

Dymon Asia hires CEO, panel discuss prospects of Korea's HF industry, Galaxy shutteres Ucits fund...Factorial Management selects Imagine Software for front through back office support

By *mkitchen*

Created 05/07/2012 - 17:46

In a continuing sign that Asian hedge funds are ramping up their operational infrastructures, **Dymon Asia Capital (Singapore) Pte, Asia's best performing hedge fund in 2011, has hired David Chan as CEO** reported *Bloomberg* this week.

Chan, a former head of macro trading at Goldman Sachs in Asia, has also been made a partner of the firm founded by Danny Yong. The appointment will help strengthen its interest rate trading. Chan will manage the investment team according to Yong, who has moved to firm up the management team in order to allow him to focus more on trading having seen Dymon Asia's assets grow to USD2.85billion (as of February 2012). This June, Yong also appointed Jay Luo, former head of SAC Capital Advisors LP's APAC operations, as president and partner.

Commenting on Chan's appointment, Yong said that right now the fund's investments are skewed towards foreign exchange, "where a large part of our risk and revenues are derived". He added: "David's strong foundation in Asian interest rate trading, as well as his track record in building world-class trading businesses, will be hugely complementary to our existing business and will help us achieve our goal of becoming Asia's premier macro hedge fund manager." Chan said he shared the same vision and philosophy of Yong in terms of running a trading business: "I am confident that I would be able to leverage my trading and management experience to add to the business," said Chan.

AsianInvestor this week reported that **Joe Chan's Galaxy Asset Management, one of Hong Kong's longest running hedge funds, had decided to shutter its China Absolute Return Ucits hedge fund** just 19 months after inception. The fund, which at the time was the first Ucits-compliant, China-focused hedge fund to be launched by an Asian fund manager, launched with USD30million in November 2010. It has now earned another, albeit unwelcome, first by becoming the first known closure of a China alternative Ucits fund by an Asian manager.

The fund ceased trading at the end of May according to a Galaxy spokesperson. Based on the firm's flagship Galaxy China Opportunities Fund, an equity long/short strategy, the aim was to tap into European investor appetite for China growth. However, it seems performance was not up to scratch: down 5.18 per cent between 1 May and 21 May, and down 26.04 per cent to 21 May since inception.

The fund was offered on Merchant Capital's Dublin-domiciled Ucits platform. At the time, Galaxy decided against establishing its own Ucits-compliant structure. However, according to the spokesperson the primary reason for closing the fund was to "change the platform we worked with to our own platform", without elaborating further.

Factorial Management Ltd, one of Hong Kong's newest second generation hedge fund managers, has selected Imagine Software's integrated real-time portfolio and risk management system reported *Business Wire*. The firm, which invests across asset classes, will use Imagine as its core front, middle and back office system. "Our multi-asset class approach required a powerful system with integrated portfolio and risk management capabilities and the capacity to handle a wide range of instruments, which Imagine provided," said Barun Agarwal, CIO of Factorial.

Specifically, Imagine will be used as the internal booking and accounting system, interfacing directly with Factorial's administrators and prime brokers, in addition to providing portfolio and risk

management support. Newly appointed COO of Factorial, Adam Wallace, explained that Factorial's investment and non-investment teams wanted a "best of breed" system.

"Following a comprehensive evaluation of nearly half a dozen applications, we found Imagine to be the optimal solution for us," commented Wallace. "It provided institutional-grade functionality in a cost-effective, cloud-based system that satisfied our operational and risk requirements from front to back."

Can Korea successfully cultivate a homegrown hedge fund industry? That was the issue discussed last month at the Korea Investment Conference. The executive panel included the likes of Michael Chin, CEO, UBS Hana Asset Management; Michael Kim, managing director, Daewoo Securities and Patrick Mange, deputy CEO, Shinhan BNP Paribas Asset Management. As the *CFA Institute* detailed in their blog this week, a number of key points were raised.

Firstly, hedge funds as an asset class are needed in Korea to allow for better portfolio diversification but some regulatory fine-tuning is required. The bulk of funds are still inward-focused on Korea's domestic market; expanding to overseas markets will be key for getting better performance and risk diversification. Given that long/short equity strategies dominate Asia, the panel believed that they would also necessarily dominate in what is, after all, a first step for Korea's hedge fund industry.

Of the 15 Korea-style hedge funds in operation, around 80 per cent are reporting negative performance and high volatility, which suggests that managers keen on chasing beta and not paying attention to risk-adjusted returns still have a lot to learn; particularly if they harbour ambitions of attracting institutional investors.

The panel agreed that there was a substantial need to import talent. Those that have returned to Korea from Wall Street and London are finding it difficult to deal with local investors who want to know about performance on a daily basis, demonstrating their limited knowledge of exactly how hedge funds work. Another key take-away was that in the prime brokerage space there is a lack of good administrative systems, risk management systems, trading platforms and securities lending services.

- [Weekly Asia News \(Friday\)](#)

Source URL:

<http://www.hedgeweek.com/2012/07/05/169249/dymon-asia-hires-ceo-panel-discuss-prospects-korea%E2%80%99s-hf-industry-galaxy-shutters-u>