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Hedge Fund ALERT

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Balyasny Fine-Tunes Multi-Strategy Model

Balyasny Asset Management is trying a new approach to supervising its portfolio managers, with the aim of dialing up leverage and boosting returns mired in the single digits in recent years.

For starters, the $3.3 billion hedge fund operator has begun allocating capital more evenly among its 36 investment teams, which cover stocks across a wide range of sectors, as well as credit and macro strategies. At the end of the first half, 40% of the teams were running at least $500 million, compared to just 14% a year ago, according to a July investor letter.

"The improved balance makes the fund less dependent on a smaller number of teams and allows us to quickly move capital as dictated by opportunities," wrote chief investment officer **Dmitry Balyasny.** As a result, he added, "our ability to run consistently higher gross becomes more sustainable."

Balyasny ended the second quarter with gross exposure of 300%, representing its

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Large Crop of Funds Take Root in Bay Area

San Francisco has emerged as a hotbed of hedge fund launches.

A dozen Bay Area startups are in various stages of getting funds off the ground this year or in early 2014 — including several that could set sail with $100 million or more. While San Francisco has long been home to prominent fund operators including **Farallon Capital, Passport Capital** and **ValueAct Capital,** industry veterans said they've rarely seen so many promising newcomers take shape at the same time in one market.

What's fueling the launches? In at least a few cases, the managers are alumni of **Weintraub Capital,** a once-$1 billion San Francisco fund shop whose founder, **Jerry Weintraub,** converted the operation to a family office at the end of last year. Meanwhile, long-established firms such as Farallon, with approximately $18 billion under management, and the $2.2 billion **Standard Pacific Capital** have been in business long enough that they'll naturally spin off investment professionals who have

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Standard General Co-Founder Is Moving On

The founders of **Standard General,** together since their days at **Och-Ziff Capital,** have parted ways.

Nicholas Singer, who launched the New York fund operation in 2007 with **Soohyung Kim,** resigned effective July 29, completing an amicable separation that's been in the works since early 2012. His departure reflects the fact that Standard General's business increasingly is focused on liquid securities, which is Kim's bailiwick, while Singer's specialty is private equity-style investments.

"With the altered investment environment brought about by the 2008-2009 financial crisis, Standard General's investment strategy evolved to emphasize less-concentrated and more event-driven hedged investing across the capital structure," the firm told investors in a July 31 letter announcing Singer's resignation. "Investors increasingly expressed their preference for opting out of participating in illiquid,

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THE GRAPEVINE

Tiger Global of New York installed a generalist on its investment team last month, bringing in **Nadi Barash** from **ESL Investments** of Bay Harbor, Fla. Tiger Global, founded by former **Tiger Management** executive **Chase Coleman,** runs $12.2 billion — with $6.2 billion of the total in its equity-focused Tiger Global Investments hedge fund.

Craig Kazmierczak's duties as head of agency mortgage-bond derivatives at the $1.9 billion **Axonic Capital** are coming into focus. It turns out that Kazmierczak, hired last month from **Mizuho,** is taking over management of the New York firm's holdings of interest-only and inverse interest-only securities from chief investment officer **Clayton DeGiacinto.** Those instruments make up 12% of

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Investcorp-Backed Shop Cutting Cord

Bond investor **Prosiris Capital** has taken off its training wheels, well ahead of schedule.

The New York operation, seeded by **Investcorp,** removed the Bahrain firm's name from its only fund on July 1 — rechristening the vehicle Prosiris Global Opportunities Fund. It also took over all operational aspects of the entity.

While Prosiris has acted as the investment advisor for its fund from day-one, Investcorp until now was the formal manager. In that role, Investcorp kept watch over the vehicle's operations, performance, marketing and appointment of service providers.

The switch came just two years after the fund launched with $50 million of initial backing from Investcorp. Typically, Investcorp's seed arrangements provide for it to retain management functions for 5-7 years — a timeframe it originally had in mind for Prosiris.

But Prosiris has grown far faster than expected, with its assets already reaching $1 billion. The shop also has bulked up its staff to encompass 21 employees and has plans to hire three more soon, likely adding to its capability to take on more responsibility as manager.

Additionally, Prosiris has demonstrated an ability to deliver strong and consistent returns, making money every month since its launch. Its profits — including gains of 10.4% for the first half of this year, 22.5% in 2012 and 13.2% in 2011 — look even stronger on a risk-adjusted basis.

The investment has been a clear winner for Investcorp, with Prosiris' assets accounting for almost half of the total managed by firms in its seed-capital program. What's unclear, however, is why Investcorp would agree to the new arrangement.

In exchange for startup support, Investcorp's seedlings typically surrender some of their revenues to the firm. It's likely that Prosiris' renegotiated arrangement means it will hand over a smaller share of its fee income, although the extent of that reduction is unknown. The two operations also continue to consider themselves strategic partners, with Investcorp offering ongoing capital-raising assistance to Prosiris and recently investing more money with the shop.

