

Family Offices Said to Seed More Hedge Funds

BY KELLY BIT

Family offices are deploying more start-up capital to hedge funds as the amount of seed money available has decreased and the number of new funds has increased due to impending financial regulations.

Available seed capital has fallen to \$2.5 billion for the first half of 2011 from \$7 billion before 2008, according to **Alexis Graham**, co-founder of **Acceleration Capital Group**, a New York-based firm that works with seed investors. The firm's estimate on available seed capital is based on the participation of 40 seeders.



Chris Battifarano

This has created room for family offices to find attractive deals that wouldn't have been accessible pre-crisis. **TRB Advisors LP**, the family office founded by **Tim Barakett**, invested an undisclosed amount of seed capital in a \$150 million fund managed by **Stabilis Capital Management LP**. **Augustus Capital LLC**, the Harrison, New York-based multi-family office, is searching for quantitative funds for seed allocations, according to Managing Partner **Mark Abeshouse** (see stories page 4).

"They're smart enough to know that the market place is providing potentially really good opportunities to be seeding because there's such a lack of capital," Graham said of family offices in a telephone interview. "They're looking at the market and saying, 'I can get a deal here that I couldn't have gotten a few years ago and I probably won't be able to get again.'"

Proprietary trading desk spinoffs from banks have provided additional opportunities, according to **Chris Battifarano**, an investment partner at **GenSpring Family Offices LLC**, where he is responsible for manager diligence. Spinoffs have largely resulted from the Volcker rule and Basel III rules, which in 2010 more than tripled the core capital that banks must hold to guard themselves against insolvency.

"Because of new regulatory rules, particularly affecting European and U.S. banks, a lot of what used to be prop money has to come out," Battifarano said in a telephone interview. "That's creating opportunities."

Family office allocations are "typically smaller" than those from traditional seeding funds, Graham said. He has seen family offices invest as little as \$5 million in a new hedge fund and as much as \$100 million.

GenSpring, the Palm Beach Gardens, Florida-based wealth management firm for high net worth families that has more than \$20 billion in assets under advisement, has invested in fund of funds that give seed capital to hedge funds since 2003, Battifarano said.

Greece to Drop Euro in Two Years, 60% of Managers Say

BY DAVID GOODMAN

Almost two out of three hedge-fund managers predict Greece will drop the euro within two years and four in 10 say Italy and Spain will default or restructure their debts.

About 65 percent said European Union members would issue euro bonds to ease the region's sovereign debt crisis, according to the survey by **Aksia LLC**, which questioned 125 hedge funds managing about \$800 billion of assets, or more than one-third of hedge fund assets worldwide.

Eight in 10 managers said the Federal Reserve's so-called operation twist, a plan to buy \$400 billion in longer-term maturities by the end of June 2012, would fail to affect financial markets and 94 percent backed further monetary easing by European authorities, according to the survey.

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RETURNS IN BRIEF

■ **Maverick Capital Management LP's** Class A/1 share class lost 1.5 percent through Nov. 18, according to an investor. The \$1.1 billion fund is now down 13.1 percent year-to-date. **Lee Ainslie III** started Maverick in 1995.

■ **Sonica Capital LLC's** Sonica International Ltd. fund gained 17.6 percent in October and has increased 13.3 percent year to date through Oct. 31, according to an update to investors that was obtained by Bloomberg. The New York-based long/short equity fund is managed by **Alexander Fodor**. Its portfolio exposure as of Oct. 31 was 100.5 percent long and -67 percent short.

■ **Algebris Investments Ltd's** Algebris Financial Coco Fund has fallen 23.7 percent since it launched in July, Bloomberg News reported. The London-based fund, which invests in contingent convertible bonds, is managed by **Davide Serra** and **Eric Halet**.

■ **Silver Point Capital LP's** Silver Point Capital Offshore Ltd. fund, with \$4.4 billion in assets, gained 17 basis points through Nov. 15 and has returned 3 percent year-to-date, according to an investor. **Edward Mule** is the fund's chief executive officer.

— Compiled by Nathaniel E. Baker

For this week's Performance Snapshot, featuring long-biased equity hedge funds, see page 9.

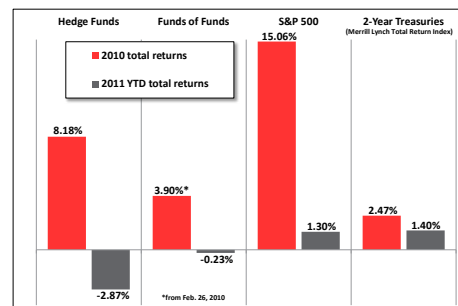
RETURNS BY STRATEGY

STRATEGY	BLOOMBERG INDEX CODE	2010	OCTOBER 2011	2011 YEAR-TO-DATE
Mortgage-Backed Arbitrage	BBHFMARB	24.6	-1.3	10.6
Equity Statistical Arbitrage	BBHFSTAT	3.4	3.6	5.0
Asset-Backed Securities	BBHFASTB	13.3	0.2	3.9
Fixed Income Arbitrage	BBHFFARB	11.2	0.5	3.7
Capital Structure Arbitrage	BBHFCRED	2.1	0.4	1.5
Short-Biased Equities	BBHFSHRT	1.7	-1.4	1.2
Market-Neutral	BBHFMNFL	0.1	3.5	0.9
Convertible Arbitrage	BBHFCARB	7.3	2.5	-0.4
Merger Arbitrage	BBHFMERG	2.1	2.3	-0.9
Long/Short Equities	BBHFLSEQ	7.3	4.2	-1.8
Multi-Strategy	BBHFMLTI	3.7	-0.6	-1.8
Global Macro	BBHFMCRO	4.4	0.6	-3.3
CTA/Managed Futures	BBHFMGDF	9.1	-2.6	-5.2
Distressed Securities	BBHFDIST	1.7	0.1	-6.1
Emerging Market Debt	BBHFEMDB	5.3	-1.2	-6.4
Long Biased Equities	BBHFLONG	11.0	7.1	-9.3

Source: Bloomberg Hedge Fund Indices
Type HFND<GO> to view return statistics

Hedge Fund Returns

Bloomberg BAIFF indices, which represent all funds tracked by Bloomberg data, are the source of the below hedge fund and fund of funds data.



