OPALESQUE

Opalesque Round Table

HONG KONG

opalesque.com

Introduction

Dear Reader,

After New Zealand, Australia and Singapore, this is already the fourth edition of the Opalesque Roundtable Series, the **Opalesque Hong Kong Roundtable**. We have again united some of the leading hedge fund managers as well as representatives of the local investor community to gain **unique insights into the specific idiosyncrasies and developments, the issues and advantages of Hong Kong as a hedge fund center**.

> At the moment, Hong Kong is still the gateway for money and people both going into and coming out of China. Will this supremacy hold in the light of fast-raising Shanghai? What are the opportunities for hedge fund managers in 2008 and beyond?
>
> The Hong Kong Jockey Club is a pioneer of hedge fund investing amongst Asian institutions. How satisfied is the Club, what is the future of its hedge fund programme? Which trends do investors observe?
>
> How is the local hedge fund industry developing? What are the regulatory trends?

Learn from some of the most seasoned investors what Asian hedge funds can deliver, but also what not to expect from a typical Asian hedge fund.

The Opalesque Hong Kong Roundtable was sponsored by Newedge Prime Brokerage and took place in their Hong Kong office. We also thank Singapore based GFIA for helping us put the group together.

The participants of the Opalesque Hong Kong Roundtable are:

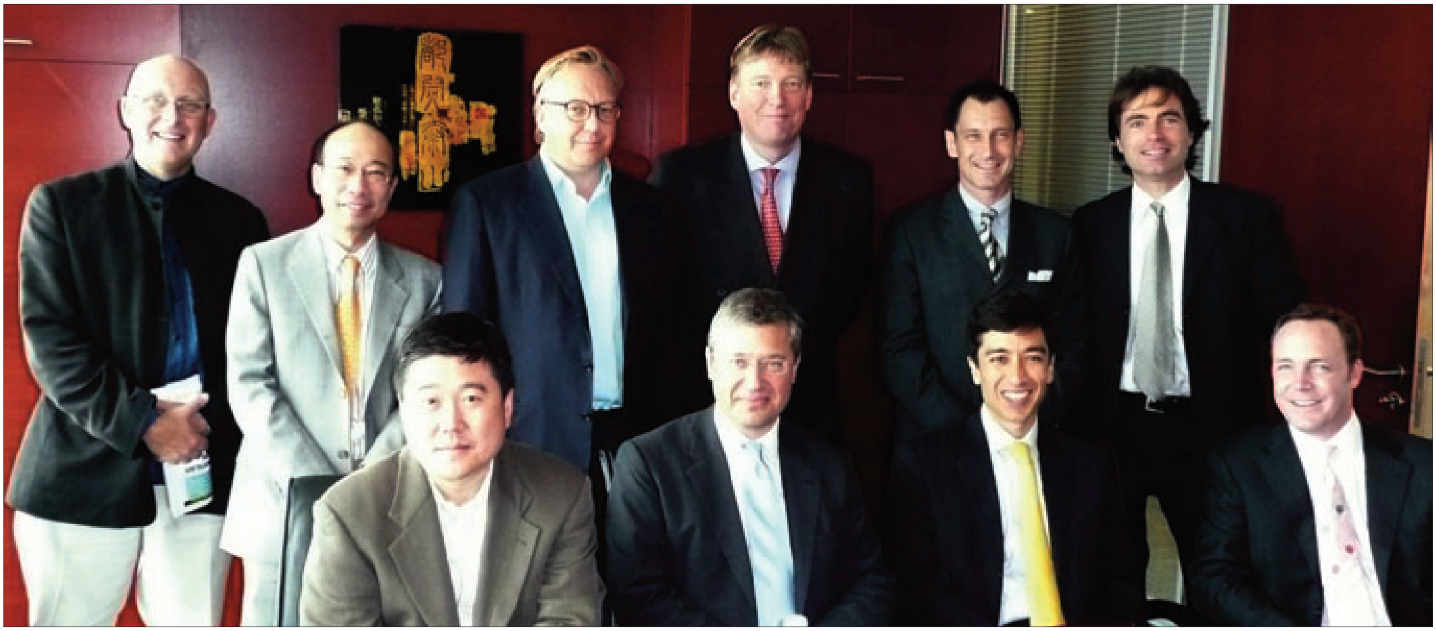
- Jacob Tsang, Treasurer, Hong Kong Jockey Club (www.hkjc.org.hk)
- Christophe Lee, CEO, Sun Hung Kai Fund Management (www.shkf.com)
- John Knox, Co-Founder, KGR Capital (www.kgrcapital.com)
- Paul Smith, Partner, Triple A Partners (www.tripleapartners.net)
- Michael Nock, Founder, Doric Capital (www.doricapital.com)
- Peter Douglas, Founder, GFIA (www.gfia.com.sg)
- Andrew Ballingal, CEO, Ballingal Investment Advisors (www.ballingal.com)
- Kirby Daley, Head of Sales and Capital Introductions – Asia, Newedge (www.newedgegroup.com)
- Eugene Kim, CIO, Tribridge Capital (www.tribridgecap.com)

Enjoy "listening in" to the Opalesque Hong Kong Roundtable!

Matthias Knab
Director Opalesque Ltd.
Knab@opalesque.com

Cover Photo: Victoria Harbour, Hong Kong

Participant Profiles



Standing (left to right)

Michael Nock, Jacob Tsang, Andrew Ballingal, Paul Smith, Peter Douglas, and Matthias Knab

Seated (left to right)

Eugene Kim, John Knox, Christophe Lee, and Kirby Daley

Introduction

Paul Smith
Triple A Partners

I am Paul Smith, partner in a firm called Triple A Partners here in Hong Kong. We do three things: we buy equity stakes in alternative asset management businesses, we also seed the first product of those businesses, and we help promote those seeded funds through our global distribution unit.

We are a new business and have been going just over a year. We have $100 million under management so far, and we have done two seed deals to date and are looking to do another two to three within approximately the next six months. Then we will go out and raise some more seed capital for another seeding round.

Kirby Daley
Newedge Group

I am Kirby Daley, Head of Sales and Capital Introductions – Asia for Newedge Group's Prime Brokerage Group. We are a full service hedge fund prime broker servicing all strategies of hedge funds, but specializing in derivative-based strategies, such as volatility trading, global macro, managed futures, currency and commodity managers.

Christophe Lee
SHK Fund Management Ltd.

Christophe Lee, CEO of Sun Hung Kai Fund Management. We are part of Sun Hung Kai Financial Group which is listed on the Hong Kong Stock Exchange and one of the largest non bank financial institutions in Hong Kong. We are a Hong Kong based asset management company specializing on alternatives.

We currently run two Asian hedge funds and are in the process of adding more funds to our platform this year. We distribute some global hedge funds, such as Paulson's funds, to Asian client through SHK labeled funds. We also operate a Pan Asian private equity fund. Our total AUM is close to $1 billion. Another hat I wear is the Chairman of the Hong Kong Chapter of AIMA (Alternative Asset Management Association).

