

InvestHedge Awards

for fund of funds 2004 THE WINNERS

US EQUITY

Presented by HSBC

Overall, US equity funds returned 7.29% in 2004, with the S&P 500 returning marginally more with a performance of 10.8%. Short-listed in this category for two years running were Archstone Opportunities Fund and Lombard Odier's MultiAdvisers US Equity Hedge strategy. Leveraged Capital Holdings and the Silver Creek Long/Short Fund – winner in this category in 2002 – joined the list with strong Sharpe ratios and returns that beat the median by a significant margin. It was the Archstone Opportunities Fund that won for the second year in a row with the highest return of 11.24% and a Sharpe ratio of 1.99.

Winner: Archstone Opportunities Fund
Performance: 11.24% **SD:** 4.43%
Sharpe: 1.99 **Assets:** \$334m

ASIA

Presented by HSBC

For the year, Asia-Pacific fund of funds returned 6.02%, with Japan bolstering the returns of many firms. Notz Stucki's Ikebana Japan Long Short, the KBC Japan fund, Lombard Odier's MultiAdvisers, Asia Equity Hedge, Permal Japan Holdings and the Vision Asia Maximus were all shortlisted in this category. Narrowly beating Permal on performance, but with an outstanding Sharpe ratio of 2.59, Vision Asia Maximus, run by Jerry Wang's Vision Investment in Hong Kong, won the award for Best Asia Fund.



Jerry Wang

Winner: Vision Asia Maximus Fund
Performance: 11.64% **SD:** 3.53%
Sharpe: 2.59 **Assets:** \$225m

EUROPEAN EQUITY

Presented by UBS

European equity fund of funds returned 8.4%, which with the exception of emerging markets was the top performing strategy within the *InvestHedge* composite for 2004. Short-listed in this category for the second year was LCF Rothschild's European Capital Holdings. Notz Stucki's Lynx Selection Holdings, RBS Asset Management's



Gilles Du Fretay

Orbita European Growth Strategy and Optimal's Optimal European Opportunity were also short-listed. But the outright winner, with the strongest Sharpe and returns that were almost double the average, was HDF Finance's Eurovest fund, which is run by Gilles Du Fretay and his team in Paris.

Winner: Eurovest
Performance: 15.77% **SD:** 6.29%
Sharpe: 2.06 **Assets:** \$146m

GLOBAL EQUITY

Presented by UBS

For the year, global equity fund of funds returned 6.73% but all the groups outshone the median, so much so that it was hard to create a short-list. The finalists, six in total, were Crédit Agricole's Green Way Select Global Long/Short Equity Fund, the Mesirow Equity Opportunity, Damon Mezzacappa's Mezzacappa Partners, the Permal Long Short Global Equity Holdings and Synthesis Asset Management's Synergy Fund. The winner was Coronation International's Coronation Global Equity Alternative Strategy fund, which was launched in 1996 and has been run by Anthony Gibson in London since inception.



Anthony Gibson

Winner: Coronation Global Equity Fund
Performance: 13.88% **SD:** 6.36%
Sharpe: 1.77 **Assets:** \$580m

GLOBAL MULTI-STRATEGY (\$100-\$500m)

Presented by Merrill Lynch

For the year, global multi-strategy returned 6.06%, in line with the *InvestHedge* Composite of all the fund of funds strategies, which returned 6.12% for 2004. To allow for the smaller, perhaps newer groups to contend, this category was closed to individual funds, which may have qualified in size, but belong to a group that has \$1 billion or more in fund of funds assets.

The short-list included Bruce Ruehl's Gleacher Diversified Strategies, Mansur Capital corporation's Ontario Partners and Pactual Capital Corporation's POBT Absolute Return. The winner was Dorchester Capital Advisor's Dorchester Capital Partners' fund for the second year running for its outstanding performance of 12.2%.

