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THE GRAPEVINE

William Goodell will leave his post as **Maverick Capital's** chief operating officer next month. The precise timing of his exit is unclear, as is his destination. Goodell has been at the New York technology-stock shop since 2008. He earlier worked for **Julian Robertson** as general counsel at **Tiger Management**, the former employer of Maverick founder **Lee Ainslie**. Goodell is the oldest brother of **National Football League** commissioner **Roger Goodell**.

Portfolio manager **Dan Gluck** is leaving **Weiss Multi-Strategy Advisers** after 14 years on board. Gluck, a partner and member of the New York fund operator's executive committee, was responsible for investments in the securities of real estate companies worldwide. For now, Gluck plans to spend more time working at a health-food company called **Health Warrior** that he co-founded in 2011.

However, he eventually plans to return to

See GRAPEVINE on Back Page

New Reality for Hedge Fund Compliance Pros

Recent **SEC** enforcement action has altered the relationship between hedge fund managers and their chief compliance officers.

Since the regulator last year adopted a policy of holding compliance officers at some financial firms personally liable for infractions, hedge fund executives filling those roles have begun pressing their employers for additional compensation, more authority to police staff, or both. The new dynamic is especially evident in the hiring process, with prospective compliance officers citing the personal-liability issue in an effort to strengthen their negotiating position.

In some cases, compliance professionals are insisting on a six-month trial period during which they assume a subordinate position that wouldn't be subject to SEC enforcement in the event of a breach. This gives them an opportunity to get to know a firm's investment team and assess its compliance program while reporting to a senior executive who, in the interim, accepts ultimate responsibility for the firm's

See COMPLIANCE on Page 9

Goldman Exceeds \$1 Billion Petershill Goal

Goldman Sachs' new vehicle for buying stakes in hedge fund operators all but completed its capital-raising effort last week with just over \$1 billion of commitments.

The interim closing puts the fund, called Petershill 2, above its original \$1 billion equity goal. The bank is keeping the fund open for additional pledges during the next month or two as it works to finalize commitments from a few institutions. Goldman found interest from backers including clients of its wealth-management business and investors in a feeder fund marketed by **Morgan Stanley**. The vehicle also received pledges from limited partners in a predecessor fund.

Goldman's fund-raising success may come as a surprise to some, given the effort's slow start and the well-publicized difficulties of the first Petershill vehicle. That fund, launched in 2007, invested throughout the financial crisis, and saw three of its funds shuttered: **Level Global**, **Longacre Fund Management** and

See PETERSHILL on Page 8

Fund Operators Seek New Financing Model

There's increasing chatter among industry professionals about the need for new sources of hedge fund financing amid an ongoing pullback by the big banks.

One idea gaining currency would entail large institutional investors — possibly sovereign wealth funds — stepping in to fill the void in cases where traditional prime brokers no longer can meet all of their clients' financing needs. Such a void already exists for increasing numbers of fund operators as a result of new banking regulations that effectively limit the amount of their balance sheets the major prime brokers can allocate to hedge funds.

Exactly what form an alternative financing system should take is the subject of brainstorming among a small but growing segment of industry professionals, including managers, consultants and lawyers. In any case, the thinking is that an individual with prime-brokerage experience likely would have to play the role of

See OPERATORS on Page 6

Weinstein Cuts Pay for Saba Partners

Saba Capital's partners have taken a pay cut.

Although its Saba Capital Master Fund is up about 3% year to date, the firm's assets have shrunk dramatically to about \$1.6 billion — from a peak of more than \$5 billion — following three consecutive years of losses and investor withdrawals. That means no performance fees and diminishing management-fee revenue for a firm that started the year with a professional staff of more than 50.

"That's a lot," a rival fund manager said of Saba's headcount.

To make ends meet, Saba founder **Boaz Weinstein** recently cut compensation for the firm's seven partners, himself included. The others are portfolio managers **Paul Andiorio**, **Jeremy Benkiewicz**, **Prakash Narayanan**, **George Pan** and **Pierre Weinstein**, as well as chief operating officer **Kenneth Weiller**.

At the same time, Weinstein raised pay for other staffers in an apparent effort to keep the team together.

