Schroders eyes new AIFMD fund manager platform

Venture would complement firm's booming alternative Ucits presence

By Alex Cardno

Schroders is eyeing the launch of an AIFMD platform to sit alongside its Ucits GAIA platform offering, HFMWeek has learned.

Andrew Dreaneen, head of Schroders GAIA product & business development, said the asset manager sees huge opportunities to distribute hedge fund products via an AIFMD platform following the introduction of the EU regulation on 22 July, particularly as US managers assess their distribution options in the region. Any launch would join its $4.8bn GAIA division.

Schroders, which has no specific timeline for a potential AIFMD launch, is also looking to further expand its Ucits platform. A new Ucits fund launch is scheduled for early next year and the asset manager is in talks with around 20 managers about a small number of future launches.

Dreaneen points to equity long/short, particularly US, and US high yield credit as areas where the platform may look to launch new funds as well as a potential multi-strategy offering and a further event-driven fund, especially if its Paulson merger arbitrage fund continues its rapid asset growth. The fund launched in April and has over £370m ($596m) of assets.
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JAE Credit closure sparked by depression diagnosis

Liquidation as ex-Moore manager Miller treated for illness

JAE CREDIT MANAGEMENT has closed after CIO Robert Miller, who has managed money for Moore Management and James Caird Asset Management, was diagnosed with depression.

The New York-based firm, whose flagship JAE Credit Fund has returned around 8% since launching in February 2012, took the decision in early July, according to a statement issued to HFMWeek.

“Mr Miller has been diagnosed with depression, for which he is being treated. We look forward to his continued recovery and eventual return to work,” said JAE director John Demaine.

“The decision to close the business was made in consultation with our investors and followed medical advice that Robert Miller should take a break from work for several months. Acting on this advice was the sole reason that JAE and its investors agreed it made sense to close the business,” Demaine added.

The firm said its fund managed around $145m when the decision was made and has since returned almost all assets to investors.

JAE emerged in 2012 after the closure of James Caird Asset Management, a $1.6bn credit hedge fund led by Tim Leslie – itself a spinout from Louis Bacon’s Moore Capital, where Leslie and Miller previously worked.

British charity Mind launched the City Mental Health Alliance to promote awareness of mental health issues in the industry last year. Dr Lisa Wilson, a chartered psychologist with London-based City Psychology Group, said depression was still considered “taboo” despite increasing cases among financial services professionals.

“If you’re working in a high-pressure, money-related environment, you become accustomed to the life you’re living, and anything that threatens that potentially becomes taboo, particularly when it’s something we can’t see.”

Chris Goodeve-Ballard, due diligence chief at investment consultant Aon Hewitt, told HFMWeek they “don’t specifically ask about health” but would consider any factors that arose in background checks.

“There would be concern about a manager’s stability, and that is something we’re not qualified to assess. We’re acting on behalf of our clients, who need us to make good decisions for them, so we have to take that into account.”

Diane Miller, principle at Mercer, said: “When we’re doing due diligence we want to speak to the key decision makers in a firm to see how they work, and also what support mechanisms they have in place.”

There appears to be no stopping the growth of liquid alternative strategies. New investor research from Deutsche Bank predicts a 44% increase in net inflows over the next 12 months to nearly $50bn.

The bank’s research of hedge fund managers suggests 42% currently offer a liquid product and a further 34% are considering such a launch (p.15).

This surge of interest was debated at last week’s HFMWeek breakfast briefing event in London where panellists predicted strong continued growth due to an almost insatiable hunger amongst European investors for alternatives Ucits vehicles (p.11).

Of course not all strategies will work in a Ucits format and managers need to ensure they do not cannibalise existing offerings, can handle launch costs and have achievable plans to grow funds to a viable size. But for managers that get their strategy right there could be huge rewards in complementing offshore vehicles with liquid funds.

Schroders is one firm to have benefited from growing investor demand for alternative Ucits with its GAIA platform seeing large inflows into a number of hedge fund strategies, notably its $2.7bn Sirios US Equity fund. This week’s issue reveals the asset manager is eying an AIFMD platform launch to complement this Ucits platform (p.1). With its large distribution resources across Europe, such a move would receive keen interest from hedge funds looking to be involved, particularly non-US managers assessing their European presence post-AIFMD.

Elsewhere, JAE Credit Management has closed its doors after CIO Robert Miller, who has run money for Moore Management and James Caird Asset Management, was diagnosed with depression (p.3).

As well as highlighting key man risk the move is also a timely reminder of the huge pressures managers can face.

The firm should be praised for its openness about the diagnosis. Mental health issues are far more prevalent than many realise and the more people are open about such illnesses the more likely we are to remove the unnecessary stigma that still exists in some quarters. We wish Robert all the best in his recovery.
HEDGE FUND PAY

London-based partners and managing directors have seen total compensation more than halve this year with bonus cuts meaning the average pay packet has shrunk from £1.6m ($2.7m) in 2013 to £660,000 ($1.1m). A big drop in bonuses hit pay packets for senior staff with the average bonus falling from around £1.2m ($2m) to £490,000 ($760,605), according to real-time salary data specialist emolument.com. However, despite a drop in total compensation levels for senior staff, more junior levels saw an increase. Employees at the analyst/associate level saw total compensation almost double from £90,000 ($149,139) to £175,000 ($290,037). At the vice president/director level total average pay rose from £196,000 ($324,842) in 2013 to £226,000 ($374,562) in 2014.
Hedge funds bet on “too close to call” Scotland vote

Managers narrowly expect a Scottish ‘No’ as polls tighten

**THE VOTE ON SCOTTISH Independence is now “too close to call” as hedge fund managers reveal they have been shorting sterling against the dollar ahead of next week’s referendum.**

Mark Bathgate, head of research at $350m hedge fund ABD Investment Management, told HFMWeek that ABD had been long on the dollar against sterling, partly because of their view that the market had not adequately “priced in” the risk of a Scottish exit from the UK.

A new opinion poll that took place over the weekend suggested for the first time that Scotland would vote to leave the UK, a development that experts say contributed to the pound dropping to a ten-month low against the dollar.

**Betting on sterling’s fall was the most popular referendum-related trading idea among HFMWeek readers surveyed on Monday, more than half of whom viewed the vote as a trading opportunity.**

East Lodge Capital Partners has also reportedly been trading the Scotland issue by insuring against possible UK currency and debt losses incurred in the event of a ‘Yes’ vote.

Almost half of HFMWeek readers said a vote for independence would not impact the hedge fund sector, with the remainder roughly split on whether its impact would be positive or negative.

By a small margin, 48% to 43%, more readers expected Scotland to remain part of the UK and continue the 307-year union.

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**Launched**

**Former Citi duo plan Silver Ridge start-up**

A PAIR OF FORMER Citigroup executives, including the US bank’s former global head of FX, have named their new global macro hedge fund firm Silver Ridge Asset Management.

Anil Prasad, who left his FX & local markets role earlier this year, is CIO of the new venture, which is currently in talks with potential investors ahead of a planned launch in the first quarter of next year.

He has teamed up with Farhang Mehregani, who was chief investment officer at Sciens Capital Management, where he spent almost two years until leaving in May. He had earlier spent 15 years at Citi.

Prasad reportedly joined Citi in 1986 and remained until earlier this year, apart from a three-year spell with UK bank NatWest between 1997 and 2000.

