

Apollo Capital's Leaders in Asia on Blasting Off into the Cryptos and Blockchain Stratosphere



Apollo Capital promotes itself as an award-winning, multi-strategy investment management firm that invests in the crypto assets that are powering a new financial and Web 3.0 infrastructure. Apollo was established in 2017 in Melbourne, Australia and has a 4-year track record. What the firm's leaders consider market-leading performance across Apollo Capital Fund (ACF) and Apollo Capital Opportunities Fund (ACOF) demonstrates Apollo's ability to actively manage an institutional portfolio of crypto assets. Hubbis met recently with Cici Lu, Managing Partner (Asia) and Hans Diederer, Executive Advisor (Asia) to learn more about the history, the mission, the key skills and advantages, and the potential they want to grasp. They explained how the Apollo team has a unique blend of financial services experience along with early adoption of crypto-asset investments, and how since 2021, they have been driving the expansion of the footprint in Asia.

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CICI LU
Apollo Capital

Cici and Hans focus first on the recent developments in Asia, reporting that in October 2021, Apollo announced a strategic partnership with Pilgrim Partners Asia (PPA). PPA is a CMS licensed fund manager in Singapore, Cici is also a senior portfolio manager with PPA.

A platform for growth

Cici explains that she was appointed to lead the Apollo expansion in Asia and manage the partnership with PPA, capitalising on the increasing institutional demand for professionally managed digital assets. She and colleagues quickly set about launching two new funds, both of which launched on March 1st, 2022.

"I chose Apollo because I think the firm has a great record to date, and a team with extensive crypto knowledge and risk management framework, and is going to provide an excellent gateway for the investors to get into this space," she reports. "Cryptocurrencies have become an asset class driven by unprecedented technology

Getting Personal with Cici Lu

Cici was born in Beijing and later studied Finance in Canada. She considers herself a citizen of the world from having lived on 4 continents since she was 17-years-old.

Her career in finance began in investment banking, undertaking M&A equity analysis with TD Securities. Following her interest in macroeconomics, she then went into trading FX, moving to London with TD Securities, and later the door opened to move to Singapore. "I grew up in China, but had never worked in Asia, so it was very appealing to come back to the land of opportunities," she reports. "I later switched to fixed income trading after the global financial crisis, so I have enjoyed a successful global markets career in Canada, UK, Australia and Singapore."

She has also taken a career sabbatical to start her own photography business in Singapore. "Yes, I built a prestigious brand and it was actually awarded "Best of Singapore" by Tatler Magazine for 3 years in a row. Now I am back in "new" finance, leveraging my institutional banking and entrepreneurial backgrounds to help expand Apollo Capital in Asia."

She is married and declares herself a feminist who believes that women's full potential in society is still largely untapped. Much to the chagrin of her husband, the love of her life is her two very beautiful French Bulldogs- Mambo and Peony. And she reports their home is rather well styled, as another passion of hers is interior design.

She also loves adventure and travel and reports she has visited 48 countries. "Of all the places I have been I have wonderful memories of Jordan, and Cuba, both dramatic and beautiful, but in very different ways of course," she recalls wistfully.

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New funds

To meet investors' unique risk/return profile and investment objectives, they have launched the Apollo Capital Frontier Fund

(ACFF) and the Apollo Capital Opportunities Fund II (ACOF II) on March 1st, 2022.

ACFF was created to provide a diversified long exposure to the best quality crypto assets in an actively managed format for investors. "We have a proven track record as an 'Alpha' generator, having identified and invested in promising early-stage projects that are some of the biggest names in crypto today," Cici reports. "ACFF



HANS DIEDERER
Apollo Capital

will, as a result, have a strong emphasis on early-stage project investments. In addition to our existing allocations in Blockchains and Decentralised Finance (DeFi) projects, Apollo has identified NFT & Metaverse infrastructure as a significant investment opportunity.”

