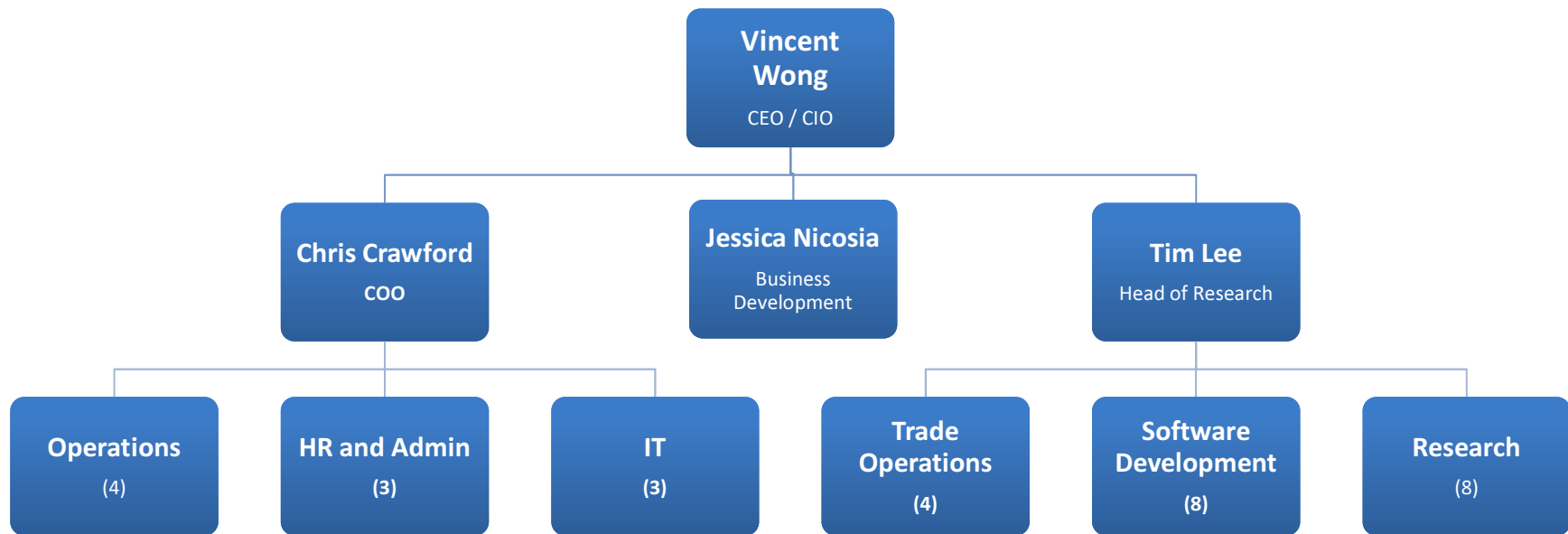


Distribution of Monthly Return



Historical returns are not indicative of future performance. The above performance results are net of all fees and expenses and are the actual returns of the Class A shares of the Fund.

ORGANIZATIONAL CHART



MANAGEMENT TEAM

VINCENT WONG

Chief Investment Officer

Mr. Vincent Wong is the founder of Vegasoul Capital Management and launched the Vegasoul Fund in 2005 with USD\$10M of proprietary capital. From 2001 until 2005, through independent research and hands on market trading experience, Vincent's personal trading strategy evolved rapidly from manual discretionary trading to fully systematic trading. Vincent developed his intuitions and observations of market price patterns, which he formulated and programmed into robustly tested trading algorithms – and this became Vegasoul Fund's core intraday trading system. His passion for the research and development of innovative systematic investment strategies combined with a distinctive mentality for capital preservation and uncompromising focus on consistent risk-adjusted market independent returns – are the driving forces of Vegasoul's success since its inception. He was a director of Lee Kwong Investment Co. Ltd from 2001 until 2007, where he was involved in the family office's formulation and implementation of trading and investment strategy. Mr. Vincent Wong received a Bachelor of Economics from Monash University In Australia in 2001.

