Bloomberg BRIEF

Hedge Funds

NEWS, ANALYSIS AND COMMENTARY

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Ex-Nomura Prop Trader Blum Starts Macro Fund

BY SIMONE FOXMAN

Liran Blum, the former head of Nomura Holdings Inc.'s proprietary trading desk in the U.S. and previously a portfolio manager at SAC Capital Advisors, has started a global macro hedge fund with $137 million, according to a filing.

Blue Helm Capital Management's fund began trading on March 2 according to a person familiar with the matter. The fund takes positions around medium and long-term macroeconomic trends with typical investments spanning weeks or months.

A spokesman declined to comment.

Blum was at Nomura since 2009, first as head of foreign exchange in the U.S., before starting the firm's U.S. fixed-income proprietary trading business, according to the person. Before Nomura, Blum was a portfolio manager at SAC for 18 months.

Blum has hired several former Nomura employees at his new firm. **Richard Gaborow**, formerly an executive director at the bank, joined as senior portfolio manager. **Guilherme Decca**, a former managing director and chief operating officer for the foreign exchange and principal strategies groups, was brought on to be Blue Helm's president. Andre Ikeda, a former Nomura trader, joined Blue Helm on April 1.

Marathon Buying Irish Real-Estate Loans: Richards

Marathon Asset Management LP's **Bruce Richards** says his firm is ramping up investment in Europe on bets that central-bank easing, a depreciating euro and the plunge in oil prices will buoy the region's growth.

The hedge fund, which manages about $13 billion, last week bought a non-performing loan from Ireland's National Asset Management Agency, a group set up in 2009 to take control of banks' toxic property loans. Backed by 588 multifamily units in Dublin, the loan marks Marathon's 12th such purchase in two years in a country whose economic growth Richards says outpaces that of its European counterparts.

"We're big-time bullish," Richards, Marathon's chief executive officer, said Monday in an *interview* on Bloomberg Television's "Market Makers" hosted by Erik Schatzker and Stephanie Ruhle. "We continue to buy loans. We've been very, very busy."

European Central Bank stimulus, the U.S. dollar's ascent versus the euro, plunging oil prices along with calls for accelerated euro-area growth by the IMF and World Bank, make the region "one of the great opportunities globally," Richards said.

— Michelle F. Davis

QUOTE OF THE WEEK

"It's not your parents' distressed market."

— Michael Lipsky, MatlinPatterson (see story)

INSIDE

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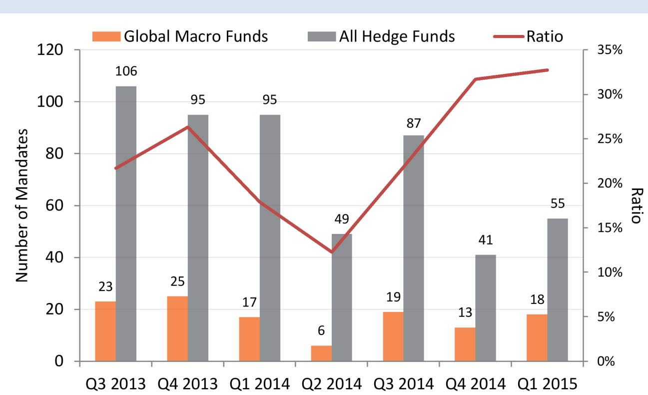
NEW MANDATES: GLOBAL MACRO



Source: Bloomberg Mandates BloombergBriefs.com

NATHANIEL E. BAKER

Institutional investor demand for global macro strategies last quarter increased to represent 33 percent of all new hedge fund mandates, their highest level since Bloomberg began tracking the data in 2013. Global macro searches were almost equally popular in the fourth quarter of 2014, representing 32 percent of all hedge fund mandates.

Institutional mandates for hedge funds are now available on the Bloomberg terminal via *MND<GO>*. Access is provided to Bloomberg Anywhere clients at buyside firms. Contact your sales representative for questions about accessing the function. For more information about Bloomberg Mandates, e-mail mandates@bloomberg.net.

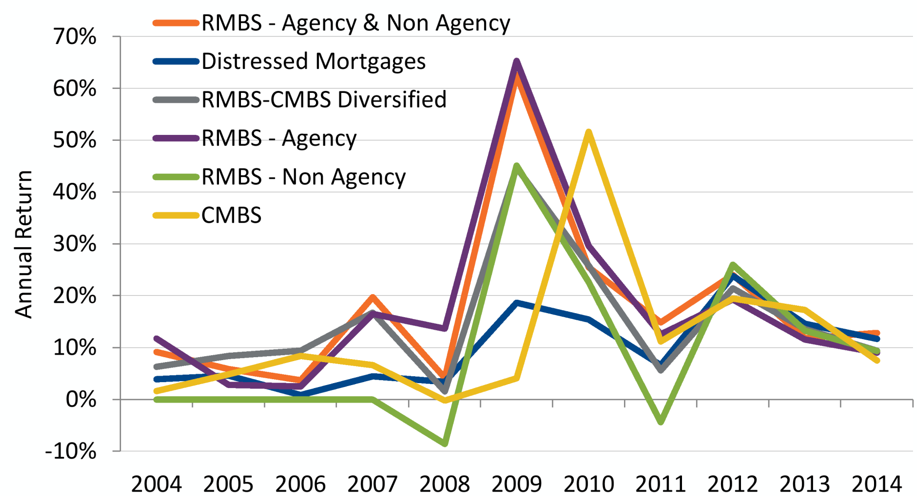
RETURNS: MORTGAGE STRATEGIES

Mortgage hedge funds — which had their best years in 2009, 2010 and 2011 — have produced diminishing returns for two years in a row, according to **Simplify LLC**, a New York-based provider of hedge fund and private equity fund data.