John Knox
KGR Capital

I am John Knox, Director of KGR Capital, a specialist, Asian fund of hedge funds. We run four funds at the moment. One is a relatively low-risk multi strategy fund of Asian hedge funds. Then, we have a "higher-octane" fund for investors that want a bit more exposure in Asia, and are prepared to take a bit more risk. We also have a London-listed, closed-end fund which in risk return terms is somewhere in the middle of these two. And finally, we run a very focused China fund-of-funds.

We are based in Hong Kong where started back in 2002. We do our research, our risk management and operations out of Hong Kong, and we have an office in London from where we do sales, marketing, and business development.

Peter Douglas
GFIA

I run GFIA, which is Asia's oldest hedge fund consulting firm. We now research hedge funds and absolute return managers in developing markets globally, not just Asia but also including Latin America, the Middle East and Africa. We sell our work both as consulting and advisory services to professional investors, and as discretionary money management services through funds of funds – the Wittenham Asia Core, and Wittenham Latin America products.

I serve as Director of the Chartered Alternative Investment Analyst (CAIA) Association, representing CAIA in Asia. I chair the Alternative Investment Management Association (AIMA) chapter in Singapore.

Eugene Kim
Tribridge Investment Partners

I'm the voice of Singapore, by the way – I'm based in Singapore, tho' my colleagues and I see Singapore and Hong Kong as the same business territory, and travel accordingly.
I am Eugene Kim, Chief Investment Officer for Tribridge Investment Partners. We are a Hong Kong-based hedge fund manager, and our current firm-wide AUM is approximately $250 million. Our flagship fund is Tribridge AF1 which is a fixed-income arbitrage fund focused on Asia ex-Japan. The fund aims to generate returns in the mid-teens, which are uncorrelated with the global equity and interest rate markets, with volatility of less than 3%. For the year to date through end of March, we are up just over 2%.

Jacob Tsang
Hong Kong Jockey Club

I am Jacob Tsang. I am the Group Treasurer of the Hong Kong Jockey Club. The Club basically holds a license to operate horse racing and offer football betting in Hong Kong. My responsibility is to run the treasury operation for the Club. I also oversee their investment strategies including asset allocation, manager selection, implementation, and so forth.

Our assets right now are about US$8 billion. We have a strategic allocation to alternatives. In our definition, alternatives basically encapsulate our private equity, direct real estate, and hedge fund holdings. We started to invest in hedge funds in 2001.

Michael Nock
Doric Capital

I run a Hong Kong based hedge fund using long/short equity strategies. We have two funds, a small cap fund and the Doric Focus Fund. The Doric Focus Fund is Asia Ex-Japan whereas the Doric Small Cap Fund can invest in Japan as well. Our total assets under management are over $400 million. We have been around for about eight years now and can therefore point to a fairly long track record for a hedge fund investing in this region. Our returns over that period stand at around 20%.

Andrew Ballingal
Ballingal Investment Advisors

I am Andrew Ballingal of Ballingal Investment Advisors (BIA). We are an independent Hong Kong-based investment firm set up four years ago. We run $160 million in two Pan-Asian multi-asset funds. The BIA Pacific Fund is a long/short fund focused primarily on individual equities, while the BIA Pacific Macro Fund operates exclusively at the macro level.

Matthias Knab **What is it like to run a hedge fund or hedge fund-of-funds out of Hong Kong? What are the specific advantages or disadvantages? What would you like a Geneva-based family office or a London- or a New York-based investor like to know about a Hong Kong financial marketplace and the single and fund of hedge funds here?**

Christophe Lee I'll start by giving a few major bullet points. The obvious one is that Hong Kong is a major international financial center, and the financial infrastructure here is on par with New York and London. Hong Kong is the hub for major service providers such as banks, brokers, prime brokers, lawyers, etc. providing world class support and information flow to the hedge fund industry.

The rule of law is transparent and our regulator is sound and effective. We enjoy a low tax regime, free press and freedom of speech. Then, of course we have the proximity to China and our role as a hub in general for North Asia. We serve as the gateway for money and people both going into and coming out of China. Lastly Hong Kong is a melting pot where East meets West and there we have a very open attitude toward foreigners and their culture.

John Knox I agree with all those points, Hong Kong really is a global financial center, with a very strong rule of law, a properly regulated market and a great place to do business, but I think the most important thing for us is that it's a great place to hire people too. There is a very deep talent pool of people here, many of whom have been here a long time with big international financial institutions and have the work ethic and compliance culture that is instilled by the global banks doing business in other major centers.

The culture here means that people are also very highly motivated, very ambitious and very committed to hard work. That is clearly very important to us.

Eugene Kim The key advantage, which is also a disadvantage, for Hong Kong-based managers is the local licensing regime. Although the time, process and expense of getting licensed turns a lot of potential managers off of Hong Kong, I think it is a key differentiating factor for Hong Kong compared to other financial centers. Because there is no distinction between the licensing requirements for a hedge fund manager compared to a mutual fund manager, investors in Hong Kong-based managers are ensured of getting a minimum level of operational infrastructure and compliance. For small, start-up organizations, that is particularly important and stands in stark contrast to a place like Singapore for example, where basically it's more about an application versus actually getting an approval to be able to operate.

The big story for the next 20 years is going to be the continued growth of China and India, and Hong Kong is extremely well positioned for that.

At a personal level I have lived here for 28 years now and what I love about it is the efficiency of the city. As John was mentioning earlier about talent pool, I've got friends who have lived here as long as I have and in some cases longer. It is a city where people come and they do want to stay. It has got a fantastic infrastructure.

I believe the legal system here is at a level where it may take decades for a place like Shanghai to be able to challenge it. A core pillar of any financial centre is the transparency and appropriate legal system, in my view both Hong Kong and Singapore offer that.

I think it is still a long way before we see Shanghai really threaten Hong Kong's position.

Michael Nock

Michael Nock

The big story for the next 20 years is going to be the continued growth of China and India, and Hong Kong is extremely well positioned for that.

At a personal level I have lived here for 28 years now and what I love about it is the efficiency of the city. As John was mentioning earlier about talent pool, I've got friends who have lived here as long as I have and in some cases longer. It is a city where people come and they do want to stay. It has got a fantastic infrastructure.

I believe the legal system here is at a level where it may take decades for a place like Shanghai to be able to challenge it. A core pillar of any financial centre is the transparency and appropriate legal system, in my view both Hong Kong and Singapore offer that.

I think it is still a long way before we see Shanghai really threaten Hong Kong's position. I love the place, it's a great place to live, and you can get around easily.

Andrew Ballingal

The only real negative about Hong Kong is the pollution. If you are coming from Liaoning (a highly-industrialized province in northeast China), you won't notice, but if you are coming from London or New York, it's a real and growing issue.

That aside, the operating infrastructure is great. We have genuine rule of law, a highly credible and intelligent regulatory regime, excellent service providers, and a fertile investment environment in which to generate and implement ideas across the region and across the asset classes.

Neither Japan nor China currently offers a viable regulatory environment for a business like ours, and in both it is easy to get swamped by the domestic at the expense of opportunities further afield. Australia has got a good regulatory regime, but it's at the periphery of the region rather than at the heart like Hong Kong.

