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Everest Capital picks S'pore for first overseas operations

The Miami-based hedge fund manager will invest \$1m to open five-member unit to conduct research and trade securities

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ONE of the world's largest hedge fund managers Everest Capital has set up an office in Singapore which will help invest some of the estimated US\$1 billion (S\$1.72 billion) which the firm has under management.

The new office represents the first time that the United States-based firm will conduct research and trade securities outside its headquarters in the south-eastern city of Miami. Everest expects to spend up to \$1 million this year to set up the five-man operation near Raffles Place. The firm's choice of Singapore - after rejecting Hong Kong, Tokyo and Shanghai - is expected to create financial benefits for local businesses, said a company executive.

Eventually, Everest plans to locate three investment professionals - a fund manager, a trader and one analyst - in the Singapore office from a total investment team of 15 worldwide. The remaining two staff here will perform administrative and support roles. Hedge funds differ from normal unit trusts by adopting non-traditional investment strategies which are sometimes seen as more risky.

Most conventional fund managers buy stocks when they are cheap and profit from selling them when prices rise. But hedge fund managers can short-sell shares - that is, sell shares using borrowed stock in the hope that the price drops, buy exotic derivatives, or even borrow money to make investments.

Everest officials said they chose the Republic for its skilled workforce, a supportive Government policy and its status as a financial hub. The ease of setting up an office, a high standard of English and the relatively low cost of doing business here were also factors, they said. Everest Capital president and founder Marko Dimitrijevic said: 'Everything works in Singapore. I'm Swiss myself and I find the Swiss-type efficiency in Singapore to be a big plus.'

The trading and research for some of Everest's eight funds have been moved here. Some of these funds take advantage of investment opportunities in global emerging markets, using a variety of investment strategies. Everest is one of the oldest and largest hedge fund firms in the world. In a global industry where the average firm has been around for five years, Everest is a relative old-timer set up in 1990.

While the average hedge fund size is around US\$90 million, Everest's fund managers control around US\$1 billion in assets under management - which places the firm within the top 1 per cent in the world by size. The firm manages money for clients such as university endowment funds, pension funds, insurance companies, governments and extremely wealthy individuals based in the US, Europe and Asia.