Last year, just one of *Simplify*'s six mortgage strategy sub-categories — Residential Agency & Non Agency — had better returns than in 2013, and that was by one percentage point. In 2012, all six of Simplify's mortgage strategy sub-categories returned 20 percent or more, compared with gains of 12 percent or more in 2013. Last year, just two categories — Residential Agency & Non Agency and Distressed — had double-digit returns.

"Many RMBS players will need to examine their investment thesis as the spread compression of the past few years looks to continue and further dampen returns," Simplify founder Brian Shapiro said in an e-mail. "However, with billions of dollars-worth of commercial real estate loan maturities set to hit the market, there are plenty of opportunities for CMBS managers."

Mortgage Hedge Fund Returns by Strategy, 2004 to 2014



Source: Simplify LLC BloombergBriefs.com

CMBS funds were the best-returning mortgage strategies in 2013, when they gained 17 percent, according to Simplify. While CMBS strategies were the worst-performing mortgage sub-strategy the following year, the next few years should see a rebound, according to Shapiro. In 2016 and 2017, such strategies may produce consistent double-digit returns, he said.

— Nathaniel E. Baker

Strategy Performance by Year, 2009 to 2014

STRATEGY	2009	2010	2011	2012	2013	2014
RMBS - Agency & Non Agency	63%	25%	15%	24%	12%	13%
Distressed Mortgages	19%	15%	6.6%	24%	15%	12%
RMBS-CMBS Diversified	45%	26%	5.6%	21%	14%	9.4%
RMBS - Agency	65%	30%	13%	19%	12%	9.1%
RMBS - Non Agency	45%	23%	-4.4%	26%	13%	9.3%
CMBS	4.1%	52%	11%	19%	17%	7.5%

Source: Simplify LLC

Best-Returning Funds, 2014

STRATEGY	FUND	RETURN
RMBS - Agency & Non Agency	Fir Tree Mortgage Opportunity	40%
Distressed Mortgages	PCM Provident MBS Master	28%
RMBS-CMBS Diversified	Fir Tree Real Estate Opportunity II	28%
RMBS - Agency	AG Real Estate Debt Investment	14%
RMBS - Non Agency	Burgess Creek	14%
CMBS	Alden Global CRE Opportunities	12%

Source: Simplify LLC


baml.com/globalresearch
research counts
Deliver insights that clients value,
and everyone wins.
Voted Top Global Research Firm
2011 | 2012 | 2013 | 2014
Institutional Investor
Bank of America
Merrill Lynch
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MILESTONES

ITEMS MAY BE SUBMITTED TO HEDGEBRIEF@BLOOMBERG.NET

Weiss Starts Risk Parity Fund, Plans Retail Version

Weiss Multi-Strategy Advisers, the $1.3 billion investment firm led by **George Weiss**, started a risk parity version of its main fund as a model for a 40 Act fund it intends to launch later this year, according to a person with knowledge of the matter.

The Weiss Alpha Balanced Risk Fund targets steady returns rather than single positions that will win big, the person said. Risk parity strategies invest based on volatility in the markets, shifting money across asset classes including stocks and bonds.

Risk parity strategies drew attention after performing relatively well in 2008 and 2009. Firms such as AQR Capital Management and Invesco Ltd. have led the charge to open up such products to retail investors.

Weiss's new fund combines the risk parity allocation model with its flagship fund's multi-strategy approach, which is comprised of 14 traditional hedge fund strategies including long-short equity, credit and macro. As much as 25 percent of the new fund's assets can be invested in the multi-strategy fund.

Weiss, which has offices in New York and Hartford, was founded in 1978 as George Weiss Associates and initially focused on stocks. Gillian Tullman, director of investor relations and marketing at Weiss, declined to comment on the fund.

— Simone Foxman

Huttenlocher's Myriad Said to Start Second Fund

Carl Huttenlocher's **Myriad Asset Management** has set up a hedge fund focusing on opportunities arising from Japan's efforts to end deflation, said people with knowledge of the matter.

The $4 billion firm started its second fund March 1 with internal money and has approached potential investors, said one of the people.

Myriad Japan Reflation Fund will invest in assets stocks, equity indexes, interest rates and currencies, the person added. Its equity investment will be focused on financial companies. **Sam Guinness**, a Hong Kong-based investor relations officer at Myriad, declined to comment.

