# Bill Hwang's Tiger Asia fund to return investor money, Japan hedge funds lose 1.5 per cent in Q2 2012…

By *mkitchen*
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**Japan-focused hedge funds shed 1.5 per cent in the second quarter of 2012** as the Nikkei fell over 10 per cent reported Hedge Fund Research. Even worse, hedge funds focused on Korea and India lost 10.8 per cent and 8.4 per cent respectively. And as *FINalternatives* pointed out, this contrasted sharply with the 19.2 per cent and 6.3 per cent that Indian and Korean funds had made in the first quarter. Whilst investors allocated a poultry USD88million in net new capital to Asia-focused hedge funds, total capital invested in Asian hedge funds actually shrunk by USD3.3billion during Q1 to USD83.3billion. In terms of where these funds are operating, 30 per cent are based in China, 9 per cent in Singapore and just 3 per cent in Japan. Unsurprisingly, equity strategies still dominate the region, accounting for roughly 73 per cent of Asian hedge funds.

**New York-based hedge fund Tiger Asia Management LLC is to return outside capital to investors by the end of August** reported *Reuters* this week, in reference to a letter the firm's founder Bill Hwang sent out to clients on Monday. The firm is still embroiled in an investigation by Hong Kong's financial regulator, the Securities & Futures Commission, into alleged insider trader. Tiger Asia denies the allegations that it was given advanced notice by third parties of forthcoming share placements by Bank of China Ltd and China Construction Bank Corp, only to then short the shares prior to the announcements taking place. Hwang wrote that after much consideration and because of the prolonged legal situation, "I have decided to return outside capital to investors effective at the end of the month". Apparently, after Tiger Asia returns its clients' capital it will become a family investment office and maintain its investment focus on the Chinese, Japanese and Korean markets, targeting sectors such as telecommunications, media and financials.

**WF Asia Fund Ltd., a Hong Kong-based hedge fund, has outperformed its peers this year** by betting on stocks that benefit from rising consumer demand and betting against companies with flawed business models reported *Bloomberg* this week. Ward Ferry Management's fund, which runs USD209million in assets, has been trading since February 2001 and through July this year returned almost 16 per cent, according to a July newsletter sent out to investors. In stark contrast, the Eurekahedge Asia Long-Short Equities Hedge Fund Index returned just 0.9 per cent.

According to the letter the portfolio increased exposure to stocks in consumer staples and bet against technology firms and industrial machinery producers sensitive to the global economic downturn. One particular stock that contributed to the fund's performance was Jakarta-based PT Tower Bersama Infrastructure, a firm that builds and leases telecommunication towers to service providers. The stock has risen 18 per cent since 1 June 2012. Additionally, the letter stated: "We believe convenience retail to be one of the most attractive structural growth sectors in Asia over the next five to 10 years," adding that sector growth was driven by "rising affluence".

Finally, this week **the Hedge Fund Association, an international body that represents hedge funds, investors, and service providers alike**, announced that its recently China Chapter was establishing a presence in Shanghai; mainland China's financial hub. Yiming Di, a principal at China-focused consulting firm Schmittzehe and Partners, is to head things up. **Adam Steinberg, director of the HFA's China Chapter** was quoted as saying: "China's hedge fund industry is developing quickly and the HFA is honoured to be a bridge between China and the US hedge fund community. The HFA's objective is to encourage education about hedge funds and to contribute to the conversation and development of the hedge fund industry in China."

- Weekly Asia News (Friday)

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