

**Client:** Hedgebay  
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### **Blackstone-backed Senrigan creates separate vehicle after losses**

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- Puts 5 investments worth \$40 mln into separate vehicle
- Senrigan's assets under management halved to \$500 mln
- The hedge fund loses 15 percent through September
- Its 2012 record is among worst of major regional funds

By Nishant Kumar

Senrigan Capital, an Asia-focused hedge fund backed by Blackstone Group, has removed five investments from its portfolio and placed them into a separate vehicle after heavy losses this year, two sources familiar with the matter said.

Senrigan, headed by former Citadel trader Nick Taylor, has seen its \$1 billion under management last year fall by half and its 2012 record is among the worst performing of the major regional hedge funds.

The fund was down about 15 percent through September this year and this has led to investors calling for their money back, said the sources, who are familiar with Senrigan's returns.

Senrigan is calling the separate fund a "special purpose vehicle", they added.

Such vehicles are usually referred to as "side pockets" in the hedge fund industry, whereby funds separate out hard-to-sell, illiquid investments from the main portfolio.

Senrigan spokeswoman Katarina Bendle declined to comment.

Senrigan, launched in 2009 with \$150 million, was one of the few hedge funds in Asia that surpassed the \$1 billion mark. The assets it managed include \$150 million in seed capital from New York buyout giant, Blackstone.

Managed by British-born Taylor, the Asia focused event-driven hedge fund lost 8.6 percent last year, erasing its entire 5.85 percent gain in 2010.

Event-driven funds focus on mergers and acquisitions and on strategies such as capital-structure arbitrage.

The hedge fund told clients about the special purpose vehicle last month, the sources said. They will be paid 6 percent of their investment into the hedge fund when Senrigan liquidates the assets put into the side pockets.

The investments are worth about \$40 million in total and include a bet taken on the Australian miner Sundance Resources which has accepted a \$1.4 billion takeover offer from private Chinese company Hanlong Group.

Side pockets are like mini suspended funds used by hedge funds to house illiquid assets and have to be unwound over an extended period of time, during which investors can't get out.



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At the height of the 2008 financial crisis, when buyers for many assets disappeared and investors started demanding their money back, hedge funds created side pockets that could be wound down separately to stop clients who redeemed later from being left with the hard-to-sell assets.

Assets worth up to \$400 billion were parked in side pockets, gated or restructured during the crisis globally, said New York-based Jared Herman, founder of Hedgebay, a secondary market for hedge fund stakes.

Link: <http://www.reuters.com/article/2012/10/12/senrigan-hedgefund-asia-idUSL3F8LC1LW20121012?type=companyNews>