China deliberates on listing of “sunshine” funds, Silk Road launches M3 Fund…

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People moves are the initial focus of this week’s Asia blog, in what has been a fairly quiet seven days for Asia’s hedge fund industry.

Starting with prime brokerage, it was reported by *AsianInvestor* that **the Royal Bank of Scotland has hired William Egan from Barclays as head of mandate sales for prime services in Asia Pacific**; a newly created role and the first of David Gray’s hires since he joined from UBS to head up prime services and client execution for the region. Egan will be based in Singapore and will focus on winning mandates across FX, rates, futures and options. Egan will report regionally to Gray and functionally to Fred Matt, RBS’s global head of prime services sales in London.

The bank is moving quickly to break into the Asian prime brokerage space, which in recent times has become more competitive than ever with the duopoly of Goldman Sachs and Morgan Stanley steadily losing market share to the likes of Credit Suisse, Bank of America Merrill Lynch, and Deutsche Bank, to name but a few. Fabian Shey was hired by RBS last October as global head of futures, prime services and electronic markets. Egan was at Barclays for the last six years. His most recent role was head of FX prime brokerage and OTC clearing in Singapore.

Moving on, and it was announced this week that **Paul Smith, CFA, the founder and CEO of Asia Alternative Investment Partners Limited (Triple A Partners), has assumed the mantle of Managing Director of Asia Pacific Operations for the CFA Institute**. Smith established Triple A – a hedge fund seeder and distribution platform that connected global investors to local managers – five years ago, but as *Investment & Pensions Asia* reported, ongoing ownership of the firm is still undecided. Smith, whom Hedgeweek has interviewed on several occasions over the last couple of years, will start the new role in October and oversee an office of 50 people. He will be taking over from Ashvin Vibhakar, CFA. Smith, who will be bringing more than 25 years of investment leadership experience to the table, holds the Chartered Financial Analyst qualification; a notoriously difficult exam for investment professionals.

Commenting on his appointment, the **president and CEO of the CFA Institute, John Rogers, CFA**, said that Smith “is a fine example of an investment professional who upholds the highest standards of ethical practice”. Added Rogers: “Paul has made significant contributions to the investment profession throughout his career, and CFA Institute is well-positioned for continued growth in the Asia-Pacific region under his leadership.”

Looking at activity on the fund launch radar, *FINalternatives* this week reported that **Silk Road Management was launching a new fund to focus on investment opportunities in Mongolia, Myanmar and Mozambique**. Called the Silk Road M3 Fund, the firm, which specializes in emerging and frontier markets, believes that over the next 10 years these three countries should be amongst the fastest-growing economies as they begin to open up their capital markets. Resource-rich and with close economic ties to the BRIC countries and South America, Silk Road thinks that annual growth should be double digits over the next decade.

Alisher Ali, managing partner of Silk Road, said that all three countries share some “striking similarities” and that the firm was confident that their economies would offer outstanding opportunities for investors, going forward. Said Ali: “Our M3 Fund is the world’s first investment product offering investors an early, diversified portfolio exposure to these three resource-rich frontier markets.” The fund will invest in internationally-listed companies with assets and operations in the three countries. Silk Road Management is based in Ulaan Baatar, the capital city of Mongolia.

Finally, **China may allow what are known as “sunshine” private trust funds, a prototype of**

hedge funds, to list on the Shanghai Stock Exchangereported *Reuters* this week, under the right conditions. The deliberation is part of an attempt by the bourse to differentiate itself away from being dominated by retail investors according to an official newspaper, the China Securities Journal. Sunshine funds are similar to hedge funds but more transparent. When conditions are ripe, some may be allowed to list said the Journal. This would of course benefit the funds in terms of raising assets. Apparently, 72 million retail investors currently account for three quarters of trading on China’s domestic stock exchanges.

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