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Web Exclusives

Hedge fund veteran **Mark Taborsky** has left **Harvard Management Co.**

Smaller prime brokerages go on the offensive.

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ATLANTA FIRM UNVEILS UNIQUE INVESTOR HOOK

Atlanta-based **Roswell Capital Partners** will launch what it believes to be the first fund that will allow investors to opt-in or opt-out of every investment. "We allow customers to customize their portfolio," said **Mike Kendrick**, co-founder and senior partner. "They may want to avoid certain industries, or may want to have a certain yield or maturity."

The *Roswell Capital Secured Debt Fund*, set to launch Jan. 1, will invest in senior secured debt of small- to mid-cap public and private companies in the U.S. across a variety of industries. It will also invest in high-yield account receivables financing.

Kendrick believes offering investors the chance to opt in/opt out to each investment will

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EX-SOROS, SAC PM STARTS GLOBAL MACRO SHOP

Josh Berkowitz, former portfolio manager at **George Soros'** and **Steven Cohen's** firms, has co-founded New York-based **Woodbine Capital Advisors** and will launch a global macro fund in January. Calls to Berkowitz were referred to **Richard Cordsen**, co-founder, who declined to comment, citing the firm's policy. Details about the strategy, where it will invest, and its assets at launch could not be learned.

At **Soros Fund Management**, Berkowitz was a portfolio manager focusing on global macro from 2005-2008. Previously, he held a similar role at **SAC Capital Advisors** and before that, he was a proprietary trader at **Goldman Sachs**. He has had stints at **Bankers Trust**, **Credit Suisse First Boston** and **HSBC**.

— S.K.

CTAS REACH HISTORIC MARGIN-TO-EQUITY LOWS

CTA/managed futures strategies have decreased their margin-to-equity levels to an all-time low in response to skyrocketing volatility and increased correlation across sectors, from currencies to equities to interest rates. Still, even with lower leverage, the CTA strategy is posting the highest average year-to-date returns—5.79%—according to **CASAM CISDM Hedge Fund Database**.

Chicago-based **Abacus Fund Management**, led by **Emil Van Essen**, president, runs a CTA strategy that combines commodities spreads and stock/index trading. The strategy has de-levered significantly; at the end of 2007 Van Essen said the margin-to-equity was at a "pretty

(continued on page 15)

PERSISTENT EDGE TO ADD MANAGERS, ASSETS

Hong Kong-based Asia-focused fund of funds firm **Persistent Edge** intends to add a number of funds to its multi-strategy fund and will seek to raise assets from institutions now that it has compiled a five-year track record.

The firm normally has 30-60 managers on its platform; it has about 40 now. **Raj Mehta**, founder and managing partner, told *AIN* it has 15-20 managers on its active short list, from which it could add five to 10 managers. Persistent Edge tends to invest early, but it has never seeded a fund and never intends to because it wants to have the flexibility to liquidate at any time.

(continued on page 16)



At Press Time Harcourt Enters Asset-Raising Biz

Harcourt Investment Consulting, the \$5.5 billion fund of hedge funds firm, is making its first move into third-party marketing and business development for single-manager funds. It is setting up a standalone firm, **Polaris Investment Advisory**, which will differ from most other third-party marketers by managing sales, marketing and investor relations activity for the managers on its platform on a continual basis, allowing the managers to focus on trading, said **Claus Hilpold**, managing director and founding partner of the new venture.

The firm will initially focus on marketing funds to investors in German-speaking Europe, a region that Zurich-based Harcourt knows well. Germany is a famously difficult market to enter as a foreign hedge fund, because of high tax and regulatory requirements. Polaris was Hilpold's idea, and until starting work to set up the new firm, he led Harcourt's business in Germany. The firm will consider expanding the service to cover all of Continental Europe, but no decision has yet been made.

Polaris has identified seven styles of hedge fund strategy that it believes will perform well in the next few years, and will sign one manager of each type. The strategies are foreign exchange, volatility, commodities, energy/electricity, distressed, short- and mid-term systematic trading, and long-term CTA trend-following. By teaming up with just one manager in each category, Polaris will be able to develop in-depth knowledge of these few funds and also avoid conflicts of interest when pitching a strategy to clients, explained Hilpold.

The firm is close to signing with several managers, and hopes to have five confirmed in the next two weeks. The platform will launch on Jan. 1, by which time the remaining two funds are expected to be in place. Among those lined up are an energy and electricity fund with \$50 million under management, a commodity fund with \$300 million and a currency fund with over \$1 billion.

Polaris will charge managers a continual fee, usually 20-30% of a manager's management and performance fees, said Hilpold. Fees are likely to vary depending on how difficult a particular strategy is to sell to investors, he added.

Harcourt will be the majority owner of Polaris, but Hilpold declined to specify the firm's equity stake. Polaris employees will be given a minority holding. It will open with a staff of three. When Harcourt's fund of funds sales team detects that a client is interested in allocating to single-manager hedge funds, they will refer the investor to Polaris, said Hilpold.



Claus Hilpold

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The Americas

Arizona CIO Lands At Benchmark Plus

Rob Brown has joined fund of hedge funds manager **Benchmark Plus** in Tacoma, Wash., as managing director of investment strategy and research, a new position. Brown will work on portfolio construction and management, risk control and hedge fund analysis, as well as business development, said **Scott Franzblau**, principal. Benchmark Plus has \$1.7 billion under management and 16 employees.

Brown was previously the cio of **Arizona Public Safety Retirement System**. He resigned in September. **Ryan Parham**, investment department chief of staff and chief strategic officer for Arizona Public Safety, has assumed Brown's duties. Benchmark Plus was one of four managers tapped to handle a broad strategic partnership mandate for Arizona Public Safety earlier this year.

Conversus To Further Exploit Secondary Market

Conversus Capital Management plans to invest half of its assets in secondary investments, up from 20% in the past. Spokesman **Brian Ruby** said many financial institutions need liquidity, making secondary investments well-priced.

Conversus started increasing its allocation to secondary investments in May after acquiring a portfolio of private equity funds from the **California Public Employees Retirement System**. Conversus ended up investing \$200-250 million in secondaries this year, Ruby said.

Conversus is based in Charlotte, N.C., and manages \$3 billion.

Calif. FoF Cuts Managers To Protect Capital

San Francisco's **Cogo Wolf Asset Management** has become more agile when it comes to managing its underlying funds, aggressively taking money away from certain underlying managers in emerging markets, commodities and equities to protect capital in light of recent market tumult.

While *Cogo Wolf Global Strategy Fund* has always been able to quickly move capital into and out of underlying funds, President **Rachel Minard** noted that lately the firm is acting on this ability. This has particularly been the case in emerging markets. "We thought Israel at one point was impervious, and then we realized they, too, are being affected," she said. The fund of funds also closed positions in Russia-focused managers, taking its exposure down to one underlying fund. Similarly, Cogo Wolf

quickly took all its money out of three India-focused funds after seeing risk there.

Cogo Wolf has \$100 million under management, with an investment minimum of \$500,000 and a fee structure of 1/10. The fund, which invests in between 22 and 37 managers at any given time, is down about 16% year-to-date.

Equities Market Boosts Tremont Strat

Tremont Capital Management has seen year-to-date returns of 15.28% for its CTA/managed futures fund of hedge funds, *Tremont Trading Strategy*. It attributes the results mostly to the equity market and commodities-focused underlying managers.

Nancy Solnik, portfolio manager, said underlying equities managers took short positions early this fall. Commodities managers were hurt a bit in July, but were able to respond nimbly, making them the second-most profitable asset class for Tremont. Currency market managers are also now posting positive returns, mostly because of the strong dollar trend in October, she explained.

Tremont Trading Strategy, which has about \$300 million under management, has its eight underlying managers fairly divided between momentum-driven trendfollowers and other trading styles, such as mean-reversion managers that are likely to do well in choppy markets such as this one. From September 2004 through October 2008, Tremont Trading Strategy had an annual rate of return of 17.38%.

