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Hedge Fund ALERT

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Persistent Losses Prompt CTAs to Improvise

After years of disappointing performance, operators of managed-futures funds are revising their trading models and taking other steps to retain disillusioned investors.

Three large London firms — **Aspect Capital, BlueCrest Capital** and **Cantab Capital** — are rethinking their trend-following strategies in light of persistently low volatility in the commodity-futures, currency and fixed-income markets. Cantab, for example, has added a short-term trading algorithm to its tool box, while BlueCrest is working on a program designed to get ahead of price trends. Still other managers are slashing fees as they seek to hold on to existing limited partners and attract fresh capital.

Systematic-trading operations such as Aspect, BlueCrest and Cantab use computer models to track trends in securities prices and get in before the trends play out. But the strategy depends on market volatility, which has been conspicuously

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Former Perot Trader Attracts Early Backers

An investment professional who most recently worked at **Ross Perot's** family office plans to start a hedge fund.

Cory Whitaker has opened **Bowie Capital** of Dallas with the aim of launching a fund late in the third quarter. There's talk that he's already lined up $75 million of commitments.

Bowie will invest opportunistically in both equity and debt, with as much as 10% of the capital reserved for private deals. At **Perot Investments,** Whitaker focused on consumer, energy and specialty-pharmaceutical companies, while also working on merger-and-acquisition plays and debt investments.

"He's a young, independent-thinking guy, which is a little bit out-of-the-box for the Perot group," one source said of Whitaker.

It's unclear whether Bowie has the backing of Perot Investments, a multi-billion-dollar operation led by Perot, his son, **Ross Perot Jr.,** and president **Steve**

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Managers Face Tough Choice Over IRS Edict

There are early indications that at least some fund operators plan to take advantage of a recent **IRS** decree on deferred compensation, though it's unclear to what extent managers will embrace the opportunity.

In a June 10 "revenue ruling," the IRS gave hedge fund executives the green light to use stock options to structure their performance compensation, thereby enabling them to defer their tax obligations until the options are exercised. The expectation is that pension operators and other long-term investors will favor such an approach because it rewards fund managers for being profitable over the long run.

"This is a great way for [hedge funds] to really show that you care about alignment" of interests with investors, said **Jonathan Koerner,** a lawyer for the $25 billion **Utah Retirement** pension system who specializes in innovative fund structures.

Optcapital, a Charlotte firm that helps companies administer stock-option plans,

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THE GRAPEVINE

BlueCrest Capital of London has hired a portfolio manager with a focus on Japan. The recruit, **Jeremy Reifer,** arrived in the $32 billion-plus firm's New York office this month. Reifer most recently worked at **Moon Capital,** a New York hedge fund operation where he managed a market-neutral portfolio of equity investments in Japanese companies.

Separate-account operator **HFR Asset Management** has lost its head of risk management. **Hiren Parikh** resigned on May 23, and apparently has another job lined up. He had arrived in mid-2012 from **Allstate Investments,** where he was a senior quantitative analyst and risk manager. HFR was running $1.8 billion as of yearend 2013, with a large portion of that capital coming from affiliated fund-of-funds operator **Riverside Portfolio**

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Redemptions Put Balestra on Defense

Embattled **Balestra Capital** is about to experience a big dip in assets.

Following indications earlier this year that investors might flee in the face of sudden losses, sources are saying the New York global-macro shop has received enough redemption requests to drop it to just $500 million under management at the end of this month. At its peak in late 2012, the firm was running $2.6 billion.

Given the decline, founder **James Melcher** is attempting to ensure that his employees remain on board by guaranteeing that their 2014 compensation will at least match what they earned in 2013 — plus undisclosed bonuses if the firm's assets increase. That offer apparently dates back to April, in the wake of the announcement that partners **Norman Cerk** and **Matthew Luckett** would resign effective June 30.

Cerk and Luckett manage Balestra's flagship Balestra Capital Partners fund, but Melcher wrote in a letter to investors in April that the firm would be better off with a single voice and vision going forward. Cerk had arrived in 1997. Luckett joined in 2004. Their exits first were reported by **CNBC.**

Balestra made a fortune betting against subprime-mortgage products as the credit crisis took hold, with Balestra Capital Partners gaining 198% in 2007 and 46% in 2008. From there, Melcher took a more defensive orientation, betting on gold and shorting the S&P 500 Stock Index.

