

SWISS HEDGE

1st Quarter 2002

A Review on Developments in the Hedge Fund Market



Asia

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SwissHedge ... introducing our new focus on strategies!

The new SwissHedge celebrates the emergence of hedge funds as a legitimate asset class and the increasing sophistication of investors. The success of «skilled based» strategies has accelerated in recent years to the point where invested assets amount to USD 500 billion – a doubling of assets over the last five years. An increasing proportion of investors are now institutions and they are aware that hedge funds strategies are not homogenous but have different risk/return profiles and varying exposures to market risk, credit risk and operational risks. It seems somehow natural to me that at this stage in the development of our industry that we should start providing investors with more specialized material to deepen their understanding of the merits and limitations of the various hedge fund strategies.

Consequently each issue of the SwissHedge will focus on a particular strategy. By the time you have finished each quarter's issue, I hope you will have gained a solid understanding of the particular strategy, its environment and the rationale for investing. This initial issue focuses on Asia-linked strategies, in part because Harcourt is convinced that Asia will experience the largest growth of managers over the next 24 months, and in part due to informational inefficiencies in the Asian financial markets.

In this issue, Christophe Gruenig introduces the Asian market and presents Harcourt's view on the region. An article by Ted Uemae provides an informative view of the forces shaping the demand side of the Japanese market. Our roundtable includes managers from renowned Asian hedge fund management firms Martin Currie Investment Management Ltd., Speedwell Advisors and Ward Ferry Management Ltd. They generously offer their insights into the current and expected strategy market conditions in the



region. Jim Brandon's academic literature review offers comfort to investors concerned that currency hedge funds might spark a future Asian currency crisis. And we continue with Philipp Cottier's quarterly review of past performance, important industry issues and our views as of the short and long term evolution of the industry.

Future issues this year will focus on convertible arbitrage, fixed income arbitrage and European long-short equity.

I sincerely hope that you find the new SwissHedge to be a useful resource in your hedge fund related activities and would appreciate hearing your comments.