**Former SAFE Investment Unit CIO Lu Said to Start Fund**

By Nishant Kumar and Bei Hu

Lu Yang, a former chief investment officer at SAFE Investment Co., which helps manage China’s foreign-exchange reserves, is starting a hedge fund to trade global equities with a focus on Asian themes, according to people familiar with the matter.

He will open the Hong Kong-based hedge fund in the third quarter, said the people. The firm, Poincare Capital Management, will use both fundamental research and quantitative techniques to pick stocks, the people said. Lu didn’t immediately respond to a request for comment.

Lu was previously chief investment officer of the Hong Kong asset management unit of China’s currency regulator State Administration of Foreign Exchange. The Sovereign Wealth Fund Institute in Las Vegas ranked SAFE Investment Co. the world’s sixth-largest investor of such funds, with an estimated $474 billion under management.

Lu has named his firm after Henri Poincare, the French mathematician and theoretical physicist.

Lu has managed equity long-short and total-return funds for more than 15 years. Before SAFE Investment Co., he managed money at Quantal Asset Management, a San Francisco-based fund manager, and Marin Capital, according to his LinkedIn profile. Lu graduated from the University of Science and Technology of China and went on to earn a Ph.D. in physics from the University of Pittsburgh. He also worked at the Paul Scherrer Institute, the largest research and institute for natural and engineering sciences in Switzerland.

Matthieu Gervis, formerly of Goldman Sachs Group Inc., joined Poincare last year as managing director in charge of strategic development and investor relations, the people said. The firm also hired Chief Quantitative Scientist and Chief Technology Officer Jeff Yan, who has a background in technology-driven quantitative finance, derivative pricing and hedging, the people said.

**Balyasny Hires From Point72, Millennium in Asia Push**

Balyasny Asset Management has hired money managers from rivals including Point72 Asset Management and Millennium Capital Management as part of a Singapore expansion that targets adding six people in the city-state by the end of June.

The Chicago-based multistrategy firm led by Dmitry Balyasny, which incorporated a unit in Singapore last year, hired former Millennium Capital Managing Director Merrill Lim and ex-Point72 Asset Management Portfolio Manager Hiroshi Sasao, according to a newsletter obtained by Bloomberg News. Together, they will manage a portfolio focused on Asia equities.

Lim and Sasao add to recent Balyasny hires including ex-Millennium manager Sayan Ghosh as Singapore office head, and Anchal Jain, who previously worked with JPMorgan Chase & Co., according to the newsletter. An additional portfolio manager will join the firm in Singapore in May and Balyasny will relocate another from San Francisco in June, the firm wrote, without identifying them. Colin Lancaster, a spokesman for Balyasny, declined to comment.

Balyasny, which managed about $12 billion as of April 2016, last year ramped up hiring in Hong Kong and currently employs 25 managers in the city, filings show.

Lim managed a portfolio of industrials at Millennium for three years, according to the newsletter. Sasao worked for almost eight years at Point72, where he managed Asian industrial and technology, media and telecommunication assets.

Balyasny is also hiring Ulrich Brandt-Pollmann as new head of systematic strategies, according to the newsletter. Brandt-Pollmann, previously with Credit Suisse Group AG in London, will join the firm in April and will work in London and Chicago.

— Klaus Wille
Returns in Brief: February

A look at Asia-focused hedge fund performance last month (this page) and year-to-date (page 3), as reported by Bloomberg News.

CTI Capital Management’s Global Opportunities Fund gained 11.4 percent last month to increase its gains for the year to 15.7 percent, according to an investor presentation. "We have achieved very good return since this year and our performance is beating both Hang Seng index and also MSCI China index. Our outstanding performance is because we are overweight auto/auto dealership and property sector which enjoy a good run year-to-date," Richard Zhou, director of fund management and head of research and strategy, said in an email. "Both sectors are benefiting from Chinese people’s consumption upgrading and showing solid sales numbers every month." The fund is also "selectively overweight some capital goods stocks," Zhou said, declining to identify the individual securities. Hong Kong-based CTI Capital is a subsidiary of CITIC Trust Co. Ltd. that started in 2012. The Global Opportunities fund was launched in November 2015. It has gained an annualized 22 percent since launch.

— Nathaniel E. Baker

Counterpoint Asian Macro Fund, managed by former HSBC economist Geoffrey Barker, fell 1.6 percent in February as bets against industrial metals hurt performance, according to a letter to investors. As China “tightened interbank liquidity incrementally” over the month to “dampen speculation in the property markets and discouraging leverage in bonds,” the fund shorted copper and lead while keeping a long position in aluminum that was "still benefiting from environmentally-related cutbacks in production," Barker said in a February investor letter co-signed by Nick Bibby. “This strategy might have worked had it not been for a strike in Chile that saw copper prices spike up unexpectedly.” After reaching a 2017 high of $6,106 per tonne on Feb. 13, LME three-month copper fell 4 percent to $5,859 per tonne on Feb. 23. It then rose 2 percent by month-end to $5,973 per tonne. Barker declined to comment.

A bet on the Japanese yen appreciating versus the U.S. dollar also detracted from performance last month. "In particular, we were concerned about a possible unwinding of heavy short positions in the Japanese yen which in the end did not materialize," the letter said. The fund also shorted precious metals to hedge its holdings of a gold miner ETF and in anticipation that "higher interest rates and a stronger U.S. dollar would bring a correction," the letter said.