Prosiris Global Opportunities Fund originally was called Investcorp Prosiris Opportunities Fund. Despite the addition of the world "global" to its name, the offering's strategy remains the same: Investments in collateralized loan obligations in the U.S. and Europe, along with commercial mortgage bonds and other structured products, and to a lesser degree, corporate debt.

Prosiris is led by founder **Reza Ali,** formerly a star trader at **Goldman Sachs.**

Separately, Investcorp consummated its first acceleration-capital deal on Aug. 1, committing about $50 million to event-driven shop **Kortright Capital.** That New York firm, founded in 2010 by former **Och-Ziff Capital** staffers **Ty Popplewell** and **Matthew Taylor,** already was running some $75 million. The goal is for it to reach $1 billion. With a 19% return so far this year and Investcorp's support, it apparently is getting increased attention from large investors. ❖

Fund Startup Extends Hiring Spree

Startup fund shop **Rover Capital** is recruiting more portfolio managers.

The New York firm has been on a hiring spree since launching its Rover Capital Partners fund in April, adding six portfolio managers in the ensuing months. It's unclear how much money the fund started out with, but it's currently managing about $120 million.

The ongoing staff expansion partly reflects the fact that Rover, currently a stock-trading operation, plans to broaden its portfolio over the next 12 months to include additional asset classes. The firm also is expected to begin a formal marketing campaign by the first quarter of 2014.

Rover is led by principals **Ryan O'Sullivan, Lawrence Jacobs** and **Andrew Smoller.** O'Sullivan previously was a partner at **Ballast Capital,** a New York fund shop backed by **Investcorp.** He left Ballast in November.

Jacobs spent 12 years at **First New York Securities,** leaving in 2010. Smoller previously was a portfolio manager at **Millennium Management** from 2008 to 2011. ❖

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SAC's Return Engine Has Been Losing Steam for Years

Many industry professionals view the insider-trading charges against **SAC Capital** as solving the riddle of the firm's improbably high returns, but in fact SAC's performance no longer is so impressive as it once was.

Since its inception in 1993, the firm's original hedge fund, SAC Capital Management, has generated a 28.6% average annual net return, versus 10% for the S&P 500 Total Return Index. But the fund's biggest gains came in the 1990s, when SAC trounced the S&P. In the past four years, by contrast, the fund's returns have lagged the total-return index, if only slightly.

From 1993 to 2000, SAC's flagship fund averaged gains of 49.5% a year, compared to 18.2% for the S&P. In other words, the hedge fund bested the index by a whopping 31.3 percentage points a year. SAC's average return dropped to 14.8% from 2001 to 2008, versus a decline of 0.7% for the S&P during the same stretch — a differential of 15.5 percentage points. In the most recent period, from 2009 to 2012, the total-return index gained an average of 14.9% annually, compared to 14.3% for the SAC fund.

To be sure, SAC continues to outperform most other hedge funds. Last year, for instance, its flagship vehicle gained 13.4%, compared to 7.4% for the HFRI Equity Hedge (Total) Index. And the year before, SAC gained 7.8%, while the HFRI index fell 8.4%. The index's average from 2009 to 2012: 8.5%.

Still, after posting astronomical returns in its early years, SAC's profits clearly have come down to earth. Some who believe the allegations contained in a federal indictment unveiled July 25 say the relatively modest gains of the past few years reflect the firm's awareness that it was the target of an investigation. But sources say SAC's lower return profile is rooted in changes that have been unfolding for more than

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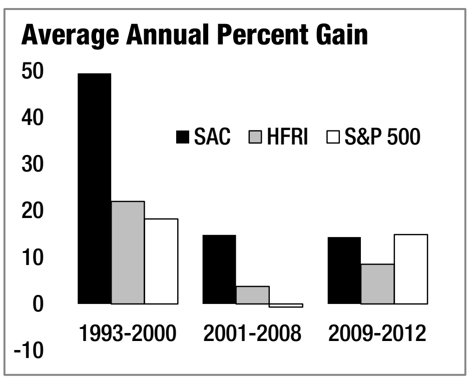

SAC's Performance

	SAC (%)	HFRI Equity Hedge (Total) Index (%)	S&P 500 (%)
1993	50.7	27.9	10.1
1994	24.8	2.6	1.3
1995	45.4	31.0	37.6
1996	41.0	21.8	23.0
1997	43.3	23.4	33.4
1998	49.2	16.0	28.6
1999	68.1	44.2	21.0
2000	73.4	9.1	-9.1
Average	**49.5**	**22.0**	**18.2**
2001	30.7	0.4	-11.9
2002	11.5	-4.7	-22.1
2003	18.1	20.5	28.7
2004	22.9	7.7	10.9
2005	18.0	10.6	4.9
2006	31.7	11.7	15.8
2007	13.4	10.5	5.5
2008	-27.6	-26.6	-37.0
Average	**14.8**	**3.8**	**-0.7**
2009	21.4	24.6	26.5
2010	14.7	10.4	15.1
2011	7.8	-8.4	2.1
2012	13.4	7.4	16.0
Average	**14.3**	**8.5**	**14.9**

Axial Pitches New Funds Amid Losses

Short-biased manager **Axial Capital,** which has consistently lost money amid a four-year bull market, is offering two new vehicles.