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COUNTRY FOCUS

Brazilian Managers Debate Effects of Rate Cuts on Hedge Fund Investments

BY ALEXANDER RAGIR, GABRIELLE COPPOLA

Three Brazil-based hedge fund managers were unable to reach a consensus on whether the country's loosening interest rate cycle would lead to increased inflows into the asset class.

Brazilian bonds have rallied since the central bank began cutting rates in August, part of an effort by developing countries from Israel to Indonesia to spur economic growth amid the global slowdown. Central bank President **Alexandre Tombini** also eased curbs on consumer credit on Nov. 14, fueling speculation the measures will act as a substitute for bigger rate reductions.

"After the government signaled more rate cuts, fixed-rate securities began to price that in and do very well, but then it gets priced in and the risk arises of those rate cuts not materializing," said **Wagner Murgel**, partner at **Neo Gestao de Recursos**,

a Sao Paulo-based hedge fund that manages 1.3 billion reais. "In this second stage, investors will look at real estate, stocks and also hedge funds."

Murgel said his hedge funds received an inflow in the past two months, reversing a trend of redemptions in the beginning of the year.

Swings in global markets fueled by Europe's deepening debt crisis will prompt investors to stick with fixed-income assets, said **Walter Mendes**, the former head of equity at **Itau Unibanco Holding SA**, who is now a partner at Sao Paulo-based hedge fund **Cultinvest Asset Management**.

"With the tendency for rates to keep falling, people want to move to fixed rates because the level of return is reasonable relative to risk," Mendes said in a telephone interview. "Investors aren't ready to move into more risky funds like hedge funds yet

because of the uncertainty."

Walter Maciel, who oversees about \$1 billion as a partner at **Quest Investimentos Ltda.**, the hedge fund run by former Communications Minister **Luiz Carlos Mendonca de Barros**, said he's seen renewed demand for his stock funds.

A "prolonged" cycle of interest-rate cuts will prompt pension funds to shift investment out of fixed-income assets and into stock and hedge funds, Maciel said.

Hedge funds recorded 46.1 billion reais in redemptions this year, pushing their share of Brazil's fund industry to a six-year low of 21.35 percent, according to Anbima.

"Investors will be obliged to seek out more profitable investments next year, so they'll be looking for more risk," Maciel said in a telephone interview from Sao Paulo. "For a money manager like me, this is the best news to see the market expect rates to keep falling for the long-term."

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BRIEF EXCLUSIVES

LAUNCH

TRB Advisors Seeds New Stabilis Capital Fund

TRB Advisors LP, the family office founded by **Tim Barakett**, seeded **Stabilis Capital Management LP**, the \$200 million New York-based distressed commercial real estate loans hedge fund, according to a person familiar with the matter. The fund started with \$150 million in commitments, including TRB's seed investment.

The firm started **Stabilis Fund II**, which makes investments in the distressed commercial whole-loan market, on Oct. 28, said the person. The fund invests in smaller non-performing commercial loans and is open to outside investors.

The firm's **Stabilis Fund I** is a similar strategy that has more than \$50 million in commitments and closed in Sept. 2010. **Salman Khan**, managing principal at **Stabilis**, manages the funds. He was formerly head of the commercial and industrial loans group at **Silver Point Capital LP** for six years and a vice president at **Goldman Sachs Group Inc.** for 12 years.

—Kelly Bit

MANDATE

Augustus Capital Searches for Quant Seed Investments

Augustus Capital LLC, the Harrison, New York-based multi-family office, is searching for quantitative trading funds for seed allocations, according to Managing Partner **Mark Abeshouse**.

"We believe the best mouse traps out there are super fast, quant, algorithmic trading firms," Abeshouse said in a telephone interview. "In the current market place that is experiencing tremendous volatility and whipsaws from one day to the next and intraday whipsaws from one hour to the next, it's not a market that rewards fundamental bottoms-up company-specific analysis or fundamental global macro top-down analysis."

The firm can allocate up to \$25 million with an institutional partnership, Abeshouse said. It will consider high frequency trading firms in its search and is looking for firms that are "scalable," with a capacity of \$500 million to \$1 billion in assets, Abeshouse said.

The firm has seeded about three different funds in the last 12 years. It is sitting on cash and "wide open" to make deployments, he said.

"We're going to be deploying this capital soon," Abeshouse said. "There are firms that have the intellectual property to do ultra fast execution and also have quants that write proprietary computer code used by a lot of prop trading desks. If you can marry those two, that's the Holy Grail."

—Kelly Bit

ON THE MOVE

Barclays Said to Spin Off Rosenstrach-led Arbitrage Team

Barclays Plc will spin off its capital arbitrage team, led by **Philip Rosenstrach**, as a hedge fund on Jan. 1, with the London-based bank and other investors providing about \$150 million in funding, according to two people familiar with the matter.

The fund will be called **Pomelo Capital** and be based in New York, said the people. Rosenstrach, 40, and his five team members will run the relative value credit and equity strategy. The fund seeks to raise about \$500 million by the end of next year.