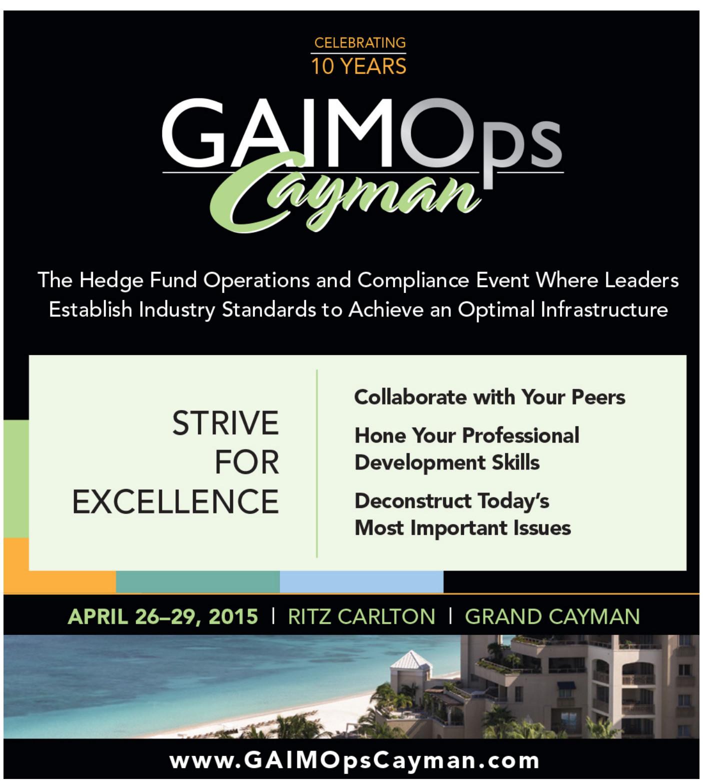
Hong Kong-based Myriad already has Japan reflation-related investments in its flagship Myriad Opportunities Master Fund, which opened to investors in December 2011. The new fund can make bigger, more concentrated investments in the theme, the person said.

Myriad Opportunities Master Fund, which started with about $340 million, has not lost money on an annual basis.

The Japan reflation fund will have a limited life expectancy of two to four years, said the person.

Myriad has hired **Ben Happ** for its marketing and investor relations team, said one of the people. Happ was a Boston- and Hong Kong-based prime broker at Credit Suisse Group AG and former head of business development at hedge fund Abax Global Capital (Hong Kong).

— Bei Hu



PENSIONS

Calpers' Performance Fees Rise 6% as Assets Climb

California Public Employees' Retirement System's performance fees to Wall Street firms rose 6 percent last year to $420 million as the value of its portfolio gained 18 percent, according to a *report* posted on the pension's website.

Managers in the real asset portfolio, which includes real estate, infrastructure and forest land, earned $261 million in profit-sharing fees in the year ended in June, according to the report, "Investment Office Cost Effectiveness," by Chief Operating Investment Officer Wylie Tollette. The fund didn't report performance fees for private equity, which accounts for 10 percent of its $304.5 billion in assets and more than half of all base fees paid last year, Tollette said.

Calpers, as the largest U.S. pension is known, said profit-sharing fees have more than tripled since it began to recoup losses brought on by the recession that ended in 2009. Since then, the fund's market value has grown 60 percent.

While the payments pegged to investment gains have jumped, the fund has reduced other types of money-management fees as it seeks to cut costs.

Calpers said base fees to external money managers, which are tied to the amount invested, were $798 million in the 2014 fiscal year, down 12 percent from 2009. The fund cut such payments by reducing the number of firms it hired, putting its staff in charge of more investments and seeking better terms from outside firms.

Calpers announced in September that it planned to dump its entire $4 billion in hedge-fund investments, citing their expense and complexity.

— Michael B. Marois

ON THE MOVE

Credit Suisse Names Head of Global Prime Services

Credit Suisse Group AG appointed **Mike Paliotta** as global head of prime services, replacing departing Paul Germain, according to two memos.

Paliotta, who was co-head of equities for the Americas, will report to Tim O'Hara, co-head of the investment banking division, according to an internal memo obtained by Bloomberg. Germain, who was appointed global head of prime services in 2013, is leaving after more than five years to pursue an "entrepreneurial opportunity" outside the bank, according to a second memo. Sofia Rehman, a spokeswoman for the firm in London, confirmed the contents of the memos.

Switzerland's second-largest bank is considering cuts to its prime services business, a person with knowledge of the matter said in December. The business, which provides services to hedge funds, includes activities such as securities lending, trade executions, and cash management.

"Mike's appointment underscores our commitment to our leading equities client franchise and is a testament to his tight partnership with the prime business over many years," O'Hara said in the memo. "I am confident Mike will continue to build on the success and strength of the prime services franchise in the years to come."

Germain joined the bank in 2010, having previously worked for Goldman Sachs Group Inc., according to the memo. Paliotta, who has been with the Zurich-based lender for 15 years, will work with Germain "over the coming weeks to ensure a smooth transition of responsibilities," the memo showed.

