

## Hedge Fund Standards Board



## Annual Report 2013

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## 1. Foreword

*The Hedge Fund Standards Board (HFSB) plays an important role in the hedge fund “eco system” globally through its ability to bring investors and managers together to drive better standards collaboratively for the benefit of the whole industry and the wider economy. Our approach is in part about promoting good practice through Standards that complement the statutory framework in which the industry operates and reflect the interests of investors, managers and the broader community. However, the HFSB is more than just Standards—it is, in effect, a platform for investors and managers to work together to improve the industry in many ways and to engage with regulators and policy-makers; the development of our Institutional Investor Roundtables is a very good example of this. In the last 12 months, the HFSB has started to hold these Roundtables around the world, including the UK, US, Australia and Europe, involving investors, managers and regulators. These discussions have focussed on where industry practices need to improve and how the HFSB can help this process of continuous improvement, complementing statutory regimes. Over 400 market participants attended these events and the HFSB plans to expand the HFSB Institutional Investor Roundtable series over the next 12 months into Asia and the Middle East. This unique HFSB platform and our role as a neutral standard setter also enable us to have an independent dialogue with regulators around the globe. Together, we are focused on maximising the impact we can have to ensure that regulation is proportionate and fit for purpose.*

*This past year has been a busy one for the Hedge Fund Standards Board, building on the internationalisation of the Standards and particularly the drive to sign up North American hedge funds and investors. Over 20 North American hedge funds managers signed up to the Standards in 2013, including some of the largest, such as Luxor Capital Group, III Associates, GoldenTree Asset Management, Napier Park Global Capital, Reservoir Capital Group, Black River Asset Management, and Saba Capital Management. The HFSB also welcomed its first signatory from South America – Gavea Investimentos, the largest hedge fund manager in Brazil. In 2013 the HFSB also welcomed its first member of the Investor Chapter from Finland – Varma Mutual Pension Insurance Company starting a new trend in that market. Two more institutional investors from Finland followed: Ilmarinen Mutual Pension Insurance Company and Elo Mutual Pension Insurance Company. As at 31 January 2014, the HFSB has 117 signatories (representing almost \$600 billion in assets under management today), 57 Investor Chapter Members and 11 Core Supporters. All of these “stakeholders” together represent a significant force in the process of continuing to improve the hedge fund industry.*

*Investors, and particularly our Investor Chapter Members and Investor Trustees, have been instrumental in the campaign to add signatories around the globe, both big and small, and their continuous engagement in raising awareness about the importance of the HFSB is key to our success, not only with hedge fund managers but also with regulators. We are indebted to them for their continuing support.*

*Regulatory engagement is a critical part of the HFSB's work, and this past year was no exception. We were actively engaged in discussions and consultations with regulators around the globe, sometimes publicly, often in private as a "trusted partner". Some of the important initiatives have included "shadow banking and financial stability", and AIFM-D implementation in the UK and Europe, as well as corporate governance. Perhaps equally important as these "set pieces" has been the daily, ongoing dialogue at very senior levels with regulators, government officials and policy makers globally, whether with the US Securities and Exchange Commission or the UK Financial Conduct Authority or the Ontario Securities Commission, or the Monetary Authorities in Hong Kong and Singapore or the Bermuda Monetary Authority, to name but a few. All of these efforts are intended to help ensure that regulation reflects how the industry works.*

*I also am pleased to report that, with disciplined cost management and the increase in stakeholders, the HFSB again reported a small surplus for this past year. We will continue to focus on cost efficiency at the same time as focusing on delivering highest impact for our stakeholders.*

*As I look ahead to the next 12 months, it is obvious that regulatory issues will continue to loom large on the agenda for all of us, but we also see investors back in the driving seat, focussing the discussion on their priorities. The HFSB will continue to focus hard on the process of getting as many managers as possible around the globe to sign up to the standards and to involve more investors in its activities through its Investor Chapter. As participants repeatedly have told us, the HFSB Institutional Investor Roundtables provide a highly effective platform to hear from investors and managers around the globe where their priorities lie and how we can help them improve the global hedge fund ecosystem. The HFSB also will test new ways to improve Standards and practices through its "Toolbox", introduced in the last few months. The Toolbox will enable us to address issues of concern more quickly and flexibly than the Standards, and we began with work on a template for hedge fund board meeting agendas. There is no doubt that regulatory activity will continue to increase, particularly in the US and Europe. In this environment we will leverage our strong foundation as a neutral standard-setter with deep-seated knowledge and expertise in hedge funds and markets to help ensure that regulation meets the aspirations and needs of the industry, its customers and the broader community.*

*We are fortunate at the HFSB to have an exceptionally talented and dedicated team, both the executive and the Trustees. Their support, engagement and goodwill will continue to be the key to our ability to make an impact and a positive difference for the industry and more broadly. I would like to take this opportunity to thank them all. I would like to take this opportunity to thank Christopher Fawcett, who has retired from the Board [November 2013], for his many years of service as a trustee—we have benefited greatly from his wise counsel. And I am delighted to welcome two new trustees, Jane Buchan, CEO of PAAMCO (California), and Chris Gradel, Managing Director of Pacific Alliance Group (Hong Kong); their wealth of experience, expertise and independent thinking will add greatly to an already strong Board.*