Axial Capital Neutral Fund began trading last month with less than $10 million, following the launch of Axial Capital Gravity Fund in April. Axial Gravity, down 3.3% after three months of trading, was managing $36 million at the end of July.

The New York firm, which was seeded by **Julian Robertson's Tiger Management,** runs $850 million overall, mostly in its flagship Axial Capital fund series.

Like Axial Capital, Axial Gravity aims to maintain net short exposure to the stock market. The Gravity vehicle specifically is designed to outperform the inverse of 40% of the change in the S&P 500 Index. The fund lost 1.4% in April and 2.7% in May followed by a 0.8% gain in June.

Axial Gravity invests in companies "that are secularly challenged or becoming obsolete." Marketing materials for the fund cite examples such as **Barnes & Noble, Dell** and **Gannett.**

Axial's flagship fund averaged 48% net short exposure in the second quarter, according to a July 30 investor letter. The vehicle was up 0.9% at the end of June, but then suffered a 9% loss in July. The fund has been underwater since 2008, when it gained 13.8% — compared to an average 19% loss for hedge funds as a whole. It lost 11.1% in 2009, 10.2% in 2010 and was roughly flat in 2011. Last year, the fund was down 6.3%.

"Incredibly, Axial has had amazing stability" in assets under management despite years of losses, a source said.

The firm, led by former **Bear Stearns** investment bankers **Marc Andersen** and **Eliav Assouline,** recently hired **Michael Hoak** to oversee marketing. Hoak previously was a managing director at New York fund shop **Northwoods Capital,** and before that worked at research firm **Gerson Lehrman.**

Axial, founded in 2002, has a staff of 11, including six investment professionals. ❖

Blue Rock Fund Offers Daily Liquidity

Fund-of-funds operator **Blue Rock Advisors** has launched a vehicle that permits daily withdrawals.

Blue Rock Liquid Alpha Fund began investing last month with $80 million from two unidentified U.S. institutional investors, one of which contributed $50 million and the other $30 million. The Wayzata, Minn., firm only looks at market-neutral hedge funds that invest in highly liquid stocks — a subset of about 375 vehicles out of the universe of long/short equity managers. It typically invests with managers via separate accounts, rather than commingled funds.

In the face of declining investor interest in funds of funds, more multi-manager shops are dangling investor-friendly terms such as reduced fees and easier liquidity. That includes an increasing number of vehicles structured as mutual funds. While Blue Rock Liquid Alpha is a private fund, it's clearly aimed at institutions with little room on their balance sheets for illiquid investments. Indeed, the vehicle's shares are expected to qualify as a "Tier 1" asset for accounting purposes under new regulatory-capital requirements, according to a July 30 letter from Blue Rock managing directors **Mark Steen** and **Michael Lorenzen.**

Blue Rock, with a little more than $630 million under management at the start of the year, tells investors that its portfolios of equity hedge funds offer risk/return profiles more in line with traditional fixed-income investments. For example: Since its inception in 1991, the flagship Blue Rock Capital Fund has delivered about 90% of the return of the Barclays Aggregate Index, with only 80% of the risk. The fund charges a management fee of up to 1% and a performance fee of just 1% — far lower than the 1% and 10% charged by most fund-of-funds managers.

Blue Rock, founded in 1989 by **Robert Fullerton,** has a staff of 11. ❖

Manager Picks Spots in ABS Market

Garrison Point Capital is planning the launch of a fund that would trade asset-backed securities underpinned by less-common receivables.

The San Francisco firm hopes to raise $20 million to $50 million for its Garrison Point Opportunities fund, whose launch is likely a few months away. The idea is to find asset-backed bonds overlooked by the trading desks of big Wall Street banks, including those backed by consumer "micro loans" and leases on shipping containers, aircraft and railcars.

Within those asset classes, the fund would zero in on paper offered in batches of less than $50 million — deals too small to attract major bidding from large financial institutions. Overseeing the vehicle is **Brian Loo,** who arrived in April from a post as a portfolio manager in the structured-product unit of **TCW.**

Garrison Point devised the new product's strategy partly in response to declining yields on nonagency mortgage-backed bonds — the focus of a $50 million hedge fund called Garrison Point Mortgage Opportunities that it runs. That said, the $200 million firm also intends to launch a second mortgage-bond vehicle.