I wish we could find another place which is as convenient and credible to run a business from, but we can't.

The Hong Kong-Singapore thing should not be allowed to distract us -- someone once said to me, and I think it was a very wise comment, that it's like comparing Connecticut to Manhattan. Basically it's a waste of time; there are people who enjoy Singapore, and there are people who enjoy Hong Kong. There is space for both and I think it should be left there. We have nothing to be defensive about in Hong Kong. As everybody has said, we have a perfectly credible opportunity to develop businesses here. It is not an 'us' and 'them' thing.

Paul Smith

Paul Smith

The Hong Kong-Singapore thing should not be allowed to distract us -- someone once said to me, and I think it was a very wise comment, that it's like comparing Connecticut to Manhattan. Basically it's a waste of time; there are people who enjoy Singapore, and there are people who enjoy Hong Kong. There is space for both and I think it should be left there. We have nothing to be defensive about in Hong Kong. As everybody has said, we have a perfectly credible opportunity to develop businesses here. It is not an 'us' and 'them' thing.

What has not been mentioned so far, and for me it is an aspect which stands out and you either like it or you hate it, is that Hong Kong is a genuinely laissez-faire place to do business. Yes we have the licensing regime, but around that you are free to live your life as you choose to live it and there are very few impediments placed around you as a businessman. That makes it a wonderful environment to both live in and to do business in.

Kirby Daley

Something that struck me, having spent twelve years in Tokyo before coming to Hong Kong, is that I found Hong Kong to be very conducive to having a real a hedge fund culture that is palpable. This absolutely doesn't exist in Tokyo and I feel it is getting there in Singapore, but I think for startup managers it's a real benefit to be able to easily slide into the hedge fund culture here in Hong Kong. It is important to have readily available access to other managers and industry peers, such as those sitting around this table, that have been here for years and have experience here. I find that Hong Kong is more conducive to that culture and access than anywhere in Asia.

We should give the SFC credit when credit is due. The SFC announced the streamlining of the application process for hedge fund managers last year. I believe the number of hedge fund applications went up 62% and the number of approvals went up 72% year-on-year from 2006 to 2007.

Numbers aside, I have heard anecdotal stories from hedge fund managers who confirm the process is much more efficient and user-friendly. One US manager told me it took him just weeks, and he was very complimentary of the SFC. He said they asked a lot of questions in order to really understand his business and did not act as mere box-checkers.

Christophe Lee

Christophe Lee

I just want to respond to the point that Eugene brought up and I think we should give the SFC credit when credit is due. The SFC announced the streamlining of the application process for hedge fund managers last year. I believe the number of hedge fund applications went up 62% and the number of approvals went up 72% year-on-year from 2006 to 2007.

Numbers aside, I have heard anecdotal stories from hedge fund managers who confirm the process is much more efficient and user-friendly. One US manager told me it took him just weeks, and he was very complimentary of the SFC. He said they asked a lot of questions in order to really understand his business and did and act as mere box-checkers.

I've called Stephen Tisdall, who is the SFC's new Director of Licensing, and found him extremely responsive and very business-friendly. If we come across any managers with questions, I would call him and the literally next day he would be meeting with the applicant.

Andrew Ballingal

I would like to see more coordination and harmonization among regulators on a global scale.

And it's important that Hong Kong ensures that it is - and is clearly seen to be - part of the global regulatory "Premier League".

We had a Spanish investor recently tell us that while they could invest their international funds with us, Spanish regulations precluded investments from their domestic pools. And our funds are listed in Dublin (Ireland), i.e. in an EU jurisdiction!

Michael Nock

Regarding Paul's comment about the 'us' and 'them' issue. In my view, the real question going forward is 'us' (Hong Kong) versus Shanghai. Hong Kong is in a unique position right now to ultimately become - perhaps not officially, but de facto - the financial center of China. That is in due course, what Hong Kong is going to be, the de facto financial center of China.

Peter Douglas

To add some more background for those readers of this Opalesque Roundtable who may not be that familiar with Hong Kong - it's fundamentally important to emphasize that the territory is sovereign China with a Western legal system. This combination is, as the techies would say, a "killer application"!

To add some more background for those readers of this Opalesque Roundtable who may not be that familiar with Hong Kong - it's fundamentally important to emphasize that the territory is sovereign China with a Western legal system. This combination is, as the techies would say, a "killer application"!

Peter Douglas

Secondly, just briefly on the Hong Kong/Singapore discussion - the big difference is not really the people but rather the culture and the actual landscape when you examine the make-up, the number and the size of the local businesses. There is much more of a genuinely entrepreneurial business culture and money flows through Hong Kong. The deal flow through Hong Kong is, I think, much greater and much more broadly spread.

Singapore is dominated by government entities. Not for the hedge fund industry, but for most industries you have a small number of government- controlled or influenced entities that define the industry, and a "tail" of much smaller and less relevant private sector entities. Hong Kong is much more fundamentally and integrally, entrepreneurial. This makes a difference to the business culture.

My final comment is this: if you are sitting in London or Connecticut or Idaho or Madrid: Hong Kong is Singapore, and Singapore is Hong Kong – they are the same place as far as the rest of the world's concerned. You have a legal system the world understands, people speak English, the hotels are fine and the cities navigable, they're both in the middle of the Asian region. For most global allocators, they are two interchangeable cities separated by a short flight.

For those people who don't know Hong Kong, who are perhaps nervous of us, I'd like to say that Hong Kong really is like a "nice New York".

Paul Smith

Paul Smith

For those people who don't know Hong Kong, who are perhaps nervous of us, I'd like to say that Hong Kong really is like a "nice New York". Yes I know, it seems impossible and contradictory, but it is a major financial center where people, because of or despite of the world here growing so fast, still have time to sit down and help other people who are coming into town and asking for information and support. One of the nicest things about Hong Kong is that it's small enough for everybody to know each other. Its growing fast and people are still prepared to help and that makes it a very enjoyable place to do business; and I'd say exactly the same for Singapore actually.

Matthias Knab

Hong Kong has that great infrastructure, is business friendly - what does that mean for the hedge fund environment? What are the next shops being set up, what is happening?

Kirby Daley

Recently, the institutional and fund-of-fund investors coming through Asia, who contact our capital introduction team, specifically ask us, "Can you please show us something besides equity long/short in Asia?"

This year, it has been the same question from each investor, and we find that remarkable. There are likely two reasons behind this. First, the global investors who have been coming here already know the equity long/short space, as that's where they have been investing. They know the managers already so they don't need help in this area, as much, though that does not mean that they are not looking at this space.

Second, I think it is a reflection of the intense search for non-correlation and diversification. This is a global search, and investors are also looking for the same thing in Asia. It is a good sign for the Asian hedge fund market that it has matured to the point where we can actually come back to these investors with a good and solid list of managers now, where we could not do so even two years ago.

