Asia prepares for new fund launches in the volatility and credit space…

By *mkitchen*
Created *26/07/2012 - 17:13*

A former trader at Nomura Holdings Inc is preparing to launch a USD250million Asia-focused volatility hedge fund reported *Reuters* this week, in what should become one of the region's bigger start-ups so far this year.

Jean-Noel Payer was a managing director at the Japanese bank and worked with Benjamin Fuchs, whose own hedge fund company, BFAM Partners, is up and running in Hong Kong with backing from Nomura. Payer's new management company is to be called **Voltex Asia Capital Ltd**. It received regulatory approval from the SFC on Tuesday. Payer did not make any official comment but it is believed that the USD250million is to be held in a managed account for US investors.

Payer was quoted as saying: "We target to be fully operational and launch in September." Approximately 95 per cent of the fund's assets will be invested in Asia. Volatility funds have become increasingly popular in recent times, given the large market dislocations that have resulted from eurozone problems and other 'tail risk' events. Payer's fund will combine volatility arbitrage and macro strategies, and will trade equities, fixed income and currencies. A recent survey by one of the region's leading publications last week revealed that Asian start-ups had raised USD2billion in the first six months of 2012, with an average launch size of USD63million: if all goes to plan, Payer's fund will be four times that size.

In Hedgeweek's recent **Hong Kong special report** [1] we reported that **new funds like Athos Capital are more concerned right now with building a track record than spending lots of time raising assets**. And it's a theme that *Bloomberg* this week picked up on. Ueli Wick, a former Credit Suisse banker who founded Singapore-based Baruna Asset Management Pte in June this year, was quoted as saying: "It's not that easy to go out with a good story and just raise money like that. People just want to see more proof and tangible numbers because they've been too disappointed with hedge funds and are extremely skeptical. To get big money, I need to deliver first."

This should be a given, for any new manager. For too long now, managers have been launching funds with stars in their eyes and no doubt explains why Asia saw a record 123 fund closures in the first 10 months of 2011, according to Eurekahedge. They also found that Asian start-ups had only raised USD1.39billion in the first five months of 2012 – 51 per cent down on the same period in 2011 – so those that are busy trying to grow AUM aren't even succeeding to any great extent. The bottom line is most new inflows are still gravitating towards the big branded heavyweights with proven long-term track records.

Max Gottschalk, co-founder of FoHF firm Gottex Fund Management Holdings, said that it remains a "very challenging fundraising environment" for young and smaller managers". By focusing on performance Gottschalk said managers could develop a track record "without some of the infrastructure needed to attract investors and without the fund raising and client service distraction". Wise words indeed. Hopefully, if other new managers follow the example of Athos Capital and Baruna Asset Management we'll start to see some compelling performance coming out of the region; and for investors that has to be a good thing.

Another new manager looking to make his mark on Asia's USD127billion hedge fund industry is former Goldman Sachs managing director Christopher Mikosh. As reported by *Reuters* this week, Mikosh is hoping to launch his credit fund by Q4 2012 or early 2013. Mikosh was a former trader in the special situations group, Goldman Sachs Hong Kong but decided to leave to start his own firm – TOR – at the beginning of this year. The fact that Mikosh is launching a credit strategy is further evidence that the region's hedge fund industry is diversifying away from what has long

Copyright © 2009 Hedgemedia Ltd. All Rights Reserved

been a predominance for long/short equity strategies. Joining Mikosh in the new fund is Patrik Edsparr, former global head of fixed income and head of European business for Citadel, and Jim Sweeney, former CEO of Boyer Allan Investment Management; formerly one of Asia's largest hedge funds before it shut down last year.

- Weekly Asia News (Friday)

Source URL:
http://www.hedgeweek.com/2012/07/26/170714/asia-prepares-new-fund-launches-volatility-and-credit-space-while-new-managers-dec

Links:
[1] http://www.hedgeweek.com/sites/default/files/HW_Hong_Kong_12.pdf

Copyright © 2009 Hedgemedia Ltd. All Rights Reserved