Garrison Point's other $150 million of assets entail advisory assignments. The firm, whose clients are mostly wealthy individuals seeking high-yielding investments, has found that running commingled funds affords it more flexibility than its advisory business.

Garrison Point was founded in October 2011 by **Tom Miner** and **Garrett Smith,** whose resumes include time working together at **Lehman Brothers** and later **Barclays** — where they built a unit that supervised some $1.9 billion of fixed-income investments for clients in the U.S., Europe and the Middle East. ❖

Crop ... From Page 1

an entrepreneurial bent.

"You have already had several of those life cycles in New York," said **Omeed Malik,** who heads the emerging-manager program for **Bank of America's** prime-brokerage unit. "Now, it's happening in San Francisco. And by the way, it's happening in Boston also."

In San Francisco's case, it doesn't hurt that a four-year bull market has led to an explosion of wealth in and around Silicon Valley, as evidenced by skyrocketing real estate values.

Among the hedge fund operations taking shape in the Bay Area:

- **Think Investments,** led by **Shashin Shah,** a former portfolio manager and senior member of the investment committee at the $2.9 billion **Valiant Capital.** Think's chief financial officer, **Tom Glaser,** formerly worked at another San Francisco fund shop, **Ayer Capital.** Shah is prepping a global-stock fund that some think could launch with $300 million or more.
- **Endurant Capital,** led by former **Columbia Management** portfolio manager **Vishal Saluja.** The planned healthcare-stock fund is expected to raise $50 million to $100 million.
- **Post Street Capital,** founded by Weintraub alumni **John Luber** and **Joe Ziolkowski.** The firm's chief operating officer, **Diana Mah,** also previously worked at Weintraub. Post Street expects to launch with about $75 million.
- **PCO Capital,** led by former Weintraub executive **David Stadlin.** He is joined by two portfolio managers: **Ross Berner,** another Weintraub veteran, and **T.J. Leverte,** who previously worked at **Talkot Capital** of Sausalito, Calif. Look for PCO to launch around Oct. 1 with at least $15 million of partner capital.
- **Copernicus Capital,** founded by Weintraub alumnus **John Rende.** The healthcare-stock fund is expected to launch with about $30 million.
- **Two Ocean Capital,** led by former Standard Pacific portfolio manager **Joel Revill.** He's expected to raise $50 million for a global-equity vehicle. Two Ocean's chief operating officer, **Craig Skaling,** previously worked at **RBI Capital** of San Francisco.

In addition to their location, most of the new fund operations also plan to use the same accounting firm, **Rothstein Kass,** for auditing, tax and other services. The firm's San Francisco office is led by **Ed Tedeschi,** who has advised Bay Area hedge fund managers for years. In 2012, Rothstein Kass bought Tedeschi's consulting firm, **HC Associates.** ❖

Changes Afoot as Hovde Uproots

Hovde Capital has entered a period of change.

In his second-quarter letter to investors, founder **Eric Hovde** revealed that the firm's headquarters is moving to Madison, Wis., from Washington around the middle of this month. He also announced an easing of liquidity terms for certain backers, while disclosing a plan to refocus on longer-term investments in financial institutions.

Two years ago, Eric Hovde moved from Washington to his home state of Wisconsin so he could seek the Republican nomination to run for the U.S. Senate. While Hovde eventually lost the primary to **Tommy Thompson,** he and his family maintained their residence — meaning he has been commuting to the nation's capital ever since.

Moving the firm is a clear signal that Hovde plans to remain in Wisconsin, although it's unclear if he intends to run for office again. Also uncertain is which of Hovde's businesses and colleagues will make the move, and whether Hovde Capital will retain any presence in Washington.

Hovde wrote in his letter that the firm's asset-management operations would relocate to the new home office, and that the move would give him more time to focus on day-to-day oversight of those activities. That suggests he will continue to run the shop's flagship hedge funds, which operate under the Financial Institution Partners name, and a smaller vehicle called Hovde Credit Opportunities Master Fund. Altogether, Hovde Capital runs $196 million.

Along with Hovde himself, Hovde Capital's principals are chief financial officer **Jeffrey Kashdin,** chief operating officer **Richard Perry** and assistant portfolio manager **Jason Swandon.**

Still up in the air is what will become of **Hovde Private Equity.** The Web site for that shop, which takes illiquid stakes in banks and insurers that need capital infusions, went dark in the past few weeks. The operation doesn't appear to be winding down, however, and could even re-emerge with a new sponsor.

Hovde, Perry and Kashdin have been serving as principals of Hovde Private Equity, with **Joseph Thomas** as portfolio manager. The firm appears to have invested mainly through a single private equity fund that it launched in 2005, and until now had been conducting business as usual. For example, it added a staffer in February to help find new deals.

