



Newsletter
July 2013

Dear All,

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

New Stakeholders

We are delighted to welcome new additions to the HFSB family, all of whom are from North America, where the HFSB is building significant momentum:

Signatories

- AlphaCat Managers Ltd (Bermuda)
- Casgrain Asset Management (Canada)
- Electron Capital Partners (USA)
- Tricadia Capital Management LP (USA)

HFSB Stakeholder Roundtable in Geneva

On 27th of August the HFSB will host a roundtable for its Switzerland-based stakeholders. One of the HFSB Core Supporters – Unigestion -- will open the event. The roundtable will be dedicated to the issues of due diligence and governance and will include case study presentations by several HFSB signatories and Investor Chapter members. Please contact us if you would like to attend.

Standards Corner

Portfolio Risk management

Risk management is a vital aspect of the fund management process.

The Hedge Fund Standards recommend that a manager should put in place a risk framework which sets out the governance structure of its risk management activities, reporting structures, policies and procedures. They also highlight the importance of the separation of the risk monitoring function from portfolio management.

The Standards cover each of the categories of portfolio risk (liquidity, market and counterparty/credit risk) in more detail and provide guidance on how scenario analyses and stress tests help to account for unexpected events.

In the area of portfolio risk management, the AIFM-D addresses the same issues and even borrowed the language and some of the concepts used by the Standards. This goes to show that the HFSB

signatories can demonstrate their alignment with the Directive in those areas covered both by the Directive and the Standards.

To learn more about portfolio risk management, please read Standards 9-16.

APPENDIX

AlphaCat Managers Ltd	AlphaCat was formed in 2008 as an Insurance Linked Securities (“ILS”) investment advisor within the Validus Group (NYSE: VR). AlphaCat is a core strategic initiative launched by Validus to manage investment assets in the ILS market. AlphaCat helps investors take full advantage of this low correlated asset class through a range of products, including ILS funds, sidecars and rated reinsurance vehicles which invest in property catastrophe reinsurance transactions. AlphaCat leverages the Validus Group’s extensive business sourcing, underwriting, research and analytic capabilities to construct ILS portfolios subject to prudent risk constraints.
Casgrain Asset Management	Founded in Montreal in 2007, Casgrain Asset Management Limited (CAM) is a registered investment management firm. The firm is an affiliate of Casgrain & Company Limited (registered investment dealer). CAM specializes in the active management of fixed-income portfolios on behalf of institutional and high net worth investors. CAM uses an arbitrage strategy on the Canadian, U.S. and international debt securities markets. The investment strategies are based on fundamental analysis and on an analysis of the relative market value of the debt securities of the G7 Countries. It also take into consideration the economic, political, sociological and climate analysis of world economies and the technical analysis of interest rates. Long or short positions are taken on the duration, the spreads of multinational rates and the spreads of yield curves. The activities and the direction of CAM are the responsibility of Mr. Guy Casgrain who has extensive experience in fixed income markets.
Electron Capital Partners	Electron Global Fund LP is a sector focused, equity long/short hedge fund, designed to achieve superior risk-adjusted returns irrespective of the direction of any boarder market. The Fund deploy assets globally by investing in utility and infrastructure companies seeking to maximize absolute returns and limit volatility through active risk management. The global utility sector, which includes electricity, gas, water, and waste companies, and the related infrastructure sector exceed over \$2.8 trillion in market capitalization across an investable universe of approximately 375 companies.
Tricadia Capital Management LP	Tricadia Capital Management, LLC is an investment firm that manages credit-oriented hedge funds and alternative investment accounts. Founded in 2003, the firm is headquartered in New York and has approximately \$3.5 billion in assets under management in multi-strategy and specialized funds and accounts. Tricadia is privately owned and employs approximately forty people, the majority of which are investment professionals.