

# MONDO HEDGE

The First Italian Journal on Hedge Funds

1<sup>st</sup> Quarter • 2004

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Editor: Stefano Bestetti

## MONDO HEDGE FDF INDEX

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The MH FdF Indice Generale is composed of all Italian fund of hedge funds. The index is available in an asset weighted version and in an equal weighted version and is calculated in partnership with Mps Alternative Investments. All the statistics about the Index are available on [www.mondohedgeindex.com](http://www.mondohedgeindex.com).

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## ITALIAN HEDGE FUND

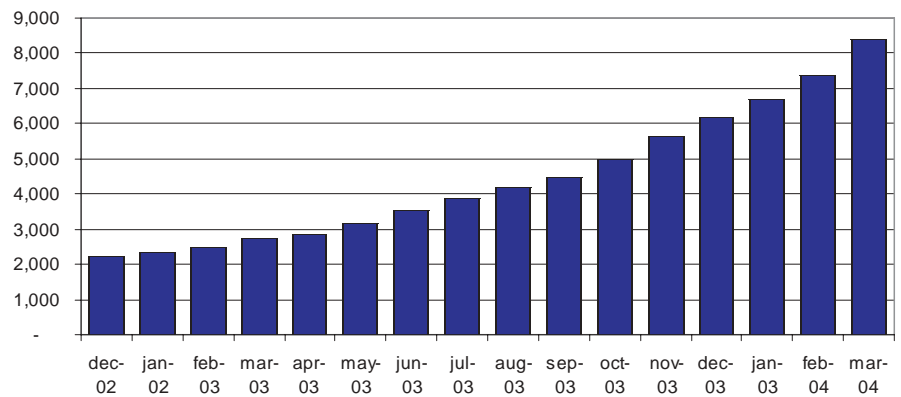
(March 2004)

INFLOW +11.09 %

TOTAL AUM 8,221 mln €

Source: MondoHedge

## ITALIAN HEDGE FUND INDUSTRY ASSET GROWTH\*



\*data in million Euros dec-02/mar-04

## The Italian Industry

In the light of the ever increasing volume of business, today the Italian hedge fund market represents a good opportunity for both domestic and international operators and investors.

The official christening of the hedge fund industry took place in May 1999 when the Minister of the Treasury gave way to the creation of hedge funds under Italian law (pursuant to decree no.228) and the Italian regulating authorities set out the rules to be followed. The decision, in April 2003, to reduce the minimum investment from one million euros to 500,000 euros gave another boost to hedge funds.

Today, with 8.4 billion euros in assets under management, the Italian hedge fund industry consists of 26 SGRs speculative (compared to 17 as of 2002), and about one hundred products including funds of funds and hedge funds. A growth that will make the Italian industry even more interesting to the international financial market.

And it has all the necessary requirements to grow even more in the future: all of the research institutes are predicting that a large part of the funds now put into traditional investment vehicles will

be directed towards hedge funds in the future.

MondoHedge, the first Italian information provider in this sector, has decided to publish a newsletter in English, in order to spread all of the information regarding the Italian hedge fund market, which is constantly developing, to a larger audience.

This publication is quarterly and includes: MondoHedge FoF Indices (calculated with the collaboration of MPS AI); the list of foreign advisors; performances and asset under management of Italian FoFs and hedge funds.

In addition to numbers, graphs and statistical tables, readers will find the most important editorials, interviews and studies from the MondoHedge monthly review and from the website [www.mondohedge.com](http://www.mondohedge.com). It will offer operators and investors who want to get to know the Italian hedge fund market in a more in depth manner a complete scenario using all of the tools that our publishing group has created – and those that it will create as the industry grows. With the unique goal of holding our position as the only point of reference for the Italian hedge fund industry.

## Subscription form

MondoHedge presents a quarterly basis analysis of the Italian hedge fund market. Every quarter you can track asset flows and the returns of the Italian hedge funds and funds of hedge funds. There will be 4 issues of MondoHedge a year. Annual subscription fee is €700. To subscribe, fill in the form and return to Fax: +39 (0) 2 6709763. Please, indicate if you wish to pay by credit card or credit transfer.

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# Assets in Italian funds surge to well over 8 billion

*After the strong growth of 2003, the Italian hedge fund industry persists with its explosive expansion*

by Deborah Ceo

## MARKET SHARE\*

Duemme Hedge Sgr	13.21%
Ersel Hedge Sgr	12.00%
Kairos A.I. Sgr	11.26%
Pioneer A.I.M. Sgr	9.64%
Aletti Gestielle A.A.M.Sgr	7.85%
Nextra A.I. Sgr	6.98%
Hedge Invest Sgr	5.01%
Mps A.I. Sgr	4.71%
Crédit Agricole A.I.P.G. Sgr	3.87%
Akros HFR A.I. Sgr	3.65%
Bipielle A.I. Sgr	3.09%
Pwm Sgr	3.05%
Sanpaolo IMI A.I. Sgr	2.97%
JP Morgan Alternative Am	2.34%
Unifortune Sgr	2.24%
Capitalgest A.I. Sgr	1.26%
Bim A.I. Sgr	1.25%
Global Selection Sgr	1.24%
Euromobiliare A.I. Sgr	1.07%
Obiettivo Sgr	1.00%
Morgan Stanley Sgr	0.77%
Albertini Syz I.A. Sgr	0.64%
Gottardo A.M. Sgr Alternative	0.40%
Cartesio A.I. Sgr	0.35%
Zenit A.I. Sgr	0.17%

\*Data referred to AUM as of March 2004.

The Italian hedge fund industry grew dramatically during 2003 and the first quarter of 2004, with total assets surging from €6.2 billion at the beginning of this year to €8.4 billion by the end of March. Industry assets grew 35% over the prior year end total, and 281% over early 2003. This is a notable growth considering that the first Italian *fondo speculativo* was launched in the first half of 2001.

By the end of the first quarter of this year, 26 SGR *Speculative* (asset management companies exclusively dedicated to hedge funds) were already operating in the Italian hedge fund market, compared to 24 as of December 31, 2003 and 17 at the end of 2002. SGRs controlled by banks manage 64% of assets, meanwhile independent companies represent the remaining 36%.

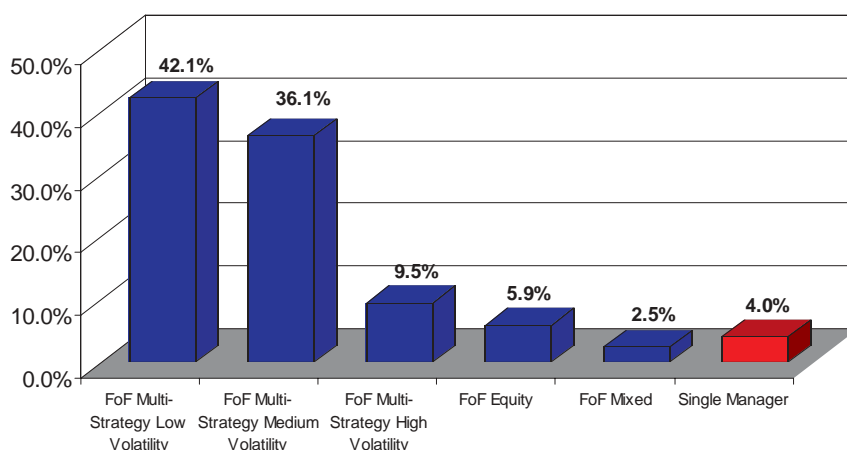
There are three SGRs that manage both multimanager hedge funds and single manager hedge funds (Kairos Ai,

Ersel Hedge and Nextra Ai), and only two SGRs specialised in the single manager arena: Cartesio SGR and Obiettivo SGR (Sanpaolo Imi Group). In the near future there will probably remain only one such management company since Obiettivo SGR is planning to merge with the funds of funds manager of the group, Sanpaolo Imi Alternative Investments.

In terms of assets, the largest Italian funds of funds manager is Duemme Hedge SGR, part of the Banca Esperia Group, with €1.1 billion in assets under management in seven funds of hedge funds. It is followed by Ersel Hedge Sgr, which manages €1 billion in seven funds of hedge funds and one single manager fund, and Kairos Alternative Investments, part of the Kairos Partners Group, with €947 million in assets under management (five funds of hedge funds and one single manager hedge fund).

## Italian hedge fund categories

(Updated to March 2004)



Source: [www.mondohedge.com](http://www.mondohedge.com)

**The products**

Today, the Italian market is made up mostly of funds of hedge funds, which account for 95% of the industry (compared to 96% in 2003). Currently, a total of 79 multimanager products are being traded, up from 71 at the end of 2003. Meanwhile, single manager hedge funds represent the smallest part of the industry: eight products with a market share of 5% (up from 4% in 2003).

While the average size of multimanager hedge funds grew from €80 million, as of the 2003 year end, to an average of €94 million by the end of the first quarter of 2004, the size of single manager hedge funds (during the same interval) went from €45 million to €41 million. The largest fund of funds is Duemme Hedge Performance, with €345 million in assets and a market share of 4.20%. Nextra Beta Hedge is the hedge fund with the largest AUM (€103 million).

