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Conquest Capital Enjoys Profitable First Half

By Michael S. Fischer, Senior Financial Correspondent
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NEW YORK (HedgeWorld.com)- Conquest Capital Group's managed futures programs experienced strong performance in June, resulting in a successful first half for the firm. The firm's total assets under management grew by 43% since the beginning of the year, to $632 million.

Conquest's flagship Macro program, which started trading in May 1999, finished the first half up 26.6% after returning 8.1% in June: it has a compound annualized return of 13.7%. In his letter to investors, Chief Investment Officer Mark H. Malek wrote that most of Macro's gains in June came from its short-term, long-volatility strategies, which took short positions in U.S. and European equity index futures. The program also realized a small gain in foreign exchange. However, the program's positions in energies, fixed Income and metals resulted in a small loss.

Mr. Malek wrote that Macro's short-term, trend-following strategies were positioned unfavorably and resulted in losses, but these were nicely offset by profits from the program's counter-trend strategy, which successfully captured the trend reversals.

Conquest Managed Futures Select, which began trading client capital in June 2004, was up 4.7% in June and was up 16.3% for the year. The program has a compound annualized return of 13.9%. According to Mr. Malek, the program achieved 75% of its profits in June through physical commodity trading. It also made significant gains from the equity sell-off across all trade horizons. It incurred a loss in foreign exchange, with short-term trend reversals and directionless movement hampering performance of the program's short-term system.

Mr. Malek gave two reasons for the profitability of the MFS program's long-term and medium-term trend-following strategies. First, these strategies have more physical commodity exposure because several of the physical commodities are too illiquid to be traded by short-term strategies. Second, the rise in agricultural commodity and energy prices and the decline in equity prices are continuations of a trend that has been dominant for some time.

Among Conquest's other programs, FX Only gained 0.6% in June, and is up 8.9% for the year. Conquest Custom Factor MFS Strategy 1 and Strategy 2 gained 4.1% and 2.3%, respectively, for year-to-date returns of 14% and 5.7%.

Conquest's KCM Agricultural Commodities Plus Fund, which opened in December 2007 Previous HedgeWorld Story, enjoyed a big gain of 13.2% in June, which brought its year-to-date return *to* 12.4%.

However, the brand-new Conquest Carry/Macro Blend is still getting its bearings Previous HedgeWorld Story. It lost nine basis points in June, and is down 1.5% since it began trading in April.

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