

Muzinich fund targets high yield corporate bond market

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Fortune Asset Management has signed a deal to seed high yield corporate bond manager Muzinich & Co's new hedge fund, Hedgeyield, through its Emerging Manager Program.

This follows the successful recent launch of Simon Nocera's Lumen Global Value Fund, which was initially seeded by Fortune's Emerging Manager Program and oversubscribed by seed investors in the space of four weeks.

Hedgeyield is a Credit Hedge Fund that will seek to exploit inefficiencies and mispricings in the high yield corporate bond markets through selective use of leverage and a series of arbitrage strategies. The fund will target annual returns of 15 per cent per annum with low volatility in the 3-5 per cent range.

Hedgeyield is being structured to take advantage of the current market environment of the lowest financing costs in 40 years and some of the widest corporate spreads in over 20 years. Muzinich & Co. says this affords a unique opportunity to enhance returns through a hedge fund product that seeks to exploit these financing and valuation opportunities.

Muzinich & Co., Inc. was started in 1988 by George M. Muzinich, formerly with Brown Brothers Harriman & Co., to provide asset management and advisory services to institutional investors.

The firm began managing high yield portfolios in September 1990 and has continuously maintained the same management style, investment philosophy and focus on upper tier high yield corporate credits since that time.

Over the past 12 years of managing long-only client assets in this way, Muzinich, on a gross composite basis, says it has never lost money in any single year and has consistently ranked top quartile on an absolute return and risk-adjusted basis. Returns have averaged 8-9 per cent across a range of market cycles.

George M. Muzinich said: "Our clients have encouraged us to launch a hedge fund product for some time, which would leverage our long-only track record, investment process and extensive credit research capabilities. Never has the timing looked more interesting than now however".

John Ingallinera, who was formerly head of all high yield trading at Lehman Brothers, recently joined the experienced Muzinich team as lead manager for Hedgeyield. John, who is a graduate of University of Chicago's Graduate School of Business, previously headed high yield trading at Kidder Peabody.

Mr Ingallinera is a seasoned corporate bond investor with over sixteen years high yield experience, which includes considerable exposure to hedging and shorting strategies. Ideas will be generated by a highly experienced team of 21 investment and credit professionals, including Ho Wang (formerly of

Fortis Advisors and a manager of the US\$1 billion plus high yield portfolio at New York Life).

Background Note: Fortune Asset Management is a London-based asset management company, regulated by the FSA and the SEC. Founded in 1996, the company is focused on the alternative asset arena, and has established a number of multi-manager funds in conjunction with third party advisors. All the funds are co-advised by Fortune's affiliate research company Global Fund Analysis. Fortune also acts as sponsor for a select number of early-stage hedge funds and has raised over US\$ 1 billion of capital in this capacity.

The Fortune Group set up the Emerging Manager Program (EMP) in April 2002 to identify a new generation of outstanding hedge fund managers. In the 90s the firm sponsored funds including Lazard European Opportunities and SVM Highlander fund both of which became top-performers.

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