



*Newsletter*  
*October 2012*

Dear All,

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

**New Stakeholders**

We are delighted to welcome three new signatories to the HFSB family:

- Markham Rae LLP (UK)
- Omni Partners LLP (UK)
- Waterfall Asset Management LLC (USA)

We are equally delighted to welcome one more addition to our Investor Chapter:

- EACM Advisors LLC (USA)

**New Core Supporter**

It is with pleasure that we announce that upon achieving conformity with the Hedge Fund Standards, IONIC Capital Management LLC also have confirmed their commitment to become a Core Supporter in order to engage more actively in HFSB efforts.

**HFSB Stakeholder Event in New York**

Due to severe weather conditions caused by Hurricane Sandy we regrettably had to cancel our stakeholder event “Hedge Fund Standards in the North American Market” scheduled for 30<sup>th</sup> October in New York. We will reschedule this event at a future date and will send a separate invitation.

In the meantime, our thoughts are with our North American friends and colleagues. We hope that you and your families are all safe.

**HFSB in the Middle East**

Dame Amelia Fawcett is scheduled to visit the Middle East in November to meet with several large sovereign wealth funds in Saudi Arabia, Kuwait, Abu Dhabi and Qatar to brief them on the HFSB’s global campaign. We will be covering this in more detail in the next newsletter.

## Public Speaking

The HFSB made keynote presentations and participated in a number of panel discussions this month, including

- 2-3 October, HedgeInvest Forum 2012, London
- 2-3 October, 2012 Hedgefellas organised by Albourne, Chicago
- 16 October, GAIM Ops, Paris
- 19 October, SALT Singapore organised by SkyBridge Capital
- 25 October, Hedge 2012, London

In November Thomas Deinet will be speaking at the following events:

- 6-7 November, Quant Invest 2012, Paris
- 14 November, Hedge 2012, Zurich

## Standards Corner

This month we would like to focus portfolio risk management

### Portfolio risk management

The financial crisis upset many familiar beliefs about risk management, and demonstrated that overreliance on a few conventional risk measures does not provide a real understanding of risk, especially during periods of extreme market movements.

The Hedge Fund Standards cover portfolio risks from multiple angles: market risk, liquidity risk, and counterparty risk with significant focus on governance and managerial oversight.

In market and liquidity risk management, the Standards emphasise the need for stress testing and scenario analysis to overcome the shortcomings of individual risk measures and to assess the impact of extreme market occurrences on the portfolio.

In counterparty risk, the focus is on monitoring the credit risk of the funds counterparties.

A robust approach to portfolio risk management also includes disclosure to investors, as well as timely disclosure of the fund's risk profile which equips the fund's investors to better understand and manage their own risk arising from their portfolios of hedge funds and other investments.

Please read [Standards 11-16](#) to learn more about portfolio risk management.

## APPENDIX

### EACM Advisors LLC

EACM Advisors, LLC is a leading investment advisory firm specializing in multi-manager investment programs for institutional and high net-worth clients. EACM's dedicated team of investment, risk, and operating professionals have extensive experience in designing, constructing and managing multi-manager vehicles for clients located around the world. The firm manages \$4.8bn in assets, including \$3.5bn in hedge fund investments as of Sept 30<sup>th</sup> 2012. Within its hedge fund program, begun in 1991, EACM

	<p>specializes in designing both custom account and commingled fund of hedge funds solutions utilizing single strategy and multi-strategy approaches. EACM also has a history providing niche solutions such as SRI- compliant hedge fund products. EACM is a wholly owned subsidiary of BNY Mellon, one of the world's leading asset managers.</p>
<b>IONIC Capital Management</b>	<p>Ionic Capital Management® LLC (“Ionic”) is an alternative asset management firm that employs relative value arbitrage investment strategies globally across asset classes. Ionic focuses on generating negatively correlated returns and outperformance during uncertain markets. Ionic utilizes both explicit and imbedded options in equities, interest rates, currencies, commodities and credit in order to construct a portfolio that is typically positive convexity and long volatility. Founded in 2006, Ionic is based in New York City with an office in San Francisco.</p>
<b>Markham Rae LLP</b>	<p>Markham Rae LLP is the trading advisor for the Markham Rae I Sub-Fund, which is a macro fund focusing on G12 interest rates, fixed income and FX. The company was launched in December 2010 and was co-founded by the former Head of Risk Management at BlueCrest Capital Management, and the former Head of Strategic Rates Trading at BNP Paribas London. The investment team take a fundamental top-down macro view beginning with an economic analysis, supported by positioning data. Once a view is formed as to direction, scale and speed of the expected adjustment, optimal positions are designed. The fund manages an absolute return fixed income strategy taking both macro-driven and mean reverting exposure purely through derivatives. The firm currently runs \$600m of assets in the strategy for institutional clients, family offices and institutional Fund of Hedge Funds.</p>
<b>Omni Partners LLP</b>	<p>Omni Partners LLP is an investment management company founded by Steven Clark in 2004. The firm, which is headquartered in London, is authorised and regulated by the FSA and is also an SEC registered investment advisor. The Omni Global Fund, which follows an equity event-driven strategy focused on hard catalyst events, opened to external capital in Feb 2007; the Omni Macro Fund, which follows a global thematic discretionary macro strategy, was launched in Jul 2008. The two Omni strategies have combined assets under management of approximately \$1bn.</p>
<b>Waterfall Asset Management LLC</b>	<p>Waterfall Asset Management, LLC, started in 2005, is a specialty credit manager focused on high yield structured credit and real estate debt strategies. Within structured credit, Waterfall's investment approach seeks relative value across Asset Backed Security (‘ABS’) sectors globally. Waterfall is a registered investment adviser with approximately \$1.9bn in assets under management as of Sept 30<sup>th</sup>, 2012.</p>