The offshore version of Saba's main fund, which opportunistically pursues long/short credit investments, lost 10.8% last year, on top of a 6.8% loss in 2013 and 3.9% drop in 2012. The tailspin left the fund 23.5% below its high-water mark at the end of January — a major comedown for a team that once made billions of dollars as proprietary traders at **Deutsche Bank** and who famously took the other side of **J.P. Morgan's** ill-fated "London whale" trades in 2011-2012.

But the source said Weinstein is committed to regaining the confidence of investors — in part by retaining investment talent. "He is turning it around," the source said, noting the recent pick-up in performance.

At the start of this month, Saba's master fund and related accounts had \$1.2 billion under management. Saba runs another \$400 million in a so-called tail-risk program.

While redemptions have been heavy, the firm has taken in some \$250 million of fresh capital so far this year — both for the main strategy and the tail-risk vehicle. And one investor who redeemed from the master fund moved a portion of the capital into a so-called fund of one. The investor agreed to a relatively long lockup in exchange for reduced fees. ❖

North Elm Weathers April Setback

David Rockwell, founder of **North Elm Capital**, wrote to reassure investors after its fund was hit with a 7.6% loss in its third month of trading.

"We are not pleased with the result," he said, adding, "we remain very optimistic about the future."

Two weeks later, he sent an update: the North Elm Investments fund was already back in positive territory.

In both letters, Rockwell emphasized that the New York firm takes a long-term approach to investing. His first letter pointed out that the "concentrated book of underappreciated, non-traditional holdings will always be subject to idiosyncratic month-to-month fluctuations."

At that point the event-driven fund, which began trading in February, was down 2.8% for the year. The update on May 18

said the vehicle was up 5.3% for the first half of May, giving it a 2.3% year-to-date gain.

North Elm, backed by seed money from **Stride Capital** of Stamford, Conn., began trading in February. As of April 16 it reported regulatory capital of \$42.5 million. North Elm, which set out with the goal of raising \$100 million to \$150 million within six months, is currently marketing a founders share class that offers discounted fees and quarterly liquidity. Rockwell wrote that May inflows increased assets under management by more than 20%.

The fund has roughly 20 long positions and 20 shorts. The first letter blamed April's loss partly on a 25% rally in oil prices, which resulted in rapid price appreciation of several positions in North Elm's short portfolio. On the long side, meanwhile, three of the firm's top 10 positions suffered losses. The biggest loser was a stock that North Elm bought into after it dropped nearly 20% in one day, with the view that it would bounce back. But it fell another 11% that month. "We remain highly convicted that the market had this wrong," Rockwell wrote.

The May 18 letter said first-quarter earnings reports and other positive events — including the announced acquisition of an energy-related company — had boosted the fund's long book.

During fund-raising for North Elm, Rockwell told investors he never had a down year as co-portfolio manager of **North Oak Capital**, which was backed by **Tiger Management**. He designed North Elm's fund as an enhanced version of North Oak's, with a clearer organizational structure and more focused long/short approach. ❖

Short Seller Seeks Fresh Capital

Kingsford Capital is hitting the marketing trail for the first time since its 2001 launch.

The short-biased equity shop hopes to double its assets under management from a current \$250 million. It is aiming its pitches at funds of funds, endowments and pension systems.

To that end, Kingsford has hired **Joe Peta** as its head marketer. He arrived this month from New York data-management and analytics firm **Novus Partners**.

Kingsford primarily takes short positions in equities and equity-related products in the U.S. that it views as overvalued. Profits and contributions from existing backers had driven up the Point Richmond, Calif., firm's assets to \$1 billion in 2009, but it voluntarily gave back the bulk of that capital as the financial crisis sent stock prices plummeting to the point where appealing short sales became scarce.

Now, six years into a bull market that has seen the S&P 500 Index reach record territory, Kingsford believes the time is right to start betting on a downturn.

Kingsford is led by **Louis Corrigan** and **Michael Wilkins**. As for Peta, he joined Novus in 2013 after writing a book titled "Trading Bases" that examines the analytical overlaps in evaluating asset managers and baseball players. That was preceded by 15 years as an equity trader at **Nomura**, **UBS** and a hedge fund at **Lehman Brothers**. ❖

EcoAlpha Shuts Down After Brief Run

An environmentally focused fund shop led by a former **AIG** executive has shut down less than a year after launching.

