

## Man, BlueCrest, Graham Decline in November

BY KELLY BIT

Multi-billion dollar hedge funds managed by **Man Group plc**, **BlueCrest Capital Management** and **Graham Capital Management** posted declines in November as the Bloomberg aggregate hedge fund index fell the most in six months.

The Man AHL Diversified Plc fund, which manages \$2.6 billion, fell 5.8 percent, bringing returns for the year to 8.6 percent, according to HSBC Private Bank. The fund had its worst decline from December 2008 through this February, when it lost 19 percent. Man Group Plc declined to comment.

BlueCrest's Bluetrend Fund Ltd - Class A, which has \$7.9 billion in assets, declined 2.9 percent last month and gained 8.8 percent this year, according to HSBC Private Bank. Its biggest drop was from April through July 2006, when it decreased 13 percent. **Edward Orlebar**, a spokesman for the firm, did not immediately return a call for comment.

The Graham Global Investment Fund II -

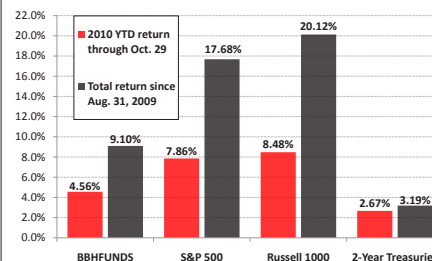
K4D - 10 fund, which manages \$3.2 billion, dropped 1.8 percent in November and 1.3 percent this year, according to HSBC Private Bank. It lost 16 percent for its biggest decline from October 2001 to April 2002. The Graham Global Investment Fund II - K4D - 15 fund, which manages \$3.2 billion, fell 2.2 percent last month and increased 0.7 percent this year. It lost 30 percent from February 2004 to April 2005, its biggest loss. **Steve Bruce**, a spokesman for the firm, declined to comment.

"November was a difficult month for hedge funds," said **Don Steinbrugge**, managing partner of **Agecroft Partners LLC**, a Richmond, Virginia-based consulting firm that advises hedge funds and investors.

The Bloomberg aggregate hedge fund index fell 1.5 percent in November as hedge funds declined the most since May. The index is weighted by market capitalization and tracks 2,627 funds, 1,198 of which have so far reported returns for November.

## Global Hedge Fund Returns

The Bloomberg BAIF Hedge Fund Index represents all hedge funds tracked by Bloomberg Data. The graph compares BBHFUNDS to benchmarks.



## RETURNS BY STRATEGY SNAPSHOT

STRATEGY	% YTD RETURN
Mortgage-Backed Arbitrage	19.92
Asset-Backed Arbitrage	15.44
Fixed Income Arbitrage	10.90
Distressed Securities	10.22
Capital Structure Arbitrage	7.10
Long/Short Equities	6.14
Convertible Arbitrage	5.21
Long-Biased Equities	5.19
Short-Biased Equities	4.26
All Funds	3.79
CTA/Managed Futures	2.46
Global Macro	2.09
Multi-Strategy	1.72
Statistical Arbitrage	0.30
Merger Arbitrage	-0.25
Market Neutral	-4.17

Bloomberg Hedge Fund Indices  
Most recent returns

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## NEW HEDGE FUND LAUNCHES

FIRM	FUND	MANAGER	LOCATION	ASSET (\$MLN)*	ANTICIPATED LAUNCH DATE
RWC Partners	RWC Macro Fund	Peter Allwright/Stuart Frost	Dublin-domiciled	-	January
Brunner & Partners	Orvent Asset Management	Scott Collison	Singapore	150	January
Algebris Investments LLP	Algebris Coco Credit Fund	Ivan Vatchkov	Singapore	-	January
Algebris Investments LLP	Algebris Emerging Markets Financials Fund	Ivan Vatchkov	Singapore	15	January

\*Commitments To Date

## PERFORMANCE SNAPSHOT: LONG/SHORT FUNDS

A look at long/short hedge funds that report to Bloomberg data, listed by returns.

### By 2010 Year-to-Date Returns

FIRM	FUND	MANAGER	INCEPTION DATE	CLOSE DATE	SHARPE RATIO	RETURN %
Prospect Asset Mgmt	Shareholders' Consensus	Curtis Freeze	2/28/2005	9/30/2010	1.95	120.79
Brightline Capital Mgmt	Brightline Capital	Nick Khera	6/30/2005	10/29/2010	2.65	61.71
Front Street Capital Inc	Resource Perfor	N. Lamarche	10/22/2007	11/29/2010	2.36	52.97
RAB Capital PLC	Rab Energy Fund Ltd-A€	Gavin Wilson	5/31/2004	11/18/2010	4.63	40.73
BTR Investment Mgmt	Strategic Growth Fund Ltd	Courtenay Wolfe	3/2/2009	10/29/2010	2.13	28.33
APS Asset Mgmt	Asia-Pacific Hedge Fund	Kok-Hoi Wong	4/1/2002	10/29/2010	3.1	28.23
Sprott Asset Mgmt LP/Canada	Offshore Fund Ltd-A	Eric S Sprott	12/31/2001	10/29/2010	2.12	26.03
Goodman & Co Investment	Dynamic Power Hedge	Rohit Sehgal	5/31/2002	11/26/2010	1.29	25.41
Rioni Capital Partners LLP	Lensky Fund	Kaha Kiknavelidze	2/1/2008	10/29/2010	2.38	24.98
Jemekk Capital Mgmt	Long/Short Fund LP	Gerard Ferguson	6/30/2004	10/29/2010	3.15	24.16

### By Trailing 12-Month Total Returns

FIRM	FUND	MANAGER	INCEPTION DATE	CLOSE DATE	SHARPE RATIO	RETURN %
Prospect Asset Mgmt	Shareholders' Consensus	Curtis Freeze	2/28/2005	9/30/2010	1.95	120.34
Brightline Capital Mgmt	Brightline Capital	Nick Khera	6/30/2005	10/29/2010	2.65	87.56
Front Street Capital Inc	Resource Performance	Normand Lamarche	10/22/2007	11/29/2010	2.36	57.86
RAB Capital PLC	Rab Energy Fund Ltd-A€	Gavin Wilson	5/31/2004	11/18/2010	4.63	51.01
BTR Investment Mgmt	Strategic Growth Fd Ltd	Courtenay Wolfe	3/2/2009	10/29/2010	2.13	39.51
Sprott Asset Mgmt LP/Canada	Offshore Fund Ltd-A	Eric S Sprott	12/31/2001	10/29/2010	2.12	36.36
Goodman & Co	Dynamic Contrarian-A	David Taylor	7/13/2005	11/26/2010	1.91	35.63
Broadfin Capital LLC	Healthcare Fund LP	Kevin Kotler	9/30/2005	10/29/2010	3.38	35.42
APS Asset Mgmt	Asia-Pacific Hedge Fund	Kok-Hoi Wong	4/1/2002	10/29/2010	3.1	35.23
Larrain Vial Asset Mgmt	Lv Pacific Opportunities	Andres Agramonte	5/31/2008	10/29/2010	3.84	34.15

### By Trailing 36-Month Total Returns

FIRM	FUND	MANAGER	INCEPTION DATE	CLOSE DATE	SHARPE RATIO	RETURN %
APS Asset Mgmt	Asia-Pacific Hedge Fund	Kok-Hoi Wong	4/1/2002	10/29/2010	1.68	33.03
Central Square Mgmt	Central Square Capital	Kelly Cardwell	8/1/2007	10/29/2010	2.1	27.87
LBN Advisers Ltd	China+ Opportunity Fund	Lilian Co	10/31/2007	10/29/2010	1.27	25.32
Odey Asset Mgmt	Oei Mac Inc-USD	Crispin Odey	2/7/1992	11/12/2010	0.84	19.98
Brightline Capital Mgmt	Brightline Capital	Nick Khera	6/30/2005	10/29/2010	0.81	19.53
Jupiter Asset Mgmt	Financials Hd- Res	Robert Mumby	5/1/2007	11/12/2010	1.59	17.01
Broadfin Capital LLC	Healthcare Fund LP	Kevin Kotler	9/30/2005	10/29/2010	1.1	16.63
Westerly Capital Mgmt	Westerly Partners LP	Christopher J Galvin	6/1/2006	10/29/2010	1.24	16.02
Majedie Asset Mgmt	Tortoise Fund-B	Matthew Smith	8/31/2007	11/26/2010	1.42	15.88
BlackRock UK Ltd	Uk Emerg Comp-I	Richard Plackett	4/30/2004	10/29/2010	1.66	14.86

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## TOP STORIES THIS WEEK BY BLOOMBERG NEWS

### Carlyle to Buy Majority Stake in Claren Road

**Carlyle Group**, the world's second-largest private-equity firm, agreed to buy a 55 percent stake in **Claren Road Asset Management**, a \$4.5 billion long-short hedge fund focused on liquid credit assets.

