

Odey, Marshall Wace Push Berkeley Shorts to High

BY ALAN SOUGHLEY AND WILL WAINEWRIGHT

Short interest in Berkeley Group Holdings Plc reached an eight-year high this month, as **Odey Asset Management** and other hedge funds increased bets against the London homebuilder.

At least four hedge funds including Odey are betting against Berkeley Group, according to U.K. Financial Conduct Authority filings. **Crispin Odey's** hedge fund holds the largest individual bet among investors, worth 1.16 percent of shares outstanding, the filings show.

Odey increased the bet this month, as did fellow U.K. hedge fund **Marshall Wace** and New York-based **Anchorage Capital Group**, FCA filings show. Swedish hedge fund **Carve Capital AB** started betting against Berkeley Group this month, while New York-based **BlueMountain Capital Management** increased its short position in February, according to the FCA filings.

Spokesmen for Odey, Carve and BlueMountain declined to comment. Anchorage co-founder Kevin Ulrich didn't respond to an e-mail seeking comment.

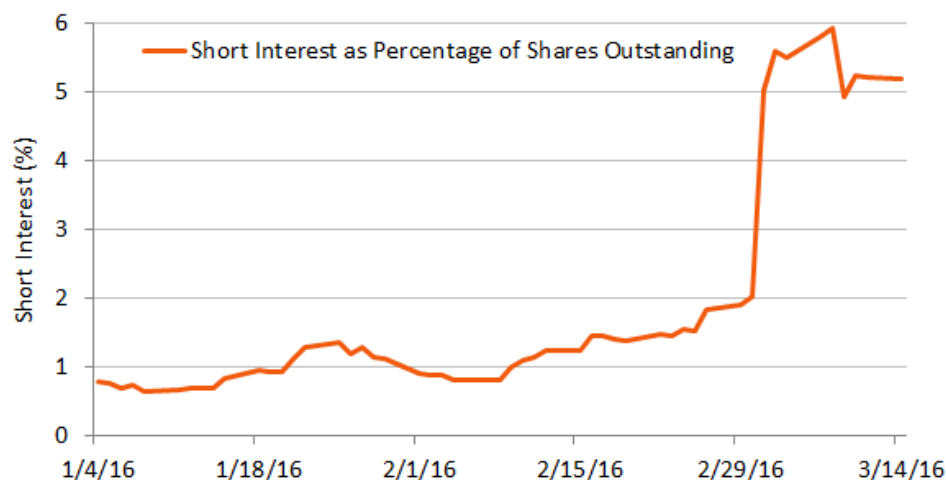
"Berkeley remains on course to deliver 2 billion pounds of pre-tax profit in aggregate over the three years culminating in 2017/18," said a company spokesman in an e-mailed statement. The board expects this year's results to be at the "top end of expectations," the spokesman said.

Bets against Berkeley Group surged to almost 6 percent of shares outstanding this month, the highest since 2008. It is the first in the U.K. industry to reach this level since 2010, according to research firm Markit Ltd. The shares have fallen 14 percent this year as the property market in London shows signs of cooling.

Berkeley Group is one of the biggest homebuilders exposed to London residential construction, Bloomberg Intelligence analysts Sonia Baldeira and Iwona Hovenko said in a March 8 research note. Transaction volumes for home sales in prime central London fell 21 percent in 2015 from a year earlier, according to data from researcher LonRes, cited by Baldeira and Hovenko. (Terminal users can find the BI research [here](#).)

"The rate of growth in London's luxury house prices is now slowing after charging ahead of price rises in the rest of the country for the past eight years," according to the Bloomberg Intelligence analysts.

Berkeley Shorts Jump as Investors Bet Against London



Source: Markit Ltd.

BloombergBriefs.com

NUMBER OF THE WEEK

\$1.1 Billion

Net *outflows* from European hedge funds in February, according to data from eVestment.

