# 25 Questions **Every Investor Should Know** About

# Jaguar Investments Limited

*Ultro Strategy*

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Jaguar Investments Limited is a UK based commodity investment manager. The company operates a variety of investment strategies with exposure to liquid, exchange-traded commodity futures and options. Typically the philosophy is to capture both short-term price fluctuations and longer-term trends to generate solid capital growth over the medium term.

### 1.) What is the name of the program/programs and who are the listed Principals?

*Jaguar Ultro Strategy – Colin O'Neill Tony Coote*

### 2.) Can you provide us with some details of your corporate background?

Jaguar Investments Limited was incorporated in the UK in March 2002 to offer and manage commodity-based investment strategies to qualified investors. The company was founded by Colin O'Neill and Tony Coote who held senior commodity trading roles at a variety of blue-chip financial institutions throughout their careers. Colin and Tony have worked together since 1986.

### 3.) Who are the Principals with trading authority?

Colin O'Neill, Tony Coote and Iain Dockerill (Portfolio Manager)

### 4.) Can you provide details on the principal and/or manager's education, career and trading background?

**Colin O'Neill:** Mr. O'Neill has been actively trading commodity markets since 1986. He began his career at N.M Rothschild and Sons as a bullion trader, initially trading silver before moving across to work on the fledgling bullion options desk. After 7 years, Mr. O'Neill then moved to J.P Morgan to work with the bullion forwards and options team before moving across to run the base metals trading desk with responsibility for futures and options trading across all industrial metals. He was also responsible for market-making the banks commodity warrants and commodity-basket trading. In late 1996, he moved to Standard Bank where he was responsible for global base metals trading. Mr. O'Neill co-founded Jaguar Investments in 2002.

**Tony Coote:** Mr. Coote has been actively trading commodity markets since 1983. He began his career at Johnson Matthey, before moving to N.M Rothschild and Sons as a bullion trader in 1986. Mr. Coote became senior trader, running the gold trading operation and chairing the London Gold Fix before he moved across to develop and manage their Foreign Exchange trading operation. In 1995 Mr. Coote joined Mr. O'Neill at J.P Morgan with a specific responsibility for Aluminium and Nickel trading. In late 1996, he moved to Standard Bank where he was responsible for global Aluminium and Nickel trading and also responsible for building the banks commodity client base. Mr. Coote co-founded Jaguar Investments in 2002.

**Iain Dockerill:** Mr. Dockerill has been actively trading metals markets since 1988. Mr. Dockerill began his career in 1988 as a ring trader on the London Metal Exchange for Deak International, a major LME ring dealing member. Deak was subsequently acquired by Barclays Capital (BarCap) and Mr. Dockerill continued to be a key member of their commodity team. At BarCap he worked on the banks OTC pricing book, working directly with the banks corporate clients (including producers, consumers, fabricators, and smelters etc). This entailed him travelling extensively through North and South America advising and executing hedging strategies and then managing the subsequent risk assumed by the bank. It was primarily in this role that he gained his thorough understanding of the physical supply chain and its effect on derivative forward markets. In 1998 Mr. Dockerill moved to Sucden Financial as a self-funded proprietary trader and managed his own account. Despite an excellent two-year track record, the relatively small size of Sucden and limited balance sheet meant that he was unable to participate fully in the metals markets and unable to fully exploit the experience he had gained at BarCap. These missed opportunities prompted him to move to Credit Lyonnais Rouse in 2000. Here he was employed under a JV agreement as OTC copper trader and copper arbitrage trader and he traded successfully for six years. In 2007, and after a brief revisit to Sucden, Mr. Dockerill moved to a small private trading company specialising in LME base metals and LME/COMEX copper arbitrage. He joined Jaguar Investments in 2013.

**5.) Which firm calculates your performance numbers?**

Performance is calculated internally – but all assets are held in individual managed accounts and are therefore verified by the account holders.

**6.) What is the minimum investment for your program?**

$1,000,000

**7.) Do you accept notional funding?**

Yes

**8.) What is your management and incentive fee structure?**

Management fees = 1.50% per annum, payable monthly in arrears

Performance fees = 20% quarterly in arrears. A High Water Mark (HWM) is applied.

**9.) What is your program's capacity?**

We intend a soft close at $300m with a view to hard closing at $500m

**10.) When did you start trading this program?**

The concept and methodology have broadly been traded by the portfolio manager over the last twenty years while working in the metals markets but has only been presented as a defined investment strategy from January 2012

**11.) What type of accounts do you manage?**

High net worth individuals, family offices, institutional investors

**12.) Can you give a brief description of your program?**

The ULTRO Strategy adopts a discretionary approach to exploit relative-value opportunities in the exchange-traded metals sector. The strategy focuses primarily on the industrial metal markets and aims to exploit price differentials both within and between these markets. The strategy does not rely on outright price movement to produce returns but instead uses arbitrage (of LME and CME COMEX), forward curve trades / calendar spreads and Inter-commodity spreads.