The result was a period of tepid performance that included a 4.2% gain in 2009, a 3.2% loss in 2010, a 1.7% rise in 2011 and a 6% dip in 2012. The fund then bounced back with an 8% profit in 2013 — only to see those gains wiped out by losses of 2.9% this January and 6.2% in February.

Indications are that the slide continued in the following months, with many investors at last losing patience with the vehicle.

Global-macro managers have struggled since the credit crisis, as the actions of central banks around the world have displaced macroeconomic factors in influencing the values of financial instruments. A lack of volatility in fixed-income and currency markets has also hurt systematic traders whose computer programs identify and follow trends (see article on Page 1).

Melcher founded Balestra in 1979. ❖

Lonestar Alumnus Preps Offering

Another San Francisco startup is taking shape under the direction of a former **Lonestar Capital** executive.

Peter Levinson, a distressed-debt specialist, is opening a fund shop called **Waveny Capital.** He's already hired a chief operating officer, **Zack Stout,** who previously held the same title at San Francisco-based **Criterion Capital.** Details about the fund's launch date and strategy were unavailable, though a source said it will invest in a mix of public and private securities.

Levinson was a managing director at Lonestar, a $1 billion fund operation led by **Jerome Simon.** He worked at the San Francisco firm from 2009 until October 2013. In April, he was named to the board of **Gold Canyon Resources,** a public company that invests in mineral and precious-metal mining projects.

Meanwhile, Lonestar executive **Xavier Majic** and alumnus **Lenn Kipp** are on track to launch a hedge fund at the beginning of next year from their Toronto-based **Maple Rock Capital.** They expect to start out with as much as $400 million. The strong investor demand appears to be primarily due to the fact that Lonestar has been largely closed to new investments for years. ❖

Novel Acquisition Yields Launch

Multi-manager shop **Pulteney Street Capital** is finalizing the details of its first "liquid-alternatives" product — a vehicle born of the acquisition of an unorthodox mutual fund.

The New York firm has set a July launch date for the entity, which it would run through a unit called PSP Family of Funds that it established in March to create and manage so-called '40 Act funds.

Rather than starting a new vehicle from scratch, however, Pulteney Street plans to recast a mutual fund called Congressional Effect Fund that it took over around the time of PSP Family of Funds' formation. That vehicle was the lone product of a firm also bearing the **Congressional Effect** name, and had just $2.9 million of invested assets at the time, down from $12 million at mid-2013.

The re-launched version would come with a new name, PSP Multi Manager Fund, and a different strategy: deploying capital to hedge fund managers including **EastBay Asset Management, Ferro Investment, Riverpark Advisors, S.W. Mitchell Capital** and **Tiburon Capital.** That's a marked difference from Congressional Effect's approach, in which it invested in S&P 500 stocks while Congress was out of session and moved into cash at all other times.

Marketing materials described the approach as designed to capitalize on a phenomenon in which the S&P 500 Stock Index posted annualized gains of 16.6% while Congress was out of session from 1965-2012 — but was up only 0.92% while Congress was in session. The Congressional Effect fund launched in May 2008, and by yearend 2013 was showing a cumulative return of just 1.5%.

Another change: Pulteney Street expects to increase the fund's management fee from 1% of assets to 2.25%.

Because it is registered with the **SEC** under the Investment Company Act of 1940, the vehicle can accommodate an unlimited number of investors, who can opt for **IRS** Form 1099 tax documents rather than Schedule K-1 reports issued by hedge funds. But the fund is subject to strict reporting requirements, limits on leverage and restrictions on performance fees.

It's unclear why Pulteney Street went through the process of buying and overhauling an existing fund. But it may have been that the purchase price for the Congressional Effect vehicle was lower than the legal costs associated with forming a new mutual fund.

Pulteney Street also has a history of acting opportunistically to buy smaller fund shops — in particular when multi-manager operations have faced pressure to sell amid waning investor interest. Indeed, the firm's 2012 formation came when brothers **Dan** and **Sean McCooey** acquired ownership of **Praesideo Management** of Ogden, Utah, and recast it under the Pulteney banner.

Pulteney Street runs three funds, according to **Hedge Fund Alert's** Manager Database. The largest is Pulteney Street Partners, which has $30 million of gross assets.

Dan McCooey heads marketing at Pulteney Street. He has a background in institutional sales, including positions at **Citigroup** and **Weeden & Co.** In addition to his work at Pulteney, Sean McCooey is a managing director at mini-prime broker **Concept Capital**. ❖

Centurion Unaffected by CTA Woes

Centurion Investment continues to buck two trends: The managed-futures trader is raising money, and making it too.