INSIDE

Transtrend rose 5.7 percent in February. **Oceanwood Capital Management's** main fund is said to have lost 8.1 percent through March 12: [Returns in Brief](#)

BlueCrest traders **John Roach** and **Neil Aggarwal** are said to be the latest to depart from the firm, which has seen a string of exits since December: [On the Move](#)

Hedge-fund inflows in February fell 80 percent to a seven-year low, reflecting investor dissatisfaction with last year's returns: [Research](#)

Last March, **Ion-Marc Valahu** of **Clarinvest** was skeptical of a recovery in Greek stocks. We take a look at where things stand a year later: [Market Calls, Revisited](#)

QUOTE OF THE WEEK

"Throughout this recent bout of volatility, we have seen the spreads, the anticipated returns on deals, almost double from a 6 percent annualized return expectation to around 11 percent. ... I am not so sure whether we have seen these types of merger arbitrage returns in quite some time."

— David Saunders, K2's founding managing director, on [merger arbitrage](#) funds being poised to make a comeback this year

RETURNS IN BRIEF

Funds not mentioned in the accompanying text on this page were reported in other issues of the BRIEF. For questions, e-mail mkarsh@bloomberg.net.

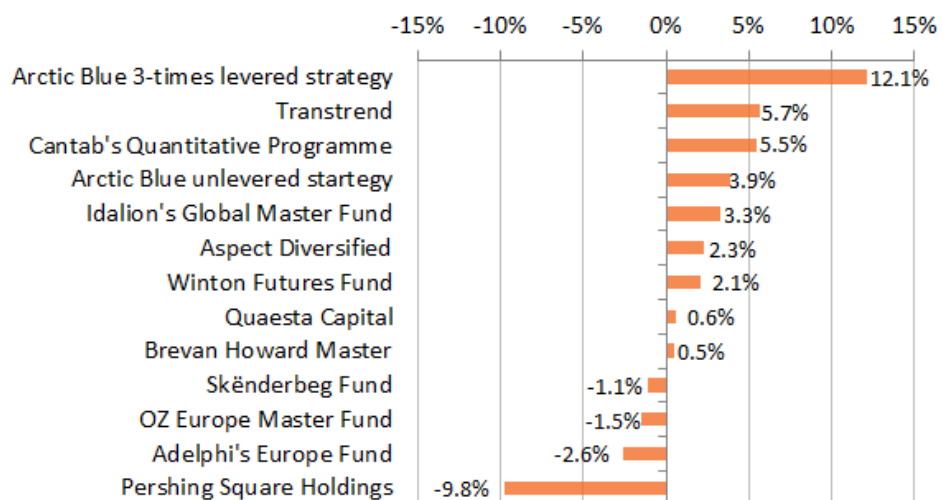
■ **Transtrend**, a Rotterdam, Netherlands-based managed futures firm, rose 5.7 percent in February, increasing its gain for the first two months of the year to 10.6 percent, according to its website. Last year, the dollar-denominated "Enhanced Risk" version of its Diversified Trend Program, which manages \$5.1 billion in assets, lost 2.5 percent. The whole program manages \$6.2 billion in AUM, said a spokesman, who confirmed the figures. Transtrend was formed in 1991 to trade systematic strategies and the Diversified Trend Program started trading a year later, according to the firm's website.

— Will Wainwright

■ **Oceanwood Capital Management LLP's** main \$2.1 billion hedge fund lost 8.1 percent through March 12 this year, erasing last year's gains, according to a person with knowledge of the matter. The Oceanwood Opportunities Fund was down 11 percent in the first two months of the year, according to another person with knowledge of the matter. The event-driven fund gained 8.4 percent last year, Bloomberg News reported in January citing a person familiar with the matter. A spokesman for Oceanwood declined to comment. The firm was founded in 2006 by **Christopher Gate** and an investment team from Tudor Investment Corp.