Rosenstrach, a Barclays director, was formerly a portfolio manager at **Talek Investments LLC**, a Greenwich, Connecticut-based hedge fund. He has run the capital structure arbitrage portfolio at Barclays in New York for five years, posting positive returns every year, including 7 percent this year.

—Kelly Bit

TREND WATCH

Hedge Funds Cutting Bearish Gas Bets Fuel Rally

BY ASJLYN LODER

Hedge funds slashed short bets on natural gas from record levels last week, triggering the longest rally since July on speculation that cold weather will bolster heating demand and reduce brimming stockpiles.

Large speculators cut short positions by 25 percent in futures and options in the week ended Nov. 22, according to the Commodity Futures Trading Commission's Commitments of Traders report.

Natural gas climbed all four trading days in the holiday-shortened week as forecasts called for colder-than-normal weather and the Energy Department reported that stockpiles gained less than expected. Traders retreated from the highest number of short bets in records going back to January 2010.

Short bets in four natural gas contracts shrank by 13,494 futures equivalents to 40,125 in the week ended Nov. 22, down from a record 53,618 a week earlier, according to the CFTC.

In other markets, money managers cut bullish bets on Brent crude by 5,356 contracts, or 8.5 percent, to 57,523 futures and options combined in the week ended Nov. 22, according to data released yesterday by ICE Futures Europe.

Managed money positions in gasoline retreated by 3,794 futures and options combined, or 6.5 percent, to 54,943, the CFTC data showed. Bullish bets on heating oil declined for the first time in seven weeks, falling by 2,855 futures and options combined, or 6.6 percent, to 40,881.

The CFTC releases its weekly report on the positions held by large speculators on Fridays at 3:30 p.m. The report was delayed until yesterday because of the U.S. Thanksgiving holiday on Nov. 24.

MARKET CALLS

Real May Fall 24% in Emerging-Market Rout, Jen Says

The selloff in emerging-market currencies has just started and the magnitude of the decline in Brazil's real and South Korea's won may surprise investors, according to **Stephen Jen**, a managing partner at **SLJ Macro Partners LLP**.

The real may sink to as low as 2.4 per dollar, a further 24 percent drop after it lost 8.6 percent this year through yesterday, according to Jen, the former head of global currency strategy at **Morgan Stanley**. The won will fall about 10 percent, he said in a telephone interview.

"The market is not ready for a generalized emerging-market selloff," said Jen. "This is just a beginning."

Jen said Brazil's real is particularly "vulnerable" because of its reliance on commodities exports to China, where growth is slowing.

—Ye Xie

Carbon Collapse May be Buying Opportunity: Adapto

Carbon permits, which last week were trading at record lows, may present a buying opportunity for traders looking beyond the current financial crisis in Europe, according to **Adapto Advisors AB**.

Permits may fall further and then rebound to at least 14 euros, assuming European governments solve the debt crisis, **Fredrik Adolfson**, the Stockholm-based fund manager at Adapto, said. "Once we are out of the worst crisis in Europe and if CO2 is still trading too low to create financial incentives to reduce emissions, politicians will again focus on the environment and this may mean higher prices than we are seeing today," he said.

—Mathew Carr

Arcoda's Meyers Sees Amylin Earnings Lower in Near-Term

Michael Meyers, who oversees about \$100 million as chief executive officer of the New York-based **Arcoda Capital Management LP**, said sales and marketing hires would weigh on **Amylin Pharmaceuticals Inc.**

"They're going to take on a lot of sales and marketing expense," he said of the company that ended its relationship with Bydureon with Eli Lilly earlier this year. San Diego-based Amylin may need to raise capital to pay for introducing and marketing the treatment should regulators approve it in January, according to **Piper Jaffray Cos.**

"If they decide to build out that sales force, theoretically it'll drive revenue in the coming years but it'll continue to weigh on earnings," said Meyers, who doesn't own any shares of Amylin.

—Jeff Kearns, Ryan Flinn and Cecile Vannucci

EME Partners Sees Risk of 'Liquidity Freeze' in E. Europe

Fiscal problems in the euro zone are having an effect on bank lending in eastern Europe, according to Stockholm-based **EME Partners AB**, a long/short equity hedge fund firm focused on emerging European markets.

Interbank lending rates "indicate a serious risk of a liquidity freeze" in Russia and Turkey, with western banks declining to support subsidiaries elsewhere in region, the firm wrote in its October letter to investors in its Emerald Emerging Europe Fund.

Already Austria, whose banks control 40 percent of bank assets in Croatia, 30 percent in Romania and 25 percent in Hungary, recently announced its regional subsidiaries would have to finance their own lending, the letter says. "If other Eurozone countries follow Austria's lead we will see significant credit tightening in emerging Europe."

The fund is managed by **Daniel Dinef**, **Johan Ekstrom** and **Mats Wandrell**.

—Nathaniel E. Baker

MARKET CALLS, REVISITED

Bridgewater Associates Inc. increased its bet on U.S. stocks by adding to its holdings of the SPDR S&P 500 Index Fund in the third quarter of 2010 (**Bloomberg Brief**, Nov. 16, 2010).

— The SPY price ranged from \$102.76 per share to \$114.82 per share during the third quarter of 2010. It rose to a high of \$136.43 on April 29 before dropping back to its third quarter, 2010 levels this August. **Ray Dalio's** firm has increased its position in the ETF every quarter since, and held 20.8 million shares as of Sept. 30, 2.3 million more than its year-ago level.

William Ackman's Pershing Square Capital Management LP disclosed an 11 percent stake in **Fortune Brands Inc.**, becoming the largest shareholder in the maker of **Jim Beam bourbon** and **Titleist golf balls** (**Bloomberg Brief**, Nov. 2, 2010).