The New York firm's lone fund, Centurion Short Term Trading Fund, has enough investor commitments to double its assets by yearend, to $300 million. And that figure could grow even faster now that two undisclosed banks are offering the vehicle through their financial advisors.

Those agreements, struck in May, stand out as particular accomplishments given a general hesitancy among advisors to pitch managers like Centurion that employ hard-to-explain, computer-driven investment strategies.

Meanwhile, an unleveraged version of Centurion's fund is posting a compounded annual return of 6.8% since its August 2012 inception, compared to a 0.6% gain for the S&P GSCI Commodity Index. The fund's performance includes a 2.4% rise for the first five months of this year, following profits of 5.3% in 2013 and 4.1% for the final five months of 2012.

While those gains help explain Centurion's recent capital-raising results, the firm has displayed a knack for attracting investors when many of its peers have struggled to do so. Indeed, founders **Stefan Behling** and **Umran Zia** started the fund with a mere $10 million at a particularly rough time from a marketing perspective.

The Barclay CTA Index hasn't posted a full-year gain since 2010, and was eking out a year-to-date return of just 0.08% as of June 12. The overall assets controlled by commodity-trading advisors, meanwhile, have been falling throughout the Centurion fund's life — from $337.1 billion during the third quarter of 2012 to $325.3 billion as of March 31, 2014, according to **BarclayHedge.**

The search for investors willing to commit to a commodities vehicle began with sophisticated funds of funds and family offices. "As I told [Behling], I think it would have been easier to start a typewriter company," Zia said.

One of Centurion's selling points is that it focuses on shorter-term trades than most trend followers. The firm, which invests in 52 liquid financial and commodity markets worldwide, holds its positions for an average of six hours. Within the portfolio are more than 78 momentum-driven and mean-reversion trading strategies that are weighted based on volatility, correlation and performance.

The fund has shown almost no correlation to the Barclay CTA Index or the Chicago Board Options Exchange VIX index.

Before starting Centurion, Behling was head trader at **Crabel Capital.** He left the firm in 2009, after 13 years on board. Zia, who is in charge of operations, led the foreign-currency area of **Bank of America's** prime-brokerage unit from 2000 to 2010. ❖

Fund Eyes Health, Environment Sectors

A former **Westfield Capital** executive has formed his own hedge fund operation.

Matthew Strobeck set up **Birchview Capital,** based in Burlington, Vt., to invest in the stocks of undervalued but growing healthcare and environment-focused companies.

Strobeck seeded Birchview Fund with a $20 million portfolio of his own investments in late March. The firm apparently hasn't yet begun a formal marketing campaign.

Birchview typically will hold 14-20 positions at a time, with no more than 25% of its capital invested in any one company. In some cases, Strobeck and possibly other Birchview executives will work directly with portfolio companies to improve their value, and may join their boards. Strobeck, a biologist, currently serves as a board member for a number of companies, including pathogen-identification company **Accelerate Diagnostics,** biodegradable-product manufacturer **Metabolix** and medical-device maker **Tepha.**

Birchwood is offering a series of share classes with management fees of 1.5% to 2%, performance fees of 10-20% and capital lockups of 1-2 years. It imposes a 5% penalty for early withdrawals.

In addition to the fund, which will invest in public companies, the shop may launch separate accounts that would also invest in private businesses.

Birchwood's chief operating officer is **Benjamin Small.** Strobeck signed up an interim chief financial officer, **Richard McCormick,** in April.

Until late 2011, Strobeck was a partner and member of the management committee of Boston-based Westfield, a $17 billion manager of traditional separate accounts that spun off from **Boston Private Bank** in 2009. ❖

Tiger Cuts Exposure to Long Oar

Tiger Management has pulled a big chunk of its money from **James Davidson's Long Oar Capital,** an equity manager that Tiger seeded in 2009.

The move apparently leaves Long Oar running something over $100 million, a source said, down from about $180 million at yearend 2013. A spokesman for the New York firm wouldn't comment on Tiger's withdrawal, but said Long Oar recently has received redemption requests as well as new subscriptions.

"Most importantly, Long Oar plans to remain in operation, has no plans to close the firm, and is confident in its long-term strategy," he said.

