PEOPLE

FRM plans significant staff cuts

UK-based FoHF announces redundancies and bonus cuts to ensure a secure future

FINANCIAL RISK Management (FRM), the UK-based fund of hedge funds (FoHF) titan, is planning significant redundancies and has told employees that they will not receive bonuses for 2008, *HFMWeek* has learned.

Approximately 15% of the company's global workforce will be affected, a FRM spokesperson told the magazine. The number includes both planned redundancies and positions at risk of redundancy. The job-cuts will leave the firm with just under 200 employees.

"We felt it was prudent to review our organisational structure, given that the hedge fund industry will likely be smaller in the near term," an FRM spokesperson told *HFMWeek*. The source also confirmed that FRM would not be paying bonuses.

FRM currently pays discretionary bonuses based on the performance of investments. In 2008, the firm's assets dropped from $13.8bn to $11.5bn. This year, however, FRM confirmed that some of its main portfolios have garnered positive returns in both January and February.

"As a firm we are optimistic about the opportunities for the strongest managers, and we have taken these steps to ensure we remain financially very strong and are able to capitalise on opportunities," the spokesperson said. "We are seeing client interest in a number of areas, including managed futures, distressed and our seeding business."

Earlier this month FRM Credit Alpha, one of FRM's listed fund of hedge funds, announced plans to buy back up to one-fifth of the company's shares in issue. The shares had been trading at a discount to net asset value.

FRM's FoHFs now manage approximately $11.5bn worldwide in a range of absolute and relative return products.

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LAUNCH

Emergent launches latest Ucits III fund

EMERGENT ASSET Management, a UK-based manager, has launched a Ucits III strategy, *HFMWeek* has learned.

The move comes hot on the heels of renewed interest in Ucits III compliant hedge funds, as many managers attempt to meet investor demands for greater transparency and liquidity.

Last week, UK-based manager Brevan Howard announced that it was planning to launch its own Ucits III-regulated fund, joining the likes of GLG and Barings in a growing club of managers that are opting to base funds onshore.

Emergent's own new launch will follow a discretionary global macro strategy. Based on its proprietary geopolitical model, the fund managers will identify strategic themes and tactically trade them to profit throughout the investment cycle.

Initially backed by West LB Mellon Multi-Managers, the strategy will shortly be launched on the open market and made available to investors as a fund. The capacity of the initial strategy is €500m ($632m).

The WestLB Mellon Multi-Manager team runs several specialist multi-manager strategies, including the Target Return Fund, a Ucits III fixed income strategy that targets an absolute return using separate accounts with various sub managers, one of which is Emergent Asset Management. WestLB Mellon also runs a long global equity strategy in Ucits III and a long-short equity fund of funds that generated a return of +4% in 2008.

Last week, *HFMWeek* reported that Emergent Asset Management's Alternative Debt Fund had posted dazzling returns of 76% for 2008.

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secondary markets to do this. "If we pick up cheap shares in existing investments, it means less due diligence," said partner, Hitesh Bharkhda.

Nicola Ralston, co-founder of investment consultants PiRho, said there were opportunities but that investors needed to be cautious about issues of access. "It is economically sensible that this market will take off, but there are cumbersome barriers to entrance," she told *HFMWeek*.

"The problem is, it is not like buying equities, investors still need to do the same levels of due diligence and need to be approved by hedge funds. I am also concerned about the mismatch of buyers and sellers. At the moment there will be more buyers than sellers – you won't have much choice, most of the things you want will not be on offer."

Campbell said that so far Tullet was experiencing a "rough match between buyers and sellers," that equated to about 60/40.

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