Low Volatility funds of hedge funds (with a volatility target similar to the volatility of the bond market) account for the lion's share of industry assets, 43.9%, up from 38% in 2003. They are followed by Medium Volatility funds of funds (volatility target slightly higher than the volatility of the bond market), with a market share of 37.6%, compared to 43% as of December 2003. High Volatility funds of funds (volatility target above that of the bond market but below that of the stock market) with 9.9%, up from 9% at the end of 2003.

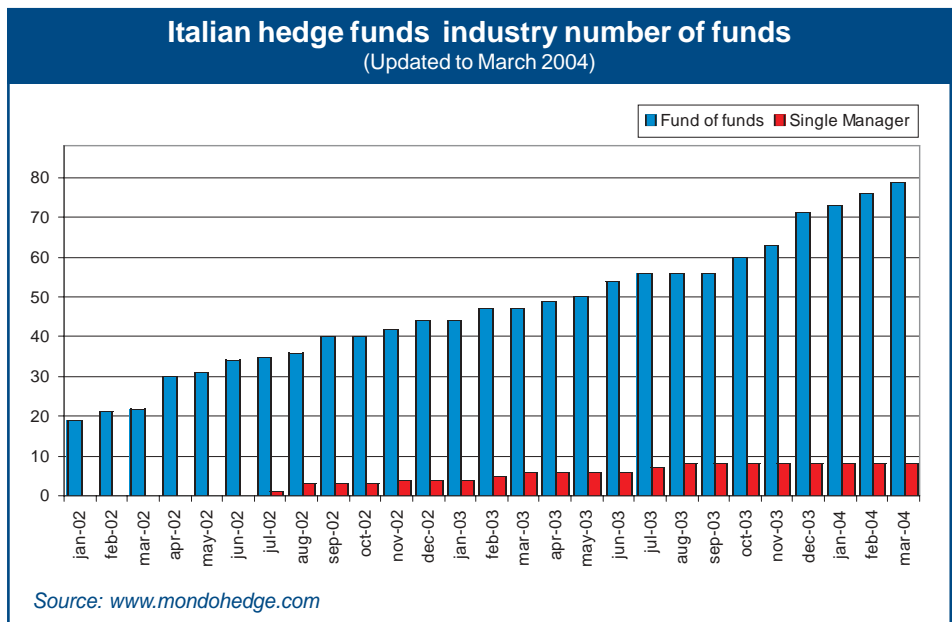
Finally, Equity funds of funds (for managers focusing on long/short equity strategies) have a 6.1% market share, compared to 8% in 2003. Mixed funds of funds, multimanager products allocating both in hedge fund managers and traditional asset classes (i.e. mutual funds, stocks, bonds and derivatives) account for 2.6% of industry assets, up from a 2% share at the end of 2003.

Today, the total amount of hedge fund investments account for 1.5% of the overall Italian investment industry (data as of March 31, 2004).

**First quarter performances**

Looking at Mh Fdf Indices performances, Italian funds of hedge funds finished the first quarter on a strong note, with 100% of the funds that have at least a three month track record reporting positive returns, and the MH Fdf Indice Generale was up 2.22%. For the third consecutive month, all sub-indexes were positive, led by High Volatility and Equity funds, with a returns of 2.5%, and Specialist funds up 2.49%. They were followed by Medium Volatility funds, up 2.34%, Multistrategy funds, up 2.15%, and Low Volatility funds, with a return of 1.85%. Mixed funds of funds were up 2.23%.

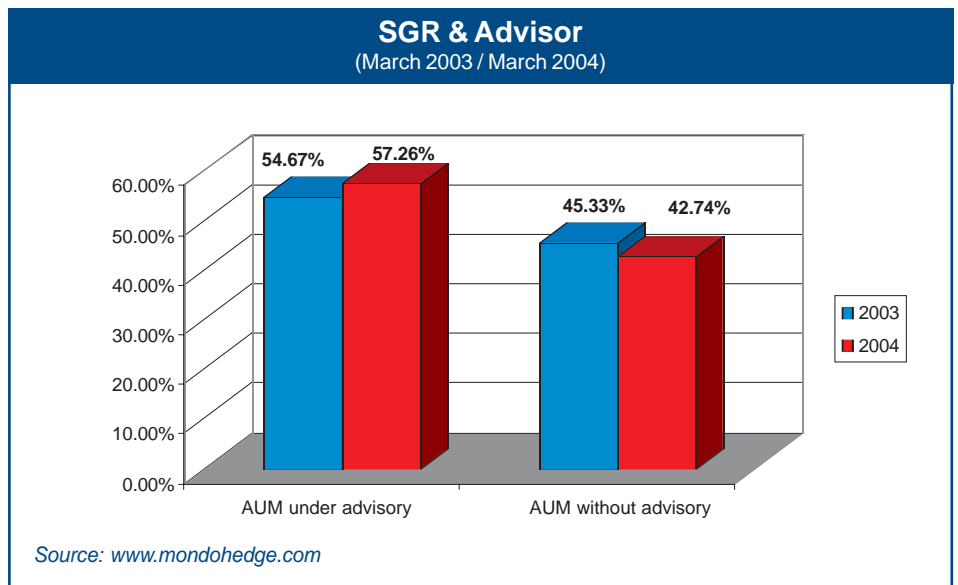
The best performer of the first quarter was Hedge Invest Sector Specialist, which has €34 million under management, with a return of 4.32%. It was followed by Global Managers Selection



Knowledge shared is knowledge  
doubled.

**Julius Bär**

True to you.



Fund (AUM €104 million), with a return of 4.23%, and Morgan Stanley International Diversified Strategies (AUM €65 million), which was up 3.80%. As for single manager hedge funds, first quarter results were flat, with an average return of -0.02%. Kairos Partners Hedge Fund, which has €42 million under management, was the top performer, up 1.97%, followed by Hedgersel, with €66 million under management, up 1.60%, and Nextra Beta Hedge, which was up 1.07% and manages €103 million.

**Outlook for 2004**

The number of *SGR Speculative* is going to expand over the course of this

year. Two new asset management companies - Deutsche Bank and the Generali Group – have already received authorization from the Bank of Italy to operate and are ready to roll out their alternative products.

Nearly all SGRs are working to create new funds, in order to expand their range of products or to replicate closed funds (FOFs that already reached the maximum number of investors – see box below). There are several mixed funds that are in the pipeline with seven asset management companies interested in this sector (Kairos Ai, Pioneer Aim, Nextra Ai, Mps Ai, Hedge Invest, Albertini Syz, Global Selection and Aletti Gestielle). ■

**An Overview of The Italian Regulation**

**T**he industry of hedge funds was enabled in Italy by the Ministerial Decree no. 228 of 24 May 1999 and the Bank of Italy decree of 20 September 1999.

The law introduced a new type of mutual fund: the “fondi speculativi”. The introduction of fondi speculativi is the *ad hoc* vehicle for the arrival of hedge funds in Italy. They can invest derogating from the principles applying to the majority of mutual funds and the prohibitions and limitations set by the Bank of Italy. The fondi speculativi can be funds of funds or single manager funds. Funds of funds can invest in offshore hedge funds, while single manager funds can have long and short positions in stocks, bonds, derivatives, cash and other asset classes according to the information memorandum approved by the Bank of Italy.

Italian hedge funds can only be managed by *SGR Speculative* (onshore fund asset management companies) and the minimum investment is 500.000 euros. Each Italian hedge fund cannot have more than 200 investors and SGR Speculative are banned from advertising their funds.

The fondi speculativi are advantageous for private Italian investors for fiscal reasons. The onshore hedge funds are taxed like onshore mutual funds through the application of a 12.5% tax applied to the increase of the NAV. In addition, speculative funds are monitored by the Bank of Italy, which acts as a watchdog and is a guarantee for Italian investors.



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# “Has Italy missed the boat of hedge funds?”

*Raffaele Jerusalmi of Borsa Italiana takes a look at the main topics featuring at the upcoming 4<sup>th</sup> Hedge Fund Conference*

by *Stefano Bestetti*

## MARKET SHARE OF ADVISORS\* (updated to March 2004)

Tremont Capital Mgt	28.9%
Union Bancaire Privée	28.7%
Ivy Asset Management	6.8%
Hedge Fund Research	6.8%
FIM Limited	5.8%
Eim Group	5.2%
Emcor Securities	4.1%
Glg Partners	2.6%
Tarchon Capital Mgt	2.3%
Banca del Ceresio SA	2.3%
Goldman Sachs Princeton	2.0%
Rmf	2.0%
3A	1.2%
Tower Capital Inc.	0.7%
Bucephale	0.3%
Cdb Web Tech	0.3%

*\*Data referred to total AUM managed by SGRs, which make use of foreign advisors.*

**T**he 4<sup>th</sup> Hedge Fund Conference, now a traditional event organised by Borsa Italiana for the international financial community, is due to be held on 20 May in Milan at the Teatro Dal Verme. This will be a one day event dedicated entirely to the Hedge Fund industry which will provide the perfect opportunity to update, meet, compare and learn from senior professionals in the field.

The event kicks off with **Michael H. Steinhardt**, a living legend of Wall Street who constantly outperformed the share market with his hedge fund which produced a return of 30 per cent per annum on average, against 10.8 per cent by the Stock Market.