Chimay Adds Long-Only Book To Credit Fund

Chimay Capital Management has a credit hedge fund in the pipeline and it has added a long/only book to it that will buy up senior secured debt that is trading at a discount. The fund is set to roll out in Q1 with about \$100-200 million.

"The idea is that you buy top-quality names with pricing that you can put your arms around and hold them until term," Founder **Guy Albert de Chimay** told *AIN*. He believes this provides the best risk-return profile within the entire capital structure. There are few compelling reasons to own the equity of these companies at the moment but buying papers from the top end of the capital structure is likely to generate equity-style returns, Chimay explained.

The New York shop likes the debt from sectors that are backed up by hard assets, such as infrastructure or commodities

The Americas (cont'd)

but is avoiding those that can have arbitrary valuations, such as cable and cellphone companies. Chimay is also staying clear of cyclical sectors such as retail.

The fund was expected to roll out at the start of Q4 this year (*totalalternatives.com*, July 18) but was postponed due to the uncertainty in the markets. The long/only book will be incorporated into both versions of the strategy which are set to launch—one of which has a one-year hard lock-up and the other which locks in capital for three years.

Chimay and the Portfolio Managers **Jason Colodne** and **Jason Beckman** are in Europe this week to speak to institutional investors in London, Paris, Geneva, Zurich and Brussels. The potential capacity of the offering exceeds \$10 billion.

Revere To Expand Platform

Revere Capital Advisors, a manager of emerging hedge funds, will bring three more managers onto its platform in the first quarter. Spokesman **Alex Conyers** said the firm is planning to acquire stakes in a distressed strategy, an asset-backed lending offering and a credit fund.

The firm, which launched in early October (*totalalternatives.com*, Oct. 3), takes a 20-30% stake in hedge funds with less than \$50 million under management with the agreement it will raise a certain amount of assets for the manager, as well as ready the fund for institutional investors in the areas of compliance, administration and IT. In return, Revere will receive a percent of the fund's 2/20 fees.

Revere has two long/short equity emerging managers on its platform—San Francisco-based **Broadmark Asset Management**, which has \$150 under management, and London's **Dickson Capital Management**, which manages about \$15 million.

Startup Readies Second Special Sits Fund

Athens, Ga.-based start-up investment firm **Gad Capital Management** will launch a mini special situations fund, with an initial target size of \$1 million, that will invest in convertible bonds and common and preferred equity trading at distressed prices.

The fund is a follow-up to the initial *Gad Partners Fund*, which debuted at \$1 million in October before succumbing to market turmoil and dropping 40%. With \$500,000 of commitments lined up for Fund I around the New Year, **Sham Gad**, managing partner, said he may merge the two funds eventually, sticking to the more opportunistic approach of the later. Both funds broadly target U.S. equities. Gad wants to buy

convertible bonds and cheap equities in no specific industries, although he thinks the energy sector will be the first to come back once things turn around.

Gad Partners Fund II, which is scheduled to launch Jan. 1, will look for \$25,000 minimum contributions. Gad expects the fund's modest size to work in his favor in terms of investment flexibility. Not many investors are looking to put large amounts of money to work before winter is over—investors need to wait for redemptions to come in before they can do that.

Gad also has a third, offshore, fund in the works. Prior to starting up the funds, he worked on his own managing private money less formally for several years.

Europe

London FoF's Manager Selection Model Beats Downturn



Amir Sajjadi

Fund Analytics has kept performance in positive territory this year due to the manager-selection model it employs for its *FA European Conservative Fund*—a fund of market-neutral and long/short equity hedge funds—which is designed to perform best during market downturns. The fund is up 6.51% this year, outperforming the *MSCI*

Europe Index by 45.3%.

The manager-selection model looks at the behavioural patterns of a large number of hedge fund managers, and categorises them on the basis of whether they are conservative, moderate or aggressive in their investment approach, Director **Amir Sajjadi** told *AIN*. The model then selects a core holding of five managers on the basis of this profile and a combination of other factors, including complimentary exposures and skill sets. By selecting a concentrated core of managers to play against one another, the fund aims to achieve net outperformance. In upward markets up to five additional "satellite" funds are added to the portfolio, designed to capture the upside by showing correlation to the markets.

In January, June, September and October of this year, when the MSCI Europe has been down more than 10% each month, the Conservative Fund has returned 1.9%, 2.23%, 0.74% and 3.23%, respectively. Sajjadi declined to give current assets under management but said he is looking to grow the strategy to \$250 million in the next five years or so. Fund Analytics is using two third-party marketers—one each to focus on Europe and the U.K. The initial targets are

Europe

independent financial advisors and private banks, as the fund's consistency of returns and low-risk profile are suitable for their objectives.

Sajjadi is thinking about rolling out a pure long-only offering that would fit into the equity bucket of institutional investors as he has seen some interest from pension funds that can't allocate to such a specific strategy as the European long/short fund.

Sajjadi hopes to set up a test portfolio in Q1 on behalf of pension fund investors that may then seed a new fund after a one-year test period.

Ashmore Ups Special Situation Plays



Jerome Booth

Emerging markets firm **Ashmore Investment Management** has added exposure to special situations funds in the *Ashmore Multi-Strategy Fund*—which invests across other Ashmore funds—at the expense of its allocation to local currency debt. As of the end of November, exposure to special situations has been upped to 58% from 42%

at Oct. 1. The fund now invests 22% in local currency debt, down from 39% in the same period.

There is a short-term window in the market to buy good-quality dollar denominated sovereign and corporate debt from distressed sellers, said **Jerome Booth**, head of research in London. These opportunities will shrink fairly quickly as markets stabilise and liquidity returns. Ashmore will buy into local currencies when they start appreciating against the U.S. dollar, said Booth. This is likely to happen in the medium term, as the dollar is only strong at the moment for technical reasons, he added.

In October Ashmore took equity exposure in the fund down to zero (*totalalternatives.com*, Oct. 20). As emerging markets equities remain correlated to some degree to developed markets and equity markets tend to take longer to recover than credit, Ashmore is keeping this position at zero, said Booth. The rest of the portfolio allocates to corporate high yield (5%) and dollar debt (15%), where there are also distressed sellers to take advantage of, he added.

November performance for the fund is not yet available. It returned -11.72% in October and is down -19.83% for the year. It has returned 9.07% on an annualised basis over the past five years. There was \$1.4 billion in the offering at the end of October.

ARCH Adds Partners



Robin Farrell

ARCH Financial Products has taken on five new partners. The move is intended to institutionalise the structure of the company in preparation for growth and expansion in the Middle East, said CEO **Robin Farrell**.

Richard Rhodes joins the £1 billion London firm as chief financial officer from **Merrill Lynch**, where he held the same role in

its international banking division. **Guy Haward**, ARCH's new head of corporate and technology development, was also at Merrill, where he was global head of technology in the FX and rates derivatives group. **Gianpaolo Potsios** will run the syndication and placements group at ARCH. He was most recently at corporate advisory group **Europa Partners**, working on corporate finance. **Alex Hartley** is ARCH's compliance officer. He previously held a similar role at **ODL Securities**. **Simon King**, ARCH's new head of real estate, managed a £200 million Jersey-based commercial property investment company that he founded in 2004.

ARCH wants to extend distribution of its alternatives offerings into Asia and the Middle East and has taken a 48% stake in offshore independent financial advisor **Financial Partners Group** (*totalalternatives.com*, Oct. 8) to aid the expansion.

HSBC Unit Sees Market-Neutral Uptick



Bill Maldonado

Halbis, the investment management arm of **HSBC**, is seeing an uptick in interest in its three equity long/short funds, due to the fact that they are all run roughly market-neutral. Halbis manages a \$350 million Europe-focused offering, a \$150 million global technology strategy with an Asian bias and a \$300 million India-focused fund. The firm has

seen an increase in the number of meetings with potential investors, which it hopes may lead to more allocations, CEO **Bill Maldonado** told *AIN*. None of the three funds have any immediate capacity constraints.