— Saijel Kishan and Nishant Kumar

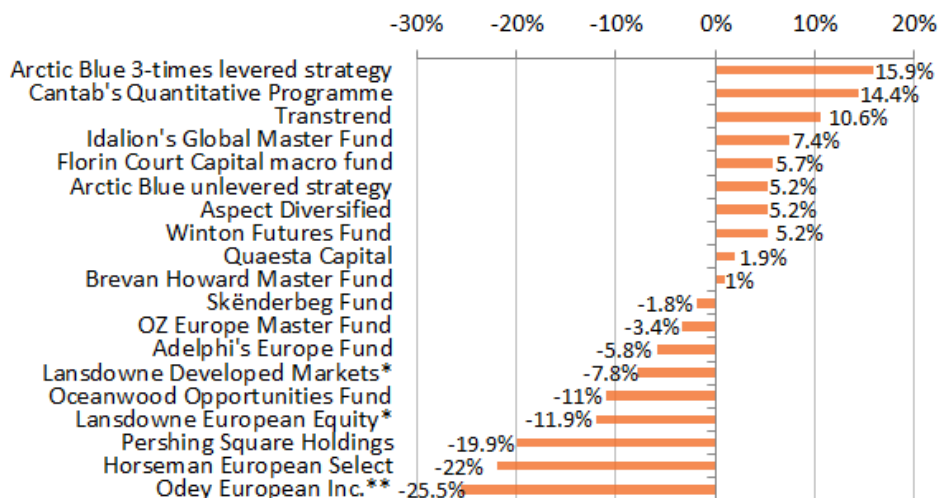
February Returns



Source: Bloomberg

BloombergBriefs.com

Year-to-Date Returns to End-February



Source: Bloomberg

BloombergBriefs.com

*Returns through March 4

**Returns through March 14

FINDING HEDGE FUND MANDATES

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ON THE MOVE

BlueCrest Traders Roach, Aggarwal Said to Exit

Mortgage bond traders **John Roach** and **Neil Aggarwal** have left **BlueCrest Capital Management**, according to people familiar with the matter.

Roach and Aggarwal, who both joined BlueCrest in 2013, have told peers they are planning to start their own hedge fund, said the people. Roach was previously at Deutsche Bank AG. Aggarwal worked at Jefferies Group LLC before BlueCrest.

Ed Orlebar, a spokesman for BlueCrest, declined to comment, as did Aggarwal. Roach didn't respond to requests for comment.

Separately, **John McNiff**, a money manager at **BlueCrest**, has left the hedge fund, according to a person with knowledge of the matter. The New York-based former co-head of commercial mortgage-backed securities trading at Bank of America Corp. joined BlueCrest in 2012. Orlebar declined to comment. McNiff didn't reply to a phone call, e-mail and message left on his LinkedIn profile.

The departures are the latest in a string of exits from BlueCrest since December, when the firm said it would return about \$7 billion of client money to focus on managing billionaire founder **Michael Platt's** wealth and that of his partners. Others to have recently left the firm include money managers Steve Waugh in New York and Daniel Escobar and Jihan Bowes-Little in London, people familiar with the matter said.

— Matt Scully, Sridhar Natarajan, Saijel Kishan and Nishant Kumar

Ex-Brevan Howard Trader Blandford Joins Symmetry

Peter Blandford, a former senior trader at **Brevan Howard Asset Management**, has joined hedge-fund firm **Symmetry Investments** in London, according to records with the U.K.'s Financial Conduct Authority.

Blandford started last week at the company run by former **Millennium Management LLC** money manager **Feng Guo**, FCA records show. The former gilts trader at Jefferies International Ltd. and Morgan Stanley left Brevan Howard in December. A spokesman for Symmetry declined to comment and Blandford didn't reply to an e-mail seeking comment.

Another former Brevan Howard trader, **Morgan French**, joined BNP Paribas SA's Opera Trading Capital unit last week, according to a spokesman at the French bank and FCA records. He left Brevan Howard in October.

Owen Job, a former strategist and assistant to Brevan Howard partner **Ben Melkman**, has joined **Soros Fund Management** in London after leaving billionaire **Alan Howard's** hedge fund firm in September last year, according to FCA records and a spokesman for Soros.

Brevan Howard eliminated about 50 jobs in November after shutting or spinning off non-core funds as part of a reassessment of its staffing needs and a decision to focus on core macro business, people familiar said at the time.