Tiger, which mostly operates as a family office for founder **Julian Robertson,** withdrew a portion of Robertson's personal investment with Long Oar. But Davidson's firm also manages money for a Tiger vehicle called Accelerator Partners, which invests on behalf of Robertson as well as outside backers. That fund, which launched in mid-2011 with $450 million, hasn't redeemed from Long Oar.

Of the six managers that received "acceleration capital" from the Tiger vehicle, Long Oar's returns have been the lowest. At yearend 2013, Long Oar had produced a cumulative net return of 4.9% since June 1, 2011, compared to anywhere from 16.9% to 66.9% for the other five managers. Last year, Long Oar posted a 13.9% profit, versus annual net returns that ranged from 21.1% to 47% for the other managers.

Tiger Accelerator Partners is among a class of fund backers that invest with small but established managers who need to boost assets under management in order to have any hope of raising capital from institutional investors. In exchange for their investments, acceleration-capital vehicles usually claim a share of the managers' revenue stream, in addition to profiting from investment gains.

Before launching Long Oar, Davidson worked at hedge fund operators **Standard Pacific Capital** and **Pequot Capital.** He started out as an analyst at **Morgan Stanley.** ❖

Magnolia Road Woos Outside Investors

Magnolia Road Capital, a fund manager backed by the investment firm started by former **eBay** president **Jeffrey Skoll,** has begun seeking outside capital for its hedge fund.

Magnolia Road Global Credit Master Fund got off the ground in May 2013 with $45 million, most of which came from **Capricorn Investment,** Skoll's Palo Alto, Calif., firm. The event-driven fund, which invests in the debt of European companies, has grown to $131 million. Some of the additional capital came from a follow-up investment made by Capricorn.

Earlier this month, Magnolia Road began sending marketing material to prospective investors. "We have more good ideas than capital to put to work right now," said **Suzanne Murphy,** head of strategic development for Magnolia Road.

New York-based Magnolia Road was formed last year by **Jame Donath,** who previously ran a credit fund for **Karsch Capital** and before that managed **Davidson Kempner Capital's** European credit business.

Magnolia Road employs five professionals, including chief financial officer/chief compliance officer **Ran Shaham,** senior analyst **Ken Jin** and trading chief **Evert-Jan Wamsteker.** The firm plans to hire an analyst by the end of summer.

Magnolia Road has raised capital for its fund by selling Class-A shares with discounted fees and Class-B shares with more standard fees. Holders of Class-B shares have earned a net return of 7.7% since the fund's inception. In the first four months of this year, the Class-B shares were up 0.5%.

Capricorn, which billionaire Skoll co-founded in 2001, provides investment services for foundations, endowments and families of wealthy individuals, including former U.S. vice president **Al Gore.** ❖

Losses ... From Page 1

low since 2011. Hence the Barclay CTA Index, a closely watched gauge of managed-futures vehicles, fell 3.1% in 2011, 1.7% in 2012 and 1.4% last year. It's roughly flat so far this year.

While the declines in the index have been relatively modest, some of the biggest and best-known commodity-trading advisors have suffered outsized losses. Take the $4 billion Cantab, which is led by former **Goldman Sachs** traders **Ewan Kirk** and **Erich Schlaikjer.** Its Cantab Capital Partners Quantitative Fund (Aristarchus) plummeted 27.7% last year and was down 4.6% for the first five months of this year. The last year Aristarchus made money was 2012, when it gained 15.3%.

A source said Cantab is now working on a model that would hold trades for days or just hours — shorter periods than are typical for most trend followers. Another source said the firm continually adjusts and updates its trading models based on market conditions.

BlueCrest, which manages more than $30 billion, is crafting what one source described as a systematic global-macro vehicle that will attempt to take a more sophisticated approach than the firm's flagship BlueTrend vehicle. Instead of capturing purely price-based trends, as BlueTrend does, the new vehicle would try to anticipate trends by looking at relationships across multiple sectors.

BlueTrend, which is managed by BlueCrest executive **Leda Braga,** lost 11.5% last year. It was losing money this year as well until a 6.3% monthly gain in May boosted the year-to-date return into positive territory. BlueCrest is led by founder **Michael Platt.**

Aspect, a $5 billion firm run by **Anthony Todd** and **Martin Lueck,** manages a vehicle called Aspect Diversified Fund that hasn't made money in more than two years. It was down 3.6% at the end of May following losses of 4.4% last year and 10.7% in 2012. A source said Aspect soon plans to roll out a low-cost alternative to its main fund. Details are sketchy, but it appears the new vehicle would charge only a management fee.