I currently have five firms that have asked me for help in identifying good volatility traders to trade Asia for them. It is a trading style that has come onto the hedge fund scene as a stand-alone strategy over the past few years and is sometimes called volatility arbitrage, but is now more accurately referred to as volatility trading. Because Asia has such a wide array of markets and no unified currency, there are still a lot of inefficiencies in the region that these traders can take advantage of. Interestingly, none of the hedge funds we deal with seem to think the opportunities will be significantly diminishing over the next few years, even with a massive inflow of AUM to the strategy, and we agree with that assessment.

Kirby Daley

As a prime broker, we are seeing huge demand for our prime brokerage services from volatility traders in Hong Kong and the Asian region, and also from volatility funds based in London or New York, who are looking to open offices here and staff them with traders.

In addition to the demand for our services, I currently have five firms that have asked me for help in identifying good volatility traders to trade Asia for them. It is a trading style that has come onto the hedge fund scene as a stand-alone strategy over the past few years and is sometimes called volatility arbitrage, but is now more accurately referred to as volatility trading. Because Asia has such a wide array of markets and no unified currency, there are still a lot of inefficiencies in the region that these traders can take advantage of. Interestingly, none of the hedge funds we deal with seem to think the opportunities will be significantly diminishing over the next few years, even with a massive inflow of AUM to the strategy, and we agree with that assessment.

From a prime broker's standpoint, volatility trading is the up-and-coming strategy in the region and, so far, Hong Kong has been the top choice for location of this strategy in Asia. The other big area of demand is for Asia Macro and these traders are few and far between. It requires having spent a number of years in the industry in Asia, and we are seeing Hong Kong as the locale that seems to breed most of these managers.

Jacob Tsang These volatility funds, why do you think they come here, can't they trade this strategy just as well from New York or London?

Kirby Daley A lot of these managers, and a lot of our clients, have been trading Asian volatility from New York and London, but they feel that the hours that you have to trade from overseas are causing them to miss opportunities. It is not only being on the ground here and having the improved information flow, but it is also the onerous hours that they must trade Asia from Europe or the US, it seems, that is driving the move to the region.

John Knox I was involved in derivatives for many years and think that from a time zone point of view, it is very difficult to sit in New York and trade live markets in Hong Kong or in Asia. There is a 12 hour time difference, no overlap of the working day and while it is possible to execute trades from New York, it is very difficult to really feel the pulse and to be closely involved in markets.

London is not quite so bad, but there is no doubt in my mind that it is much, much better in order to trade Asian markets, to sit in Asia, and to see the screen live time.

Andrew Ballingal I am surprised, Kirby, to hear that Hong Kong is the focus for the growth in volatility and macro strategies given that Singapore is home to the region's largest volatility fund and given its historical dominance in rates and commodities trading. Are people coming to Hong Kong to do Asia Macro? Or they are coming to the region?

John Knox I would say this also applies to Singapore - if you ask similar questions in Singapore, there are funds setting up there and funds trying to attract volatility traders. I think volatility traders are pretty highly sought after everywhere in Asia.

We have a cyclical pickup in the sense that the volatility traders, and particularly long volatility biased ones, have obviously done very well in the last year or so in these more difficult times, and standing back a bit, Hong Kong and Singapore - Asia generally, is becoming much more mature in respect to volatility very quickly.

If you go back in time perhaps ten years or even five years, the vast majority of hedge funds in Asia were long/short and run by people who came out of a long asset management background. During the last five years, other strategies have been developed and have become more popular. I am thinking of not just the volatility traders, but also specialist credit, relative value, distressed and there are some good macro funds who have been here a while. It is becoming much easier to find managers who are doing things other than long short.

Kirby Daley In the last few years we were seeing a developmental split between Hong Kong and Singapore in regards to strategy. For strategies requiring bottoms-up research of Chinese companies, the equity managers tended to set up in Hong Kong. For derivative-based managers who had the choice of where they wanted to be, for lifestyle reasons especially, they tended to set up in Singapore. We saw that pretty clearly from 2005 through part of 2007, but now, at the end of 2007 and especially this year, we are seeing a lot more of the derivative traders set up in Hong Kong.

So, again I don't know why that is, but we are covering both centers, and it seemed to be clearly discernible in the past and that division is becoming somewhat blurred now.

Paul Smith We haven't mentioned yet the tremendous tightness of capital which you can observe across all sorts of markets at the moment. So for us as a seeder, we are seeing a lot more managers and also a broader variety of strategies, but I would also add that the long/short space has actually become a lot more interesting over the last year or so.

For all players, the attention to risk management and risk control has gone up exponentially in the last 12 months, something which you can observe right across the map in Asia. People also understand that if you are going to set up a long/short fund, then you've got to do it with a twist, with a little bit of differentiation to stand out from the crowd, which makes long/short more interesting than it has been for a while.

Apart from Korea, I would say that India is becoming very attractive as a single country fund destination in particular. If I was to pick one thing that I think is going to stand out over the next two to three years, it would be the interesting low-volatility, differentiated Indian strategies that are beginning to come forward.

In our view China is still way behind the curve when it comes to developing sensible hedging strategies, China is still too beta-driven, which for us is one of the big issues. So while I totally agree that China is going to be a huge driver of the region, from a hedge fund seeder's perspective India is actually a lot more interesting at the moment.

Eugene Kim On the question of why people on the volatility side and derivative side are coming to Hong Kong, the answer is pretty simple in the sense that if you look at the markets across Asia, the Hang Seng is the only market you can actually trade volatility. None of the other markets are deep enough or liquid enough to effectively trade the strategy.

On the question of why people on the volatility side and derivative side are coming to Hong Kong, the answer is pretty simple in the sense that if you look at the markets across Asia, the Hang Seng is the only market you can actually trade volatility. None of the other markets are deep enough or liquid enough to effectively trade the strategy.

Even if volatility is trading at 30%, by the time you actually cross bid-offer spreads, you are paying 10-15%. So, it is not really possible to run a derivatives or volatility strategy outside of Hong Kong. There is no liquidity, there is no depth to those markets, so it seems obvious to me that they would come to Hong Kong since it is the only market you can trade.

Eugene Kim

Even if volatility is trading at 30%, by the time you actually cross bid-offer spreads, you are paying 10-15%. So, it is not really possible to run a derivatives or volatility strategy outside of Hong Kong. There is no liquidity, there is no depth to those markets, so it seems obvious to me that they would come to Hong Kong since it is the only market you can trade.

If you look at the markets across Asia (ex-Japan) where you are actually able to run a true hedge fund strategy in terms of having futures, options, etc., and have liquidity across those instruments, your choice comes down basically to the Hang Seng and Korea. This is one of the reasons we are attracted to Korea, and are actually preparing the launch of a Korea hedge fund. Again, this refers only to Asia ex-Japan, as Australia is a whole different animal.

Incidentally, the performance that we are seeing now in the first quarter of 2008 I think reflects that you cannot run a real hedge fund strategy on a pan-Asian basis, because the instruments aren't there and the liquidity is not there. I think that the shift will be towards single country focus funds where a manager finds the depth of liquidity and instruments required to run effective hedge fund strategies.

Andrew Ballingal I agree that it's not easy, but if you are prepared to manage the balance sheet dynamically, and to range across the asset classes, there are ways to make money in down markets, even in predominantly equity-focused funds.