**Citigroup Inc.**, which invested in Claren Road in 2006, and **Goldman Sachs Group Inc.**'s Petershill Fund, which bought a minority stake in 2008, will sell their holdings, according to an e-mailed statement by Washington-based Carlyle. Claren Road founders **Brian Riano**, **John Eckerson**, **Sean Fahey** and **Albert Marino** will continue to manage the day-to-day operations and make all investment decisions.

Carlyle will pay for the Claren Road stake with a combination of cash, stock and payments contingent on performance, according to the statement.

Claren Road's founders, former members of Citigroup's credit trading department who established their firm in 2005, will invest "substantially all" of the cash proceeds into their funds.

— *Cristina Alesci*

### Magnetar, FrontPoint on List of Fed Recipients

**Magnetar Capital LLC**, the hedge fund which profited from bets against mortgage securities during the financial collapse, participated in the program through Magnetar Funding II, which borrowed about \$1.05 billion through seven TALF transactions.

"Magnetar participated in the program on the same terms as the hundreds of other participants in the TALF program, by Magnetar providing 'first loss' risk capital in these markets," **Steven Lipin**, a spokesman for the Evanston, Illinois-based firm, said in an e-mail.

**FrontPoint Partners**, a hedge fund unit of New York-based **Morgan Stanley**, used the facility 48 times through its FrontPoint Strate-

gic Credit Investments for a total of \$1.09 billion.

"On behalf of clients, FrontPoint was an early participant in the government TALF program," **Steve Bruce**, a spokesman for the firm said in an e-mailed statement. "With our clients, we were able to support the government in this important initiative."

— *Christine Richard*

### Algebris Plans Funds Betting on CoCos, EM

**Algebris Investments LLP**, a \$1.4 billion global financial hedge fund, is starting a fund focusing on capital securities that regulators insist banks must issue.

The London-based firm plans to start Algebris Coco Credit Fund in January to trade contingent convertible bonds, or CoCos, that regulators have earmarked as a vital part of bank buffers against future losses, said **Ivan Vatchkov**, chief investment officer of Algebris's Asian unit. It plans to cap the size of the fund at \$1 billion, he said.

The manager also plans to raise as much as \$500 million for a fund focusing on emerging markets, Vatchkov, 32, said.

Algebris was set up in 2006 by **David Serra**, former head of equity research for European banks at **Morgan Stanley**, and **Eric Halet**, previously global industry analyst at **Wellington Management Co.**

— *Netty Ismail*

### Pershing Offers to Fund Borders Bid for B&N

**Pershing Square Capital Management LP**, the New York hedge-fund run by **William Ackman**, offered to back bookseller **Borders Group Inc.** in making an offer for larger rival **Barnes & Noble Inc.**

Ackman's group is willing to help Borders fund an offer of \$16 a share, according to a regulatory filing today. That price would value Barnes & Noble at about \$960 million, based on the shares outstanding. Pershing owned about 15 percent of Borders

as of Sept. 30, according to data compiled by Bloomberg.

— *Matt Townsend*

### Brummer, Ex-Millennium's Collison Said to Plan Fund

**Brummer & Partners**, the largest Scandinavian hedge fund, plans to start an event-driven fund, said two people with knowledge of the matter.

The Stockholm-based firm has teamed up with **Scott Collison**, a former portfolio manager at **Millennium Management LLC**'s Asian business, to start **Orvent Asset Management Pte** in Singapore to manage the fund, the people said, asking not to be identified because the information is private.

The fund will start in January with about \$150 million in initial capital from Brummer & Partners, the people said.

Collison, 42, was portfolio manager of an internal fund focusing on Asian equity event-driven and arbitrage strategies at **Israel Englander's** Millennium in Singapore.

Orvent's prime brokers are **Goldman Sachs Group Inc.** and **Skandinaviska Enskilda Banken AB**, the people said.

— *Netty Ismail*

### Melis Starts Capital-Raising Company

**Marcel Melis**, whose **MMT Energy Fund** closed in May, started a new business raising capital for existing funds trading in markets from commodities to equity.

Melis, via his company MGI NV based in Curacao, signed an accord with one fund that he will raise money for and is in discussions with a couple of others, he said in a telephone interview, declining to provide details on the funds.

"I believe I can work with roughly 10 managers and will start with a couple," said Melis. "It won't be just in energy, but anything from long-short equity to emerging markets funds."

Melis, 42, will work with funds that have assets under management of at least \$100 million.

— *Lars Paulsson*

## CONFERENCE COVERAGE: BLOOMBERG LINK HEDGE FUNDS

Over 300 hedge fund managers, investors, and regulators gathered at New York's Guggenheim Museum Dec. 2 for the Bloomberg LINK New York Hedge Funds conference. The program featured interviews with Bill Ackman, Greg Lippmann, Paolo Pellegrini and Leon Cooperman, among others. Topics of discussion included the impact Dodd-Frank will have on the industry, opportunities in the current market environment and the European debt crisis. Bloomberg News covered the event and filed the following stories:

### Bullish Views

**Paolo Pellegrini**, the former **Paulson & Co.** executive who helped the firm make more than \$3 billion during the U.S. housing crash, said he stopped betting that equity prices will fall. "I'm not short stocks anymore," said Pellegrini, who added that he doesn't like most bonds because prices are at "ridiculous levels."

U.S. equities will advance about 11 percent during the next year because earnings are rising and valuations are below historical levels, according to **Leon Cooperman**, chief executive officer of **Omega Advisors Inc.**, and **Laszlo Birinyi**, president of **Birinyi Associates Inc.**

— Jon Erlichman and Kelly Bit

Betting against U.S. stocks may be a losing strategy given the Federal Reserve's attempt to boost economic growth by driving down Treasury yields, according to **Orin Kramer**.

"They believe that by pushing down the risk-free rate, they can push people into risk assets and push up the value of risk assets," Kramer, general partner of **Boston Provident Partners LP** and the former chairman of New Jersey's pension fund said. "If you're short, the fact that the Fed is working against you and the fact that most of the world is somewhat short makes it a little more dangerous to be short."

Kramer said he likes shares of **Citigroup Inc.** "You take a bank like Citi, most of their earnings come from developing countries," he said. "People used to like Citi in the early '90s because they said they have this consumer footprint globally that nobody can replicate. Despite everything that Citi's been through, that's actually still true."

**Matthew Lindenbaum**, money manager and principal at **Basswood Capital Management LLC**, said he likes Citigroup as well as **Morgan Stanley**, "which is part of my theme of recapitalization, normalization and consolidation. They are positioning themselves as sort of the anti-Goldman Sachs. They want to be an investment bank for the customer. They are not trading their own book."

— Nick Baker and Rita Nazareth

**Glenn Dubin**, manager of about \$27 billion in assets at **Highbridge Capital Management**, said he feels "fairly constructive" about the U.S. equity and bond markets, mostly due to the Federal Reserve's latest round of stimulus measures.

After sitting on the sidelines earlier this week while Ireland's debt crisis unfolded, Dubin said he put "risk on" over November 28 and 29. "We were encouraged when we saw the U.S. market activity was actually beginning to decouple from what was happening in Europe," he said, adding that it gave his team "the confidence to increase our risk exposure."

Dubin also said he sees new opportunities in collateralized-debt obligations. Highbridge added a team of CDO specialists to scour the market for the securities as other investors look to offload them, Dubin said. "We think the CDO market will revitalize itself," Dubin said. "Looking ahead to that period in 2014, we think there will be extraordinary opportunities as people unwind these CDOs."

— Dawn Kopecki and Carol Massar

### Changes Ahead for Pellegrini

**Paolo Pellegrini** in August said he will return money to clients of his Hamilton, Bermuda-based **PSQR LLC**. The fund, which Pellegrini started last year, slumped about 11 percent in the first seven months of the year, after gaining 62 percent in 2009. A potential reopening of the fund to outside investors is "not a short-term issue," he said, and is something he would consider in two to four years. "I'm trying to put together a more stable team, focusing a lot on more quantitative types of disciplines," he said. He cited **D.E. Shaw & Co.** as an "interesting example" of a quantitative hedge fund.

— Jon Erlichman and Kelly Bit

### Fed Bashing

**Mark Yusko** of **Morgan Creek Capital Management LLC** said the Fed's attempt to stimulate the economy

continued on next page



## CONFERENCE COVERAGE

continued from page 4

through quantitative easing is a “terrible idea.”