In unveiling **EcoAlpha Asset Management** in June 2014, chairman **Win Neuger** — best known as head of AIG Investments prior to the financial crisis — and chief executive **Matthew Fitzmaurice** said they expected to raise an initial \$100 million for the launch of a long/short fund and a long-only version. Both vehicles would invest in companies that develop technologies to address shortages of natural resources including energy and water.

But in a May 7 note to investors, Neuger, Fitzmaurice and three other partners — **Jon Clark**, **Steve Colglazier** and **Elias Moosa** — said they had wound down the funds following the “sudden, unexpected resignation” of portfolio manager **Bill Brennan**.

“Building innovative businesses like ours takes time and, like all investment managers, we are vulnerable to sudden and unpredictable movement in key investment personnel,” the letter said. Prior to Brennan’s resignation, EcoAlpha’s strategy had received “extraordinary” interest from institutional investors, the partners added.

That said, the EcoAlpha Long Short Fund was managing a mere \$1 million of gross assets at the end of the first quarter, according to the firm’s final regulatory filing. The EcoAlpha Long Fund had just \$2.4 million. The Minneapolis firm also had offices in New York and San Francisco.

Neuger’s role at AIG was chronicled in a 2011 book, “Fatal Risk: A Cautionary Tale of AIG’s Corporate Suicide,” by **Roddy Boyd**. After AIG spun off its investment-management unit as **PineBridge Investments** in 2009, Neuger spent three years as president of the firm.

Fitzmaurice is best known for his role as chief investment officer at **Amerindo Investment**, a technology-focused fund shop that blew up following the dot-com bubble. Amerindo’s founders, **Gary Tanaka** and **Alberto Vilar**, were later convicted of fraud and sentenced to prison for stealing client funds. Fitzmaurice wasn’t implicated in the scheme. ❖

Goldman Hikes Brokerage Fees

Goldman Sachs’ prime-brokerage unit has increased the fees it charges smaller hedge fund managers.

The bank’s execution and clearing services arm told introducing brokers in the past month that it would bill an amount equal to 50 bp above the federal funds rate to hold their clients’ cash positions. There previously was no charge.

Word also is circulating that Goldman is bumping up fees for leverage on long positions, as well as stock-lending services for short sellers. While sources characterized the increases as incremental, the bank now appears to be charging more than prevailing market rates.

Because there is an ample supply of stocks to borrow for short sales, the fees for those transactions tend to be standardized from lender to lender.

It appears that Goldman is aiming to capitalize on pricing power it gained in March, when **J.P. Morgan** notified introducing brokers that it would stop performing prime-brokerage services for them and the extensive networks of smaller hedge funds that make up their client bases. Indeed, industry participants predicted that the laws of supply and demand would lead other prime brokers to increase their fees.

“Goldman usually leads the way,” one introducing broker said. “I don’t think it will be long before [other banks] have to do it as well.”

The situation is emblematic of an environment in which financial reforms including the **Bank for International Settlements’** “Basel 3” accord have compelled banks to boost capital reserves and shed various exposures, including those involving smaller and less-profitable hedge-fund clients. ❖

Financial Advisor Adds Alternatives

Wealth manager **Quantum Financial** has started placing client capital in alternative-investment vehicles.

The firm, which was running \$75 million as of March 27, eventually plans for such investments to make up 10% of its deployments. The positions would encompass funds of funds and single-manager private equity funds and hedge funds, including those with specific themes such as bank-loan investing.

Quantum has made one investment so far, allocating a small amount to a **SkyBridge Capital** fund of funds called SkyBridge Multi Adviser Hedge Fund Portfolios Series G. That vehicle, which was running \$7.2 billion on March 31, takes an unusually thematic approach in which it spreads its money among just a few hedge fund strategies. The fund has generated an annualized return of 7.7% since its 2003 inception.

Other than the SkyBridge commitment, Quantum manages all of its money in-house — three-quarters via fully discretionary separate accounts and the rest through accounts with partial discretion. About 70% of the Rockville, Md., firm’s total assets are in traditional stock or bond investments. The rest is in master-limited partnerships, REITs, exchange-traded funds and options.