For the more risk-averse investor

At the lower end of the risk spectrum, ACOF II seeks to generate a meaningful absolute return for investors while reducing the volatility associated with investing in crypto assets through stablecoin yield farming

These two new funds will build on its flagship fund’s track record. Their Apollo Capital Fund (ACF) is an award-winning multi-strategy fund that produced an after-fees return of 1113.6% in the two years ending December 2021. ACF’s one- and three-year returns have an absolute ranking of Number 1 out of 9,041 funds available for sale in Australia, according to the Morningstar database at the end of Australian FY 2021.

Getting Personal with Hans Diederer

Hans comes originally from Bergen op Zoom, near the Belgian border in the Netherlands. He attended Erasmus University in Rotterdam, earning his Master’s in Commerce and Business Administration.

His career began in 1993 at ABN AMRO and he stayed with them, rising to CEO of the Asian Private Banking operations from early 2009 until mid 2011. He then moved on to other prominent roles, first as Managing Director Merrill Lynch Southeast Asia and then to Indosuez Wealth Management as CEO Asia. In late 2015, he moved into Family Office Services with Heritage Trust Group after which he relocated to China and joined the business family behind the Golden Eagle Retail Group for nearly three years. He recently took up his current advisory role with Apollo to follow his passion for blockchain and crypto currencies.

“I have enjoyed nearly three decades of a global financial career across some major institutions, and in the past two decades specialising in Asia. Apollo represented a great opportunity to use my skill set, experience and connections in this region and globally,” he explains.

He has been married for 27 years and together they have a daughter, Natasha, aged 20 who is studying Mathematics at Warwick University in England, and an 18-year-old son studying now at the Royal Arts Academy in The Hague in the Netherlands. “They are quite different from each other,” he remarks, “but they both seem to have found their passions in life, which is a great positive.”

He also enjoys hiking in different parts of the world and actually met Cici on the Great Wall of China in early 2021. “That is how our Apollo journey started really,” he recalls. “And here we are today.” He also enjoys travel and cooking, his favourite dish being hot and sour soup.

Hans is looking forward to more normalised times ahead and travel back to Europe to see family, at least when lockdowns and regulations allow. “Iceland is also on the travel list, as well as Dubai, the latter more for business with Apollo, as we are aiming to rapidly expand in the Middle East.”

And their first market neutral fund, Apollo Capital Opportunities Fund (ACOF) was nominated for HFM Asia, New Fund of the Year category for 2021 It was fully subscribed within 9 months.

Market neutral

“ACOF II seeks to take advantage of the inefficiencies within crypto markets and produce relatively lower risk returns for investors,” Hans explains. “It follows on from



Key priorities

Cici explains that education of the investor base is essential. The appetite for crypto asset allocation in the overall investment portfolio is quite polarising. We see the most sophisticated investors are setting up infrastructure in place to serve the next generation of UHNWI, and new wealth, such as, crypto billionaires, and we also experience strong headwinds from natural scepticism for blockchains and crypto assets, like we did when online shopping first began, she reports.

Hans added the other priority is of course building the name awareness outside Australia. "Until last October, we were pretty much Australia-centric, so now we have the base in Singapore, and we are building the Asian investor space, expanding with the family offices, the independent asset managers, the private banks, indeed the whole wealth management ecosystem. We are patient, we know that digital assets are a very small allocation currently amongst private clients, maybe 2% to 5%, but it is growing, diversification is taking place and we are great believers in this fundamental shift."

Cici adds that they are communicating this partly through the use of hashtags. "One we use is #GetOffZero, which is conveying the idea that investors should start allocating some small portion of their overall portfolio to crypto assets, scaling up depending on their risk tolerance."

the original ACOF, which like ACOF II has a market-neutral strategy fund with a USD stablecoin yield farming strategy, which has proven effective during volatile market conditions. In fact, during the 13 months since ACOF launched, we have been generating positive returns every month, including during bouts of extreme market volatility such as May to June 2021 and recent sell-off in January 2022.

Liquidity available

The new funds are incorporated in the Cayman Islands and are structured to offer investors monthly redemptions if they wish. "We are proud of that, and we firmly believe that investors

should have liquidity if they wish," Hans explains. "They achieve well-managed exposure to these assets and opportunities, but of course some investors will want to access their funds. These two funds are very different in what they invest in and their approach, but investors in both enjoy monthly liquidity, which sets us apart."

