State of Rhode Island
Office of the General Treasurer

Staff Recommendation: Replacement of Manteio Managed Futures with iSAM Vector

September 2026
Asset Class: CPC – Systematic Trend Following

Recommendation

- **Rhode Island Employees' Retirement System Pooled Trust (ERSRI):** Divest from Manteio's Managed Futures Strategy ($193m allocation) and invest in iSAM's Vector strategy ($200m allocation).

Allocation

Plan	Allocation as of July 31, 2026	Current Manager Allocations	Recommended Allocation
ERSRI	Systematic Trend: 4.5% vs. 5.0% target	Crabel 1.6%, Aspect 1.5%, Manteio 1.4%	$200m (1.5%)

Manteio Divestment Rationale

- **Manteio's Managed Futures Strategy aims to deliver "trend beta" at a low cost (<30bps management fee**). It trades trends in rates, FX, commodities, equities, and bonds across 25 global, liquid markets, with balanced risk across asset classes and timeframes (short, medium and long-term signals).
- **Organizational turnover:** CIO Yung-Shin Kung is former head of Credit Suisse's QIS group.The team transitioned from Credit Suisse to UBS in the merger, and was acquired by Manteio in 2024. Manteio provides infrastructure for high volume trading and research, while Leucadia Asset Management provides operational support and distribution.
- **Poor long-term performance:** Despite strong performance in 2022 (+43.8%), cumulative performance since inception of the CPC program in November 2017 has lagged our other trend managers and the SG Trend index, particularly in 2023-2026. Since 2017, Manteio returned 1.8% annualized, vs 5.8% at Crabel and 4.5% at Aspect, and 6.0% for the SG Trend Index.
- **Declining AUM and increasing business risk**: Total AUM in Manteio's Multi-strategy and Managed Futures strategies has fallen from over $1.2bn in 2022 (each) to $200m and $230m, respectively, today. The firm employs only 5-7 people total in research, portfolio strategy and trading.
- **Meketa view:** 3 rating (out of 5), replacement is recommended.

Portfolio Fit

Replacing Manteio with iSAM Vector accomplishes our 2026 priority to diversify our systematic trend following portfolio and improve it risk-adjusted returns, aligning with recommendations from Meketa. By allocating to a strategy with a larger weighting towards alternative markets trend, we diversify our market exposures and improve the Sharpe ratio of our trend following allocation. Vector's high allocations to alternative markets are diversifying and complementary to our remaining trend managers, Aspect and Crabel, who allocate more risk to traditional markets.

Firm and Strategy Overview

iSAM is a quantitative investment manager with 5 offices across the world, with the largest office in London, England. iSAM Vector focuses on systematic trend following in traditional and alternative markets. iSAM also runs an equity stat-arb strategy called iSAM Helix. Additionally, iSAM has a Securities business that provides algorithmic trading and liquidity, technology and prime services globally. The firm utilizes a market-leading technology, research, and trading platform, and trades multi-billions of dollars daily. iSAM has over 200 employees, with over 100 in R&D and trading.

iSAM Vector's objective is to generate diversified, absolute returns across market environments, with low correlations to equities and bonds, while still providing convexity and positive skew (larger gains, smaller losses). Its single strategy approach captures trends in both traditional and alternative markets, increasing its ability to find trending markets at any moment. Allocating across more markets and independent factor exposures reduces the magnitude of drawdowns and improves the Sharpe ratio of the strategy. Vector features a 70% risk allocation to alternative markets, and 40-45% to commodities, which are less correlated with traditional equity, FI and FX markets.

Merits

- **Pioneering researchers and specialists in trading difficult to access and "high touch" markets:** Vector trades over 700 markets globally, and continuously adds new markets ahead of competitors. Alternative markets include esoteric global energy and commodity markets, interest rate swaps, over a hundred FX pairs, emerging markets including Korea, Brazil, and onshore China commodities, crypto markets (Bitcoin, Ether, and Solana), equity factors, synthetic markets, and thematic markets.
- **Experienced, aligned team with high continuity:** CIO Darren Upton took over in 2012, and evolved the strategy towards alternative markets. Prior to iSAM, Darren was Head of Research Methodology at industry pioneer AHL, where he led teams of PhDs in signal research, portfolio construction, and execution research, and helped start the Evolution strategy (a pioneer in alternative markets trend). He holds a PhD in Mathematics from Cambridge University and is a significant equity owner of the firm. Deputy CIO Jeremy Taylor joined 2012 from AHL, where he worked with Darren Upton. He now leads trading and development. Deputy CIO Darren Ward joined in 2015 from Brevan Howard. He now leads research, portfolio construction, and risk management. The Vector team is supported by over 20 core researchers and quant developers, all very experienced with little turnover.
- **Long track record of outperformance vs. our existing managers and the benchmark:** Since May 2010, Vector's 15 vol class has returned 5.3% annualized, and its 20 vol class has returned 6.7%, while the SG Trend Index returned 3.8%. Since the November 2017 inception of the CPC, Vector's 20 vol class returned 9.5% annualized, while our trend portfolio returned 4.3% (Crabel returned 5.8%, Aspect returned 4.5%, and Manteio returned 1.8%).
- **Diversifying performance and smaller drawdowns:** Given its greater exposure to alterative markets, Vector's performance is diversifying to our existing managers, who are more focused on traditional markets. Vector performed better in 2021, 2023-2025, underperformed in 2022, and within the range of existing trend managers in 2018 and 2020. Since the 2017 inception of the CPC, Vector's 20 vol class had a maximum drawdown of 27.3%, vs 31.2% for Crabel, 31.3% for Aspect, and 44.6% for Manteio.

Key Considerations

- **More muted performance in 2022 vs. existing trend managers:**
  - **Mitigant:** While a lower return than existing managers in 2022 suggests less convexity, Vector produced a significantly higher return in 2020 than Aspect or Manteio, and vastly higher return than all our managers in 2021. Its significant risk allocation to short-term trading engines helps in reversals and adds convexity. Vector's diversified performance profile, higher Sharpe ratio and lower drawdowns would smooth CPC returns as a whole, making it easier to hold the trend following portfolio for the long term.
- **AUM growth relative to less liquid alternative markets, and recent poor performance of some alternative market trend strategies:** Current AUM is roughly $7bn, while capacity is estimated at $10bn. Alternative market trend strategies exhibited very strong performance from 2014-2022, but some strategies have struggled in the past three years, after AUM allocated to alternative trend strategies increased.
  - **Mitigant:** All risk allocations take into account market liquidity and transaction costs. iSAM continues to add new markets, increasing diversification. Lastly, iSAM has returned capital in the past.
  - **Mitigant:** While some alternative market strategies have performed poorly in recent years, the most innovative firms with deep research capabilities (such as iSAM) have continued to perform well as they push into newer markets like equity factors, synthetics, and thematics. iSAM is also unique, in that its strategy allocates to both traditional and alternative markets, allowing it to capture trends wherever they are occurring.
- **CIO Darren Upton moved from London to Cyprus in September 2026, to join other shareholders:**
  - **Mitigant:** Darren will spend 30 days/year in the London office, while meeting virtually with the investment team the rest of the year. He has worked with his Deputy CIOs for more than a decade, and they remain with the investment team in London.

Fees and GP Investment

Standard management fees are 1.5% for 15 vol class or 2.0% for 20 vol, with a reduction for our investment. Performance fee is 20% over a high-water mark. GP has >$100m invested in Vector and Helix strategies.