Quantum is led by **Joseph Rinaldi**, who founded the firm in 1996. **Howard Lodge** is overseeing its expansion into alternative investments.

Rinaldi and Lodge also have been working to increase Quantum’s assets, in part by reaching out to investors in China. To that end, they plan to teach college courses in the country — with an eye toward using their students’ connections to find backers. The courses would use a book titled “A Beginning Guide to Alternative Assets” that the two wrote last year.

Rinaldi formerly worked for the U.S. government’s **Resolution Trust Corp.**, and currently is an adjunct professor at the **University of Maryland**. Lodge joined Quantum at yearend 2014. He formerly ran a \$3 billion book of commercial-mortgage bonds and separate pools of hedge fund and derivatives investments as a senior portfolio manager at insurer **Western & Southern Financial**. He also has worked at **ING** and **Lincoln Financial**. ❖

Brevet Launches Marketing Effort

Direct-lending shop **Brevet Capital** is in expansion mode.

Since it began managing a hedge fund in 2009, the New York firm has grown mostly by word of mouth. It is now embarking on its first bona fide marketing campaign with the aim of doubling the size of its Brevet Direct Lending-Short Duration Fund, which currently stands at about \$150 million. Leading the effort is managing director **Chris Hurd**, who arrived in March from **Jefferies**.

Brevet also has been beefing up its investment staff, most recently hiring **Stephen O'Keefe** on May 11 to oversee management of the firm's loan portfolio. The plan is to add 3-4 more staffers, filling roles both on the investment team and on the operations side.

Aside from soliciting fresh capital for its existing fund, Brevet is laying the groundwork for a second vehicle that would invest in longer-term loans. The planned fund likely would lock up investor capital for five years.

The short-duration fund originates senior-secured loans to mid-size companies, with an average loan term of just 12 months. Limited partners can withdraw as frequently as once every quarter.

Among recent investments, Brevet last month originated a \$50 million line of credit to small-business lender **Dealstruck**. The fund has generated a 9.25% annualized return, including a gain of 11.75% in 2014.

Its profitability has risen since Brevet last year obtained its own line of credit, giving it more flexibility to deploy capital without having to wait for previous loan investments to be liquidated. Limited partners have the option of receiving periodic yield payments or reinvesting the profits.

The firm also manages about \$150 million in a separate account that provides excess capacity for loans that would exceed the fund's allocation limits.

Douglas Monticciolo, a former **Deutsche Bank** and **Lehman Brothers** executive, founded Brevet in 1998 as a financing advisor to private equity firms and family offices. The loan fund was created at the request of one of the firm's advisory clients.

Also on board at Brevet are president **Mark Callahan**, who

previously worked at **Deutsche** and **Lehman**; loan-underwriting chief **Peter Sherman**; **Paul Iacovacci**, who oversees investment sourcing; and **David Cibrian**, who works with Iacovacci.

O'Keefe earlier worked at Brevet from 2008 to 2012, then left for a job at **Citigroup** before returning this month. His resume includes earlier stints at **Bank of America** and **Bear Stearns**.

Hurd previously was a senior vice president at **Jefferies**, and before that worked at **MF Global** and **Hill Financial**. ♦

Wilshire Unit Sees Slew of Staff Exits

Staff turnover is running high for **Wilshire Associates'** separate-account business.

Since the start of the year, chief investment officer **Cleo Chang** and four managing directors have left **Wilshire Funds Management**, which invests client capital both in hedge funds and traditional investments. A number of less-senior staffers also have departed. The unit appears to have a total headcount of about 30.

Among the latest to exit are managing director **Helen Webb** and senior sales associate **Courtney Witz**, who both left this month. Webb, who headed operations and risk management, has accepted the job of chief operating officer at debt-fund manager **Post Advisory Group**, whose office is near Wilshire's headquarters in Santa Monica, Calif. Witz jumped to **UBS**.

Managing director **Mike Possley**, who works in sales, left Wilshire a few weeks ago to join **William Blair & Co**. Chang and managing directors **Mannik Dhillon** and **James St. Aubin** departed earlier in the year.

