



Newsletter
December 2012

Dear All,

This is our last report for the year, a year that has been the busiest and most productive for the HFSB since its inception.

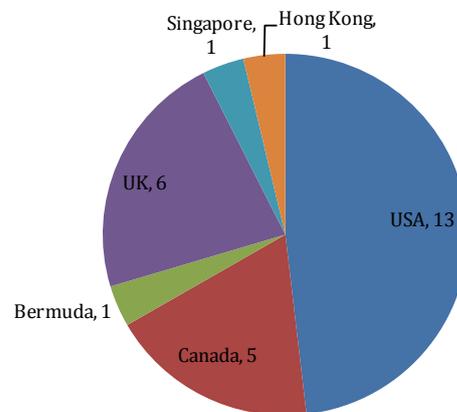
Signatories

This year 27 managers became signatories to the Hedge Fund Standards, including our latest additions:

- **Quality Capital Management (UK)**
- **Skyline Capital Management LLP (UK)**

Today, 82 managers are signatories to the Hedge Fund Standards, accounting for well over \$400bn in assets under managements. This year saw the largest number of managers signing up to the Standards in a single year, and the majority of these new signatories are from the North American market.

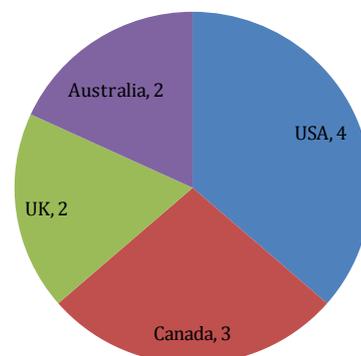
New Signatories in 2012



Investor Chapter

Our Investor Chapter has doubled in size since its launch in November 2010, and the Investor Chapter members continue to play a critical role in promoting the Hedge Fund Standards globally. In 2012 eleven major investors joined our Chapter, bringing the total to 61.

New Investor Chapter Members in 2012



Core Supporters

Our Core Supporters have renewed their commitment for another year and we are immensely grateful for their extraordinary contribution to our mission to promote better practices in the hedge fund industry. The role of our Core Supporters has been instrumental in the success of our signatory campaign, particularly in North America.

 Aberdeen

ALBOURNE

 AON Hewitt

 Arrowgrass

The  Blackstone Group®

INVESTCORP

IONIC Capital Management® LLC

NEW
HOLLAND
CAPITAL

 PACIFIC ALTERNATIVE ASSET
MANAGEMENT COMPANY

informed
RCM

Spinnaker Capital Group

TOWERS WATSON 

 UNIGESTION

We are looking forward to continuing our collaboration in 2013.

Founders

We would like to take this opportunity to express our gratitude to our Founders for their ongoing guidance and support without which the HFSB could not do what it does.

 AHL

BlueCrest

BREVAN HOWARD
Asset Management LLP

 BRUMMER & PARTNERS

Cheyne
Capital

CQS

 glg.

 Henderson
GLOBAL INVESTORS

LANSDOWNE
PARTNERS LIMITED


MARSHALL WACE

 OCH-ZIFF
CAPITAL
MANAGEMENT
GROUP

RAB CAPITAL

 Sloane Robinson

 WINTON

Standards Corner

This month we would like to focus on operational risks.

Hurricane Sandy, which swept the East Coast of the USA in October, has demonstrated the importance of disaster recovery plans to mitigate operational risks. Standard 17d focuses on measures designed to ensure that the provision of fund management services remain possible in the event of a disaster. These measures could include: a communication plan to contact important parties, such as senior management, prime brokers and administrators, offsite data back-up facilities, back-up infrastructure, and regular testing of procedures.

The trading glitch at securities firm Knight Trading in August 2012 highlighted operational risks arising from malfunctioning technology. The Standards cover security and integrity of systems and data (Standard 17f), and model risk (Standard 17e), which include procedures to identify and mitigate risks arising from models used, for example, in investment, risk management and hedging processes.

Please read Standard 17 to learn more about operational risks.

APPENDIX

Quality Capital Management (QCM)

QCM was founded in 1995 by Aref Karim (CEO & CIO). Prior to setting up QCM, Mr Karim spent 13 years at Abu Dhabi Investment Authority where he designed and managed a multi-billion dollar portfolio of alternative investments for the institution.

QCM is authorised and regulated by the FSA in the UK. In the US it is registered with the CFTC, both as CTA and CPO, and holds membership of the NFA. QCM is a systematic macro hedge fund manager and actively manages investments for its clients by applying its proprietary strategies on a diverse set of liquid and listed financial and commodity futures markets traded in major global exchanges. QCM currently offers four products. QCM's investor base is global and largely institutional, sovereigns and pensions.

Skyline Capital Management LLP

Skyline Capital Management is a global long / short equity specialist with an Emerging Markets focus. Their research focuses on generating unique insights into the prospective performance of companies based in or substantially exposed to Emerging Markets.

The investment team balances return generation potential with measured risk taking. Their strategy aims to generate returns through stock selection, portfolio positioning, and active shorting. Their Funds have a diversified investor base comprising institutions, endowments, banks, high net worth individuals, and retail clients.

Wishing you all Happy Holidays and a Successful New Year.

Looking forward to working with you in 2013

With best wishes

HFSB Team



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