The pair, who are yet to receive regulatory approval for Silver Ridge, plan presences in London and New York but say likely headcount depends upon fundraising success. They have not yet hired other team members.

Silver Ridge’s service providers include Schulte Roth & Zabel, Ernst & Young, Throgmorton and ACA Compliance. It has yet to appoint its administrator, prime broker or risk systems and IT infrastructure provider. The fund will trade in several different types of market including stocks, currencies and commodities.

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HFMWeek conducted a poll of its own earlier this week, questioning readers on several aspects of the Scottish Independence debate. The hedge fund sector narrowly expects Scotland to vote against independence in the upcoming referendum. Of those who voted either way, 53% predicted Scotland would opt to remain part of the UK, with 47% against. More than half of respondents worked at a hedge fund while the remainder worked for a hedge fund service provider or investor. Almost three-fifths viewed the referendum as a trading opportunity, with betting on Sterling’s fall the most popular bet among those who expressed a view. The industry overwhelmingly thinks Scotland would be less successful as an independent country.

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**Reader Survey**

**DO YOU THINK SCOTLAND WILL VOTE FOR INDEPENDENCE FROM THE UK?**

Don’t know: 8.1%

No: 48.6%

Yes: 43.2%

**HOW WOULD A “YES” VOTE FOR INDEPENDENCE IMPACT THE HEDGE FUND SECTOR?**

No difference: 48.6%

Positively: 24.3%

Negatively: 27%

**WHAT IS THE BEST TRADING OPPORTUNITY ARISING FROM THE SCOTTISH REFERENDUM?**

Sterling’s fall: 44.4%

Sterling’s rise: 22.2%

Trading UK debt: 14.8%

Share price of Scotland-domiciled companies: 11.1%

Other: 7.4%

**DO YOU THINK SCOTLAND WOULD BE MORE SUCCESSFUL AS AN INDEPENDENT COUNTRY?**

Yes: 18.9%

No: 81.1%

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Almost half thought a “Yes” vote for independence would not impact the hedge fund sector, while 27% thought its impact would be negative and just 24% positive. Some reader comments are given below:

“Nationalistic pride threatens to undermine 300 years of good = uncertainty = less business for all.”

“Scottish investment talent will head south.”

“Possible negative impact on London as a financial services centre.”
PEOPLE MOVES

Pharo raids Brevan Howard for marketing head

Cédric Pancrazi joined Fonkenell’s hedge fund group this month

GUILLAUME FONKENELL’S HEDGE fund group Pharo Management has appointed Cédric Pancrazi as head of marketing and investor relations.

Pancrazi joins the $4.7bn firm after more than five years at Brevan Howard, where he was a product specialist and options strategist. Alan Howard’s European giant closed down its emerging markets fund earlier this year.

Before joining Brevan Howard in 2009, Pancrazi was a portfolio manager at Moore Europe, the European arm of Louis Bacon’s hedge fund firm Moore Capital Management, between 2006 and 2009. At Brevan Howard, Pancrazi specialised in G10 and emerging market FX options.

He also previously worked in the derivative sales team at AIF Financial Products Corporation in Paris between 1996 and 2006.

Marketing staff have been in high demand since the AIFMD was brought in earlier this year, with a number of London-based hedge funds bolstering their teams for the new regulatory environment.

Emerging markets specialist Pharo was founded by Fonkenell in 2000. He was previously managing director at Merrill Lynch for a four-year tenure, during which he launched its Latin American local markets trading group and its global credit derivatives group.

Prior to Merrill Lynch, Fonkenell was a vice president at Bankers Trust, where he was latterly head of interest rate trading activities.

BlueBay hires portfolio manager from Eclectica

BLUEBAY ASSET MANAGEMENT has hired Kerry Hugh-Jones from Eclectica Asset Management as an institutional portfolio manager.

Hugh-Jones joins the London boutique manager after serving as head of business development for just eight months at Eclectica, Hugh Hendry’s London-based firm which has suffered losses and redemptions this year.

She joined Eclectica at the start of the year from Italian investment bank Mediobanca, where she spent more than three years. Previously, she spent a decade at JP Morgan in various roles within its credit & rates team.

Anthony Robertson, partner and head of global leveraged finance at BlueBay, said Hugh-Jones’ “investment credentials, attained in both the US and European markets, will prove crucial and invaluable in our business”.

HFMWeek could not reach Eclectica at the time of writing.
Kite Lake names OVS’s McEwen as marketing chief
Closed-down firm’s co-CEO becomes latest to land new role

KITE LAKE CAPITAL Management has hired Nick McEwen to head up business development following his departure from OVS Capital, which closed down earlier this year.

HFMWeek revealed last week that McEwen, who was partner and co-CEO at the London-based event-driven firm, has been named partner at Kite Lake, which was launched by ex-Cheyne Capital managers Massi Khadjoumri and Jan Lernout in 2011.

His new firm also deploys an event-driven strategy and currently manages $137m in its flagship KL Special Opportunities Fund, of which $55m is partner capital.

Kite Lake confirmed that McEwen will oversee all sales and marketing. His addition brings head count at Kite Lake to ten and follows the hire of Jake Turner, who spent six years at Citigroup’s Citi Principal Strategies unit before Kite Lake named him the sixth member of its investment team last October.

Lernout said the hires would enhance Kite Lake’s “investment, business and operational infrastructure.”

He added: “The opportunity for event-driven investing across the capital structure continues to look attractive.”

Kite Lake makes event-driven investments across the capital structure globally in merger arbitrage and event-driven equity. Its credit opportunities and distressed bets are limited only to Europe.

Kite Lake confirmed that McEwen as marketing chief

OVS EXODUS

MCEWEN IS THE LATEST ex-OVS professional to land a new role following Sam Morland’s decision to close down the firm he founded in 2010. Manuel Blanco joined the London office of Chicago-based Balyasny Asset Management earlier this year while fellow portfolio manager Nitin Sharma was registered with Drawbridge (UK), a unit of US giant Fortress Investment Group last month. Investment analyst Adam Lister, who spent three years at OVS, had been appointed partner at Primestone Capital, a new hedge fund firm launching in London helmed by a trio of ex-Carlyle executives, Franck Falezan, Benoît Colas and Jean-Pierre Millet.

CTA titans have recorded their best month since the financial crash, according to Newedge’s benchmark index. The Newedge CTA Index rose 389% in August, its strongest monthly return since October 2008, just after Lehman’s collapse, when it hit 4.98%. Standout performers include Lynx Asset Management, a $4.7bn manager based in Stockholm, Sweden (pictured), whose managed futures flagship surged an estimated 918% in August.

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THE WEEK

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Texas ERS mulling move into macro and CTA space

Pension fund seeking two hedge funds for allocations

TEXAS EMPLOYEES’ Retirement System is assessing macro and CTA strategies as it seeks two hedge funds to invest in before next August.

The $21bn pension fund currently has $1.05bn invested in hedge funds, with its absolute return pool weighted towards event-driven, relative value and long/short equity.

Despite mixed performance in both the macro and CTA spaces, CIO Tom Tull told HFMWeek the pension fund is eying the strategies because it looks to invest in a contrarian manner.

It has current CTA exposure through a $35m investment in Aspect Capital’s diversified fund made in 2012 but its value has since fallen to $28.1m, with performance losses of -6.24% since the initial investment.

“We have a tendency to invest theoretically and in a contrarian nature that often puts us ahead of the curve in strategies before we see the rest of the industry allocating,” Tull said.

