Hedge Funds From the team at ASIAN INVESTOR

Leading US hedge fund opens shop in Asia

By Kamni Bharwani 17 February 2004

Everest chooses Singapore as location for first non-US office.

Everest Capital has chosen Singapore as the location for its first office outside of its Miami-based headquarters. With about $1 billion under management, Everest falls within the top 1% of the world's hedge funds by size. It is also amongst the industry's oldest, having been operational for 14 years.

"We decided to set up in Asia because we wanted our investment professionals to be able to keep their ears closer the ground," says Low Jeng-tek, Everest's Singapore-based director. "We're seeing much greater demand amongst investors for investing in Asia. As the Asian markets develop, more people are understanding that this is where the long-term growth prospects are."

Three of Everest's15 investment professionals will be based in the Singapore office, conducting both research and trading activities.

Everest also hopes that by having a presence in the region, it can devote more attention to increasing its Asian investor base.

"There is a lot of potential for Asian institutions and high-net worth individuals to increase their allocation to hedge funds, as they are currently far behind their US and European peers," says Low. He observes that Hong Kong and Japan have the most sophisticated hedge fund investors in the region, with Singaporean governmental institutions showing increasing interest.

According to Low, Everest chose Singapore as its Asian base because its central location made travel around the region convenient. Moreover, since Everest has China- and Japan-focused funds, the firm was conscious that its investment professionals retain a broad perspective and avoid the 'market noise' associated with locating in Hong Kong or Tokyo.

Low also adds: "The Singapore government has been forward looking with its financial sector policies, and funds looking to set up in Asia have been a direct beneficiary of this."

Everest has recently launched two new multi-strategy funds, one focused on China and the other on Japan.

The China Opportunity Fund has enjoyed a 44% return in the six months since its inception in June 2003. The fund opened to institutional investors in November 2003 and currently stands at $30 million in size and has a capacity of up to $250 million.

Low says the China fund has recently made money shorting US furniture companies that have been out-competed by their Chinese counterparts. It has also benefited from holding a long position on Japanese construction companies, such as Hitachi, which have been contracted to conduct high quality construction work in China.

Commenting on the China funds outlook for the future, Low says, "We expect the renminbi to revalue, although not by a significant amount. This will probably not be due to US pressure, but rather to slow down the overheating economy. However, we don't foresee this having any negative impact on China's growth prospects."

Low also predicts that China's demand for raw materials is not likely to ebb anytime soon, and the fund continues to be long Brazilian and Australian commodities.

Everest Capital manages a total of eight funds, five of which are global/regional funds and three of which are event-driven. The firm's flagship global macro fund, Everest Capital International, was ranked No.2 worldwide by Global Hedge Source and recorded a 112% return in 2003.

"Everest has an edge over single strategy/regional managers as our team of investment professionals is able to cross-fertilize their ideas across each other's strategies and countries," says Low.

"Our team has a collective global investment experience of over 150 years. We are like a United Nations of hedge funds with managers from Central Europe, Latin America and Asia as part of our team," he adds.