“Low interest rates is a sign of economic weakness, not strength,” said Yusko, who is president of Morgan Creek in Chapel Hill, North Carolina. For money managers, “if you avoid QE2 and you don’t pay attention to the impact it’s going to have on your investments, watch out for that iceberg.

“Liquidity creates a wave,” said Yusko. “We’re becoming the carry-trade currency. You’re going to borrow in dollars because we don’t charge any money for it. The money is going to commodities. You’re going to see the biggest commodity bubble in history.”

— Nick Baker and Rita Nazareth

The Fed’s second round of quantitative easing in which it’s buying \$600 billion of U.S. debt through June may cause inflation to accelerate, according to **Edward Yardeni** of **Yardeni Research Inc.** The Fed “couldn’t give it a rest this summer,” said Yardeni.

— Dennis Fitzgerald

Federal Reserve Bank of St. Louis President **James Bullard** isn’t a proponent of raising interest rates to keep inflation from accelerating, according to **Laurence Meyer** of **Macroeconomic Advisers LLC**, a former Fed governor. Investors who have that perception have misread his comments, Meyer said.

— Dave Liedtka

## Commodities

Wall Street’s “unprecedented” participation in commodity markets will spur “extreme” volatility for raw materials, said **Mari Kooi**, the chief executive officer of **Wolf Asset Management International LLC**.

“Pay attention to how it’s different this time,” Kooi said. Supply and demand is “not going to be the ultimate driver of the extreme volatility we’ll see.”

The increased “globalization” of commodities combined with the bigger roles of banks and other financial institutions will create a “confluence of events” that “makes this particular time in history unique,” Kooi said.

— Millie Munshi

Oil prices will climb in the next year as demand increases, predicted **Timothy Flannery**, a managing partner at **Copia Capital LLC**.

— Yi Tian

## Europe

Europe will sink into recession next year as bailout packages fail to solve the region’s sovereign debt crisis, according to **John Taylor** of **FX Concepts LLC**.

“We have a lot of time to go” before the situation in Europe is resolved, Taylor said. “That means the market is going to be twitching because that’s a heck

of a lot of GDP.”

Taylor also predicted a “smaller euro,” with some weaker countries spun off. Eventually, economically stronger members “have to say ‘enough, you guys, get out of the euro,’” he said.

— Mary Childs and Jeff Kearns

Portugal may get bilateral help from China and Brazil, according to **Daive Serra**, co-founder of London’s **Algebris Investments (UK) LLC**. Portugal has strategic natural resources in Angola that China is buying, and a large economic interest in Brazilian equity and infrastructure, he said. “So I do believe, like in the case of Ireland, push comes to shove, because the market wants to see who’s next in line, they will actually probably get a bilateral agreement and help from both China and Brazil.”

— Saijel Kishan

## Regulation

The U.S. Securities and Exchange Commission official in charge of spotting risk to financial markets said the agency will never be able to match the pace of industry innovation even as it expands its understanding of complex financial instruments.

“There’s no question that the people in industry will always be far ahead of regulators,” **Henry Hu**, the outgoing head of the SEC’s Division of Risk, Strategy and Financial Innovation, said.

Hu, who joined the SEC in 2009 to lead the newly created unit, said he focused on bringing in staff with different legal and investment backgrounds to improve the agency’s understanding of “how exactly derivatives work, what should be done in terms of their regulation.”

— Jesse Hamilton

Hedge funds will benefit and the broader economy will suffer if the Volcker rule is left unchanged, according to **Anthony Scaramucci**, the head of **Sky-Bridge Capital LLC**. The rule keeps rival traders out of his business and a proposed rewrite by Republican lawmakers “would be bad for hedge funds and bad for my firm. It would be better for society,” Scaramucci said. “Anytime you’re taking speculators out of a market, you’re widening spreads. When you widen spreads, you’re increasing the costs of transactions for normal citizens. When you increase the costs for normal citizens, it hurts the society.

“We have to embrace some level of regulation in our businesses,” Scaramucci added. “We have to accept a speed limit because there’s a lot of people through human nature who will hurt themselves in order to get short-term performance over another person. The American athlete did it with anabolic steroids. The American banker did it with leverage.”

— Donal Griffin

# Mandates

BY KELLY BIT

■ **Le Moyne College** in Syracuse, N.Y. plans to gradually layer in up to 35 percent of its \$107 million dollar endowment into alternative investments, according to an editorial by **J.W. Burns & Co.** President **Jim Burns** in the Syracuse Post-Standard. To date, 15 percent of the endowment had been targeted toward hedge funds and private equity, Burns said. The move comes as a result of a \$50 million gift from **Bob and Kay McDevitt**, known as the McDevitt endowment, Burns wrote.

■ The **Missouri State Employees Retirement System**, or MOSERS, has \$104 million — 1.4 percent of its \$7.4 billion portfolio — invested with **Diamondback Capital Management LLC**, one of the funds that was a target of a Federal Bureau of

Investigations sweep last month, the St. Louis-Dispatch reported. MOSERS also has an indirect investment of \$1.5 million in **Level Global Investors LP**, another firm whose offices were searched by federal agents, the paper said. That investment is managed by **Blackstone Alternative Asset Management**, MOSERS' hedge fund consultant. In a memo to the MOSERS board of trustees, **Tricia Scrivner**, manager of the system's hedge fund investments, said pension officials had been in contact with both Diamondback and Blackstone since news of the inquiry broke, according to the Dispatch. Scrivner told the paper MOSERS paid a lower fee in exchange for locking up its money in the fund for two years, or until Oct. 1, 2011.

■ **Arizona Public Safety Personnel Retirement System** has reallocated up to \$70 million to **Bridgewater Associates' All Weather Portfolio II**, Pension & Investments reported, quoting **James Hacking**, administrator of the \$6.5 billion system. The reallocation comes from distributions received from an earlier investment in Bridgewater Pure Alpha Fund II, P&I said.

■ Endowments, foundations and charitable organizations should consider liquidity and limit investments “with defined capital lockup periods,” according to CFA Institute’s first Investment Management Code of Conduct for Endowments, Foundations and Charitable Organizations. Compliance with the code is voluntary.

# Hedge Funds

# Bloomberg BRIEF NEWSLETTERS

## Hedge Funds

| 09.07.10

### Outflows Reach Highest Level Since January

BY NATHANIEL E. BAKER

The hedge fund industry posted an outflow of \$2.9 billion, or 0.2% of its total assets, this July, the most since January, according to estimates by research firm Tirmatba. July's number follows an outflow of \$2.7 billion in June. The industry has dropped 4 percent since April 2010, according to Tirmatba, which attributed the decline mostly to negative returns in May and June. Flows have now been negative five of the last eight months (see chart, this page), the worst eight-month stretch since the September 2008 to April 2009 period.

funds in the BarclayHedge database. Commodity trading advisors fared better, attracting \$3.8 billion in July. It was the twelfth month of inflows in the past 14 months, a sign of demand even as returns posted by the CTA's are down 1 percent so far this year. Tirmatba said that hedge funds appear to have missed out on market gains in the S&P 500 Index during July because of conservative positions. The S&P 500 surged 6.9 percent during the month, while hedge funds gained only 1.93 percent.

A survey by Tirmatba shows hedge fund managers remain bearish on equities. That may reflect the deteriorating economic landscape and the reluctance of hedge funds to take on risk having only recently recovered many of the losses that occurred in 2008. The industry continues to show signs of consolidation.

Tirmatba expects August to be a quiet month as there are historically very few redemptions due to seasonality, it said in the report. "Redemptions should resume in September, historically one of the worst months for hedge fund flows," the report said. For the year, flows toward hedge funds stand at \$1 billion, following redemptions of \$172 billion in 2009 and \$150 billion in 2008.

The funds with more than \$5 billion in assets have reported net inflows of \$7.2 billion this year, while funds with less than \$200 million have seen net losses of \$18.3 billion, equivalent to 15.7 percent of assets.

**SPOTLIGHT**

Liam Dalton, CEO and founder of Axiom Capital Management

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ARE FOREIGNERS SELLING U.S. TREASURIES? CHECK TFCO <go> FOR HOLDINGS.

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**Global Hedge Fund Returns**

The Bloomberg BHF Hedge Fund Index represents all hedge funds tracked by Bloomberg Data. The graph compares BHFHF to the S&P 500.