Hovde also is chief executive of **Hovde Properties,** a family-owned entity that already is based in Wisconsin.

As for Hovde Capital's hedge funds, the firm's revised liquidity terms apply to an entity called Financial Institution Partners 3. That vehicle is aimed at accredited investors, who are the least wealthy of the shop's backers. They now can withdraw capital quarterly, instead of twice-yearly. They also can redeem during the fund's initial one-year lockup period, subject to a 5% penalty — conditions Hovde Capital deemed "consistent with industry standards."

Indeed, Hovde's other Financial Institution funds — one reserved for wealthier qualified purchasers in the U.S. and the other for offshore clients — already had those provisions. It looks as if Fund 3 will continue to have a $500,000 minimum investment requirement, however, compared to $1 million for the other two funds.

On the investment-strategy front, Eric Hovde wrote that his shop is going back to the style of investing he pursued when he launched his firm in the 1990s. That means longer-term bets involving a smaller concentration of banks. As a result, the shop won't be paying as much attention to monthly performance swings. "While this may lead to increased volatility in the fund, I truly feel that is the right way to manage money in this environment, where trying to make short-term calls on the direction of the markets and individual stocks, or what the **[Federal Reserve** and **Chairman Ben Bernanke]** are going to say or do next, has become increasingly difficult," Hovde wrote. ❖

Systematic Trader on Marketing Trail

With nearly a year of returns under its belt, systematic stock picker **RBD Adaptive** has begun a formal marketing campaign.

The Austin firm, which emerged as a winner in the latest **Battle-Fin** quantitative-investing tournament, employs a program to identify stocks that have experienced dramatic price swings — and therefore are likely to reverse course. RBD's chief, **Mark Angil,** has a resume that includes a tour as a nuclear propulsion officer aboard a Navy aircraft carrier, a stint at the **U.S. Department of Energy** and, most recently, as a commodity trader managing his own money.

RBD currently runs $2.5 million in a series of separate accounts and retirement accounts. Angil is aiming his marketing efforts both at wealthy individuals and institutional investors, and stands ready to launch a commingled fund if the demand is there.

His flagship strategy, dubbed Midway 2, can take up to 15 long positions and 10 shorts, though in practice it maintains just a handful of investments at any one time, with an average holding period of less than a week. The vehicle, which typically has a large cash balance, is designed to be profitable in all environments, but should perform best during bear markets. From its Sept. 1 inception to July 31, Midway 2 gained 16.6%, compared to 19.9% for the S&P 500 Index — but with half the risk and negative correlation to the index.

The firm's retirement-fund program, called Midway-IRA, pursues a similar strategy minus the shorting. It's newest offering is called Midway-Pro, under which RBD takes over management of an investor's traditional long-only stock investments, then uses those assets as collateral to invest alongside Midway-IRA. The strategy is designed to add 10 percentage points on top of the performance of the underlying portfolio.

RBD is poised to take in a chunk of fresh capital thanks to winning Battle-Fin's "professional" division in May. The winners of various divisions will split a $20 million prize pool. ❖

Short-Term Shop Extends Horizon

T2AM has launched a fund of funds that invests with commodity traders.

The AT-Research Managed Futures Fund began investing on Aug. 1 with $20 million, all earmarked for separate accounts with managed-futures specialists employing trend-following strategies. In most cases, the underlying managers will hold their commodity or currency positions for a few weeks to a month.

That's a medium-term timeframe by most standards but it's an eternity for T2AM, whose only other multi-manager vehicle invests with quantitative equity and options traders whose holding periods are measured in hours or days. T2AM's short-term focus also is reflected in its status as an autonomously run unit of **Tradeworx,** a high-frequency trading operation in Red Bank, N.J.

Why the longer-term outlook? "Especially for U.S. taxable investors, there are limited good options for investing today," T2AM chief **Rishi Narang** said. Bonds and stocks have become riskier than usual, he said, adding that "we are hopeful longer-term trend following offers a decent chance at some good defense."

Fees for AT-Research Managed Futures are equal to 0.5% of assets and 5% of profits, compared to the standard 1% and 10% charges for multi-manager funds. It has a potential capacity of $2 billion. T2AM's existing fund of funds, meanwhile, runs $75 million and would likely top out at $150 million to $200 million before diluting returns.

In addition to its funds of funds, T2AM runs a $125 million hedge fund.

Narang, a quantitative specialist, co-founded Tradeworx in 1999 and remained on board until 2002. For the next three years, he worked at **Santa Barbara Alpha Strategies.** He then started T2AM, initially under the name Telesis Capital, and sold the Marina del Rey, Calif., operation to Tradeworx in 2011. ❖

SAC ... From Page 3

a decade.

