Newsletter
May 2013

Dear All,

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

New Stakeholders

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

Signatories

- Auriel Capital Limited (Jersey)
- Canosa Capital (UK)
- Carve Capital (Sweden)
- Fort LP (USA)
- ISAM (UK)
- One William Street Capital Management LP (USA)
- QIC (Australia)

New HFSB Trustee

The HFSB elected Daniel H. Stern, Co-Founder and Co-CEO of Reservoir Capital Group, to its Board of Trustees. Daniel brings a wealth of experience in the hedge fund industry, particularly in seeding new hedge funds and in more illiquid strategies. As the HFSB expands to cover all hedge fund strategies, Daniel's insight and counsel will be invaluable. Please click here to read the Press Release.

HFSB Governance Forum and Annual Stakeholder Assembly

This month the HFSB held its Annual Stakeholder Assembly bringing together its signatories, members of the Investor Chapter and the Core Supporters. Within the framework of this event, the HFSB also hosted its first Governance Forum, which included a case study session and a panel discussion. The Forum was opened by Mario Therrien, HFSB Trustee, Senior VP, Fund of Hedge Funds, Caisse de dépôt et placement du Québec, one of Canada's largest pension funds.

The case study presentations were made by Tara Glaser (CQS), Jeffrey Bronheim (Cheyne Capital), John O'Keeffe (Future Fund Australia), Christophe Juhem (Unigestion) and Joseph McCarthy (Islandbridge Capital). They touched upon various issues ranging from conflicts of interest between managers and funds, manager perspective on in-house assistance to fund governance, investor perspective on working with managers to enhance governance, to issues embedded in fund documentation and dealing with situations where there is no independent fund governing body.

The panellists included Kathryn Graham (BT Pension Scheme), Chris Goodeve-Ballard (Aon Hewitt), Matthew Roberts (Towers Watson) and John Allan Dacres (Caisse de dépôt et placement du Québec), who discussed due diligence of boards. Both sessions triggered a lively debate with the audience. Henry Kenner, CEO of Arrowgrass who was in the audience, noted: “It was refreshing to hear interesting case studies and practical examples on how the hedge fund industry players tackle governance-related issues. Such in-depth discussions are highly beneficial.”

Daniel Stern, the newly elected HFSB Trustee from Reservoir Capital Group who was also in attendance, highlighted that “the HFSB is not only a standard-setting body but also a platform where investors and managers come together to share their concerns, knowledge and expertise. This Governance Forum did exactly that.”

We would like to take this opportunity to thank all the case study presenters and the panellists for their invaluable contribution to the success of our event.

New Signatory Fees

As part of its regular signatory fee review, the HFSB Board Of Trustees examined the current signatory fee structure and introduced two additional fee thresholds to accommodate small managers and one additional threshold for large managers with AUM of over $10bn. The new signatory fee structure is as follows and will become effective from 1 June 2013:

- 1,000 GBP for AUM of up to $50m = **NEW**
- 2,000 GBP for AUM of between $50m and $100m
- 3,000 GBP for AUM of between $100m and $250m = **NEW**
- 5,000 GBP for AUM of between $250m and $1bn
- 10,000 GBP for AUM of between $1bn and $10bn
- 15,000 GBP for AUM of over $10bn = **NEW**

The new signatories with AUM of over $10bn, who joined the HFSB in the last 12 months, will be given a grandfathering period for one year, i.e. the new fees will apply to them after 1 June 2014.

Regulatory Engagement

The HFSB met with the officials of the Cayman Islands Monetary Authority (CIMA) to discuss the HFSB’s response to CIMA’s recent consultation on corporate governance and the role of the Hedge Fund Standards in improving the hedge fund marketplace.

HFSB Stakeholder Event in Canada in June and upcoming conferences

The HFSB will be hosting two stakeholder events in Montreal and Toronto on 17th and 18th June 2013 respectively. Detailed information on the agenda and venue will be circulated to the Canadian signatories, Investor Chapter members and other stakeholders early June.

Thomas Deinet will be speaking at the *Operational Due Diligence on Alternative Investments for Endowments and Foundations* conference in New York on 20 June.

HFSB Annual Report

The HFSB Annual Report for 2012 is now available on our website.