"More and more CTAs are planning to reduce fees to give investors an incentive to stay with them," said a fund-of-funds manager.

The word is that an undisclosed managed-futures shop is dropping the standard 2-and-20 fee structure in favor of a 1% management fee and 10% performance fee. Another plans to cut its performance fee in half — to 10%.

A veteran commodity-trading advisor in the U.S. acknowledged that market conditions have been less than favorable, but plans to stick with the trend-following models he knows best. "The markets are quiet and trendless, but the only way I know to make performance worse would be to trade shorter-term," he said. "The long-term trend-following systems did the best of all trend-following styles last year and are doing okay this year."

He also questioned the wisdom of reducing fees. About a year ago, his firm cut its fees in half — to 1% of assets and 10% of gains — with little effect. "We haven't gotten any new clients since we lowered our fees," he said. ❖

Hedge Fund Performance

	May Return (%)	YTD Return (%)
BENCHMARK INDICES		
S&P 500	2.35	4.97
Russell 2000	0.68	-2.50
MSCI EAFE (Europe, Australia, Far East: net)	1.62	3.78
Barclays Aggregate Bond	1.14	3.87
Barclay/Global HedgeSource	**1.12**	**2.30**
2,000+ funds (unweighted)		
CogentHedge	**1.48**	**1.39**
3,100+ funds (unweighted)		
Credit Suisse Hedge Fund Index	**1.13**	**1.86**
5,000+ funds (weighted)		
Eurekahedge Hedge Fund Index	**1.04**	**1.79**
2,500+ funds (unweighted)		
Greenwich Global Hedge Fund Index	**1.03**	**1.86**
2,000+ funds (unweighted)		
HedgeFund Intelligence	**0.97**	**3.25**
7,000+ funds (unweighted)		
Commodities	-0.19	2.92
Convertible and equity arbitrage	0.55	3.26
Credit	0.70	4.47
Distressed	1.00	5.66
Event driven	1.83	5.15
Fixed income	1.11	3.69
Global equity	1.22	3.55
Latin American debt	1.40	3.45
Latin American equity	1.48	-0.06
Macro	0.38	-0.57
Managed futures	1.43	-0.71
Mixed arbitrage	0.58	2.74
Mortgage-backed securities	0.25	4.31
Multi-strategy	0.97	3.44
Technology	1.78	0.23
U.S. equity	0.82	2.24
HFN Hedge Fund Aggregate Average	**1.01**	**2.18**
4,900+ funds (unweighted)		
HFRI Fund Weighted Composite	**1.18**	**2.01**
2,000+ funds (weighted)		
Preqin Hedge Fund Analyst	**1.25**	**2.50**
4,500+ funds (unweighted)		

Perot ... From Page 1

Blasnik. The elder Perot, an independent candidate for president in the 1992 and 1996 elections, made his fortune by founding **Electronic Data Systems,** which he sold to **General Motors,** and **Perot Systems,** which he sold to **Dell.**

Bowie will charge investors a 1.5% management fee and 15% performance fee. Whitaker plans to hire a chief operating officer ahead of the launch. ❖

IRS ... From Page 1

already has received inquiries from a number of fund operators — including one "top-tier" firm with some $30 billion of assets. When it comes to raising capital from institutional investors, managers that adopt options-based compensation plans will have "a huge competitive advantage to say that we are producing this alignment of alpha," said Optcapital president **Rick Ehrhart.**

The firm led the way in pressing the IRS to issue last week's ruling, which clarified tax provisions in the Emergency Economic Stabilization Act of 2008. One section of that law banned a long-standing practice among hedge fund managers of deferring taxes on performance bonuses by keeping the money invested in their offshore vehicles. Left unclear were the tax obligations of managers who receive compensation in the form of options to purchase shares in their funds.

The IRS said fund managers have no obligation to pay taxes on unexercised options. "A stock option might not be the best compensation arrangement in every situation, but in many cases [it] may provide a tax-efficient mechanism to compensate managers for their services in a manner that is designed to better align the compensation realized with the time horizon of those services," law firm **K&L Gates** wrote in client note about the ruling.

The question is whether managers will want to give up collecting performance-fee revenue annually for the potential tax benefits of stock options. Take a hypothetical scenario in which a hedge fund with $100 million of investor capital generates a one-year gain of 40%, then loses 30% the following year. Under a traditional performance-fee arrangement, the manager would earn $8 million over two years — that is, 20% of the $40 million profit the first year and nothing the second year. Meanwhile, investors would have realized a loss over two years.