Credit Suisse, which hired Tidjane Thiam to replace Chief Executive Officer Brady Dougan later this year, is planning to move some jobs from London to Ireland as it cuts costs at its investment bank, two people familiar said last month.

— Will Wainewright

FROM THE MINUTES

- **University of Missouri** is proposing to reduce its hedge fund allocation targets, according to an agenda *item* for last week's board of curators meeting. Proposed portfolio changes include reducing retirement plan allocations to 6 percent from 8 percent and endowment targets to 6 percent from 12 percent. The proposal follows an asset/liability study, the board's first since 2012.
- **California State Teachers' Retirement System** is seeking "core plus and high yield" opportunistic fixed-income managers, according to a *notice* posted on its website.
- **Teachers' Retirement System of the State of Illinois** issued an RFP for currency managers, according to a *statement* on its website. "Specifically, the search will focus on successful strategies in managing developed and/or emerging market currency exposures," the statement said. The deadline to apply is April 22.
- **Public School Teachers' Pension and Retirement Fund of Chicago**'s absolute return allocation was 1.7 percentage points short of its 2 percent target as of Dec. 31, according to *minutes* from the pension's Feb. 19 board meeting.
- **San Francisco City and County Employees' Retirement System** extended the deadline for its search for hedge fund consulting and fund of hedge funds to May 1, according to a *statement* posted on its website.
- **Dallas Police and Fire Pension System**'s $420 million global asset allocation portfolio gained 3.6 percent in the first quarter, according to its monthly investments and financial reports *package*. Bridgewater was the best-performing manager, with returns of 5.5 percent. The GAA portfolio's other funds are AQR Capital Management, GMO, PanAgora Asset Management and Putnam Total Return Fund.

— Compiled by Nathaniel E. Baker

MARKET CALLS
ITEMS MAY BE SUBMITTED TO HEDGEBRIEF@BLOOMBERG.NET FOR CONSIDERATION

Today's Markets Most Like 2004: Druckenmiller

Stan Druckenmiller said today's environment is most reminiscent of 2004, which means there are probably at least two years remaining before the onset of a new bear market.

"I just have the same horrific sense I had back in '04 and by the way, it lasted another two years," Druckenmiller told an audience at the Lost Tree Club in North Palm Beach, Florida, on Jan. 18.

In 2004 "every bone in my body said this is a bad risk reward, but I can't figure out how it's going to end," Druckenmiller said, according to a *transcript* obtained by Bloomberg News. "I feel the same way now. There are early signs."

Druckenmiller cited initial public offerings, 80 percent of which he said are issued by unprofitable companies. "The only other time we've been at 80 percent or higher was 1999."

A Federal Reserve "absolutely obsessed with Japan" and Japanese-style deflation encouraged an increase in low-grade debt issuance and so-called "covenant light" loans that lack typical creditor protections. While there was "a viable case in '09, '10 that we may follow Japan," the truth is "we've never had deflation," Druckenmiller said. "Our CPI has gone up 40 percent over this time with not one period of deflation."

The Fed's zero interest rate policy has caused more risk-taking by market participants and a "doubling down" on "the real root cause" of the 2008 financial crisis, according to Druckenmiller. "Our monetary policy is so much more reckless and so much more aggressively pushing the people in this room and everybody else out the risk curve that we're doubling down on the same policy that really put us there and enabled those bad actors to do what they do."

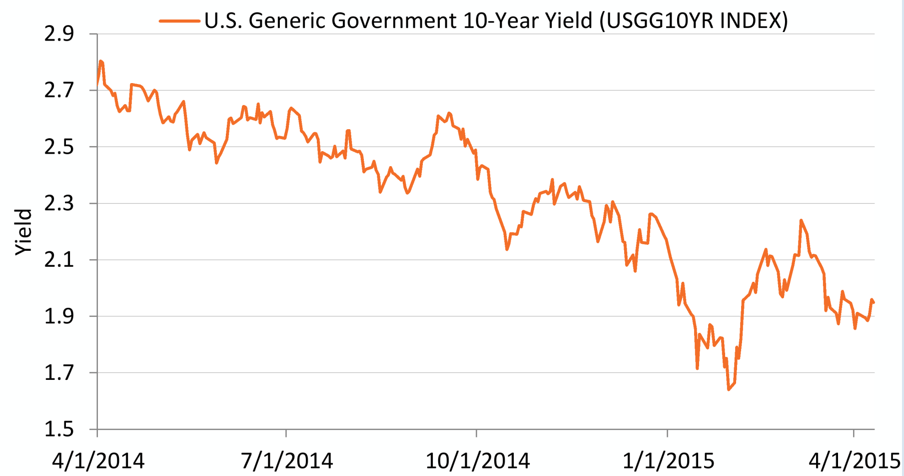
Patrick Clifford, a spokesman for Druckenmiller at Abernathy MacGregor Group Inc., declined to comment on the speech.

Druckenmiller, who produced average annual returns of 30 percent from 1986 through 2010, before shutting Duquesne Capital Management, spoke at an event hosted by Sam Reeves and Ken Langone, former investors in his fund.