— Nishant Kumar

Credit Suisse's Paliotta Said to Run Equities

Credit Suisse Group AG named **Mike Paliotta** to oversee equities globally and Steven Garnett, the unit's co-head in the Americas, will retire, according to a person with knowledge of the matter.

Paliotta will also retain his role as global head of prime services, a unit that settles trades and lends money to hedge funds, the person said. Paliotta and Nicole Sharp, a spokeswoman for the Swiss lender, declined to comment. Garnett didn't immediately return a call and e-mail seeking comment.

Chief Executive Officer Tidjane Thiam is cutting costs and increasing the Swiss bank's focus on Asia and wealth management. Credit Suisse may report a net loss for the first quarter, Thiam said on Wednesday, and will increase the number of planned jobs cuts by 2,000. The Zurich-based bank now aims to eliminate 6,000 positions in 2016.

Paliotta, who was previously the co-head of equities for the Americas, took on his role as the global head of prime services in 2015, replacing **Paul Germain**.

— Nishant Kumar



Hedge Fund Tear Sheet: Profile, Returns, Risk Snapshot

XLTP XHF 

RESEARCH BY WILL WAINEWRIGHT AND NISHANT KUMAR

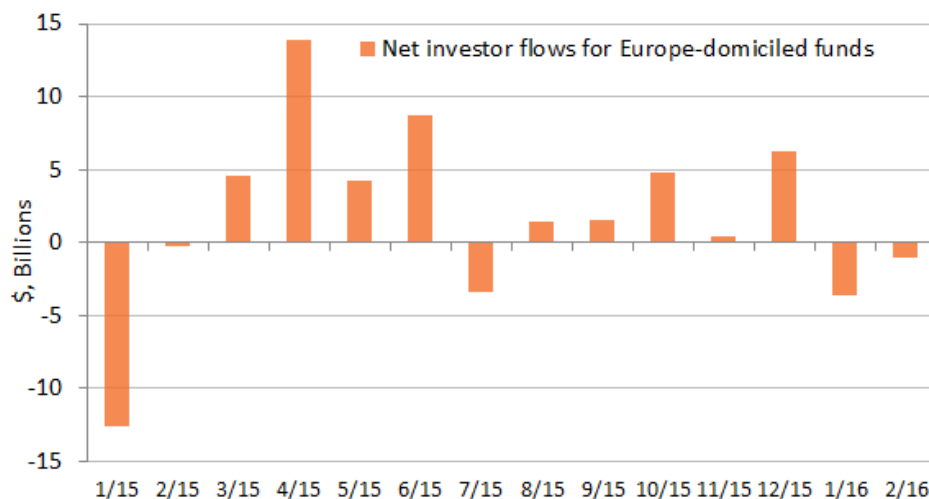
Outflows From European Hedge Funds Reach \$1.1 Billion in February

European hedge funds saw net outflows of \$1.1 billion last month, while U.S. hedge funds added \$5.9 billion of net new capital from investors, according to data from eVestment.

Investor allocations to hedge funds globally outweighed withdrawals with new investments reaching a net \$4.4 billion in February, 80 percent less than the average pledged during the month since 2010, eVestment found. February typically sees increased inflows as investors rebalance their portfolios and the drop reflects investor dissatisfaction with returns last year, eVestment said. In the six years to 2015, investors added an average \$22.6 billion in net new capital to hedge funds every February.

"Redemptions from Europe-domiciled products appeared less to do with 2015 performance issues than other regions or strategies segments of the industry, given that there was a net outflow from large products which returned greater than 5 percent in 2015," said Peter Laurelli, eVestment global head of research and vice president. "Fund liquidations and restructurings definitely influenced flow figures in February, but beyond that it generally appears there was a lack of

Europe Funds See Net Outflows in First Two Months of Year



Source: eVestment

BloombergBriefs.com

large new allocations into Europe hedge funds to offset redemption pressures during the month."

Europe's outflows mean investors have pulled a net \$4.7 billion from the continent's hedge funds in the first two months of the year. That compares to a net inflow of \$29.7 billion over the whole of 2015 and \$3.2 billion in 2014.