Michael Nock here runs a long/short fund which is up in the first quarter, as are both the BIA funds. It can be done, and people are doing it.

Michael Nock We're up in the first quarter, yes. And, by the way, I am NOT paying him for any marketing....but thank you Andrew...

Andrew Ballingal We'll discuss the fee afterwards, Michael....

Paul Smith That is the really exciting thing over the last three or four months: the people who are actually good and who can do it are now fairly obvious. I am sure the fund-of-fund guys, like Peter and John here, would say that they knew who those good people were all the time, but I think people who are not familiar with the region can see this fairly quickly when they analyze what has happened since August 2007. There are funds that are not "closet beta-huggers", which is what hedge fund managers here get blamed for being. It has become quite obvious that there are a number of highly skilled Asian hedge fund managers in this region.

Matthias Knab **So what does this universe look like, the upcoming, the emerging, local Asian hedge fund manger?**

Paul Smith We now see more second generation hedge fund managers starting up. Looking at the local landscape here, there are a lot of hedge funds, also units of large American multi-strategy funds for example, who have been in town now for three or four years on average.

They are beginning to produce second generation hedge fund managers. Of the five managers that we will seed this year, four of them will have managed money before at other hedge funds groups. Had you started my business five years ago, none of them would have been in a hedge fund group before.

> **We now see more second generation hedge fund managers starting up. Looking at the local landscape here, there are a lot of hedge funds, also units of large American multi-strategy funds for example, who have been in town now for three or four years on average.**
>
> **They are beginning to produce second generation hedge fund managers. Of the five managers that we will seed this year, four of them will have managed money before at other hedge funds groups. Had you started my business five years ago, none of them would have been in a hedge fund group before.**
>
> **Paul Smith**

So that is what I mean by the ability to understand risk and risk management has changed. These people have learned it on the job, the managers who set up their own firms are well trained in the main aspects of running a hedge fund.

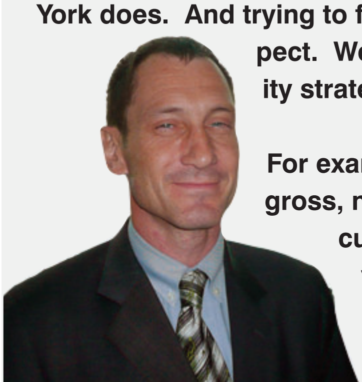
Peter Douglas That's right. When we started looking at Asian hedge funds ten years ago, almost all managers came straight from a long-only environment. So the development curve was fairly homogeneous and predictable: nobody knew really how to short until they had gone through one cycle, lost money, and learned intuitively what shorting really means. We then started to see some managers coming out of the prop desks, good traders who certainly knew how to short, but had no idea how to manage a fixed pool of capital. They would typically lose money too, until they learned how to manage a fund rather than a credit line, with monthly appraisals rather than annual.

What we are seeing now is second and even third generation managers. Increasingly, it's becoming more and more difficult for somebody who has not managed hedged money before, to launch their own shop with their own name on the door.

For a new hedge fund manager, it's now almost mandatory that she has worked her apprenticeship within an existing fund, has a market reputation or a track record to point to. She needs a personal reputation and endorsements to cross the start line.

I would like to come back to the conversation we had about hedging and hedging instruments, and

> **You need to be aware that when you are looking at Asian "hedge funds" or Latin or Middle East etc., you may not be looking at a hedge fund that does exactly what a sophisticated, experienced hedge fund in New York does. And trying to find a manager that does this may in fact lead you to areas of risk you didn't expect. We've probably lost clients more money over the years in "beta neutral", low volatility strategies in Asia than anything else.**
>
> **For example, what we often see in US long-short managers, running some 300-400% gross, net 10%, is fine in a liquid, reliable market. But if you are looking for the kind of accurate, liquid, universal hedging, you are not going to find that in Asia. However, you are going find all sorts of other interesting strategies and approaches that will offer you as good, and, empirically, probably better risk/return patterns.**
>
> **Peter Douglas**



I would say a large part of that also involves semantics. How do you define a hedge fund? Does a hedge fund have to be perfectly hedged? We're looking for skilled and experienced managers that are excellent at extracting the alpha specific to their markets. That may, or may not, be a replica of a strategy that works in developed markets.

So you need to be aware that when you are looking at Asian "hedge funds" or Latin or Middle East etc., you may not be looking at a hedge fund that does exactly what a sophisticated, experienced hedge fund in New York does. And trying to find a manager that does this may in fact lead you to areas of risk you didn't expect. We've probably lost clients more money over the years in "beta neutral", low volatility strategies in Asia than anything else.

For example, what we often see in US long-short managers, running some 300-400% gross, net 10%, is fine in a liquid, reliable market. But if you are looking for the kind of accurate, liquid, universal hedging, you are not going to find that in Asia. However, you are going find all sorts of other interesting strategies and approaches that will offer you as good, and, empirically, probably better risk/return patterns. We search for mangers that are professionals with the experience and the skill set to extract alpha where there is alpha to be extracted, and that is going to be very different from market to market.

If we demand all hedge funds to be the same regardless of the underlying market, we may shoot ourselves in the foot. What we are looking for are skill-based mangers that can produce a risk return pattern that is different from simple market return, and within that, let a thousand flowers bloom!

Christophe Lee

As a firm we don't have a preferred strategy – we focus on finding managers with a clear strategy, good track record and a defineable and sustainable edge. For example, even though pan-Asian long/short managers are out of fashion lately, to us a good stock picker is a good stock picker, and we are always on the lookout for one regardless of market directions. We still like China. Yes it is predominantly long-only but over the next five to ten year horizon China will sustain very high growth rates. There are market dislocations globally and in Asia – so a multi-strategy set up gives you the flexibility to capture these type of opportunties.

We also like the private space. A lot of the opportunities in many growing economies in Asia are within the private space. The distressed and more broadly the special situation space is also facing once in a decade type opportunities.

As an incubator we see the current down-market as a great time to recruit good people, and to spend time building a track record, and not to mention a much better time to be buying into the market. The best time to hire is in the bear market.

I definitely noticed one development which works in our favor: people now have much more realistic expectations when starting a hedge fund. In a bull market people refer to friends who started a hedge fund in 2002 with $5 million and are now $300 million or $500 million and they expect that to happen again. But now, we have about one thousand Asian hedge funds, the market is in a more mature phase and it's harder to stand out. People who walk in our door generally understand that to succeed you have to have some sort of investment edge, more long term commitment, and a more substantial infrastructure.

John Knox

The bar has risen considerably since 2001, it is now much harder to set up a hedge fund in Asia. The industry has become much more institutional and that filters all the way through, all the way down from the end investors to the fund-of-funds and into the into single strategy hedge funds. The quality of the operational platform required is much higher. The approach to risk management is completely different from five years ago. Most funds that have survived and have prospered in the last few years have learned that the risk management systems need to be much more sophisticated than was the case previously.