— Simone Foxman and Nathaniel E. Baker

MARKET CALLS, REVISITED BY SIMONE FOXMAN

Basil Williams, co-chief investment officer of New York-based **Mariner Investment Group**, last April said he expected yields on 10-year U.S. bonds "likely to be range-constrained" from 2.6 percent to 2.8 percent. "This is a trading-oriented market as opposed to positions with longer-term horizons," he said in an interview.



Source: Bloomberg BloombergBriefs.com

Ten-year yields stayed mostly range-bound for about five months after Williams's statement. From Sept. 18, the last time they were at 2.6 percent, and Jan. 30, when they dropped to their lowest level since early 2013, yields fell by 38 percent. Williams said the drop was primarily due to the collapse in oil prices, low growth in Europe and a slowdown in Japan. "That created much more of a global deflationary picture than we thought," he said in a phone interview on April 13. In the last few months, "the seeds for some relatively good economic growth have been planted" and labor market statistics may not be fully reflecting increases in wages, he said. "This creates a foundation for some inflation that the market is not currently envisioning," with yields more likely to correct to the upside.

CAS Investment Partners Bets on Herbalife

Clifford Sosin is betting about 30 percent of his $70 million **CAS Investment Partners** hedge fund on a bullish wager on Herbalife Ltd.

Sosin said he started looking into Herbalife after seeing a presentation by Pershing Square Capital Management's Bill Ackman, who said that the company is a pyramid scheme. A spokesman for Ackman declined to comment.

Herbalife is not a pyramid scheme because its products are not "incidental" and the company has a return policy, Sosin said in an interview. The number of people claiming to be victims of a pyramid scheme is not substantial either, he said.

"A large portion of Herbalife's members have been involved with Herbalife for many years and discussions with long-term members reveal that they have built enduring businesses," Sosin wrote in a recent letter to investors.

Recent hits to Herbalife's share price have mostly been prompted by changes in company policy that will help it in the long term, Sosin said. "Over the past decade, Herbalife has been modifying its business model to foster more stable, long lasting businesses," he said in the letter. "These modifications, when implemented ... ultimately result in a larger, more durable and faster growing franchise."

Herbalife will continue to grow and is likely to repurchase its own shares, pushing the stock higher, he said.

— Simone Foxman

13D MONITOR ACTIVE-PASSIVE SUMMIT

The 13D Monitor Active-Passive Summit, an annual forum used by activist investors to highlight campaigns and announce new ones, took place on April 13 at the Crowne Plaza Times Square hotel in Manhattan. A selection of Bloomberg coverage was condensed for this page. For more coverage of activist investors, run *NI SHRHOLDACT<GO>* on the Bloomberg terminal.

Jana Calls for Qualcomm to Weigh Chip Unit Spinoff

Qualcomm Inc. should consider spinning off its chipset business as part of a strategic review to boost shareholder value, **Barry Rosenstein** said.

Separating the unit could make it a takeover target, Rosenstein said. Rosenstein's **Jana Partners**, which has invested more than $2 billion in Qualcomm, has held "very constructive dialogue for the last couple of months" with the company, he said.

"Qualcomm welcomes input from our investors and has a track record of active engagement with stockholders," the company said in a statement on April 13. "The board and management team will continue to consider actions that are in the best interests of all stockholders."

— Beth Jinks

Blue Harbour Says ISBC Will Return Cash

Blue Harbour Group founder and **Cliff Robbins** said his fund expects Investors Bancorp Inc. to return much of its $2 billion cash to shareholders through buybacks and dividends.

"They're going to use capital to grow loans and deposits, but we want them to return that capital now with buybacks, dividends and special dividends," Robbins said. "It will reduce excess capital, increase ROE and improve valuation. I wouldn't be surprised if this company was an acquisition target itself."

As of Jan. 8, Blue Harbour owned about 7 percent of the company's shares, according to data compiled by Bloomberg. The bank has outperformed its peers and will will likely double its net income in the next three years, he said.

— Beth Jinks and Kelly Bit

Protesters Disrupt Activist Conference

About 20 protesters interrupted the conference, chanting and carrying placards demanding fairer wages.

Signs included "Dignity at Darden," referring to the restaurant group targeted by activist shareholders Starboard Value and Barington Capital. The protest interrupted an off-the-record activism panel for about 20 minutes.

Security intervened and managed to usher the noisy-but-peaceful protesters outside of the fourth-floor Broadway Ballroom. The program continued, though the panel that was interrupted didn't restart.

— Beth Jinks

OVER THE HEDGE

Source: Bloomberg/ Amanda Gordon
Larry Robbins and Feroz Dewan

■ Tiger Global Management's **Feroz Dewan** and Glenview Capital Management's **Larry Robbins** attended the Teach for America gala at New York's Waldorf Astoria last week. The group has 790 teachers in New York City fulfilling a two-year commitment to teach, said Executive Director Charissa Fernandez.

— Amanda Gordon

■ **James Keith Brown**, head of global investor relations at Och-Ziff Capital, attended the New Museum gala in New York on April 8. The event at Cipriani Wall Street raised $2.45 million.