Two managing directors of Caxton, one of the most prestigious hedge funds, will also be making important contributions. These are Tanya Beder (who will be attending for the fourth time) and Avi Tiomkin (macro investments manager). **William N. Goetzmann**, a lecturer in finance at Yale University and one of the first researchers to study the performance of hedge funds, will be representing the academic world, whilst the talk by the Vice Chairman of Paloma & Partners, **Leon Metzger**, on how regulation has developed in the U.S. promises to be very interesting. Among the traders invited to speak are **Paolo Basilico**, pioneer of Italian alternative funds, **Michael Goldman**, CIO of Momentum and Pioneer Investments, **David Armstrong** from Société Générale, **Hugh Hendry**, Investment Director of Odey Asset Management and **Jerome Baesel** of Morgan Stanley Alternative Investments.

MondoHedge asked **Raffaele Jerusalmi** (Borsa Italiana's markets area manager) to give us a picture of the industry in the four years that have elapsed since the first Hedge Fund Conference. "You might say it's a road made up of light and shade".

### Let's start with the light

Firstly, a highly positive factor has been the development of "Funds of Funds" which have multiplied the volumes of savings collected and which have helped to circulate knowledge about alternative investment products, both among institutional clients and private clients.

This, together with the positive results in terms of performance and the trust with which the market has responded to the seriousness of the operators, has led to a growth in the number of investors, both private and institutional.

**Why do you say that there has also been "shade" along the road if you have been successful in convincing leading groups such as CIR, RCS and Mondadori to view hedge funds as a valid investment alternative?**

Because the Italian industry has practically only developed in a single direction: Funds of Funds. The figures are clear: we have around eighty multi-managers and only 8 single managers among the 26 SGRs [Savings Management Companies] operating on the market today. The gap is even more obvious if you look at the collected savings figures.

**So essentially then Italy is not really an industry, which creates original**

**ITALIAN HEDGE FUNDS  
CATEGORIES \***

<i>Category</i>	<i>Market share</i>
FoF Low Volatility	43.9%
FoF Medium Volatility	37.6%
FoF High Volatility	9.9%
FoF Equity	6.1%
FoF Misti	2.6%

*\*Data referred to total AUM as of March 2004.*

**products, but rather a distributor. How would you expect to see single manager Italian products evolving ?**

I hope I'm wrong, but I fear that Italy has already missed the boat. Two important opportunities have been missed: on the one hand we haven't created suitable conditions to convince large international single managers to open new branches in our country, and on the other we haven't managed to convince Italian fund managers, who had already launched successful hedge funds abroad, to return to Italy. If we had succeeded in both cases, we would have triggered an advantageous cycle for Italy: we would have hired Italian staff (from back office to management) creating skills, and we would have developed an adequate, competitive service provider industry which is totally lacking at present. I'm referring to all those players, from prime brokers to administrators, who are essential to supporting the creation and management of a hedge fund. In other words, we could have had an "overspill" of skills and know-how which would also have helped to feed the creation of more domestic pure funds.

**What instruments could we have used to attract foreigners to Italy?**

First of all by using tax leverage. By providing incentives, for example, to corporates, banks and domestic institutional investors, as well as to speculative SGR, foreigners would have considered coming to Italy and offering their funds from here. However, it would certainly have been easier to convince the Italians to return home, but unfortunately they didn't consider the conditions to be right.

**Whilst waiting to see whether the single manager boat has truly been missed, let's look at multi-managers. How do you see their future?**

You might see some institutional portfolios finding a permanent presence in the alternative investment world in Italy and that should help Funds of Funds to develop, at least initially. But there's another side to the coin: it becomes difficult to keep quality high. Today, the best pure hedge funds have already closed to new subscribers, others are imposing lock-ups from six months to

three years and are inaccessible to Funds of Funds. The risk is therefore that savings are destined to less well known hedge funds, which can have serious negative consequences, not only on performance, but also on the savings of investors. This is a risk for the industry as a whole, not just the domestic industry. I think that the moment of truth will come when investors start judging and comparing performances, thereby creating a natural selection process.

**What do the main American hedge fund managers think about the Italian market?**

In general they're not very informed and often they don't know that a regulated domestic hedge fund industry exists. They're always very keen to meet potential investors, particularly if they can establish long-term relationships with them. In general we've found that the best hedge funds are increasingly attentive to the quality and type of their investors.

**Is Borsa Italiana satisfied with the results obtained after five years in the hedge fund sector?**

On balance our experience is extremely positive. Creating a team dedicated to hedge funds has allowed us firstly to promote our market and all the products linked to it (derivatives, data vending services, etc.) in the best way possible. And we've seen the results in the constant increase in trading volumes that we've experienced in recent years, despite the bear market. The hunch that sent us down this road (when we thought that hedge funds would become the best clients for exchanges) in the end turned out to be a good one.

**Do you want to add a few words about the Hedge Fund Conference?**

Our conference is the only truly international financial event in Italy (last year there were over 200 participants from abroad) and many today consider it to be the best quality event in Europe dedicated to hedge funds. That's obviously very satisfying for us. We hope we've made a valuable contribution to the development of the domestic industry both in terms of education and of the networking opportunities. ■



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## “Single manager funds have to learn Italian”

*According to Andrea Nascé, of Ersel Hedge SGR, if the Italian industry is to come of age, it has to nurture single fund managers*

by Michela Frigo

### ITALIAN MARKET\*

SGR controlled by banks	64.05%
Independent SGR	35.95%
With advisory	57.26%
Without advisory	42.74%

\*Data referred to total AUM as of March 2004.

“The time has come to give the domestic hedge fund industry a truly Italian identity”. Very briefly stated, this is the message being given by Ersel of Turin, a leading fund management group that was among the first to offer its clients the possibility of investing in alternative funds. **Andrea Nascé** was the first to ripple still waters. From his privileged observation post as Ersel Hedge SGR investment manager, he has remarked: “The hedge fund industry in this country cannot be defined as a fully Italian”.

#### Meaning?

Funds of hedge funds are ideal instruments to approach the world of alternative investments. As a natural consequence, they now make up 94 percent of the entire industry. Single funds are very much in the minority; as of today there are only 8 of them. By introducing funds of funds SGR speculative establish Italian based businesses, yet essentially they invest in hedge funds that are managed outside of Italy.

#### That’s like saying the packaging is Italian but not the contents.

Use of the word “packaging” is an oversimplification: managing funds of funds is a high value added, wide-ranging and complex service requiring a significant dedication of resources and a high degree of professionalism. That doesn’t change the fact, though, that the investment process inevitably allocates funds outside of Italy. This, however, is the natural consequence of the geographic distribution of single fund managers who, for historic and cultural reasons, are not located in Italy, but mainly in the United States. The medium term challenge should be the development of a sizable number of successful hedge

fund managers who actually work in Italy. This way a brain drain and the transfer of capital funds abroad can be averted.

#### The problem is that Italian managers are put off by current conditions in Italy so that they pack their bags and head off to London or Lugano. Why?

Those who decided to establish single funds discovered that they had to contend with harsh licensing regulations. It took Ersel almost a full year to be finally authorized by the bank of Italy in June 2003. In addition, the minimum amount of capital needed to form a speculative SGR is prohibitive for skilled Italian managers who want to set up on their own. There is no easy solution to this problem; the higher level of single funds’ intrinsic risk compared to funds of funds does, in fact, mean that more stringent restrictions should be applied to allow to investors. On the other hand, it would be nice to find a way to promote the creation of a group of Italian based single fund managers. Italians have proved themselves to be competent and it is a shame to see them set-up elsewhere.

#### What can be done in concrete terms?

Before looking at the means, we have to at least agree on the ends.

**Raffaele Jerusalemi, Borsa Italiana’s director of markets, is skeptical in this respect. He does not believe that single funds have much of a future in Italy. It may well be that we have actually missed the boat: there has been a lack of understanding in Italy of how to use fiscal instruments to attract big players’ investments.**

Jerusalemi is absolutely correct: the fiscal card was played very badly. It is not

just that we were unable to present ourselves as an attractive market to international managers, but that we did nothing to facilitate purely Italian start-ups. Organizational complexities and costs are excessive.

**This is compensated for by Italian multimanager who are moving ahead at full steam. That fact explains why demands are being made from all sides for the minimum initial investment to be lowered. A reduction would permit a much higher number of investors to use hedge funds. More or less reflecting what is currently happening in Germany.**

I believe that expansion of the business and further reductions in investment minimums are definitely in the cards. The sector's growth is in the interest of all managers in the sector, especially our own. It is important, however, that the process should be gradual rather than hasty; this means that demand should grow without excessive surges that could compromise the ability of SGRs to maintain the quality of their offer, which is precisely why the sector has been so obviously successful up to now. I remember when the minimum was lowered from a million to five hundred thousand euro last April. The effect was to triple assets under management in just a few months.

**An effect of that extent means that a further reduction would be sufficient to give more impetus to growth rates.** Certainly it would. It is important that when it happens it does not create excessive bumps in the offer side of the

market. If there is an immediate opening to the retail market, there is a risk that the average quality of the offer could decline with potential damage to the image of the industry as a whole.