*The hedge fund industry has a critical role to play, not only to achieve adequate returns for savers and pensioners, but also as a provider of risk capital to industry, whether big or small companies. This is particularly true now, as banks around the world are hamstrung by weak capital bases and the need to deleverage, particularly in Europe. Reducing reliance on bank lending and increasing exposure to the capital markets in Europe is a critical long-term European objective, and hedge fund managers (and their investors) have an important role to play in that process.*

*In closing I would like to pay special tribute to our Founders and Core Supporters who have been so steadfast over many years in their support, both financially and with their time. We would not be here today without their foresight and dedication.*

**Dame Amelia Fawcett, D.B.E.**

May 2014

## 2. HFSB Mission

*As guardian of the Hedge Fund Standards initially drawn-up and published in 2008 in response to G8 policy leaders' concerns over financial stability and updated since then, the HFSB's mission is to promote the Standards through engagement in the following areas:*

- ***Collaboration with managers and investors: the HFSB brings together managers and investors as a joint force in the HFSB process to determine how the hedge fund industry should operate, as they are the best economic agents to embrace and endorse the improvements the HFSB seeks to achieve.***
- ***Supervisory engagement: the HFSB actively engages with the supervisory community so that regulation reflects how the industry works and the Standards reflect public policy requirements.***
- ***International dimension: the hedge fund industry and its clients operate globally; therefore, the Standards have been amended to be internationally applicable. HFSB stakeholders are international with major investors and managers representing North America, Europe and Asia.***
- ***Improving the Standards: the Standards are regularly reviewed to ensure that they demonstrate a good industry standard, remain relevant and are in tune with relevant public policy requirements just as they are with evolving industry practice.***

### 3. The Hedge Fund Standards

The Standards set levels of quality in behaviour and working practice that complement the public policy framework, particularly in the areas of complex, diverse or more innovative practice. They are principle-based, consistent with existing regulation in multiple jurisdictions and intended to benefit hedge fund managers from all jurisdictions.

The Standards are deliberately set at a challenging level so as to encourage high quality behaviour in the interest of securing support and respect from all stakeholders, including investors, regulators and counterparties. They can be a more efficient way of achieving regulatory objectives than detailed and rigid rules. The Standards are based on a “comply or explain” regime catering for the entire breadth and diversity of the industry and allowing managers to “explain” where a specific standard is inconsistent with local law and regulation or specific local business model etc. The signatory process requires that managers make a public commitment to investors. While conformity with the Standards is based on self-certification, failure to conform is a form of misrepresentation. In fact, the FSA stated that they “will take compliance with these [HFSB] standards into account when making supervisory judgements”. In this sense, the Standards are binding and conformity with them can be verified by investors at any point.

#### **Why are the Standards important?**

The Standards provide a powerful mechanism for creating a framework of transparency, integrity and good governance that maintain a high reputation for the industry, facilitate investor due diligence and minimise the need for restrictive regulation. The HFSB welcomes appropriate regulation of the industry, but, given the diversity of investment strategies, the speed of innovation, the complexity of many platforms and the global scope of the industry, traditional rules and regulations are not expected to meet all the needs of investors and managers.

The Standards are always likely to be more demanding, comprehensive and appropriate than the regime in any one country, because the Standards are defined by those with a strong vested interest in the success of the industry. Over time, the Standards are expected to become the generally accepted norm with all market participants adhering to them. For example, the majority of hedge fund assets under management (60%) in the UK/EU market now adhere to the Standards [an increasing indication of “industry norm” in this important market.]

## 4. Overview of the HFSB Activities

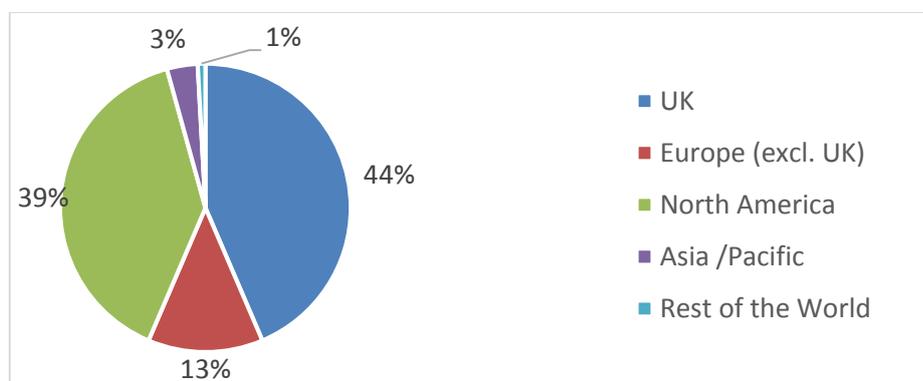
Since its inception in 2008, the HFSB has focussed its endeavours on three major areas:

- Raising awareness among hedge fund managers to encourage them to sign up to the Standards (signatory process)
- Raising awareness among investors so that they encourage conformity (investor campaign) with the Standards
- Engaging with regulators and supervisors to help promote high standards in the industry and advise on regulatory initiatives (regulatory engagement)

### a) Signatory Progress

Since its inception, managers with over US\$600bn in AUM have committed to the Hedge Fund Standards. By comparison, the assets of the global hedge fund industry are estimated at US\$1.91 trillion<sup>1</sup>, and the UK hedge fund industry assets amount to approximately US\$400. While the majority of the HFSB signatories are Europe-based, the share of the North American managers is reaching a tipping point. Last year, the North American signatories accounted for 31% of our signatories (in number), and this year they are close to 40%. The year 2013 also witnessed more North American managers signing up to the Standards than other regions. In total between January and December 2013 we welcomed 40 managers as signatories to the Standards: North America – 21; UK – 8 and Asia/Pacific – 2). However, we also lost 6 signatories due to closure of their firms, mergers and takeovers.