**RETURNS BY STRATEGY SNAPSHOT**

Strategy	12-Mo Return
Strategic tactical arbitrage	11.15
Convertible arbitrage	1.05
Asset-backed arbitrage	0.96
Capital structure arbitrage	0.77
Distressed	0.46
Fixed income arbitrage	0.10
All funds	-0.23
Global Macro	-0.44
Multi-strategy	-0.82
Merger arbitrage	-1.34
Real estate	-2.01
Equity statistical arbitrage	-2.39
CTA/managed futures	-3.46
Long-short equities	-4.19
Fixed income arbitrage	-4.19
Short interest equity	-5.24

Bloomberg Hedge Fund Index  
Annual return returns

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## On The Move

BY BLOOMBERG NEWS

■ **Andre Mazzella** joined **European Credit Management Ltd.** from **CQS UK LLP** as lead high-yield portfolio manager in London. ECM also hired **Duncan Warwick-Champion** from **Vanguard Group Inc.** as lead investment-grade corporate analyst and **Satish Pulle**, formerly a financials trader and analyst at **Bank of America Corp.**, as lead financials analyst, ECM said in a statement. Chief Executive Officer **Steven Blakey** has become chairman and will be replaced in his current role by Chief Investment Officer **Stephen Zinser**, said the company, which is majority owned by **Wells Fargo & Co.** in San Francisco. Frances Hutchinson, former head of research, will be head of business and strategic planning, while **Ross Pamphilon** has become head of investments. **Matthew Craston** has been appointed head of alternative investments and is responsible for the loans team, now headed by **Torben Ronberg**, and the special situations

program, the company said.

■ **D.E. Shaw & Co.**, the \$20 billion asset manager founded by **David Shaw**, will add staff in Japan as part of its quest to capture more money from Japanese pension funds. The money manager, whose Tokyo office has two employees including country representative **Scott Roney**, plans to hire or relocate staff from other parts of the world, said **Julius Gaudio**, who oversees the Asian business of the New York-based firm.

■ **Caxton Associates LLC** plans to open an office in Sydney to direct an expansion into the Asia-Pacific region, the Financial Times reported, citing people familiar with the plans that it didn't identify.

■ **Peter Albano** has joined **BNP Paribas** as head of investor relationship management for hedge funds and institutions, Americas, the French

bank announced. Albano reports globally to **Talbot Stark**, global head of investor relationship management for hedge funds and institutions. Albano was most recently with the **Royal Bank of Scotland** as head of financial institutions, Americas and previously spent 17 years at Bear Stearns where he was most recently responsible for credit sales for the Americans and emerging markets sales globally.

■ **Robert Earl** also joins **BNP Paribas** as a managing director focusing on hedge funds, reporting to **Chris Lane**, head of the Americas hedge fund relationship management team. Earl began his career at Goldman Sachs before joining **Barclays Capital** and later co-launching **Vernon Square Capital**. BNP's investor relationship team also added **Chantale Goyette** as relationship manager for Canada on an internal transfer.

## On Twitter

Recent tweets from hedge fund managers and others



**@jaltucher** (James Altucher, **Formula Capital LP**) Why can't good things happen in life? Like when will Justin Bieber do a cover of Led Zeppelin's "Kashmir"? I need to manage his career. Dec. 5



**@Scaramucci** (Anthony Scaramucci, **Sky-Bridge Capital**), Am looking forward to speaking and signing copies of Goodbye Gordon Gekko on Monday at the Port Washington Public Library, 7:30 PM. Dec. 4



**@Cymorfund** (**Cymor Hedge Fund**) The Sheer Size of the Fiscal Bailouts Prevents Observers from Understanding What is Happening Dec. 4



**@LakshmiCapital** (Lakshmi Capital), Silver just broke above \$30/oz... with every consecutive up day (6 now) odds of a violent pullback increase, but use as buying opportunity Dec. 5



**@DougKass** (Douglas Kass, **Seabreeze Partners Management**) In Bernanke We Trust?: This blog post originally appeared on RealMoney Silver on Dec. 6 at 8:02 a.m.

**@LakshmiCapital**

**@DougKass** are you still short equities? Must be a painful trade.

# MARKET CALLS

BY BLOOMBERG NEWS UNLESS WHERE OTHERWISE NOTED

**David Einhorn**, president of hedge-fund operator **Greenlight Capital Inc.**, predicts another crisis in the global economy. In an interview with Charlie Rose, Einhorn said the global economy "is in a period between two crises. We had a crisis in 2007 and 2008, call it the private sector banking crisis or the real estate bubble popping." The last two years of "cleanup and respite" have now "laid the seeds for what eventually will turn out to be yet another crisis," Einhorn said. "A lot of what we did was sweep things under the rug and put short term bandage fixes on things. We managed to transfer a lot of the problems from the private sector to the public sector. I'm concerned that it will eventually threaten the public sector as well. It's created a very, very large budget deficit. And it's created a monetary policy that's extremely easy. And it seems to be perpetuating itself into a way that I think is eventually going to come to a tough spot."

**David Gerstenhaber**, founder of \$1.6 billion hedge fund **Argonaut Capital Management**, sees Portugal as potentially the next casualty of Europe's debt crisis. "Portugal is structurally weak," he said in a telephone interview from New York. "There's a 90 percent chance that they will get some form of help" to keep concern over the country's creditworthiness from spreading to Spain and Italy, he said.

**Daniel Arbess**, who manages Xerion for Perella Weinberg Partners, does not expect quantitative easing to give a boost to the economy, according to Seeking Alpha's Market Folly blog. "The unintended consequences of QE are eroding confidence in the dollar and the entire monetary system," Arbess wrote to investors, according to Seeking Alpha.

**Kevin Divney** of **Beaconcrest Capital Management LLC** still likes technology stocks. "Current valuations don't reflect future earnings potential"

for tech stocks, Divney wrote in his monthly letter to investors. He also likes industrial companies because of their "returns on capital and global secular demand for U.S. industrial products as developing countries expand," says the letter. Spending is selectively returning for consumer companies, Divney said. Still, "caution on the bottom line is warranted given the price reductions we saw" on Black Friday and Cyber Monday, he added.

**Centaurus Capital LP** and **Davidson Kempner Capital Management LLC** have shorted **Gestevisión Telecinco SA**, Spain's largest commercial television station. Davidson Kempner has a position worth about 26 million euros (\$34.5 million), covering 3.25 million shares of the Madrid-based media company, according to a regulatory filing, and Centaurus a 40.8 million-euro wager, representing 4.87 million shares, or 1.46 percent of the stock, according to a filing dated Dec. 6.

**SUBMIT YOUR MARKET CALLS TO HEDGEBRIEF@BLOOMBERG.NET**

# Hedge Funds

**Bloomberg BRIEF**  
NEWSLETTERS

**Bloomberg BRIEF** Hedge Funds | 09.07.10

**Outflows Reach Highest Level Since January**  
BY NATHANIEL S. BAKER  
The hedge fund industry posted an outflow of \$2.9 billion, or 0.2% of its total assets, this July, the most since January according to estimates by research firm Trimstat.

**Global Hedge Fund Returns**  
The Bloomberg Global Hedge Fund Index consists of hedge funds tracked by Bloomberg. This is the year-to-date performance of the index.

**RETURNS BY STRATEGY SNAPSHOT**

Strategy	YTD Return
Global	1.1%
Commodity	1.0%
Fixed Income	0.9%
Capital Structure	0.7%
Distressed	0.5%
Real Estate	0.4%
Multi-Sector	0.3%
Macro	0.2%
Equity	0.1%
Global Macro	0.0%
Global Equity	-0.1%
Global Fixed Income	-0.2%
Global Commodity	-0.3%
Global Real Estate	-0.4%
Global Multi-Sector	-0.5%
Global Macro	-0.6%
Global Equity	-0.7%
Global Fixed Income	-0.8%
Global Commodity	-0.9%
Global Real Estate	-1.0%
Global Multi-Sector	-1.1%
Global Macro	-1.2%
Global Equity	-1.3%
Global Fixed Income	-1.4%
Global Commodity	-1.5%
Global Real Estate	-1.6%
Global Multi-Sector	-1.7%
Global Macro	-1.8%
Global Equity	-1.9%
Global Fixed Income	-2.0%
Global Commodity	-2.1%
Global Real Estate	-2.2%
Global Multi-Sector	-2.3%
Global Macro	-2.4%
Global Equity	-2.5%
Global Fixed Income	-2.6%
Global Commodity	-2.7%
Global Real Estate	-2.8%
Global Multi-Sector	-2.9%
Global Macro	-3.0%
Global Equity	-3.1%
Global Fixed Income	-3.2%
Global Commodity	-3.3%
Global Real Estate	-3.4%
Global Multi-Sector	-3.5%
Global Macro	-3.6%
Global Equity	-3.7%
Global Fixed Income	-3.8%
Global Commodity	-3.9%
Global Real Estate	-4.0%
Global Multi-Sector	-4.1%
Global Macro	-4.2%
Global Equity	-4.3%
Global Fixed Income	-4.4%
Global Commodity	-4.5%
Global Real Estate	-4.6%
Global Multi-Sector	-4.7%
Global Macro	-4.8%
Global Equity	-4.9%
Global Fixed Income	-5.0%

**Bloomberg BRIEF** Mergers | 09.10.10

**Bloomberg BRIEF** Structured Notes | 09.10.10

**Bloomberg BRIEF** Economics | 09.13.10

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## Regulatory/Compliance

BY BLOOMBERG NEWS

### Insider Trading Probe

Some hedge funds under investigation in an insider-trading case invested in health-care companies that are also subjects of the probe, the Wall Street Journal reported, citing its own analysis. The health-care stocks rose in price after mergers were announced, the Journal reported. It was unclear whether the stock purchases came before or after the deals were made public, the Journal reported.