**Given that funds of funds build very diversified portfolios, the risk is spread over a high number of single fund managers. If one falters, the FoF as a whole would remain sound.**

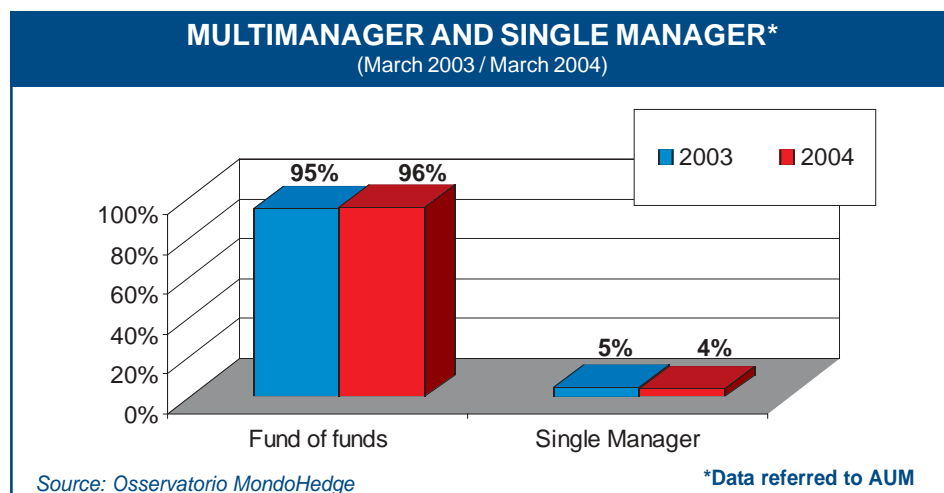
That's right. That's the main role of funds of funds. But it's just as true that the level of performance should keep up with the purpose and image of these instruments.

**On that we all agree, but Pioneer Aim General Manager, Paolo Barbieri, has another axe to grind with respect to liberalizing funds of funds, namely: why is it that only the wealthy should benefit from hedge funds? Isn't that policy somehow a little undemocratic?**

I wouldn't turn this into a *social* issue. It is purely a question of maintaining product quality. Otherwise, the result will be that no one earns anything: whether the customary elite or the small investor. That doesn't mean to say that the less well off should be precluded from investing in hedge funds. It's just that the change should be gradual.

**Banks appear to be moving much more quickly in this direction...**

Most of the banks' customers are retail investors meaning that the banks are forced to demand an immediate and significant reduction in minimum investment amounts. ■



## “BancalIntesa” point of view

*The first Italian bank that created a hedge fund portfolio*

**B**anca Intesa was the first largest institutional investor in Italy to capitalize on the opportunities of investing in hedge funds. The Bank Alternative Investments Desk has developed a presence and expertise in the hedge funds business over the past five years. The Desk has built-up a broad network of international contacts which is essential in taking the business opportunities and sudden changes that characterize this industry.

The Alternative Investments team operates from the Bank dealing room, thereby having a competitive advantage in terms of market visibility and the sharing of information which other funds of funds managers (FoF) find difficult to replicate. Our investment philosophy is primarily characterized by a top-down/macro analysis and the actual use of risk management as a portfolio management tool.

### **α-ing Portfolio Management**

Portfolio management is based on the concept of operating flexibility, even in compliance with established risk limits (VaR), which are monitored by an independent risk-management unit, and a framework of internal guidelines. There are no limits in terms of minimum or maximum amounts to be allocated to the individual asset classes, strategies, geographic areas, markets and sectors; the asset allocation is driven by the top-down process and is thus “opportunistic”. A strong emphasis is also placed on reducing the fixed costs of the portfolio by regularly negotiating with managers more favorable conditions in terms of fee structures.

**Year 2004.** The primary themes underlying the portfolio asset allocation in the first months of this year may be summed up as a reduction in the credit-related strategies, especially the more directional ones, an increase in long/short equity, explained mostly by the additional increase in the Asia area, and a further increase in the weight of event-driven equity strategies. In addition, we are planning to increase the al-

location to convertible arbitrage in the very near future.

**Credit:** The opportunities arising from spread tightening have disappeared for the most part. There are still some market niches where it is possible to get a sufficient risk-reward to justify long biases such as, for example, the upper speculative-grade ratings or the leveraged loans. Even in the emerging markets and regardless of the fundamentals of the individual countries, the spreads have reached levels which, in our opinion, do not fairly price the difference in implicit risks between these countries and mature ones (i.e. US).

With this expectation, we cut the more directional credit funds, keeping only those managers who are actually long/short (i.e. basis trade players) and have prepared their portfolios for even more pessimistic scenarios (spread widening) through, for example, the reduction of the average duration.

In particular, we have dedicated strong attention to the emerging-markets debt component: in this case, the general risk of spread widening has been flanked by the perhaps imposing risk of a possible outflow of capital toward the developed markets, driven by a sufficient shift in the interest-rate curve. Therefore, the allocation to this sub-strategy has been cut in half (from 6.3% in September 2003 to 3.7% in March 2004), with the sale of the funds having the greatest long bias and the retention of the managers who have an effective long/short tradition in the emerging markets and who diversify the strategy in the distressed area as well. The strategy anyway remains “under watch”, and will be further evaluated in the event of any significant movements in the interest-rate curve.

As to convertibles, part of the adjustment we planned has been directly made by the managers who have gradually reduced the exposure to credit in favour of an increase in volatility trades. In general, the allocation to “credit” was around 10% in March 2004 versus the

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\* Source: Pensions & Investments, December 2003 (using data as at 31 December 2002)

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18% as of the end of 2003.

**Long-short equity:** as of the start of this year, the percentage allocated to this strategy was set at roughly 30% compared with the 25% average for 2003. The increase is due to our strong short-term view on the Asian markets and, in particular, on the Greater China area, which we believe still has interesting upside potential even after the brilliant performance of 2003. Given the higher volatility which characterized these markets, the increase has been managed with the purchase of three specialized managers, in order to guarantee a good level of diversification.

Given the "opportunistic" nature of this allocation, we have pre-established an average holding period of 12 months, after which the investments in this area will be analyzed further in terms of their risks/rewards opportunities.

**Event-driven equity:** starting from the fourth quarter of 2003, the M&A deals have experienced an increase also in the United States and, more important, the average spreads on the individual transactions have become higher, thus mitigating possible concerns about the risk of aggressive leverage at a single deal level. This situation improved our confidence on the strategy and therefore its allocation is going to be increased up to around 20%.

**Convertible arbitrage:** in recent months, we have seen the start of a transition from credit plays to gamma trading and a positive contribution of the latter to the performances of the convertible players. The implicit and actual levels of volatility on the US and European markets, the growing volume of issues and the rising opportunities in other geographic areas are just other factors which have prompted us to increase the weight of the strategy, with a focus on volatility players and on markets which are not crowded by hedge fund managers yet, first of all Japan. We also have a preference for those managers who have concentrated on the more typical return drivers of the strategy, thus avoiding those risks which are, in our opinion, outside of their mandate; we are referring, in particular, to interest-rate risk which has heavily affected some convertible arbitrage funds during the sudden and sizeable sell-off in the fixed-income markets in July 2003.

Other minor adjustments have also been made to the other strategies incorporated into our portfolio. In particular, we still have concerns about the elements of uncertainty related to the mortgage-backed securities strategy, also given the recent accounting issues related to US government agency issues (Freddie Mac). The direct allocation thus remains nil.

The increase in distressed securities over the final quarter of 2003 and the first quarter of 2004 is exclusively due to (i) the introduction of a specialized fund on the Asian markets, which are still not much covered by the managers and offer significant opportunities, especially in the mid-cap area, and (ii) the increased weight of the strategy which our emerging-markets debt managers have recently incorporated into their portfolios.

The fixed-income arbitrage allocation has been virtually stable and is limited to around 10% of the portfolio. At present, there are still many opportunities in the yield-curve arbitrage. Then, there are managers who have already positioned themselves for capitalizing on the expected increase of interest rates. In any event, should the interest rates rise, the "carry trades" would certainly disappear, with a potential risk of style-drift, made more evident by the huge amount of capital already flowing therein.

**Outlook.** Turning to the performance of our portfolio in 2004, we note that all the asset allocation decisions defined at the start of the year, and in particular, the key aspects thereof, are working very well. With a current size of over €600 million, the portfolio posted a year-to-date performance of around 3.4% as of the end of April, with the event-driven equity, long-short equity in Asia/Greater China and convertible arbitrage outperforming the other strategies. The volatility of the portfolio remains limited at around 2.2%.

The medium-term objectives include an increase in the portfolio volatility, which could stabilize around 3.5%, in order to let us reach higher and higher risk-adjusted returns.