But if the manager's incentive compensation were structured as a stock option, with a strike price equal to the net asset value of the fund shares at the beginning of the first year, then the option would be worthless at the end of the second year.

One hedge fund marketer expressed doubt that managers would be willing to accept options in lieu of annual performance fees. "The managers don't want it — they want the cash," she said. "I sort of feel this discussion will go on for 2-3 years and then maybe someone finally moves. But it won't be when the equity markets are ripping and producing big profits."

Optcapital acknowledged that options-based compensation plans only make sense for managers with tax-exempt clients. That's because taxable investors would be liable for paying taxes on any gains in fund shares that managers have options to purchase. Another potential obstacle: Managers that agree to options-based compensation would likely demand longer-term lockups, which might be resisted by investors.

"A manager would have a strong incentive to adopt this stock-option compensation if it enabled a manager to get mandates that they wouldn't otherwise get," said K&L Gates attorney **Nicholas Hodge.**

Utah Retirement, which has some $4.6 billion invested with 31 hedge fund operators, has asked 15 managers since 2009 to structure their performance compensation in the form of stock options. But prior to last week's IRS ruling, only one manager consented. The $1 billion-plus firm agreed to accept options that wouldn't vest for three years, while Utah Retirement agreed to a three-year lockup on its capital. In fact, the lockup recently expired, at which point the pension withdrew its money due to disappointing returns.

Utah Retirement is recognized as an innovator when it comes to structuring hedge fund investments. In a number of cases, it has negotiated terms under which managers have agreed to leave portions of their performance-fee revenue in their funds for 3-4 years. In those instances, the managers are permitted to withdraw at least enough to meet their tax liabilities.

Other than Utah Retirement, it appears few if any investors have convinced managers to adopt options-based compensation structures. That's partly because until last week, most hedge fund law firms took the position that stock options didn't absolve managers of their tax obligations. One exception was K&L Gates, which said the IRS ruling "is consistent with the position our firm has taken since 2009."

Optcapital, with help from K&L Gates and lobbying firm **Capitol Tax Partners,** spent three years lobbying the IRS to issue the ruling. As part of that effort, they organized a 2012 conference call between IRS officials and institutional investors including **APG Asset Management, North Carolina Retirement** and Utah Retirement. ❖

CALENDAR

Main Events

Dates	Event	Location	Sponsor	Information
June 23-26	Fund Forum International 2014	Monaco	ICBI	www.fundforuminternational.com
July 16	Delivering Alpha	New York	Institutional Investor	www.deliveringalpha.com
Sept. 21-23	Alpha Hedge West Conference	San Francisco	IMN	www.imn.org
Sept. 29-Oct. 1	Context Summit West 2014	Dana Point, Calif.	Context Summits	www.contextsummits.com
Oct. 16	Outlook 2014	New York	MFA	www.managedfunds.org
Oct. 28-30	Alternative Asset Summit 2014	Las Vegas	AAIM	www.alternativeassetsummit.com
Jan. 28-30, 2015	Context Summits Miami 2015	Miami	Context Summits	www.contextsummits.com