TIMOTHY LEE

Head of Research

Mr. Timothy Lee joined Vegasoul Capital Management as Head of Research in January 2010 and is responsible for organizing research activities and trading strategy development. Previously, he was Deputy Chief Investment Officer and Head of Strategic Due Diligence at Olympia Capital, a USD 2.5 Billion fund of hedge funds. He initially joined Olympia Capital in 2006 as the head analyst for directional trading strategies. Tim also has experience in the fund of hedge funds industry from 2001-2003, when he was in charge of systematic and global macro hedge fund strategies for Julius Baer Investment Management's fund of hedge funds group. Since 1988, Tim has accumulated impressive research and trading system development experience from various established firms in the CTA/Managed Futures industry. His career started with a part-time role at NCZ Commodities, a commodity trading advisor (CTA) headed by Victor Niederhoffer. In the spring of 1989, he began creating and trading short-term systematic models for the firm's proprietary capital. In 1991, he joined Moore Capital to work in the firm's systems trading group where he began to research fundamentally based macro trading strategies. The team formed Stonebrook Capital Management in 1993, where they specialized in long-term trend following strategies. In 1998, Tim became a co-portfolio manager for Graham Capital Management's Non-Trend Based Fund. In 2003, he joined Camelot Partners (later known as Conquest Capital Group), a company specialized in short-term futures strategies, as a partner and head of research. He was also a proprietary trader for Bear Stearns in 2006. Tim received his undergraduate degree in Operations Research at Columbia University's School of Engineering and Applied Science.

MANAGEMENT TEAM

CHRIS CRAWFORD

Chief Operating Officer

Mr. Christopher F. Crawford joined Vegasoul Capital Management as Chief Operating Officer in January 2011, and is responsible for overseeing the overall operations of Vegasoul, including the areas of finance, operations and settlement, compliance and administration. Prior to joining Vegasoul, Chris was the Director of Operations and Chief Compliance Officer of Traxis Partners from 2007 to 2010. Traxis Partners is a New York based multi-strategy hedge fund adviser, and Chris was responsible for operations, compliance, financial and administrative functions of the firm. Prior to Traxis Partners, from 2001 to 2007, Chris was the Director of Operations at R. G. Niederhoffer Capital Management, Inc., a New York based Commodity Trading Adviser. From 1998 to 2001, Chris performed various roles at the Vanguard Group of Investment Companies, one of the world's largest investment management companies. Chris holds a BS in finance from Indiana University of Pennsylvania and an MBA with a concentration in finance from Villanova University.

JESSICA NICOSIA

Director of Business Development

Jessica Nicosia joined Vegasoul Capital Management as Director of Business Development in October 2010, and leads the firm's marketing and investor relations efforts as well as assisting in the overall operations of Vegasoul. Prior to joining Vegasoul, Jessica was the COO and Director of Investor Relations at Kazazian Asset Management, LLC, a long/short equity hedge fund. Prior to KAM, from 2007 – 2009, Jessica was an analyst in the Investor Relations and Public Relations group at Clayton Dubilier & Rice, a private equity investment firm and from 2004 - 2007 served in operations, compliance and investor relations roles at R.G. Niederhoffer Capital Management, Inc., a New York based Commodity Trading Advisor. From 2002 – 2004, Jessica was a research analyst at Tower Research Capital, a New York based hedge fund. Jessica graduated from Ithaca College with a Bachelor of Arts in Applied Economics in 2002.

INVESTMENT TERMS

SERVICE PROVIDER

Ex

Investment Terms

Management Fee	2%
Performance Fee	20% (subject to high water mark)
Minimum Investment	US\$1 Million
Subscription	Monthly
Redemption	Monthly with a 5-days notice

Service Providers

Administrator	Genesis Fund Services Limited
NAV Accountant	Michael J. Liccar & Co.
Auditors	KPMG
Legal Counsels	Orrick, Herrington & Sutcliffe LLP, Maples and Calder

FUND STRUCTURE

CONTACT

Fund Structure

Fund Domicile	Cayman Islands
Investment Manager	Vegasoul Capital Management Limited
Investment Advisor	Vegasoul Capital Management (Asia) Limited

Vegasoul Capital Management (Asia) Limited

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Meet the Manager: Vincent Wong. Vegasoul Capital

by [HedgeNews Editors](#), December 8, 2010

Meet the Manager is a weekly interview with a manager that uses HedgeFund.net's enhanced transparency platform, HedgePlus.

**Meet
The Manager**
Paid Presentation



Most hedge fund managers will say they are entrepreneurial, however, most hedge fund managers are not self-taught.