Apollo's experienced pilots

Cici steps back to comment on Apollo itself. She reports they have a proven, high calibre team with deep domain expertise, a strong reputation, and a global, personal network of founders, teams and co-investors. Apollo



Capital’s Chief Investment Officer, Henrik Andersson, has 18 years of global financial markets experience across three continents, including a decade on Wall Street. He is also a co-founder of two successful DeFi protocols, mStable, a stablecoin management platform, and dHedge, a decentralised asset management platform.

15% investment in a single project (except for Bitcoin and Ethereum in the ACF fund) to minimise the risk of investing in a failed project.

“Apollo is also big on qualitative analysis, we are highly selective, critical in our analysis of the team and product, and apply our strong fundamental knowledge,” Cici

“Cryptocurrencies have become an asset class driven by unprecedented technology innovations. It is already a multi-trillion dollar industry and we are only seeing the tip of the iceberg. We believe the best way to gain proper exposure to crypto assets is via professionally and actively managed funds.”

“He was a very early mover, and first identified the massive potential of the crypto-asset market and started investing in 2013,” Hans explains. “Henrik’s direct experience and expertise in building and launching two DeFi projects along with his position as CIO of Apollo Capital have established a robust global network that is essential to the fund’s primary deal flow in the most promising new projects. Apollo also brings a wealth of international experience with our team having worked all over the globe: from San Francisco, New York, London, Toronto, Stockholm, Hong Kong, Singapore and Australia in traditional finance prior to joining Apollo Capital.”

reports. “Regarding smart contract risk management, Apollo will invest in only audited and reputable projects with a proven track record, assessing the technical ability of the team and the auditors and conduct research into the specific technical detail of the smart contract.”

Strategic investors in the future

Cici mines down into more detail on their investments. “We focus on fundamentals,” she reports. “In such a hot market, we are very patient to wait for the high quality projects with strong utility value to invest.

The crypto asset market capitalization is USD 1.7 trillion dollars, as of March 8, 2022 by coinmarketcap.com. Bitcoin is losing its dominance to 42% currently, and the second largest blockchain, Ethereum, which has 17% of the market capitalization. 2022 will be the year of scaling of blockchains with Ethereum layer 2s and alternative layer 1s. We strongly believe in an interoperable multichain future with various

Robust Risk Management Framework

They are both quick to stress how risk management plays a core role in Apollo’s DNA. Diversification and position sizing are key risk management tools, and their in-house risk management discipline limits to a maximum

consensus models and smart contract utilities that create value propositions. We are keen to invest in these promising projects when they arise.

Demystifying through active management

Hans says the difficulty most people have in understanding all of these areas and developments is precisely why Apollo provides professionally managed funds. "We deliver very good research capabili-

ties, a young and agile team, quick decision making, and the vision to move with the fast-evolving pace of blockchain development in the investment portfolio."

debt monetisation. "Crypto assets present a tremendous growth opportunity that can outpace historical high inflation, which traditional asset classes are simply unable to match," she states. "Active management is vital in this overall space."

Opportunities galore for the bold

Like the internet revolution. Web 3.0 will change how societies and businesses operate faster than

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He elaborates on these comments, explaining that people should invest because blockchain technology will dramatically reshape different industries starting with finance (DeFi), gaming, logistics and a host of other sectors. "If you want to benefit from these developments as an investor, you cannot achieve that with traditional equities; you will have to invest in these companies. But getting access to these companies is very hard."

New Portfolio Diversification

Cici adds that the classical 60-40 portfolio allocation between equities and fixed income is essentially broken in the world of

you think. Investors can't afford to ignore digital assets. As an expert in the field, Apollo Capital would like to be your trusted partner on the crypto investment journey. Cici and Hans stated the following take away points to conclude the interview:

1. Digital assets are an emerging asset class attracting a tremendous amount of capital.
2. #GetOffZero for crypto allocation can result in achieving an asymmetric return for your portfolio.
3. We believe the best way for obtaining sustainable returns from crypto investment is through diversification and actively managed funds.

Last but not least, robust risk management and mitigation are the key elements of portfolio construction to manage the extreme volatility. ■