#### HFSB Signatories: 117 managers<sup>2</sup> with over \$600 in AUM



<sup>1</sup> As of September 2013 according to the Eurekahedge report

<sup>2</sup> As at January 2014

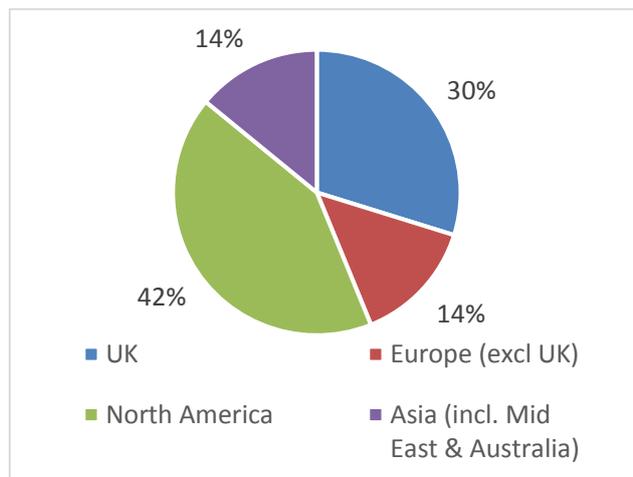
Attracting new signatories remains one of the HFSB’s key priorities for the next 12 months.

**b) Investor Campaign**

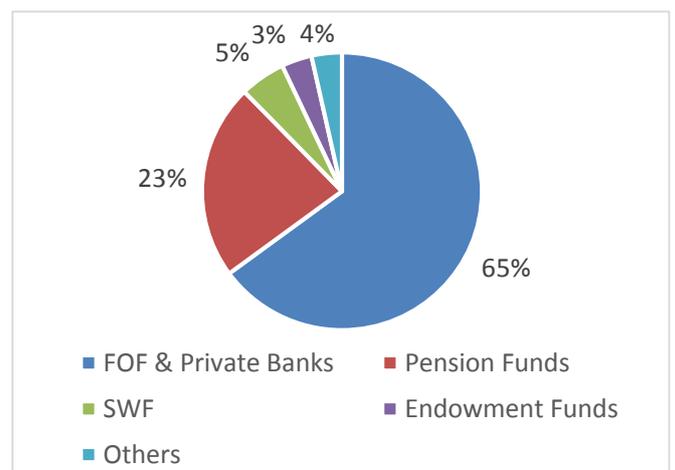
Since the launch of the HFSB Investor Chapter in 2010, the HFSB actively has engaged with investors around the globe in a [wide] variety of initiatives, such as reviewing amendments to the Standards, participating in joint panels on investor expectations and the ongoing signatory campaign where the investors have played an instrumental role in raising the HFSB profile. Investor Chapter members continue to play a critical role in helping to get managers to become signatories, particularly in the US. In 2013 our Investor Chapter welcomed the Church Commissioners for England and the Florida State Board of Administration bringing the total to 57 members.

**HFSB Investor Chapter: 57 members with over \$400bn invested in hedge funds**

*Investor Chapter Members by region*



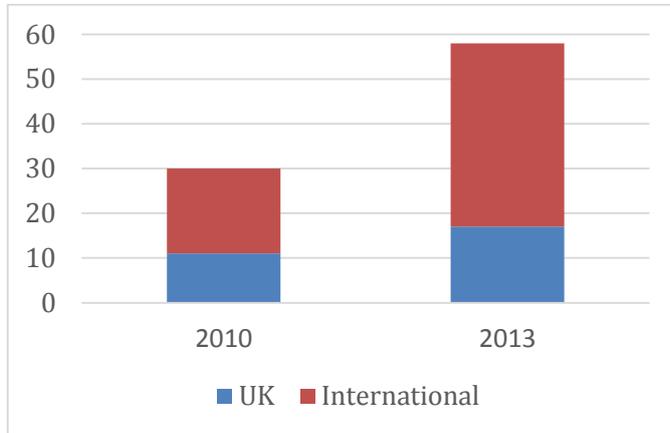
*Investor Chapter Members by type*



*Others - Endowment Funds, Family offices and other banks*

The international base of the Investor Chapter has grown significantly since its inception.

