

GOING HOME FLAT

Sam Beckers didn't start out to be a trader and is not the typical Type A personality, but a junior position at a hedge fund brought him to trading, which he took to like, like a pelican to water.

Beckers' commodity trading advisor, Soaring Pelican, is a systematic day-trading program that trades the E-mini S&P 500 exclusively out of his home office in Sooke, Canada on the southern tip of Vancouver Island where he can watch salmon jump and bald eagles soar.

A broker dubbed his CTA unconventional at a recent CTA conference, which is OK with Beckers. He studied international business at San Diego State before moving to South America to sell snow boards.

"The breakthrough opportunity was moving to San Francisco and working with small managers," Beckers says. "I was working for small money managers and they were showing me it was possible to [make money at a small shop]. They had a method of generating returns and they didn't have a huge infrastructure."

Beckers realized that was what he wanted to do and began trading.

"My volatility was a little crazy; I lost money for about three years until 2005," he says. "It taught me that if I wanted to survive and not go and work for a bank or a broker I would need to control risk. I learned that it is not necessarily the system that makes you the money but the way you handle risk. Once I understood that concept it really propelled me, and it still does. For me, that is the key to the castle."

By 2006, he opened his own limited partnership and would trade the SPY exchange-traded fund for a small group of customers.

He built a short-term trend and mean reversion system that held a position in the SPY for two to five days. I wasn't managing a lot of money, maybe \$3 million, but I just felt so responsible for my clients. I did get a little sick to my stomach sometimes," Beckers says.

By the end of 2010 he decided to switch to futures and shortened his timeframe to daily so he didn't carry positions overnight.

"Going home flat is a huge thing as a trader because you are able to hit the reset button and to start a new day fresh," Beckers says. "It is less stress, more like a day-to-day job on the border of being boring some times."

He also added another mean reversion system as well as a momentum system. The moves paid off as

the Soaring Pelican Diversified S&P Program earned 31.55% in its first full year and has averaged 10.65% annually since launching in 2011. The program is up 0.81% in 2016 through September.

"We are not trading for ticks, we are looking for a medium-sized move," Beckers says. "Volatility is critical to the program; we tend to tread water when the market is not moving."

Despite only trading the E-mini S&P 500, the CTA is slightly negatively correlated to the S&P with a correlation ratio of -0.11%. His four models operate at the same time and can cancel each other out. The trend model tends to get in at the beginning of the day and the mean reversion and momentum models tend to get in at the most liquid times.

"Clients see the program as a risk controlled way of taking advantage of downside volatility," he says.

His assets under management have grown to \$46 million and the program is starting to get noticed by family offices and more institutional sized investors, though he is not necessarily targeting institutions. "I don't want to be managing \$500 million; 90% of business is coming through [introducing brokers]," Beckers says. "We have established a mutual trust. There are some out there that are only interested in gouging and I have been fortunate to avoid them and build the business with quality IBs that do make money for their clients."

Soaring Pelican will do a soft close when it reaches \$50 AUM, but Beckers believes his capacity is much greater, though he is in no hurry to grow. "I value my family time and I like to travel and have a well-rounded life — I don't plan on having a board of directors any time."

He adds: "You have to have a passion for what you are doing and enjoy it and appreciate the fact that there is always something to learn from the markets. As I progress I may have revelations or new ideas that will enable further capacity."

As of now, Beckers is satisfied with his ability to go home flat and enjoy his view.

Why Soaring Pelican? "I am a surfer and an ocean enthusiast; a lot of time on the west coast you see these pelicans that soar along on the waves," he says. "I enjoy the concept of a bird that is self-sufficient and can take advantage of opportunities to get where it needs to go. It seemed like a good match for what I was trying to do." ▲

Daniel P. Collins

Firm:
Soaring Pelican

AUM:
\$46 million

Principal:
Sam Beckers

Strategy:
Short-term
systematic mean
reversion/
momentum

Location:
Sooke, Canada