— Last December the company announced plans to split into three separate businesses and focus on distilled spirits after Fortune Chief Executive Officer **Bruce Carbonari** said it found "much common ground" with Ackman. This May, the company agreed to sell its golf unit for \$1.23 billion in cash. Ackman remains the largest shareholder in **Beam Inc.**, which reached a high of \$50.96 per share on Nov. 15.

Millennium Management LLC Founder **Israel Englander** last November said it was the best time in 15 years to hire hedge fund talent (**Bloomberg Brief**, Nov. 9, 2010).

— Compensation for hedge fund managers will continue to decrease this year, with portfolio managers' pay seeing the biggest decline, according to **Glocap Search LLC** and **Hedge Fund Research Inc.**

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13F FORENSICS: MOTOROLA MOBILITY

Hedge funds increased their holdings of **Motorola Mobility Holdings Inc.** in the third quarter, adding almost \$2.9 billion-worth of the mobile-phone maker's shares in the three months ending Sept. 30, according to Bloomberg data. Only **Apple Inc.** saw hedge funds increase their stakes by more.

Among the company's 50 largest hedge fund shareholders, **Highfields Capital Management** was the only one to decrease its stake during the quarter, divesting 2.6 million shares, which were worth \$102.3 million on Sept. 30. Highfields was also the only

one of MMI's 10 biggest hedge fund stockholders whose stake predates the third quarter.

Farallon Capital Management LLC was the company's third-largest shareholder, behind **Vanguard Group Inc.** and **Icahn Associates Corp.**

Motorola Mobility agreed to be acquired by **Google Inc.** in August. The deal is expected to close early next year. MMI spun out of Motorola Inc., now **Motorola Solutions Inc.**, in January.

– Nathaniel E. Baker

Largest Hedge Fund Shareholders as of Sept. 30

HEDGE FUND	AMOUNT HELD	VALUE ON SEPT. 30*	VALUE ON NOV. 28*	LATEST CHANGE (SHARES)	PERCENTAGE OF PORTFOLIO	POSITION IN PORTFOLIO
Farallon Capital Management LLC	10,565,000	399	409	10,565,000	10.4	Largest
Paulson & Co.	9,000,000	340	348	9,000,000	1.6	19th-largest
Taconic Capital Advisors LP	8,500,000	321	329	8,500,000	8.9	Fourth-largest
Westchester Capital Management	6,783,449	256	263	6,783,449	8.1	Second-largest
Highfields Capital Management	6,096,016	230	236	-2,643,527	3.1	10th-largest
Perry Capital Ltd.	2,762,832	104	107	2,762,832	9.8	Third-largest
Halcyon Capital Management Co.	2,702,832	102	105	2,702,832	36.9	Largest
P Schoenfeld Asset Management	2,425,371	92	94	2,425,371	10.5	Second-largest
Eton Park Capital Management	2,200,000	83	85	2,200,000	1.5	19th-largest
Vertex One Asset Management Inc.	2,064,100	78	80	2,064,100	15.5	Largest
AQR Capital Management LLC	1,764,752	67	68	1,587,000	0.5	21st-largest
Tyrus Capital	1,580,000	60	61	1,580,000	10.1	Fifth-largest
Moore Capital Management LP	1,393,831	53	54	1,293,831	2.4	Ninth-largest
Millennium Management LLC	1,166,856	44	45	886,399	0.5	Eighth-largest
Zweig Dimenna Partners LP	1,071,610	40	41	1,071,610	2.9	Sixth-largest

* \$millions

REGULATORY/COMPLIANCE

ESMA to Issue Guidance on Hedge-Fund Pay, Maijor Says

Steven Maijor, chairman of the **European Securities and Markets Authority**, said the agency will publish guidance on hedge-fund pay as well as leverage levels. He made the comments at a Brussels conference today.

—Jim Brunnsden

Rajaratnam Seeks to Remain Free, Appeal Wiretap Use

Raj Rajaratnam, the **Galleon Group LLC** co-founder convicted of directing the biggest insider trading scheme in a generation, said the use of wiretapped calls by the U.S. raises “substantial” issues of law that should allow him to remain free during his appeal.

Rajaratnam, 54, who is scheduled to report to prison on Dec. 5, is seeking to remain free pending the outcome of his appeal, according to a letter his lawyers sent today to **Catherine O’Hagan Wolfe**, clerk of the U.S. Court of Appeals in Manhattan.

Patricia Millett, a lawyer for Rajaratnam, today filed a copy of the March 7, 2008, wiretap application request by FBI special agent **B.J. Kang** to intercept phones used by Rajaratnam as part of the insider-trading investigation. Lawyers for the fund manager argue there were “glaring omissions” in Kang’s wiretap affidavit used to monitor Rajaratnam’s calls which are likely to be grounds for reversing his conviction.

Terence Lynam, a lawyer for Rajaratnam, didn’t immediately return a voice-mail message left at his office seeking comment on the letter.

Ellen Davis, a spokeswoman for Manhattan U.S. Attorney **Preet Bharara**, whose office prosecuted the case, declined to comment on today’s filings.

—Patricia Hurtado

Capital One to Exit \$150 Million in Funds, Citing Volcker Rule

Capital One Financial Corp. plans to sell or restructure hedge-fund and private-equity investments prohibited by new U.S. regulations.

Capital One holds about \$150 million in stakes disallowed under the Volcker rule, the McLean, Virginia-based lender said in a letter to the **Securities and Exchange Commission** dated July 29 and made public yesterday. The bank, which doesn’t have units that sponsor or invest in hedge funds or private-equity funds, acquired the investments through the purchase of other lenders and doesn’t expect the rule to have a “material effect,” according to the letter.