*Susanna Cinelli (Head of Alternative Investments & Chief Investment Officer)*  
*Alessio Gerbella (Portfolio Manager)*  
*of BancaIntesa*



# Performance Tables

Abstract from MondoHedge Database

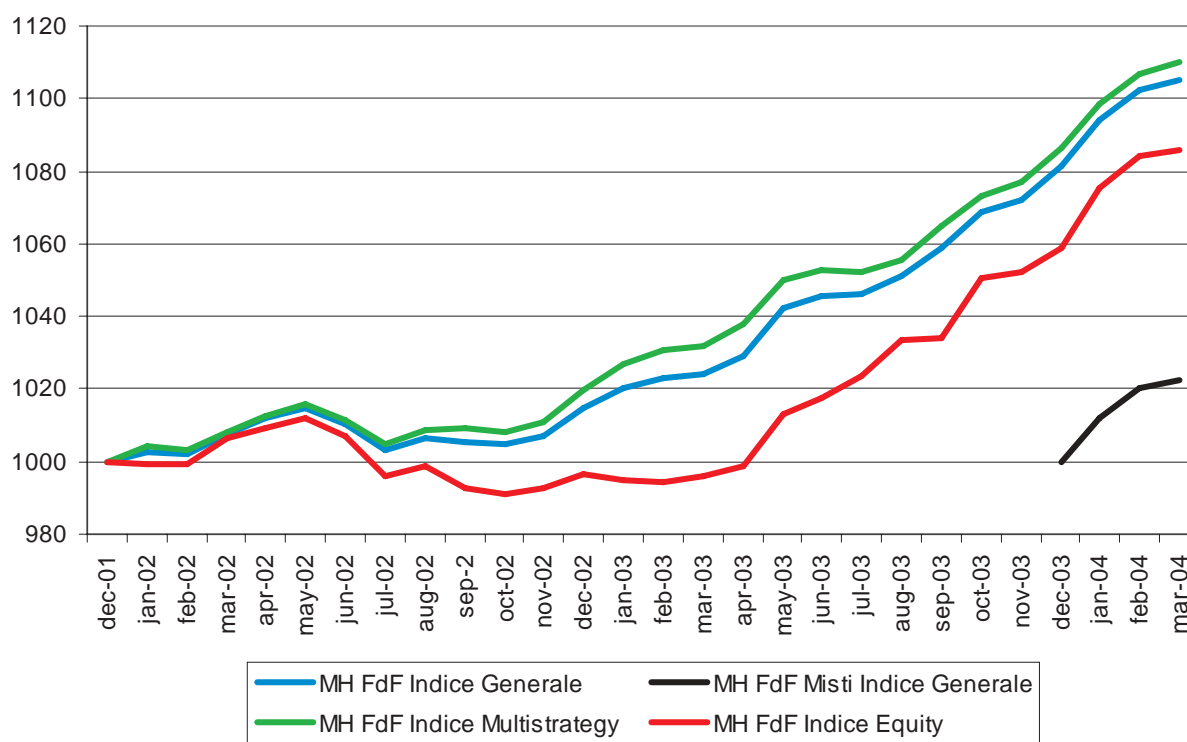
1<sup>st</sup> Quarter - 2004

www.mondohedge.com

## MondoHedge FdF Index

### Performance of italian Fund of Hedge Funds

(bases: december 2001 = 1000)



Source: [www.mondohedgeindex.com/collaborazione](http://www.mondohedgeindex.com/collaborazione) Mps Alternative Investments

The MH FdF Indice Generale of Italian funds of funds was up 0,25% in its asset weighted version in March (17th straight positive month), while it returned 0,26% in its equal weighted version. The best category was that of low volatility funds, with a performance of 0,30% (aw). The best index was the MH FdF Indice Multistrategy, with a performance of 0,26%.

In March we added three new constituents to the index: Duemme Hedge Conservative (medium volatility fund), Fideuram A.I. Fund Defensivo and Pwm Select (low volatility funds).

The following funds changed category: Hedge Invest Credit Alternatives (from specialist to multistrategy high volatility), Hedge Invest Multi-Strategy (from medium to low volatility) and Global Managers Selection Fund (from medium to high volatility).

The general index on Italian mixed funds of hedge funds was up +0,24% (aw) and +0,20% (ew).

**N.B. Please note that all the statistics about the indices are available on [www.mondohedgeindex.com](http://www.mondohedgeindex.com)**

## Sgr &amp; Advisors

Asset management company	Fund name	Advisor
Akros HFR A.I. Sgr	Akros Absolute Return	Hedge Fund Research *
Akros HFR A.I. Sgr	Akros Equity Hedge	Hedge Fund Research *
Akros HFR A.I. Sgr	Akros Market Neutral	Hedge Fund Research *
Albertini Syz I.A. Sgr	Albertini Syz Innovation	3A
Albertini Syz I.A. Sgr	Albertini Syz Long Opportunistic	3A
Albertini Syz I.A. Sgr	Albertini Syz Long Short Equity	3A
Albertini Syz I.A. Sgr	Albertini Syz Low Volatility	3A
Albertini Syz I.A. Sgr	Albertini Syz Multistrategy	3A
Aletti Gestielle Alternative Sgr	Gestielle Hedge Arbitrage	Union Bancaire Privée
Aletti Gestielle Alternative Sgr	Gestielle Hedge Dynamic	Union Bancaire Privée
Aletti Gestielle Alternative Sgr	Gestielle Hedge High Volatility	Union Bancaire Privée
Aletti Gestielle Alternative Sgr	Gestielle Hedge Low Volatility	Union Bancaire Privée
Aletti Gestielle Alternative Sgr	Gestielle Hedge Multi-Strategy	Union Bancaire Privée
Bim A.I. Sgr	High Tech Hedge Funds I	CDB Web Tech
Bim A.I. Sgr	Multi-Strategy Portfolio	Goldman Sachs Princeton
Bipielle A.I. Sgr	Bipielle Equity Fund	FIM Limited
Bipielle A.I. Sgr	Bipielle Low Volatility Fund	FIM Limited
Bipielle A.I. Sgr	Bipielle Multistrategy Fund	FIM Limited
Capitalgest A.I. Sgr	Capitalgest Alternative Conservative	Tarchon Capital Management
Capitalgest A.I. Sgr	Capitalgest Alternative Dynamic	Tarchon Capital Management
Crédit Agricole A.I.P.G. Sgr	Ca Aipg Long/short	No
Crédit Agricole A.I.P.G. Sgr	Ca Aipg Multi Arbitrage	No
Crédit Agricole A.I.P.G. Sgr	Ca Aipg Multi Arbitrage II	No
Crédit Agricole A.I.P.G. Sgr	Ca Aipg Multi Strategy	No
Duemme Hedge Sgr	Duemme Hedge Aggressive	No
Duemme Hedge Sgr	Duemme Hedge Conservative	Tremont Capital Management
Duemme Hedge Sgr	Duemme Hedge Low Volatility	Tremont Capital Management
Duemme Hedge Sgr	Duemme Hedge Multistrategy II	No
Duemme Hedge Sgr	Duemme Hedge Performance	Tremont Capital Management
Duemme Hedge Sgr	Duemme Hedge Performance II	Tremont Capital Management
Duemme Hedge Sgr	Duemme Hedge Protection	Tremont Capital Management
Ersel Hedge Sgr	Ersel Hedge Acer	Union Bancaire Privée
Ersel Hedge Sgr	Ersel Hedge Celtis	Union Bancaire Privée
Ersel Hedge Sgr	Ersel Hedge Ilex	Union Bancaire Privée
Ersel Hedge Sgr	Ersel Hedge Larix	Union Bancaire Privée
Ersel Hedge Sgr	Ersel Hedge Robur	Union Bancaire Privée
Ersel Hedge Sgr	Ersel Multistrategy High	Ivy Asset Management
Ersel Hedge Sgr	Ersel Multistrategy Low	Ivy Asset Management
Ersel Hedge Sgr	Ersel Multistrategy Medium	Ivy Asset Management
Euromobiliare A.I. Sgr	Euromobiliare A.I. Low Volatility	Tremont Capital Management
Euromobiliare A.I. Sgr	Euromobiliare A.I. Medium Risk	Tremont Capital Management
Fineco Investimenti Alternativi	Fineco Low Volatility	Hsbc Republic
Global Selection Sgr	Global Managers Selection Fund	Banca del Ceresio SA
Gottardo A.M. Sgr Alternative	Gotam Futures	Richcourt
Gottardo A.M. Sgr Alternative	Gotam Mid/high Vol	Richcourt
Gottardo A.M. Sgr Alternative	Gottardo Hedge Medium Low Volatility	Tower Capital
Hedge Invest Sgr	Hedge Invest Credit Alternatives	Glg Partners
Hedge Invest Sgr	Hedge Invest Diversified Strategies	No
Hedge Invest Sgr	Hedge Invest Global Equity	No
Hedge Invest Sgr	Hedge Invest Multi-Strategy	No
Hedge Invest Sgr	Hedge Invest Opportunity Fund	Glg Partners