Matthias Knab **Jacob, you have been investing in hedge funds since 2001; so the question here is what is your take on the local industry? How do you relate to it? How have you invested so far in hedge funds? Are you changing your approach and specifically what is your take on the local hedge fund industry?**

Jacob Tsang When we started our hedge fund program in 2001, through our due diligence process, we quickly realized the need for a rather sophisticated risk management infrastructure in order to control risk properly.

In the inception program, we invested through two fund-of-funds managers who are both based in the U.S. At that time, we also looked into the Hong Kong market, where there were already quite a few funds, but as we had already mentioned, a lot of these so-called hedge funds were basically coming from a long-only background and with equity long/short as the dominant strategy.

From our perspective, the objective of using hedge funds is very clear. We wanted to use hedge funds to lower the volatility of our portfolio and for diversification purposes. Given such limitation, it didn't make too much sense for us to consider Asian hedge fund managers.

When we started our hedge fund program in 2001, through our due diligence process, we quickly realized the need for a rather sophisticated risk management infrastructure in order to control risk properly.

In the inception program, we invested through two fund-of-funds managers who are both based in the U.S. At that time, we also looked into the Hong Kong market, where there were already quite a few funds.

From our perspective, the objective of using hedge funds is very clear. We wanted to use hedge funds to lower the volatility of our portfolio and for diversification purposes.

On the positive note, we have observed that our fund-of-funds are now setting up offices here because they say there are more managers worth their while to look at, but this happened only recently.

Jacob Tsang

We didn't actually see those fund-of-funds move their money to this part of the world very quickly. We asked them why they would not include more Asian managers and according to them, there are a couple of reasons why they haven't. According to them, the majority of the shops here are relatively small, risk control and key man risk could be a problem, and more importantly, the dominance of equity long/short, means you would be basically investing in one type of strategy only. And true, in 2001 the AUM of most managers here was relatively small and it was not uncommon for managers to move into areas outside their forte in order to keep the business going. We find this kind of situation worrying.

On the positive note, we have observed that our fund-of-funds are now setting up offices here because they say there are more managers worth their while to look at, but this happened only recently.

We are still using fund-of-funds. Will we move to Asian focused managers? Will we go to single strategy? I don't think we are ready yet for two reasons. One, we need to observe a little bit more the development in market and see that this is sustainable. Second, we would need to build up our own in-house resources to monitor risks, construct portfolio and source good managers. For an institutional investor, if the hedge fund allocation only represents a small part of your overall portfolio, to be able to commit such rescources can be a big challenge.

Looking at the Asian hedge fund universe, again from an institutional investor's view, there are a number of concerns. We mentioned the predominance of equity long/short which we don't like. You can also get good equity exposure through traditional products. Also, we don't like if a hedge fund is buying into very illiquid small cap companies.

The first quarter of 2008 will be a good testing ground to see whether those managers are good enough to weather the storm and transverse the difficult market conditions. We have already seen quite a few funds chalking up big negative numbers in the quarter. .

Matthias Knab **Jacob you are certainly the pioneer here in Hong Kong as an institutional investor to move into hedge funds. Do you see some of the other institutions, some of your peers looking at the space?**

Jacob Tsang Let's put it this way, we operate slightly different from my peers in the buy-side market. Apart from the Hong Kong Jockey Club, the Government and one or two others, the rest of them are really pension funds. They are usually slower in moving into new asset classes and they have more hurdles to overcome. Try to convince a trustee board with no product knowledge and expose them to reputation risk have been cited as the main impediment. They would also need to match their scheme's liabilities profile too.

So, from the institutional perspective there is only a handful right now, and I don't see this number going up significantly soon. Private wealth or family offices can be a better source of funding for the hedge fund community. Though they may be smaller individually, collectively they are still pretty respectable. The institutional process is much slower. I am talking from my own experience - it took us two years to get our hedge fund program approved. You have to have a lot of conviction and determination from the management to get such a strategy change through the Board of Trustees.

John Knox Today, alternatives are not quite so alarming to many institutional trustees and institutional investors, compared to the days when you made your first allocation. In 2001, you were the pioneer...

Jacob Tsang It is getting better, but not substantially better. One has to realize that hedge funds attract negative press and given most of those who serve on trustee board do it on voluntary basis, they may not necessary want to jeopardize their reputation.

Peter Douglas So did you find that your hedge funds came down in line with the broad market falls?

Jacob Tsang In line, not the same magnitude, but the direction.

Peter Douglas If they fell less than the markets, you probably got value for your fees, then!

John Knox In general, hedge funds did better than the markets in 2007 and have not done as badly as the market in 2008, but the correlation has definitely been high.

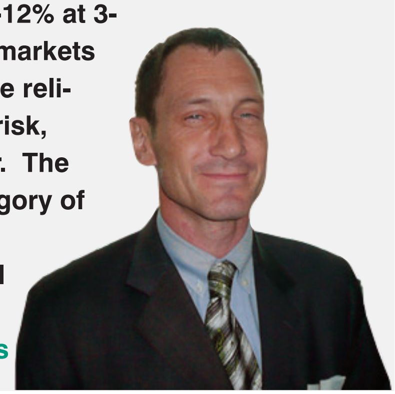
If you look at the hedge funds that are attracting money in the bull markets it's not the market neutral fund which aims to make 1% a month regardless of market conditions. The money has flowed more into the China or India funds making big gains of up to 10% in a month. That was where the big capital flows were going. But this year is different and I think you need to give some of the long/short funds a few months to retool and to adjust to the new market conditions before losing patience with the strategy as a whole.

Peter Douglas Let's look at this in detail, what is it we really want from an Asian hedge fund? I'm over-simplifying, but a large swathe of the Asian hedge fund universe, as well as their investors, want

What is it we really want from an Asian hedge fund? I'm over-simplifying, but a large swathe of the Asian hedge fund universe, as well as their investors, want to make two thirds of the market upside and one third of the market downside. And in aggregate, I would say that the better Asian long/short equity funds deliver that fairly effectively and consistently.

If you want perfect non-correlation, you will find funds that will give you that 10-12% at 3-4% volatility in Asia. Personally I think that is a dangerous strategy in Asia; the markets are treacherous and not, through an entire market cycle, liquid enough to enable reliable and accurate hedging of this order. My personal prejudice is that the gap risk, and counterparty risk, is higher than the modest return stream is paying you for. The proportion of funds that I'd trust to do this is very small. Moreover for this category of managers, much more than for the long-short managers, you must seek a long track record that spans at least 5 years of market phases. That makes it a small universe.

Peter Douglas



to make two thirds of the market upside and one third of the market downside. And in aggregate, I would say that the better Asian long/short equity funds deliver that fairly effectively and consistently.

If you want perfect non-correlation, you will find funds that will give you that 10-12% at 3-4% volatility in Asia. Personally I think that is a dangerous strategy in Asia; the markets are treacherous and not, through an entire market cycle, liquid enough to enable reliable and accurate hedging of this order. My personal prejudice is that the gap risk, and counterparty risk, is higher than the modest return stream is paying you for. The proportion of funds that I'd trust to do this is very small. Moreover for this category of managers, much more than for the long-short managers, you must seek a long track record that spans at least 5 years of market phases. That makes it a small universe.

