FIERA CAPITAL

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From Liquid Alternatives to Alpha in Inefficient Markets

The OAKS Emerging & Frontier Opportunities Long/Short UCITS Fund : a differentiated, liquid, alpha-oriented allocation for a higher-dispersion world

Institutional portfolios are shifting toward a higher-rate, higher-dispersion regime, with capital increasingly rewarding strategies that combine hedge-fund-like return drivers with the daily-to-weekly liquidity, oversight and diversification constraints that private markets cannot provide. This paper examines how one strategy embodies these characteristics and the role it can play in institutional portfolios.

$5.22tn[1]
Global hedge fund industry AUM, Q1 2026 (record)

<0.11%[2]
Of industry capital in EM/frontier long/short

15+ yrs[3]
Live track record across multiple EM cycles

0.35[4]
R^2 to MSCI EM — a different return driver

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Part I establishes the demand
Global hedge-fund AUM reached a record of $5.22 trillion in Q1 2026[5] and UCITS liquid alternatives attracted a second consecutive year of net inflows. Yet emerging and frontier long/short remains a structurally underrepresented niche, accounting for less than $10 billion globally or under 0.11% of the industry.[6]

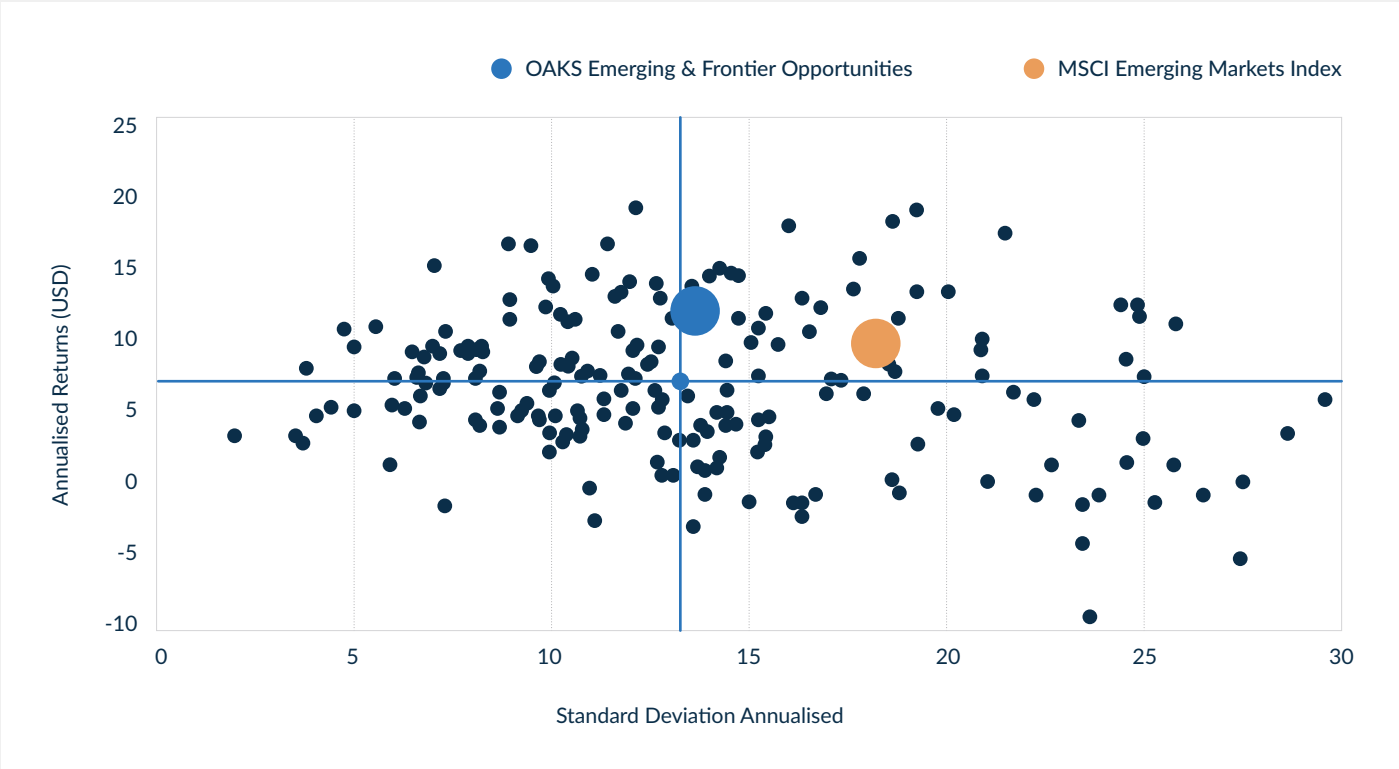
Part II turns to the strategy itself
It explores the OAKS Emerging & Frontier Opportunities Fund, managed by Fiera Capital, including its investment philosophy, portfolio construction, historical performance and the value it may bring to institutional portfolios.