Chang resurfaced this month at **American Century Investments**, where her title is head of alternative investments. On May 18, Wilshire announced her replacement: **Josh Emanuel**, who most recently held the chief investment officer title at **Elements Financial** but previously worked at Wilshire from 2004 to 2010.

Dhillon, who oversaw manager research for the Wilshire unit, has since taken a job as head of product development at **Victory Capital**. St. Aubin moved to **HighMark Capital**, then recruited **Razmig Der-Tavitian**, a senior associate at Wilshire, to join him.

A Wilshire spokeswoman attributed the turnover to "competition for talent." But sources pointed to other factors including weak compensation. The fact that chief executive **Dennis Tito**, who founded the firm in 1972, still owns 70% of Wilshire hasn't encouraged senior executives to stick around.

Wilshire Funds Management has had four heads since 2012, when **Lawrence Davanzo** resigned. He was replaced by **Jamie Ohi**, who lasted only a few months before being replaced by **Victor Zhang**. He left in February 2014 to become co-chief investment officer of **American Century**. His replacement, **Jason Schwarz**, is still there.

The unit advises clients on \$147 billion of assets, mostly on a nondiscretionary basis, including perhaps \$3 billion to \$4 billion in hedge funds. Wilshire's flagship unit, **Wilshire Consulting**, advises pensions and foundations on their investment portfolios. ♦

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Operators ... From Page 1

intermediary between fund managers in need of supplementary financing and institutional investors sitting on stockpiles of cash and securities.

"The little guys can't do it themselves," one industry professional said. "You have to go find these financiers yourself and it's not simple to do. Now, can someone do this and get someone to disintermediate the prime brokerages to get access to cheap capital? There's certainly a possibility there."

Said another source: "I've had conversations with people who have said someone will come in and do this, but no one has put their hand up to do it. If they staff it smart, they'll find a way to make money off it."

In the face of stiffer regulatory-capital requirements stemming from the **Bank for International Settlements'** "Basel 3" mandate, prime brokers including **Bank of America**, **Goldman Sachs** and **J.P. Morgan** have taken steps to cull their client rosters of less-profitable funds while hiking fees and restricting leverage for others. The impact is being felt most heavily by smaller fund operators whose strategies require substantial amounts of leverage (see article on Page 3).

The idea of recruiting a deep-pocketed investor to play the role of financing counterparty isn't new. For years, **Citadel** has tapped at least one large institutional investor as a supplemental source of financing with the help of a third-party custodian. The arrangement affords the Chicago fund operator financing terms that are often more favorable than those offered by traditional prime brokers — including better rates that can be locked up for longer periods of time. The investor is willing to guarantee Citadel financing rates for up to a year, a source said, versus a typical 90 days among prime brokers.

Such a financing mechanism looms as an increasingly attractive model. "If you could find the right costs of capital, this could work," a source said.

Making the Citadel model work on a large scale would be complicated, however. It would likely require experienced financing professionals to serve as middlemen between fund managers and institutional investors. If a sovereign wealth fund were to go it alone, "it would end in tears," a fund manager predicted.

And new financing models make more sense for some types of hedge funds than others. Funds that trade large volumes of highly liquid securities, for example, will continue to be well-served by traditional prime brokers.

"I could see this happening with more-illiquid assets like real estate, middle-market loans, etc., where the borrowers are used to paying much higher rates of financing for illiquid assets," another source said. "This isn't really the prime-brokerage business." ♦

