

Aquila Launches Shipping Hedge Fund, Readies Carbon Offering

Hamburg, Germany-based **Aquila Capital Concepts**, a \$1.8 billion hedge fund shop, last month launched a hedge fund focused on the shipping sector and is readying another fund focused on trading carbon emissions for November.

The Okeanos Shipping Fund set sail on Aug. 1 and invests in shipping derivatives and vessel time chartering, according to fund documents. The Cayman Islands-domiciled fund's primary strategy will employ directional trading of forward freight agreements, with an emphasis on short-term trading. Its holding periods will range from intra-day to two weeks on the

short-term book, and up to several months on the medium and long-term books. The fund will also trading spreads between various freight contracts of the same or different time horizons.

According to the firm, shipping derivatives are an inefficient emerging asset class with annual revenues of US\$500 billion. The shipping industry is expected to grow at least 5% with increased Asian demand in recent years. It is also a relationships-dominated industry, "with participants having typically known each other for many years both professionally and personally."

Continued on Page 6

Inside this Issue

News	2, 7-12
\$6 Billion Loser Finds Job	
Don't Buy That Beamer!	
Hedge Fund Bonuses Won't Soar	
Goldman Flagship, Other Big Names Plummet	
Hedge Funds Feel Heat In August...	
...But Not Paulson	
Pirate Suspends Withdrawals	
Forsyth Goes Belly-Up	
Fund Launches	3-4
Conn. Firm Launches MBS Fund	
Barclays To Set Up Shariah Fund	
Halls of Justice	13
Court Gives Lake Shore Cold Shoulder	
Private Equity	14
New Fund Pays Off Fast	
Searches and Mandates	14
Mass. Pension Issues P.E. FoF RFP	
Shareholder Activism	15
Clinton Group Seeks Whopper Of A Company	
People Moves	16

MayerCap Preps Levered Direct-Lending Fund Of Funds

Fund of hedge fund manager **MayerCap** is prepping a levered version of its Financing Fund, which employs a direct-lending strategy.

The \$15 million Financing Fund employs managers providing direct lending to private, as well as publicly listed small- and micro-cap companies. It includes between 10 and 15 managers, diversified by strategy and geography. The 1x levered fund, which is expected to

debut on Oct. 1 with \$10 million in initial assets, will eventually include 12 to 15 underlying managers, including those in the unlevered fund.

According to portfolio manager **Alex Boguslavsky**, client demand was the driving force behind the decision to introduce a levered product, which will charge 1.25% for management and 10% for performance.

New York-based MayerCap

launched the Financing Fund three years ago, but only began a marketing effort this year. It has returned in excess of 12% annualized, according to Boguslavsky, and is up 7% in 2007 through August.

In addition to the Financing Fund, MayerCap manages two other hedge fund products: the Diversified Strategy Fund, which is run on behalf of Comerica Bank but is open to outside investors, and the High Alpha Fund.

FUND LAUNCHES

AQUILA *Cont. from Page 1*

“With 80% of contracts being conducted over-the-counter, it is difficult for outsiders, such as purely financial players, to use their knowledge in derivatives trading to enter this specific market and to trade efficiently.”

Enter **HF Navigator**, the German-based freight consultant that will act as an investment advisor to the fund. “HF Navigator has a unique advantage others in that they maintain a presence in the underlying market of shipping derivatives, through ship chartering and cargo booking for their clients. This affords them a direct view into the market developments that move the primary index,” the firm said.

The fund charges 2% for management and 20% for performance, with a US\$500,000 minimum investment requirement.

In addition, Aquila is also expanding its reach into the clean technology space with the launch of its Carbon Opportunity Fund in November. It will employ both arbitrage and directional trading strategies.

“CO2 credits are a new asset class with no correlation to other classes, and low correlation to other energy markets,” the firm said. “The market saw real growth in activity only in January 2005, when the EU began its cap-and-trade scheme, effectively forcing

energy producers as well as large CO2-emitting industries to enter. Since then, the market for CO2 credits has grown rapidly. Now we have the beginnings of participation in CO2 emissions credit issuance and trading outside of Europe, in the U.S., specifically in the West Coast (West Coast Initiative) and North-Eastern and Mid-Atlantic States (Regional Greenhouse Gas Initiative).

3C Consulting, an advisory firm in the global carbon market, will serve as the fund’s investment advisor.

The CO2 fund also charges 2% and 20% with a \$500,000 minimum investment requirement.



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