— Amanda Gordon

■ A group including **Bill Ackman** paid $91.5 million for a duplex penthouse at Extell Development Co.'s One57 condominium tower, one of New York City's most expensive home purchases ever. The purchase of unit 75 in the luxury skyscraper overlooking Central Park closed on March 27, according to property records. The buyer was listed as 57157 Co. LLC, a single-purpose entity that Ackman controls. The 13,554-square-foot, six-bedroom home spans the 75th and 76th floors of the 90-story skyscraper. The initial asking price for the home was $98.5 million, and it was last listed for sale at $115 million, according to the filings. John Pinette, a spokesman for Ackman's Pershing Square Capital Management, declined to comment.

— David M. Levitt and Oshrat Carmiel

■ Peter Nygard's fight with **Louis Bacon** escalated as the Canadian clothing magnate accused the Moore Capital Management founder of pursuing a vendetta to force him from his Bahamas property. "Over the past 10 years, Mr. Bacon has terrorized, intimidated and corrupted native Bahamians and Bahamian government officials, and has made it his mission to destroy Mr. Nygard's reputation and to cost Mr. Nygard as much money as he can in the process," Nygard said in a countersuit filed in state court in Manhattan. Nygard's claims are in response to the defamation lawsuit Bacon filed against him in January. Bacon said in his complaint that Nygard orchestrated an "obsessive and malicious campaign" to falsely paint him as a murderer, drug trafficker and KKK member. Orin Snyder, a lawyer for Bacon, said in a statement that Nygard must face the allegations against him "in a New York court of law, where the truth will prevail and Nygard will be held accountable." Nygard accuses Bacon of harassing him by pointing "military-grade speakers" at his home and blocking a roadway to his land in the Lyford Cay gated community. He claimed Bacon, his employees and other allies "intentionally inflicted harm upon Mr. Nygard," motivated by "disinterested malevolence."

— Bob Van Voris

SPOTLIGHT

MatlinPatterson Partner Lipsky on Distressed Markets, Short Energy Trades

Michael Lipsky, partner and senior portfolio manager at **MatlinPatterson**'s liquid investments group, spoke to Bloomberg's Simone Foxman about his views on distressed debt, why he's bullish on Puerto Rico and why his firm has been short energy-related companies. New York-based MatlinPatterson manages about $7.2 billion.

Q: Tell me a little about your strategy.
A: We look for dislocations across mortgages, CMBS, loans and bonds. The firm's underpinnings are bankruptcy, financial restructuring — very process-driven investments. That was a more challenging endeavor in an environment where it was central bank intervention day after day for the past six years. Fortunately, in the U.S. in particular, we're largely at the end of that drill.

Q: How do you see markets right now?
A: It's not your parents' distressed market. The sheer size of the marketplace is $4.3 trillion, including U.S. and European bonds and loans. In 2001, the last time other than 2008 that we had a big distressed episode, it was $1.7 trillion. The secured debt in our marketplace has varying levels and qualities of security. It's made so much sense for investors to want leveraged loan exposure. It's secured, it's floating rate and everyone knew rates were going to go up at some point. Like cattle into the corral, investors were excited to own loans. So you had a lot of loan issuance, not in lieu of high-yield debt issuance, just in addition to it. A lot of it was covenant-lite out of necessity, because the issuers would never be able to cover any meaningful covenants. Did U.S. corporations find incremental collateral to secure up, or is some of this secured debt under-secured? Obviously, it's the latter.

Q: So what should investors expect?
A: We've been told since birth that the recovery rate for secured debt is 60 percent and it's 40 percent for unsecured debt. If we're right, and the quality of collateral has gone down as the quantity of secured debt has gone up, then the differential should collapse. That's exactly what's happened post-2007. There was, and is, an insatiable bid for security in senior loan form, so you've got to separate the wheat from the chaff. There are some very high quality senior loans and then there are some others where you're secured by a pledge of a subordinated inter-company loan that is less than optimal collateral.

Q: What makes a good opportunity?
A: Anywhere people are running the other way. Puerto Rico is one place. We've been invested in it since early 2013, when a couple of onshore closed-end funds ran into trouble. Going forward, some of the island debt has to restructure. The beautiful thing about Puerto Rico is that there's something for everyone. There are places to invest where our aspiration is to get back par. There are places where we know we're not getting par. Perhaps we'll buy a security that over time will be worth par but that's not our expectation day one.

Q: Energy distress is one of the biggest things we're hearing about these days. How are you playing that?
A: A lot of people started running to invest in energy in October and November when oil prices fell out of bed. If people are running to get invested in energy, then if anything, we're inclined to short it. And not just the first derivative, which would be oil or onshore oil exploration in the U.S. We went to the third and fourth derivatives of the investment thesis, which is the banks. There are banks in Houston, Oklahoma and Canada where the growth in their loan books has been in energy. It's the trust and estates work that they do for energy CEOs and CFOs, real estate lending where tenants are large energy companies. The other place was deep-water drillers. Twenty percent of all ultra-deep-water ships that will be in the water in 2017 are getting delivered over the next two years. That supply-demand seemed out of balance so we started shorting it through various names. Now, securities prices there have been cut in half because of what's happened to oil.