“We are considering options to exit or restructure these investments,” Capital One said in the letter.

The SEC, as part of a review of the bank’s first-quarter filing, asked Capital One in a July 19 letter to discuss how the Volcker rule would affect business units that sponsor or invest in private-equity or hedge funds. The agency said in an Oct. 12 letter that it had completed its review. Such correspondence is typically released about 45 days after a review is completed.

—Dakin Campbell

China Formalizes, Expands Margin Trading, Short-Selling

China issued rules on margin trading and short selling and will widen the scope of underlying securities eligible for such transactions, as it seeks to deepen the nation’s capital markets.

The rules took effect Nov. 24, the **Shanghai Stock Exchange** said in a statement posted on its website. China will on Dec. 5 broaden securities eligible for margin trading and short sales to include stocks in the exchange’s 180 Index and in four open-ended exchange-traded funds, including the China 50ETF, the statement said.

—Carla Main

EU Should Toughen High-Frequency Trading: Jouyet

BY JIM BRUNSDEN

Jean-Pierre Jouyet, chairman of France’s financial market regulator, last week attacked high-frequency trading and “opaque” markets, as part of a call for the European Union to toughen a planned overhaul of financial rules.

“The excessive development of high-frequency trading has imperilled the functioning of markets,” Jouyet, of the Autorite des Marches Financiers, said. The European Securities and Markets Authority should be empowered to set “precise rules” for such trades, he said in a speech.

Existing EU market rules from 2007 had proved “a complete failure” at pushing traders to use regulated venues, Jouyet said. Proposals presented last month by the European Commission, the 27-nation EU’s executive arm, may lead to further market opacity, and should be amended.

High-frequency trades “reduced the depth of the market, and also therefore sapped the confidence of investors in quoted prices,” Jouyet told a conference in Paris.

Governments and lawmakers at the European Parliament must agree on the final version of the EU proposals before they can take effect.

ESMA’s powers should include the ability to regulate the speed at which systems can take account of developments on the market and react to them by placing orders, Jouyet said.

ESMA should be able to set “precise rules” for this so-called latency time, as well as for the trading fees charged by venues, he said.

Jouyet also questioned whether so-called fair value accounting rules should be applied to credit-default swaps on sovereign debt.

“On sovereign CDS, do we even have a market when we examine the opacity, illiquidity and lack of depth?” he said.

OVER THE HEDGE

■ SAC Capital Advisors LP's **Steven A. Cohen** and **Element Capital Management LLC** Managing Director **Steve Rosenblum** were named "power collectors" by Art & Auction magazine's ninth annual Power 100 issue. The magazine, published by New York-based Louise Blouin Media, will be unveiled at a private party today at the Shore Club in Miami, ahead of the Art Basel Miami Beach fair that opens to VIPs tomorrow. It will hit the newsstands on Dec. 13. This is the first year the magazine has broken out a ranked list from its annual issue on 100 movers and shakers, grouped into categories such as auctions, dealers and curators. Only one artist was included: China's dissident Ai Weiwei, whose 81-day detention this year made a global symbol of cultural activism.

—Katya Kazakina

■ Cohen is planning to bid on the Los

Angeles Dodgers, according to the Wall Street Journal. Cohen has been discussing the potential bid with **Allen & Co.**'s **Steve Greenberg**, who has represented New York Mets owners **Fred Wilpon** and **Saul Katz**, the WSJ reported, citing people familiar with the matter. Cohen explored bidding for a Mets stake earlier this year.

—Jeran Wittenstein and Melissa Karsh

■ The **Hedge Fund Association** today announced that it was starting a new chapter to advocate for hedge funds domiciled in Switzerland, Italy, Spain and Portugal and had named **José Castellano** of **Pioneer Investments** as the chapter director. "It is increasingly clear that the fate of the economy in southern Europe is powerfully linked with the world's economy," said **David Friedland**, president of the Hedge Fund Association and of Magnum U.S. Investments. "As

such, it only makes sense for the HFA to take steps to advocate for hedge funds domiciled within this critical area." There are 406 hedge funds based in Italy, Spain and Switzerland with combined \$68.3 million under management, the HFA said in its statement, citing Eurekahedge data.

—Nathaniel E. Baker

■ Actor Tobey Maguire agreed to pay \$80,000 to settle a lawsuit aimed at recouping investor losses from Ponzi schemer and ex-hedge fund manager **Bradley Ruderman**, according to The Hollywood Reporter. The lawsuit claims that Maguire won money from Ruderman, founder and manager of **Ruderman Capital Partners**, in allegedly illegal poker games, where Ruderman used Ponzi scheme money to cover gambling losses, The Hollywood Reporter and Law360 reported.

—Melissa Karsh



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PERFORMANCE SNAPSHOT: LONG-BIASED HEDGE FUNDS

A look at some of the best-performing long-biased equity hedge funds that report to Bloomberg data. Only funds with \$50 million or more under management that have reported performance through at least Sept. 30 are included. For questions please contact Anibal Arrascue at aarrascue@bloomberg.net