Hedge Fund Performance

	April Return (%)	YTD Return (%)
BENCHMARK INDICES		
S&P 500	1.0	1.9
Russell 2000	-2.6	1.7
MSCI EAFE (Europe, Australia, Far East: net)	4.1	9.2
Barclays Aggregate Bond	-0.4	1.2
Barclay/Global HedgeSource	1.2	3.8
2,000+ funds (unweighted)		
Convertible arbitrage	1.4	2.9
Distressed securities	0.9	1.3
Emerging markets	5.2	7.6
Equity long bias	0.9	3.4
Equity long/short	0.0	2.8
Equity market neutral	-0.8	1.3
Equity short bias	-0.3	-4.3
European equities	-1.0	3.1
Event driven	1.1	3.2
Fixed income arbitrage	0.7	2.9
Fund of funds	0.5	3.3
Global macro	-1.3	2.5
Healthcare & biotechnology	-1.7	6.8
Merger arbitrage	0.6	3.7
Multi strategy	0.1	2.7
Pacific Rim equities	2.9	5.7
Technology	0.3	2.6
CogentHedge	0.3	3.3
3,100+ funds (unweighted)		
Credit Suisse Hedge Fund Index	0.0	2.5
5,000+ funds (weighted)		
Eurekahedge Hedge Fund Index	1.0	4.0
2,500+ funds (unweighted)		
Greenwich Global Hedge Fund Index	0.4	3.2
2,000+ funds (unweighted)		
HedgeFund Intelligence	0.3	2.1
7,000+ funds (unweighted)		
HFN Hedge Fund Aggregate Average	0.4	3.3
4,900+ funds (unweighted)		
HFRI Fund Weighted Composite	0.9	3.2
2,000+ funds (weighted)		
Prequin Hedge Fund Analyst	1.3	4.2
4,500+ funds (unweighted)		

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Petershill ... From Page 1

Shumway Capital.

In addition, the first Petershill vehicle deployed only about 60% of its capital. That's partly because Goldman initially pledged about 15% of the fund's assets, but found it impossible to maintain that commitment following the imposition of the Volcker Rule, which limits bank commitments to no more than 3% of a fund.

Despite the obstacles, Petershill 1 has produced fairly strong results — annual yields of about 15% on invested capital and an internal rate of return of about 12%. The fund holds minority stakes in eight managers, including **Altana Wealth**, **CapeView Capital**, **Capula Investment**, **Mount Lucas Management**, **Partner Fund Management** and **Winton Capital**. In 2010, it sold its stake in **Claren Road Asset Management** to **Carlyle Group**.

Petershill 2, which aims to buy stakes of 10-20% in hedge fund managers, has made three investments so far: **Caxton Associates**, **Knighthood Capital** and **Pelham Capital**. The fund

held an initial \$300 million equity close in March 2014.

In an unusual move, Goldman has registered the fund with the **SEC** as compliant with the JOBS Act, which allows the firm to publicly market its track record.

Goldman's fund-raising success with Petershill 2 adds another slug of dry powder available to the handful of firms running so-called succession-capital funds dedicated to buying minority stakes in established hedge fund businesses. They include **Blackstone**, which has raised \$3 billion so far for its first such fund, and **Dyal Capital's** second fund, which raised \$2.1 billion for a similar strategy last year. Dyal is a unit of **Neuberger Berman**.

While both the Blackstone and Dyal vehicles are set up as permanent-capital funds that would turn into publicly traded vehicles, Goldman appears to be hedging its bet. Petershill 2 may ultimately aim to go public, but the firm could also seek a sale of some or all of the assets.

Goldman executives **Ali Raissi** in London and **Michael Brandmeyer** in New York run Petershill 2, which aims to make 9-12 investments in firms running \$2 billion to \$15 billion. ❖

CALENDAR

Main Events

Dates	Event	Location	Sponsor	Information
June 29-July 2	Fund Forum International 2015	Monaco	ICBI	www.fundforuminternational.com
Sept. 16-18	Context Summits West 2015	Monarch Beach, Calif.	Context Summits	www.contextsummits.com
Nov. 16-17	Robin Hood Investors Conference 2015	New York	Robin Hood Found.	www.robinhood.org
Jan. 25-27, 2016	Network 2016	Miami	MFA	www.managedfunds.org
Feb. 3-5	Context Summits Miami 2016	Miami	Context Summits	www.contextsummits.com

