

**JUNE 9, 2008**  
VOL. IX, NO. 23

## Web Exclusive

**JER Partners** is planning to deploy \$150-200 million a year in Latin American private equity deals.

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## Citadel Sets L/S Fund With Greenlight Pro

**Citadel Investment Group** has tapped **Svetlana Ilieva** from **Greenlight Capital** to launch a new hedge fund.

*See story, page 2*

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## STATE STREET SUES EX-MOORE PRESIDENT

State Street Corporation has filed a complaint against **James Kelly**, former president of **Louis Bacon's Moore Capital**, and his hedge fund administration company, **HedgeServ**, for violating a non-compete agreement. State Street acquired **International Fund Services**, Kelly's previous hedge fund administration firm, in 2002 and Kelly remained in a management role for three years.

Kelly established HedgeServ in August 2005—one day after leaving IFS—and is accused of soliciting IFS clients. State Street also claims that Kelly has tried to develop computer software similar to that used by IFS. "IFS has spent tens of millions of dollars over more

*(continued on page 16)*

## If At First...

## FORMER STRATIX EXEC FORMS SECOND FIRM

**Ian Goodman**, co-founder of the now-defunct **Stratix Asset Management**, has taken another stab at launching his own hedge fund by forming **GCore Capital**. The long/short equity strategy will focus on the technology, financial and energy sectors and will launch in a few weeks in New York. Goodman and CFO **Edward Grinacoff** did not return calls or emails seeking comment.

The portfolio will have low correlation with the equity markets and will use derivatives and stop losses, according to an investor presentation. The team will "engage in exhaustive analysis of companies using proprietary modeling" and will maintain a dialogue with company

*(continued on page 16)*

## MAINE CIO MAKES ALTS PROPOSAL

**Andrew Sawyer**, cio of the \$11.1 billion **Maine Public Employees Retirement System**, has recommended a 20% alternatives allocation to his board, according to *AIN* sister publication *Money Management Letter*. This could include private equity, commodities, currencies, hedge funds and natural resources. He isn't sure whether the fund's current allocations to real estate and infrastructure, worth 5% and 4% respectively, will become part of the alternatives slug. The board wants to maximize returns, minimize risk and diversify its portfolio, he added. Trustees should decide whether to go ahead by the end of July.

Sawyer has been working on the project since he came onboard last year. The process has

*(continued on page 16)*

## CREDIT SUISSE APPOINTS JAIN TO SENIOR POST

**Bob Jain**, head of proprietary trading at Credit Suisse, has been appointed global head of asset management, a new position, and will focus on the firm's single-manager hedge fund business. He will continue to also head up the proprietary trading unit in New York. He reports to **Robert Shafir**, ceo of asset management. Jain declined to comment. **Suzanne Fleming**, spokeswoman for Credit Suisse, confirmed Jain's new position but declined to comment further. Shafir did not return calls by press time. Jain has been with Credit Suisse for 12 years.

—*Suzy Kenly*



## At Press Time AIG, Larch Lane Enter Seeding Partnership

AIG Investments and Larch Lane have created a partnership to seed emerging hedge fund managers, completing its first deal last month.

The two firms will combine Larch Lane's seeding experience with AIG's \$10 billion assets under management and large research team around the world. **Bob Discolo**, head of AIG's hedge fund strategies group, said that the firms will seed four-to-eight funds each year. While they have already seeded one fund, a strategy that deals with middle-market bank loans, they are actively looking for deals right now. Discolo declined to state the name of fund or the amount seeded. He said that AIG and Larch Lane will be investing \$50-200 million per deal.

While AIG and Larch Lane will consider smaller funds. Discolo said the aim is not to give \$10 million to someone who has \$20 million, but instead to give to managers who have \$200 million in order to help them grow to \$500 million.

## Green-Lit Citadel Taps Greenlight Analyst For L/S Launch

Ken Griffin's \$20 billion Citadel Investment Group has hired Greenlight Capital's Svetlana Ilieva to launch a new fund on its incubation and seeding platform. Ilieva will run the long/short value strategy from New York, expected to launch June 16. She will manage solely Citadel money for now, but has the option to form her own hedge fund firm and take in outside capital in a year's time, according to a Citadel official. The official declined to say how much Citadel will seed Ilieva's fund with, or offer specifics about the strategy.

The seeding platform is run by Citadel's \$2.5 billion fund of funds arm, Citadel Alternative Asset Management, which was set up in April 2007. Ilieva is the ninth manager the firm has seeded. The official declined to specify how many managers the firm plans to seed this year.

Ilieva spent three years at David Einhorn's \$6 billion Greenlight as an analyst. She did not return calls or emails seeking comment. **Mary Beth Grover**, spokeswoman for Greenlight, declined to comment.

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## The Americas

### AXA Rosenberg To Receive Pension Investment

AXA Rosenberg Investment Managers' *AXA Rosenberg Global Advantage Long/Short* will receive a \$110 million investment from a pension plan in the next month. **Will Cazalet**, director of long/short equities, declined to name the pension. The strategy invests in large- and mid-cap equities across the U.S., Europe and Japan. It launched in April with \$25 million.

"A lot of investors are now taking a closer look at absolute return strategies since they offer the potential for attractive returns but without the volatility levels and risk of drawdown typically associated with relative return strategies," said Cazalet. The strategy uses AXA Rosenberg's quantitative models and has regional exposures of 50% U.S., 40% Europe and 10% Japan. It is leveraged 130% long and 120% short. Cazalet said he plans to hold 250 stocks on the long side and 250 on the short side. He declined to comment on fees or minimum investment.