“CTAs in particular are something we are now looking at actively, we continue to look at credit more on the convertible side as we like the volatility sensitivities there.

“We also continue to look at equity long/short in ways they can complement our internal and long only exposures.”

So far this year the pension plan has invested $470m in hedge funds, the highlight of which was a $250m ticket in Marshall Wace in April.

Texas ERS has also allocated $50m to Northwest, $60.9m in Pharo and the family office’s assets.

The Merrant Alpha Select Fund has been a high performer for the $1.05bn invested in hedge funds, with current CTA exposure having $250m invested in hedge funds,

The Merrant Alpha Select Fund has been a high performer for the $1.05bn invested in hedge funds, with current CTA exposure having $250m invested in hedge funds.

However, the OZ Overseas Fund II, which features in a number of US pension portfolios, manages $11.9bn according to a 15 July 2014 Form ADV filing.

The fee terms negotiated between Och-Ziff and the university are not known.

The University of Houston will re-allocate the funds to a new hedge fund manager, HFMWeek understands, but the time frame for re-allocation is unknown.

Och-Ziff and the university are not known.

“Endowment management committee [decided] to redeem from the OZ Overseas Fund II due to concerns regarding the growth of assets under management and a management fee that is currently not as competitive as some other funds,” he said.

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The university first invested in OZ Overseas Fund II in 2010 with an $8m ticket. The fund has a 45 day redemption notice, with the request expected to be effective as of 31 December 2014.

An Och-Ziff spokesperson declined to comment.
**PEOPLE MOVES**

FCA thematic review lead joins Cordium

A LEAD ASSOCIATE AT THE FCA who oversaw the controversial dealing commissions thematic review has joined global compliance giant Cordium, HFMWeek has learned.

Will Morrell joined Cordium in August after working within the thematic team in the asset management division at the FCA on several key reviews for hedge fund managers.

He is now a consultant and focuses on helping the global firm understand the FCA’s current approach to supervising wholesale markets and asset management firms. He will also conduct ongoing monitoring for clients.

During his four-year stint at the FCA, he led a review of absolute return funds, where it was questioned whether such a label was misleading for investors.

He was also a member of the conflicts of interest attestations review team that came out of the ‘Dear CEO’ letter in November 2012.

Morrell was a fund administrator at StateStreet, an associate at GlobeOP Financial Services and also worked at BlackRock as a portfolio manager’s assistant and then within the portfolio analytics group of BlackRock Solutions, providing risk and performance reporting.

**INVESTOR**

Large managers bow to audit demands

Allocators push for specified risk control checks

HEDGE FUND MANAGERS are increasingly bowing to investor demands and undertaking expensive audits of their risk controls.

The audits are named ISAE 3402s in the UK and SSAE 16s in the US and require managers to list out risk controls and objectives, and have them checked by a third-party auditor.

“The question has always been asked of investment managers whether they have a controls report, but they now need to respond to that question in a more positive way,” said Deborah Weston, partner at Kinetic Partners.

“They can either say okay, we will produce one, or they can explain how they verify their controls without one, maybe through internal audit.”

These audits take anywhere from two to four months and cost from £25,000 ($32,700) to £40,000 ($52,310) and upwards, depending on the size of the firm. Weston says they usually cost upward of the annual audit fee.

“The use of these has increased,” said Tim West, partner at Moore Stephens. “More investors are asking for them.”

Simon Fludgate, head of operational due diligence at Aksia, said: “We have seen a slight uptick in larger managers offering [SSAE 16s].”

**REGULATORY TALENT**

CORDIUM IS NOT THE ONLY FIRM to tap up people with experience working at regulatory bodies. Bart Chilton, former CFTC commissioner and vocal opponent of “cheetah” high frequency trading (HFT), joined a pro-HFT lobby group in an about-face in August. And the FCA’s asset management supervision head Ed Harley resigned for a compliance role at Goldman Sachs Asset Management in November.

**OTHER OPTIONS**

MANAGERS MAY BE BETTER advised offering investors an internal audit instead, as such checks allow auditors to ensure best practices.

Under ISAE 3402 and SSAE 16 a third party only confirms that the firms have controls to meet certain objectives.

“For many managers, internal audit may well be a better answer both for the manager and the investors,” said Deborah Weston, partner at Kinetic Partners.

Mercer principal Julian Mant said: “They can be costly for the manager both in terms of the fee and time taken to complete but I’m a big fan. They can really help a smaller firm get their house in order and evolve from a spotty adolescent into a mature grown-up.”

**AIMA OBJECTS TO FRENCH AIFMD ADD-ON**

TRADE BODY AIMA HAS submitted a letter to the European Commission, objecting to France adding a local correspondent requirement when marketing into France under the AIFMD passport regime.

France requires managers to hire a local representative who processes subscriptions and redemption requests and supplies information to investors and shareholders.

“The Commission will look at it, but is not obligated to do anything,” said Donnacha O’Connor at Dillon Eustace.

Leonard Ng at Sidley Austin said: “There is nothing wrong with Aima making the case. The Commission might not be inclined to act if no one objects to France’s posture on this.”

**THE WEEK**

Mathew Martoma (pictured), a former SAC Capital Advisors portfolio manager, has been sentenced to nine years in prison, fined $93m and forced to forfeit his home in Florida after being found guilty of insider trading charges. US District court judge Paul Gerdephe attributed the length of the sentence to the enormity of the gain – his then-employer, since re-named Point72 Asset Management, was found to have made $275m from betting on non-public information.
Sanditon AM’s Chris Rice starts Ucits fund

Kames Capital also considers additional Ucits offering

Prior to Cazenove, Rice was head of European equities at HSBC Asset Management from 1997 until 2002. He will also manage Sanditon’s upcoming European long-only Ucits fund which launches at the end of September, named TM European Sanditon, which is also expected to begin with more than $100m.

The TM Sanditon European Select fund has two share classes.

The A Share Class has a 1.25/15 fees and a £20,000 ($32,900) investment minimum and the F Share Class has 0.95/15 fees and a £5m ($8.2m) investment minimum.

A Sanditon spokesperson declined to comment.

The development comes as Kames Capital, a £52bn ($85.6bn) investment house based in Edinburgh and London and owned by Dutch insurer Aegon, ponders the launch of a 2x levered version of its Ucits-compliant UK equity market neutral fund.

Adrian Cammidge, head of investment communications at Kames Capital, told HFMWeek its launch is contingent upon investor demand.

SANDITON ASSET Management, a London-based equities manager, has launched a Europe-focused long/short equity Ucits fund led by ex-Cazenove Capital manager Chris Rice, HFMWeek has learned.

TM Sanditon European Select is the first in a series of Ucits offerings planned by the $220m fund. TM Sanditon UK Select Fund, a UK-focused long/short equity fund, is lined up for next quarter while long-only funds focused on Europe and the UK are also planned.

The fund, which has 20 to 40 positions both on the long and short sides, is a follow-on strategy that portfolio manager Chris Rice managed at predecessor firm Cazenove Capital, where he spent nearly a decade, most recently as head of pan-European equities.

It rolled out with more than $100m and is said to have the capacity to manage assets of up to $1.5bn.
Ex-Highside pro’s start-up raises almost $100m

Jonathan Gattman’s Cloverdale Capital to launch in October

FORMER HIGHSIDE CAPITAL manager Jonathan Gattman will launch new firm Cloverdale Capital with almost $100m next month.