Several people familiar with **Steve Cohen's** operation said it's no coincidence that SAC turned in its best performances before the **SEC** implemented Regulation FD in 2000. The rule prohibits public companies from selectively disclosing material nonpublic information, while also clarifying what kinds of investment activities constitute insider trading. The indictment against SAC alleges insider trading during a 10-year period beginning in 1999.

Starting around the same time, the firm itself made a number of internal changes. Perhaps most importantly, SAC began thinking about risk management in a serious way. "For several years, they had no risk department," a former portfolio manager said. "Now, the risk department often steps in to limit trading activities."

This view matches SAC's own version of its history, as outlined in a summary of its offshore SAC Capital International fund distributed earlier this year. A section headed "Firm Evolution" spells out four phases, starting with 1992-1996, when the firm functioned as an "extension of Steve Cohen's proprietary trading experience" and embraced a "move your feet philosophy." Not until the next phase, 1997-2004, is there any mention of risk management.

Indeed, it wasn't until the financial crisis that SAC began to more carefully manage its market exposure, the portfolio manager said. "They took much more risk," he said, referring to the pre-crisis period. "They had high net-long exposure."

The fact that SAC continued to make money even as the stock market fell sharply from 2000 to 2002 reflects the fact that "the market sold off in a more rational and predictable manner than in 2008. So it was much easier for hedge funds to find the right shorts." In 2008, the SAC Capital Management fund lost 27.6%.

For these and other reasons, SAC long was regarded with suspicion by many institutional investors. Institutions "prefer investors over traders," the former employee said. "They view [Steve Cohen's] firm as a black box . . . and they don't think his returns are good enough to justify his fees."

SAC famously charges a 3% management fee and keeps up to 50% of investors' profits, compared to the industry-standard 2-and-20 fee structure.

Of the $14 billion SAC currently manages, only about $6 billion represents outside capital — and investors have asked to withdraw the bulk of that amount. Under the funds' liquidity terms, redemption requests are honored in stages over four quarters.

The firm has pleaded not guilty to the criminal charges and said it plans to continue operating. Separately, Cohen is defending civil charges the SEC filed against him personally. ❖

Standard ... From Page 1

side-pocket investments through the fund."

Singer is contemplating his next move, including the possibility of starting his own firm.

Kim and Singer launched Standard General with a $100 million seed investment from **Reservoir Capital,** which continues to hold a minority stake in the firm. It currently manages $700 million, mostly in a fundamental long/short stock portfolio that is up about 12% year to date.

Singer started out at **Goldman Sachs,** where he quickly earned a reputation as something of a prodigy in the private equity arena. While still in his early 20s, he joined Och-Ziff, where he met Kim and **Steve Friedman.** When Friedman left to launch **Cyrus Capital** in 2004, he took Singer and Kim with him.

Singer's investments at Cyrus included a stake in Kansas City, Mo., energy company **Aquila,** where he took a seat on the board — becoming the youngest person to hold a board seat at a Fortune 500 company.

Kim and Singer originally shared oversight of Standard General. But by early 2012, they agreed Kim would become sole chief investment officer to reflect the decreasing emphasis on private equity. By the end of the year, Kim also assumed the title of chief executive. Previously, Kim and Singer were co-presidents. In recent months, Singer, now 34, mainly has focused on managing a dwindling number of private equity positions. ❖

Balyasny ... From Page 1

highest leverage level since early 2011.

At the same time, the Chicago firm aims to reduce the total number of positions per portfolio manager and boost the concentration of its flagship Atlas Global vehicle. To that end, it has created a series of "conviction accounts" to enable certain portfolio managers to double down on their best ideas even if their own books have hit their allocation limits.

"Often in a diversified product, the fund has a higher appetite for a single name risk than an individual portfolio manager," Balyasny explained. "This is a frequent criticism of larger hedge funds as the highest potential alpha ideas can get overly diluted. Finding the right balance between great risk management and consistency on one side versus more concentrated 'oomph' on the other is always challenging."

Each of the three conviction accounts is designed to accommodate ideas from seven portfolio managers. The firm has allocated $700 million to the largest account — giving each manager access to an additional $100 million of capital.

The July letter also informed investors that Balyasny's chief operating officer, **Patrick Prill,** plans to retire next year and that the firm has hired a chief financial officer who will assume Prill's duties. **Robert Aurigema,** who has held executive positions at **Secor Asset Management, Plural Investments, Avenue Capital** and **SAC Capital,** will start work in September. During a transition period, Aurigema and Prill will work side by side.

Dmitry Balyasny noted that the firm received several hundred resumes for the CFO job and interviewed more than 80 candidates.

The Atlas Global Investments fund, which accounts for the vast majority of the firm's assets, was up 2.1% this year as of June 30, following gains of 4.9% last year, 3.7% in 2011 and 13.4% in 2010. A much smaller vehicle, Atlas Institutional Fund, has performed slightly better, with returns of 16.7% in 2010, 5.7% in 2011, 6.4% in 2012 and 3% this year through June. By comparison, the HFRI Multi-Strategy Index was down 1.1% in the first half, following an 8.9% gain last year, a 2.4% loss in 2011 and a 13.2% gain in 2010.