By Year-to-Date Returns

FIRM	FUND	MANAGER	INCEPTION DATE	SHARPE RATIO	RETURN %
Wynnefield Capital Inc	Wynnefield Small Cap Value Offshore Fund Ltd	Nelson Obus	1/1/1997	1.23	11.90
AlphaNorth Asset Management	AlphaNorth Partners Fund Inc-A	Steven Palmer	11/30/2007	1.73	9.65
NTAsset Thailand Co	NTAsian Discovery Fund	Kenneth Ng	3/24/2006	0.57	6.92
Archipel Asset Management AB	Brummer & Partners Archipel	Stefan Nydahl	11/30/2006	3.17	6.56
TIG Holding Ltd	Tarpon All Equities Fund LLC	Jose Carlos Reis Magalhaes	9/29/2006	0.55	5.84
Lynas Capital Ltd	Lynas Asia Fund	David Devine	9/30/2004	0.68	5.49
Navis Capital Partners Ltd	The Navis Asia Navigator Fund-Non US Feeder	Patrick Russell	8/30/2005	0.65	4.87
Zazove Associates LLC	Zazove Hedged Convertible Fund LP-A	Ryan Casaquite	3/31/1998	2.91	4.73
Aquamarine Capital Management LLC	Aquamarine Fund Inc-USD	Guy Spier	9/15/1997	0.55	2.62
TIG Holding Ltd	Tarpon HG Fund LLC-A	Jose Carlos Reis Magalhaes	5/31/2002	0.39	2.14

By Five-Year Annualized Returns

FIRM	FUND	MANAGER	INCEPTION DATE	SHARPE RATIO	RETURN %
TIG Holding Ltd	Tarpon All Equities Fund LLC	Jose Carlos Reis Magalhaes	9/29/2006	1.11	27.99
Constellation Investimentos e Participacoes Ltda	Constellation Fund SPC - Equities Class	Florian Bartunek	12/14/2005	0.92	26.99
TIG Holding Ltd	Tarpon HG Fund LLC-A	Jose Carlos Reis Magalhaes	5/31/2002	1.02	26.52
Horizon Capital Management SA	Horizon Growth Fund NV	Team Managed	12/31/1999	1.17	24.62
AMH Equity Ltd	Leviticus Partners LP	Adam M Hutt	7/1/1996	0.95	23.53
Ajia-Lighthouse Asset Management Inc	Ajia-Lighthouse China Growth Fund Limited	Xiaoyang Kang	1/11/2006	1.08	23.18
Lynas Capital Ltd	Lynas Asia Fund	David Devine	9/30/2004	0.92	21.89
Boyer Allan Investment Management LLP	Boyer Allan Pacific Opportunities Fund-A1	Andrew Tay	11/1/2006	0.88	21.26
Navis Capital Partners Ltd	The Navis Asia Navigator Fund-Non US Feeder	Patrick Russell	8/30/2005	0.84	18.62
AR Capital Pte Ltd	AR New Asia Fund	Wah Kheong Leong	1/18/2006	0.85	18.35

FOR SHARPE RATIO CALCULATION METHODOLOGY TYPE FLDS SHARPE <GO> ON BLOOMBERG. "RISK FREE RATES" IDOC 2047613 <GO>

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HEDGE FUNDS ADDED TO BLOOMBERG THIS WEEK

The following hedge funds were added to Bloomberg's database this week. Access the Hedge Fund Database Portal by typing HFND <GO> on your Bloomberg Terminal. To view U.S. hedge fund managers, users must fill out an Accredited Investor Form (Option 13).

TICKER	BLOOMBERG ID	FUND MANAGER	MANAGEMENT COMPANY	STRATEGY	MANAGER LOCATION	INCEPTION DATE	ADMINISTRATOR
APSASPB KY	BBG00286S7J7	KOK-HOI WONG	APS Asset Management Pte Ltd	Long/Short Eq	Singapore	9/1/2011	HSBC Alternative Fund Services Cayman Ltd
SIMAUDS KY	BBG00289JY20	TEAM MANAGED	Aspeqt Capital Management Ltd	CTA/Mgd Futures	Cayman Islands	11/4/2011	IFIT Fund Services AG
FLOWGAE KY	BBG00286MHL8	MASSIMO SCAL-ABRINI	Azure Wealth LLP	Global Macro	U.K.	9/1/2011	UBS Fund Services Ireland Ltd
CUSHGPS US	BBG0028X01S1	JERRY SWANK	Cushing MLP Asset Management LP	Long/Short Eq	U.S.	11/1/2006	JD Clark & Co
CUSHMLP US	BBG0028X0432	JERRY SWANK	Cushing MLP Asset Management LP	Long Bias Eq	U.S.	3/1/2010	JD Clark & Co
CYPRCAP US	BBG00286JLG9	TEAM MANAGED	Cypress Capital Management GP LLC	Long/Short Eq	U.S.	5/1/2008	Stone Coast Fund Services LLC
GRAEMEQ US	BBG0027BG2X5	TONY TESSITORE	Gramercy	Long Bias Eq	U.S.	7/1/2008	International Fund Services NA LLC
GRAGLOP US	BBG0027BG9C3	TONY TESSITORE	Gramercy	Long Bias Eq	U.S.	2/1/2006	International Fund Services NA LLC
HAMSHBO KY	BBG0028VWNM6	KENT HOLDEN	Holden Capital Management LLC	Short Bias Eq	U.S.	5/1/2007	SEI Global Services Inc
MSTAILP KY	BBG00283BT68	TEAM MANAGED	Man Investments AG	Distressed Sec	Ireland	12/1/2011	BNY Mellon Fund Services Ireland Ltd
MBGLMS2 KY	BBG00286P2J1	MAYA DRAY	Market Bridge Capital	Global Macro	France	6/30/2011	SS&C Fund Services NV
BAYOUCB US	BBG0028BJTV4	ROBERT A HAY	Omnia Trading LLC	Eq Statistical Arb	U.S.	1/1/2004	Omnia Trading LLC
ROGINNO US	BBG00284G484	PAUL A ROGGE	Rogge Capital Management LP	Long/Short Eq	U.S.	8/1/2010	Rogge Capital Management LP