Gattman was managing director at Highside, spending six years at the Texas-based firm until leaving last year when it returned investor capital.

His new Dallas-based start-up will run a long/short small and mid-cap strategy that has attracted just under $100m from several investors including a university endowment for its October start.

According to a source, the offering will invest in all sectors except financials and energy, and target $500m in overall assets. Before Highside, Gattman was an investment banking analyst at FTN Financial.

Cloverdale has also hired Scott Crowell as CFO and Jeffrey Bryan and Patrick O’Keefe as analysts. Crowell most recently worked at Dallas-based hedge fund KeyPoint Capital Management as director of operations from June 2012 until March this year.

Bryant was previously an equity research associate at Janney Montgomery Scott and Autonomous Research while O’Keefe was formerly a research associate at Eagle Capital.

Cloverdale is also hiring a director of operations.

Cloverdale’s service providers include Morgan Stanley as prime broker; SS&C GlobeOp as administrator; Haynes and Boone as legal counsel and KPMG as auditor. A Cloverdale spokesperson declined to comment.

Peak6 Advisors flagship targets up to $3bn

CHICAGO-BASED PEAK6 Advisors will target overall capacity on its flagship product of up to $3bn after the reopening of the Peak6 Achievement Fund later this year.

Overall capacity of between $2.5bn and $3bn has been targeted by the end of the year, according to an investment document.

The Peak6 Achievement Fund, which launched in September 2012 and closed to investors in Q4 2013 after passing $2bn, had $1.95bn under management as of April.

The fund’s strategy, the document revealed, “combines elements of fundamental long/short equity and credit trading”.

Peak6 returns to London for the first time in more than a decade after gaining authorisation from the UK FCA last month.

A Peak6 spokesperson could not be reached for comment.

Soroban Capital Partners, a New York-based hedge fund firm, hopes to raise $1.5bn in the next three months for its new Soroban Opportunities Fund, which opened last month.

Pennsylvania-based Hartford Funds has launched a long/short 40 Act fund sub-advised by Wellington Management, named the Long/Short Global Equity Fund Kenneth Abrams and Donald Tunnell of Wellington Management are portfolio managers.

Over 200 readers attended last week’s breakfast panel event in London on the growth of alternative Ucits. Panellists highlighted the huge opportunities on offer for managers due to the growing number of investors looking at alternative Ucits strategies, alongside challenges to overcome. Morgan Stanley executive director institutional equity division Stephane Berthet, ML Capital COO Richard Day and Lyxor deputy head of alternatives Cyrus Amaria all provided different perspectives on these opportunities while Nick D’Onofrio, CEO at North Asset Management, offered his experiences on launching an alternative Ucits vehicle.
SEARCH ACTIVITY

A WEEKLY COMPILED OF RECENT HEDGE FUND SEARCHES AND INVESTMENT MANDATES

To comment, contact Alex Cardno at a.cardno@hfmweek.com
Continued from page 8, compiled by HFMWeek

AUG 2014

- CITY OF MOBILE POLICE & FIRE RETIREMENT PLAN
  TOTAL AUM: Not disclosed
  CONSULTANT: Gray & Company
  ACTIVITY: Considering up to four managers for possible investment

- EL PASO COUNTY RETIREMENT PLAN
  TOTAL AUM: $3.1bn
  CONSULTANT: Watershed Investment Consultants
  ACTIVITY: Issuing RFP for hedge fund manager, and managing up to four managers

JUL 2014

- AURORA INVESTMENT MANAGEMENT
  TOTAL AUM: $9.1bn
  ACTIVITY: Mulling increased exposure to "portfolio hedge" strategies. Also researching bank merger space

- SAN JOSE FEDERATED RETIREMENT SYSTEM
  TOTAL AUM: $2.8bn
  CONSULTANT: Albourne
  ACTIVITY: Issuing mandate to hedge fund manager worth 5% of overall investment portfolio

- PENNSYLVANIA TURNPIKE COMMISSION
  TOTAL AUM: $6.8bn
  CONSULTANT: Investment Performance Services
  ACTIVITY: Searching for a FoHF manager for a mandate of around $13m

KAZAKHSTAN NATIONAL INVESTMENT CORPORATION
TOTAL AUM: $110bn (approx)
ACTIVITY: Issued RFP for hedge fund consultant to take on $300m mandate

MORGAN STANLEY WEALTH MANAGEMENT
TOTAL AUM: $1.9trn
ACTIVITY: Seeking long/short, event-driven and relative value managers

ILLINOIS STATE UNIVERSITIES RETIREMENT SYSTEM
TOTAL AUM: $16.4bn
CONSULTANT: NEPC
ACTIVITY: Planning to issue an RFP in its first search for hedge funds

DEUTSCHE ASSET & WEALTH MANAGEMENT (DEAWM)
TOTAL AUM: $137.5bn
ACTIVITY: Could add emerging market managers to its panel

SANOSTRO
TOTAL AUM: n/a
ACTIVITY: Partnering with systematic managers to offer single trading strategies to large asset managers

JUN 2014

- DEUTSCHE ASSET & WEALTH MANAGEMENT (DEAWM)
  TOTAL AUM: $137.5bn
  ACTIVITY: Seeking single managers and Ucits funds to add to platforms

- CORNWALL COUNTY COUNCIL
  TOTAL AUM: $2.3bn
  ACTIVITY: Seeking a hedge fund adviser for a $170m mandate

CORNWALL COUNTY COUNCIL
TOTAL AUM: $2.3bn
CONSULTANT: Investment Performance Services
ACTIVITY: Searching for a FoHF manager for a mandate of around $13m

DEUTSCHE ASSET & WEALTH MANAGEMENT (DEAWM)
TOTAL AUM: $137.5bn
ACTIVITY: Could add emerging market managers to its panel

SANOSTRO
TOTAL AUM: n/a
ACTIVITY: Partnering with systematic managers to offer single trading strategies to large asset managers

To comment, contact Alex Cardno at a.cardno@hfmweek.com

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- Can’t lose more than original investment
- Trades on LSE
- No margin calls
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- Low cost, robust & transparent

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- Can’t lose more than original investment
- Trades on LSE
- No margin calls
- No complex documentation
- Low cost, robust & transparent

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<td>Origami Capital</td>
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<td>Firebird Management</td>
<td>Firebird US Value Fund</td>
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<td>Able Capital Management</td>
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<td>SML Capital</td>
<td>SML Capital 50/57 Fund</td>
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<td>SML Capital</td>
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<td>Polar Star Management</td>
<td>Orion Commodity Fund</td>
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To comment, contact Elana Margulies at e.margulies@hfmweek.com
Prior to 22 July, UK AIFMs that managed one or more AIFs with AuM above a minimum threshold were required to apply to the FCA for the ‘managing an AIF’ permission. Now that this deadline has passed, the industry may be forgiven for thinking the hard work is over, but in reality it’s just starting.

The focus to-date for the managers of offshore hedge funds has been on obtaining the requisite FCA permission to be authorised as a full scope AIFM and on making the changes necessary to continue to market in Europe. However, AIFMs should also now start paying attention to the impact of Emir on their offshore AIFs.