### Wood Creek Sues SageCrest

Wood Creek Capital Management is suing SageCrest in an attempt to claim a \$5.4 million redemption the hedge fund has not paid. Also named in the lawsuit is **Windmill Management**, which handles investments made in SageCrest's funds. On May 20, Windmill's **Philip Milton** told Wood Creek it would not receive payment for two or more years since SageCrest, which lost money from investments in collateralized debt obligations, was negotiating a refinancing facility with **Fortress Investment Group**.

In the proposed deal, Fortress would lend \$150 million to SageCrest to enable the Greenwich hedge fund to pay debts to its prime lender, **Deutsche Bank**. SageCrest II would be wound down over 18 months and Fortress would receive 18% interest. Several investors in SageCrest II want to prevent this deal from going through and have the fund put into receivership instead.

The *Wood Creek Multi-Asset Fund* invested \$5 million in *SageCrest II* in August 2006. Around February last year, SageCrest's returns started to decline and Wood Creek decided to redeem its investment March 21, 2007. A written redemption request was submitted on or around April 23.

**Avtar Vasu**, cio of Wood Creek in New Haven, Conn., gave testimony to the Superior Court in the Judicial District of Stamford/Norwalk on May 28. According to his statement, Milton assured him the redemption would be paid last July from liquidity generated by an initial public offering, but the IPO

effort failed. On or around Oct. 9, Vasu learned that SageCrest II had "sustained a loss resulting from bad investments in collateralized debt obligations, which we understood to be outside the stated investment objectives of the fund."

Late last year **Alan Milton**, a partner in Windmill and SageCrest, informed Wood Creek that Fortress Investment Group was planning to purchase SageCrest and this would enable the firm to pay redemptions. Negotiations with Fortress collapsed, and then resumed.

*SageCrest II* had \$900 million under management as of Nov. 30 and invests in asset-backed loans, real estate loans and other non-public lending markets. Calls to the Milton brothers, Vasu, Fortress, Wood Creek's law firm **Bracewell & Giuliani** and SageCrest's lawyer, **Robert Friedman** of **Kelley Drye**, were not returned by press time.

### Battenkill Benefits From Oil On Both Sides

**Battenkill Capital Management's** *Alpine Fund* is up 6% this year through last Monday, thanks primarily to its long and short oil plays. "Due to the volatility in the oil market, we positioned ourselves to be commodity-agonistic this month," Portfolio Manager **Rick Franzen** told *AIN*.

In May, the market-neutral strategy was long **Comstock Resources**, **Whiting Petroleum Corporation** and **Pioneer Natural Resources Company**, while shorting **PetroQuest Energy** and **EOG Resources**, all exploration and production companies. "Long-term we remain believers in the energy cycle, but last month we were not compensated enough to take on the additional commodity price risk," Franzen said. He declined to

cite position sizes. The strategy also invests in the energy and industrial sectors.

CIO **Shawn Harrington** and Managing Directors **Richard Michalowski** and **Bruce Vinci** are all touting the

fund and are speaking



with high-net-worth individuals,

family offices and funds of hedge funds. The fund only manages its partners' money, but the firm has identified several high-net-worth individuals who will together invest \$4.5 million in

## The Americas (cont'd)

August, Michalowski said. The firm's goal is to raise \$25 million by year's end. Launched in January 2007, its capacity is \$400 million.

The firm has offices in New York, New Orleans and Manchester Center, Vt.

## Archer To Re-Open, Grow Fund By 20%

Archer Capital Management is reopening its flagship fund in hopes to increase its assets under management by 20% by the end of summer. The firm also plans to hire a new analyst.

The New York-based hedge fund focuses on distressed credit opportunities in both the public sector and in privately sourced loan investments. *Archer Capital Fund* has been closed since February but Partner **Eric Edidin** said it is reopening this summer with the goal to grow from \$550 million assets under management to mid-\$600 million by the end of the year. Edidin said he believes the fund could grow even more if it wanted to, but he doesn't plan to accept much more. Edidin explained Archer waits to take investments until it has deals in the pipeline.

Edidin and **Joshua Lobel** launched Archer two years ago,

when the fund had \$80 million. Prior to founding Archer, Edidin was a managing director of **York Capital Management** and a portfolio manager of the *York Credit Opportunities Fund*.

## Blackstone Hires New London FoF Head

The Blackstone Group has lined up a new hire to head the London operation of its fund of hedge funds arm, **Blackstone Alternative Asset Management**. The new head, a former banker, is new to funds of funds. **J. Tomilson Hill**, president and ceo of BAAM, declined to name the individual as he is still on gardening leave and tying up loose ends on a deal with his previous firm until the end of June. **Gideon Berger**, who has led BAAM's London team since January 2007, will return to New York.

BAAM also recently hired four new analysts straight out of college who are due to start in July, as well as an associate/senior analyst. The firm is building out its team of professionals and has made eleven hires since late March, growing its headcount to 121. BAAM expects to reach around 130 professionals over the course of the year (*AIN*, March 31).

[www.hedgefundinvestmentsjapan.com](http://www.hedgefundinvestmentsjapan.com)

# 3<sup>rd</sup> Annual Hedge Fund Investments Japan IQ 2008

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## The Americas (cont'd)

### SYW Debuts Offshore Fund

SYW Capital Management is launching an offshore version of its long/short equity hedge fund. The firm expects to have secured around \$50 million from investors by June 13 and will start trading the fund on June 16. Day-one capital will bring the firm's total assets under management to about \$75 million. Chief Operating Officer **Andrew Lee** said he hopes to reach \$300 million within the next 12 months.

The offshore fund will run exactly the same strategy as the firm's onshore *SWY LP* but is structured as a separate fund, rather than as part of a master/feeder setup, said Lee. Both portfolios will maintain a ratio of 60/40 long-to-short. The strategy returned 22.5% in May, shorting stocks including **Sears Holdings Corporation** and **General Motors**, and holding long positions in healthcare companies **Humana** and **Well Point**, as well as the Chinese internet search company **SOHU**. Since its launch last fall, SYW has returned 426%.