It's difficult to convince investors of the merits of a market-neutral strategy in a bull market, as the strategy type generally doesn't generate the same levels of returns as directional funds, said Maldonado. In a falling market however, investors are increasingly looking to offerings that have less directional exposure, he added. The fact that leverage is becoming more expensive and less available is also adding to market-neutral's appeal.

Volatility is creating opportunities due to the wide dispersion

Europe (cont'd)

between stocks, said Maldonado. This is both in terms of the absolute volatility of the indices, and the internal volatility within sectors in the indices.

Halbis manages nearly \$2 billion in alternatives.

Arsago Gains With Global Macro Fund



Dieter Lüscher

Arsago Group's global macro fund is up 12.56% this year through October. The key driver behind this has been its agility and highly-liquid positions, said **Dieter Lüscher**, who works in marketing and client relations at the Hurden, Switzerland-based firm. The whole portfolio can be liquidated within 24 hours, and the firm has been able to quickly alter market exposure as volatility dictates, he explained. The \$75 million *Arsago Global Macro Opportunities* fund trades fixed income, currencies, equities and precious metals.

The fund is managed by **Jens Stehmann**. CIO **Christof Schöning** left after just a few months on the job to take time off from the industry and will not be replaced.

All of Arsago's funds are in the black for the year through October. Its short-term interest rates trading fund (*STIRT*) is up 3.04% and the currency strategy has returned 0.72%. *Arsago Multistrategy*, which invests across those two funds and the global macro offering, is up 0.13%.

think it will be another one or two quarters before we see a trough in the real economy globally is seen. Asian economies have been responding to global events with a lag. Policy response has also lagged; a fiscal and monetary stimulus should come to the region soon, especially in China. That said, any fundamentally driven equity market rally will soon run into a valuation barrier. It is liquidity conditions, and their impact on the pricing of risk in the world capital markets, that will determine the power and longevity of the current rally.

Although the resumption of earnings growth in Asia may be way off, improving liquidity conditions and some compelling valuations lead Paterson and Riley to believe that Asian equities can perform well in the short term. From their lows of late October to a 30-40% rally is in the cards, provided the financial system continues to re-price risk more favorably and the dollar weakens as a result. Should such a rally materialize, the fund will face a valuation barrier that will be hard to cross in the absence of earnings growth and a pullback from such levels would not be a surprise.

The Singapore-based manager oversaw \$16.76 million in the Asia Opportunities Fund as of Nov. 1 and is up 10.46% since inception in June 2007. Its biggest exposures, sector-wise, are financials (21.63%), industrials (18.61%), communications (12.56%), real estate (11.98%) and energy (11.44%). Hong Kong and Singapore account for over half of its country exposure at 27.26% and 23.45%, respectively, with 11.62% allocated to Malaysia and 9.86% in Thailand.

Asia Pacific

Riley Patterson Opps Fund Down -1.33% In Oct., Up 6.56% YTD

Riley Patterson Investment Management's *Asian Opportunities Fund* returned -1.33% in October but is still in positive territory on the year and is far from the negative territory seen by the Asia-Pacific ex-Japan index, which returned -24.5% for the month and is down 54% on the year. With most economists predicting a global recession and mounting redemption pressure, the month's selloff presented buying opportunities. The fund bought Asian equities towards the end of the month aiming to make money on the bounce, betting that it was a good bet that prices wouldn't fall much further unless "some very bad news" came up. Going forward, the fund is focused on buying good quality infrastructure assets, bond proxies (telecoms), banks and selected property companies and remains cautious on real economy cyclical stocks.

The fund's managers, **Daren Riley** and **Stewart Paterson**,

Status Of Qinhan China Fund Unknown

Qinhan Capital Management's *China Fund*, one of 2007's top performers, is apparently closed—at least to outside money. Fund of funds managers that *AIN* spoke to said the fund stopped reporting roughly six months ago when it was unable to value a significant portion of its portfolio and could not produce a NAV. Money has reportedly been returned to investors. CIO **John Li Huaizhong** could not be reached by phone and emails to him were not returned. There is some speculation that the fund is still running with Li's money alone, and there is a possibility that it could open up again when conditions improve.

When it launched in 2005, the Greater China strategy sought absolute returns through long/short strategies in convertible bonds, equities, fixed income, closed-end funds and overseas-listed securities of Chinese companies. It returned 3.1% in 2005; 69.4% in 2006; 123.7% in 2007 and was down 7% when it last reported in January 2008. As of then, Qinhan oversaw roughly

Asia Pacific (cont'd)

\$112 million in the China Fund. Li is a veteran of **Deutsche Morgan Grenfell** and **China Southern Fund Management**.

Platypus Mulls 'Deflation' Fund

Platypus Capital Management is examining the possibility of a deflation-focused long/short fund that would focus on stock price volatility and momentum. It will take several weeks of testing to see if such a strategy is feasible, said **Derek Sicklen**, partner, adding that investor psychology in deflationary and inflationary/growth environments is quite different. He declined to elaborate on how such a strategy might work.

Platypus's three-month-old long/short Asia momentum fund is up since it launched in September and should roughly double its assets to \$20 million at the end of the month after its Swiss seed investor further commits to the strategy. The fund was up 0.31% in September, 2.14% in October and returned an estimated -0.05% in November.

The Asia strategy is currently running 25% short, which is as far as it can go. Its short positions were put together before the bans came into effect and the portfolio doesn't have high turnover, said Sicklen. The fund's largest positions are in Australia and Japan; it also invests in Hong Kong, Korea and Taiwan.

Platypus began fundraising in Asia three or four weeks ago and London is its next target. It will avoid North America for now while the fund's track record is so short and its asset base is still relatively small. The firm also manages an Australian long/short fund.

Shariah Products On The Rise In Asia

Financial institutions in Asia are seeing growth in sales of Shariah-compliant cross-currency swaps and profit-rate swaps to Islamic institutions in Asia. **Quedeer Latif**, partner and head of Islamic finance at **Clifford Chance** in Dubai, said in the last 12 months the number of financial institutions asking about such products has grown significantly.

"We were typically supplying these for specific structured products [investment houses]. In the last year, we have done transactions for five different international banks and two regional banks in Asia."

Latif, who declined to name the parties involved, said the key driver behind the growth is that Islamic financial institutions have become more aware of balance sheet and portfolio risk, largely as a result of the continuing economic crisis which has already brought down **Bear Stearns** and **Lehman Brothers**. Key areas of demand for products include Malaysia and Singapore—which are both key

Islamic financing hubs in Asia—for shariah compliant cross currency swaps although Latif said Hong Kong was steadily creeping up the curve. "Hong Kong [institutions] are looking into it with a view of a conventional bank looking to sell to a Malaysian counterparty, for example, rather than for their own purposes."

Akshayam Prepares For January Launch

Singapore-based **Akshayam Capital** is closing in on a launch in early January of its Asia (ex-Japan and Australia) long/short fund. **Kedar Wagle**, who will head the firm with **Ajay Sharma**, said the sum it will be working with at launch is still a work in progress, but should be between \$20-30 million. It expects to open to subscriptions in the first few days of the new year and will start investing about two weeks later. Wagle and Sharma, both bottom-up stock pickers, are seeking assets from investors across the globe and have thus far achieved a diversified client roster.

The fund could have opened in early December, Wagle said, but saw no benefit in doing so, seeing as many investors are in year-end mode. The fund will have a balance of long and short positions, utilizing high-conviction bets on both sides, based on thorough fundamental analysis with no directional plays. Its return target is 20-30%. Wagle declined to comment about fees. The strategy should be scalable, since it will focus on large-cap stocks. Akshayam means 'unlimited or 'long life' in Sanskrit.

