SocGen and CDC set to enter long/short arena

SocGen Asset Management of Paris is rolling out the next in its new range of hedge funds this month with a discretionary European long/short strategy managed by a team led by Lane Metcalfe-Dusserre and David Foubard. At the same time, sources suggest that CDC-Ixis, asset management subsidiary of Caisse de Depot, is also working on plans for up to three hedge funds, including a European long/short strategy.

According to plans announced earlier this year, SGAM's discretionary long/short fund is to be seeded with €60 million, which was also the sum to be allotted to each of three systematic long/short equity strategies – focusing on Europe, Japan and the US – plus a convertible arbitrage fund. So far, however, only the fund managed by Metcalfe-Dusserre has been forthcoming, and there is no news yet about a revised start-date for the other products, which were meant to start between July and September.

Metcalfe-Dusserre combines outright long and short positions in European equities with equity derivatives and money-market plays. She typically runs net long in the Dow Jones Eurostoxx universe, with qualitative, relative value and technical inputs.

CDC-Ixis is understood to be planning convertible arb and high-yield strategies as well as a European long/short fund managed by Gilles Mishaqa, which sources say is likely to come first. The convertibles strategy, managed by Dahlia Marteau, is already running inside a money-market fund, with the prospect of a fully-fledged offshore version to follow. Earlier this year, CDC said the proposed high-yield fund would be run by Jean-Luc Alexandre.

Libra Europe set to aim for beta neutral

Roberto Bogoni and Bruce Mee are set to go live in November with their Libra Europe Fund, a new European long/short equity fund which will be running a close to market neutral strategy. With Park Place staff and directors backing the fund, they are hopeful of raising €100 million within three months of launch.

Libra Europe will not be a typical long-biased European equity hedge fund, but will aim at market neutrality, with a particular emphasis on maintaining a beta of zero at all times. Concentrating on large cap stocks in the Dow Jones Stoxx 600 list of companies, it will combine fundamental analysis to produce a 'shopping list' of ideas with two proprietary systems – one for screening company valuations and another for risk management. The latter will, among other things, provide a cross-check to monitor any sector bias.

Bogoni and Mee believe that a disciplined emphasis on beta neutrality and low leverage will work better in today's markets than a more traditional long/short approach. Libra expects to become independent by the end of 2002, but with Park Place maintaining a minority stake.

Uniacke is back with STIR macro fund

Robie Uniacke, formerly a top interest-rates trader at the old Salomon Brothers operation in London, where he worked alongside the likes of Costas Kaplanis, Kaveh Alamouti and Larry Hillibrand, is working on plans to launch his own hedge fund. Uniacke's new firm is called STIR Capital – based on the acronym for short-term interest rates. His planned G10 STIR Fund is expected to go live next February with initial assets of $25 million.

During his years at Salomon between 1990–95, Uniacke was head of proprietary trading in gilts and other sterling products. He went on to run his own small CTA operation, called Pale Fire, which performed well until the LTCM crisis of 1998, after which he decided to wind it up.

Now returning to London to launch the new fund, Uniacke believes there are inefficiencies that he can exploit despite the obvious depth and liquidity of the short-term interest markets in the G10 countries. Uniacke's strategy will be based primarily on top-down fundamental analysis to decide directional positions, but also long-term, relative value and arbitrage trades.

Hardy UK fund next from Polar

Brian Ashford-Russell and Tim Woolley's next Polar Capital launch will be a UK market-neutral fund to be run by ex-Schroders manager Philip Hardy.

The focus will be on UK large cap stocks, with the universe limited to those with a free-float market cap of over £500 million for liquidity reasons. Hardy will unite top-down and bottom-up disciplines, taking sector views where he has sufficient conviction and varying the gross exposure of the portfolio.

The portfolio will aim to be dollar neutral with underlying sector pairs and sector trades with, in addition, the ability to be +/-10% net long or short.

Risk controls will be rigid with shorts in particular strictly governed, with the position reviewed when 5% down and covered when 15% down. The fund will also have the ability to invest up to 20% of its assets in continental Europe, mainly for shorting purposes where the UK universe is not large enough to provide a suitable match for a pair trade.

Hardy spent 13 years at Schroders, initially as part of the specialist UK equity team. He ran the Schroder UK equity unit trust which grew from £60 million to £1.5 billion.

Karakitsos first from MoneyGuru

MoneyGuru, the London AIM-listed investment adviser headed by former AIB Govett co-chairman Charles Fowler, expects to launch with initial assets of at least $20 million when its first hedge fund starts trading in November. Called K-Fund, it will follow a macro strategy with systematic risk controls managed by a team led by the economist Elias Karakitsos, who is also providing some of the seed capital.

Karakitsos has advised a variety of global institutions over the past 12 years, including Allianz, Citigroup, Credit Agricole/Indosuez, Oppenheimer and Standard Chartered. His approach is based on a proprietary fair value model, which produces an optimal asset allocation based on anticipated shifts in the economic cycle. Others on K-Fund include equity specialist Ian Lancaster, who has 12 years of asset management experience, including a long spell at General Accident, and former derivatives traders Ioannis Marinopoulos and Dimitri Kevork.

Early next year, MoneyGuru plans to follow up with a long/short equity fund. The manager is expected to be James Follows, formerly of Deutsche Morgan Grenfell.