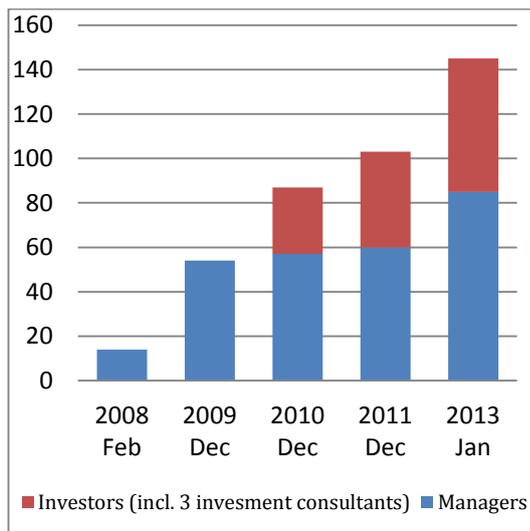
### Evolution of the Investor Chapter (# investors)



### Stakeholder Evolution

The HFSB remains committed to continuing its endeavours to engage investors in improving and promoting the Standards in 2014.

### HFSB Stakeholder Evolution



### **c) Core Supporters**

In autumn 2010 the HFSB created a special group of stakeholders – Core Supporters - that are committed to making a significant contribution to the HFSB endeavours. Today, there are 12 members:

- Aberdeen Asset Management
- Albourne Partners
- Allianz Global Investors
- Aon Hewitt
- Arrowgrass
- Ionic Capital Management
- New Holland Capital
- PAAMCO
- Spinnaker Capital
- Towers Watson
- Unigestion.

The Core Supporters are associated with thought leadership of the HFSB and are more actively involved in the HFS efforts to improve the market and the industry's contribution to the wider community. Their logos are displayed on the HFSB website, and they interact with the HFSB Trustees and Founders through Board dinners.

### **d) Regulatory Engagement**

Pursuant to its mission to participate in the regulatory debate, the HFSB actively engages with the supervisory community around the globe. In addition, over the last 12 months, the HFSB has participated in numerous official consultations, including the Cayman Islands Monetary Authority Consultation Paper on corporate governance (03/2013) and ESMA's Consultation Paper on Guidelines on reporting obligations under Article 3 and Article 24 of the AIFMD (05/2013).

The HFSB actively engaged with regulators in Europe, Asia and North America through a series of meetings with senior officials, as well as smaller HFSB workshops bringing regulators together with managers and investors on issues of critical interest:

- UK's Financial Conduct Authority (FCA)
- European Securities and Market Authority (ESMA)
- European Commission
- Finland's Financial Supervisory Authority (FIN-FSA)
- Hong Kong's Securities and Futures Commission (SFC)
- Hong Kong Monetary Authority (HKMA)
- Monetary Authority of Singapore (MAS)
- France's Autorité des Marchés Financiers (AMF)
- Germany's Chancellors Office, BaFin and Deutsche Bundesbank
- Sweden's Financial Supervisory Authority (Finansinspektionen)
- Switzerland's FINMA
- Bank of Canada
- Ministry for Finance of the Government of Québec
- Canada's Autorité des marchés financiers
- Ontario Securities Commission
- US Securities and Exchange Commission
- Bermuda Monetary Authority
- Cayman Islands Monetary Authority.

One example of these workshops is the joint workshop in Stockholm for Finansinspektionen, the Swedish Financial Supervisory Authority, where senior investor consultants [and Core Supporters of the HFSB] discussed with officials shadow banking and the role of capital markets in mitigating financial crisis. The HFSB's role as a trusted *neutral* standard setter enables it to bring together all players in the hedge fund "eco-system" (managers, investors *and* government/regulatory officials) to discuss important public policy issues, thereby giving officials access to critical market expertise at an early stage in the public policy process.

The HFSB held discussions with a delegation of MPs representing the Financial Committee of the German Parliament during their visit to London.

## **e) HFSB Global Institutional Investor Events**

Starting in 2013, the HFSB now regularly hosts highly effective institutional investor roundtables which bring managers and investors together to focus on topics of the day through interactive discussions and practical case studies.

In 2013 these events included:

- February: North American Stakeholder breakfast, New York
- May: Governance Forum, London
- June: Canadian Stakeholder Forums in Montreal and Toronto
- August: Investor Roundtable, Geneva
- October: Institutional Investor Roundtable, New York
- November: North American Stakeholder Forum, New York
- December: Annual Nordic Institutional Investor Roundtable, Helsinki.

In 2014 the HFSB will continue this new format of interaction with the market with a continuing series of roundtables and workshops in various locations worldwide.

## f) Public Speaking

The HFSB also has actively participated in the past 12 months in over 20 international conferences and roundtables in the UK and overseas, as speakers and panellists, including:

<p><b>February 2013</b></p> <ul style="list-style-type: none"> <li>• Nordic Division Seminar, European Pension Fund Investment Forum, Stockholm</li> <li>• Amsterdam Investment Forum</li> </ul> <p><b>April 2013</b></p> <ul style="list-style-type: none"> <li>• GAIM Ops Cayman</li> </ul> <p><b>May 2013</b></p> <ul style="list-style-type: none"> <li>• FT Investor Breakfast Briefing, London</li> </ul> <p><b>June 2013</b></p> <ul style="list-style-type: none"> <li>• Operational Due Diligence on Alternative Investments for Endowments and Foundations, New York</li> </ul> <p><b>September 2013</b></p> <ul style="list-style-type: none"> <li>• HFM Week's Hedge Fund COO Forum, UK</li> <li>• Annual Albourne client gathering HedgeCraic, Dublin</li> </ul>	<p><b>October 2013</b></p> <ul style="list-style-type: none"> <li>• Operational Due Diligence Conference, New York</li> <li>• JP Morgan Alternatives seminar, London</li> <li>• Mysis Sophis Hedge Fund Forum, London</li> </ul> <p><b>November 2013</b></p> <ul style="list-style-type: none"> <li>• Bermuda Monetary Authority's International Regulatory Forum</li> <li>• GAIM Ops International, Paris</li> <li>• Hedge Fund World, Zurich</li> </ul> <p><b>December 2013</b></p> <ul style="list-style-type: none"> <li>• Regulatory Horizon 2014, London</li> </ul> <p><b>January 2014</b></p> <ul style="list-style-type: none"> <li>• HFM Week Hedge Fund Allocator Summit, UK</li> </ul>
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## 5. Report on Conformity with the Standards