Everest Babcock & Brown To Examine Options, Rename

Sydney-based absolute return manager Everest Babcock & Brown is exploring its options with its *Alternative Investment Trust* (EBI), which will delist Dec. 31. The firm, which will rename itself **Everest Financial Group**, is juggling the best interests of activist investors and smaller shareholders, said **Gary Kalmin**, head of corporate development.

Man-based activist firm **Laxey Partners**, a 17% shareholder, wants EBB to either wind up or shuttle the fund off to another manager—a position adopted at the eleventh hour by **Carousel Partners**, another activist investor with an 18% stake. Meanwhile, unitholders who favor delisting the fund got an endorsement by way of a **PricewaterhouseCoopers** report. The matter has been put on hold until Jan. 21 while the firm deliberates.

Laxey and Carousel support having another Australian manager, **Permanent Investment Management**, take over the fund. Kalmin said that probably isn't practical. The fund has

Asia Pacific (cont'd)

some long-dated positions and a leverage facility with **Macquarie Bank** that may give them preference over investors on repayment in case of default. Kalmin said EBB will consider every possibility.

Separately, the fund has decided to change its name to **Everest Financial Group** to reflect the results of a strategic review announced Nov. 19 by its partner, investment and advisory firm **Babcock & Brown**, which will become a specialist infrastructure investment business. It is in recognition of the limited strategic overlap between EBB and its troubled partner, whose share price has plummeted this year to AUD0.25 from over AUD28 and has filed to suspend trading.

Also on Nov. 21, EBB announced that it would take a non-cash write down of AUD186.3 million, the value of the intangible assets in the Alternative Investment Trust. It has also extended the offer period for a 10% shareholder withdrawal offer to Dec. 12 due to deteriorating market conditions. Shares will be bought back at about AUD2.59 per unit vs. the most recent share price of AUD1.15.

EBB had roughly AUD2.4 billion under management as of

Sept. 30, the lion's share coming from the Alternative Investment Trust. Overall, through its **Everest Capital** unit, the firm is trustee or manager of 18 wholesale funds.

Sunz Seeking Funding For Vol Arb Fund

Hong Kong's **Sunz Capital** is seeking funding for a global multi-asset volatility arbitrage strategy it hopes to launch sometime toward the end of the first quarter. A Sunz official said he hopes to amass around \$50 million and is seeking support from funds of funds in Europe and North America. If the firm fails to raise at least \$30-40 million, the fund may not launch.

The strategy will allocate roughly 75% in Asia and 25% in Europe and will be purely volatility arbitrage and almost market neutral. It will try not to be directionally driven and will seek to generate a return of 18-20%.

Sunz has lined up an administrator, **HSBC**, and a prime broker, **Deutsche Bank**. Fees will be the standard 2/20, but will be negotiable if the fund sees "a solid strategic partner."

Short Takes

Short Takes features stories from other news sources and firm announcements. AIN does not guarantee the completeness or accuracy of stories gleaned from other sources, though they are believed to be reliable.

Tudor Halts Redemptions

Paul Tudor Jones has halted redemptions from his \$10 billion flagship *Tudor BVI Fund* until he restructures it to segregate the toxic assets. Investors were trying to redeem 14% from the fund, which would have left others with a large proportion of illiquid assets relating to corporate credit in emerging markets. (*Financial Times*)

Carlyle Abandons Lehman's Neuberger Berman

Private equity giant **Carlyle Group** has decided to back away from the bidding for the **Lehman Brothers Holdings** money management unit **Neuberger Berman**, which is now on the auction block in bankruptcy court. (*Bloomberg*)

TCI Raises Exposure To Credit Cards

The **Children's Investment Fund (TCI)** has taken a 1.5% stake in **Visa** and also raised its holding in **MasterCard** to over 6%, taking its combined investment in the credit card companies to one-fifth of its funds. The London-based hedge fund has also increased its stake in the **Chicago Mercantile Exchange** to just below 4%, valued at \$750 million. (*Financial News*)

Fortress Freezes Redemptions On Global Macro Fund

Fortress Investment Group has halted withdrawals from its largest hedge fund, *Drawbridge Global Macro Fund*, following investor redemption requests for \$3.51 billion by year's end (*Bloomberg*)

Augustus Doubles Assets In Macro Fund

London's **Augustus Asset Managers** said assets under management in its fixed income and currency macro hedge fund have moved against market forces and doubled in the year through October. The *JB Global Rates Hedge Fund* grew during the period to \$308.8 million from \$134.8 million, partly thanks to returns of 13.56%. (*Reuters*)

Man Consolidates Two Alts Arms

Man Investments is fusing two of its main alternative investment management units—**Glenwood Capital Investments** and **Man Global Strategies**, to form **Man Glenwood Strategies**. The new unit will be based in Chicago and run by Glenwood Capital President **John Rowsell**, who was appointed cio. (*Pensions & Investments*)

Banks More Leveraged Than Hedgies, Man Says

Man Group's CEO Peter Clarke believes that banks are more leveraged than hedge funds and bank deleveraging is behind much of the asset-price drops. Leverage across the hedge fund industry is now about one-third of the 2007 levels. (*Reuters*)

JPMorgan Sues Perot's Firm

Parkcentral Capital Management has reportedly missed a margin call just days shy of plans to liquidate a fixed income hedge fund, according to a lawsuit filed by JPMorgan Chase. (*FINalternatives*)

Matrix Pulls Back From Gottex

London asset manager Matrix's *Bastion* fund of hedge funds is redeeming from strategies run by Gottex Fund Management because Gottex has suspended redemptions from two of its own products—*Gottex Market Neutral* and *Gottex Market Neutral Plus*, in which Bastion had invested \$28 million. (*Financial News*)

Hedgies Happy To Have Jobs

Job Search Digest is set to release the results of a new survey that indicates a shift in the hedge fund industry that is aligning hedge fund employees with other workers that are appreciative to be employed. Of those surveyed, 42% are happy with their current pay, up from 25% last year.

Deutsche Arm To Buy Stake In Rosen

Deutsche Bank Asset Management's alternatives asset management unit RREEF Alternative Investments has inked a deal to buy a significant minority stake in long/short real estate investment advisor Rosen Real Estate Securities.

Institutional Investors Sit Still In Hedge Funds

New research from U.K. firm Preqin indicates that most institutional investors view hedge funds as a long-term investment option, with 46.6% maintaining a positive outlook about investing in hedge funds.

U.K. PE Firm Hires Renewables Pros

HgCapital, the U.K.-based mid-market buyout firm, has hired Luigi Pettinicchio and Luis Quiroga as associates in its seven-member renewable energy sector investment team, led by Tom Murley. The two are power and utilities specialists.

Asia Alternatives Raises \$950M For FoF

Private equity fund of funds firm Asia Alternatives has closed its *Asia Alternatives Capital Partners II* at \$950 million, beating its original target of \$850 million. The fund will focus on top-performing local Asian fund managers, with a geographic focus on Greater China, Japan, Korea and India. (*Asian Investor*)

BlueBay Shuttters EM Fund

BlueBay Asset Management has closed its long/short emerging markets fund after losing about \$600 million worth of assets, primarily due to October and November volatility. The fund's Co-Manager Simon Treacher has resigned after violating the internal valuation policy. The other Fund Manager, David Dowsett, will remain and assume management of the long-only portfolio and the long/short fund until it is closed. (*Reuters*)

Delta Partners Earmarks \$80M For African Telecom

Private equity fund Delta Partners plans to invest \$80 million in medium-sized companies in emerging markets, with a telecom and media focus. The standard investments will be around \$5-15 million, with the first investment in South Africa expected in the next six months. (*Business Report*)

PE Appoints Brazil Head

General Atlantic has appointed Fernando Marques Oliveira as managing director to lead the firm's Latin American investment program and its office in Sao Paulo, Brazil. (*Private Equity Online*)

Greenwich Financial Sues Countrywide

Bank of America Corp. subsidiary Countrywide Financial Corp. is being sued by Greenwich Financial Services Fund over claims that an agreement to trim payments on mortgages by \$8.4 billion would harm investors. (*Bloomberg*)

Phaunos Invests In Timber

Phaunos Timber Fund is looking to enter the East African timber market with a \$22.7 million investment in Norwegian company Green Resources, via a private placement of the company's equity for an undisclosed stake.