The firm is seeking to hire two new analysts as a result of the growth in assets.

### Greylock Preps Africa Strat

The \$700 million **Greylock Capital Management** will unveil its first Africa-focused private equity fund July 1. **Hans Humes** will manage the *Greylock Africa Opportunity Fund* in New York, which is expected to roll out with between \$250-300 million. There is "pent-up demand for infrastructure, consumer goods and financial services in Africa," Humes said. "We see a number of opportunities to find companies that are well positioned [...] to do extremely well in the next five-to-10 years."

The fund will focus on mid-sized companies, including milk producers, supermarkets, real estate firms, mortgage finance firms, road construction companies and tomato paste processor companies, among others. Investments will typically last between three-to-five years.

Countries the fund will invest in include Liberia, Ghana, Cameroon, Tanzania, Uganda and Kenya. Humes also cites Rwanda as an excellent country to invest in, shrugging off negative connotations associated with the country. Rwanda's government has been restructured, making it easier for foreign investors to enter the country. "They literally roll out the red carpet for investors," he said. "The cooperation is staggering."

On-the-ground research is essential when investing in African countries. "That's a critical element. Go into the country, and if it frays at the seams, you probably want to back off." Humes cites Zimbabwe as one such country, given political upheaval. The fund's investment minimum is \$5

million and fees are 2/20.

Greylock is touting the fund to pensions, endowments, foundations, family offices and funds of hedge funds, primarily in Europe and the Middle East. Many U.S. investors are still hesitant to enter the region because of continuing problems such as AIDS, malaria and political corruption. However, if the proper due diligence is performed on the ground, "you'll make a lot of money if you make the right investments," Humes said. He lived in Nigeria from age three to eight, and travels back and forth every month.

Humes co-founded the firm in 2003. Its flagship fund, *Greylock Global Opportunity Fund*, invests in Latin America, Asia and Eastern Europe, as well as Africa. It is flat this year through May 31. Greylock has an office in Singapore and is considering opening an office in Ghana next year.

### Agecroft Looks North

Richmond, Va., third-party marketing firm **Agecroft Partners** has tapped **Tim Driscoll** as managing director. Driscoll will market Agecroft's three hedge fund clients to Canada pensions, foundations, endowments, large family offices and funds of hedge funds. "I've personally been going to Canada for over a decade, and there are a lot of sophisticated hedge fund investors in Canada, and the number is growing significantly," said Founder **Donald Steinbrugge**. Driscoll will also speak with investors in the Northeast. He starts Monday and is based in Boston.

Previously Driscoll spent a year as an institutional equity sales trader at **Needham & Co**. Before that, he had stints at **Bank of America** and **ABN AMRO** in a similar capacity. He played hockey in the **Boston Bruins** organization.

Steinbrugge founded Agecroft last May (*ialternatives.com*, May 11, 2007). He is looking to add two more hedge funds to the firm's client base by year-end. He declined to name Agecroft's current hedge fund managers, or discuss other funds Agecroft is considering. Previously, he was head of marketing at **Andor Capital Management**.

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## Europe

## Alts Pro Leaves UBS



Nils Tuchschnid

Nils Tuchschnid, a managing director within the global asset management division at UBS, has left the firm. He focused on alternative and quantitative investments in its Zurich office, and only joined the firm last year. Axel Langer, spokesman for the firm, declined to comment. Tuchschnid did not return calls or an email seeking comment.

Previously, Tuchschnid was head of multi-manager portfolios at **Credit Suisse Asset Management** from September 2005 through January 2007, also in Zurich.

## Sourcecap Plans 130/30 Launch



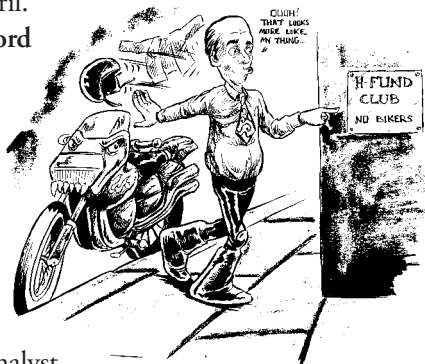
James Rutherford

Sourcecap Intl. is preparing to launch its first 130/30 fund. James Rutherford will manage the strategy, which the firm hopes will launch with \$50-100 million. "With many institutions beginning to move out of the plain vanilla long-only space, [they're seeking] a more flexible mandate," said CEO Andrew Parry. "We think that it is an interesting growth area."

London-based Sourcecap's latest rollout will focus on the European mid- to large-cap space across all sectors. The firm is also considering running a managed account for a large institution alongside the 130/30 fund. Parry declined to name the institution, other than to say that Sourcecap is speaking with several firms.

In addition, the firm has begun marketing its *Sourcecap Intl Primary Research Fund*, a long/short equity strategy. Launched last July, the fund also invests in the European mid- to large-cap space. The firm seeks to raise its assets to \$150 million from \$42 million by year's end. "We reached our 12-month anniversary, which is always an important hurdle," Parry said. The fund is up 3.1% this year through April.

Separately, Tim Crockford joined the firm Monday as an analyst. Previously he worked at Sourcecap's parent company **Execution Holdings Limited**, an investment bank, in a similar capacity. Sourcecap will add up to three professionals—one analyst,



one operations specialist and one marketer—in the next three-to-six months.