### Statistics on conformity with the Standards

The Hedge Fund Standards are based on the “comply or explain” approach. Comply or explain takes into account the dynamic nature of the industry and caters for its diversity without requiring constant changes to the Standards. It provides signatories to the Standards with flexibility to “explain” in the event that any action required by the Standards is not consistent with their local law, regulation or their specific business model. This approach enables the Hedge Fund Standards framework to cover various circumstances of firms, while recognising their idiosyncrasies. It rests on disclosure and needs only minimum prescription. However, a “comply only” regime will make the Standards lengthy and far more prescriptive to accommodate all current and future signatories.

In line with the HFSB’s mandate to keep the hedge industry informed of the progress in achieving conformity with the Standards, we have analysed the conformity and disclosure statements received from our signatories and would like to report the following (at May 2014):

Status of conformity	% of Signatories*
In conformity with the Standards without explanation	52% of the total signatories
In conformity with the Standards with explanation	48% of the total signatories

**\*excludes applicants where conformity is in progress or where signatories did not provide disclosure statement to HFSB**

Explanations cover a very wide range of Standards. The table below provides an overview on the “most explained” Standards.

Most explained Standards	Area	Observations
Standard 8 (44% of those signatories that provided explanations, covered this standard)	Disclosure of hard-to-value assets	Managers explain their specific approach to disclosure as well as those cases when managers do not invest in hard-to-value assets.

Most explained Standards	Area	Observations
Standard 11 (42% of those signatories that provided explanations, covered this standard)	Risk Management: Governance of portfolio risk	Spectrum of approaches to managing/ governing the risk function. Explanations reflect different types of strategies (e.g. automated strategies where monitoring against restrictions is computer based, as well as different ways to organise the risk function (e.g. as a function of size of firm).
Standard 1 (40% of those signatories that provided explanations, covered this standard)	Investment Policy & Risk Disclosure	Standard 1 covers a wide range of areas, including information to be included in offering documents, periodic disclosure to investors and disclosure of material litigation. The explanations detail the manager’s specific approach, and include “positive explanations” (i.e. the managers complies and explains).

Over the next 12 months, the HFSB will develop more granular detail on the nature and rationale of explanations to inform its Standard setting process (i.e. which Standards need updating).

## 6. What next

The HFSB's key goal remains to expand the HFSB Signatory base and the Investor Chapter as well as focus on a number of areas:

### **HFSB Toolbox**

In April 2014 the HFSB launched its Toolbox which is intended to be an additional aid, particularly for hedge funds, to complement the HFSB's standard-setting activities. While the sign-up process to the Hedge Fund Standards is formal and is done on a "comply-or-explain" basis, the materials available through the HFSB Toolbox will serve as a guide only and are not formally part of the Standards.

The first item of the Toolbox is Standardised Board Agenda. The purpose of the standardised board agenda is to provide an overview of the typical areas and questions that are covered in a fund board meeting in the ordinary course of business. It is not a prescriptive template and is not formally part of the Standards but is meant to provide helpful guidance on governance practices.

The HFSB will continue its efforts in this area in 2014.

### **Global Institutional Investor Roundtables**

From 2013, the HFSB starting organising institutional investor roundtables worldwide. The 2013 series was covered in one of the earlier sections of this annual report.

In 2014 the HFSB will continue its intellectual contribution to the regulatory debate and discussions on the issues of the day in the hedge fund industry. In 2014 the HFSB already held these roundtables in Australia and US West Coast. The next ones are planned for the UK, Canada, US, Switzerland, France and Finland.

### **Workshops with regulators**

The HFSB will continue to build on its collaboration with regulators through dedicated workshops and advice on regulatory matters. The Standards co-exist very well with regulation, and some

jurisdictions may wish to use the Standards as a tool to complement their own statutory approach. The HFSB will also continue its regulatory engagement on topics such as financial stability and shadow banking, where the Hedge Fund Standards provide explicit answers to some of the concerns raised.

## Appendix 1: HFSB Board of Trustees

### **Dame Amelia Fawcett, D.B.E.** **Chairman, HFSB**

Dame Amelia was appointment Chairman of the Hedge Fund Standards Board on 1 July 2011. She also is Deputy Chairman of Investment AB Kinnevik in Stockholm, a Non-Executive Director of State Street Corporation in Boston, Massachusetts, where she chairs the Risk and Capital Committee and a Non-Executive Director of Millicom International Cellular S.A. in Luxembourg and London, where she chairs the Remuneration Committee.