— Mike Millard

### Regulatory Reform

The U.S. Securities and Exchange Commission is considering rules to determine which firms face higher capital and margin requirements in the \$583 trillion over-the-counter swaps market.

The measure considered by the SEC at a meeting in Washington on Dec. 3 is meant to match rules proposed by the Commodity Futures Trading Commission in a 3-2 vote on Dec. 1.

The SEC proposal defines security-based swap dealers as firms that hold themselves out as and are commonly known as security-based swaps dealers, make a market in security-based swaps and regularly enter into such swaps with counterparties. The statute says that those entering into such swaps for their own accounts — but not on a regular basis — aren't included.

CFTC Chairman Gary Gensler said in September that 200 global financial firms might fall under the swap-dealer definition already proposed by the CFTC.

The regulators are required to spell out details of a three-part test for determining whether a firm is a major swap participant. The proposals being considered this week flesh out the tests for whether a firm has a "substantial position" in a swaps market, whether it is using swaps to hedge or mitigate commercial risk and whether it is highly leveraged.

Designation as a major swap participant would subject a firm to higher capital, margin and business-conduct standards.

— Silla Brush and Jesse Hamilton

High-frequency traders face European Union limits on the number of orders they can place, as well as requirements to tell regulators how their computer algorithms work.

They would not be allowed to exceed a "ratio of orders to transactions executed" and to "notify their competent authority" of the trading strategies they use, under draft EU proposals obtained by Bloomberg News. The EU measures are part of an overhaul of the Markets in Financial Instruments Directive, or Mifid, scheduled to be published Dec. 8 by Michel Barnier, the European Union's financial services commissioner. The revamped law will also include rules on bond markets, investor protection and dark pools, which are trading platforms that allow investors to buy and sell securities away from regulated exchanges so they don't have to disclose positions.

Investment firms should have to tape telephone calls of clients submitting orders, and keep the recordings for at least three years, according to the EU document.

The step would improve "the detection of abusive and manipulative behaviors affecting the integrity of the markets," the draft said.

— Ben Moshinsky and Jim Brunsten

### Madoff

**HSBC Holdings Plc** was sued for \$9 billion over claims it aided **Bernard Madoff's** fraud through a network of feeder funds in Europe, the Caribbean and Central America.

**Irving H. Picard**, trustee for the liquidation of **Bernard L. Madoff Investment Securities LLC**, sued HSBC and a dozen feeder funds in U.S. Bankruptcy Court in Manhattan, Picard said in a statement. The claim is the latest by Picard, who faces a Dec. 11 deadline for suits claiming money from parties alleged to have profited from Madoff's fraud.

The suit alleges the bank was aware of concerns that Madoff's investment business was fraudulent and didn't take steps to protect investors, according to the statement.

Last week, Picard sued **JPMorgan Chase & Co.** for \$6.4 billion over claims the bank aided and abetted Madoff's fraud. On Nov. 23, he sued

**UBS AG** for at least \$2 billion, claiming the Swiss wealth-management firm also helped Madoff in his fraud. UBS and JPMorgan Chase said they bear no responsibility for Madoff's crimes. Picard has filed other claims seeking the return of \$15.5 billion paid to Madoff friends and family, feeder funds and some investors. In addition, he's sued hundreds of so-called "net-winner" investors — those who withdrew more money from their Madoff accounts than they invested.

Picard, who has recovered \$1.5 billion for Madoff creditors, has said that any money received in judgments or settlements in the suits will be returned to creditors on a pro rata basis.

Madoff, 72, is serving a 150-year sentence in a North Carolina federal prison after admitting he directed the biggest Ponzi scheme in history.

— Bob Van Voris and Alex Lange

### Enforcement

Two operators of a hedge fund that prosecutors called a scam pleaded guilty to defrauding investors out of more than \$7 million, Manhattan U.S. Attorney **Preet Bharara** said.

**Igor Levin**, 40, of Brooklyn, New York, and **Yevgeny Shvartsshteyn**, 40, of Belle Harbor, New York, admitted to one count of conspiracy to commit mail and wire fraud on Dec. 1 before U.S. Magistrate Judge **Ronald Ellis**. The two said they ran A.R. Capital, a general partner of **A.R. Capital Global Fund LP**, which they described as a hedge fund that invested primarily in equity of international real estate, oil, gas and other commodities, according to a statement from Bharara's office.

The U.S. said that in reality, there were no such investments and more than \$7 million of investor funds were wired instead to various bank accounts in the Ukraine. Levin and Shvartsshteyn received the proceeds from these illegally obtained investments, prosecutors said.

Both men face as long as 20 years in prison when they are sentenced by U.S. District Judge **Sidney Stein** in New York on Feb. 25. As part of their guilty pleas, the men agreed to forfeit the \$7 million in proceeds, Bharara's office said.

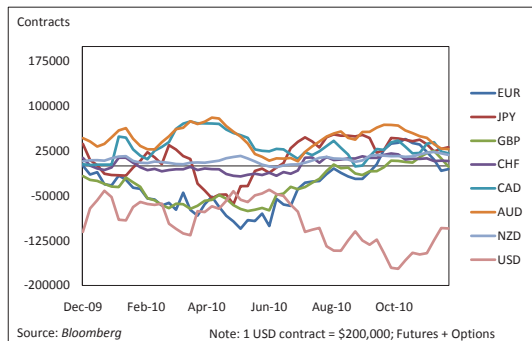
— Patricia Hurtado

# COMMITMENTS OF TRADERS

DAVID POWELL, BLOOMBERG ECONOMIST

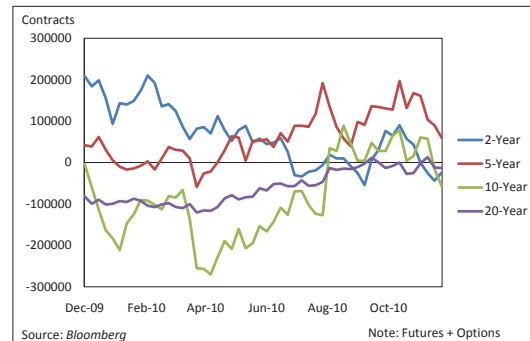
Speculative interest in the euro is close to flat, suggesting the decline in the currency is being driven by a genuine loss of confidence of investors who hold euro-denominated assets--rather than hedge funds.

## Currencies



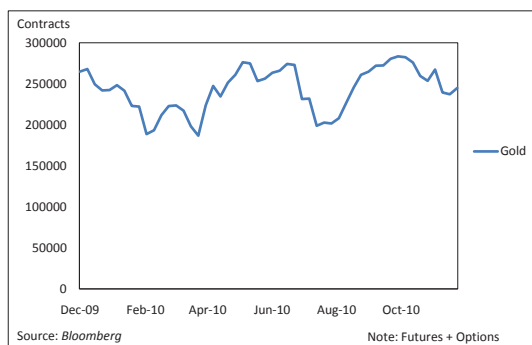
There is no evidence to suggest hedge funds are driving the fall of the euro. They reduced their net short holdings of euros by 5,757 contracts to 5,253 contracts in the week ended Nov. 30. That is much smaller than the net short euro position of 105,145 contracts that was in place on May 11, the day after the establishment of the European Financial Stability Facility was announced. The close-to-flat position of hedge funds and other speculators suggests that the euro is facing a genuine loss of confidence as euro-denominated assets are sold.

## U.S. Treasury Securities



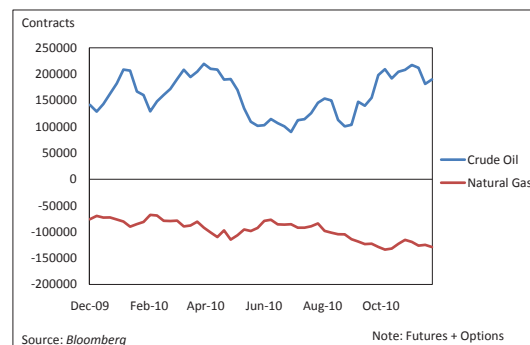
Hedge fund traders may expect that the full effect of quantitative easing on U.S. Treasury securities has already been experienced. They cut their net long position in 5-year notes by 29,770 contracts to 59,941 and the net short position in 10-year notes increased by 41,187 contracts to 56,991, suggesting an expectation that yields will rise.