Better to look for effective non-correlation through good diversification. Blowing our own trumpet, GFIA runs the Wittenham Asia Core fund of Asian hedge funds, which since inception has less than 50% correlation with the Asian hedge funds, global hedge funds, and equity markets. So if low correlation with Asian equity is important for you, it's better to build that through a portfolio of diversified managers. Hedge funds are a massive universe, and within that you can pick broadly the risk return parameters that you want. That is the strength of this industry globally, and Asia's no exception.

When the equity began to recover in 2003 and went into a bull phase, we have observed that the correlation of hedge funds with the equity market began to increase. A lot of hedge funds were under pressure to meet the expectation of investors and in doing so, they intentionally or unintentionally increased their exposure to beta. I remember hearing one manager using the term 'smart beta' and we could sense trouble coming its way.

Jacob Tsang

Jacob Tsang When the equity began to recover in 2003 and went into a bull phase, we have observed that the correlation of hedge funds with the equity market began to increase. A lot of hedge funds were under pressure to meet the expectation of investors and in doing so, they intentionally or unintentionally increased their exposure to beta. I remember hearing one manager using the term 'smart beta' and we could sense trouble coming its way. For the same reason, our hedge funds have a LIBOR plus target as opposed to an absolute return target.

I want to point out another development that we have not mentioned yet; there is a huge influx of hedge fund investors from Europe and North America, including a large number of fund of funds, coming into Asia, mainly to Hong Kong, and Singapore. Initially they set up small units with research and/or marketing, but increasingly functions like portfolio management are being transferred or developed here.

The whole hedge fund community in these centres benefits from this trend, as the dedicated Asia Pacific investor base expands and deepens, along with the associated infrastructure.

You don't have to go too far back to a time when Asia was regarded by many as the Wild East, with some of the biggest names in the industry, for example, some very large American fund of funds, having only very limited involvement , interest, and knowledge about the region.

Over the past few years, this has changed dramatically, with the amount of money committed and the level of understanding both going up the curve rapidly. This is a good development for the whole market place.

Andrew Ballingal

There comes pressure from the market, or some people start to pressure themselves, when you see your peer group AUM starting from three, four, five, six million and you are lagging behind and feel you are stagnant, and people start asking questions. You need to attract new money, what do you do? You need to build up your returns. How do you create a quick fix? The quick fix is to go for smart beta.

Andrew Ballingal

I want to point out another development that we have not mentioned yet; there is a huge influx of hedge fund investors from Europe and North America, including a large number of fund of funds, coming into Asia, mainly to Hong Kong, and Singapore. Initially they set up small units with research and/or marketing, but increasingly functions like portfolio management are being transferred or developed here.

The whole hedge fund community in these centres benefits from this trend, as the dedicated Asia Pacific investor base expands and deepens, along with the associated infrastructure.

You don't have to go too far back to a time when Asia was regarded by many as the Wild East, with some of the biggest names in the industry, for example, some very large American fund of funds, having only very limited involvement , interest, and knowledge about the region.

Over the past few years, this has changed dramatically, with the amount of money committed and the level of understanding both going up the curve rapidly. This is a good development for the whole market place.

When you go and talk to asset allocators in Europe and North America, where so much of our money comes from and flows here in Asia, they tell you they would really understand that this century is China's century or India's century or Asia's century.

You then ask them for their global asset allocation models and by and large it is still less than 10%. These investors are talking a good game but haven't really followed it through with their hearts. This also means that in theory there is still a very large amount of money that could be allocated to Asia if people actually followed the logic of their asset allocation models.

Paul Smith

Paul Smith

On another note, when you go and talk to asset allocators in Europe and North America, where so much of our money comes from and flows here in Asia, they tell you they would really understand that this century is China's century or India's century or Asia's century.

You then ask them for their global asset allocation models and by and large it is still less than 10%. These investors are talking a good game but haven't really followed it through with their hearts. This also means that in theory there is still a very large amount of money that could be allocated to Asia if people actually followed the logic of their asset allocation models.

Matthias Knab

Why are they not following it through?

Paul Smith

Because it is easier to invest in things that you know and understand and are close to home, it is as simple as that. They will sit down and they will take you through an immense macroeconomic presentation, where they will prove that Asia's growth is greater than Europe's or North America's and they will say that that's sustainable and their models have resulted in allocation to Asia Ex-Japan of 3%. And you sit there and you look at them, thinking - "excuse me??"

Peter Douglas

But still, the overwhelming majority of Asian hedge funds' capital comes from outside Asia, from US and European investors.

Jacob Tsang

A lot of the money coming from the US and Europe is from people like us. We invested in the hedge fund-of-funds and they re-cycle some of the money by investing back into this region.

Andrew Ballingal

That sounds like a long (and expensive) round-trip!

If you look at what we call the "smart" end of the money train - the family money, the less intermediated money, the less institutionalized funds, the "real" money - there are quite a number of family offices, including some very large ones, and some of the more independent fund-of-funds, who have already got 20% - 30% of their global hedge fund assets allocated to the Asia Pacific region!

If you look at what we call the "smart" end of the money train - the family money, the less intermediated money, the less institutionalized funds, the "real" money - there are quite a number of family offices, including some very large ones, and some of the more independent fund-of-funds, who have already got 20% - 30% of their global hedge fund assets allocated to the Asia Pacific region!

I think that is a good predictive indicator.

Andrew Ballingal

I think that is a good predictive indicator. It reminds me of when institutions in the US and the UK started internationalizing their portfolios twenty years ago. After five years or so, while the "average" had moved to 5 or 7% in international assets - i.e. too little to do much in terms of diversification - many larger funds had done little or nothing, but the nimbler smarter funds had gone to 15 or even 20%. Ten years later, the whole herd had moved up towards this range.

But there are constraints, the most important of which - even with the rapid growth in Asia Pacific hedge fund industry over the past years - is liquidity.

John Knox It's very hard for the larger institutional global investor to do that, as you say, for liquidity reasons. Asia is not just one or two markets; there is not a "single market of Asia", you deal with Hong Kong, Singapore, India, China, and so on.

Peter Douglas Asia is not the United States of Asia - there are 14 or 15 different sets of capital markets, each with its own unique mix of equities, derivatives, and fixed income markets – let alone different investor and flow characteristics, different settlement quirks, different regulatory pressures... So it's a massively complex and diverse opportunity set. That's a great opportunity, although it does of course mean that aggregate liquidity numbers can be very misleading.

John Knox The funds are quite small and fragmented as well.

Christophe Lee But the investors adapt to that. We mentioned that more fund-of-funds are setting up an office in Asia and we see that in our own business and through AIMA membership growth. What has changed is that their expectation now is a lot more realistic and they understand the characteristics of the Asian hedge fund industry better. I remember meeting a fund-of-funds three or four years ago and they reiterated their standard rule "We want to write $50 million checks, but can't be more than 10% of the fund." I said well, "then you'll only need a day in Hong Kong..." Last year, I came across them again and I asked "how is it going?" They said, "Well, we have invested in a few managers, putting $3million here, $5 million there." Having said that it is encouraging to see a few dozen Asian home grown managers grow to the one billion plus size and start to give our industry a lot more credibility amongst the sophisticated global investors.