Events in US

Dates	Event	Location	Sponsor	Information
May 27-28	Microcap Conference	New York	Marcum	www.marcumllp.com
May 29	Global Capital Markets & the U.S. Securities Laws 2015	New York	PLI	www.pli.edu
June 3	New York Family Office Meetings	New York	DC Finance	www.thenycmeetings.com
June 3-4	Trading Show Chicago 2015	Chicago	Terrapinn	www.terrapinn.com
June 8-9	Emerging Managers Forum	Chicago	Opal Financial	www.opalgroup.net
June 8-9	SFO Wealth Operations & Performance	New York	FRA	www.frallc.com
June 9-11	Opal Exchange	Chicago	Opal Financial	www.opalgroup.net
June 10	BattleFin Discovery Day NYC	New York	BattleFin	www.battlefin.com
June 10-11	ETF Managed Portfolio Summit	Chicago	IIR	www.iirusa.com
June 11-12	Context Summits Texas 2015	Arlington, Texas	Context Summits	www.contextsummits.com
June 11-12	Consortium East	New York	RG & Associates	www.rgameetings.com
June 15-16	Private Investment Funds Tax Master Class	New York	FRA	www.frallc.com
June 15-19	Risk Minds Americas	Miami	ICBI	www.riskmindsamericas.com
June 16-17	Private Placement Life Ins. & Variable Annuities Forum	Boston	IIR	www.iirusa.com
June 18	TSAM Congress & Expo	New York	Osney Media	www.tsam.net/newyork
June 22	Catalyst Cap Intro: Energy: Commodities Alternative Inv.	New York	Catalyst Financial	www.catalystforum.com
June 22-23	Low Carbon Investing Summit	New York	FRA	www.frallc.com
June 24	Forum 2015	Chicago	MFA	www.managedfunds.org
June 25	Private Debt Investment Summit	New York	FRA	www.frallcocom

To view the complete conference calendar, visit TheMarketplace section of HFAAlert.com

Equity Manager Pooling LP Capital

Separate-account manager **Wavelength Asset Management** is launching its first commingled hedge fund.

The plan is to open a U.S.-domiciled version of the Wavelength Global TMT Fund in June, with an offshore version following in August. The vehicle would follow the same low-net-exposure strategy as Wavelength's existing accounts, combining long and short positions in technology, media and telecommunications (TMT) stocks.

The firm is offering founders share classes with fees equal to 0.75% of assets and 20% of gains or, at the investor's option, 1.5% and 17%. Later investors would pay a 1.5% management fee and a 20% performance charge.

Wavelength currently has \$100 million in its separate accounts, which it runs for clients including **Lighthouse Investment, McKinsey & Co.** unit **Mio Partners** and **Schonfeld Securities**. The New York firm gained 7.1% for the first four months of this year, on top of a 1.9% rise in 2014 and 7.1% increase for the nine months following its March 2013 launch. It aims for annual returns of 10%. Many TMT specialists missed their return targets last year.

Wavelength is led by founder **Andrew Hamerling**. He previously worked at **J. Goldman & Co., XI Asset Management, Galleon Group** and **Bank of America**. In 2003, a year after Hamerling left BofA, **Finra** fined and suspended him for writing reports in his capacity as an analyst at the bank that allegedly were contrary to his opinions. But the suspension has long since expired, and the financial penalty only kicks in if he takes a job at another bank.

Working with Hamerling is researcher **Ilan Weiss**, who arrived May 15 following stops at **First New York Securities** and **Wells Capital**. Managing director **James Moynihan** joined Wavelength's investment team last year. He previously was at **Kettle Hill Capital** and **Merrill Lynch**. **Thomas Bianco** is chief operating officer. He started in 2013 after spending time at **Operative Media**, BofA and **Bear Stearns**. ♦

Compliance ... From Page 1

behavior.

The idea is to "mitigate the risk they [compliance officers] are taking on day one," said **Andrea Colabella**, a recruiter at executive-search firm **Cardea Group**. The New York firm handled four recent placements where the recruits negotiated trial periods.

Managers, too, see an advantage to such arrangements, Colabella noted. If a subordinate compliance staffer leaves after six months, a manager won't necessarily feel obliged to disclose the fact to investors. But a quick exit by a chief compliance officer would likely raise a red flag.

The SEC initially targeted compliance officers at brokerages. In early 2014, the regulator's enforcement division began pursuing compliance breaches at brokerage shops not only by imposing sanctions against the firm, but also by fining the chief compliance officer personally.

In the hedge fund sector, compliance professionals really started paying attention when the SEC went after the chief compliance officer at **BlackRock**. In a settlement announced April 20, the agency fined the asset-management giant \$12 million for failing to disclose to its investors a potential conflict of interest involving portfolio manager **Daniel Rice 3d**. At the same time, the SEC slapped chief compliance officer **Bartholomew Battista** with a \$60,000 fine. Battista and Rice no longer work at the firm.