The OAKS strategy has compounded at **8.5% annualised net returns since its 2013 UCITS launch**,[7] backed by a live track record spanning more than 15 years, low correlation to its benchmark ($R^2 \approx 0.35$, beta ≈ 0.57)[8] and consistently lower volatility across most periods of market drawdowns.[9] We also address a genuine current headwind: a narrowly led emerging market mega-cap rally has weighed on the strategy's relative performance over the past 12 to 18 months. This reflects a deliberate consequence of its frontier-market tilt rather than any break in process.

Chart 1

5-Year Annualized Return Above the Peer Median with Comparable Volatility

eVestment Fundamental Equity Long/Short – 5Y Returns and Standard Deviation



Source: eVestment, as of June 30, 2026.

Why Liquid Alternatives are Regaining Attention

As investors navigate a more uncertain market environment, liquid alternatives are attracting renewed interest for their potential to enhance diversification, improve portfolio resilience and provide access to differentiated sources of return.

1

Record industry growth.
Global hedge-fund capital surpassed $5 trillion[10] for the first time at end of 2025 and increased to $5.22 trillion[11] in Q1 2026, marking a 14th consecutive quarterly gain.

2

The renewed demand for UCITS.
UCITS liquid alternatives attracted €26.4 billion of net inflows in 2025,[12] a second consecutive year of growth after 2023's €35.1 billion[13] of outflows. The recovery suggests investors are increasingly seeking diversification, downside mitigation and not just raw beta.

3

The institutional demand shift.
Large allocators are moving away from private-market-heavy models that create illiquidity mismatches, while increasingly seeking differentiated strategies, particularly in inefficient markets where fundamental research has the highest marginal payoff.

The 2026 Macro Backdrop

Several developments through the first half of 2026 have strengthened the case for looking beyond developed market long/short strategies and toward less efficient areas of global equity markets:

Emerging markets outperformance and valuation gaps have widened further.
Following a 33.6%[14] return in 2025, emerging markets equities were up approximately 19% year-to-date by mid-2026[15] while still trading at a more than 30% discount to U.S. equities.[16]

The U.S. dollar has remained weaker and more volatile.
After declining in 2025, the U.S. Dollar Index (DXY) has generally traded in a 97–102 range through 2026, with the Federal Reserve's target rate at 3.50–3.75% even with a new more hawkish Fed Chair.[17]

Emerging markets central banks retain more policy flexibility than the Federal Reserve or European Central Bank (ECB).
As inflation across EM ex-China continues to moderate, many central banks have greater scope to ease policy, creating yield and currency differentials across local markets.

Dispersion within emerging markets remains elevated.
Cross-sectional dispersion is broadening beyond mega-cap technology names, creating a more favourable environment for active stock selection and short selling than for passive, benchmark-tracking exposure.

The Strategy: Alpha in Inefficient Markets

Managed by Fiera Capital and launched in UCITS format in September 2013 by **Stefan Böttcher and Dominic Bokor-Ingram**, OAKS exploits structural inefficiencies across emerging and frontier equity markets, which are characterized by limited sell-side coverage, retail-driven pricing, governance dispersion and minimal passive flows. The investment approach is bottom-up, identifying mispriced companies where structural change creates catalysts and using a long and short toolkit to capture dispersion within a weekly-liquid, UCITS-regulated framework.

The building blocks

The strategy combines four complementary building blocks: (1) a core single-stock conviction portfolio, (2) pair trades, (3) sector hedges and (4) country and index hedges. Together, these components isolate stock-specific alpha and provide rapid protection during periods of stress. The strategy is deployed across three market tiers, deliberately over-weighting the most inefficient (frontier and smaller emerging markets) where the alpha is most persistent.