Mentor Avoids Redemptions

Mentor Capital's main hedge fund has not experienced any redemptions during the period of financial crisis and continues to beat the *S&P 500* index by about 15%. The fund is debt-free and has no exposure to financial companies, sub-prime or mortgage related securities. (*Market Watch*)

Investors To Sell \$140B PE Assets

Investors are expected to sell off \$140 billion in private equity investments in the next one and a half years, as the five year boom in the industry comes to an end. Pension funds, endowments, banks and insurance companies are all set to liquidate their private equity holdings as their value declines, sustaining losses in the process. (*The Financial Times*)

Mandate Scoreboard

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The table below shows new allocation commitments gained by alternative managers year-to-date through December 3. The 2007 column denotes last year's ranking. Wins represent the number of new mandates the firm has won this year. All amounts are in US\$ millions.

2008 Tally									
Rank	2007	Firms Hired	Wins	Total	Rank	2007	Firms Hired	Wins	Total
1		J.C. Flowers & Co.	1	4000	71		Triton Capital Management	2	221
2	4	Kohlberg Kravis Roberts & Co.	4	3910	72		TCW/Crescent Mezzanine	3	220
3		TPG Capital	12	3000	73	39	Adams Street Partners	6	218
4		GLG Partners	2	2974	74	349	Siguler Guff & Co.	12	216
5	3	CVC Capital Partners	9	1540	75	8	Lehman Brothers	6	215
6	34	PIMCO	10	1347	76		Aisling Capital	3	205
7	99	Credit Suisse	8	1224	77		The Banc Funds Company	2	200
8	5	The Blackstone Group	12	1186		97	The Jordan Company	2	200
9	165	Alinda Capital Partners	9	1095			State Street Global Advisors	2	200
10	131	BridgePoint Capital	6	1075	80	211	Cerberus Institutional Partners	1	200
11	110	Barclays Global Investors	10	998			HSBC Private Equity	1	200
12		First Reserve Corporation	8	970			Invesco Private Capital	1	200
13	15	Bridgewater Associates	2	900		50	Mariner Partners	1	200
14	63	Advent International	9	897			Noble Environmental Power	1	200
15	21	Goldman Sachs Asset Management	7	770	85		ABN AMRO Asset Management	1	196
16		FountainVest	4	689			Capital Dynamics	1	196
17		Stone Harbor Investment Partners	1	650	87	72	Abbott Capital Management	5	195
18	12	EnTrust Capital	40	645	88		Highland Capital Management	2	190
19	6	Carlyle Group	6	636	89	77	AXA Rosenberg Investment Management	1	190
20	48	Ares Management	4	620	90	208	Quantum Energy Partners	3	180
21	80	JPMorgan Asset Management	5	611	91	349	Austin Capital Management	2	180
22	23	Texas Pacific Group	3	580	92		RCG Longview	1	175
23	125	Nordic Capital	4	558	93	43	Lexington Partners	4	172
24		Lone Star Funds	2	550	94	106	EIM Group	1	170
25		Riverstone/Carlyle	2	530	95		Towerbrook Capital Partners	4	165
26	57	Baring Asset Management	5	517		149	Vista Equity Partners	4	165
27	141	Charterhouse Capital Partners	5	510	97		AnaCap Financial Partners	1	165
28		Capital Guardian Trust Company	1	500	98		Levine Leichtman Capital Partners	4	160
	332	Deutsche Asset Management	1	500	99	27	New Mountain Capital	3	160
	111	Mellon Capital Management	1	500	100		Evergreen Pacific Partners	2	150
31		Apollo Investment Corporation	7	494	101		Emerald Infrastructure Development Fund	1	150
32		Madison Dearborn Partners	7	480			Glencoe Capital Partners	1	150
33		Jennison Associates	1	450			Huntsman Gay Capital Partners	1	150
		T. Rowe Price	1	450			Landmark Partners	1	150
35	13	Avenue Capital Management	3	449			Versa Capital Management	1	150
36		Welsh, Carson, Anderson & Stowe	6	410	106		Angelo, Gordon & Company	3	145
37	57	Grove Street Advisors	1	400		349	Yucaipa American Funds	3	145
	178	Pathway Capital Management	1	400	108	24	K2 Advisors	2	140
39	60	Mesirow Financial	4	398	109		Macquarie Bank	1	140
40	36	Partners Group	8	381	110	162	Henderson Global Investors	1	139
41		LBC Credit Partners	1	375	111		Private National Mortgage Acceptance Company	1	139
42	261	Lazard Asset Management	2	354	112		ABRY Partners	3	125
43		Onex	4	350	113	71	UBS Global Asset Management	6	123
44		Franklin Templeton Investments	1	350	114		Odyssey Investment Partners	2	120
45		Apollo Alternative Assets	3	344	115		Gold Hill Venture Lending Partners	2	119
46		Lindsay Goldberg & Bessemer	4	340	116		Harris Alternatives Investment Mgt	2	118
47		Smith Breeden Associates	1	311	117		Great Hill Partners	4	115
48	89	Macquarie Infrastructure Group	6	305	118	80	Hancock Timber Resource Group	4	110
49		Fortress Investment Group	1	300	119	39	Adams Street Partners	3	105
	44	FrontPoint Partners	1	300	120		AP Alternative Assets	2	100
	22	Oak Hill Capital Partners	1	300		90	Farallon Capital Management	2	100
	211	Industry Fund Services	1	300		224	Marathon Asset Management	2	100
53	49	Wayzata Investment Partners	3	295		106	Pacific Alternative Asset Mgt Co.	2	100
54		CDH Investments	1	291	124		AvalonBay Communities	1	100
		Hony Capital	1	291			Capstone Asset Management Co.	1	100
56		HgCapital	3	287			Evnine-Vaughan Associates	1	100
57	142	Babcock & Brown	5	279			Fillmore Capital Partners	1	100
58	148	Sankaty Advisors	4	270		78	Green Equity Advisors	1	100
59	80	Schroder Investment Management	3	270			JLL Partners	1	100
60		Summit Partners	4	260			Knight Vinke Asset Management	1	100
61	105	HarbourVest Partners	9	251			LP Capital Advisors	1	100
62	178	Asia Alternatives Capital Partners	3	250		337	Molpus Woodlands Group	1	100
63		JPMorgan Private Equity Fund Services	2	250			Pershing Square Capital Management	1	100
64		Tenaska Capital Management	4	240			Strategic Capital Management	1	100
65	19	BlackRock	11	239			Treesdale Partners	1	100
66		Gresham Investment Management	2	235			Varde Partners	1	100
67		Actis	2	230					
		Selene Investment Partners	2	230			WLR Recovery Fund	1	100
69		Barlow Partners	2	225					
70	26	WL Ross & Co.	1	225	138		TechInvest	1	98

Mandate Scoreboard (cont'd)