Rutherford and Parry co-founded Sourcecap in December 2006. Previously, Rutherford worked at **Fidelity Investments** managing a European long-only fund. Parry co-founded **Pembroke Capital Management** where he managed a long/short strategy, and before that, worked at **Northern Trust Global Investments** and **Julius Baer Investments**, where he focused on the long-only space. "You hit 40, and either buy a motorcycle or join a hedge fund," Parry said on switching from the long-only space to hedge funds. "I don't look good in leather, so here I am."

## London &amp; Capital Seeks Analysts

London & Capital is seeking to add one or two analysts to the three-strong investment team in its fund of hedge funds division. The move is being made to support continuing growth, said Pau Morilla-Giner, head of alternatives, who declined to say whether any new funds are in the offing. The firm has not yet lined up any hires.

The analysts are needed to conduct due diligence on possible additions to the firm's fund of funds portfolios and to monitor existing holdings, said Morilla-Giner, to whom the new hires will report. London and Capital has about \$300 million invested in three funds of hedge funds. It manages \$3.4 billion in total.

## LGT Eyes Second London Listing



Hans Markvoort

LGT Capital Partners of Pfäffikon, Switzerland, is seeking to list *Castle Private Equity*, its \$750 million global fund of private equity funds, on the **London Stock Exchange** by the end of the year. The fund is already listed on the **SWX Swiss Exchange** and the firm wants a second listing because the U.K. market for listed funds is much larger, presenting a bigger potential investor base, said Hans Markvoort, managing director. LGT is also seeking to list its \$650 million global multi-strategy fund of hedge funds, *Castle Alternative Invest*, on the LSE by the end of the year (*ialternatives.com*, May 23).

The private equity offering launched in 1997. The bulk of it is invested in buyouts (roughly 60%), venture capital (around 20%) and distressed (15%). Its investments are in the U.S. (45%), Europe (40%) and Asia (15%). It returned 29.9% in 2007.

## Europe (cont'd)

**Ilex Mulls Energy Credit Fund**

London credit hedge fund firm **Ilex Asset Management** is considering launching a fund focused on energy bonds and loans. Ilex has run a model portfolio since December which has returned 5.5%, compared with a loss of around 4-5% for the energy sector as a whole, said CIO **Simon Thorp**, who would likely manage the fund with Partner **James Sclater**. The firm will discuss the opportunity with potential investors in the coming weeks to assess demand before deciding whether to proceed.

The strategy allocates roughly 75% to oil and gas-related credit plays, with the remainder in loans and bonds linked to resources such as coal and nuclear power, said Thorp. Opportunities include the financing of oil rigs and refining projects. "Those assets tend to have been sold down in the first quarter of this year as people have sought to deleverage," he explained.

Ilex has taken positions in some high-yield refining names in the past, as well as other opportunities in the energy space. But Thorp believes the new fund fills a gap, and said there are very few similar strategies. One of the better-known, **CQS Investment Management's CQS Rig Finance Fund**, invests only

in credit opportunities related to oil rigs, "and we want to do something broader," said Thorp.

**Culross Plans Expansion**

**Culross Global Management**, a London fund of hedge funds firm, will expand its team as it gears up to grow assets under management. It has just appointed **Hitesh Bharkhda** as chief operating officer, a new role, and the firm plans to add two junior hires to its 11-strong team in the course of the year, Partner **Nigel Blanshard** told *AIV*.

The firm manages about \$450 million and hopes to grow this to \$600 million by year's end, said Blanshard. Clients include high-net-worth individuals, family offices, other hedge fund managers and endowments in the U.K. and Europe, as well as a small number of clients in Asia. The firm manages three funds of funds: a multi-strategy fund, a higher-risk version and a low-volatility arbitrage fund, which were up 37.46%, 44.90% and 16.44% in 2007, respectively.

Before joining Culross, Bharkhda was head of product development for alternative investments at **Pioneer Alternative**

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**BREAKING NEWS**  
**GAM PREPS ONSHORE EUROPEAN FUND**  
May 28, 2008

GAM will roll out a *UCITS III* version of its European long/short equity hedge fund in the next two months. The move is to make the existing fund available to new investors who can't invest offshore, said **Rob Cornish**, who is on the four-strong investment team headed up by **Ross Hollyman**.

*GAM Star Absolute EuroSystematic* will mirror the strategy of *GAM EuroSystematic Value Hedge*, a quantitative hedge fund that invests in mid- and large-cap European companies. The fund will hold about 3,000 European stocks according to Hollyman.

**hedge week**  
MAY 30, 2008

**GAM Star Absolute EuroSystematic offers Ucits III long/short equity strategy**

**FT Adviser**  
FINANCIAL TIMES  
JUNE 2, 2008

**GAM rolls out Star Absolute EuroSystematic fund**

GAM is launching a regulated European absolute returns fund for manager **Ross Hollyman** and his team.

*GAM Star Absolute EuroSystematic* is a *Ucits III*-compliant vehicle, which can hold both long and short investments.

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## Europe (cont'd)

**Investments.** He has also worked at **Financial Risk Management** and **Threadneedle Asset Management**.

## Harcourt Rolls Out Emerging Markets FoF

**Harcourt Investment Consulting** has launched a multi-strategy fund of hedge funds focused on emerging markets. *Belmont (Lux) Global Emerging Markets* launched on June 1 to take advantage of emerging market inefficiencies and a “decoupling” of these markets from the west, said **Peter Fanconi**, ceo at the \$5.5 billion firm. It launched with an undisclosed amount of seed capital from Harcourt and a Swiss institutional bank, he said.

The number and the sophistication of emerging markets hedge funds is increasing, said Fanconi. The portfolio invests in 29 underlying managers across the Middle East, India, Eastern Europe and Asia. It is designed to give investors more exposure to these areas, outside of Harcourt’s existing regional-focused funds—*Belmont Asia*, *Belmont Europe* and *Belmont Latin America*. The fund will target an annualised return of LIBOR +4%, with 6% annualized volatility.