Vincent Wong, the portfolio manager for **Vegasoul Capital**, learned all he could about trading, combined that knowledge with his programming skills and developed a successful systematic trading structure.

HedgeFund.net: Can you please tell me a little bit about your background and how you got started in hedge funds?

Vincent Wong: I think I have one of the more unique backgrounds in the industry in that I started Vegasoul Capital out of my bedroom.

I graduated in 2001 with a degree in economics and finance, and also took courses in programming.

I returned to Hong Kong after studying in Australia and found the futures markets piqued my interest. I didn't have any money out of college and I didn't have a job, so I borrowed it from friends and family, and I started trading with about \$50,000.

I believed in a systematic approach to the markets and I was able to leverage my programming knowledge to develop my own trading systems.

I didn't know anything about trading at the time, so I educated myself by reading everything I could about the topic. Everything was self-taught and I learned through experimentation.

This was in 2001 and it was the dawn of high frequency trading and the transition from the pits to electronic trading. I think I got a head start by doing research on microstructure and higher frequency trading systems compared to my competitors.

I don't think the term "high frequency trading" even existed in 2001.

HFN: When did you start your firm?

VW: I traded proprietarily for a couple of years and in 2005 I started Vegasoul.

The motivation was more to provide infrastructure for my own trading as I expanded into new markets and products, rather than to raise outside money.

Moving to a hedge fund structure served as a platform for me to hire people to handle the operational aspects of trading.

At the time, I was trading in 40 different futures markets primarily by myself, and it became overwhelming.

HFN: Can you please tell me a little bit about your current strategy?

VW: Vegasoul Fund is a research-driven global systematic trading fund. The fund employs non-correlated mean-reversion and momentum strategies across different timeframes.

Our average holding period is about 1.5 days and 90% of what we do is in the 10 day horizon. We have 5% in the long-term trend following trading system with an average holding period of about 20 days, and about 5% in the market neutral strategy focusing on U.S. equities.

HFN: How does your firm differentiate itself from competition?

VW: It is how we construct our portfolio. I don't think any other CTAs really aim for the highest risk adjusted returns possible, however you measure it.

Other considerations, such as capacity or liquidity of the market, always take higher priority, so systems are optimized to make money on an absolute dollar basis which is the same as optimizing for maximum fees collected.

The disregard, sometimes reckless disregard, on how this would cause degradation to the system is appalling.

Since I have been trading my own money from the start, I have a family office mentality. I want to make money every day, every week, every month. Whatever I do, I maximize my risk-adjusted return instead of capacity.

Each month when we are allocating to our system/market pairs, and we have 400 of them, we look at which pairs increased our Sharpe Ratio the most, and they receive a greater allocation of our overall risk. Those that underperformed receive a smaller allocation.

This has made a huge difference in terms of our firms' results.

HFN: Can you please tell me a little bit about your research processes and how you go about making an investment?

VW: We are pretty old school in that we start by observing the market. We try to gain an intuitive understanding of behavior we observe in the market and then form a hypothesis based on that.

We then test it on the data to see whether our hypothesis is correct, just like conducting any scientific research. It's all about falsification and having a rigorous process to do so.

It's easy to come up with ideas if you spend the day observing the market, like we do. We are constantly refining our system to make it the best it can be.

We take a top-down research approach. I consider myself more of a macro trader than I am a quant, although everything we do takes a systematic approach. New ideas will be built on observations and need to make sense. We don't mine the data for patterns.

HFN: What role does technology play in your decision-making process?

VW: Since 99% of our trading is automated, technology is a very important component of our trading strategy. Our technology is geared more for a high-frequency shop than it is for a typical hedge fund. We believe we are way ahead of our competitors in terms of our technologies.

For instance, we have servers co-located at 15 exchanges around the world. This allows us to be competitive with the market makers worldwide. This also allows us to refine our execution algorithms.

On any given day, we complete tens of thousands of trades across roughly 100 futures markets.

Technology is pretty big for us.

HFN: What do you foresee for managed futures?

VW: I think 2008 was a fantastic year for most managed futures/CTA funds. While 2009 was a terrible year for other CTAs, we were up 15% net. This year, we are up about 18% net so far.

After 2008, people started to see the true diversification that managed futures really had to offer. It might not be the strategy with the most risk-adjusted returns over a long period of time, but in times of stress and crisis you can be assured it is one of the few strategies that is truly independent of the market.