## Ex-Perry Partner Hangs a Shingle

The former head of **Perry Capital's** European business has opened his own hedge fund shop.

**Daniel Goldring,** who was a partner in **Richard Perry's** New York firm, plans to launch a long/short equity fund from his recently established firm, called **Elementum.** The fund would take a value approach to companies in the U.S. and Western Europe.

Goldring spent five years in Perry's London office, where he oversaw portfolio management, as well as business operations. Joining him as a partner and portfolio manager at New York-based Elementum is **Ken Bauso,** a former managing director at **Bear Stearns.** Before Bear was sold off to J.P. Morgan in 2008, Bauso ran the firm's European merger-arbitrage and event-driven trading and sales desk.

In a bid to draw early investors, Elementum is offering reduced fees representing 1% of assets and 17.5% of gains. Investors who agree to a three-year lockup will pay a performance fee of just 15%.

For investors who join after the fund is up and running, the fee structure will be the standard 2% of assets and 20% of gains. The fund will permit quarterly withdrawals, limited to 25% of an investor's holdings per quarter.

## Mixed Results for Global-Macro Funds

While some of the biggest global-macro managers suffered sharp losses last month, a number of smaller and mid-sized firms posted impressive monthly gains.

Among the winners were **Conquest Capital** of New York and **Niagara Capital** of Toronto, whose global-macro funds both gained 13% in May, and New York-based **Lyford Group International,** which rose 7%. Meanwhile, many blue-chip global-macro firms performed poorly. To wit: **Moore Capital's** Moore Global Investments fund fell 9%, its worst-ever monthly loss, while **Tudor Investment's** BVI Global fund lost 2%.

Why the discrepancy? In a word, size. The extreme volatility that characterized trading in May favored nimbler firms with short-term trading biases and high risk tolerance, market players said. The biggest firms, beholden to more conservative investors such as pension systems, were quick to dial down risk.

"The aversion to risk is a sign of post-traumatic fear in the industry;' said **Fabrizio Ladi,** head of alternatives at **Reyl Asset Management,** which invests with global-macro managers. "People are very quick to take the money off the table. Everyone realizes it could be too expensive to be on the wrong side of the market:'

Another investor griped that some large managers have grown too conservative in the wake of the financial crisis. "**George Soros** wasn't in it to play safe during the U.K. currency crisis;' he said, referring to the huge profits Soros made in 1992.

**Samer Nsuouli,** Lyford's investment chief, said May was "more volatile than anyone could imagine;' with the Chicago Board Options Exchange Volatility Index, or Vix, soaring 200% during a three-week span. "The speed of change was faster than what we saw in 2008;' he said. "When volatility changes so much, so quickly, managers have to quickly reposition their portfolio and change their risk exposure:'

**Goldman Sachs** alumnus **Peter Gerhard,** who runs **G Capital** of Red Bank, N.J., said the recent market turmoil may have opened up an opportunity for global-macro managers moving forward. "With lots of bad news priced into markets, any pleasant surprises should equate to higher prices for risk assets;' he said. "While we may not be on the verge of a major risk-asset rally, the seeds have been planted for more constructive price action for the next 2-3 months, especially if the news cycle gets no *worse:'*



## SEC Finalizes Placement-Agent Plan

The **SEC** is expected to sign off today on a compromise plan that would allow placement agents to continue marketing hedge funds to public pensions.

In the wake of the **New York Common Fund** scandal, the SEC last August proposed an outright ban on third-party marketers acting as intermediaries between fund managers and pension officials. The proposal met with howls of protest from placement agents, investment managers and some pension officials, who argued that marketers play a valuable role in helping retirement plans sort out their investment options.

After receiving more than 100 comment letters, the SEC wrote to **Finra** in January inviting it to participate in the oversight of placement agents. On March 15, the financial industry's self-regulatory body responded to **Andrew Donohue,** director of the SEC's Division oflnvestment Management, by offering to draft regulations aimed at ensuring that fund marketers don't exercise undue influence over pension officials.

Finra and SEC lawyers huddled up in late April to iron out the details. The result convinced SEC officials that it could rely on Finra to take the lead role in policing placement agents.

In his March IS letter to the SEC, Finra chief executive **Richard Ketchum** wrote, "We believe that a regulatory scheme targeting improper pay-to-play practices by broker dealers acting on behalf of investment advisers is ... a viable solution to a ban on certain private placement agents serving a legitimate function:'

In the New York Common Fund case, third-party marketers were accused of directing kickbacks to pension officials in an effort to influence their investment decisions. The marketers, in turn, were reaping fat fees from their fund-manager clients. The case, which came to light in 2007, has led to numerous criminal indictments and guilty pleas.