Julie Riewe, co-chief of the asset-management unit of the SEC's enforcement division, underscored the threat to hedge fund compliance officers in a May 5 speech at the **Managed Funds Association's** "Compliance 2015" conference in New York.

"All the CCOs were saying, 'Wait, they can take my personal money if I screw something up?'" said an industry professional who attended the event.

From their perspective, the new policy puts compliance officers in an impossible position. On the one hand, they're potentially liable for the behavior of a firm's entire staff. On the other hand, the chain of command usually doesn't give them full authority over portfolio managers and other senior executives.

"I have always heard compliance officers say, 'Oh, personal liability!' I always thought it was bluster to glorify their jobs to get more money, and I always shrugged it off," said an executive at a multi-billion-dollar hedge fund operation. "But now it seems real." ♦



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MW Helium Fund	Philippe Azoulay Marshall Wace, London 44-207-316-2280	Quantitative	Prime broker: Deutsche Bank	June	\$100
Wavelength Global TMT Fund Domicile: U.S. ← See Page 9	Andrew Hamerling Wavelength Asset Management, New York 917-655-5017	Equity: Technology, media and telecommunications	Prime broker: J.P. Morgan Law firm: Hutner Klarish Auditor: KPMG Administrator: SS&C GlobeOp	June 1	

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THE GRAPEVINE

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the investment-management business. The \$7.2 billion Weiss Multi-Strategy is led by founder **George Weiss**.

Hound Partners is bringing in **Deron "D.J." Haley** as chief operating officer. Haley, a former U.S. Navy SEAL, most recently was a managing director at **Ziff Brothers Investments**. The equity-focused Hound was running \$3.3 billion at the start of this year. Former Ziff Brothers executive **Jonathan Auerbach** launched the New York firm in 2004 with seed capital from **Tiger Management** founder **Julian Robertson**.

Proprietary-trading shop **First New York Securities** has continued a recent push to hire professionals from the hedge fund industry by enlisting **Russell Miron** in a top operational role. Miron arrived in April from **RMR Advisors**. But he's better known for a job that had him working with hedge funds at **Bear Stearns** and **J.P. Morgan**. Miron arrived at Bear in 1994 and stayed on through the bank's

financial-crisis takeover by J.P. Morgan, which he left in September 2014.

Stephane Bedat joined **Millennium Management** this month as a portfolio manager overseeing a book of commodities investments. Bedat most recently worked at **Vermillion Asset Management**, a New York managed-futures shop that counts **Carlyle Group** as its majority owner. Millennium, led by **Izzy Englander** in New York, has \$29.2 billion under management.

Boston Co. Asset Management has added a member to its investment-management team. **Derek Taff** joined the \$49 billion operation this month as an analyst handling event-driven and master-limited-partnership strategies. He previously worked at **Merestone Capital**. Boston Co. is a Boston-based subsidiary of **BNY Mellon**.

Executive-search firm **Goldsmith & Co.** has hired a recruiter away from competitor **Heidrick & Struggles**. **Paul Charles** started in New York-based Goldsmith's San Francisco office last week, handling placements of asset-management

professionals. Charles became a partner at Heidrick last year. He joined the firm in 2007 from the former **Hodge Niederer Cariani**.

Atlanta fund-of-funds manager **Infinity Capital** has elevated **Ashley DeLuca** to head of compliance. DeLuca had been a director within the compliance group, which she joined last year. She previously spent three years as an assistant general counsel at **J.P. Morgan**, and before that was at law firm **Sidley Austin**. Infinity was managing \$288.9 million of regulatory assets at yearend 2014.

Startup emerging-market investor **Stone Forest Capital** has hired an analyst. **Rob Zhaoyu Li** will join the New York firm this month, after receiving his graduate business degree. Li earlier worked in **Credit Suisse's** investment-banking unit and in a private equity division of **Morgan Stanley**. Stone Forest, led by former **Neon Liberty Capital** portfolio manager **Brad Lindenbaum**, takes a value-oriented approach to emerging-market equities. The firm launched its debut hedge fund on April 1 with \$200 million.

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