

Newsletter
January 2014

Dear All,

Happy New Year and best wishes for 2014.

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

New Stakeholders

Signatories

We are delighted to welcome three new additions to the HFSB signatory family, including our first signatory from South America:

- Gávea Investimentos (Brazil)
- Magnetar Financial LLC (USA)
- RS Platou Asset Management (UK)

Investor Chapter

Following our successful discussions with the Finnish institutional investor community last month, we are very pleased to announce a new member in our Investor Chapter and our first Finnish member of the HFSB family:

- Varma Mutual Pension Insurance Company (Finland)

Upcoming HFSB Institutional Investor Roundtables in San Francisco, Sydney & Melbourne

As previously reported, the HFSB will kick off its 2014 series of institutional investor roundtables in the US (San Francisco) and Australia:

- 3 Feb 2014: San Francisco Institutional Investor Roundtable to be hosted by PwC
- 5 February 2014: Sydney Institutional Investor Roundtable to be hosted by the Hedge Fund Association
- 6 February 2014: Melbourne Institutional Investor Roundtable to be hosted by Future Fund Australia.

The above events will bring together major institutional investors as well as HFSB stakeholders, to discuss topics covering corporate governance, harmonising market risk reporting, analysing fund expenses and standardisation of offering documents.

Standards Corner: latest industry developments

Fair treatment of investors

There were reports recently in the media claiming that partnership agreements frequently allow managers to unilaterally suspend redemptions for any reason.

The Hedge Fund Standards/Guidance address these concerns by clarifying

- a) the exit terms in open-ended funds
- b) the circumstances in which normal redemption mechanics might not apply and
- c) details of any measures which may be considered by the fund governing body in circumstances where normal redemption mechanics might not apply or may be suspended.

In addition, robust governance arrangements help mitigate conflicts of interest that can arise between managers and investors, and between investors in the same fund.

The overarching objective is to ensure fair treatment of investors and address potentially damaging externalities (runs on funds) that can develop in situations of liquidity distress. The approach is disclosure-based via the fund's offering documents. Please see [Standard 2.1](#) (Commercial Terms Disclosure) and [Standards 21-22](#) (Fund Governance) to learn more.

As a reaction to the redemption crisis in 2009, the HFSB consulted on hedge fund redemptions in the same year, and introduced appropriate amendments to the Standards in 2010. More details on this topic are available on the HFSB website in the [consultation section](#) (CP1).

APPENDIX

Gávea Investimentos	Founded in 2003 by Arminio Fraga and Luiz Fraga, Gávea Investimentos has become one of Brazil's leading alternative investment managers. Currently, Gávea manages approximately \$7 billion in assets across Global Macro, Private Equity, Real Estate and Equities. Over 150 people work for the firm in its two offices located in Rio de Janeiro and São Paulo, including 46 investment professionals. Former Brazil Central Bank President and senior PM for the Soros fund, Arminio Fraga, leads a team which combines ample experience in markets, government and academia, both in Brazil and globally. Gávea leverages J. P. Morgan's global resources following a strategic partnership established in October 2010.
Magnetar Financial LLC	Magnetar Financial LLC ("Magnetar") is a multi-strategy and multi-product alternative investment manager that seeks to achieve stable risk-adjusted returns by opportunistically employing a wide range of event driven, fixed income and energy investment strategies. Magnetar invests across the capital structure in both public and negotiated transactions utilizing both fundamental and quantitative analysis. Founded in 2005 and run by three managing partners - Alec Litowitz, Ross Laser and Dave Snyderman - Magnetar is an SEC registered investment adviser. The firm is headquartered in Evanston, Illinois and has approximately \$10.0 billion in AUM. Magnetar and its affiliates employ a team of approximately 230 professionals with additional offices in New York, London and Beijing.

<p>RS Platou Asset Management</p>	<p>RS Platou is a leading international ship and offshore broking company established in 1936. The Company serves the shipping and offshore industry worldwide by providing services within chartering, sale and purchase and contracting of ships and offshore units. Further, the Company provides investment banking services and project financing with a core focus on the shipping and offshore industries.</p> <p>RS Platou Asset Management LLP is a new subsidiary enterprise of RS Platou which has been launched to be a UK based FCA regulated asset management business. Initially the business will be launching a Cayman Islands hedge fund vehicle which pursues an event driven strategy, with a credit focus, specializing in the shipping, energy and natural resources space.</p>
<p>Varma Mutual Pension Insurance Company</p>	<p>Varma Mutual Pension Insurance Company is the largest earnings-related pension insurer and private investor in Finland. The company is responsible for the statutory earnings-related pension cover of 870,000 people in the private sector. Premiums written totalled EUR 4.2 billion in 2012 and pension payments stood at EUR 4.5 billion. Varma's investment portfolio amounted to EUR 36.9 billion at the end of September 2013.</p>

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