For Web News on Hedge Managers on Bloomberg click [{STNI HEDGEMANAGERSWEB <go>}](#)

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CALENDAR

To submit an event email hedgebrief@bloomberg.net

DATE	EVENT	FEATURING	LOCATION	CONTACT / REGISTRATION
Dec. 1	JetFin LatAm 2011	Special focus: Absolute return.	The Dolder Grand, Zurich	http://www.jetfin.com
Dec. 1	Tokyo Hedge Funds Club Networking Event	Networking, drinks. By invitation only.	Roppongi Hills Club, Tokyo	tokyo@hedgefundsclub.com
Dec. 1-4	Art Basel Miami Beach	Exis Capital's Adam Sender to host show titled "Home Alone." Steven Cohen, Howard Rachofsky and David Ganek among past attendees.	Miami Beach Convention Center	http://www.artbaselmiamibeach.com/
Dec. 4-6	Alternative Investing Summit	Don Steinbrugge, Agecroft Partners; Clayton DeGiacinto, Axonic Capital; Frederic Methlow, Swiss Social Security Fund.	The Ritz-Carlton, Laguna Niguel, Dana Point, California	info@opalgroup.net , +1-212-532-9898, opalgroup.net
Dec. 5	Financial Research Associates' Hedge Fund Financial Reporting Master Class	Valuation issues, the impact of the custody rule and preparing financial statements and year-end reporting.	The Princeton Club, New York	Kathie Eberhard, +1-704-341-2439, keberhard@frallc.com , http://www.frallc.com/
Dec. 5-7	Marcus Evans's Private Wealth Management Summit	Keynote presentations, panel discussions, "think tanks" and business meetings.	Red Rock Casino, Resort, Spa, Las Vegas	http://www.privatewealthsummit.com
Dec. 6	Dow Jones' FX Trader Cocktail Event	Guest speaker Robert Thomson, Wall Street Journal.	The Empire Room, New York	
Dec. 7	Direct Access Partners' Capital Introduction Event	Hedge fund clients of DAP, investors.	Crescent Club, Dallas	Andrew Saunders, +1 212-812-2052, asaunders@daptrading.com
Dec. 7	Ernst & Young's Hedge Fund Symposium	"Thought leaders from the firm and industry across the globe."	Hong Kong (exact location provided to attendees)	ey.com
Dec. 7, 5:30pm	Hedge Fund Association South Florida's Holiday Extravaganza	Includes open bar, appetizers, "lots of networking."	Riverside Hotel, Fort Lauderdale	Lara Block, events@thehfa.org ; acg.org to register online
Dec. 7-9	Quant Invest New York 2011	Felix Gasser, Man; Robert Frey, FQS; Alison Graham, Voltan Capital.	Sentry Centers, New York	terrappinn.com
Dec. 8, 6pm	100 Women in Hedge Funds Education Session	"A conversation with Howard Marks, Chairman, Oaktree Capital."	Los Angeles (exact location to be determined)	100womeninhedgefunds.org
Dec. 14-15	Battle of the Quants Hong Kong	Panelists include Bradford Paskewitz, Paskewitz Asset Management; Lionel Semonin, Four Elements Capital; Oliver Prock, Salus Alpha Capital.	Hong Kong (exact location provided to attendees)	battleofthequants.com
Dec. 15, 8am	New York Hedge Fund Roundtable Panel Discussion	Art Samberg, Pequot Capital; Mario Gabelli, GAMCO Investor.	Princeton Club, New York	http://newyorkhedgefundroundtable.org
Jan. 19 and 20	Hedge Fund Tax 101 and the K-1 Book Cap	"Innovative strategies to maximize tax efficiency."	Princeton Club, New York	http://www.frallc.com
Jan. 22-25	GAIM USA 2012	John Angelo; Eric Sprott; Stanley Mavromates, Mass PRIM; David Villa, State of Wisconsin Investment Board.	Boca Raton Resort & Club, Boca Raton, Fla.	iirusa.com
Jan. 23	London School of Economics SU Alternative Investment Conference 2012	Peter Clarke, Man Group; Randall Dillard, Liongate; Hugh Hendry, Eclectica; Christian Levett, Clive Capital.	Marriott Hotel London Grosvenor Square	Register by going to lseaic.com
Jan. 25	Argyle Executive Forum's 2012 Leadership in the Distressed Markets	Alexander Greene, Brookfield Asset Management; Jamie Weinstein, KKR.	New York (exact location provided to attendees)	argyleforum.com
Jan. 25	investoregulation Financial Education's 3rd Annual Hedge Fund Regulation	Stephen Foster, Credit Suisse; Joanna Cound, BlackRock.	London (exact location TBD)	investoregulation.com
Jan. 25-27	Alphamatrix 2012 Summit		The Fontainebleau Hotel, Miami	alphamatrix.com
Jan. 26	ToC Pong	Hedge fund ping pong tournament to raise money for Big Brothers Big Sisters of New York City.	Vanderbilt Hall at Grand Central Terminal, New York	Nicole Matesich, +1-646-375-2583,
Jan. 26-27	4th Annual CREST Conference on Hedge Funds	Academic sessions, debate on the future of the hedge fund industry.	Paris	crest.fr