## Gold



Funds' interest in gold peaked in early October, and the number of net long positions has since trended down, even though it rose in the latest reporting period by 7,556 contracts to 244,799. The reduction is likely to continue as the U.S. dollar, which normally trades inversely with the commodity, rebounds and as deflation remains more of a concern for the U.S. economy than inflation.

## Energy Products



Long holdings of crude oil rose by 8,534 contracts over the last week to 189,899. Speculators may be unwilling to take on the additional risk required to bring that total to the November high of 267,301 contracts as the year draws to a close. The oil-price rally may fade as a result.

# THE SHORT OF IT

BY WILL GORDON, SENIOR RESEARCHER, DATA EXPLORERS

## Consumer Companies See Rising Short Interest

Of companies whose shares hit 52-week highs in terms of short-selling, one quarter are in the consumer sector.

**Bob Evans Farms Inc.** is a restaurant group focused on pork foods. Inflation is rampant in this area given the rising feed costs for hog producers buying grain with the summer droughts. This may be the reason some investors are gloomy about the company. Demand to borrow has now risen to 6% of the shares in issue.

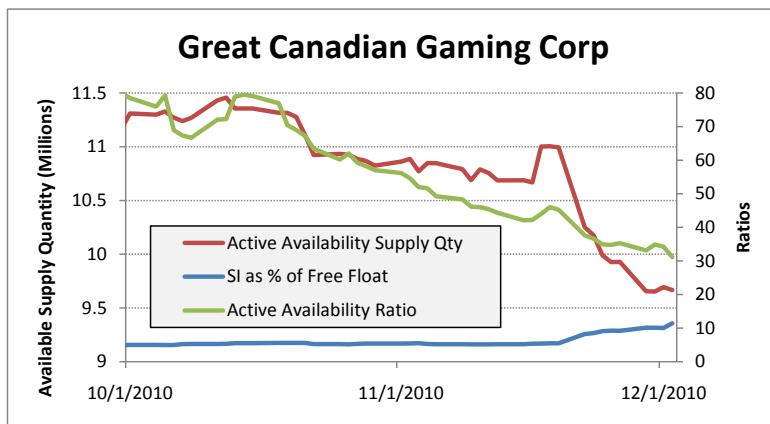
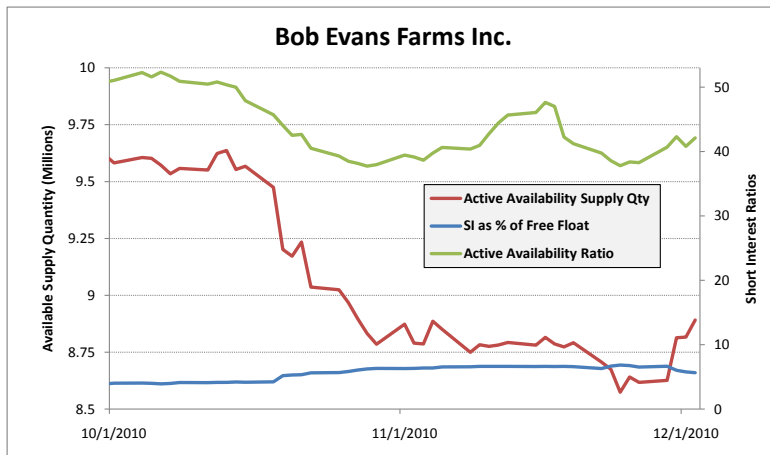
**Lancaster Colony Corp** is a food manufacturer with a specialty in salad dressings, sauces and candles. This \$1.4bn market cap firm has 7.5% of its shares on loan after some profit taking in September.

Trouble may be ahead for **Great Canadian Gaming Corp**, with a near doubling of short interest just recently to 7% of all shares.

In Europe, marmite stock **Autonomy Corporation plc** features with 6.3% on loan, making it in the top 10 U.K. largest shorts. Perennially unpopular **Yell Group PLC** is up to 16.4% short and France's video game publisher **Ubisoft Entertainment SA** is up to 10.5%.

Japan's pay TV broadcaster **SKY Perfect JSAT Holdings Inc.** has seen a quadrupling of short selling in the last 60 days.

The exponential price rises in commodities such as grain does not seem to have impacted the performance of fresh meat producer and distributor **Smithfield Foods Inc.** Its share price continues to trade comfortably at the upper-quartile range ahead of second quarter 2011 finan-



cial results this week. Short interest had reduced from 12% earlier this year and has been relatively static at 4% of total shares outstanding on loan since July. Institutional ownership has surged from 36 million to 42 million since September.

U.K.-listed **Stagecoach Group PLC** will announce interim 2010 earnings

Dec. 8. Institutional ownership has fallen to 130 million since early November, following a high in the third quarter of 152 million, expressing negative sentiment. Still, short interest has decreased from 6.7% to 5%.

*Will Gordon is a guest columnist whose views do not necessarily reflect those of this publication. He can be reached by email at willduff.gordon@dataexplorers.com*

## 13F FORENSICS: SOROS FUND MANAGEMENT

**George Soros** cut his hedge fund's holdings in **SPDR Gold Trust** from nearly 14 percent of the portfolio to 10 percent. **Soros Fund Management LLC**, which oversees \$25 billion, added 173 new positions in the third quarter, turning over about 24 percent of its portfolio. New holdings included

**Dendreon Corp.**, **CenturyLink Inc.**, **Dow Chemical Co.** and **CSG Systems International Inc.** Soros sold off stakes in **Cobalt International Energy Inc.**, **Best Buy Co. Inc.**, **PowerShares DB Agriculture** exchange traded fund and **Arena Resources Inc.**

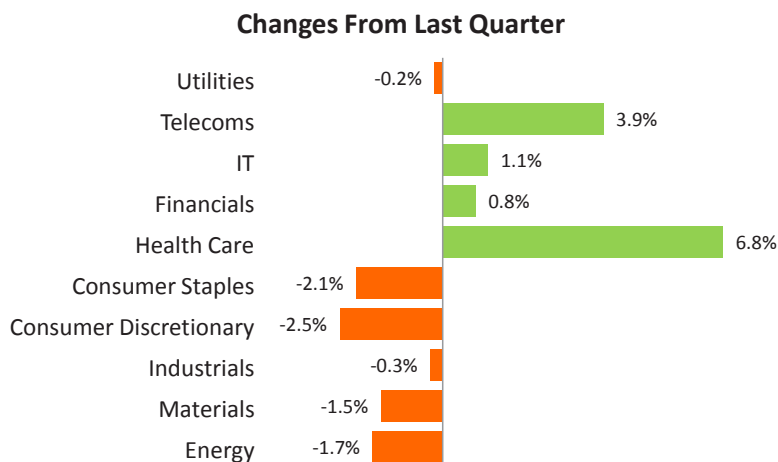
### Holdings by Market Value

HOLDING	% PORTFOLIO	% HELD	MARKET VALUE*	CHANGE IN MARKET VALUE*	RETURN SINCE JUNE 30
SPDR Gold Shares	10.10	1.09	600.79	-37.38	5.95
Monsanto Co	5.26	1.21	312.64	52.65	28.44
InterOil Corp	4.63	8.97	275.30	124.55	12.03
Plains Exploration & Productio	3.04	4.84	180.86	75.93	8.59
Teva Pharmaceutical Industries	2.17	0.26	128.94	128.68	-5.08
Weatherford International Ltd	2.06	0.97	122.70	52.65	23.89
Novagold Resources Inc	1.90	5.73	112.79	22.71	67.85
Emdeon Inc	1.59	8.57	94.85	1.20	2.13
Dendreon Corp	1.26	1.26	74.80	74.80	-9.28
Kinross Gold Corp	1.22	0.55	72.60	6.52	-3.94

\*\$millions

### SECTOR SPECIFIC Aggregate sector-specific portfolio changes from Q2 to Q3.

Soros Fund Management increased exposure to health care companies, largely through the purchase of Dendreon shares, a stock that has lost 10 percent since Sept. 30. In healthcare, the hedge fund also bought shares of **Mindray Medical International Ltd.**, which would have dropped 10 percent, and **Salix Pharmaceuticals Ltd.**, which would have gained 13 percent. Exposure to telecommunications companies was ramped up. Soros increased its holdings of **Verizon Communications Inc.**, whose stock is little changed since Sept. 30, and **AT&T Inc.**, which has decreased 1.1 percent.