From 2007-2013, Dame Amelia was Chairman and a Non-Executive Director of the Guardian Media Group plc, and from 2007-2010, she was Chairman of Pensions First, a financial services/systems solutions business, which she helped set up. Between 1987–2007 she worked for Morgan Stanley, first as an executive and then in a non-executive role. She started her career at the US law firm of Sullivan and Cromwell, first in New York then in Paris. She joined Morgan Stanley in London in 1987, was appointed VP in 1990, an Exec Director in 1992 and MD and the Chief Administrative Officer for the Firm’s European operations in 1996. In 2002 she was appointed Vice Chairman and Chief Operating Officer. As Vice Chairman and COO, she was a member of the European Management Committee and the Boards of Directors of the Firm’s major European operating companies. She stepped down from her executive role in October 2006 and was a Sr. Advisor to the Firm until April 2007.

Dame Amelia is a Governor of London Business School, a Commissioner of the UK-US Fulbright Commission, Chairman of The Prince of Wales’s Charitable Foundation and a Trustee of Project HOPE UK. She was appointed a Dame Commander of the British Empire in the 2010 Queen’s Birthday Honours List for services to the financial services industry. In 2002 she was awarded the CBE also for services to the financial industry. In 2004 she received The Prince of Wales’ Ambassador Award (an award recognizing responsible business activities that have a positive impact on society and the environment) and in 2006 an honorary degree from the American University in London (Richmond).

Dame Amelia, a UK and US citizen, was born in Boston, Massachusetts, USA in 1956. She has a degree in History from Wellesley (1978) and a law degree from the University of Virginia (1983). She was admitted to the New York Bar in 1984.

### **Tom Dunn** **Managing Principal** **New Holland Capital**

Tom launched New Holland Capital, the hedge fund advisory company, in 2006. It focuses exclusively on the absolute return funds of ABP, the \$280bn Dutch civil servants pension fund. Before that Tom had worked at ABP since 2002, managing the Hedge Fund Group within ABP Investments US and helping ABP evolve from an emphasis on fund of funds to a wide variety of hedge fund-like alternative investments. Tom co-managed (1995-2000) the fixed income business at Lazard Asset Management. Prior to that Tom was a Sr. Portfolio Manager at Goldman Sachs Asset Management where he directed the quantitative fixed income portfolios. In his 9 years at Goldman Sachs, he also pursued a broad range of investment projects involving global asset allocation, currency trading, commodity futures and synthetic equity products. Tom also spent 3 years in corporate finance at First Boston. He holds two degrees from University of Chicago: an MBA in Finance (1986) and a BA in English Literature (1981).

**Kathryn Graham<sup>3</sup>**  
Director  
BTPSM

Kathryn joined BT Pension Scheme Management Limited (BTPS) in 2004 to help establish a new team mandated to invest up to 5% of the BT Pension Scheme directly into single manager hedge funds. In 2007, she took responsibility for Manager Selection across the BT scheme before moving in 2008 to set up a new team tasked with managing liability risk. She has 15 years of experience in capital markets and hedge funds both as an end buyer and structurer and has a special interest in improving the treatment of investors in hedge fund vehicles. Kathryn began her career at SG Warburg in 1994 and also worked at UBS and Progressive Alternative Investments before joining BTPS. She was educated at Edinburgh University, where she was awarded an MA in Economics and Mathematics. She is a Director of a number of BTPS offshore vehicles, an occasional board member of the UNPRI.

**Sir Michael Hintze**  
CEO, CQS

Sir Michael is CQS's Founder (1999), Chief Executive and Senior Investment Officer. He is also Chairman of the CQS Exec Committee. CQS is a global diversified asset management group focusing on convertibles, credit and asset backed securities and manages a family of hedge funds, loan portfolios and long only products. Prior to that, Sir Michael was MD in the Leveraged Funds Group at CSFB where he developed the strategy and management team for the CSFB Convertible & Quantitative Strategies Fund. Before this Sir Michael was MD and European Head of Convertibles at CSFB from 1996, responsible for flow and proprietary trading, sales and research. Sir Michael also worked at Goldman Sachs for 12 years in a variety of roles including; Executive Director and Head of UK Trading and Head of European Emerging Markets Trading. Prior to that Sir Michael worked for Salomon Brothers, in New York, as a Fixed Income Trader trading Yankee Bonds after having completed the firm's Graduate Training Program in 1982. Sir Michael speaks fluent Russian. He holds a BSc in Physics and Pure Mathematics and a BEng in Electrical Engineering from the University of Sydney. He also holds an MSc in Acoustics from the University of New South Wales and an MBA from Harvard Business School.

**Anthony Lim**  
MD, GIC

Anthony was appointed President (Americas) of GIC, the company that manages Singapore's foreign reserves, in 2009, and is based in the GIC New York Office. From 1998 to 2009, Anthony worked in the GIC's London office and was President (London Office). He is also the adviser to the External Managers Department. Prior to that Anthony was a Senior MD at Bankers Trust Company (1987-1998). He held various management and trading positions in the Global Markets division. Anthony worked in Singapore and London during his time at Bankers Trust. He joined Bankers Trust from the Monetary Authority of Singapore, where he had worked from 1983, and included a stint from 1984 to 1986 in the MAS New York office. His last position at the MAS was as Head of the Foreign Exchange, Gold, and Liquidity Division. Anthony is a graduate of the National University of Singapore.