As of 22 July, non-EU AIFs managed by an EU AIFM are subject to Emir’s reporting obligations under Emir, risk mitigation obligations and, irrespective of whether their counterparty is located inside the EU or not, European AIFMs will need to consider whether a central clearing party has been authorised to clear the class of derivative contracts being entered into; whether there are adequate records and processes to keep track of the contracts of the clearable class being entered into; and on the date the clearing requirement comes into force, whether there is the necessary documentation in place to meet the frontloading obligation.

For example, NASDAQ OMX was authorised to clear certain classes of derivative contracts on 18 March 2014. So for unsettled derivative contracts of that type, the frontloading requirement potentially applies to contracts entered into after 18 March 2014 and still existing at the date of application of the clearing obligation.

There is uncertainty as to how frontloading will work in practice and this is causing concern, particularly in relation to the potential impact on pricing structures. Esma wrote to the European Commission on 8 May identifying this and proposing two potential solutions to this issue, but the response and the final form are awaited.

While the AIFMD has been the big focus of AIFMs for the past few years, managers must not ignore new regulatory updates on the horizon. Emir will have a big impact and should be given attention sooner rather than later.

Richard Frase is a partner of the financial services group at Dechert.

THE WEEK IN QUOTES

“We are never happy with the fees”

Tom Tull, CIO at Texas Employees Retirement System, is always looking to negotiate downwards.

“(The fee) reduction follows an assessment of the CTA landscape and in particular the recent migration toward lower fees”

BlueCrest explains why it has reduced fees charged by an $8.2bn pair of CTA hedge funds.

“Numeric is very well positioned to benefit significantly from our scale and resources”

Man Group CEO Manny Roman welcomes completion of his firm’s latest acquisition.
Predictions for the ongoing growth of assets in liquid alternative vehicles offer up some eye-watering figures. Anita Nemes, Deutsche Bank’s global head of capital introduction, proclaimed liquid alternatives “the fastest growing segment of the asset management industry”, as its research revealed more than three-quarters of hedge fund managers now offer liquid alternative vehicles or are considering launching them in the coming year.

A quarter of managers plan to launch a new alternative UCits product in the next 12 months, while 29% plan to launch alternative ‘40 Act mutual funds. Meanwhile, investors predict net inflows into liquid alternatives will increase 44% to $49bn over the next 12 months, compared to $34bn over the last 12 months, according to the research.

These findings echo the sentiment of HFMWeek’s latest breakfast briefing, where speakers pointed to ongoing demand for liquid, onshore vehicles among US and European investors. But, as panelists pointed out, there are a number of challenges for managers to overcome. These include making sure the strategy can fit appropriately within the different fund structures and ensuring you are not just cannibalising an existing offshore product. The costs of launch must also be considered.

In the US, we await the results of the SEC’s investigation into the ‘40 Act space and any new rules it may want to implement. However, the significant levels of investor interest are hard to ignore. You need to have new rules it may want to implement. An investigation into the ‘40 Act space and any launch must also be considered.

Ensuring you are not just cannibalising within the different fund structures and making sure the strategy can fit appropriately is crucial. Liquid, onshore vehicles among US and European investors are hard to ignore. You need to have new rules it may want to implement. An investigation into the ‘40 Act space and any launch must also be considered.

He further stated that investors should keep that investment philosophy in mind as we approach the 66th month of the current bull market cycle. “The 50/57 Fund simultaneously invests for market appreciation while actively investing to take advantage of cyclical market corrections,” he said.

The SML 50/57 Fund is a spinoff from the firm’s predecessor SML Capital Activist Fund, which traded a proprietary hedging model strategy designed to outperform the S&P 500 Index with a focus on risk management.

Schneider co-founded SML Capital in 2008. Previously he was a founding partner of private equity firm Comflix Partners, a position he held from 2004 until 2008. Danish Iqbal is SML’s risk management advisor. He was most recently an actuary at Genworth Financial from 2011 until this year.

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Texas ERS has gone from zero hedge fund exposure to investing more than $1bn in little more than two years. CIO Tom Tull tells HFMWeek what he looks for in an alternatives investment

BY ALEX CARDNO

In April, the Texas Employees’ Retirement System (ERS) handed a $250m ticket to Marshall Wace, a significant move that took the pension fund’s total hedge fund investment to more than $1bn.

The $21bn retirement system had no hedge fund exposure in its investment portfolio as recently as June 2012. But since Tom Tull took the reigns as CIO of the fund in October 2012, allocations to hedge funds by Texas ERS have come thick and fast.

Today the retirement system has 15 hedge fund managers sitting in its absolute return pool and is seeking to add two more before next September.

At the same time, Texas ERS also hopes to conclude searches outside the absolute return pool for a hedge fund manager in real estate and in global credit.

Not that Tull sees hedge funds as an asset class. “We see hedge funds more as a business model than as an asset class. Hedge funds allow us to be more tactical,” he says.

“For example, we don’t have a hedge fund in real estate yet, but by going for a long/short fund in that area we can get a good part of the upside and minimise our downside, and do it in a more tactical manner than if we just bought and sold securities.”

Hedge funds are intended as a diversifying investment tool both within the absolute return pool and in other asset classes. Of the latter, Tull says having a hedge fund in real estate or even fixed income can complement other alpha-generating investments in those spaces. Within the absolute return pool, hedge funds currently make up almost 5% of the Texas ERS portfolio.

Although he takes responsibility for the overall investment portfolio, Tull is assisted in looking at hedge fund opportunities by deputy CIO Sharmila Kassam, portfolio managers Robert Lee and Anthony Curtis, and analyst Nicholas Maffeo.

In a further sign of expansion, up to two additional hires have been requested for the hedge fund team to support the fund’s management of existing allocations.

The pension plan is advised by Albourne Partners and is an avid subscriber to the consultant’s risk management protocol. Tull says this complements a lot of the work the system’s hedge fund team does internally.

At present, the pension fund’s hedge fund exposure is heavily weighted towards event-driven and relative value, with some space left over for long/short equity.

Long/short equity is a space Texas ERS will continue to look at given the high number of managers operating in the strategy.

The retirement system is also actively looking at managers in the macro and CTA sectors, two areas that have not performed strongly in recent years.

Tull explains: “We have a tendency to invest thematically and in a contrarian nature that often puts us ahead of the curve in strategies before we see the rest of the industry allocating.

“CTAs in particular is something we are now looking at actively, we continue to look at credit more on the convertibles side as we like the volatility sensitivities there. We also continue to look at equity long/short in ways they can complement our internal and long-only exposures.”

To that end, Tull’s team presented its annual tactical plan in August, at which the board gave its blessing to the investment committee raising the level of individual investments it can authorise at any one time from $150m to $250m.

Tull says the plan is very unlikely to write a cheque of this size for one particular investment. But he adds the increase allows the investment team to be more tactical and

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LONE STAR CIO

TOM TULL: CV

- Tull served in the US Army during 1965–67, to pay for tuition at Ohio State University. The experience instilled in him a set of values he calls “PACT,” explained as professionalism and performance, accountability, communication and teamwork, credentials he demands of his team members.
- Following a stint heading up pension investment at LTV Corporation in the years after military service, Tull went on to become a founding partner of investment adviser Gulfstream Global Investors, Ltd, which was sold to German bank West LB in 2001.
- He then joined Texas ERS in 2009 as director of strategic research, taking on the CIO role in October 2012 following the retirement of Jaqueline Jones.
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TOM TULL

**THE BIGGEST CHALLENGES I FACE AS CIO ARE IMPLEMENTING AN ASSET ALLOCATION WHEN TOO MANY DOLLARS ARE CHASING DEALS, AND SEEKING COMPETITIVE RISK-ADJUSTED PERFORMANCE AT A REASONABLE COST**

**TOM TULL, TEXAS ERS**

Fees are obviously a big part of that and without that alignment, we decided not to invest and have removed them from our pool of managers.

