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Manager Looks Past Morgan Stanley


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Ex-Tiger Trader Singh Nails Blackstone Deal

Manny Singh, formerly a top lieutenant at **Julian Robertson's Tiger Management,** is set to start a hedge fund with a substantial seed investment from **Blackstone.**

Singh plans to begin trading a long/short equity fund in April or May from his **Kavi Asset Management** in New York. The exact size of the seed deal is uncertain, but sources said it's in the vicinity of $125 million.

Singh, a senior-level stock picker at Tiger, left the New York firm last year with plans to launch his own fund. Robertson, who is famous for seeding promising new managers, offered to back Singh. But Robertson typically stakes his "Tiger seeds" with $25 million or so — far less than what Blackstone subsequently offered.

Kavi Global Opportunity Master Fund will focus in part on event-driven plays. Joining Singh as a junior partner is **Mathe Mosny,** an event-driven specialist who most recently worked as a senior analyst at **Hutchin Hill Capital** of New York.

Also on board at Kavi is **George Song,** who previously oversaw hedge fund

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Ruling Stirs Debate on Insider-Trading Leeway

Hedge fund managers are considering how their investment practices might change now that the insider-trading convictions of **Anthony Chiasson** and **Todd Newman** have been overturned.

In the immediate aftermath of the **Second U.S. Circuit Court of Appeals'** blockbuster decision in December, industry participants focused on the possibility that other traders might also be exonerated. Now, they also are questioning whether previously off-limits trades are fair game.

Some believe fund operators will, and even should, pursue what they see as court-sanctioned trades based on tips from insiders. "Why wouldn't you? There's a new standard," one source said.

The buzz centers around language from the three-judge appeals panel that indicates a violation has occurred only if the individual acting on a tip did so with the

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Bermuda Burnishes Image as Offshore Haven

Government officials and business leaders in Bermuda are waging a campaign to re-establish the territory as a go-to domicile for offshore funds.

An eight-member delegation of the **Bermuda Business Development Agency** will be in London this month for a four-day road show to tout the jurisdiction as a manager-friendly, cost-effective alternative to the Cayman Islands. Agency officials made a similar pitch in January when they were in New York to attend law firm **Schulte Roth's** annual hedge fund conference. The plan is to return to New York at least once a quarter in an effort to raise Bermuda's profile as an offshore domicile.

There are signs, too, that Bermuda is re-emerging as a conference destination. The **Regulatory Compliance Association** has signed a contract to host its "Regulation, Operations and Compliance" symposium at the Fairmont Southampton for the next three years, with the first one scheduled for April 22-24. **Hedge Connection** has chosen the same venue for its "Global Fund Forum" on June 22-24 — the first time

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THE GRAPEVINE

Doug Frisina left his post as head of **Bank of America's** capital-introduction unit in recent days. Word has it that Frisina is joining a hedge fund firm that is set to launch with a sizeable amount of capital. He had joined BofA in 2013 from **UBS.**

Tom Purcell is leaving **Viking Global** again. Purcell had just returned from a six-month sabbatical at the beginning of this year. Now, he plans to manage his own investments while exploring some other business interests. Purcell joined Viking 16 years ago, and by the time of his sabbatical had become the Greenwich, Conn., equity shop's co-chief investment officer alongside **Dan Sundheim.** Viking runs about $32 billion. In a March 2 letter to investors, chief executive **Andreas Halvorsen** called Purcell a mentor for many staff members, saying "his legacy will remain and so will the

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A managed-futures shop that has run money exclusively for **Morgan Stanley** clients since the 1990s is preparing to launch a hedge fund that it will market more widely.

The Dallas firm, **Warrington Asset Management,** has generated a 10.9% annualized return for the bank's wealth-management clients since 1997, including two down years and essentially flat performance in 2013 and 2014. The same strategy — trading S&P 500 futures with the aim of delivering consistent, low-volatility returns — will drive the planned fund, dubbed Warrington Strategic Fund. The vehicle is expected to begin trading next month with $10 million to $20 million.

Warrington was one of four alternative-investment firms that launched funds around the same time under an unusual arrangement with Morgan Stanley or its predecessors. In exchange for recommending the funds to its wealthy clients, the bank took ownership of the general partnerships — although the managers pocketed most of the fee revenue. The agreements prohibited the firms from accepting outside capital. The other three shops — **AAA Capital, Bristol Energy Fund** and **Spyglass Trading** — have closed in recent years.

In the past year, Warrington and Morgan Stanley negotiated a deal under which the bank would relinquish its stake in the business and the manager would be free to market to other investors. The bank's clients signed off on the agreement in the past two weeks.

Warrington currently manages about $150 million for Morgan Stanley clients via a fund called Managed Futures Premier Warrington and related separate accounts. The firm expects most of those clients will stay put, even as it begins seeking limited partners for the new fund and marketing separate accounts to the biggest backers.

Warrington had its worst showing in 2008, when its portfolio lost 17.9% — slightly better than the average hedge fund performance that year. It then rose 18.1% in 2009, fell 7% in 2010, and gained 12.2% in 2011, 12.3% in 2012, 0.2% in 2013 and 1.2% in 2014 — with low correlation both to the S&P 500 Index and the BarclayHedge CTA Index. Warrington was up 1.6% in January.

The fund is designed to do best during periods of normal market volatility. Performance has been hurt in the past two years by low volatility, with occasional bouts of extreme price movements.

Until recently, Warrington had just a few employees, including founder **Scott Kimple.** But with an eye toward expansion, the firm in October hired **Greg Fomin** as chief operating officer. He previously was a senior managing director at consulting firm **Blue River Partners,** and before that worked at **EAM Partners** and **Hunt Financial.** The firm plans to hire at least two more employees, including a marketer.

Kimple, who earlier worked at **Smith Barney,** is assisted by his long-time deputy, **Mark Adams. Ken Webster** serves as a consultant to Warrington.

In marketing the new fund, the manager is offering a founders share class with discounted fees equal to 1.5% of assets and 15% of profits. Once the fund raises $50 million, the fees for newcomers will rise to 2% of assets and 20% of gains.

Morgan Stanley was motivated by regulatory concerns to end its 18-year relationship with Warrington. Specifically, the bank no longer wanted to promote a fund in which it has a stake alongside other vehicles that it doesn't sponsor. ❖