

## Goldman Sachs scales back prime brokerage business in Japan, HK start-up Maso Capital hires COO, Asian hedge funds deliver mixed results in June, and former Credit Suisse head of FX, APAC to launch Sydney-based hedge fund

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**The HFRI Emerging Markets: Asia ex-Japan Index** gained 0.75 per cent in June, compared to an anemic 0.05 per cent return for the broader industry, according to Hedge Fund Research. This puts the region at 1.37 per cent YTD, just off the global figure of 1.70 per cent. Hardly stellar performance but in recent times this has become the norm as opposed to the exception. Looking at other indices, EurekaHedge puts the June performance for Asia ex-Japan hedgies at -0.23 per cent, with a slightly higher YTD figure of 1.42 per cent.

Within the region, both CTAs and relative value strategies did well, based on provisional returns of 3.4 per cent and 3.18 per cent respectively. That leaves CTA funds up 7.21 per cent YTD, way ahead of the global industry figure of 1.42 per cent. With M&A activity spluttering last month event-driven funds ended down 1.30 per cent, although that still leaves the strategy up a surprising 11.64 per cent YTD. Long/short equity managers lost 0.71 per cent to leave themselves barely in positive territory at +0.61 per cent to no doubt add further fuel to the fire as to how exactly they're justifying their costs: that's the fourth consecutive down month this year. Fixed income funds pared back some of their YTD gains of 2.25 per cent by losing 0.21 per cent.

In other developments, *Reuters* this week reported that **David Curtis, the former head of FX in Asia Pacific for Credit Suisse, was gearing up to launch his own hedge fund. The new Sydney-based firm, Northbridge Park Asset Management**, aims to start trading by October and will focus on G10 and Asian currencies. Day one capital is hoped to be around USD50million to USD100million according to **Robert Duke, the firm's head of business development**. Said Duke: "We have strong interest in managed accounts from a couple of Hong Kong- and Tokyo-based investors that we are seeing later in the week." Curtis's Northbridge Park Macro FX Fund will aim to generate 12 to 15 per cent within a volatility range of seven to 10 per cent. Curtis started trading the strategy on the Deutsche Bank platform with seed capital from the bank in June 2011; it has returned 5.4 per cent in 2012 through June. The hedge fund will trade primarily in the FX spot market and allocate around 10 per cent of the portfolio to FX derivatives.

We reported last month that Manoj Jain and Sohith Khurana, both former managing directors of Och-Ziff Capital Management, are planning to launch their own hedge fund - **Maso Capital** - in Hong Kong later this year. **To bolster its management team, the firm has hired former Mount Kellett Capital executive Allan Finnerty as chief operating officer**: an increasingly strong trend among Asian start-ups, and existing managers, as they work hard to build institutional-grade infrastructures to attract institutional tickets in what remains a highly bifurcated capital raising environment. Finnerty, who previously worked at Morgan Stanley and Goldman Sachs, was chief financial officer for Asia at Mount Kellett. The private equity house was founded in 2008 by Mark McGoldrick and Jason Maynard: McGoldrick was the co-founder and head of Goldman Sachs Global Special Situations Group from 1997 to 2007.

Finally, in what will come as a blow to Japan's hedge fund industry, *Reuters* this week reported that **the head of Goldman Sachs Group Inc's prime brokerage unit in Japan is departing at the end of July**. The firm is scaling back its prime brokerage operations and ramping things up in Hong Kong. **Toru Okabe's** departure illustrates how hard Japanese hedge funds are finding it in terms of attracting capital into Japan-focused equities funds as its stock market slumps. In May, Goldman transferred its Japanese stock loan desk from Tokyo to Hong Kong, with staff relocating to the city's

prime brokerage team. A **spokesperson at Goldman Sachs, Hiroko Matsumoto**, was quoted as saying: "The industry as a whole is operating increasingly on a Pan-Asia basis and we are reallocating our resources to better meet with clients' needs," adding that the firm's commitment to its clients "including those in Japan remains unchanged".

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

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