APPENDIX

Auriel Capital Limited	Auriel Capital Limited in Jersey is regulated by the Jersey Financial Services Commission ("JFSC") and was established to develop active return strategies based on proprietary research and to implement that research in an equity market neutral fund trading in Global Ex- US equities. Auriel focuses on idea generation, portfolio construction and risk management to deliver a 5-10% return over cash with no correlation to anything else in their investors' portfolios. The firm believes that the most consistent way to generate absolute returns is through a diversified, risk-budgeted approach, across multiple alpha-generating strategies. Auriel employs a systematic relative value approach to equity investing based on rigorous empirical research. In the summer of 2009, Auriel signed onto the UN principles of responsible investing and began to integrate environmental, social and governance issues into the research process.
Canosa Capital	Canosa is a global macro fund with the objective to generate long term uncorrelated positive returns, whilst limiting the downside risk, by investing a diversified portfolio of liquid financial securities in global markets across multiple asset classes. Founded in 2013 by macro managers Tim Attias and Santiago Alarco, Canosa is the latest addition to the Brummer & Partners Group. Tim Attias and Santiago Alarco started in the financial market in the late 80's and have worked together at Salomon Brothers, ABN Amro and most recently as joint CIO's of the Rubicon Global Macro Fund. Canosa Capital LLP is based in London, UK.
Carve Capital	Carve is a global equity and credit hedge fund combining long/short equity strategies with capital structure arbitrage, i.e. investment opportunities combining equities, corporate bonds and government bonds. Founded in 2012 by the former Zenit managers Per Josefsson, Peter Thelin and Bo Börtemark, Carve Capital AB is one of the two latest additions to the Brummer & Partners Group. The three founding partners and PMs of Carve have on average more than 25 years in the business and 12 years together at Zenit, while PM Michael Falken brings 17 years of industry experience and expertise in credit markets. Carve Capital AB is based in Stockholm, Sweden.
Fort LP	FORT LP is a technical, systematic Commodity Trading Advisor to two domestic funds (FORT Global Contrarian LP, FORT Global Diversified LP) and an offshore feeder fund (FORT Global Offshore, SPC). FORT's fully systematic and automated programs trade futures contracts globally on interest rates, bonds, currencies, stock indices, energy, and precious metals. Founded in 1993 by Yves Balcer and Sanjiv Kumar, FORT has 20 years of experience investing in managed futures and a long record of producing superior returns for its clients. Its sustained record of strong performance has been recognized by numerous industry groups including HFM Week, Futures Magazine, BarclayHedge, Hedge Funds Review, World Finance, and IAIR Review. FORT currently manages over $600M in assets from

	institutional investors and accredited investors through its funds and managed accounts.
ISAM	Formed in 2008, ISAM is an Alternative Investment Advisor whose management team has amassed over 150 years of combined experience within the quantitative alternative investment space. The management team, led by Stanley Fink, who as CEO of Man Group oversaw that company's growth to become the largest quoted hedge fund manager in the world, has deep experience in institutional Alternative Asset Management and Trend Following strategies in particular. The flagship fund, ISAM Systematic, is a pure trend following strategy and traces its roots back to 1981. Over the course of the past 3 years, ISAM has focused its internal efforts on forging the institutional grade research, operations and client service functionalities necessary to cater to institutional clientele, while maintaining the cultural respect for risk and best of breed strategy specific R&D. As a function of these efforts, ISAM has grown to approximately USD 900mm, with a varied institutional investor base, 34 employees worldwide, primary offices in NY and London and a growing reputation for thought provoking research and transparency.
One William Capital Management	One William Street Capital Management is an alternative asset management firm focused on asset-based credit investments serving its institutional investor clients through hedge funds and other alternative investment vehicles. The firm is based in New York and employs approximately 60 staff. One William Street Capital Management seeks event-driven, directional and relative value investments, difficult to access idiosyncratic risk and attractive cash-flowing credits through a well-diversified portfolio of asset-based credit opportunities. The firm's mission is to provide investors with attractive risk-adjusted returns throughout various market cycles while consistently focusing on risk management and capital preservation principles. One William Street Capital Management is registered as an investment advisor with the SEC and as a commodity pool operator with the CFTC. The firm began operations in 2008 and, as of May 1, 2013, had approximately $3.5 billion in assets under management.
QIC	QIC Ltd (QIC) is one of Australia's largest institutional fund managers, providing dynamic investment solutions for institutional investors globally. It offers a range of specialised investment products across listed and unlisted global markets. QIC's Global Fixed Interest (QIC GFI) team comprises more than 25 experienced investment professionals and manages over AU$50bn in global fixed interest exposures. In 2005, QIC launched the QIC GFI Alpha Fund to deliver consistent positive returns from liquid long/short strategies within global interest rates, inflation and credit markets. In 2011 QIC established two Irish domiciled UCITS funds to replicate the strategies of the GFI Alpha Fund. QIC is Headquartered in Brisbane with offices in Sydney, Melbourne, London, Los Angeles and San Francisco. QIC maintains a number of industry memberships including the Financial Services Council (FSC), Australian Financial Markets Association (AFMA), and the Hedge Fund Standards Board Investor Chapter.