European hedge funds now manage \$735 billion in assets compared to \$2.2 trillion for U.S. hedge funds. Assets managed by hedge funds globally continued to decline for a third consecutive month in February, pushing industry AUM further below the \$3 trillion mark, according to eVestment.

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MARKET CALLS

Merger Arb Funds to Make Comeback, K2 Says

BY KLAUS WILLE

One of the most overlooked hedge-fund strategies is poised to shine this year as record mergers activity coincides with deepening uncertainty about the global economy's direction, according to an investor with more than \$10 billion in such pools.

Merger arbitrage, a strategy that produced returns approaching 20 percent in its heyday in the 1990s, has been among the least popular strategies in recent years as annual returns haven't exceeded 5 percent since the beginning of the decade. That's poised to change this year, with hedge funds betting on the success or failure of mergers and acquisitions potentially doubling returns compared with historical averages, according to Franklin Resources Inc.'s **K2 Advisors**, which invests in hedge funds.

As sliding oil prices and concern about the state of China's economy have spurred a worldwide market selloff, K2 is betting that merger arbitrage funds will benefit and is boosting its allocation to such pools.

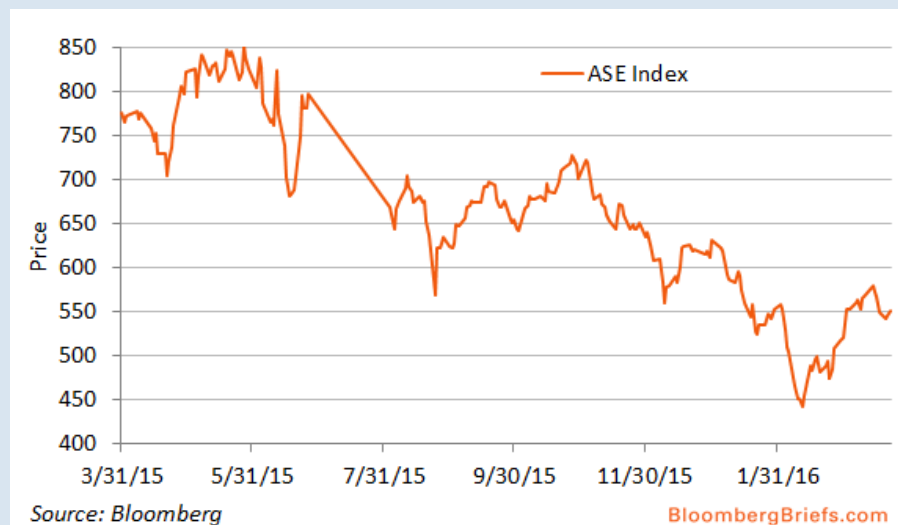
"Throughout this recent bout of volatility, we have seen the spreads, the anticipated returns on deals, almost double from a 6 percent annualized return expectation to around 11 percent," said K2's founding managing director **David Saunders**. "I am not so sure whether we have seen these types of merger arbitrage returns in quite some time."

The Chicago Board of Options Exchange Volatility Index, or the VIX index, climbed to 28 last month, the highest since September. Almost \$9 trillion was wiped off the value of global stocks in the first six weeks of the year. The selloff has coincided with robust dealmaking activity, with mergers and acquisitions valued at \$612 billion already this year, after a record \$4.3 trillion in deals in 2015.

Merger arbitrage hedge funds, which collectively hold just over \$20 billion in assets in comparison to the industry's

MARKET CALLS, REVISITED BY WILL WAINEWRIGHT

Ion-Marc Valahu, co-founder of **Clairinvest** in Geneva, said *last March* that any rebound in Greek stocks was likely to be short-lived after the Athens Stock Exchange Index fell 6.1 percent in the first quarter of 2015. "Some investors are clearly looking to make a quick buck with Greece," he said at the time. "For me, a rebound will last a few weeks at the most."