The firm wants to raise \$100 million the first year, said Fanconi. **David Keel**, head of business development, will lead the push, targeting institutions, family offices and ultra-high-net-worth individuals. The minimum investment is \$100,000. There is a 1% management fee and a 5% performance fee.

### A Long/Long Fund?

## J O Hambro “Hedge” Fund Loses 17% With No Shorts

J O Hambro Investment Management’s long/short *Tai Chi Fund* is down 17.27% this year through April—but Fund Manager **Alan Gibbs** has no short exposure to protect against losses and does not plan to add any. “I don’t think that at the moment the potential rewards of shorting compensate for the potential risks,” Gibbs told *AIN*.

The \$35.6 million Asian fund dramatically underperformed the *FTSE All World Pacific Inc Japan Index*, which is down just 3.98% for the same period. Despite describing the strategy as a hedge fund, Gibbs has seldom taken short exposure since launching it in November 2005.

The fund was up 1.22% in April as Gibbs reoriented the portfolio toward larger companies, according to a letter to investors written by Gibbs. The largest holding, **Churchill Mining**, remains in the portfolio as a play on Indonesian thermal coal. The firm is bullish on **Nintendo** as its results for last year were excellent and demand for its products remains strong. It is optimistic that its

holdings in **Petrochina**, **China Insurance** and **China Mobile** are good value and are benefiting from an improving market. Gibbs has also increased the fund’s weighting in Taiwan to benefit from closer integration with Mainland China.

“We are not currently marketing the fund as its performance has been poor in the past six-to-nine months,” said Gibbs. **Goldman Sachs** is the prime broker.

## Also Hiring For Hong Kong Horizon21 On Lookout For Commodities Specialist



Rainer-Marc Frey

**Rainer-Marc Frey**’s Swiss alternatives shop, **Horizon21**, will make a senior investment hire to focus on commodities allocations for its funds of hedge funds. The firm is seeking an individual to oversee existing and potential commodities investments in hedge funds, long-only funds, structured products and illiquid commodity strategies, according to a job description drawn up by the firm.

The commodities hire will be based in the firm’s Pfäffikon headquarters.

The firm also wants to hire a senior analyst in Hong Kong to conduct due diligence on Asian hedge funds. The hire would work closely with a group of emerging market specialists in Switzerland, with the potential to become deputy portfolio manager for *H21 BRIC Plus*, a fund focused on Brazil, Russia, India and China.

Spokesman **Urs Wieser** did not return calls by press time.

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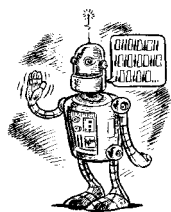
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## Data Zone

### PERFORMANCE SNAPSHOT: LONG/SHORT EQUITY HEDGE FUNDS



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

Fund	Manager	Region	April'08 Return	2008 YTD return	2007 return	Annualised Std Deviation	Sharpe Ratio	AuM (US\$ Mln)
<b>Long Short Equities</b>								
OCM Energy Total Return Fund	Origin Capital Management	North America	17.03	56.53	-24.19	24.84	0.33	14
Mathews Capital Sabre Fund	Mathews Capital Partners Pty Limited	Global	24.87	38.88	105.11	59.10	1.08	1926
Hyerdale Capital	Hyerdale Management	North America	-9.83	37.72	-8.03	35.16	0.72	2
ChinaFund Cayman	Senturion Assets	Greater China	28.17	31.92	28.54	31.98	1.50	71
Mathews Capital Tomahawk International Fund	Mathews Capital Partners Pty Limited	Global	19.02	30.10	80.42	62.57	0.32	150
UG Formosa Patriot Fund	UG Investment Advisers Limited	Taiwan	-0.65	22.95	-0.01	25.06	0.37	7
Strand US Fund	Strand Asset Management	North America	8.81	22.94	11.92	24.59	0.49	1
Creststreet Energy Hedge Fund	Creststreet Capital Corporation	North America	7.38	22.05	41.17	23.04	0.77	6
Jasper Partners	Jasper Asset Management	North America	1.85	21.13	15.07	16.38	0.69	5
Artradis Russian Opportunities Fund	Artradis Fund Management (BVI)	Eastern Europe & Russia	6.43	20.65	81.45	20.39	3.73	154
Rosen Offshore	Rosen Capital Management	North America	2.31	19.75	37.81	17.45	0.41	34
The Yellow Tiger Taiwan Fund	FPP Fund Management Inc (Cayman)	Taiwan	8.43	19.01	-2.59	27.79	0.28	121
Pascal Absolute	Jasper Asset Management	North America	1.87	17.79	22.98	9.19	1.77	3
Reynard International Partners	Reynard Asset Management	Global	-3.50	16.24	15.70	23.50	-0.36	45
PB Equity Fund	PB Capital	North America	1.22	14.38	12.14	7.45	5.54	2
GlobalAgriCap Fund	Global-Cap AG	Global	6.07	14.06	0.39	13.52	1.17	29
Anglian Equity Fund	Próxima Alfa Investments (USA)	North America	5.58	13.98	26.95	9.31	4.37	147
Lucas Energy Total Return Offshore	Lucas Energy Offshore	North America	8.30	13.89	24.79	16.71	1.59	670
Pentagram Equity Fund	Pentagram Investment Partners	Global	0.43	13.61	31.93	21.56	1.12	22
Henderson UK Equity Long Short Fund	Henderson Global Investors	Europe	1.60	13.52	9.48	10.13	0.79	108
<b>Regional Long / Short Equities Indices</b>								
Eurekahedge Asia Long / Short Equities Hedge Fund Index	-	-	2.46	-6.99	19.86	7.46	0.99	-
Eurekahedge Europe Long / Short Equities Hedge Fund Index	-	-	1.42	-2.26	8.56	7.46	1.10	-
Eurekahedge Latin American Long / Short Equities Hedge Fund Index	-	-	2.08	-2.16	17.63	15.15	0.84	-
Eurekahedge North America Long / Short Equities Hedge Fund Index	-	-	2.07	-2.76	11.29	7.07	1.02	-

#### Notes:

\* Ranked by 2008 YTD Return

### Eurekahedge Commentary

The Eurekahedge Long / Short Equities Hedge Fund Index returned a solid 2.1% in April, as global equities bounced back during the month, on the back of a sharp increase in risk appetites. Managers, on the whole, benefited from long exposure to equities in their respective regions; the MSCI World Index rose 5% on the month.