Q: Where else are you looking?
A: We have a theme around content. Apparently people like something between the commercials. Parents of students in K-12 want edited, fact-checked, curriculum-compliant content. College students want to study the material that's relevant for the course. The delivery mechanism is going to change, but the actual content we think is really important. We got involved in the second lien loans of a college textbook company at cents on the dollar. We ended up taking our recovery in stock that appreciated. The key was that the company had inadvertently excluded about 1,000 copyrights from the first lien collateral pool. When the first lien was trading at $0.70, second liens should have received nothing, but infirmities in the collateral pool really created an opening for us. We think we're only going to see more opportunity in K-12 with the advent of the Common Core, which could require a textbook refresh.

Q: What keeps you up at night?
A: That 2015 and 2016 become photocopies of 2014, where central bankers just control and sit on the volatility in the marketplace.

AT A GLANCE

Age: 45
Hometown: Buffalo, New York
Education: University of Pennsylvania (BA), Columbia (MBA)
Professional Background: Goldman Sachs, Deutsche Bank, Lehman Brothers, R3 Capital Partners, BlackRock
Family: Married, two children
Beginnings: "I started investing in distressed when the U.S. merchant power producers got into financial trouble. My dad was the chief engineer for the New York Power Authority for 30 years. I knew a lot about power plants. I guess I was in the right place at the right time."

CALENDAR

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The "organizer" and "event" columns link to websites, where available. "Attendees of note" links to the individual's BIO page, where available, on the Bloomberg terminal. This functionality may be limited to terminal users viewing the Brief in Chrome browsers.

DATE	ORGANIZER	EVENT	SPEAKERS/ATTENDEES OF NOTE	LOCATION
April 15	Penn Club of New York	16th Annual "Next Generation" of Emerging Hedge Fund Leaders	Brian Zied, Charter Bridge Capital; Ali Naqvi, Van Ness; Michael Katz, Quadrangle; Yao Hua Ooi, AQR; Stacey Maman, Monarch.	Penn Club, New York
April 16	BNP Paribas Investor Capital Services	Emerging Manager Forum	Wenhua Zhang, Chirag Vasavada, Azia Capital; Bruce Garelick, Garelick Capital; Jacob Weinig and Joseph Aiken, Malachite Capital; Jonathan Loflin, Mariner; Marc Bistricer, Murchinson; Peter Sterling, Overland; Patrick Burke, Pinyon; Ankur Patel, R-Squared.	New York (location provided to attendees)
April 16	Mid-Atlantic Hedge Fund Association	Europe — Potential Opportunities and Pitfalls	Panelists Andrew Rabinowitz, Marathon; Mike Kestenbaum, Visium; Robin Brooks, Goldman Sachs.	Union League of Philadelphia
April 19-21	Wealth Management Insights	Third Annual Cap Intro Event & Conference	Rick Pitcairn; Stewart Massey; Aaron Brown, AQR Capital Management; Bruce Frumerman, Frumerman & Nemeth.	Ponte Vedra Inn & Club, Ponte Vedra Beach, Fla.
April 26-29	Milken Institute	Global Conference	Ken Griffin; Michael Hintze; Alan Howard; Jason Karp, Tourbillon Capital; Emanuel Friedman, EJF Capital; David Siegel, Two Sigma	Four Seasons Los Angeles at Beverly Hills
April 29	CTA Expo	New York 2015	Michael Dubin, Silvercrest; Bruce Frumerman, Frumerman & Nemeth; Mead Welles, Octagon; Dimitri Sogoloff, Horton Point.	Roosevelt Hotel, New York
May 4	Sohn Conference Foundation	20th Annual Investment Conference and Next Wave Sohn	Bill Ackman; David Einhorn; Larry Robbins; Barry Rosenstein; David Tepper; Mala Gaonkar, Lone Pine; Alex Denner, Sarissa Capital; Didric Cederholm, Lion Point Capital; David Zorub, BlueMountain.	Lincoln Center, New York
May 5-8	SkyBridge Capital	SALT Las Vegas	Daniel Loeb; Reza Ali; Jim Chanos; Emanuel Friedman; Chris Pucillo; Barry Rosenstein; Bruce Richards; Cliff Robbins; Philip Weingord.	Bellagio, Las Vegas
May 6-8	Pension Investment Association of Canada	Spring Conference 2015	Cliff Asness; Mark Carhart, Kepos Capital; David Finstad, OMERS; Josee Mondoux, Canadian Medical Protective Association	Delta Beausejour Hotel, Moncton, New Brunswick
May 14	Drobny Capital, Clocktower Commodities	The Commodity Debate	Jim Chanos; John Burbank; Beau Taylor; Carson Block; Pierre Andurand ; Dwight Anderson; Anthony Ward, Armajaro; Kurt Billick, Bocage; John Arnold, Centaurus; Hussein Allidina, Ontario Teachers.	The TimesCenter, New York
May 15	Society of Quantitative Analysts	"Facts That Are Not Facts" Conference	Mark Kritzman, Windham Capital; Alessio de Longis, OppenheimerFunds; Cam Harvey, Duke University.	7 World Trade Center, New York
May 19-20	Piedmont Fund Services	3rd Annual Charlottesville Alternative Investment Conference	Robert Harteveldt, Trishield Capital; Vad Yazvinski, The Jordan Company; Thomas Hill, PlusTick Partners.	Charlottesville, Virginia
June 1	Deutsche Bank Global Prime Finance	"Bridging the Gap" Conference 2015	Managers to be announced to attendees.	Washington (location provided to attendees)
June 2-3	Bank of America Merrill Lynch	Emerging Manager Conference	Managers to be announced to attendees.	New York Chicago
June 10-12	Context Summits	Inaugural Texas Alternative Investment Summit	One-on-one meetings with investors.	AT&T Stadium, Arlington, Texas
June 22	Hedge Funds Care	8th Annual East Coast Golf & Tennis Day	TBD	Fairview Country Club, Greenwich, Connecticut
June 23	Goldman Sachs	Global Hedge Fund Conference	Managers to be announced to attendees..	New York (location provided to attendees)
Aug. 17-18	BNP Paribas Investor Capital Services	5th Annual Southeast Hedge Fund Forum	Managers to be announced to participants. E-mail investorcapitalservices@us.bnpparibas.com for more information.	Durham, North Carolina
Sept. 4	Goldman Sachs	Credit and Event-Driven Hedge Fund Forum	Managers to be announced to attendees.	New York (location provided to attendees)
Sept. 9	UBS	Global Hedge Fund Conference	Managers to be announced to attendees.	New York (location provided to attendees)
Sept. 16-17	Morgan Stanley	Global Hedge Fund Manager Forum	Managers to be announced to attendees.	Greenwich, Connecticut
Sept. 16-18	Context Summits	West 2015	One-on-one meetings with investors.	St. Regis Monarch Beach
Sept. 27-29	Information Management Network	Alpha Hedge West	Anthony Foley, Winton Capital; Darren Feld, Mesirow; Gregory Schneiderman, Aurora Investment Management.	Ritz-Carlton San Francisco