2008 Tally									
Rank	2007	Firms Hired	Wins	Total	Rank	2007	Firms Hired	Wins	Total
139	9	Pantheon Ventures	4	96	176		Aldus Equity Partners	2	60
140	72	Abbott Capital Management	3	95			Brevan Howard Asset Management	2	60
141	204	Lime Rock Partners	2	95			Caltius Capital Management	2	60
	284	Starwood Capital Group	2	95			Clessidra Capital Partners	2	60
143		Sun Mountain Capital	1	90		46	Platinum Equity	2	60
144	89	Macquarie Funds Management	4	86	181		Chicago Equity Partners	1	60
145	284	ARCH Venture Partners	1	86			GenNx360 Capital Partners	1	60
		Celtic House	1	86			Mesirov Asset Management	1	60
		Kearny Venture Partners	1	86			Milestone Partners	1	60
		VantagePoint Venture Partners	1	86			Ruffer Investment Services	1	60
		Ventures West	1	86			Split Rock Partners	1	60
		Walden International	1	86	187	14	GAM	2	57
151	51	TCW Group	5	85	188		AMP Capital Investors	2	56
152		Longitude Capital Management	4	85			ANZ Asset Management	2	56
153		NuVista Energy	1	84	190	140	Wellington Management Company	3	54
154		Morgan Stanley Investment Management	4	82	191	126	Aetos Capital	2	53
155		Grosvenor Group	1	81	192		Advent Capital Management	3	52
156		GI Partners	2	80	193	264	LGT Capital Partners	2	51
157		Hutton Collins & Company	1	78			The Riverside Company	2	51
158	318	Horsley Bridge Partners	2	75	195	93	Exponent Private Equity	1	51
		LIM Advisors	2	75	196		Aberdare Ventures	1	50
160	178	American Securities Capital	1	75			Apax Europe	1	50
	72	BLUM Capital Partners	1	75		247	Cardinal Partners	1	50
		Candover Investments	1	75			Citi Alternative Investments	1	50
		Caspian Capital Partners	1	75		124	Davidson Kempner International Advisors	1	50
		Catterton Partners	1	75			Edgewater Funds	1	50
		Crow Holdings	1	75			Essex Woodland Health Ventures	1	50
		Falcon Partners	1	75			Five Arrows Leasing Group	1	50
		Ironbound Capital Management	1	75			Fore Convertible Fund	1	50
	40	PAI Management	1	75			GoldenTree Asset Management	1	50
169		BlueOrchard Investments	1	74			GSO Capital Partners	1	50
170		Clayton, Dubilier & Rice	2	70			International Investment Group	1	50
		LLR Equity Partners	2	70		222	KSL Capital Partners	1	50
172		Southwest Funding	1	69			Lydian Overseas Partners	1	50
173		EACM Advisors	1	68			Orleans Capital Management	1	50
174	64	Natural Gas Partners	2	65		221	Oz Management	1	50
175		Aristeia International	2	63			Pinnacle Asset Management	1	50

This Week's Completed Mandates

2008 Tally					Week of December 1 Wins		
Rank	2007	Firms Hired	Wins	Total	Client	Asset Type	Amount
8	5	The Blackstone Group	12	1186	Massachusetts Pension Reserves Investment Management Board, Massachusetts	Private equity	100
15	21	Goldman Sachs Asset Management	7	770	Chicago Firemen's Annuity & Benefit Fund, Illinois	Private equity	8
20	48	Ares Management	4	620	New York State Common Retirement Fund, New York	Private equity	100
40	36	Partners Group	8	381	Alameda County Employees Retirement Association, California	Private equity	20
					Bedrijfspensioenfondsvoor de Agrarische en Voedselvoorzieningshandel, Netherlands	Private equity	6
46		Lindsay Goldberg & Bessemer	4	340	Personalfürsorgestiftung der Ringier Gruppe, Switzerland	Private equity	N/A
65	19	BlackRock	11	239	Alameda County Employees Retirement Association, California	Private equity	45
73	39	Adams Street Partners	6	218	Balch & Bingham, Alabama	Not specified	N/A
74	349	Siguler Guff & Co.	12	216	Chicago Firemen's Annuity & Benefit Fund, Illinois	Private equity	8
76		Aisling Capital	3	205	The Baptist Foundation of Oklahoma, Oklahoma	Distressed debt	5
114		Odyssey Investment Partners	2	120	New York State Common Retirement Fund, New York	Private equity	45
					Massachusetts Pension Reserves Investment Management Board, Massachusetts	Private equity	100
237		Sevin Rosen Funds	1	30	New Mexico Educational Retirement Board, New Mexico	Private equity	30
262		Ascent Venture Partners	1	25	New York State Common Retirement Fund, New York	Private equity	25
285	323	Kayne Anderson Rudnick Investment Management	1	20	New Mexico Public Employees Retirement Association, New Mexico	Private equity	20
300	265	Winton Capital Management	1	19	Mercer, Australia	Not specified	19
302	103	Global Infrastructure Partners	2	18	Nobel Foundation, Sweden	Infrastructure	10
326		Jerusalem Venture Partners	1	10	New York State Common Retirement Fund, New York	Private equity	10
326		JPMorgan Chase	1	10	Contra Costa County Employees Retirement Association, California	Private equity	10
359		Condor Capital Management	1	5	Nobel Foundation, Sweden	Private equity	5
359		Excelsior Capital Management	1	5	Austin Police Retirement Fund, Texas	Hedge funds	5
385		Bank Sarasin	3	N/A	Personalfürsorgestiftung der Ringier Gruppe, Switzerland	Commodities	N/A

For a complete listing of the Mandate Scoreboard, please visit www.totalalternatives.com

Alternatives Manager Search Directory



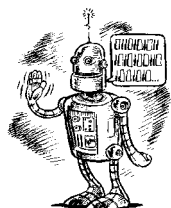
The following directory includes search activity for the week. The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed. All amounts are in US\$ millions unless otherwise stated.

Fund & Location	Total Assets	Mandate Size	Mandate Region	Asset Type	Consultant	Comments
Ann Arbor Employees Retirement System , Mich.	422	5	US	Hedge funds	Gray & Company	The fund has withdrawn its \$5 million commitment to HRJ Capital due to personnel changes. It will decide whether to seek a replacement or place the assets with its other hedge fund incumbent BlackRock.
Austin City Employees Retirement System , Texas	1,200	-	US	Not specified	Summit Strategies Group	The fund is considering allocating to alternatives for the first time. It has plans to establish an allocation target for the asset class but a timeframe for its decision has not been established.
Dai-ichi Mutual Life Insurance Company , Tokyo	349,000	6,980	Global	Not specified	None	The firm will re-visit its plan to increase its alternatives exposure to 5% from 3%. Within this, the firm plans to increase its allocation to hedge funds to 3% from less than 2% at present. No specifics regarding a timeframe, manager search or funding have been set yet.
Ferris Foundation , Big Rapids, Mich.	35	-	US	Not specified	Fund Evaluation Group	The foundation is considering investing in alternatives for the first time to diversify risk. It has not targeted an asset class or an investment size. A decision may be made upon the completion of its portfolio review, which is scheduled for January 2009.
Golden Gate University , San Francisco, Calif.	50	-	US	Not specified	None	The endowment is considering a first-time commitment to alternative strategies in the second quarter of next year. A decision will be made pending the results of its trustee meeting, scheduled for the first quarter of 2009.
Nationwide Building Society Pension Fund , Swindon, U.K.	2,559	-	Global	Not specified	Hewitt Associates	The scheme is in the midst of raising its alternatives allocation as part of its long-term strategy. It is analysing all alternatives except private equity and is in discussions with its incumbent managers and its consultant Hewitt. It may hire additional managers if required.
Nationwide Building Society Pension Fund , Swindon, U.K.	1,750	17.5	Global	Hedge funds	Hewitt Associates	The scheme may double its exposure to hedge funds to 2% in the coming year.
New Mexico Public Employees Retirement Association , Santa Fe	8,500	-	US	Not specified	Cliffwater, LLC	The fund has plans to diversify its alternatives portfolio and may target timber and treasury inflation-protected bonds for long term investments. A timeframe for its decision has not been established.
Nobel Foundation , Stockholm	431	1,440	Global	Not specified	None	The scheme is planning to gradually increase its allocation to alternatives to 20% from 16% and it may hire additional external managers. The final decision will be taken in early 2009.
Ohio Bureau of Workers Compensation , Columbus	16,000	-	US	Not specified	Mercer	The plan is considering a maiden allocation to alternatives. It has not targeted a strategy, an investment size or the funding source for the potential commitment.
Pirelli Tyres 1988 Pension and Life Assurance Fund , Staffordshire, U.K.	212	-	Global	Infrastructure	Mercer	The scheme may introduce infrastructure to its asset pool and may hire an additional manager for the potential commitment.
SCA U.K. Pension Plan , Kent, U.K.	1022	-	Global	Private equity	Mercer	The scheme is examining a move into private equity by mid-2009. A final decision will be made following an asset-liability matching study scheduled for the middle of next year.
Stichting Pensioenfonds Tandartsen en Tandarts-Specialisten , Bilthoven, Netherlands	1,641	-	Global	Not specified	AZL	The scheme is analysing alternatives with a view to making a maiden investment when market conditions improve. It is analysing various asset classes such as commodities and hedge funds.
Superannuation Trust of Australia (AustralianSuper) , Melbourne	18,003	-	Global	Private equity	Unknown	The scheme is evaluating opportunities in private equity with a view to making further investments in the asset class. It may hire additional asset managers to handle the move.
Teacher Retirement System of Texas , Austin	96,000	150	US	Private equity	The Townsend Group	The fund plans to make an investment of \$150 million in mezzanine debt and is considering the Prudential Mezzanine Fund for the investment. There isn't a timeframe for final decision.
Telstra Super , Melbourne	6,435	1,000	Global	Not specified	Unknown	The fund is in the midst of reviewing its alternative portfolio that invests in absolute return, hedge funds, private equity and infrastructure and holds assets of more than AUD1 billion. A final decision on any changes will be made by March next year.
New Hampshire Retirement System , Concord	5,500	60	US	Private equity	NEPC	The fund plans to invest \$60 million in private equity next year. This includes \$30 million in secondary investments, \$20 million in mezzanine investments and \$10 million in distressed investments. It also plans to invest an additional \$60 million each year through 2011, in order to reach its 4% target.