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<sup>3</sup> Kathryn Graham recently resigned from her position at BTPSM and moved to Universities Superannuation Scheme Ltd (USS) as Head of Strategy. Her old job title is kept in this report, as during the period of this report she was still employed by BTPSM

**Paul Marshall**  
Chairman and CIO  
Marshall Wace LLP

Marshall Wace LLP, is one of Europe's leading hedge fund groups and manages a number of award-winning funds including the Eureka Fund. Paul is a founding member of the Hedge Fund Standards Board. In January 2009, he appeared before the UK Treasury Select Committee Review on the role of hedge funds in the financial crisis. He is a member of HM Treasury Asset Management Working Group.

**David Neal**  
CIO, Future Fund

The Future Fund Board of Guardians and the Future Fund Management Agency are responsible for investing the assets of the Future Fund, the Building Australia Fund, the Education Investment Fund and the Health and Hospitals Fund. David joined the Future Fund from Watson Wyatt Australia where he was Head of Investment Consulting. At 30 June 2009 the Future Fund Board had AUS-\$81.9bn in assets. David started his career with Watson Wyatt in the UK and led the establishment of the firm's investment consulting business in Australia. He is a graduate of Oxford University.

**Russell Read**  
CIO and Deputy CEO  
Gulf Investment  
Corporation

Russell serves as CIO and Deputy CEO at the Kuwait City-based GIC, which focuses on natural resources-based, Shariah-compliant, and regional (GCC and MENA) opportunities in the public and private markets. Prior to GIC, Russell founded C Change Investments, focusing on private markets investments capable of transforming the production, distribution, and consumption of the world's natural resources. He served as CIO for CalPERS, at which time he was also Chairman of the Investors' Committee for the PWG on Financial Markets. Prior to that served as Deputy CIO for Scudder Investments and Deutsche (Bank) Asset Management (Americas) and Head of Quantitative Investing, Product Design, Risk Management, and Commodities Investing at Oppenheimer Funds. Russell is a founding member of the P8 Group of the world's eighth largest pension systems. He holds a B.A. in Statistics and M.B.A. in Finance/International Business from the University of Chicago and an M.A. in Economics and Ph.D. in Political Economy from Stanford University. He is also a CFA and a Governor of the New York Academy of Sciences (NYAS).

**George Robinson**  
Partner, CFO and  
Head of Research  
Sloane Robinson

George co-founded Sloane Robinson in December 1993. He is also Head of Research, CFO, and Manager of the SR Phoenicia Fund. Between 1979 and 1985 George worked for John Swire & Sons in Hong Kong, UK, Philippines and Korea. In 1985 he joined WI Carr and established their investment offices in both Seoul and Bangkok, before moving to Hong Kong as regional director of research. George graduated from Oxford University with a degree in Engineering Science.

**Emmanuel Roman**  
CEO, Man Group plc

Emmanuel Roman, CEO of Man Group plc ('Man') since February 2013, received an M.B.A. in Finance and Econometrics from the University of Chicago in 1987 and a bachelor's degree from the University of Paris in 1985. He joined Goldman Sachs in

1987 where he worked in a variety of areas, including fixed income, investment banking and capital markets, becoming co-head of Worldwide Equity Derivatives in 1996. In 1998 he was elected to partnership. In 2001 he was appointed co-head of Worldwide Global Securities Services and in 2003 he also became co-head of the European Equities Division. In September 2005, after 18 years at Goldman Sachs, Emmanuel (known as Manny) joined GLG Partners LP as co-CEO where he was responsible primarily for building the business in terms of sales, infrastructure and support. In October 2010, on completion of the acquisition of GLG by Man Group plc, Manny became COO of Man, a group-wide role with primary responsibility for integrating the GLG acquisition. He joined the Board of Man in May 2011 and was appointed President & COO in July 2012 and CEO with effect from 28 February 2013.

**Simon Ruddick**  
MD & Co-Founder  
Albourne Partners

Albourne Partners is the world's largest hedge fund advisory firm, which he co-founded in March 1994. Albourne's 150+ clients have over \$200 billion invested in hedge funds. Albourne was awarded the Queen's Award for Enterprise in 2006 and again in 2009. Village.albourne.com, the not-for-profit website, has over 65,000 residents and has led to Simon Ruddick twice appearing in the Institutional Investor's Top 40 Online Entrepreneurs. Albourne has also hosted Hedgestock, featuring a performance by The Who, in 2006 to raise money for Teenage Cancer Trust. As well as appearing on Bloomberg TV, Ruddick's appearances on CNBC have included hosting its Squawk Box programme.

**Dan H. Stern**  
Co-Founder and Co-CEO

Dan Stern co-founded Reservoir Capital Group in 1998. Prior to founding Reservoir, Mr. Stern co-founded and was President of Ziff Brothers Investments, and served as a Managing Director of William A.M. Burden & Co., and an Associate at Bass Brothers Enterprises in Fort Worth, Texas. Mr. Stern has participated in the formation and development of numerous investment management entities, including HBK Investments, Och-Ziff Capital Management, Starwood Capital, Ellington Capital Management, and Anchorage Advisors, among others. He is the President of the Lincoln Center Film Society and serves as a Trustee of Lincoln Center, the Mt. Sinai Medical Center, and the Educational Broadcasting Corporation (PBS Channel 13 New York). Mr. Stern received an A.B. from Harvard College and an M.B.A. from Harvard Graduate School of Business.