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## OVER THE HEDGE

**Andrew Rabinowitz**, **Marathon Asset Management LP**'s chief operating officer, held Jingle Ball 2010, on Dec. 6 at New York's Covet Lounge to support his charity, R Baby Foundation.

**Marcel Herbst**, **Weston Capital Management**'s managing director and R Baby board member, co-hosted the event. "He thought it would be a good idea to get people from the hedge fund and Wall Street community together to have a holiday party for the charity," Rabinowitz said of Herbst.

**Irv "Mr G" Gikofsky**, the meteorologist on New York television station WPIX 11, also spoke to the crowd of more than 500 who packed the midtown east club.

R Baby gives grants to support training, equipment and education to improve medical care for infants. It has raised \$4.5 million and funded efforts at Yale and NYU, including simulation training for physicians learning to diagnose viral infections and treat babies with breathing problems.

Rabinowitz and his wife Phyllis founded R Baby in 2006 after their infant daughter died from a viral infection that she contracted in a hospital's neonatal intensive care unit.

R Baby received 20 percent of profits from drinks sold at Covet Lounge's bar and suggested a \$20 donation at the door.

— Kelly Bit

**Kenneth Griffin**, chief executive of **Citadel Investment Group LLC**, and his wife Anne each contributed \$250,000 to **Karl Rove**'s American Crossroads fundraising group, new Federal Election Commission reports show. Griffin, who runs the \$12.5 billion hedge fund based in Chicago, called the U.S. government's role in the financial system "frightening" at an April 2009 conference. His wife is managing partner of **Aragon Global Management LLC**, also based in Chicago. American Crossroads is the biggest of the so-called "super" political action committees, which can take in unlimited donations from corporations, unions and individuals. The group, which discloses its donors, and its affiliate, Crossroads GPS, which doesn't, spent \$38 million, more than any other orga-

nization, to help elect Republican candidates in this year's mid-term elections. Both groups were advised by Rove, former President George W. Bush's chief political strategist.

— Jonathan D. Salant

**Soros Fund Management LLC** and **Fortress Investment Group** were among contributors to the annual **Samuel Waxman Cancer Research Foundation** gala on Nov. 18 at New York's 69th Regiment Armory. **Sheryl Crow** headlined the event, which raised \$3.4 million, a record for the group.

— Patrick Cole

**SAC Capital Management** Founder **Steven Cohen** bought a world map made of tin cans for about \$300,000 and acquired **Tim Hawkinson**'s "Bike," a work of collaged inkjet prints, for \$180,000, the Wall Street Journal reported. Dressed in sneakers and a Brown University baseball cap, Cohen made the purchases within five minutes of the opening of Art Basel Miami's VIP preview, the Journal said.

The holiday light show at **Paul Tudor Jones**' home in Connecticut is tentatively scheduled to start at sundown on Feb. 22, the Greenwich Citizen reported. The display is expected to rival those of past years, when the property was rigged with 36,000 ornamental lights and synchronized to music that onlookers could listen to on FM radio in their cars, the paper said.

**Moore Capital Management** Founder **Louis Bacon** spent \$45 million to acquire a historic estate in North Carolina originally built by one of his forebears, according to FINalternatives. The 8,300 acre Orton Plantation is located in southern North Carolina, just outside of Wilmington, it said. The house was built in 1725 by Roger Moore, an ancestor of the billionaire hedge fund manager, FINalternatives reported on its website.

**Pine Cobble Capital LLC** Founder **Zev Nijensohn** and his wife Lynda

sold a three-bedroom, three-bath home in West Hollywood, Calif., for \$999,000 on Oct. 25, according to BlockShopper.com.

**Robert Mignone**, portfolio manager at **Bridger Management** in New York, has pledged to match up to \$1 million-worth of donations to the American History of Natural History, the Wall Street Journal reported. "We have a crisis in America when it comes to science literacy, something we talk a lot about but aren't addressing enough," the Journal quoted Mignone as saying. "The museum is generating great scientific study and content that they can then push out to people all over the city and present in an interesting and informative way."

**John Paulson** spent \$2.85 million for a midtown Manhattan apartment, believed to be his fourth residence and second in New York City, FINalternatives reported. The 1,800 square foot residence is as fraction of his other New York apartment, which measures 28,500 square feet, it said. Paulson won't live at the 26th-floor apartment across the street from St. Patrick's Cathedral, and would instead use the condominium as a guest house for friends, family and business associates, FINalternatives said. Paulson got a deal on the digs, paying 23% less than the apartment was listed for last year, the website added.

High-frequency trading firm **Teza Technologies LLC** is not allowing employees to use the proprietary code of other firms, the Wall Street Journal reported. **Mikhail Malyshev**, formerly of **Citadel LLC**, said all of Teza's employees, including former **Goldman Sachs Group Inc.** programmer **Sergey Aleynikov**, signed employment agreements in which they were prohibited from using other company's proprietary ideas, the Journal story said. Federal prosecutors allege that Aleynikov secretly copied Goldman Sachs's confidential source code for its trading platform in his last days at the investment bank, according to the Journal.

## 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	PRIME BROKER
AAAGDRE SP	BBG0019HJ5H0	BILL SUNG	Absolute Asia Asset Mgmt	Eq Mkt Neut	Singapore	11/26/2010	
ALINDCB KY	BBG0019Q2TK2	SANJEEV MOHTA	Alchemy Investment Mgmt	FI Directional	Singapore	10/15/2010	Nomura International PLC
HAMABRA LX	BBG0019Q2HX4		Andbanc Asset Mgmt	Global Macro	Luxembourg	11/22/2010	Citigroup Global Markets Ltd
BLKVOLA CN	BBG0019Q2F31	CHRIS. FOSTER	Blackheath Fund Management	CTA/Mgd Futures	Canada	10/1/2010	
CSIARBM KY	BBG0019LPY54	SILVER KUNG	CSI Asset Management	Global Macro	Hong Kong	12/1/2010	
DARECMS US	BBG0019VL808	TASHAN YEN	Darewind LLC	CTA/Mgd Futures	U.S.	9/1/2003	Interactive Brokers LLC
DUNNMIP US	BBG0019K1RV8	WILLIAM DUNN	Dunn Capital Management Inc	CTA/Mgd Futures	U.S.	10/1/2006	
DYNEQLP US	BBG0019LPWJ3	RAJ NANDIWADA	Dynamic Investment Advisors LLC	Eq Directional-Long/Short Eq	U.S.	8/1/2010	India Infoline Ltd
ECKFUTC KY	BBG0019LP1C8	WILLIAM ECKHARDT	Eckhardt Trading Co	CTA/Mgd Futures	U.S.	7/1/2001	
ETCSTPL US	BBG0019LPC34	WILLIAM ECKHARDT	Eckhardt Trading Co	CTA/Mgd Futures	U.S.	10/1/1991	
ETCSTAN US	BBG0019LP922	WILLIAM ECKHARDT	Eckhardt Trading Co	CTA/Mgd Futures	U.S.	8/1/1991	
MLISGC1 LX	BBG0019R7GC2		Graham Capital Management LP	Global Macro	U.K.	12/1/2010	Merrill Lynch International
INNLPD CN	BBG0019R9QL8		Innocap Investment Mgmt	Multi-Strategy	Canada	11/22/2010	
MAAD134 LX	BBG0019RBJH6		Man Investments Luxembourg	CTA/Mgd Futures	Luxembourg	12/7/2010	
MANMUST LX	BBG0019R9RH1	SANDRO KRATTLI	Man Investments Luxembourg	CTA/Mgd Futures	Luxembourg	12/7/2010	
PCTABTR US	BBG0019VGWZ3	ROGER M PEARLMAN	Pearlman CTA	CTA/Mgd Futures	U.S.	10/1/2010	
PRLMLTD KY	BBG0019SRGN6	STEVE KUHN	Pine River Capital Management	Mortgage Backed Arb	U.S.	9/1/2010	
FULABZS LX	BBG0019R9SR8		RBS Luxembourg SA	Multi-Strategy	U.K.	11/16/2010	Rothschild
SATURNP US	BBG0019MTQ64	SYED ALI	Saturn Capital Management LLC	Eq Mkt Neut	U.S.	11/1/2006	Merlin Securities LLC
SILVCAP US	BBG0019LP1J1	BRUCE SILVER	Silver Capital Management LLC	Long/Short Eq	U.S.	5/1/2002	BNP Paribas
SKYSPH US	BBG0019SSSN9	CHARLES PAQUELET	Skylands Capital LLC	Global Macro	U.S.	5/1/2005	Goldman Sachs & Co
STVIINV US	BBG0019VKGX5	SPENCER C PATTON	Steel Vine Investments LLC	CTA/Mgd Futures	U.S.	2/1/2009	
SYSADVA VI	BBG0019PY1F6	ALEXEI CHEKHOV	Systematic Alpha Management	Multi-Strategy	U.S.	12/31/2009	Newedge Group
VEGCROE KY	BBG0019Q1TQ7		Vega Fund Holdings	Multi-Strategy	Spain	8/1/2009	