As Jacob mentioned earlier, a lot of the wealth in Hong Kong and mostly in Asia is aggregated at the individual level and not necessarily at the institutional level. We do deal with private banks in the region, and there has been a tremendous growth in Hong Kong, Singapore, around the region. We definitely see more interest in Asian products. You can capture this interest if you are set up correctly to deal with private banks. Five years ago they wanted global products, but now everyone gets the Asian story. China, India, Vietnam, etc. - the private client says, "I want Asia."

Michael Nock I think what the first quarter of this year has done, is it's really brought things back to reality. It should be an ideal environment for a long short strategy... I think now there are a lot more opportunities for stock pickers as against just simply playing momentum.

Paul Smith This is a comment on non-correlation; there's a confusion between assuming that a strategy that isn't equity related is necessarily non-correlated, and a strategy that is equity related is necessarily correlated. We have hedge fund managers here at this table who are up in 2008, and there are many more in Asia. The misconception is that all long/short equity managers in Asia are beta-correlated, which is absolutely not true.

Andrew Ballingal Jacob, does your background in the risk industry help you select a good hedge fund proposition?

Jacob Tsang I need to correct that misnomer. First of all, horse-racing we don't take principal risk; it is a pari-mutuel business. So basically we don't take principal risk. But, when we first started hedge funds, we knew very little about it and typically - invariably for institutional investors to approach a new market, a new asset class - we needed to engage consultants who guided us through the process starting with optimal allocation, manager search and implementation.

We visited ten fund-of-funds and passed through London, New York, Chicago, and the West Coast. We spent about a day with each fund, looking through their business plan, meeting the founders, the key in investment professionals, etc. down to the back office and risk control. We found that kind of exercise extremely useful for our own experience and learning. We came to the conclusion that we don't think we can do this in-house, and eventually formulated a recommendation to the Board.

Do we like to pay that extra layer of fees? Of course not. Can we do it as effective as these firms?

Most probably not, not at this time.

Matthias Knab **And are you happy you invested this way? Will you be increasing your allocation?**

Jacob Tsang Yes we are satisfied with the performance of our hedge fund programme. We think they have achieved their stated objectives. Since inception of the programme, our managers have delivered attractive alpha with relatively low volatility. The Sharpe of our funds is close to 2 up to the end of 2007. A lot better than than other asset classes like equity or bonds. We have injected further funding in order to maintain the strategic allocation level. We have further refined the way how we deploy hedge funds as a strategy by converting a portion of our bond portfolio into an alpha transport strategy. We replicated the bond beta through a swap and invested the money in hedge funds which served as the alpha engine for the portfolio. We believe this would be a more effective way to implement an active investment program than the traditional way.

We are satisfied with the performance of our hedge fund programme. We think they have achieved their stated objectives. Since inception of the programme, our managers have delivered attractive alpha with relatively low volatility. The Sharpe of our funds is close to 2 up to the end of 2007. A lot better than than other asset classes like equity or bonds. We have injected further funding in order to maintain the strategic allocation level. We have further refined the way how we deploy hedge funds as a strategy by converting a portion of our bond portfolio into an alpha transport strategy. We replicated the bond beta through a swap and invested the money in hedge funds which served as the alpha engine for the portfolio.

Jacob Tsang

Addendum:

Opalesque Exclusive - published in Opalesque Alternative Market Briefing Dec. 05, 2007

The Hong Kong Jockey Club has initiated an alpha-transport strategy that will likely see the endowment transition out of traditional fixed-income mandates. “Returns from our fixed-income managers has been disappointing,” says Jacob Tsang, treasurer. “Fund managers can’t even beat the Lehman Aggregate Index.” Failing to do so against a backdrop of tough conditions for bonds – with tight spreads and flat yield curves, despite a recent widening in the credit crunch – has left the Jockey Club with annualised returns of 4-5%.

Given the nature of these core mandates, the Jockey Club is not keen to boost returns by overweighting niche asset classes like high yield, or to employ leverage. These would defeat the purpose of its strategic asset allocation.

Instead, the Club has decided to replicate the index via a swap, which costs a small spread over Libor, and use the rest of its portfolio money to invest in a diversified fund of hedge funds, which should return 400-500 basis points over Libor. Taking out the swap costs, this leaves the Jockey Club with a total return of 400-500 basis points over the Lehman Aggregate, net of fees. “The writing’s on the wall for traditional bond fund managers,” Tsang says.

The Jockey Club has begun this strategy with a $200 million mandate to BlackRock Alternative Advisors, which is actually the old Quellos Group, a Seattle-based fund-of-funds specialist acquired by BlackRock in October 2007 and re-branded.

Opalesque

Opalesque leads the finance media space for its in-depth and innovative products. Since February 2003, Opalesque is publishing Alternative Market Briefing, the premium news service on hedge funds and alternatives. The launch of these Briefings was a revolution in the hedge fund media space ("Opalesque changed the world by bringing transparency where there was opacity and by delivering an accurate professional reporting service." - Nigel Blanchard, Culross) combining proprietary news with the "clipping service" approach of integrating third party news. Each week, Opalesque publications are read by more than 360,000 industry professionals in over 100 countries.

Opalesque is the only daily hedge fund publisher which is actually read by the elite managers themselves (www.opalesque.com/op_testimonials.html).

About Opalesque Publications

Alternative Market Briefing

A daily newsletter on the global hedge fund industry, highly praised for its completeness and timely delivery of the most important daily news for professionals dealing with hedge funds. Alternative Market Briefing offers both a quick overview and in-depth coverage. Subscribers can also access the industry's largest news archive (26,000 articles as of March 2008) on hedge funds and related topics.

A SQUARE

Opalesque A SQUARE = Alternative Alternatives is the first web publication, globally, that is dedicated exclusively to alternative investments. A SQUARE's weekly selection feature unique investment opportunities that bear virtually no correlation to the main stream hedge fund strategies and/or distinguish themselves by virtue of their "alternative" motive - social, behavioural, natural resources, sustainable /environment related investing.

With its "research that reveals" approach, fast facts and investment oriented analysis, A SQUARE offers diversification and complementary ideas for: private, high net-worth and institutional investors, pension funds and endowments, portfolio and hedge funds managers.

Technical Research Briefing

Delivers three times a week a global perspective/overview on all major markets, including Equity Indices, Fixed Income, Currencies, and Commodities. Opalesque Technical Research is unique compared to most available research which is fundamental in nature, and not technically (chart) oriented.

Opalesque Roundtable Series

In an Opalesque Roundtable, we unite some of the leading hedge fund managers (single and multi strategy managers) as well as representatives of the local investor base (institutions, fund of funds, advisers) to gain unique insights into the specific idiosyncrasies and developments, the issues and advantages of individual global hedge fund centers.

No matter if you are a hedge fund investor looking for new talent, a hedge fund interested in diversifying your investor base or a service provider looking for new clients, you will get to know some of the leading heads of each hedge fund center and find invaluable information and intelligence right on your desk, without any travel involved.