## Sgr &amp; Advisors

Asset management company	Fund name	Advisor
Hedge Invest Sgr	Hedge Invest Sector Specialist	No
JP Morgan Alternative Am Sgr	JP Morgan Multi-Strategy	No
JP Morgan Alternative Am Sgr	JPMorgan Opportunistic	No
Kairos A.I. Sgr	Kairos Equity Fund	No
Kairos A.I. Sgr	Kairos Low Volatility Fund	No
Kairos A.I. Sgr	Kairos Multi-Strategy Fund I	No
Kairos A.I. Sgr	Kairos Multi-Strategy Fund II	No
Kairos A.I. Sgr	Kairos Opportunity Fund	No
Morgan Stanley Sgr	Morgan Stanley Intl. Div. Strat.	No
Mps A.I. Sgr	Mps Alternative Aggressive	Eim Group
Mps A.I. Sgr	Mps Alternative Aggressive II	No
Mps A.I. Sgr	Mps Alternative Defensive	Frm Limited
Mps A.I. Sgr	Mps Alternative Defensive II	No
Mps A.I. Sgr	Mps Alternative Efficient	Eim Group
Mps A.I. Sgr	Mps Alternative Efficient II	No
Nextra A.I. Sgr	Nextra Equity Hedge	No
Nextra A.I. Sgr	Nextra Low Volatility	No
Nextra A.I. Sgr	Nextra Low Volatility II	No
Nextra A.I. Sgr	Nextra Medium Volatility	No
Nextra A.I. Sgr	Nextra Medium Volatility II	No
Nextra A.I. Sgr	Nextra Private Portfolio	No
Nextra A.I. Sgr	Nextra Private Portfolio Composite	No
Nextra A.I. Sgr	Nextra Private Portfolio II	No
Nextra A.I. Sgr	Nextra Total Return	No
Pioneer A.I. Management Sgr	Pioneer Balanced Hedge	No
Pioneer A.I. Management Sgr	Pioneer Balanced Hedge II	No
Pioneer A.I. Management Sgr	Pioneer Conservative Hedge	No
Pioneer A.I. Management Sgr	Pioneer Conservative Hedge II	No
Pioneer A.I. Management Sgr	Pioneer Dynamic Hedge	No
Pioneer A.I. Management Sgr	Pioneer Dynamic Hedge II	No
Pioneer A.I. Management Sgr	Pioneer Efficient Advanced Portfolio	No
Pioneer A.I. Management Sgr	Pioneer Efficient Balanced Portfolio	No
Pioneer A.I. Management Sgr	Pioneer Efficient Bond Portfolio	No
Pioneer A.I. Management Sgr	Pioneer Momentum Defensive	No
Pioneer A.I. Management Sgr	Pioneer Momentum Opportunity	No
Private Wealth Management Sgr	NS Investimenti	No
Private Wealth Management Sgr	Pwm Global Income Low Volatility	No
Private Wealth Management Sgr	Pwm Low Volatility Fund	Emcor Securities*
Private Wealth Management Sgr	Pwm Multistrategy Fund	Emcor Securities*
Private Wealth Management Sgr	Pwm Select Fund	No
Private Wealth Management Sgr	Pwm Technology Fund	Emcor Securities*
Sanpaolo IMI A.I. Sgr	Brera Equity Hedge HF Selection	Tremont Capital Management
Sanpaolo IMI A.I. Sgr	Brera Market Neutral HF Selection	Tremont Capital Management
Sanpaolo IMI A.I. Sgr	Brera Multi Strategy HF Selection	Tremont Capital Management
Sanpaolo IMI A.I. Sgr	Fideuram Alternative Investments Fund Defensive	RMF
Unifortune Sgr	Unifortune Challenge	No
Unifortune Sgr	Unifortune Conservative	No
Zenit A.I. Sgr	Zenit Hunter	Bucephale

\* Shareholder of the asset management company

Source: [www.mondohedge.com](http://www.mondohedge.com)

## Performance of Hedge Funds

N.B. Performances are net of fees

Fund name	Last 3 months*	mar-04	Last 6 months	Last 12 months	YTD	Annualized compound	Inception date
Kairos Partners Hedge Fund	1.97%	-0.88%	1.43%	6.12%	1.97%	1.85%	lug-02
Hedgersel	1.60%	0.61%	2.23%		1.60%	4.41%	lug-03
Nextra Beta Hedge	1.07%	1.53%	-3.23%	8.26%	1.07%	7.82%	feb-03
Cartesio Global Equity Fund	0.09%	0.73%	1.33%		0.09%	3.79%	ago-03
Obiettivo Multistrategy Low Risk	-0.07%	-0.20%	-0.35%	-0.35%	-0.07%	0.37%	mar-03
Obiettivo Global Equity	-0.79%	-0.32%	-0.79%	0.60%	-0.79%	0.76%	ago-02
Obiettivo Global Fixed Income	-1.26%	-1.36%	-2.38%	-4.56%	-1.26%	-1.04%	ago-02
Nextra Futures Cta	-2.74%	0.51%	-5.82%	-14.78%	-2.74%	-10.35%	nov-02

\*First Quarter 2004

## Performance of Fund of Funds

N.B. Performances are net of fees

Fund name	Last 3 months*	mar-04	Last 6 months	Last 12 months	YTD	Annualized compound	Inception date
Hedge Invest Sector Specialist	4.32%	0.20%	7.33%	12.59%	4.32%	6.45%	mar-02
Global Managers Selection Fund	4.23%	0.71%	9.14%		4.23%	16.90%	giu-03
Morgan Stanley International Diversified Strategies	3.80%	1.35%	5.67%	8.93%	3.80%	7.23%	apr-02
Hedge Invest Credit Alternatives	3.67%	1.40%	6.94%	14.52%	3.67%	14.52%	apr-03
Kairos Multi-Strategy Fund I	3.54%	0.54%	6.17%	12.25%	3.54%	6.90%	apr-01
Hedge Invest Global Equity	3.49%	0.28%	6.65%	10.68%	3.49%	5.35%	dic-01
Kairos Multi-Strategy Fund II	3.45%	0.42%	6.40%	12.74%	3.45%	7.67%	mag-01
Pwm NS Investimenti	3.28%	1.02%	6.06%		3.28%	11.21%	mag-03
Gestielle Hedge High Volatility	3.12%	0.76%	5.60%	6.99%	3.12%	3.27%	giu-02
Gestielle Hedge Multi-Strategy	3.11%	0.72%	5.49%	6.87%	3.11%	3.78%	feb-02
Ersel Multistrategy High	3.03%	0.32%	6.56%	12.71%	3.03%	3.50%	giu-01
Albertini Syz Multistrategy	2.97%	1.07%	5.47%		2.97%	8.31%	giu-03
Albertini Syz Long Short Equity	2.97%	0.38%			2.97%	8.80%	nov-03
Hedge Invest Opportunity Fund	2.97%	0.15%	6.60%	8.06%	2.97%	7.14%	ago-02
Ca Aipg Multi Strategy	2.96%	0.14%			2.96%	11.06%	dic-03
Ersel Hedge Celtis	2.95%	0.56%	6.19%	9.44%	2.95%	4.20%	dic-01
Kairos Equity Fund	2.92%	-0.39%	5.48%	11.88%	2.92%	5.76%	apr-01
Hedge Invest Multi-Strategy	2.91%	0.50%	6.09%	10.07%	2.91%	6.14%	dic-01
Nextra Equity Hedge	2.90%	0.30%	5.07%	8.56%	2.90%	7.67%	feb-03
Capitalgest Alternative Dynamic	2.85%	0.16%			2.85%	12.82%	dic-03
Pioneer Momentum Opportunity	2.73%	0.15%	4.63%		2.73%	9.48%	ott-03
Kairos Low Volatility Fund	2.59%	0.29%	4.41%	8.64%	2.59%	5.66%	apr-01
Bipielle Multistrategy Fund	2.57%	0.47%	4.61%	9.19%	2.57%	7.17%	ago-02
Bipielle Equity Fund	2.52%	0.44%	4.20%	7.08%	2.52%	3.19%	ago-02
Gestielle Hedge Low Volatility	2.51%	0.54%	5.48%	10.69%	2.51%	6.26%	feb-02
Ersel Hedge Acer	2.49%	0.89%	5.26%	6.24%	2.49%	6.24%	apr-03
Nextra Total Return	2.48%	-0.11%	4.42%	7.51%	2.48%	5.29%	gen-02
Multi-Strategy Portfolio	2.44%	0.07%	5.93%	8.74%	2.44%	6.75%	ott-02
Mps Alternative Efficient	2.40%	0.12%	5.16%	9.85%	2.40%	6.11%	apr-02
Duemme Hedge Protection	2.39%	0.20%	3.90%	5.68%	2.39%	5.72%	gen-03
Ersel Hedge Ilex	2.38%	0.45%	5.39%	10.51%	2.38%	5.97%	dic-01
Ca Aipg Multi Arbitrage	2.35%	0.37%	3.82%	5.67%	2.35%	5.59%	dic-02