**Mario Therrien**  
Senior VP, External  
Portfolio Management –  
Public Markets,  
Caisse de dépôt et  
placement du Québec

Mario Therrien manages the team responsible for investments in external hedge funds and funds in public markets. He joined the Caisse's Alternative Tactical Investments team in 1992 as a financial analyst and was successively promoted to Assistant Manager and Manager. He was then assigned to the position of Vice-President of Varan Tactical Asset Management, a fund specializing in global tactical investments, until 2002. Prior to his latest appointment, he served successively as Vice-President, Fund of Hedge Funds, Absolute Return, and as Senior Vice-President, Fund Management, Private Equity, in charge of investing in venture capital,

information technology and life science funds, leveraged buyout funds and hedge funds.

Mario has a bachelor's degree in economics and a master's degree in finance from Université de Sherbrooke. He has also completed the securities course given by the Canadian Securities Institute and holds the chartered financial analyst designation from the CFA Institute. He is a member of the Montréal CFA Society.

**Sir Andrew Large**  
Advisor to the HFSB

Andrew Large was Deputy Governor of the Bank of England in 2002-2006. He now acts independently for central banks and governments in relation to financial stability and crisis prevention issues. He is also Chairman of the Senior Advisory Board of Oliver Wyman; Sr. Adviser to the HFSB; Chairman of the Advisory Committee of Marshall Wace, and Chairman of the Board Risk Committee of Axis, Bermuda.

Andrew Large's career has covered a wide range of senior positions in the world of global finance, within both the private and public sectors. Andrew spent twenty years in capital markets and investment banking, first with Orion Bank and then with Swiss Bank Corporation, on its Management Board in 1987-1989. Prior to his time at the Bank of England he chaired the Securities and Investments Board (precursor of the FSA) 1992-1997 and Deputy Chairman of Barclays Group in 1998-2002. When at Barclays, Andrew was Chairman of Euroclear in Brussels. Concurrently he served on the Managing Director of the IMF's Capital Markets Consultative Group 1999-2002, and chaired for the Group of 30 a global report into strengthening the global financial infrastructure for clearing and settlement.

Andrew has a keen interest in education; he is the Chairman of the newly created INSEAD Advisory Council and was a member of the INSEAD Board 1998-2010.

**Jane Buchan<sup>4</sup>**  
CEO, PAAMCO

Jane is CEO at Pacific Alternative Asset Management Company, an investment management firm based in Irvine, CA with offices in London and Singapore. As CEO, Jane is responsible for overall business strategy and firm direction. She began her career at J.P. Morgan Investment Management in the Capital Markets Group. She has also been an Assistant Professor of Finance at the Amos Tuck School of Business at Dartmouth.

Jane also serves as Director and Chairwoman of the Board for the Chartered Alternative Investment Analyst Association (CAIA). She also serves as a Director and Chair of Governance and Nominating for the Torchmark Corporation (TMK). Jane serves as a Trustee for Reed College in Portland, Oregon and the University of California Irvine Foundation. She is a member of the Investment Committees for both organizations. She is also a member of the Advisory Board for the Master of Financial Engineering Program at University of California Los Angeles Anderson School of Management. She also serves as an Associate Editor for the Journal of Alternative Investments. Jane is a founding Angel for 100 Women in Hedge Funds.

Jane holds both a PhD and an MA in Business Economics (Finance) from Harvard University. She earned a BA in Economics from Yale University.

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<sup>4</sup> Jane Buchan was elected to the Board on 21 May 2014

**Chris Gradel<sup>5</sup>**  
Founder, PAG

Chris Gradel is a Founder of PAG, and Managing Partner and CIO of PAG's Absolute Return business. Chris has over 15 years of investment experience across Asia. Prior to founding PAG, he led several investments for the Marmon Group in China and was an engagement manager for McKinsey & Co. based in Hong Kong. Chris has a joint Masters in Engineering, Economics and Management from Oxford University

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Christopher Fawcett resigned as a Trustee of the HFSB in November 2013

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<sup>5</sup> Chris Gradel was elected to the Board on 21 May 2014

## Appendix 2: Overview of the HFSB Accounts

	Year to 31 Jan 2014	Year to 31 Jan 2013	Year to 31 Jan 2012	Year to 31 Jan 2011	Year to 31 Jan 2010	Year to 31 Jan 2009
	£	£	£	£	£	£
<b>TURNOVER</b>	1,041,897	905,075	862,113	784,645	898,167	602,509
<b>Administrative expenses</b>	(997,242)	(886,120)	(845,170)	(956,465)	(829,487)	(602,365)
<b>LOSS/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	44,655	18,955	16,943	(172,206)	68,680	144
<b>Tax on loss/profit on ordinary activities</b>	(3,262)	13	-	15,102	(14,516)	(599)
<b>LOSS/PROFIT FOR THE FINANCIAL YEAR</b>	41,393	18,968	16,943	(157,104)	54,197	909

All activities derive from the continuing operations.