Balyasny manages another small portfolio called Atlas Leveraged Fund whose returns are predictably more volatile: up 23.2% in 2010, down 0.3% in 2011, then up 12.6% in 2012 and 3.1% year-to-date as of June 30.

The firm's assets, meanwhile, have slipped to $3.3 billion, from about $3.8 billion at yearend 2012. Balyasny, founded in 2001, employs 123 investment professionals out of a total staff of 215. ❖

Correction

A July 31 feature, "Hedge Funds In Hot Water," incorrectly suggested that the federal government's insider-trading probe led to convictions or guilty pleas from now-defunct **Loch Capital.** Neither the firm nor any of its employees has been charged with a crime. ❖

CALENDAR

Main Events

Dates	Event	Location	Sponsor	Information
Sept. 15-17	Alpha Hedge West Conference	San Francisco	IMN	www.alpha-hedge.com
Sept. 17-19	Monaco 2013 Summit	Monaco	AlphaMetrix	www.alphametrix.com
Oct. 1-3	Alternative Asset Summit	Las Vegas	AAIM	www.alternativeassetsummit.com
Oct. 17-18	Outlook 2013	New York	MFA	www.managedfunds.org
Oct. 28-31	Fund Forum USA 2013	Boston	ICBI	www.fundforumusa.com
Jan. 29-31, 2014	Miami 2014	Miami	AlphaMetrix	www.alphametrivx.com

Events in US

Dates	Event	Location	Sponsor	Information
Aug. 14	Turney Duff-The Buy Side	New York	N.Y. HF Roundtable	newyorkhedgefundroundtable.org
Sept. 9	Introduction to Collateral Management	Chicago	FMW	www.fmwonline.com
Sept. 9-10	ETF Managed Portfolio Summit	Miami	IIR	www.iirusa.com
Sept. 9-10	Trade Tech West	San Francisco	WBR	www.wbresearch.com
Sept. 10-11	Alternative Strategy Mutual Funds Forum 2013	New York	IIR	www.iirusa.com
Sept. 10-11	Global Alpha Forum	New York	FRA	www.frallc.com
Sept. 11	Quantitative Risk Management Discussion	Atlanta	CFA Soc. of Atlanta	cfa-atlanta.org
Sept. 9	Introduction to Collateral Management	Boston	FMW	www.fmwonline.com
Sept. 12	Hedge Fund Management 2013	New York	PLI	www.pli.edu
Sept. 12	Family Office Insight	Greenwich, Conn.	CTHFA	www.cthedge.org
Sept. 12	Networking Event	New York	N.Y. HF Roundtable	newyorkhedgefundroundtable.org
Sept. 12	Hedge Fund Management 2013	New York	PLI	www.pli.edu
Sept. 16-17	Managed Accounts & UMA Summit	New York	FRA	www.frallc.com
Sept. 17	Global Derivatives Forum	New York	Capital Link	forums.capitallink.com
Sept. 17-18	Capital Markets Analytics	New York	WBR	www.wbresearch.com
Sept. 19	Hedge Fund Summit	New York	FINalternatives	www.finalternatives.com
Sept. 22-24	Family Office Wealth Conference	Laguna Beach, Calif.	II Forums	www.iiconferences.com/fowc
Sept. 23	Cap Intro: L/S Equity-Event Driven Alternative Investing	New York	Catalyst Financial	catalystforum.com
Sept. 24	Exchange Traded Funds: Products & Lifecycle	New York	FMW	www.fmwonline.com
Sept. 24-25	Outsourced CIO Summit	Boston	FRA	www.frallc.com
Sept. 25-27	Investment Trends Summit	Santa Barbara, Calif.	Opal	www.opalgroup.net

Events Outside US

Dates	Event	Location	Sponsor	Information
Aug. 29-30	African Cup of Investment Management	Cape Town	IMN	www.imn.org
Sept. 1-7	Oxford Offshore Symposium	Oxford, England	Offshore Investment	www.offshoreinvestment.com
Sept. 3-5	Emerging Managers Forum Asia	Hong Kong	Terrapinn	www.terrapinn.com
Sept. 9-11	WAISC Niagara 2013	Niagara Falls, Canada	Radius	www.radiusfinancialeducation.com
Sept. 9-12	Risk Minds Risk & Financial Regulation Forum	Nice, France	ICBI	www.riskmindsregulation.com
Sept. 11-13	Fundamentals of Fund Management	London	IFF	www.iff-training.com
Sept. 13-14	China International Online Trading Expo	Hong Kong	Eastpearl Group	www.ciotexpo.com/en
Sept. 16-17	Trade & Commodity Finance in Brazil Conference	Sao Paulo	Euromoney Seminars	www.euromoneyseminars.com
Sept. 17	UCITS & AIFMD	London	Informa	www.iiribcfinance.com
Sept. 17-18	Trade Tech FX	London	WBR	www.wbresearch.com
Sept. 18	Real Estate Private Equity Summit: Europe	London	iGlobal Forum	www.iglobalforum.com
Sept. 18	Canton of Schwyz Conference	Pfaeffikon, Switzerland	IIR	www.iiribcfinance.com
Sept. 18	High Frequency Trading Leaders Forum	London	Golden Networking	tinyurl.com/l3a8cec
Sept. 18	Hedge Funds Leaders Forum 2013	London	Golden Networking	tinyurl.com/mqa6pxn

