

## Europe

## Arsago Delays Converts, Emerging Market Funds

Arsago Group has delayed plans to launch an emerging markets fund and a convertible arbitrage strategy because market volatility has made these strategies unpopular with investors. Daniel Bittner, ceo of the €530 million Hurden, Switzerland-based firm, said investors are reluctant to put new money into sectors that are being deleveraged in the wake of the credit crisis, preferring lower-risk strategies such as fixed-income and global macro.

Both convertible arbitrage and emerging markets have suffered at the start of 2008. The *HFRX Convertible Arbitrage Index* and the *MSCI Emerging Markets Index* are down 2.27% and 10.28% year-to-date, respectively. But possible underperformance was not a factor in Arsago's decision to postpone the launches, said Bittner.

Arsago had planned to roll out the two funds in the first half of 2008 because of their natural fit with its macro, fixed-income and foreign exchange funds (*iialternatives.com*, Nov. 9). The firm hopes to launch the emerging markets strategy in the second half of the year, said Bittner. Until then it will extend the focus on emerging markets within the global macro portfolio. He declined to give a timeframe for the convertible arbitrage launch.

### Property Increase?

## Telecom Fund Eyes Alts

The £260 million defined benefit pension scheme for T-Mobile is considering making a maiden foray into alternatives of up to 20% of its total assets by early next year. It may also diversify its U.K. real estate portfolio pending an asset review being conducted by PricewaterhouseCoopers. It will likely add external managers if it goes ahead with the decision.

The scheme is seeking better returns for the same level of risk, explained Mark Young, pension fund manager at the scheme in Hertfordshire. It will consider all types of alternatives and make a decision upon completion of the review. The real estate increase, which amount is still undecided, will invest in Europe.

The funding for the potential alternatives and European property investments will come from its equity portfolio, Young said. Interested fund managers should contact PwC directly as it is assisting the fund with manager selection.

T-Mobile invests 56% in equities, 25% real estate, 14% index-linked bonds and 5% in corporate bonds. It uses Barclays Global Investors for its U.K. equities, global equities and index-linked bonds. UBS Global Asset Management is responsible for domestic and global equities, corporate bonds and property, while Standard Life Investments manages U.K. real estate.

## Omni To Launch Pair Of Macro Strats

Omni Partners is gearing up to launch two macro funds. These are both expected to roll out on April 1, said Zahra Merali, chief operating officer, who declined to provide more information. The London firm's sole strategy at present is an event-driven offering, the *Omni Global Fund*.

One of the macro funds will have a qualitative approach to investing, while the other will be a quantitative strategy, according to an investor letter written by Steven Clark, managing partner and cio. The letter does not reveal who will manage the funds, but says the managers "have extensive track records although not in fund structures." The managers will not run any money for the Omni Global fund, it adds.

## Harcourt Seeks SRI Hedge Funds



Peter Fanconi

Harcourt Investment Consulting is seeking to add five-to-seven funds to its socially-responsible fund of hedge funds in 2008, due to capacity constraints of the 16 underlying managers. Harcourt is conducting due diligence on several funds, but this can be a lengthy process. CEO Peter Fanconi, explained that the firm often has to set up a segregated account with the underlying manager, through which non-compliant positions can be screened out.

The *Belair Sustainable Alternatives SRI Fund* launched in November with \$200 million in seed capital from Scandinavian insurance companies Folksam and Storebrand. Fanconi declined to provide the fund's current or targeted size.

The firm has begun marketing the fund to institutional investors worldwide—a few months earlier than planned—due to strong investor interest since its November launch. Harcourt will distribute the fund alongside Folksam and Storebrand, and Erik Eiedof, managing director of the Nordics, is co-ordinating the marketing effort from Harcourt's office in Stockholm. The firm is targeting institutions that have experience in the long-only SRI world but wish to move into alternatives. Individual client meetings began in Europe in February and are now taking place in Asia and the U.S. Harcourt has also seen interest from churches in the U.S. and Europe. In Asia it will target Japan, Korea and Australia.

The fund of hedge funds is one of the first to focus on socially-responsible investing (*iialternatives.com*, May 11). Folksam and Storebrand are founding members of the *United Nation's Principle of Responsible Investments* initiative. In July, Harcourt was the first hedge fund firm to sign the treaty.