Any redemptions from incumbent hedge funds are unlikely as Tull says he is happy with the plan’s current exposure.

Tull’s reservations on fees and desire to constantly pressure managers to reduce charges will be a familiar one for firms managing relationships with institutional investors. But his confidence in the hedge fund sector and belief in its ability to offer diversified returns across different asset classes is positive news at a time when other big US pension funds are set to reduce exposure.

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With so much regulatory change taking place there will inevitably be gossip and interpretations of new rules circulating around the market that turn out to be inaccurate. HFMWeek examines three of the most prevalent rumours floating about the hedge fund stratosphere and looks to separate the fact from the fiction

BY MAIYA KEIDAN

**MYTH:** French border guards are stopping well-dressed people in suits as they exit the Eurostar from London, asking if they are a fund manager and if they have a letter of reverse solicitation to prove they are not illegally marketing into the jurisdiction.

SOURCES SAY: A spokesperson for the French Border Guard unequivocally denies the rumour, which has been circulating around the market in recent weeks and has been heard by several senior compliance professionals who had been told guards were following a set script of questions.

The French Border Guard says it is not the first time they have heard such a rumour. Last year it fielded media calls asking if they were halting Swiss managers from entering the country. French regulator the AMF also denied any knowledge of such action taking place.

So, it looks like France’s strict implementation of the AIFMD only extends as far as adding a requirement for managers to hire a local representative to process subscriptions and redemption requests, supply information to investors and provide shareholders with special data. This requirement is being challenged by Aima as it ensures private placement is still next to impossible in the country.

**MYTH:** AIFMD Annex IV reports will have to be translated into the local language of every country in which non-EU managers wish to privately place.

SOURCES SAY: Some operations professionals at hedge fund firms in the US had heard that reporting under AIFMD would have to be translated into the local regulator’s language and with many targeting Germany and the Scandinavian countries, it was feared this would be a daunting task.

While lawyers say the rumour is not true, it is not wholly unsubstantiated. Local regulators have a legal basis to ask for some fields of the reporting to be translated, but “absolutely not” the entire form. “Most of the form is numbers anyway,” says one lawyer.

Devarshi Saksena, partner at Simmons & Simmons cautions that managers should keep a watchful eye on regulators adding any stipulations for translated fields in Annex IV.

Other regulation has required such translations in the past. Rules under Ucits, for example, stipulate that the Key Investor Information Document (KIID) must be translated into the local language of the investor’s domicile.

**MYTH:** Proposed SEC amendments tied to generally soliciting a hedge fund under the JOBS Act are final rules and should be treated as if they have already come into force.

SOURCES SAY: The scrapping of a ban on hedge funds generally soliciting in the US under the JOBS Act was passed on 10 July, 2013, but the SEC took this opportunity to propose a host of new caveats that would make it much harder for managers to take advantage of the new regime.

Sources suggest these new proposals may never be enacted and instead are simply a tactic by the SEC to intimidate hedge fund managers into not availing of the marketing freedom.

“I think the SEC proposed the rules to create confusion and threaten those who wanted to generally solicit, but there may never even be final rules,” says one lawyer who does not wish to be named.

The proposed amendments ask the manager to file an advance notice for private placement 15 days prior and one 15 days after the first sale as well as release information to the SEC on the offered securities, issuer’s website, types of investors and use of proceeds from the offering.

Those who did not comply with the filing requirements will be disqualified for one year from generally soliciting a fund.

Managers have repeatedly told HFMWeek and sister magazine HFMCompliance that since those rules were proposed, they have been reluctant to take advantage of the opportunities under the JOBS Act.

“I THINK THE SEC PROPOSED THE RULES TO CREATE CONFUSION AND THREATEN THOSE WHO WANTED TO GENERALLY SOLICIT”

LAWYER, ANONYMOUS

“"
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EUROPE CALLING

Closed-ended hedge funds are back in the spotlight following news that Bill Ackman’s Pershing Square Capital Management is to launch a new listed vehicle in Europe later this year.

BY ROB LANGSTON

UK closed-ended hedge funds have had a tough time since the financial crisis with the sector around half as big as it was at the start of 2009. However, there are understandable reasons why Pershing Square Capital Management founder Bill Ackman is set to launch a new European closed-ended vehicle, chiefly the permanence of capital that accompanies such structures.

The UK’s listed investment company sector has existed for more than 100 years and over this time attracted star managers from across the asset management industry.

Data from the Association of Investment Companies (AIC), a UK trade body for listed closed-ended investment companies, shows its 12 hedge fund sector members had total assets of £4.3bn ($7bn) at the end of July. This has halved since reaching £8.6bn ($14bn) in August 2008, when it boasted more than 30 constituents.

“In general, hedge funds in the closed-ended sector have been out of favour for a number of years,” notes Kieran Drake, research analyst at Winterflood Investment Trusts. “Many funds struggled to rein in discounts following poorer than expected performance during the financial crisis and have since delisted.”

Yet, some of the biggest hedge fund names maintain a presence in London’s listed market, such as Bluecrest, Brevan Howard and Third Point.

The attraction of permanent capital is enough to tempt some managers to seek a listing for their strategies.

“You don’t have the vagaries of monthly flows in and out,” says Ian Morley, chairman of Wentworth Hall Consultancy and author of Morley’s Laws of Business and Fund Management. “From the manager’s standpoint it gives them a fixed amount of capital.”

London is a popular choice with investment managers looking to launch closed-ended vehicles, although there are other European listing options, such as Euronext.

“A few years ago Euronext Amsterdam threatened the London market for listing funds but that threat has since subsided,” says William Yonge, partner at international law firm Morgan Lewis. “London is certainly one of the largest and most actively traded markets for listed closed-ended funds globally.”

One of the reasons London has become pre-eminent outside the US for closed-ended hedge fund launches is its listing regime, offering managers a number of options: the London Stock Exchange’s Main Market, the Specialist Funds Market and the Alternative Investment Market.

The three markets offer different benefits, with a listing on the Main Market often seen as the gold standard for funds with ambitions of a successful IPO.

However, a Euronext listing offers other advantages that could prove attractive, such as more flexible regulatory requirements.

Permanent capital and the liquidity offered through trading on exchanges offers managers more freedom to invest without the constant threat of outflows. However, trading can often see shares in the listed vehicle move to significant discounts. Managers might be comforted by the fact that discounts to NAV seem to be narrowing. Listed hedge funds discounts range from single digit to low double-digits.

“The stock market, despite what is going on in the world, has risen more robustly. With discounts coming in, it is a sign of health [for the sector],” says Morley, the founding chairman of Aima.

But Winterflood’s Drake points out that managers have had to work hard to control discounts through share buy-back schemes. “The sector is now dominated by a handful of single manager funds, with BH Macro, BH Global and BlueCrest AllBlue representing more than half of the assets in the sector,” he explains. “However, even these large funds managed by well-known managers have had to undertake large share buy-backs to keep discounts from widening.”

So far this year, there has been £1.2bn ($1.97bn) in capital redemptions and a further £89m ($145.3m) was returned through a share tender, according to AIC data. In comparison, last year there were capital redemptions of £390m ($636.6m).