## Performance of Funds of Funds

Fund name	Last 3 months*	mar-04	Last 6 months	Last 12 months	YTD	Annualized compound	Inception date
Ca Aipg Multi Arbitrage II	2.34%	0.36%			2.34%	8.58%	dic-03
Ersel Hedge Robur	2.32%	0.28%			2.32%	10.05%	dic-03
Mps Alternative Defensive	2.29%	0.33%	4.22%	7.19%	2.29%	5.34%	apr-02
Ca Aipg Long-Short	2.27%	0.21%	4.24%	5.03%	2.27%	3.97%	dic-02
Brera Market Neutral HF Selection	2.24%	0.70%	3.75%	6.03%	2.24%	0.13%	giu-02
Albertini Syz Low Volatility	2.20%	0.57%	3.79%		2.20%	5.41%	giu-03
Pwm Technology Fund	2.16%	0.52%	4.89%	13.61%	2.16%	9.07%	set-02
Unifortune Challenge Fund	2.09%	-0.66%	5.91%	7.28%	2.09%	5.81%	nov-02
Capitalgest Alternative Conservative	2.05%	-0.03%			2.05%	8.47%	gen-04
Akros Equity Hedge	1.97%	0.24%	3.79%	6.79%	1.97%	0.86%	ott-01
Pwm Low Volatility Fund	1.96%	0.46%	3.63%	6.89%	1.96%	6.38%	giu-02
Bipielle Low Volatility Fund	1.95%	0.23%	4.10%	7.98%	1.95%	6.70%	ago-02
Mps Alternative Aggressive	1.95%	-0.24%	4.94%	8.02%	1.95%	5.30%	apr-02
Brera Equity Hedge HF Selection	1.92%	0.63%			1.92%	6.98%	dic-03
Ersel Multistrategy Medium	1.90%	0.38%	4.48%	8.08%	1.90%	4.56%	giu-01
Nextra Medium Volatility	1.89%	-0.26%	3.93%	8.40%	1.89%	5.57%	gen-02
Unifortune Conservative Fund	1.79%	0.17%	3.81%	7.06%	1.79%	6.13%	dic-01
Gottardo Hedge Medium-Low Volatility	1.73%	0.12%			1.73%	7.81%	nov-03
Nextra Low Volatility	1.72%	0.12%	3.36%	7.99%	1.72%	5.16%	gen-02
Zenit Hunter	1.69%	0.41%	2.83%		1.69%	4.08%	giu-03
Pioneer Momentum Defensive	1.65%	0.27%	3.12%		1.65%	6.35%	ott-03
Akros Absolute Return	1.63%	0.10%	3.32%	6.51%	1.63%	1.99%	ott-01
Duemme Hedge Performance	1.61%	-0.21%	3.56%	6.97%	1.61%	6.90%	nov-02
Duemme Hedge Low Volatility	1.58%	0.26%	2.73%	4.40%	1.58%	4.26%	apr-02
JP Morgan Multi-Strategy	1.56%	0.14%	3.54%	6.72%	1.56%	6.48%	feb-03
Duemme Hedge Performance II	1.56%	-0.27%	3.54%		1.56%	7.21%	ott-03
Brera Multi Strategy HF Selection	1.39%	0.34%	2.72%	6.83%	1.39%	2.66%	lug-02
Ersel Multistrategy Low	1.39%	0.24%	2.91%	6.54%	1.39%	4.32%	giu-01
Akros Market Neutral	1.36%	-0.02%	3.12%	5.41%	1.36%	2.37%	ott-01
Euromobiliare A.I. Medium Risk	1.27%	0.32%	1.82%		1.27%	4.55%	lug-03
Duemme Hedge Multistrategy II	1.27%	-0.48%			1.27%	5.16%	gen-04
Euromobiliare A.I. Low Volatility	1.12%	0.06%	2.18%		1.12%	3.69%	lug-03
Pwm Global Income Low Volatility	1.05%	0.11%			1.05%	3.82%	nov-03
Pioneer Dynamic Hedge	0.66%	0.13%	1.78%	4.22%	0.66%	4.67%	apr-02
Pioneer Conservative Hedge	0.56%	0.09%	1.42%	4.05%	0.56%	4.31%	apr-02
Pioneer Balanced Hedge	0.50%	0.15%	1.48%	4.02%	0.50%	4.35%	apr-02
High Tech Hedge Funds I	0.42%	-0.92%	3.45%	6.01%	0.42%	1.58%	mag-02

\*First Quarter 2004

Note: Funds with at least 3 months of track record

## Performance of Mixed Funds of Funds\*\*

N.B. Performances are net of fees

Fund name	Last 3 months*	mar-04	Last 6 months	Last 12 months	YTD	Annualized compound	Inception date
Pioneer Efficient Bond Portfolio	1.72%	0.36%			1.72%	6.07%	dic-03
Kairos Opportunity Fund	4.07%	0.33%	6.94%		4.07%	14.37%	ott-03
Pioneer Efficient Balanced Portfolio	1.80%	0.28%			1.80%	6.96%	dic-03
Pioneer Efficient Advanced Portfolio	1.82%	0.16%			1.82%	7.52%	dic-03

\*First Quarter 2004

Note: Funds with at least 3 months of track record

\*\*Funds that invest part of their portfolio in hedge funds and part in traditional asset classes (mutual funds, derivatives...)

## Aum of italian Hedge Funds

Fund name	Asset management company	mar-04	Category <sup>(1)</sup>	%	Inception date
Duemme Hedge Performance	Duemme Hedge Sgr	345	FoF	4.20%	nov-02
Ersel Hedge Ilex	Ersel Hedge Sgr	309	FoF	3.76%	dic-01
Duemme Hedge Low Volatility	Duemme Hedge Sgr	260	FoF	3.16%	apr-02
Gestielle Hedge Low Volatility	Aletti Gestielle Alternative Sgr	247	FoF	3.00%	feb-02
Ca Aipg Multi Arbitrage	Crédit Agricole A.I.P.G. Sgr	234	FoF	2.85%	dic-02
Gestielle Hedge Multi-Strategy	Aletti Gestielle Alternative Sgr	233	FoF	2.83%	feb-02
Kairos Multi-Strategy Fund I	Kairos A.I. Sgr	205	FoF	2.49%	apr-01
Duemme Hedge Protection	Duemme Hedge Sgr	204	FoF	2.48%	gen-03
JP Morgan Multi-Strategy	JP Morgan Alternative Am Sgr	197	FoF	2.40%	feb-03
Pioneer Conservative Hedge	Pioneer A.I. Management Sgr	193	FoF	2.35%	apr-02
Duemme Hedge Performance II	Duemme Hedge Sgr	192	FoF	2.34%	ott-03
Kairos Multi-Strategy Fund II	Kairos A.I. Sgr	186	FoF	2.26%	mag-01
Bipielle Low Volatility Fund	Bipielle A.I. Sgr	181	FoF	2.20%	ago-02
Mps Alternative Efficient	Mps A.I. Sgr	179	FoF	2.18%	apr-02
Nextra Medium Volatility	Nextra A.I. Sgr	175	FoF	2.13%	gen-02
Pioneer Balanced Hedge	Pioneer A.I. Management Sgr	170	FoF	2.07%	apr-02
Ersel Hedge Robur	Ersel Hedge Sgr	166	FoF	2.02%	dic-03
Mps Alternative Defensive	Mps A.I. Sgr	161	FoF	1.96%	apr-02
Unifortune Conservative Fund	Unifortune Sgr	158	FoF	1.92%	dic-01
Pioneer Dynamic Hedge	Pioneer A.I. Management Sgr	154	FoF	1.87%	apr-02
Nextra Low Volatility	Nextra A.I. Sgr	153	FoF	1.86%	gen-02
Pwm Low Volatility Fund	Private Wealth Management Sgr	152	FoF	1.85%	giu-02
Hedge Invest Multi-Strategy	Hedge Invest Sgr	151	FoF	1.84%	dic-01
Ersel Multistrategy Low	Ersel Hedge Sgr	146	FoF	1.78%	giu-01
Pioneer Momentum Defensive	Pioneer A.I. Management Sgr	132	FoF	1.61%	ott-03
Akros Absolute Return	Akros HFR A.I. Sgr	113	FoF	1.37%	ott-01
Akros Market Neutral	Akros HFR A.I. Sgr	109	FoF	1.33%	ott-01
Ersel Multistrategy Medium	Ersel Hedge Sgr	107	FoF	1.30%	giu-01
Global Managers Selection Fund	Global Selection Sgr	104	FoF	1.27%	giu-03
Gestielle Hedge Arbitrage	Aletti Gestielle Alternative Sgr	103	FoF	1.25%	feb-04
Nextra Beta Hedge	Nextra A.I. Sgr	103	Sm	1.25%	feb-03
Duemme Hedge Aggressive	Duemme Hedge Sgr	100	FoF	1.22%	feb-04
Kairos Opportunity Fund	Kairos A.I. Sgr	94	Fofm	1.14%	ott-03
Multi-Strategy Portfolio	Bim A.I. Sgr	92	FoF	1.12%	ott-02
Nextra Total Return	Nextra A.I. Sgr	91	FoF	1.11%	gen-02
Fideuram A.I. Fund Defensive	Sanpaolo IMI A.I. Sgr	89	FoF	1.08%	mar-04
Akros Equity Hedge	Akros HFR A.I. Sgr	85	FoF	1.03%	ott-01
Ersel Hedge Celtis	Ersel Hedge Sgr	85	FoF	1.03%	dic-01
Brera Multi Strategy HF Selection	Sanpaolo IMI A.I. Sgr	84	FoF	1.02%	lug-02
Kairos Low Volatility Fund	Kairos A.I. Sgr	84	FoF	1.02%	apr-01
Kairos Equity Fund	Kairos A.I. Sgr	78	FoF	0.95%	apr-01
Gestielle Hedge High Volatility	Aletti Gestielle Alternative Sgr	77	FoF	0.94%	giu-02
Hedge Invest Opportunity Fund	Hedge Invest Sgr	71	FoF	0.86%	ago-02
Hedge Invest Global Equity	Hedge Invest Sgr	66	FoF	0.80%	dic-01
Hedgersel	Ersel Hedge Sgr	66	Sm	0.80%	lug-03
Morgan Stanley Intl. Div. Strat.	Morgan Stanley Sgr	65	FoF	0.79%	apr-02
Pioneer Momentum Opportunity	Pioneer A.I. Management Sgr	64	FoF	0.78%	ott-03
Capitalgest Alternative Dynamic	Capitalgest A.I. Sgr	61	FoF	0.74%	dic-03
Bipielle Multistrategy Fund	Bipielle A.I. Sgr	58	FoF	0.71%	ago-02
Brera Market Neutral HF Selection	Sanpaolo IMI A.I. Sgr	57	FoF	0.69%	giu-02
Ca Aipg Multi Arbitrage II	Crédit Agricole A.I.P.G. Sgr	56	FoF	0.68%	dic-03
Ca Aipg Multi Strategy	Crédit Agricole A.I.P.G. Sgr	56	FoF	0.68%	dic-03
Ersel Multistrategy High	Ersel Hedge Sgr	55	FoF	0.67%	giu-01
Mps Alternative Aggressive	Mps A.I. Sgr	55	FoF	0.67%	apr-02
Duemme Hedge Conservative	Duemme Hedge Sgr	53	FoF	0.64%	mar-04
Euromobiliare A.I. Medium Risk	Euromobiliare A.I. Sgr	52	FoF	0.63%	lug-03
Ersel Hedge Acer	Ersel Hedge Sgr	51	FoF	0.62%	apr-03
Hedge Invest Credit Alternatives	Hedge Invest Sgr	48	FoF	0.58%	apr-03
Capitalgest Alternative Conservative	Capitalgest A.I. Sgr	45	FoF	0.55%	gen-04
Kairos Partners Hedge Fund	Kairos A.I. Sgr	42	Sm	0.51%	lug-02
Pioneer Efficient Balanced Portfolio	Pioneer A.I. Management Sgr	41	Fofm	0.50%	dic-03
Euromobiliare A.I. Low Volatility	Euromobiliare A.I. Sgr	38	FoF	0.46%	lug-03