In terms of regional mandates, Asian managers turned in the best returns, averaging 2.5%, as exposure to Japan, India and China, among some other regions, proved profitable; equities in these markets rallied from their oversold levels and returned 12.7, 10.5 and 6.4 percentage points respectively.

North American and Latin American managers were both up 2.1% on the month; long exposure to economically sensitive sectors benefited the former, while the latter made a good portion of their gains from Brazilian and Columbian stocks. European managers were up 1.4%, with long positions, particularly in the materials, energy and IT sectors, fetching some gains during the month.



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# Mandate Scoreboard

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The table below shows new allocation commitments gained by alternative managers year-to-date through June 4. The 2007 column denotes last year's ranking. Wins represent the number of new mandates the firm has won this year.

2008 Tally				Week of June 2 Wins			
Rank	2007	Firms Hired	Wins	Total*	Client	Asset Type	Amount*
1		J.C. Flowers & Co.	1	4000			
2		GLG Partners	2	2974			
3		TPG Capital	4	1775			
4	131	BridgePoint Capital	6	1075			
5	99	Credit Suisse	6	1025			
6	15	Bridgewater Associates	2	900			
7	63	Advent International	9	897	Future Fund	Private equity (buyout)	96
8	3	CVC Capital Partners	6	752			
9	34	PIMCO	6	675	Canada Pension Plan Investment Board	Hedge funds	246
10		FountainVest	2	600			
11	23	Texas Pacific Group	3	580			
12		Lone Star Funds	2	550			
13		Riverstone/Carlyle	2	530			
14	110	Barclays Global Investors	4	527	Canada Pension Plan Investment Board	Hedge funds	222
15		Capital Guardian Trust Company	1	500			
	332	Deutsche Asset Management	1	500			
	111	Mellon Capital Management	1	500			
18	6	Carlyle Group	5	486			
19	57	Grove Street Advisors	1	400			
20	13	Avenue Capital Management	2	348			
21	57	Baring Asset Management	2	317			
22		Smith Breeden Associates	1	311	Canada Pension Plan Investment Board	Hedge funds	311
23	22	Oak Hill Capital Partners	1	300			
24	80	Schroder Investment Management	2	270			
25	49	Wayzata Investment Partners	2	265			
26		Summit Partners	4	260			
27	36	Partners Group	2	260			
28	89	Macquarie Infrastructure Group	3	235			
29		Gresham Investment Management	2	235			
30		Madison Dearborn Partners	4	230			
31		Actis	2	230			
	148	Sankaty Advisors	2	230			
33	26	WL Ross & Co.	1	225			
34		Apollo Investment Corporation	4	215			
35		JPMorgan Asset Management	2	210			
	125	Nordic Capital	2	210			
37		The Banc Funds Company	2	200			
	97	The Jordan Company	2	200			
		State Street Global Advisors	2	200			
40		Barlow Partners	1	200			
		HSBC Private Equity	1	200			
		Invesco Private Capital	1	200			
	50	Mariner Partners	1	200			
		Noble Environmental Power	1	200			
		Selene Investment Partners	1	200			
46		ABN AMRO Asset Management	1	196			
47		RCG Longview	1	175			
48		AnaCap Financial Partners	1	165			
49	27	New Mountain Capital	3	160			
50	43	Lexington Partners	2	160			
51		Emerald Infrastructure Development Fund	1	150			
		Huntsman Gay Capital Partners	1	150			
		JPMorgan Private Equity Fund Services	1	150	Los Angeles County Employees' Retirement Association (LACERA)	Private equity	150
		Landmark Partners	1	150			
		Versa Capital Management	1	150			
56		Angelo, Gordon & Company	3	145			
57		Macquarie Bank	1	140			
58	162	Henderson Global Investors	1	139			
59		ABRY Partners	3	125			
60		Apollo Alternative Assets	1	125			
61	349	Siguler Guff & Co.	5	121			
62	349	Yucaipa American Funds	2	120			
63		Harris Alternatives Investment Mgt	2	118			
64	19	BlackRock	4	108			
65	5	The Blackstone Group	4	101			
66		AP Alternative Assets	2	100			
	224	Marathon Asset Management	2	100			
	106	Pacific Alternative Asset Mgt Co.	2	100			
	149	Vista Equity Partners	2	100			
70		Aisling Capital	1	100			
	48	Ares Management	1	100			

