Newsletter
February 2013

Dear All,

Below is our February report on the developments at the HFSB.

New Stakeholders

We are delighted to welcome two new additions to the HFSB family:

Signatories

- Camares Capital LLP (UK)
- Marble Bar Asset Management (UK)

HFSB Stakeholder Event in New York

The HFSB held a stakeholder breakfast forum in New York which attracted over 70 managers and investors. Dame Amelia Fawcett made opening remarks on the HFSB’s North American campaign launched last year and which resulted in over 20 North American managers signing up to the Standards.

The forum also included a panel “Investor Expectations in the North American Market” where John Richardson of Ionic Capital Management, who was one of the panellists, noted that “the collaborative approach of the HFSB helps rebuild trust between investors and managers”. Tom Dunn of New Holland Capital, who was also on the panel highlighted that “small investors, in particular, gain transparency that helps protect their interests.”

HFSB in the Nordics

This month the HFSB organised a joint workshop in Stockholm for Finansinspektionen, the Swedish Financial Supervisory Authority. The HFSB invited senior investment consultants to cover a number of topics, including shadow banking, the role of capital markets in mitigating financial crisis, risk management and risk reporting.

Public speaking

Thomas Deinet was a speaker at the following events in February 2013:

- Nordic Division Seminar, European Pension Fund Investment Forum, 5 February 2013 Stockholm
- Amsterdam Investor Forum, 13 February 2013, Amsterdam

Standards Corner

Fund Governance

Potential conflicts of interests can arise between hedge fund managers, the funds they manage and investors in those funds. The Hedge Fund Standards set out governance and oversight mechanisms for the fund to address and mitigate these conflicts.

In most cases, the preferred model involves establishing a fund governing body comprising a majority of independent directors, which are suitably qualified and experienced. The fund governing body should meet in normal circumstances at least quarterly, and the board agenda typically includes the review of the performance of third party service providers, approval of accounts, performance review, review of regulatory breaches and the manager's risk management procedures.

In instances where there is no independent governing body, the Hedge Fund Standards recommend that the fund's offering document or constitution provides for certain decisions or actions (for example, material changes to fees, investment strategy, etc.) to be made or taken only with investor consent, or, if applicable, where advance notice has been given to investors to redeem their investments before such decision or action takes effect.

The HFSB will be hosting a governance forum for our stakeholders this spring to discuss the latest developments in this area.

Please read Standard 21 to learn more about fund governance.

APPENDIX

Camares Capital	Camares Capital LLP was established in November 2012, launched on 1st March 2013 and will be following a predominately relative-value strategy, investing primarily in European liquid credit markets. Founding partners Antoine Cornut, Julien Marie and Askin Aziz most recently left Deutsche Bank to establish Camares. The partners have been joined by several experienced hedge fund professionals to build the non-investment side of the business.
Marble Bar Asset Management	Marble Bar Asset Management LLP was founded in 2002 by Hilton Nathanson. The firm uses a bottom-up process, combining technical analysis, sentiment indicators, fundamentals and catalysts to invest in Global equities with a strong bias towards Europe. A proprietary system RAID (Research and Analytics Investment Database) is central to MBAM's investment and risk management processes. RAID was developed exclusively by MBAM and facilitates idea/signal generation, investment research, order management, bespoke portfolio monitoring, risk management and compliance reporting. The portfolio seeks to deliver stable returns that are uncorrelated to risk assets. Net exposure typically ranges between 20% short to 30% long and gross exposure is 130% to 165%. Portfolio turnover is 1 to 4 times per month. The book is liquid; typically 90% of holdings represent less than one day's average trading volume.

HFSB, Central Court, 25 Southampton Buildings, London WC2A 1AL, Email: info@hfsb.org; Tel: +44 20 3178 2753