CALENDAR

DATE	EVENT	FEATURING	LOCATION	CONTACT / REGISTRATION
Jan. 29-31	MFA Network 2012	Keynote speaker Stanley Fink on challenges of building a successful hedge fund.	The Breakers, Palm Beach, Florida	mfa.org
Jan. 29-31	NMS Management's Winter Investment Manager Forum for Endowments and Foundations	Information provided to attendees.	Information provided to attendees	By invitation only. To request additional information visit nmsmanagement.com
Jan. 30-31	National Family Office Forum	"Speaker faculty" includes Richard Griffin, Pritzker Group; Mike Kane, Kestrel Asset Management; Steve Braverman, Pathstone; more.	Beverly Hills, California (exact location provided to attendees)	worldrg.com
Jan. 31	Citi's 5th Annual Asian Capital Introductions Conference	"Global and regional hedge fund managers as well as an international cast of hedge fund allocators."	JW Marriott Hotel, Hong Kong	citiconferences.com
March 1	14th Annual New York Hedge Funds Care Open Your Heart to the Children Benefit	To honor Joe Torre, former New York Yankees manager.	Cipriani 42nd Street, New York	hedgefundscare.org
March 4-7	NMS Family Office Forum	Information provided to attendees.	Information provided to attendees	By invitation only. To request additional information visit nmsmanagement.com
March 5-8	13th Annual Hedge Funds World Middle East	Jeff Tarrant, Protege; Daniel Booth, Saudi Aramco; Abbas Hashimi, Qatar Family Office.	Jumeirah Beach Hotel, Dubai	terrapinn.com
March 13-16	37th Annual International Futures Industry Conference	"Nine hundred of the top names and faces in the industry."	Boca Raton Resort & Club, Boca Raton, Fla.	futuresindustry.org
March 26-27	IMN's 10th Annual Alternative Investments Summit	Walter Schindler, Sail Capital Partners; Frank Barbarino, NEPC.	Park Hyatt Aviara, Carlsbad, California	imn.org

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BLOOMBERG DOHA CONFERENCE

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DOHA, QATAR

The **Bloomberg Doha Conference** will convene asset managers and hedge funds from across Europe, Asia and the Middle East to look at portfolio strategies for 2012. Topics include asset allocation strategies in the current global environment; investment opportunities in the Middle East; responding to Black Swan events; and emerging markets investing.

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SPOTLIGHT

New Mountain's Riley on Adopting the Private Equity Approach to Long/Short Investing

Daniel P. Riley, managing director at **New Mountain Capital LLC** and co-chief investment officer of its long/short equity hedge fund **New Mountain Vantage**, spoke to Bloomberg's Nathaniel Baker about his fund's investment style.

Q: Vantage started in 2006 as an outgrowth of New Mountain's private equity business that dates to 2000. Have there been any particular challenges of starting a hedge fund out of a private equity-type infrastructure?

A: We think our private equity roots are a big advantage. That said, in public equity you have daily mark-to-market. In private equity you have the liberty of taking a very long-term view and not being worried about the next quarter. We do try to take a long-term view – not as long term as private equity – but we are also very mindful of what is going on in the near term. The important thing is marrying the understanding of what makes a good business, while also being aware of what's going on in the market.

Q: How is that reflected in your investment style? Would it be fair to call it value-driven?

A: We're definitely value investors but I would describe it more as value with a catalyst. We take a long-term horizon with the stocks we look at, but we also want to know how we're going to make money. In some cases, we have been able to work with management to drive shareholder value.

Q: Are there any particular sectors that you look at?

A: We will look at anything. We tend to gravitate more toward non-cyclical, defensive growth businesses. We spend a lot of time in healthcare, business services, telecom, media, technology. We do some work in less cyclical parts of energy as well, such as pipelines and MLPs, but not as much in commodity cyclicals.

Q: How long do you typically hold your investments?

A: We like to be concentrated in our best

ideas and that usually ends up with the top 10 investments being 40 percent to 60 percent of the portfolio. For names where we've decided to make a big commitment, we generally hold those for 18 months.

Q: How has that gone this year?

A: It's been an interesting year, with the sell-off over the summer, the European crisis and what's going on in Washington. As we look forward, we have plenty of macro concerns and things we worry about, however we are seeing more opportunities from a bottoms-up perspective. We're finding more and more stocks that look cheap to us. So we get excited about that but we temper it with the concerns about the macro picture.

Q: So would you subscribe to the argument that corporate balance sheets in the U.S. are in pretty good shape and that the market is just looking for the European thing to be over with to start a big rally?

A: Well I don't know how easy it is for the European mess to just go away. I don't know how quickly that can happen. But going back to the macro versus micro point earlier, from a bottoms-up point of view there's definitely things that seem interesting to us. We definitely look at things from a private equity mindset just given our background. There are lots of

large corporates with plenty of debt capacity, lots of cash on the balance sheet, etc. We spend most of our time in the \$1 billion to \$10 billion market-cap range and we've been very successful over the last couple of years to have numerous takeouts in our portfolio, both from large corporates and also from private equity buyers. We never buy something just for the M&A but we buy a lot of things that large strategics or private equity would like to own.

Q: Any particular industries?

A: We've become very interested in insurance, reinsurance and the insurance brokers. Valuations are assuming a continued soft market, continued weak economy, continued low ROEs. We think that's been too heavily discounted. To be able to buy, on the carrier side especially, some pretty great businesses at substantial discounts to book value seems attractive to us.

Q: How active are you on the short side?

A: We like to find things where there's going to be a fundamental change to the business model; either a new competitive threat or the industry structure is changing – something along those lines. We've found successful opportunities this year doing this, especially the consumer and technology space.

AT A GLANCE



Age: 33

Hometown: San Diego

Lives: Upper West Side, New York

College/University/Grad School(s): Princeton University '2000

Professional Background: Credit Suisse First Boston (2000-2002), New Mountain Capital.

Family: Wife Sophia, daughter Caroline (18 months), son Jack (2 weeks).

Hobbies: Chasing daughter around the playground.

Mentor: Dad

Jets or Giants: San Diego Chargers

Favorite NYC Restaurant: Used to be Lupa...