

Newsletter
August 2014

Dear All,

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

Signatories

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

- **Taconic Capital Advisors L.P. (US)**
- **WMD Asset Management LLC (US)**

Investor Chapter

We are also pleased to welcome a new member of our Investor Chapter:

- **BA Pension Investment Management Ltd (UK)**

North American Annual Stakeholder Forum

23 September 2014, Annual North American Stakeholder Forum and Institutional Investor Roundtable, New York City (for HFSB stakeholders only).

HFSB in the Press

Dame Amelia Fawcett was interviewed during her recent trip to the Middle East by the UAE's publication The National. She talked about the role of the HFSB and noted that "Some of the biggest investors in hedge funds in the US and Europe are from the Middle East. So the hedge funds listen to them. The big sovereign wealth funds and other investors don't need help in investing, but we can help them distinguish between good and better investments. Our argument is that a big SWF is more likely to invest in a fund if it is signed up to the HFSB, and that of course also makes it more of an incentive for the fund to sign up".

The read the interview in full, [please click here](#).

Standards Corner: Culture and Governance

At a recent IOSCO Financial Stakeholder Meeting held in Madrid, global regulators, SROs and industry representatives from around the globe discussed how governance and "culture" can be improved across the financial sector. The discussion highlighted that (more) top down regulation may not be able to address these issues. However, there is already a large body of work on governance, ethics and behavioural standards developed by industry practitioners, including the [CFA Institute Code of Ethics](#), [ICGN's Global Governance Principles](#), and the [Hedge Fund Standards](#). It was acknowledged that applying these existing principles and standards in their respective fields can help address these concerns.

In collaboration with their investors, the HFSB signatories visibly demonstrate their commitment to a continuous process of improving practices in various areas, including fund governance and management of conflicts of interest. The HFSB will present its activities and approach at the annual IOSCO Conference in Rio de Janeiro in September 2014.

APPENDIX

Taconic Capital Advisors

Taconic Capital Advisors L.P. is a multi-strategy, event-driven firm founded in June 1999 by former Goldman Sachs partners, Ken Brody and Frank Brosens. Taconic currently manages approximately \$9.1 billion and has 135 employees (48 investment and trading professionals) across its offices in New York, London and Hong Kong.

Taconic aims to deliver strong risk-adjusted returns to investors over time by utilizing a bottom-up, research-driven investment process that identifies situations with three defined attributes: 1) inefficiency, 2) identifiable catalyst(s), and 3) a margin of safety. Taconic conducts in-depth probabilistic analysis of a variety of complex event-driven situations, particularly situations that involve litigation, change of control, and regulatory or legislative changes. Taconic is structured such that there is no permanent equity and the profit share is broadly distributed and shared out of one pool, which encourages a team-oriented culture and strong employee retention.

WMD Asset Management LLC

Founded in 1998, the WMD Organization is headquartered in Santa Barbara, California and specializes in both liquid and illiquid mortgage and real estate investing. Its founder, William M. Daugherty, is a veteran with over 30 years in mortgage and real estate investing and is known for his innovative investing and creativity.

Today, WMD Asset Management, the Company's asset management arm, has offices across the United States and invests on behalf of some of the world's most sophisticated institutions in the following asset classes:

- Residential Whole Loans
- Commercial Whole Loans
- Residential Mortgage-Backed Securities
- Senior Living Debt and Equity
- Global Real Estate Long/Short Equity (expected October 2014)

WMD Asset targets strong absolute returns with low correlation to major indices. WMD Asset is committed to industry best practices and has been registered with the SEC since 2011.