For further information on iisearches' daily search leads and searchable database of mandates awarded and lost since 1995, please visit iisearches.com or contact Keith Arends at 212 224 3533 or karends@iinews.com.

Alternatives Manager Search Directory (cont'd)

Fund & Location	Total Assets	Mandate Size	Mandate Region	Asset Type	Consultant	Comments
New Mexico Public Employees Retirement Association , Santa Fe	8,500	-	US	Not specified	Cliffwater, LLC	The fund is seeking to diversify its alternatives portfolio and is considering first time allocations to energy and commodities next year.
Texas Permanent School Fund , Austin	25,000	-	US	Private equity	R.V. Kuhns & Associates	The fund has selected Credit Suisse, Hamilton Lane Advisors, Neuberger Berman, Partners Group and Portfolio Advisors as finalists, in its search for a private equity specialist advisor and/or fund-of-funds manager.
Tong Yang Investment Trust Management , Seoul	1,146,471	-	Global	Commodities	None	The scheme has postponed its plans for a commodities allocation to next year.



Data Zone

PERFORMANCE SNAPSHOT: FUNDS OF FUNDS HEDGE FUNDS

The table below displays some of this year's top performing funds of funds hedge funds, according to data provided by Eurekahedge.



Fund	Manager	Region	Oct. '08 Return	2008 Return	2007 Return	Annualised Std. Deviation	Sharpe Ratio	AuM (US\$ Million)
Eurekahedge Fund of Funds Index			-5.63	-16.77	10.30	5.30	0.30	
Fund of Funds								
ACL Alternative Fund	Abbey Capital	Global	12.80	31.35	7.56	14.98	0.64	740
Patronus Invest SPC Enhanced Segregated Portfolio	Patronus Select	Global	13.60	30.55	16.41	21.80	0.99	Not Disclosed
Benchmark Plus Large Cap Bear + Alpha Fund	Benchmark Plus Management	North America	13.91	24.49	4.41	15.69	0.35	258
PARADIGM Futures Fund I	PARADIGM Capital Management	Global	-0.48	23.08	13.65	22.15	0.34	41
Potomac Select LLC - Series III	Potomac Portfolios	Global	3.42	22.53	2.28	11.13	0.58	7
Patronus Invest SPC Best Segregated Portfolio	Patronus Select	Global	8.62	19.22	13.27	12.10	0.74	Not Disclosed
SGAM AI CTA Diversified Fund	SGAM Alternative Investments	North America	4.81	17.47	10.67	13.23	0.74	81
Princeton Futures Fund	6800 Capital	North America	2.53	17.32	11.89	14.74	0.67	15
AGR Power Offshore	AC Investment Management	Global	1.40	17.16	29.62	11.83	1.58	130
Eddington Macro Opportunities Fund	Eddington Capital Management	Global	3.39	16.97	3.73	17.10	0.68	98
Alteram Strategie Futures	UFG Alteram	Global	7.43	16.25	4.73	10.28	0.43	38
Princeton Futures Fund	6800 Capital	North America	2.58	15.89	12.48	13.33	0.33	7
Tremont Trading Fund - Tredia Performance Fund	Tremont Partners	Global	4.75	15.27	22.48	8.94	1.50	178
Centennial Global Macro Fund	Teorema Asset Management	Global	14.36	14.64	10.55	12.03	0.28	19
HI Varengold CTA Hedge	Centennial Partners	Global	1.20	14.49	18.15	8.54	1.39	236
Altin:Fund	Lyxor Asset Management	Global	9.31	14.38	7.89	8.05	0.69	41
Balestra Spectrum Fund	Altin Holdings	Global	3.10	13.43	9.23	18.77	0.45	8
SC Trend Fund	Balestra Capital	Global	2.61	12.52	75.90	11.85	1.23	88
Lighthouse Managed Futures Fund Trend	Swiss Capital Alternative Investments	Global	3.90	12.50	9.08	6.84	0.67	122
	Lighthouse Investment Partners	Global	5.44	12.48	11.57	12.14	0.57	241
Other Fund of Funds Indices								
Eurekahedge Emerging Markets Fund of Funds Index			-9.96	-24.78	21.53	9.86	0.68	
Eurekahedge CTA Fund of Funds Index			2.81	6.83	9.04	8.17	1.42	
Eurekahedge Long / Short Equities Fund of Funds Index			-7.62	-23.58	11.65	7.28	-0.03	
Eurekahedge Multi-Strategy Fund of Funds Index			-5.63	-16.57	10.40	5.16	0.35	

Notes:

* Ranked by 2008 YTD Return

* Based on all funds reporting their Oct-08 returns as at 03-December-2008

Eurekahedge Commentary

Sharply volatile and down-trending markets, coupled with redemption pressure from investors and portfolio deleveraging, continued to weigh heavily on hedge fund managers in October. As a result, Sep- and Oct-2008 marked the worst two months in nearly a decade for the composite Eurekahedge hedge fund and fund of funds indices. The Eurekahedge Fund of Funds Index shed 5.6% on the month (-6.1% in Sep-2008), as underlying hedge funds took heavy losses (-4.7% on average) amid supremely choppy markets; the volatility index, VIX, breached a record-setting 90 points during the month.

The month's losses were brought on by an environment of tightening credit conditions and heightening expectations of a global economic slowdown; the MSCI World Index and the Reuters CRB Index shed 19.1% and 18.3% respectively, in October. This gives an indication of the phenomenal job that fund managers have done in terms of stemming losses and outperforming the markets, especially in an environment of deleveraging.

Exposure to most hedge fund strategies resulted in losses during the month. The sole exceptions were CTA/managed futures allocations (+2.8% on average), as underlying funds profited from directional trades in the currency and commodity markets as well as short-term volatility plays.

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CTAS REACH

(continued from page 1)

high risk level” of about 30%. Throughout the year Abacus has taken down its leverage to about 5%, a level Van Essen called record low.

