Introducing a New Hedge Fund Dataset
How to use an open-sourced hedge fund database?

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Founder
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The FDP Institute

The FDP Charter

The FDP Institute offers a self-study program that provides financial data professionals an efficient path to learn the essential aspects of financial data science.

Financial Data Professional Institute was created to

✓ Provide financial professionals with the knowledge necessary to succeed in an industry disrupted by the advent of big data and machine learning.
✓ Advocate for the highest levels of professional ethics and standards.
✓ Establish the FDP Charter as a global professional designation in the area of financial data science.

THE GLOBAL DESIGNATION FOR FINANCE PROFESSIONALS IN A DATA-DRIVEN INDUSTRY

ONE COMPREHENSIVE EXAM
Offered twice per year. (Q2 & Q4)

TWO ONLINE CLASSES
Choose either Python or R, www.fdpinstitute.org/onlineclasses

EARN YOUR FDP DESIGNATION
A globally-recognized charter is awarded to FDP Charter holders.

VALUE ADD
Employers increasingly seek to find professionals who have the skills to apply data science tools to solve their most challenging problems.
The FDP Institute offers a self-study program that provides financial data professionals an efficient path to learn the essential aspects of financial data science.

TOPICS COVERED INCLUDE:

1. Introduction to Data Science & Alternative Data
5. Machine Learning: Classification and Clustering
7. Data Mining & Machine Learning: Naive Bayes & Text Mining
8. Big Data, Data Mining & Machine Learning: Ethical and Privacy Issues
9. Big Data and Machine Learning in Financial Industry

Registration and fees for the FDP exam cycle:
FDP Exam October 18 – 31, 2021
Certification days October 31 + November 1, 2021

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<th>Registration Type</th>
<th>Date Range</th>
<th>Fee</th>
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<tr>
<td>FDP Exam Enrollment</td>
<td>April 30 – June 18, 2021</td>
<td>US$ 400</td>
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<tr>
<td>FDP Early Exam Registration*</td>
<td>April 30 – June 18, 2021</td>
<td>US$ 950</td>
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<td>FDP Exam Registration*</td>
<td>June 19 – September 17, 2021</td>
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*CAIA Members are eligible for a 20% discount on the FDP registration fee.
To receive the CAIA discount, please email your CAIA ID# to CAIA@fdpinstitute.org
Register at www.fdpinstitute.org
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A STRUCTURED HEDGE FUND DATABASE
<table>
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<th>THE TEAM</th>
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<th>LINUS</th>
<th>ALEX</th>
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<tr>
<td>20 years as an allocator or as a trader (Macro/Commodities)</td>
<td>Statistician and data viz enthusiast in finance</td>
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<tr>
<td>Founder</td>
<td>Quant Analyst</td>
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Introduction
Our origin
How we do it
Our data – not unique...but
Tools we use
What we do with the data
Free access
Research idea
Analytics / Live demo / Github
Q&A
PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS

“HISTORY SHOWS YOU DON'T KNOW WHAT THE FUTURE BRINGS”
- RICK WAGONER
INTRODUCTION

- Hedge funds used to be secretive entities
- Today there are a lot of structures with performance transparency
- Our databases brings additional transparency
- We keep it simple, only capture returns
OUR ORIGIN

- Existing Return Database not fit for purpose
- Plenty of return data available in the “open”
- Needed to learn R
- Low cost / highly mechanical
HOW WE DO IT

- We operate a “spider”
- Data transformation and cleaning
- Quality controls
- Distribute across platforms
Data can be accessed through a search engine

Aggregation creates a unique dataset

Our data comes complete with a graveyard

Close to 4000 strategies in the database
TOOLS WE USE

- R
  - And a number of packages
  - Python or any other language would also have worked
- R-Shiny
  - Allows for quick dashboard functionality
- SQL
  - Not the fastest solution, but robust
WHAT WE DO WITH THE DATA

- Databases
- Indices
- Aggregated Reporting / Analytics
  - Dispersion
  - Factor Exposure
  - Public Records Tracking
A dashboard for fund research

High level analytics

Flexibility to pick strategies, horizons and lookback for calculations

Access the Data Explorer here: https://nilssonhedge.com/research-tools/data-explorer/
The database is currently distributed as a free data source (for qualified investors)

FDP Charter Holders will be treated favorably if we take the decision to monetize the data

Create your free account here: https://nilssonhedge.com/access-database/
A recently published article: “Identifying Hedge Fund Skill Using Peer Cohorts” used multiple databases to create a selection strategy for hedge funds (SSRN)

- Try to replicate/verify their research using our database

- We would like to be able to track this strategy out of sample

- Other ideas? Let us know
NilssonHedge provides a unique data source, free to qualified investors.

We empower you to do return related research, portfolio construction, and monitoring of managers.

Learn more on our website: [www.nilssonnedge.com](http://www.nilssonnedge.com)
DISCUSSION AND SHOWCASE

A FEW USEFUL EXAMPLES
“INFORMATION IS THE OIL OF THE 21ST CENTURY”

- PETER SONDERGAARD
A large-scale multiple regression ("supervised learning") of hedge fund returns against Fama French Factors

Most styles have R2 above 0.5, significant variation

A github repo can be found at: https://github.com/alostado/NilssonHedge-Factors
DISPERSION STATISTICS

- We measure dispersion as the difference between the 1st and the 3rd quartile performance
- Similarities, or common risk factors
- Fund picking or style timing?
We analyze and transform the NFAs register.

Decline relates to the overall returns and business climate for CTAs.

A useful indicator of how to adjust for survivorship biases in data.
We produce continuously updated correlation and beta estimates

We produce stats for CTAs, Equity Long/Short, Market Neutral, Event Driven, and Crypto strategies

Useful for providing narratives or understanding trading styles
CTA – CRISIS ALPHA?

- Are CTAs protective against negative equity markets
- The behavior of managers or markets may have changed after 08/09
- Beware of backfill biases
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Q&A

Q4-2021 FDP Exam related webinars
www.fdpinstitute.org/webinars
Thank You

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