There was a rebound that lasted until May 27, but over the last three quarters of 2015 the ASE Index fell 18.6 percent. This year to March 23, it has fallen about 13 percent. Valahu expects further declines in Greek stocks, he said in a March 16 e-mail. "There is no political desire/will to put through structural reforms in the country," he said. "If you look at what Cyprus was able to accomplish in such a short time while Greece is still struggling six years later. Short of a default, I do not see Greece recovering."

almost \$2.9 trillion, last posted double-digit gains in 2009, when they rose almost 12 percent, according to data from Chicago-based data provider Hedge Fund Research Inc. Last year, they returned 3.3 percent and they've advanced 0.3 percent in January and February, making them the top performers in the event-driven fund category. Event-driven strategies, a category that also includes hedge funds investing in companies undergoing restructuring, management changes and spinoffs, lost 3.4 percent in the first two months of the year.

The HFRI Fund-Weighted Composite Index, which tracks the performance of

hedge funds globally, fell 2.3 percent in the first two months of the year.

K2 said in November that event-driven managers were the "worst disappointment" last year despite the pace of mergers and acquisitions as hedge funds crowded into the largest corporate deals. Still, there will be "healthy" opportunities this year for hedge funds pursuing this strategy, Saunders said. Factors such as uncertainty about U.S. Federal Reserve interest rate increases and the level of emerging-market economies' debt "play into investors' nervousness and skittishness," Saunders said.



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DATE	ORGANIZER	EVENT	SPEAKERS/ATTENDEES OF NOTE	LOCATION
April 5	American Conference Institute	FCPA, AML and OFAC Risks for Private Equity & Hedge Funds	Michael Neus , Perry Capital; Shawn Singh, DW Partners; James McCormick, Tremont Group.	Park Lane Hotel, London
April 14-15	Storm-7 Consulting	Hedge Funds: Regulatory, Risk and Compliance	Sessions include an overview of key regulatory frameworks in the U.S. and EU, business continuity planning and disaster recovery plans and third-party administration.	London
April 25-27	HedgeFund Intelligence	European Summit 2016	Doug Haynes , Point72; Stuart Fiertz , Cheyne Capital; Jane Buchan , Paamco; Pierre Andurand , Andurand Capital.	Palais de la Bourse, Paris
April 26	IIR, IBC	Distributing Alternative Investment Funds Europe 2016	Max Rijkenberg, Paamco; Ada Harte, Natixis Global Asset Management; Tobias Ettlin , AQR Capital Management.	London
April 27	IIR, IBC	Liquid Alternatives 2016	Michele Gesualdi , Kairos; Cyrus Amaria, Lyxor Asset Management UK; Donald Pepper , Old Mutual Global Investors.	London
May 4	Informa	Hedge Fund Emerging & Startup Manager Forum	Tillmann Sachs, J8 Capital Management; Praveen Joynathsing, Lyxor Asset Management; Mark de Klerk, Tages Capital.	London
May 18	AIMA	Global Policy and Regulatory Forum	Patricia Cushing, National Futures Association; Verena Ross, European Securities and Markets Authority; Tom Springbett, U.K. Financial Conduct Authority; Jack Inglis, Alternative Investment Management Association.	London
June 1-2	Terrapinn	Quant Invest 2016	Philippe Jordan , Capital Fund Management; Christian Frei , Swiss Capital Alternative Investments; David Jessop , UBS.	Hotel Vier Jahreszeiten Kempinski, Munich
June 2-3	Opal Financial Group	European Family Office & Institutional Investment Forum	Tom Caddick , Santander Asset Management; Jakob von Ganske, Deutsche Oppenheim Family Office; Amy Bensted , Preqin; Tim Tate, Citi Private Bank.	Amsterdam
June 6-9	ICBI	FundForum International 2016	Christian Hammes, ETA Family Office; Michael O'Sullivan , Credit Suisse; Oliver Bilal, UBS Asset Management.	InterContinental, Berlin
June 20-22	ICBI	GAIM 2016	Luke Ellis , Man Group; Peter Coates , Omni Partners; Michael Hart , Amundi; Max Rijkenberg, Paamco; Lawrence Berner , Morgan Stanley Alternative Investment Partners.	Hotel Okura, Amsterdam

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