Despite a more attractive mainstream IPO market in recent years the number of new launches has not picked up.

“There have only been a handful of listed hedge fund launches since the financial crisis, with the last being BlueCrest BlueTrend in 2012,” adds Drake. “This is despite a fairly buoyant IPO market in the broader closed-ended fund sector over the last couple of years.”

It’s also an expensive process, says Yonge, with many managers unlikely to make the move because of the resources and costs involved. “For a Main Market listing on the London Stock Exchange the resourcing of the launch is much heavier,” he adds. “The company will require a sponsor and a minimum market cap requirement of £700,000 ($1.1m).”

“The offering must comply with stringent disclosure requirements under the EU prospectus directive. It’s a much more expensive process.”

Ackman’s entry to the space could be a boon for the European closed-ended sector but given the costs and hurdles required to be jumped it is far from clear it would trigger a rush of other new entrants.
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Malta has a long and proud history as a trading nation. A country primed to benefit from import and export to maintain its growing economy. In more recent times this has resulted in an on-going political policy of encouraging foreign investment through competitive business tax rates and the development of a highly skilled financial services centre.

Conveniently placed in the centre of the Mediterranean, Malta has forged a hard-earned reputation as one of the most competitive domiciles in the EU for hedge fund services. It now looks well placed to enjoy an increase of licensed funds as managers seek solutions to some of the operational and distribution challenges thrown up by new AIFMD regulation.

With managers liable to find marketing non-EU funds to EU investors increasingly challenging, the jurisdiction has made itself a hub from which funds licensed in Malta can seek to sell into the EU.

The local regulator, the Malta Financial Services Authority (MFSA), has sought to aid this potential influx of business by issuing clear guidelines and revising the investment services rules for investment services providers, in order to introduce a new and AIFMD-compliant Depositary Lite regime.

By virtue of this new regime, Maltese-based funds would not be required to appoint a licenced depository but could seek approval for the appointment of an entity which carries out depositary functions as part of its professional or business activities. The jurisdiction has clearly set itself up as one of the handful of post-AIFMD EU jurisdictions capable of providing a base for managers who are keen to register their various fund vehicles as AIFs. With a strong financial backbone Malta is also ideally equipped to deal with the expected influx of business, boasting a competent financial sector combined with a developed, robust and expanding financial infrastructure.

More generally, Malta’s financial institutions ended 2013 strongly, a fact highlighted in the 2013-14 Global Competitiveness report published by the World Economic Forum, which ranked Malta-registered banks highly for stability.

Malta has adapted naturally to the changing landscape of EU hedge fund regulation and will continue to grow and reinforce its standing as a world-class financial jurisdiction as more managers choose the jurisdiction as a home for fund establishment.

**DATA BOX**

- **Regulator**: Malta Finance Service Authority
- **Number of Hedge Funds**: 578
- **Professional Investor Funds**: 460
- **UCits**: 64
- **Net Asset Value**: €10.3bn
- **Funds listed on Malta stock exchange**: 32
- **Fund administrators**: 26
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BNY Mellon is a global investments company dedicated to helping its clients manage and service their financial assets throughout the investment lifecycle. Whether providing financial services for institutions, corpora-tions, or individuals, BNY Mellon delivers informed investment management and investment services in 35 countries and more than 100 markets. BNY Mellon can act as a single point of contact for clients looking to create, trade, hold, manage, service, distribute or restructure investments. BNY Mellon is the corporate brand of The Bank of New York Mellon Corporation (NYSE: BK). Additional information is available on www.bnymellon.com, or follow us on Twitter @BNYMellon.

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CACEIS is an asset servicing banking group dedicated to institutional and corporate clients. Through offices across Europe, North America and Asia, CACEIS offers a broad range of services covering depositary and custody, fund administration, alternative investment servicing, middle-office outsourcing, derivatives clearing, fx, securities lending, and fund distribution support. CACEIS is a leader in the alternative investment servicing market, and with assets under custody of €2.1 trillion and assets under administration of €1.1 trillion, CACEIS is one of the leading global asset servicing providers and the largest depositary and premier fund administrator in Europe (figures to 31 December 2013).


Circle Partners is a financial services organisation specialising in rendering accounting and administration, shareholder and organisational services to investment funds established in a different number of jurisdictions and with diverse investment strategies. Our goal is to assist asset managers in building their investment management and enabling them to concentrate on the asset management business through a process of outsourcing virtually all back-office functions to Circle Partners. Special care and attention is given to accurate and swift communication with the fund manager and shareholders to enhance client satisfaction and confidence and to assist in creating a sound reputation for the fund.

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Equinoxe is a premium boutique service provider founded in 2007 by experienced hedge fund administration professionals. Headquartered in Bermuda, with operational offices in Bermuda, Ireland, US, Mauritius, Malta and Singapore, we are a full service alternative investment fund administration organization offering both traditional hedge fund administration and a wide range of private equity and mezzanine financial services. Clients include some of the world’s largest funds and funds of funds.

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IDS Fund Services Malta is part of the IDS Group, the leading African Alternative Investment Administration Group. IDS Malta is regulated by the Malta Financial Services Authority having opened on the island in April 2008. The company services funds domiciled in Malta as well as other international domiciles. The company is also affiliated with a number of platforms, providing tailored and inexpensive hosting facilities for start-up and smaller Malta and Cayman-based funds. IDS Group has become a lead fund administrator through listening to its clients and providing tailored services and solutions.
Mitsubishi UFJ Fund Services is part of the fifth largest bank in the world with $2.4tn in assets and over 41,000 employees worldwide. Mitsubishi UFJ Fund Services provides a multi-product offering that suits clients’ specific needs – leveraging the financial and intellectual capital of Mitsubishi UFJ Financial Group. From fund administration, custody, FX hedging, trust, depository to securities lending and other banking services, Mitsubishi UFJ Fund Services partners with clients throughout the trade lifecycle. Mitsubishi UFJ Fund Services has $110bn in AuA, servicing 3,000 funds globally.

Opus Fund Services is an award winning independent fund administration firm. Within a SSAE16 approved process, Opus uses unique technology and flat fee pricing to provide automated, integrated middle & back office administration services to domestic and offshore hedge fund and alternative investment vehicles. The ONE platform has received widespread industry recognition including “Best Overall Fund Administrator with AuA” at the Hedge Fund Awards and “Best Overall Fund Administrator” at the Hedge Funds Europe Awards. For more information on Opus Fund Services, please visit www.opusfundservices.com.

For 40 years across our 25 global locations, Orangefield has been providing exceptional alternative investment fund services. Our full suite of services includes administration, set-ups and back / middle office outsourcing as well as corporate, director and trust services along with regulatory compliance. Orangefield employs an expert consultative approach to create solutions unique to the client and believes that investing in exceptional technology to meet higher standards allows our clients to succeed. We follow this principle of mutual growth throughout the entire fund life cycle.

Quintillion is a specialist Dublin based provider of fund administration to alternative investment funds. We provide back and middle office services to a diverse range of fund structures, strategies and domiciles supported by class leading technologies and our expert operational teams. Following our start-up or conversion process, funds are serviced by client-centric investor services and accounting teams delivering an accurate, timely and transparent administration solution all within strict deadlines.