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Commodity / Structured Notes

## Calendar

To submit an event email [hedgebrief@bloomberg.net](mailto:hedgebrief@bloomberg.net)

DATE	EVENT	FEATURING	LOCATION	CONTACT / REGISTRATION
Dec. 7, 6pm	High Frequency Trading Happy Hour	"Upscale networking and complimentary appetizers."	La Barrique, New York	hfthappyhour.com
Dec. 7, 6pm	Hedge Fund Association's Annual Holiday Party	Complimentary for HFA members. \$25 per person for non-members.	Brown Rudnick, New York	Lara Block, lblock@thehfa.org
Dec. 8, 6:30pm	Young Jewish Professionals' Hedge Fund and Private Equity Summit	"Panel speakers Bruce Richards, Marathon	Doral Arrowwood, Rye Brook, N.Y.	Lara Block, lblock@thehfa.org
Dec. 8	U.K.-Japan Alternative Investments Club	Informal networking group's regularly-scheduled meeting.	By invitation only	If you are in the sector and interested, email to <a href="mailto:nicheialternatives@yahoo.co.uk">nicheialternatives@yahoo.co.uk</a> .
Dec. 8	U.K.-Japan Alternative Investments Club	Informal networking group's regularly-scheduled meeting.	By invitation only	If you are in the sector and interested, email to <a href="mailto:nicheialternatives@yahoo.co.uk">nicheialternatives@yahoo.co.uk</a> .
Dec. 9, 8:30pm	Toys For Tots Cocktail Hour	Admission: Toy or \$20	Pranna, New York	rsvp@liveevents.us
Dec. 9-10	High-Frequency Trading Experts Workshop	Peter van Kleef, Lakeview Arbitrage will instruct attendees how to launch an HFT operation.	Golden Networking office, New York	Edgar Perez, 516-761-4712
Dec. 10, 8:30am	New York Hedge Fund Roundtable: The Federal Fiscal Future	Senator Judd Gregg (R-N.H.) to discuss Dodd-Frank, more.	Princeton Club, New York	Jill Adler, rsvp@new-yorkhedgefundroundtable.org
Dec. 13	Cap Intro: Emerging Markets Alternative Investing	Ten managers and 15 investors by invitation only.	The Harvard Club, New York	info@catalystforum.com to apply
Dec. 14	CAIA New York Holiday Social	Drinks and snacks will be provided.	Inside Park at St. Bart's, New York	caia.org
Dec. 22	High-Frequency Trading Experts Workshop 2010 - Hong Kong	Practical implementation of high-frequency trading strategies.	One International Finance Center, Hong Kong	hftewhongkong.eventbrite.com
Jan. 13	Argyle Forum's 2011 Leadership in the Distressed Markets	Wilbur Ross; Jason Friedman, Marathon Asset Management; Joel Holsinger, Fortress Investment Group.	New York (exact location disclosed to attendees)	argyleforum.com
Jan. 18-20	GAIM USA 2011	Second annual investor summit, "rising stars" and "quickfire" showcases.	Boca Raton Resort & Club, Florida	iirusa.com/gaimusa
Jan. 26-28	2011 AlphaMetrix Summit	"An invitation-only event bringing together over 400 qualified investors, allocators, hedge funds and CTAs."	The Doral Resort & Spa, Miami	alphamatrix.com/summit
Jan. 30-Feb. 1	Managed Funds Association's Network 2011	"Launched in January 1995, the event has become MFA's flagship conference event and generally draws approximately 700 delegates."	The Breakers Hotel, Palm Beach, Fla.	managedfunds.org
Feb. 9-10	2nd Annual High Frequency Trading Summit	Peter Nabicht, Allston Trading; John Netto, M3 Capital; Garrett Nenner, Momentum Trading Partners.	Wyndham Chicago	worldrg.com
Feb. 11	Bloomberg China & the World Summit	Leaders in infrastructure, government, banking and global investing.	New York. Exact venue TBD	Tracy David, 646-834-5021, mdavid20@bloomberg.net
Feb. 16	FINforum's The Search for Alpha in Latin America	David Brillembourg, Brilla Group.	Miami City Club, Miami	finforums.com
March 2	5th Annual OpRisk Conference	Top challenges your firm could be facing in 2011.	Bayards, New York	646-395-6341
March 7-10	12th Annual Hedge Funds World Middle East	Keynote addresses by Nouriel Roubini, Bill Ackman, Orin Kramer	Jumeirah Beach Hotel, Dubai	terrappinn.com
March 15	Bloomberg Hedge Funds London	"Brings together managers with hundreds of billions under management and pairs them with academics and economists to discuss what role hedge funds should play as the rules change."	London	Tracy David, 646-834-5021, mdavid20@bloomberg.net
March 15-18	36th Annual Futures Industry Conference	Expected audience of 800 senior-level futures industry professional including members of Congress, regulatory officials and congressional staff.	Boca Raton Resort & Club, Florida	futuresindustry.org/boca-2011.asp
March 17	Hong Kong Hedge Funds Club	Networking event.	China Club, Hong Kong	stefan.x.nilsson@jpmorgan.com

## SPOTLIGHT

**Peter Lupoff**, Founder and CEO Of Tiburon Capital, spoke to Bloomberg Television host Erik Schatzker last week. Lupoff's firm celebrated its one-year anniversary after leaving Millennium Partners.

**Q: Peter, you told your investors last month, "We are one event away from another market move like the one we had in May." What do you see happening?**

**A:** It's any number of things. I would say the market seems to be reacting in a reasonable way to Ireland. In one of my white papers I quoted Don Rumsfeld saying there are "the unknown unknowns." The unknown unknowns can create that kind of market shock. I'm not saying that's a tomorrow event or a next year event, but clearly we have to manage with that in mind, that it's always looming.

**Q: You also said you are making bets on disaster insurance. Not for the purpose of hedging but because you see potential opportunity. Is that to say once again people are mispricing tail risk and that it's actually cheap to buy this out of the money option, so to speak?**

**A:** It appears so. I think that we're deep value, bottoms up by our training. We're event-driven as a strategy. But when we pull the camera back we work in a world where macro factors matter. Technicals probably outweigh deep value in this time and place. We see a number of things that can create significant opportunities being short, and where those options are intrinsically cheap, whether it's currency related, commodities related, what have you.

**Q: There is amove away from risk. Where to? You said currencies, commodities. Let's get a little more specific.**

**A:** Well, let's talk a little bit about

what's really in the portfolio presently. When we develop ideas, sometimes we'll impose a top-down macro point-of-view. Among them would be that regulators have heightened authority in these present markets. Now, we run our pool of capital's fiduciaries. It's not a source of a political point-of-view, so I'm agnostic about those things. It's just very rarely is the circumstance that regulators have heightened authority. They're seeking companies that have misbehaved in one way or another, taxing them. They have taxing authority. So a macro thesis of ours for the last year or so has been to look at Department of Justice inquiry, whether it's price fixing, tampering with foreign officials, regulatory intervention in industries like the for-profit education space. This is a theme that can play out in a portfolio, more or less regardless of what happens in Europe.

**Q: Regardless of what happens in Europe. Interesting. You, Peter, are among those people who believe that ultra-low interest rates got us into trouble in the first place, effectively creating a bubble and forcing investors to go chasing yields. Aren't we really in the same situation once again, maybe even augmented by QE2?**

**A:** It's kind of interesting how much dialogue there is on this topic. We're extremely self-aware of it after watching what happened from 2003 through 2008 with virtually zero risk-free rates. At the same time, there's enormous amount of capital on sidelines looking to be deployed. It is very much the fact that when rates are managed to a zero rate of return, investors will reach for some rate over the risk-free rate. And what we're in right now is a period that feels like multiple equilibrium where there's a form of schizophrenia in markets. Where on one day there's risk on, on the next day there's risk off. It's not like the events we read in the papers every morning are new. It's that we are reacting in arguably - otherwise rational actors are acting irrationally, and that can create opportunities.

**Q: Back in June, after the flash crash, you said you were feeling bearish heading into the end of the year. Well, high-yield spreads have come down. Stocks are up 10 percent since then. How do you think we'll end out the year?**

**A:** My gut feel is that we're up. And part of it is it's December. The street is basically paid to be long. There is this enormity of cash. People want to believe. There is the notion of confirmation bias. You want to look for reasons that markets will be

*This interview was condensed and edited.*

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