Winner: Dorchester Capital Partners
Performance: 12.2% **SD:** 3.47%
Sharpe: 2.78 **Assets:** \$422m

GLOBAL MULTI-STRATEGY (OVER \$500m)

Presented by Merrill Lynch

In one of the most sought after categories, there were 10 groups that qualified on Sharpe ratio. Three of last year's nominees, Harris Associates' Aurora Limited Partnership – last year's winner in both this category and fund of the year – Ivy Asset Management's Ivy Defenders and the Silver Creek Low Vol Strategies made it to the short-list on performance, as did Momentum AllWeather and Private Advisors Stable Value. The winner with the best performance was the Archstone Partners \$1.1 billion flagship, launched in January 1991.



Fred Schuman

Winner: Archstone Partners
Performance: 11.4% **SD:** 3.52%
Sharpe: 2.53 **Assets:** \$1.1bn

ARBITRAGE

Presented by Citigroup

For the year, arbitrage returned a solid 5.28%. Short-listed in this category were Benchmark Plus Market Neutral, Gottex Market Neutral (winner of this category in 2002), Ironwood Partners, Mesirow Event Strategies, last year's winner, and RMF Event Driven Strategies, nominated last year. In fact, the same two funds, RMF and Mesirow, were once again locked in a head-to-head battle, but RMF Event Driven Strategies won the hotly contested prize for 2004.

Winner: RMF Event Driven Strategies
Performance: 12.23% **SD:** 3.5%
Sharpe: 2.76 **Assets:** \$662m

GLOBAL MACRO

Presented by Citigroup

For the year, the *InvestHedge* global macro was the worst performing strategy with returns of 3.38%. GAM Trading (winner for the last two years) Permal FX, Financials & Futures and RMF Global Macro II once again made it to the short-list for 2004. Financial Risk Management's Absolute Alpha Fund PCC Opportunistic and Optima Fund Management's Optima Futures have entered the category this year, with Optima, founded by Dixon Boardman, just beating FRM's fund to the winning post.

Winner: Optima Futures
Performance: 5.86% **SD:** 4.69%
Sharpe: 0.82 **Assets:** \$147m

FIXED INCOME

Presented by Citco

For the first time, *InvestHedge* has run a fixed income composite, which for the year has returned 7.61%, making it the second highest performer in the rankings. Short-listed in this new category were NewFinance Capital Partners' Opus Fixed Income fund, Hudson Investment Partners' Sandalwood Debt and the Treesdale Fixed Income fund. The top performer in this category was the Sandalwood Debt fund, with returns of 10.16% but, with the runaway Sharpe ratio of 12.45, the Treesdale Fixed Income Fund, run by Dennis Rhee, was the clear winner in this category.

Winner: Treesdale Fixed Income Fund
Performance: 9.87% **SD:** 0.6%
Sharpe: 12.45 **Assets:** \$252m

EMERGING MANAGER

Presented by Citco

In this universe, there are still too few players to create a dedicated composite and, within the region, there are a number of permutations. Any groups with no emerging manager investments in an early stage fund were disqualified. Focus Star, which was nominated last year, and Ivy Rising Stars Offshore, were both short-listed. They came head to head with Silver Creek Early Advantage Fund and the \$1 billion Protégé Partners fund, both new entrants to this category. Silver Creek, which is run by Eric Dillon and Tim Flaherty, won the prize on both Sharpe ratio and performance.



Eric Dillon and Tim Flaherty

Winner: Silver Creek Early Advantage
Performance: 11.29% **SD:** 1.82%
Sharpe: 4.84 **Assets:** \$344m

FIRM OF THE YEAR

Presented by Citigroup

Archstone Partners, Mesirow Advanced Strategies, Notz Stucki, Permal and Silver Creek were all contenders for this award, as they all have a broad diversified range of funds and impressive returns. All of the firms nominated in this category had at least two nominations in different categories this year, with both Archstone Partners and Silver Creek winning an award. Interestingly, all of the firms in this category had a consistent 2004 growth rate that did not exceed 55%. The winner for Firm of the Year was Archstone, which picked up the award for the best US Equity Fund for the second year running, as well as a nomination in the New Fund category for Archstone Equity Strategies Fund.