Leveraging team expertise from Global Emerging and Frontier Markets[18]

Opportunity Set

- Complete "Ex-Developed Markets" universe

Portfolio Construction

- "Best Ideas" from team-managed mandates
- Extra, more opportunistic stock inclusions

Risk Management

- Flexible allocation dependent on stock-specific risk/return

SHORT BOOK

- Country Shorts
- Sector Shorts
- Pairs
- Single Stocks
- Corporate Action

LONG BOOK

Global Emerging Markets

- China
- Taiwan
- South Korea
- India
- Brazil
- South Africa

Smaller Emerging Markets

- Greece
- Saudi Arabia
- UAE
- Mexico
- Poland
- Thailand

Frontier Markets

- Vietnam
- Kazakhstan
- Romania
- Bahrain
- Slovenia

Global Opportunities

- Standalone

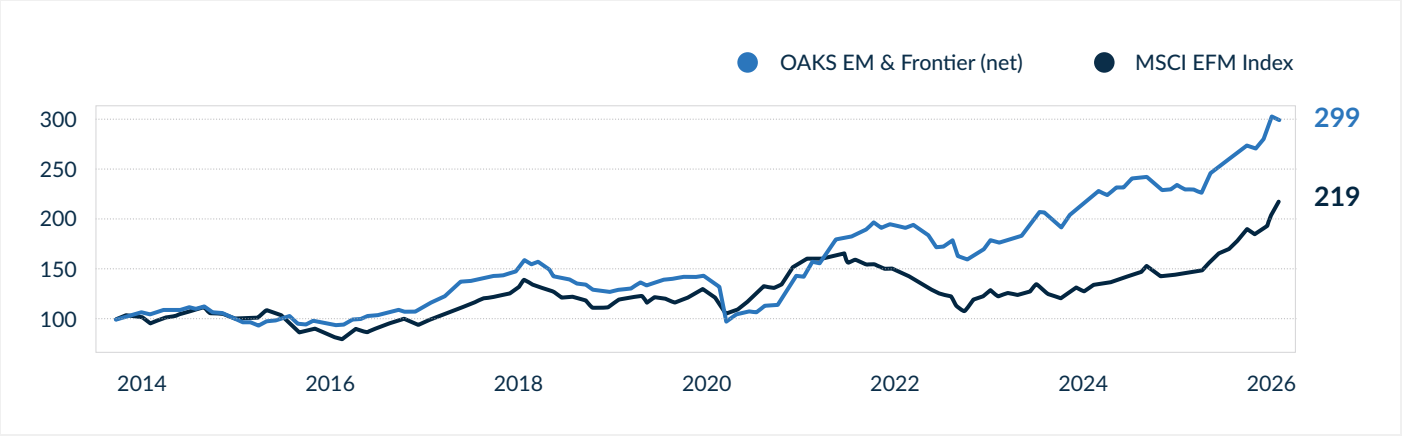
Track Record and Recent Performance

Since inception the strategy has compounded at **8.5% annualised net**,[19] turning an initial investment of 100 into approximately 299 compared with approximately 219 for the MSCI Emerging + Frontier Markets index.[20] However, the headline performance reflects both strong long-term results and a more challenging recent period.

A narrow emerging-market rally, concentrated in mega-cap Asian AI-supply-chain names such as TSMC, Samsung and SK Hynix, has driven meaningful underperformance over the trailing one- to three year period. These companies sit at the centre of the benchmark but are largely absent from a frontier-tilted portfolio. OAKS returned **16.4% over the past year versus 47.3% for the MSCI Emerging Markets Index**.[21] In our view, this reflects an unusually concentrated market environment rather than a breakdown in the investment process. An important question for investors is how much recent relative performance has been driven by benchmark concentration versus manager value-add.

Chart 2

Growth of a 100 Initial Investment Since Inception: OAKS 299 vs. MSCI EFM 219



Source: Sep 2013 = 100. OAKS EM & Frontier Opportunities, net; MSCI Emerging + Frontier Markets. Data to Feb 2026 (Workbook).

What It Can Deliver for Allocators

~79%[22]
Net exposure (93.3% long / –14.6% short)

0.57[23]
Beta to MSCI EFM — a partial-hedge profile

0.35[24]
R-squared since inception

Weekly
UCITS liquidity, governance & transparency

A differentiated source of returns

With an R^2 of approximately 0.35 and a beta of approximately 0.57 relative to the Emerging Market Index,[25] the strategy behaves unlike mainstream long-only emerging-market funds. Its short book cushions drawdowns and monetises overvaluation, while its frontier and smaller emerging market tilt sources return from markets that remain underrepresented. For investors with significant exposure to traditional emerging-market equities, the strategy may offer diversification benefits rather than additional benchmark-like exposure.

