

## Disclaimer

This material is not in any way intended to solicit investment. It is important that you do not use this material to request, authorize or affect the purchase or sale of any security, to send fund transfer instructions, to affect any other transactions or to send time sensitive instructions. Nothing in this material constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate for your individual circumstances. Any discussions of past performance should not be taken as an indication of future results, and no representation, expressed or implied, is made regarding future results. You should consider the specific return and risk profile of any investment or strategy before effecting, or agreeing to effect, any transaction. True Partner Fund, True Partner Advisor and True Partner Advisor Hong Kong shall not be liable for any misuse of this material by third parties.

**TPH**  
True Partner

True Partner Holding Ltd. 2012

### CHINA FUNDS DIVERSIFY

Gradual liberalisation of the renminbi opens up vista of opportunities

»10-11



### PERMAL CEO Q&A

Isaac Souede: How the US election will impact funds

» 8-9

### NEW FUNDS SURVEY

In tough markets, 32 launches raise over \$2 billion in first half of the year

»6-7

# AsiaHedge

HedgeFund  
Intelligence

VOLUME 12 ISSUE 9 JULY/AUGUST 2012

WWW.ASIAHEDGE.COM

## True Partner blazes a trail in vol arbitrage

Hong Kong-based True Partner Fund, an Asian equity volatility arbitrage fund that has delivered 16.7% returns since its inception a year back, is opening to external investors with the intention of scaling up assets to \$200 million.

The fund, which started quietly with \$21 million in seed capital and internal money last July (and now at \$33 million), is one of the best-performing funds in the Asian volatility space this year, and is attracting significant investor interest due to its market-neutral, absolute return strategy.

The fund primarily buys and sells relatively undervalued and relatively overvalued exchange traded equity and equity index options, using a proprietary volatility trading model and software developed in-house over the years.

It differentiates itself through its market-making approach and through the fact that it is one of the very few volatility funds in Asia that trades globally and all time zones from Hong Kong, using a single trading book for all the markets (US, Europe and Asia).

"As market makers, risk always comes first for us. You learn to think in terms of spreads rather than in outright directional bets. While an outright bet may

give spectacular returns if you are right, it can be very painful if you are wrong, especially if you trade volatility," said Ralph van Put, CEO of True Partner. "Although less exciting, volatility spreads have a much better risk-return profile, and our strategy reflects this – global volatility spreads with an overall market-neutral bias."

Risk management is strict and real-time, added van Put. "Although it may sound like a paradox, we use volatility as an asset class to create stable returns."

The core team comprises Govert Heijboer, who is CIO and senior portfolio manager; Roy van Bakel, who takes on the role of CTO and

risk officer; and Judy Chan, who is the firm COO. CEO van Put, seen by many as a pioneer in the global derivatives business, is also an adjunct professor of finance at the Chinese University of Hong Kong.

Asian markets, which tend to be less mature and loosely connected due to difference in currencies and policies, offer excellent opportunities, said Heijboer. "Also, the pool of products available to us is growing in Asia. For example, the Nifty options have just started trading on the Singapore exchange."

Current capacity is \$200 million, but the firm believes that it can manage up to \$500+ million by expanding into other asset classes such as fixed income, commodities and currencies.



Ralph van Put

### CONTENTS

**2 Editorial** Transcending global boundaries

**3-4 News** JH Whitney's Japan Advisory loses licence in Japan. Sparx appoints Sunwah man Majcher. RBS brings in ex-UBS talent to run Asia prime broking. Treasury Group acquires stake in Octis. Factorial's multi-strategy flagship fund delivers more than 10% return in first six months

**5 New Fund News** Veteran FX traders establish Northbridge Park macro fund with 12-15% return target. Octagon Capital launches levered version of flagship fund. Nomura and Permal join forces to launch market-neutral UCITS-compliant Japanese equity fund

**12-13 Fund profile** AlphaGen Japan team stays upbeat

**14-15 Q&A** Shashi Tharoor advocates multiple alignments

**17-18 Performance Reports**

**19-23 League Tables**

## Taconic Capital establishes its presence in Hong Kong

New York-based Taconic Capital Advisors, a multi-strategy event-driven hedge fund manager which runs about \$7 billion in assets, has established an office in Hong Kong with Anthony Correa, the co-founder of defunct former Polygon spin-out Black's Link Capital, running the operation.

The firm has received its asset management licence from the city's Securities and Futures Commission, and has found a home on the 18th floor of the LHT Tower in Hong Kong's Central business district.

Michael Schwarz, Taconic's New York-based head of merger arbitrage, is listed together with Correa as a responsible officer in the Hong Kong office. Joining them is ex-Credit Suisse prop trader Jonathan Cheng, who previously worked at Strategic Value Partners and Sanston Financial Group.

Taconic, which was founded in 1999 in New York and also has an office in London, is run by prominent American financier Frank Brosens, who used to run risk arbitrage at Goldman Sachs, and fellow ex-Goldman partner Ken-

neth Brody. The group runs several event-driven strategies including the Taconic Opportunity Funds and the Taconic Event Driven Funds.

Before Taconic, Correa co-founded hedge fund Black's Link in the first quarter of 2010 with six other former executives from Polygon Investment Partners, but returned funds to investors just over a year after launching its event-driven fund. He joined Polygon in 2005 and has several years of experience in running event-driven strategies.

**ASIAHEDGE AWARDS: Recognising the top performers**

»16