## Mandate Scoreboard (cont'd)

2008 Tally				Week of June 2 Wins			
Rank	2007	Firms Hired	Wins	Total*	Client	Asset Type	Amount*
		AvalonBay Communities	1	100			
		Evergreen Pacific Partners	1	100			
		Evnine-Vaughan Associates	1	100			
		Fillmore Capital Partners	1	100			
	78	Green Equity Advisors	1	100			
		JLL Partners	1	100			
		Knight Vinke Asset Management	1	100			
		Pershing Square Capital Management	1	100			
		Strategic Capital Management	1	100			
		Tenaska Capital Management	1	100			
		Treesdale Partners	1	100			
		WLR Recovery Fund	1	100	Canada Pension Plan Investment Board	Hedge funds	100
84	8	Lehman Brothers	3	90	Kantonale Pensionskasse Graubuender	Commodities	N/A
85		Sun Mountain Capital	1	90			
86	284	ARCH Venture Partners	1	86			
		Celtic House	1	86			
		Kearny Venture Partners	1	86			
		VantagePoint Venture Partners	1	86			
		Ventures West	1	86			
		Walden International	1	86			
92	142	Babcock & Brown	3	78	Local Government Pensions Institution, Finland	Infrastructure	N/A
93		Hutton Collins & Company	1	78			
94	89	Macquarie Funds Management	3	76			
95	318	Horsley Bridge Partners	2	75	Future Fund	Venture capital	N/A
96	72	BLUM Capital Partners	1	75			
		Caspian Capital Partners	1	75			
		Catterton Partners	1	75			
		Crow Holdings	1	75			
	40	PAI Management	1	75			
101		HgCapital	2	70			
102		Southwest Funding	1	69			
103	71	UBS Global Asset Management	1	68			
		EACM Advisors	1	68			
105	64	Natural Gas Partners	2	65			
106		Longitude Capital Management	3	60	Maryland State Retirement & Pension System	Venture capital	25
107	46	Platinum Equity	2	60			
108		Chicago Equity Partners	1	60			
		Milestone Partners	1	60			
		Split Rock Partners	1	60			
111		Morgan Stanley Investment Management	2	57			
112		ANZ Asset Management	2	56			
113	72	Abbott Capital Management	2	55	Nebraska Investment Council	Private equity	45
114	264	LGT Capital Partners	2	51			
115	93	Exponent Private Equity	1	51			
116		Apax Europe	1	50			
		Aristeia International	1	50			
		Caltius Capital Management	1	50			
	247	Cardinal Partners	1	50			
		Essex Woodland Health Ventures	1	50			
		Five Arrows Leasing Group	1	50			
		Fore Convertible Fund	1	50			
		Gold Hill Venture Lending Partners	1	50			
		GSO Capital Partners	1	50			
		Great Hill Partners	1	50	Maryland State Retirement & Pension System	Private equity	50
	105	HarbourVest Partners	1	50			
		International Investment Group	1	50			
	222	KSL Capital Partners	1	50			
		Lydian Overseas Partners	1	50			
		Orleans Capital Management	1	50			
	221	Oz Management	1	50			
		Pinnacle Asset Management	1	50			
158		Platinum Grove Contingent Capital Partners	1	50			
208		Quantum Energy Partners	1	50			
76		Stark Investments	1	50			
		Summit Investment Partners	1	50			
		Towerbrook Capital Partners	1	50			
	140	Wellington Management Company	1	50			
		Welsh, Carson, Anderson & Stowe	1	50			
140		HFA Asset Management	1	47			
141	9	Pantheon Ventures	3	46			
142		Fletcher Asset Management	1	45			
143		ERE Rosen Real Estate Securities	1	42			
144		Clayton, Dubilier & Rice	1	40	New Mexico Educational Retirement Board	Private equity	40

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## Search Directory



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

Fund & Location	Total Assets	Mandate Size	Mandate Region	Asset Type	Consultant	Comments
<b>New Hampshire Retirement System</b> , Concord	6000	-	US	Not specified	Ennis Knupp + Associates	The system is mulling a 10% increase to its alternatives portfolio. It is unsure if manager searches will result.
<b>Arbejdsmarkedets Tillaegspension</b> , Hillerød, Denmark	91173	-	Unknown	Infrastructure	None	The fund is eyeing ports, motorways, transmission masts and water utilities.
<b>Kantonale Pensionskasse Graubünden</b> , Chur, Switzerland	2018	-	Global	Infrastructure	PPCmetrics	The scheme is analysing global infrastructure opportunities with a view to making a first foray by next year. No specifics have been decided.
<b>New Castle County Employees' Pension Program</b> , Del.	414	-	US	Funds of hedge funds	Evaluation Associates	The fund may seek fund of hedge funds managers. There is no timeframe for a decision.
<b>Highmark Inc.</b> , Pittsburgh	748	7.48	US	Hedge funds	RogersCasey	The fund may make a commitment to long/short hedge funds. There is no timeframe for a decision.
<b>California State Teachers Retirement System (CalSTRS)</b> , Sacramento	169155	1000	US	Infrastructure	Callan Associates	The fund has recommended a \$1 billion commitment, with the final decision to be made in September.
<b>PKG Pensionskasse</b> , Luzern	1922	96	Global	Not specified	-	The fund plans to increase its allocation to alternatives to 7% from 2%.
<b>Alaska Permanent Fund Corporation</b> , Juneau	39574	788	US	Private equity	Callan Associates	The fund will increase its private equity allocation to 6% from 4%.
<b>Lafarge North America, Inc.</b> , Herndon, Va.	900	7.2	US	Not specified	Hewitt Investment Group	The scheme is planning to commit up to 2% to alternatives after the completion of its asset studies in 2009.
<b>Parker Hannifin Pension &amp; Death Benefit Plan</b> , U.K.	371	-	Global	Funds of hedge funds	-	The scheme is analysing funds of hedge funds with a view to making a first move into the asset class and hiring external managers by the third quarter.
<b>New Mexico Educational Retirement Board</b> , Santa Fe	9000	100	US	Funds of hedge funds	NEPC	The system is considering hiring credit-focused fund of hedge funds to exploit the subprime fallout.
<b>United Nations Joint Staff Pension Fund</b> , New York	41000	750	US	Currency hedge funds	Buck Consultants	The scheme plans to invest in currency hedge funds by reducing its fixed-income commitments, upon completion of its asset study.
<b>Smithsonian Institution</b> , Washington, D.C.	1010	11	US	Venture capital	Cambridge Associates	The fund has decided to invest in venture capital this year. Cambridge Associates has also recommended investments in private equity. A decision is expected by year's end.
<b>Festa Lifeyrissjodur</b> , Reykjanesbær, Iceland	762	-	Global	Private equity	None	The fund plans to invest in private equity by Q4. The effort may lead to manager hires with the help of its in-house team.
<b>Raiffeisen Mandatory Pension Fund</b> , Zagreb	314	-	Global	Commodities	-	The fund is looking to make its first allocation to commodities through funds of funds.
<b>Drexel University</b> , Philadelphia	630	-	US	Hedge funds, private equity, commodities	Cambridge Associates	Following the completion of its asset study, the endowment may make a first move into hedge funds and increase its allocations to private equity and natural resources.
<b>Local Government Pensions Institution (Kuntien Eläkevakuutus, KEVA)</b> , Helsinki	37087	-	Global	Private equity	None	The fund intends to increase its 5% private equity allocation this year. It is also considering upping exposure to hedge funds and commodities.
<b>Hydro-Quebec</b> , Montreal	12814	256.28	Canada	Hedge funds	-	The fund plans to invest by 2009.
<b>McGill University</b> , Montreal	1281	-	Canada	Private equity	State Street Global Advisors	The fund plans to increase investments to private equity in the coming year. It is unsure if the increase will result in manager hires.