To view the complete conference calendar, visit The Marketplace section of HFAlert.com

LATEST LAUNCHES

Fund	Portfolio managers, Management company	Strategy	Service providers	Launch	Equity at Launch (Mil.)
Agamemnon Capital	Haye Chan Agamemnon Capital, Hong Kong	Global: event driven		Dec.	
AT-Research Managed Futures Fund Domicile: U.S. ☛See Page 7	Rishi Narang T2AM, Marina Del Rey, Calif. 310-574-8610	Fund of funds: CTAs	Law firm: Finn Dixon Auditor: Rothstein Kass Administrator: NAV Consulting	Aug. 1	$20
Blue Rock Liquid Alpha Fund Domicile: U.S. ☛See Page 4	Robert Fullerton Blue Rock Advisors, Wayzata, Minn. 952-229-8700	Fund of funds: equity market neutral	Prime broker: Goldman Sachs Law firm: Schulte Roth Auditor: KPMG Administrator: Viteos Fund Services	July	$80
Garrison Point Opportunities Domicile: U.S. ☛See Page 4	Brian Loo Garrison Point Capital, San Francisco 415-229-9020	Debt: structured products (asset-backed securities)	Prime broker: J.P. Morgan Law firm: Securities Law Group Auditor: McGladrey Pullen Administrator: EisnerAmper Fund Services	4Q-13	

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THE GRAPEVINE

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the $1.75 billion of equity that Axonic runs through its opportunistic credit strategy — with most of that capital in its Axonic Credit Opportunities Master Fund. Kazmierczak, meanwhile, may expand his portfolio going forward.

Broker-dealer **RSP Investments** has hired a fund-placement specialist to oversee an effort to market hedge funds and private equity vehicles to investors. **Daniel McHale** arrived at the Washington outfit in the last few weeks from **Lyster Watson,** where he headed placement-agent services for hedge funds. McHale also has worked at **Sanford C. Bernstein & Co.** At RSP, he plans to concentrate his marketing efforts on institutional investors. He's also responsible for finding new fund clients for his unit.

Here's making the most of an unfortunate situation: Employees of the former **Knight Capital** marked the anniversary of the trading shop's blowup by roasting two pigs at its Jersey City, N.J., headquarters. The catered event took place on Aug. 1, a year after a series of erroneous equity orders led to a $440 million loss for the shop, now known as **KCG Holdings.** The operation was taken over by market maker **Getco** on July 1.

Brookfield Investment has hired a researcher away from **Millennium Management's OmniVista Capital** unit. **Stavros Koutsantonis** started at Brookfield in the past few weeks as a vice president handling investments in industrial-company stocks for the New York firm's long-only and long/short infrastructure-equity funds. Koutsantonis had been at OmniVista since 2011, working as an analyst on a $400 million portfolio of industrial stocks. He also has worked at **Fidelity Investments.**

J.P. Morgan Asset Management's marketing team has a new member. **Peter Gray** joined the bank's New York office in mid-July, with a focus on pitching its hedge funds to clients in Asia. Gray most recently led marketing and business development in Asia at **Cowen Group,** where he split his time between New York and Tokyo from 2006 until yearend 2012. His prior employers also include **Shinsei Bank, UBS** and **FMC Corp.**

Verition Fund Management has added an analyst to its credit-product investment group. **Nicholas Ravlin** came to the Greenwich, Conn., multi-strategy shop in recent weeks, moving from special-situations manager **Tenex Capital.** Verition was running $995.7 million of regulatory assets as of yearend.

In an arrangement that promises to give it access to more investors, London global-macro shop **LindenGrove Capital** is now working with **Decura Investment** — the operator of a service called Claritus that sets up separate accounts with outside managers. LindenGrove so far is running money for one institutional client of Decura, funneling the capital into a more leveraged version of its LindenGrove Capital Master Fund. The $44 million fund launched in December and had compiled a 3.3% gain by midyear. London-based Decura is led by former **Goldman Sachs** executive **Jay Dweck.**

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