Events in US

Dates	Event	Location	Sponsor	Information
June 23	Catalyst Cap Intro: Emerging Markets Alternative Inv.	New York	Catalyst Financial	catalystforum.com
June 25	’40 Act Case Studies	New York	Infovest 21	www.infovest21.com
June 25	Financial Crimes & AML Seminar	New York	FTF News	www.ftfnews.com
June 25	Latin American Capital Markets Conference	New York	NYSSA	www.nyssa.org
June 25-27	ETF Managed Portfolio Summit	Chicago	IIR	www.iirusa.com
July 9	Alternative Investment Consultants Summit	Greenwich, Conn.	IMI	www.thehfa.com
July 15	FX Week USA	New York	Incisive Media	www.fxweekusa.com
July 15-16	Risk Management for Non-Quants	Chicago	FMW	www.fmwonline.com
July 21-23	Family Office & Private Wealth Management Forum	Newport, R.I.	Opal Financial	www.opalgroup.net
July 21-23	Public Funds Summit East	Newport, R.I.	Opal Financial	www.opalgroup.net
July 24-25	Winning & Retaining Institutional Mandates	New York	FRA	www.frallc.com
July 28-29	Private Inv. Fund Acctg., Operations & Compliance Forum	New York	FRA	www.frac.com
July 31-Aug. 1	Alternative Investment Strategies	Denver	Financial Advisor	www.fa-mag.com
Aug. 5-6	Financial Regulation & Derivatives Market	New York	FMW	www.fmwonline.com
Sept. 8	Russian and Central & Eastern European Capital Markets	New York	NYSSA	www.nyssa.org
Sept. 8-9	North American Investors Summit	Atlanta	Marcus Evans	www.marcusevans-summits.com
Sept. 8-10	Investment Trends Summit	Santa Barbara, Calif.	Opal Financial	www.opalgroup.net
Sept. 8-10	Global Investment Conference	New York	Rodman & Renshaw	www.rodmanandrenshaw.com
Sept. 15-16	Select Hedge Funds: Boston 2014	Boston	BHA	www.brightonhouseassociates.com
Sept. 15-16	Research & Due Diligence for Wealth Mgmt. Platforms	New York	FRA	www.frall.com
Sept. 17	East Coast Family Office & Wealth Management Conf.	New York	DC Finance	www.nyc-wealth.com
Sept. 17-18	Establishing a ’40 Act Alternate Fund	New York	FRA	www.frallc.com
Sept. 22	Introduction to Hedge Funds	New York	FMW	www.fmwonline.com
Sept. 22	Catalyst Cap Intro: L/S Equity-Event Driven Investing	New York	Catalyst Finc’l. Ptnrs.	www.catalystforum.com

Events Outside US

Dates	Event	Location	Sponsor	Information
June 25	Asia Pacific Trading Architecture Summit 2014	Singapore	Waters Technology	www.waterstechnology.com
June 26	Buy-Side Technology Asian Summit 2014	Singapore	Waters Technology	www.waterstechnology.com
June 26-27	Fundamentals of Fund Administration	London	IFF	www.iff-training.com
July 1	Pension Fund Inv: Inv. Objectives, Risks & Opportunities	Rome	PrevInvest	www.previnvest.com
July 2-3	AIFMD & UCITS Risk Management	London	Infoline	www.infoline.org
July 2-3	Derivative Valuation	London	Infoline	www.infoline.org
July 2-4	Fundamentals of Fund Management	London	IFF	www.iff-training.com
July 8-9	Valuation & Pricing for Buy-Side Firms	London	Infoline	www.infoline.org
July 10	Independent Investment Risk Oversight	London	Infoline	www.infoline.org
July 14-15	AIFM Directive Implementation	London	Infoline	www.infoline.org

To view the complete conference calendar, visit The Marketplace section of HFAlert.com

Lawyers Push Back on Canada Rule

The deadline for comments on a proposal that investors in Canadian hedge funds formally acknowledge the risks associated with those vehicles brought a flurry of protests against the measure.

At issue is a rule suggested on Feb. 27 by the **Canada Securities Administration** under which hedge fund managers in the country would have to get their limited partners to sign "risk acknowledgement forms." Marketers also would have to fill out the paperwork.

As the public-comment period closed on May 28, industry attorneys expressed their opposition. Toronto law firm **Stikeman Elliott,** for example, submitted a letter on the deadline day arguing that the proposal poses an administrative burden to investors and managers — particularly because it appears to require that the form be presented to limited partners physically, as opposed to electronically like most other documents.

Lawyers also pointed out that the proposal would require that managers retain the forms for eight years, far exceeding most other record-keeping windows. What's more, they noted that the paperwork would duplicate parts of prospectuses and other marketing documents that spell out risks for investors.

There is some concern that the additional administrative work would create a disincentive to invest in Canada-based hedge funds.

In addition to acknowledging a fund's risks, the proposed rule would require investors to certify that they are accredited and to confirm the types and values of the vehicles they are entrusting with their money. It's unclear what the next step will be for the Canadian Securities Administration after it reviews the comments. ❖

Startup Eyes Third-Quarter Launch

Details of a plan by **Elmrox Investment** to accept outside capital are taking shape.

The New York equity shop, which invests worldwide, is aiming for the third quarter of this year to start taking investor contributions. That money would flow into a so-called founders share class with a 15% performance charge and a 1.5% management fee that would drop to zero once the operation amasses $500 million.

The founders class will lock up investor capital for a year.