For allocators, OAKS offers differentiated exposure within emerging markets, combining diversification benefits with daily-to-weekly liquidity and the governance framework of a UCITS vehicle. Recent relative underperformance is a legitimate consideration and should be evaluated in the context of an unusually concentrated market environment. However, the underlying opportunity remains intact: frontier and smaller emerging markets continue to be under-researched and under-owned while barriers to entry associated with a UCITS-format remain high. The strategy's long-term track record demonstrates resilience in most stress periods.

Chart 3

Correlation Profile vs MSCI EFM



Source: Fiera Capital / OAKS data workbook, rolling statistics vs MSCI EFM.

Conclusion

The OAKS Emerging & Frontier Opportunities Fund sits at the intersection of three structural trends reshaping institutional portfolios: the growth of liquid alternatives, the search for uncorrelated alpha and the persistent inefficiency of emerging and frontier markets. Record industry AUM, renewed UCITS inflows, attractive emerging market valuations and a softer U.S. dollar have supported investor interest in liquid, actively managed strategies. Emerging and frontier market long/short equity remains a relatively underrepresented segment of the market, and OAKS is among a limited number of managers operating in this area.



Mathieu Bortot, BSc, MSc
Portfolio Manager, Emerging and Frontier Markets

Endnotes

1 HFR Global Hedge Fund Industry Report (4Q25, 1Q26).

2 HFR; MSCI; Siblis Research; Federal Reserve/Trading Economics. Figures as available as of July 2026.

3 Fiera Capital.

4 Fiera Capital / OAKS monthly data workbook, 30 June 2026.

5 HFR Global Hedge Fund Industry Report (4Q25, 1Q26).

6 HFR; MSCI; Siblis Research; Federal Reserve/Trading Economics. Figures as available as of July 2026.

7 Fiera Capital / OAKS monthly data workbook, 30 June 2026. Past performance is not a reliable indicator of future results.

8 Fiera Capital / OAKS monthly data workbook, 30 June 2026.

9 eVestment, as of June 30, 2026.

10 HFR Global Hedge Fund Industry Report (4Q25, 1Q26).

11 HFR Global Hedge Fund Industry Report (4Q25, 1Q26).

12 Lupus alpha Liquid Alternatives Study (FY25). 2024 was the first year of the rebound; 2025 is the second consecutive year of inflows.

13 Lupus alpha Liquid Alternatives Study (FY25). 2024 was the first year of the rebound; 2025 is the second consecutive year of inflows.

14 Fiera Capital / OAKS monthly data workbook, 30 June 2026. Strategy returns net of fees.

15 MSCI.MSCI EM (Emerging Markets) Index. July 31, 2026.
https://www.msci.com/indexes/index/891800/msci-em-emerging-markets-index-2

16 MSCI.MSCI EM (Emerging Markets) Index. July 31, 2026.
https://www.msci.com/indexes/index/891800/msci-em-emerging-markets-index-2

17 Bloomberg. Bloomberg DXY Index Price. As of August 5th, 2026.
https://www.bloomberg.com/quote/DXY:CUR

18 OAKS Emerging & Frontier Opportunities 2Q26 Strategy Presentation.

19 Add source: Fiera Capital / OAKS monthly data workbook, 30 June 2026. Past performance is not a reliable indicator of future results.

20 Fiera Capital / OAKS monthly data workbook. Growth of a hypothetical 100 invested Sept 2013, net of fees.

21 Fiera Capital / OAKS monthly data workbook, 30 June 2026.

22 Fiera Capital / OAKS monthly data workbook. Growth of a hypothetical 100 invested Sept 2013, net of fees.

23 Fiera Capital / OAKS monthly data workbook, 30 June 2026. Strategy-level Sharpe uses 3m SOFR; fund class uses 3m EURIBOR. Past performance is not a reliable indicator of future results.

24 Fiera Capital / OAKS monthly data workbook, 30 June 2026. Strategy-level Sharpe uses 3m SOFR; fund class uses 3m EURIBOR. Past performance is not a reliable indicator of future results.

25 Fiera Capital / OAKS monthly data workbook, 30 June 2026. Strategy-level Sharpe uses 3m SOFR; fund class uses 3m EURIBOR. Past performance is not a reliable indicator of future results.



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