**13.) Do you have a systematic or discretionary approach to the market?**

The strategy is 100% discretionary and aims to generate consistent alpha in all market conditions.

**14.) What is the average holding period for each trade?**

Some short-term opportunistic trades may only be held for a few minutes or hours, while other more medium-longer term trades may be held for several months. Typically the holding period for shorter-term trades is around 48hrs while the holding period for core/thematic trades is more likely to be in the region of 3-6 months. In all instances positions are not run to maturity and we do not take physical delivery.

**15.) Do you trade options within your program? If yes, please describe the types of options traded and how options risk is monitored.**

No.

**16.) Are there any liquidity constraints in the markets you trade?**

No – the strategy only takes positions in liquid, regulated exchange contracts.

**17.) In what types of market environments does your trading program do well and/or struggle?**

A key feature and strength of the strategy is the disciplined risk management process that ensures all trades are managed dynamically and cut quickly when going off-side. Moreover the absence of outright positioning means the strategy is less exposed to choppy or volatile underlying market conditions. The strategy would potentially struggle to generate returns in extremely quiet markets although downside risk would be contained.

**18.) What is the standard range of margin-to-equity usage for the program and how long do you hold the average trade?**

The average margin to equity of the strategy has been 12%. The ratio peaked at 50% early in the performance record but has subsequently been capped at 30%.

**19.) How do you manage risk/reward and what metrics are employed?**

On the upside, profit targets are fully discretionary and dictated by the experience of the portfolio manager. On the downside, risk is calculated at the portfolio level rather than the trade level and uses the firms proprietary risk calculations that have evolved over many years. The experience of the principals and portfolio manager and their focus on commodity markets mean that risk metrics are always appropriate to the asset class and yield an accurate picture of underlying exposures.

**Tony Coote**
Principal

**20.) What are the optimal market conditions for your strategy?**

A key feature of alpha generation within the strategy is arbitrage of both outrights and calendar spreads, and simple calendar spreads. Consequently markets that are displaying high levels of volatility in these two areas (typically markets where there is a high level of consumer, producer or speculator activity) will be the most beneficial.

**21.) Describe your worst drawdown to date, how did it happen and what actions have been taken (if any) to prevent similar drawdowns?**

Jan13 = -2.02%, recovery = 3mths
Mar15 = -1.89%, recovery = 2mths
Dec13 = -1.46%, recovery = 2mths

Drawdowns have all been contained and well within expected parameters and so the company feels no additional action needs to be taken in relation to the risk management procedures employed by the program.

**22.) What are your investment goals?**

To continue generating attractive risk-adjusted returns by exploiting opportunities in the metals markets, irrespective of market conditions. The core principle is to provide completely professional investment expertise in global metals markets.

**Colin O'Neill**
Principal

**23.) What makes your program unique and different from other managers in your sector?**

There are very few managers focusing on the metals sector, and none to our knowledge that are looking to exploit relative-value opportunities without getting involved in physical delivery. Moreover the strategy has shown that irrespective of market conditions it can consistently outperform all of its peers. In times of unprecedented volatility, ULTRO is able to withstand extreme price shocks because of a) no outright price risk, and b) the long/short nature of the portfolio structure leads to inherent hedges that are able to offset significant volatility.

**24.) Do you feel you have an edge if so what is it?**

Our edge is centred on the exceptional experience of the portfolio manager who has spent his entire career refining the strategy. His 25yr+ experience in trading metals markets and of travelling the world to get an understanding of the underlying physical nuances of the markets has evolved into a robust and disciplined strategy that cannot be replicated.

**25.) What is the one piece of advice that you would give to a new start-up CTA?**

If you focus on protecting the downside first, then making consistent returns becomes a lot more straightforward.

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Those investors who are qualified eligible persons as that term is defined by CFTC regulation 4.7 and interested in investing in a program exempt from having to provide a disclosure document and considered by the regulations to be sophisticated enough to understand the risks and be able to interpret the accuracy and completeness of any performance information on their own.

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In addition to assisting end investors, RCM's **low-cost, consultative, education-based approach** to alternative investments is a natural fit with investment advisors, while a professional services desk assists hedge funds, commodity trading advisors, and mutual funds set up and efficiently access markets around the world.

RCM's asset management arm, **registered Commodity Pool Operator** Attain Portfolio Advisors, aids investors and their advisors in accessing select managers which have been filtered through our real-time due diligence process at lower investment levels via institutional grade fund vehicles structured as Limited Liability Companies.

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