Elmrox appears to have been founded last year by **Daniel Lawrence.** But the firm is circulating a track record that dates back to mid-2010, seemingly to reflect investments Lawrence made on the side with his own capital while working at **Talara Capital.**

The performance figures are impressive, including gains of 42.7% in the second half of 2010, 4.3% in 2011, 19.2% in 2012 and 72.6% in 2013. That makes for an average annual return of 37.7% over three-and-a-half years, although it's unclear how much the results have been aided by the use of leverage.

Lawrence co-founded Talara in 2009 after leaving his job as a senior analyst at **Citadel,** and remained on board until 2013. This year, he brought in **Tim Schenk** as a partner and senior analyst at Elmrox. Schenk formerly was a senior analyst at **Newbrook Capital,** and spent time as an analyst at **White Elm Capital** and **Blue Ridge Capital.** Another unidentified senior professional also is on board.

In September, Lawrence won the annual **Value Investing Congress** competition in New York by arguing for a long position in chemical company **Ashland.** Since he first submitted the idea on July 16, 2013, Ashland's shares have risen more than 25%, from $84.96 to $106.32 as of June 17. ❖

LATEST LAUNCHES

Fund	Portfolio managers, Management company	Strategy	Service providers	Launch	Equity at Launch (Mil.)
Vaison Capital Domicile: U.S.	Arthur Simondet Vaison Partners, Houston 866-8821666	Global macro	Prime broker: Interactive Brokers Auditor: Patke & Associates Administrator: HC Global Fund Services	May	Under $1
(Undisclosed) ☚See Page 11	Daniel Lawrence Elmrox Investment, New York 347-886-6120	Equity: Long/short (Opening to outside investors in 3Q-14)			

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Management. Both HFR and Riverside are units of Hedge Fund Research, a Chicago firm led by **Joseph Nicholas.**

EBF & Associates has added a managing director to its staff. **David Duback,** previously a senior analyst on the investment team at **Waterstone Capital,** started at the Minneapolis firm this month. Duback also has worked as an analyst at **Stark Investments** and as an associate at **Morgan Stanley** and **Goldman Sachs.** EBF, which invests across a range of markets while combining aspects of hedge funds and private equity funds, formed in 1988 as a **Cargill** spinoff. It was running $2.2 billion as of year-end 2013, including $680 million of undrawn commitments.

New York equity shop **Hoplite Capital** has hired **Andrew Polland** to serve as its general counsel and chief compliance officer. Polland, who started in mid-May, previously held the same positions at **Michael Dell's MSDC Management.** He also has worked as deputy chief compliance officer and head of litigation at **Fortress Investment.** Hoplite, led by **John Lykouretzo,** runs about $3.5 billion.

Marketing specialist **Chris Gorgone** has joined **Man Group's** New York office, with a coverage area encompassing institutional investors in the U.S. Gorgone most recently worked at **Trian Partners,** the activist shop led by **Nelson Petz.** As an employee of the New York firm, Gorgone's marketing role took him around the world. London-based Man has $54.1 billion under management through a multitude of investment products. The firm said on June 9 that it has agreed to buy Summit, N.J., fund-of-funds operator **Pine Grove Asset Management.**

IMC Asset Management has hired a chief operating officer for its New York office. **Alex Tsirkin** started at the Amsterdam firm this month, following a three-year stint as a vice president at **Lyxor Asset Management.** He also has worked as an associate focusing on operational due-diligence reviews at **Lyster Watson & Co.** and **Sterling Stamos,** and spent some time at **Citigroup.** IMC started this year with $422 million in its hedge funds, which employ global-macro and structured-credit-product strategies.

Taconic Capital added three staffers to its marketing team in May. The $8.1 million multi-strategy shop appointed **Marianna Bracco** to the post of director. She most recently was a partner at **MatlinPatterson**. Also on board as a director is **Marne Gorman**, who previously spent almost five years as a managing director covering hedge fund research at consulting firm **Cliffwater.** Meanwhile, **Christine Dorost** signed on as an associate from **Marc Lasry's Avenue Capital.** Each of the recruits is stationed in New York.

Researcher **Douglas Wooden** has left Boston hedge fund manager **DDJ Capital** to join **Fort Warren Capital,** a startup credit-product shop also in Boston. Wooden started his new job as an analyst last month. He logged almost two years at DDJ, and before that spent three years as an associate at **Putnam Investments.** Fort Warren was founded last year by former **Regiment Capital** executives **Eugene Lee** and **Jaspaul Singh.**

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