## La massa gestita dai singoli fondi hedge italiani

Fund name	Asset management company	mar-04	Category <sup>(1)</sup>	%	Inception date
Ca Aipg Long/short	Crédit Agricole A.I.P.G. Sgr	35	FoF	0.43%	dic-02
Hedge Invest Sector Specialist	Hedge Invest Sgr	34	FoF	0.41%	mar-02
Nextra Private Portfolio	Nextra A.I. Sgr	34	Fofm	0.41%	feb-04
Obiettivo Global Equity	Obiettivo Sgr	34	Sm	0.41%	ago-02
Albertini Syz Low Volatility	Albertini Syz I.A. Sgr	33	FoF	0.40%	giu-03
Gottardo Hedge Medium-Low Volatility	Gottardo A.M. Sgr Alternative	33	FoF	0.40%	nov-03
Nextra Equity Hedge	Nextra A.I. Sgr	33	FoF	0.40%	feb-03
Pwm NS Investimenti	Private Wealth Management Sgr	33	FoF	0.40%	mag-03
Pwm Technology Fund	Private Wealth Management Sgr	31	FoF	0.38%	set-02
Cartesio Global Equity Fund	Cartesio A.I. Sgr	30	Sm	0.36%	ago-03
Unifortune Challenge Fund	Unifortune Sgr	30	FoF	0.36%	nov-02
Obiettivo Multistrategy Low Risk	Obiettivo Sgr	27	Sm	0.33%	mar-03
Ersel Hedge Larix	Ersel Hedge Sgr	24	FoF	0.29%	apr-04
Obiettivo Global Fixed Income	Obiettivo Sgr	24	Sm	0.29%	ago-02
Pioneer Efficient Advanced Portfolio	Pioneer A.I. Management Sgr	23	Fofm	0.28%	dic-03
Pwm Global Income Low Volatility	Private Wealth Management Sgr	23	FoF	0.28%	nov-03
Bipielle Equity Fund	Bipielle A.I. Sgr	22	FoF	0.27%	ago-02
Brera Equity Hedge HF Selection	Sanpaolo IMI A.I. Sgr	21	FoF	0.26%	dic-03
Zenit Hunter	Zenit A.I. Sgr	14	FoF	0.17%	lug-03
Albertini Syz Multistategy	Albertini Syz I.A. Sgr	13	FoF	0.16%	giu-03
High Tech Hedge Funds I	Bim A.I. Sgr	13	FoF	0.16%	mag-02
Pioneer Conservative Hedge II	Pioneer A.I. Management Sgr	13	FoF	0.16%	apr-04
Pwm Multistategy Fund	Private Wealth Management Sgr	13	FoF	0.16%	mag-04
Dueemme Hedge Multistategy II	Dueemme Hedge Sgr	10	FoF	0.12%	gen-04
Pioneer Efficient Bond Portfolio	Pioneer A.I. Management Sgr	10	Fofm	0.12%	dic-03
Albertini Syz Long Short Equity	Albertini Syz I.A. Sgr	8	FoF	0.10%	nov-03
Pioneer Balanced Hedge II	Pioneer A.I. Management Sgr	8	FoF	0.10%	apr-04
Nextra Futures Cta	Nextra A.I. Sgr	5	Sm	0.06%	nov-02
Pwm Select Fund	Private Wealth Management Sgr	5	FoF	0.06%	mar-04
Pioneer Dynamic Hedge II	Pioneer A.I. Management Sgr	4	FoF	0.05%	apr-04
	Totale	8,221			

<sup>(1)</sup> **Fof:** Fund of hedge funds **Sm:** Single Manager **Fofm:** Mixed fund of funds

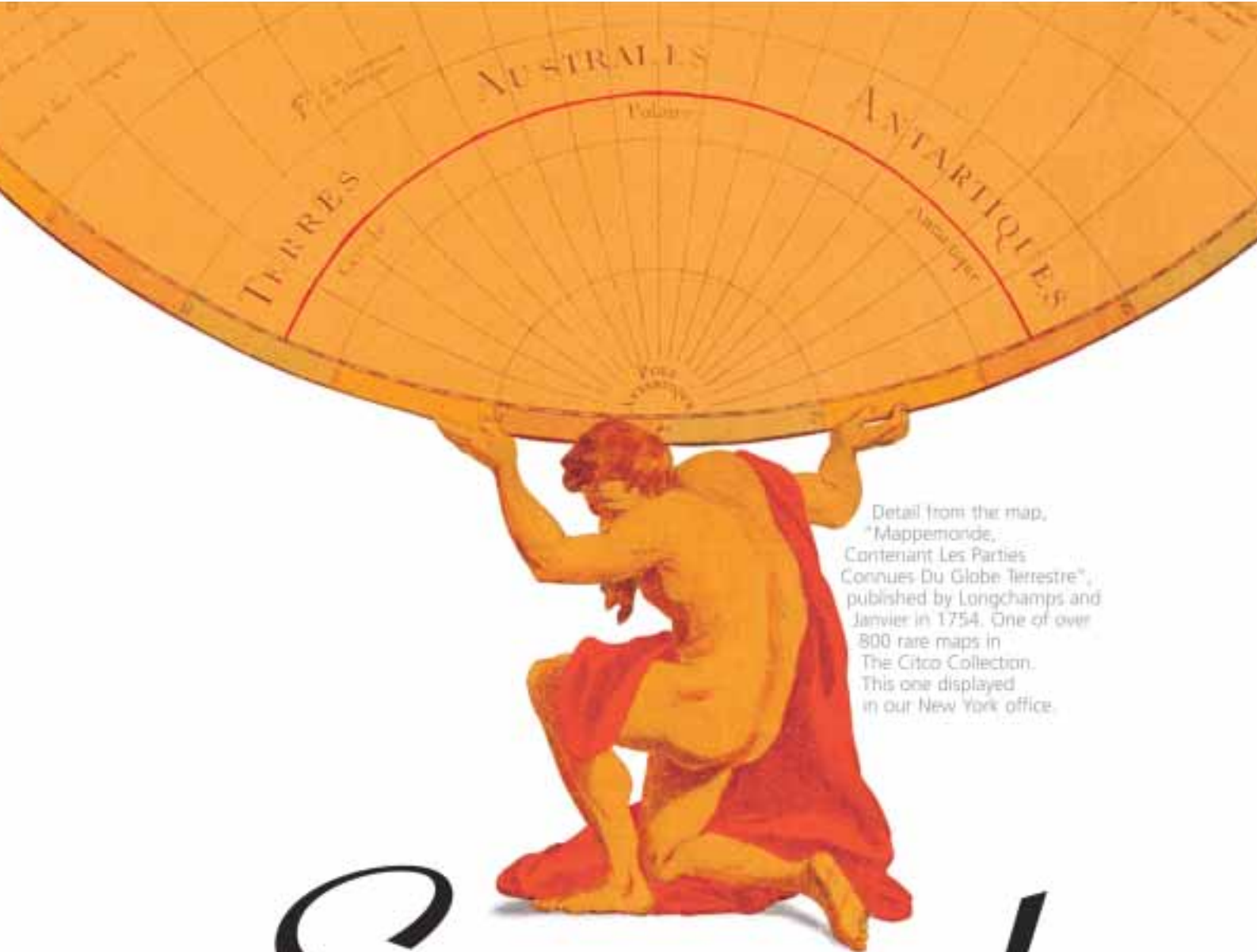
**Methodological issue:** the asset under management of each fund includes the estimated subscriptions and redemptions of march 2004.

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Detail from the map, "Mappemonde, Contenant Les Parties Connues Du Globe Terrestre", published by Longchamps and Janvier in 1754. One of over 800 rare maps in The Citco Collection. This one displayed in our New York office.

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