Winner: Archstone Partners
Founded: 1991
Assets: \$1.74bn

INSTITUTIONAL FIRM OF THE YEAR

Presented by Merrill Lynch

Arden Asset Management, Gottex Fund Management and UBS Global Asset Management A&Q have all benefited from the institutional asset flows into the solid institutional businesses they have built. Arden saw its assets grow by 132%, adding \$4.4 billion in 2004 and 70 new clients including Boeing, West Yorkshire and Massachusetts. Meanwhile, Gottex added more than \$3 billion in one year with wins from Colorado Fire and Police and Dorset County Council. Its growth rate was 212%, jumping up from 59th place in the rankings to 35th by the end of the year.

The winner was UBS Global Asset Management A&Q, which despite having a more modest growth rate of 89%, added more than \$10 billion in assets in 2004. And this does not yet take into account the advisory business from the California Public Employees' Retirement System. UBS made its mark as a global institutional player with wins ranging from the State of Boston, Telstra Super in Australia and Oxfordshire County Council in the UK.

Winner: UBS Global Asset Management A&Q

INSTITUTIONAL INVESTOR OF THE YEAR

Presented by UBS

This award is designed to reward innovative investors in the hedge fund space, but it is hard to compare nominees as savvy investors do not follow a template set down by the consultants. AstraZeneca was nominated for being a hedge fund pioneer in the UK market, and is now adding further strategies to develop its programme.

General Motors was shortlisted for both investing via fund of funds, as well as making direct investments via a RIC, which now has more than \$2 billion in assets. Ontario Teachers Pension Plan started investing in 1996 and now has an in-house team running its 5% allocation to more than 40 direct investments and three funds of funds.

Meanwhile, Weyerhaeuser was nominated for pioneering the use of hedge funds in a corporate pension plan. It was one of the first pension funds in the US to invest the bulk of its assets in absolute return strategies, making the team so experienced that it was hired to form the core of the Morgan Stanley hedge fund engine.

International Paper, which has \$6.5bn, won the award for not only successfully implementing a portable alpha programme but continuing to develop it. The fund, which is run by Robert Hunkeler, is in the process of adding a further 5% to hedge funds.

Winner: International Paper
Performance: 12.8% for portable alpha in 2004



Joe Scoby



Robert Hunkeler

NEW FUND OF FUNDS

Presented by Citco

Sharpe Ratio comparisons are inappropriate when it comes to picking a new fund, because there are insufficient data points, so the New Fund award was determined by looking at the monthly returns since inception, compared to peers over the same period of time. Short-listed in this category were Archstone Equity Strategies, Eden Rock's Finance Fund, run by Santo Volpe and his team – which won the award in 2002 for the Solid Rock Fund – Liongate Multi-Strategy, the Longship Multi-Strategy Debt, and Amanda McCracken's Turnstone European Fund. Launched in April, 2004, the Liongate Multi-Strategy Fund, run by Randall Dillard and Jeff Holland, got off to a flying start to return 33.59% by investing in 25-35 managers across 10 strategies, making it the clear winner.

Winner: Liongate Multi-Strategy Fund
Performance: 33.59% **SD:** 4.92%
Sharpe: 5.58 **Assets:** \$59m



Randall Dillard

FUND OF THE YEAR

Presented by HSBC

This is the only prize that no one can second-guess before the night, as the nominations are only revealed at the dinner. Most of the nominations in this category, including the Treesdale Fixed Income Fund, RMF Event Driven Strategies, the Coronation Global Equity Fund and Dorchester Capital Partners won prizes during the evening.

The judges, however, also nominated Protégé Partners' fund in recognition for building an emerging manager fund that not only came second in its category, where comparison is made more difficult due to the additional revenue streams that may or may not be added to the bottom line, but also raised more than three times the assets of the winner.

But the winner of Fund of the Year with performance of 12.2%, and winner within its category for two years in a row, was Dorchester Capital Partners.

Dorchester Capital Advisors was founded by Mark Zucker and Michael Halpern in September 2001. Zucker and Halpern, who both ran hedge funds before founded Dorchester, met 25 years ago as students at the University of Pennsylvania and Wharton School. The firm, which has some \$675 million under management and 11 employees, currently runs five funds.

Winner: Dorchester Capital Partners
Launched: January 2002
Assets: \$422m



Michael Halpern and Mark Zucker