SS&C GlobeOp, a division of SS&C Technologies, is an independent top-10 fund administrator for both onshore and offshore hedge funds. Key differentiators for our business include our cutting-edge cloud-based services which allow unparalleled transparency and access for investors, regulators and clients alike; our high quality custom service model; our significant staff expertise and proprietary ownership of state of the art technology. Our growth and success is driven by high-quality service, satisfied customers and referrals. SS&C GlobeOp serve over 6,700 funds representing $40bn in AuA ranging from start-up funds to some of the biggest names in the industry.

US Bancorp Fund Services is dedicated to providing a comprehensive range of asset services to clients around the globe. US Bancorp Fund Services extends from mutual funds to a wide variety of alternative investment product services, including hedge funds, funds of funds, limited partnerships, offshore funds, private equity funds and separately managed accounts. With specialist expertise in both single manager and fund of hedge fund administration, services can be provided for both onshore and offshore funds. Through our comprehensive range of services and products, leading edge technology platforms and superior client service, we work in partnership to offer the solutions you need.
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With more than 50 years of experience serving the financial services community in key financial hubs, McGladrey professionals help organizations navigate complex reporting, governance and regulatory issues to achieve their business objectives. Based on the knowledge that comes from serving alternative investment companies, investment advisors, investment partnerships/hedge funds, private equity funds, business development companies, mutual funds, broker-dealers and futures commission merchants, we understand the complex operational, financial reporting and compliance issues facing the industry. We provide industry insight, advice and solutions to financial services organizations across the country and around the world. That’s what you can expect from McGladrey.

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Buzzacott is a London based accounting firm with a specialist team offering audit, accounting and taxation services to the hedge fund sector. Buzzacott is a market leader for the provision of start-up, HR, FCA reporting and business support services to UK and US managers and their stakeholders. Buzzacott’s Expatriate Tax Team has over 60 tax advisers with UK and US tax qualifications and can provide the added compliance and advisory tax services to clients with US shareholders or employees.

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Sparkasse Bank Malta plc forms part of the Austrian Savings Banks and the Erste Group Bank AG forming part of Austria’s largest banks. From Malta the bank provides private banking and fund custody solutions. As trained private bankers, the bank strives to deliver private, personal and tailored solutions to its fund customers by offering a seamless banking, execution, settlement and custody solution from one account. Fund custody is considered a core service at Sparkasse Bank Malta plc and the bank avoids all potential conflicts by focusing entirely on what it is they are truly hired to do i.e. – safekeeping, record keeping, monitoring and reporting.

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Baronsmead is an independent, specialist risk consultant and broker providing financial risks insurance, guidance and advice to the alternative investment management industry. Baronsmead provides managers and their funds with risk transfer protection from the legal, regulatory, operational and employment risks they face. We have a tried and tested product, and in recent years, have managed and settled around $20m of manager and fund claims in the UK, New York, Cayman Islands and BVI. Hands-on claims management is key and for this reason we have our own insurance litigation solicitor in-house. At Baronsmead we believe in doing what is right for our clients and maintaining those relationships through a quality service.

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KB Associates is a boutique operational consulting firm with offices in Dublin, London, Luxembourg, Cayman and New York. KB Associates advises managers on operational issues relevant to the establishment and ongoing management of offshore investment funds. Services include tailored hedge fund and investment manager start-up services, preparation for investor due diligence (full review to identify potential issues combined with advice on meeting growing investor due diligence standards) and re-domestication advisory services.

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Kate advises many of the world’s premier domestic and offshore hedge funds, commodity pools, and other collective investment vehicles. Both first-time and well-established sponsors come to Kate for guidance on the structuring, formation and documentation of hedge funds. We also advise private fund clients in corporate and financing transactions, including leveraged buyouts, minority investments, public and private exit transactions, recapitalizations, restructurings, and fund formation. Kate and her team of more than 400 lawyers, notaries and tax advisers, NautilusDuth is one of the largest law firms in the Benelux region. NautilusDuth Advocs Luxembourg is a full service business law firm. It provides high quality legal advice and services in banking & finance, corporate, capital markets & securitization, insolvency, tax, investment funds as well as intellectual property and I.T. NautilusDuth Advocs Luxembourg is a recognized player in the Luxembourg legal market. With its 35 lawyers, it serves a wide range of institutional clients, main financial institutions, asset managers, large and mid-sized corporates, private equity firms, funds sponsors and IT companies.

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Backstop Solutions

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Matsco Solutions Group, established in 2002, is the trusted IT support partner for hundreds of hedge funds and alternative investment firms across Europe, the United States and Asia. Specialising in hedge fund technology, Matsco Solutions provide best-of-breed industry solutions to its clients including private cloud services, business continuity planning, specialist start-up services, technology design, support and monitoring, virtual CTO services and a 24/7 engineer staffed helpdesk. The company was co-founded by Patrick Ferrall and Jim Serpi, who bring a wealth of industry experience, and has offices in London, New York, Stamford, San Francisco Bay, Hong Kong, Singapore and Beijing.

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Netage Solutions has been a premier provider of industry-specific CRM software and online reporting systems for the alternative assets industry since 1998, building a client base that includes hedge funds, funds of funds, private equity and venture capital firms, real estate investment firms, prime brokers, family offices, and institutional investors. Intuitive and highly configurable, Netage’s flagship Dynamo Suite has improved the productivity of investor relations, marketing, and research teams worldwide. Deep industry expertise, dedicated client service and a culture of continuous innovation has made Netage Solutions the vendor of choice for more than 250 of the world’s premier alternative investment firms. Collectively our clients manage over $650 billion in assets. To learn more about Dynamo Suite™, or to request a product demo, please contact us at sales@netagesolutions.com.

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Established in 2002, NetConsult is an award winning provider of managed IT services to the global alternative investment industry. We aim to provide a high level of technical expertise to our clients combined with a dedication to customer service. Our ethos is based upon designing secure IT platforms which are manageable over the long term. We are a trusted technology provider to a large portfolio of clients ranging from small start-ups to large global funds. NetConsult provides a bespoke service to its clients and provides a full suite of IT services including Cloud Services, Outsourced IT, BCP Virtual CTO and IT Security.

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Delivering expert, outsourced IT services bespoke to London’s financial community, Sentronex is committed to providing the best of the following services: IT Support, Disaster Recovery, Financial IT Consultancy, Cloud Computing, Hosting and Connectivity. Sentronex’s rapid growth since launching in 2005 is down to a winning combination of technical specialist knowledge and the extensive, fully-managed facilities we offer including multiple Disaster Recovery sites and a state-of-the-art Data Centre. Sentronex looks after an impressive range of FCA regulated clients spanning both the buy and sell-side. With Sentronex, there is no such thing as a one-size-fits-all approach; every solution is tailored to meet the individual needs and requirements of each financial firm.

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SolidFire is the market leader in all-SSD storage systems designed for next generation data centers. Leverage SolidFire’s all-flash architecture, with volume-level QoS (Quality-of-Service) controls, customers now can guarantee storage performance to thousands of applications within a shared infrastructure. Coupling this functionality with in-line data reduction techniques and system-wide automation results in substantial capital and operating cost savings relative to traditional storage systems.

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Mondrian/Alpha Recruitment Solutions

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One Ten Associates is a specialist recruitment firm that services the permanent and temporary needs of the alternative/fund management sector. Our consultants have been in this sector for over ten years and have the network to cover your strategic senior hires as well the junior to mid-senior needs.

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