DISCLAIMER: The information on this page was compiled by Bloomberg from multiple sources, public and private, and is deemed to be accurate, but not definitive or exhaustive. Questions about events should be addressed to the event organizer.

COMMENTARY

Marketers of Liquid Alts May Want to Tread Carefully on Fee Talk: Opinion

BY NATHANIEL E. BAKER

Apparently the best way to combat hedge funds' high fees and underperformance is (wait for it!) through high fees and underperformance.

That at least is a conclusion one might take from last week's *story* about David Bonderman's family office backing a so-called "liquid alts" hedge fund strategy.

Here's the background: Infinity Q Capital Management, the firm backed by Bondo's family office, is offering retail investors a version of the hedge funds it manages. To hear its CIO James Velissaris tell it, the hedge fund industry's high fees and underperformance are part of what led to the development of the Infinity Q Diversified Alpha Fund. "We think the hedge fund industry is undergoing a significant change due to a high fee structure and several years of underperformance," Velissaris is quoted as saying.

Which means the fund's fees will be deeply discounted to the high-fee structure charged by "traditional" hedge funds, right?

Well, no. Infinity Q Diversified Alpha has an upfront sales charge of as much as 5 percent and an annual expense of 1.99 percent.

That's more than the management fee charged by the average hedge fund (about 1.4 percent, according to *Preqin*). Of course, hedge funds also charge a performance fee that is taken from the "alpha" produced by the fund, assuming there is any.

As a mutual fund/retail investment vehicle, Infinity Q's Diversified Alpha Fund is prohibited from charging a performance fee. Which is not a problem it needs to worry about right now. The fund has gained 1.7 percent this year, trailing 63 percent of peers, according to data compiled by Bloomberg. This puts it roughly in line with the S&P 500, so its management can't really claim non-correlation either.

Spokesmen for Infinity Q did not immediately comment. A spokesman for Bonderman declined comment.

There is clearly a demand for these funds, which last year attracted record net subscriptions of $16.5 billion, according to Morningstar Inc., raising the total assets to $157.6 billion. It's only logical that firms like Infinity Q create supply to meet this demand. But marketing these products as low-cost alternatives to hedge funds is a tricky proposition — especially when the fees they charge are comparable, if not worse.

Nathaniel E. Baker edits the Hedge Funds Brief. He can be reached at nbaker14@bloomberg.net. The views expressed here are his own.

Coming Friday, in Hedge Funds Europe:

- A look at how Lansdowne Partners' investment in British sub-prime lender Provident Financial has performed.

Bloomberg clients may subscribe to Hedge Funds Europe and access back issues at *BRIE HFE<GO>*.

In Next Tuesday's Brief:

- "Spotlight" interview with Matt Breidert, senior portfolio manager of the $1.8 billion Ecofin Vista Long-Short Fund.
- More first-quarter hedge fund returns.
- University of Missouri's proposal to reduce hedge fund targets.

BLOOMBERG BRIEF: HEDGE FUNDS

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