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## MAINE CIO

(continued from page 1)

been slow because trustees needed to get to grips with alternatives. “How do you eat an elephant?” he joked. “One bite at a time.”

If the board approves the allocation, Sawyer would hope to implement the plan within five years. He intends to have a revised asset allocation policy in place by summer’s end. The money will most likely come from stocks and bonds. **Ennis Knupp + Associates** advises the plan. —*Diana Britton*

## FORMER STRATIX

(continued from page 1)

management. “[We will] continuously challenge our reasons for portfolio investment decisions.”

One example of a potential short position the fund may take is **KLA-Tencor Corporation**, which designs and manufactures control systems for the semiconductor industry. Despite a rally in semi-cap equipment stocks, this is not sustainable as many manufacturers already pre-bought the equipment necessary for memory construction. Interest is expected to continue to decrease, according to the presentation.

The fund may also short **Morgan Stanley**. “After the 2007 summer correction, sentiment improved for capital markets names based on credit market improvement and **Federal Reserve** rate cuts,” read the presentation. Still, Goodman views Morgan Stanley’s stocks as overvalued due to balance sheet risks, and sees earnings dropping. “After financial analysis, [and] modeling, we concluded negative earnings were imminent.” Morgan Stanley shares were trading at \$13.77 late Thursday.

Roughly 60% of the portfolio will be allocated to technology companies, 20% to financial services and 20% to energy companies. Eighty-five percent will be dedicated to the U.S., with 10% in Europe and the remaining 5% in Asia and Australia. Its investment minimum is \$1 million and fees are 2/25 with a one-year lockup. After the first year, redemptions are quarterly. **Goldman Sachs** is the prime broker.

Four former Stratix employees—**Brad Kotansky**, **Brian Engelbert**, **Derek Josephs** and **Grinacoff**—joined Goodman at GCore. The firm will add up to six analysts, two each specializing in technology, financials and energy.

Goodman co-founded Stratix with **Richard Grodin** in 2004. The fund closed down last December with \$530 million (*iialternatives.com*, Dec. 7) as both partners decided to take time off. Previously, Goodman and Grodin worked at **Steven Cohen’s SAC Capital Management**. —*Suzy Kenly*

## STATE STREET

(continued from page 1)

than a decade developing its proprietary computer software, and IFS’s ownership of that intellectual property was one of the major reasons that State Street purchased [IFS],” the complaint states.

“State Street will take all necessary actions to defend our businesses and protect our intellectual capital,” **Carolyn Cichon**, spokeswoman at State Street told *AIN*. “Given the ongoing legal situation, we are unable to provide additional comment regarding the specifics of the suit beyond the information contained in the filing.”

Kelly, in a statement to *AIN*, said that the non-compete agreements expired nearly a year ago and the computer software utilized by HedgeServ uses new code and is not based on the IFS software. “This baseless and meritless lawsuit is State Street’s tacit admission that, being unable to compete with us based on the merits of our anticipated product offerings, they intend to do so by filing a frivolous and meritless lawsuit that, it hopes, will discourage prospective employees, investors or customers from doing business with us despite the clear superiority of our product.”

The complaint does not quantify damages sought but includes a request for injunctions that would force HedgeServ and its affiliates to return IFS’s intellectual property and related assets, and prevent HedgeServ and Kelly from engaging in the hedge fund administration space permanently. Cichon would not elaborate.

**James Kimball**, who had an equity stake in IFS before the sale, is also named as a defendant in the case. Kimball could not be located.

—*Sarah Ilene Klein*

### Quote Of The Week

“You hit 40, and either buy a motorcycle or join a hedge fund. I don’t look good in leather, so here I am.”—**Andrew Parry**, ceo and co-founder of **Sourcecap Intl.**, on switching to hedge funds from long-only investing (see story, page 7).

### One Year Ago In Alternative Investment News

**KGR Capital** launched a fund of hedge funds focused solely on Greater China. The *KGR Capital China Absolute Return Fund* soft-launched on June 1 with just under \$10 million. [The fund targeted investors for the first time in September (*AIN*, August 10). The fund is up 4.52% net from launch to the end of April.]