Of the 18 CTA strategies on Lyxor Asset Management’s multi-billion euro platform, Nathanael Benzaken, managing director of hedge fund research, said prior to May 2007 margin-to-equity levels were averaging about 12-17%. Now, that average is 5-6%. Ned Parrish, managing director at Quantitative Asset Management, which manages \$3 billion in its CTA/managed futures fund *Global Partners*, noted that his fund’s margin-to-equity ratio is as low as its ever been. Historically, *Global Partners*’ margin-to-equity is 12%, but now it is in the low single digits, Parrish said.

Van Essen said he typically doesn’t make changes to his strategies unless something is wrong, but at the end of 2007, even though Abacus’ fund was up 45%, Van Essen worried about the increasingly high volatility levels. “We were making money, but we didn’t want to scare people away with volatility,” he explained. “If you make 80% do you really need to make 160% with double volatility? No.” Abacus’ CTA strategy is up 80% year-to-date.

Benzaken also noted that in the past CTA managers were

able to lower risk by diversifying investments among different sectors, such as securities and equities. Now, however, there has been an increase in correlation in performance in these markets, so the only way to reduce risk is by lowering margin-to-equity levels.

Van Essen said Abacus is so pleased with CTA strategies in general this past year that the firm is planning to launch a fund in the first quarter to allocate capital to six-to-seven CTA strategies using an algorithmic model. It appears others are following suit and jumping on the CTA bandwagon. Benzaken said Lyxor has a “growing appetite” for short-term CTAs and wouldn’t be surprised if this strategy is a favorite next year by investors. “Not only did it have a good run, but it also fits with better liquidity and less risk of [your capital] being locked up and gated with this type of strategy,” he explained.

—Corrie Driebusch

London Firm Joins The Party

London-based **International Asset Management** is setting up a CTA-focused fund of hedge funds to be launched February 1. “The risk/reward is particularly attractive now,” said **Sean Molony**, product specialist. “[With] such high levels of volatility, you need less exposure to see results.”

The new fund of funds will be seeded with internal money from the firm’s multi-strategy funds and from outside investors. There will be 10-15 underlying strategies.

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BREAKING NEWS

HIGHBRIDGE TO LIMIT CASH REDEMPTIONS

November 24, 2008

Highbridge Capital Management, its *Asia Opportunities Fund* stung by redemptions and a convertible bonds sell-off, is limiting client withdrawal requests to avoid selling assets at distressed prices, according to a person familiar with the matter.

Bloomberg
DECEMBER 2, 2008

Highbridge Asia Hedge Fund Said to Limit Withdrawals

Highbridge Capital Management LLC, the hedge fund company owned by JPMorgan Chase & Co., is limiting client withdrawal requests to avoid selling assets at distressed prices, according to a person familiar with the matter.

THE WALL STREET JOURNAL
DECEMBER 2, 2008

J.P. Morgan's Once-Hot Highbridge Goes Cold

Highbridge Capital Management helped its owner, J.P. Morgan Chase & Co., become one of the biggest fund managers in the world. But like many assets roiled by this year's markets, Highbridge

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ATLANTA FIRM

(continued from page 1)

help avoid many of the structural problems that hedge funds have. “Look at **Bear Stearns**,” he said. “They were using extremely high leverage. I guarantee their clients didn’t know.” But the Secured Debt fund will offer investors full transparency. Such transparency is unusual, and in these markets, very appealing. “Because of what’s happened, investors are going to demand a different set of rules.”

While many funds would view allowing investors to pick-and-choose which investments to partake in as a logistical nightmare, Kendrick says that it will only slow up the process by a few days.

Another added bonus; if Roswell’s investors are not interested in a deal, this will encourage Roswell to re-evaluate the transaction. “[The investors] basically act as an outside investment committee [to] make decisions,” Kendrick said. “The investors are voting with their check book.”

Despite the displacement of the credit markets, opportunities are abundant. There are plenty of strong companies that can’t get loans, Kendrick said. “But they’re still good quality transactions.”

In its first year, loan sizes will be between \$5-10 million. By 2010, Kendrick hopes to increase the sizes to \$10-20 million, and by 2011, \$20-50 million. The firm will aim to close 10-20 transactions annually, and seeks to hit \$1 billion in total loans in three years. Roswell has identified several companies it will invest

in by January or February—one manufacturer and distributor of industrial equipment company, and an energy marketing company in Atlanta. **John McCarty**, senior investment officer, declined to name the companies.

The sectors the fund will invest in are broad; the only areas it will likely avoid include casinos, as they don't strengthen the economy—and bio-tech and pharmaceuticals—these areas don't have many hard assets, Kendrick said.

Roswell is primarily approaching family offices, private banks, wealth managers, and select funds of hedge funds. Ideally, the firm will identify six investors by early next year. Fees are 2/20.

Kendrick and **Eric Swartz** co-founded Roswell Capital in 1994. In addition to the investment banking division, the firm manages a proprietary trading fund and a PIPEs fund. —*Suzy Kenly*

PERSISTENT EDGE

(continued from page 1)

The firm's flagship *Asia Partners* fund is up this year by 1.8% year-to-date and returned 1.5% last month. Last year the strategy returned 47.31%; since inception in April 2003 it has returned north of 24%. Its China fund was up 2.2% in November and 1.3% YTD. And its global fund was up 2.6% last month and is up .2% YTD. By comparison, the **EurekaHedge** Asia Fund of Funds index is down 21.27% in YTD and up 21.52% since April 2003.

Mehta said he tends to concentrate the fund's high-conviction core positions; the top five managers in *Asia Partners* account for a third to half of its book. As of the end of October the fund's top-five positions include 17.2% allocated to a macro fund, 11.8% to a multi-strategy trading offering, 8.7% to a pan-Asia

event-driven strat, 7.1% to another multi-strategy trading fund and 5.5% to another pan-Asia event-driven strat.

The fund continues to be underweight equity long/short (now 4.8%) and overweight event-driven, macro and multi-strategy (95%) based on conviction, risk, and the general outlook at both the macro and underlying manager levels. The fund should see its core positions come down in weighting though the first quarter as a function of new managers being added and inflows.

Asia Partners underlying funds reportedly include **Pinpoint's** *Rising China Fund*, one of the top-performing commodities funds, and **Tairen Capital's** *Greater China Fund*, which is up around 22% on the year. The fund also was reportedly an early investor in **Qinhan Capital Management's** *China Fund*, which stopped reporting months ago but was up 123.7% in 2007. Mehta declined to comment on underlying managers.

Mehta said the best way to describe the fund's strategy is defensive and offensive. Defensively, the fund continues to avoid exposure to directional equities, high beta/net exposure, highly correlated, highly leveraged and illiquid strategies. Offensively, Mehta expects a few strategies and some managers to continue to perform well, so he is focusing on liquid, actively managed, low net/low gross exposure and trading-oriented strategies.

Persistent Edge has seen net inflows thus far in 2008. It oversees roughly \$500 million in its flagship strategy and about \$700 million overall. Mehta says the firm operates very lean and would still be profitable even if it lost half its assets. That said, it is planning for growth and continues to build out its business.

The firm has a good mix of investors in its three funds by both type and location, which has helped insulate it from redemptions. The majority of its clients are single- and multi-family offices, private banks, with strategic individual investors, such as hedge fund managers and public company ceos, making up the balance. —*Doug Cubberley*

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Quote Of The Week

"If you make 80% do you really need to make 160% with double volatility? No." —**Emil Van Essen**, president at **Abacus Fund Management**, on his worries about increasingly high volatility in the firm's CTA strategy (see story, page 1).

One Year Ago In Alternative Investment News

Boris Ehsani, global head of **Merrill Lynch's** proprietary credit trading desk, reportedly left the firm to launch his own global multi-strategy hedge fund...Telecoms, media and technology hedge fund firm **Stratix Asset Management** was cashing out its \$530 million fund for personal reasons...Private equity investors were losing interest in the U.S. buyout sector in favor of emerging markets and venture capital.