— Suzy Waite
2017 Year-to-Date Returns

Source: Bloomberg News
Petra Capital Likes Soulbrain Co. Shares

Petra Capital Management, a Seoul-based hedge fund firm, is bullish on Soulbrain Co. even after the industrial chemical producer’s shares declined 21 percent this year.

The decline is partly due to Soulbrain subsidiary Genic Co. Ltd.’s losses in the fourth quarter, according to Chan Lee, Petra co-founder and portfolio manager. Lee said he expects that an increase in orders from key clients will offset losses from the cosmetics manufacturer subsidiary. Soulbrain’s biggest customers are Samsung Electronics, SK Hynix Inc. and LG Display Co Ltd., according to data compiled by Bloomberg.

"Demand is likely to keep rising and there seems to be an opportunity for the company to develop new related products," Petra said in its most recent letter to investors. Soulbrain is still "significantly undervalued considering the company’s dominant market position and growth potential."

The firm also likes shares of LG Chem Ltd., a chemical manufacturer and producer of batteries for electric cars, despite recent regulation by China that could curb sales, Lee said in an email on March 17.

LG Chem fell 21 percent last year in part due to the "Chinese government's decision to exclude electric vehicles using batteries from Korean companies in the list of car models eligible for subsidies," he said.

While LG Chem will lose some opportunities in China as a result, "considering its global competitiveness and superior technology, we think the market might have overreacted to this issue," Lee said. "We think the current market price is extremely cheap." Shares are up 13 percent so far this year.

Petra’s $509 million long-short equity fund, which Lee and Albert Yong started in 2009, gained 5.5 percent last year and has returned 17.2 percent annualized since launch. It is up 1.8 percent the first two months of the year after a 2.6 percent gain in February. The fund typically holds between 20-to-25 stocks for six months to three years.

— Suzy Waite

Prunus Capital Says Biotech Stocks to Rebound

Prunus Capital, a Hong Kong-based long-short fund focused on health-care stocks, is bullish on the prospects for biopharmaceutical shares this year amid M&A activity and fading concerns about politics.

The S&P Biotechnology Select Industry Index is already up more than 20 percent since the start of the year and 14 percent since Jan. 30 when U.S. President Donald Trump reportedly tempered statements that pharmaceutical companies were "getting away with murder."

The new health care bill does not change the fund's outlook, according to Prunus founder Andy Chen. "We don't know what's going to happen with this bill," he said in a telephone interview March 8. While there is pressure to lower drug prices, the policy should still benefit companies whose strength is innovation. Companies that don't have strong R&D will be see their share prices punished, as was seen with Valeant last week. "But if you have innovative drugs in development you don't have to worry," Chen said.

Prunus’s holdings include Zosano Pharma Corp., Acadia Pharmaceuticals Inc. and Neuroderm Ltd.

Prunus Life Sciences and Innovation Offshore Fund started in August 2015. It gained 19 percent in 2016.

— Nathaniel E. Baker

Corrects name of Acadia Pharmaceuticals holding in penultimate paragraph and returns in last paragraph.
The “organizer” and “event” columns link to websites, where available. Names link to the individual’s BIO page, where available, on the Bloomberg terminal. This functionality may be limited to terminal users viewing the Brief in Chrome browsers.

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<th>DATE</th>
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<td>March 27-30</td>
<td>Credit Suisse</td>
<td>20th Annual Asian Investment Conference</td>
<td>&quot;Attended by prominent political, economic, financial, and academic figures, the conference attracts institutional and hedge fund investors as well as high-net-worth individuals and business leaders who seek access to influential ideas and actionable advice.&quot;</td>
<td>Hong Kong</td>
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<td>April 6</td>
<td>Bloomberg</td>
<td>Buyside Forum Singapore 2017</td>
<td>This event is closed to media. Registration may be subject to review. Sandeep Dhingra, Dymon Asia Capital; Luke Spajic, Pimco; Mark Voumard, Gordian Capital; Rainer Michael Preiss, Taurus Family Office; Rob Freeman, Credit Suisse.</td>
<td>Singapore</td>
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<td>April 11-12</td>
<td>Futures &amp; Options World</td>
<td>Derivatives World Asia</td>
<td>Govert Heijboer, True Partner, Michael Coleman, RCMA Asset Management; Ernest Jaffarian, Efficient Capital; Linus Lim, Phillip Capital; Rocky Hu, Olympus Hedge Fund Investments.</td>
<td>Hong Kong</td>
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<td>April 20</td>
<td>Bloomberg</td>
<td>Family Office Forum 2017</td>
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<td>April 24-26</td>
<td>Informa</td>
<td>FundForum Asia</td>
<td>Mia Grabi, Piaamco; Jung-Ho Rhee, Mirae Asset Global Investments (HK); Jack Ling, Prime Capital; Andreas Vogelsanger, Asia Frontier Capital (Vietnam); Vinest Vohra, Arete Financial.</td>
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<td>April 25</td>
<td>Swiss-Asia Group</td>
<td>Capital Introduction Event</td>
<td>Swiss-Asia’s five best-performing funds, select group of investors.</td>
<td>Singapore</td>
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<td>May 10-11</td>
<td>AsianInvestor</td>
<td>12th Asian Investment Summit</td>
<td>&quot;Discussants in the Summit included Singapore’s Temasek, Korea’s NPS and GEPS, as well as Thai pensions funds and one of the Middle East’s largest sovereign wealth funds.&quot;</td>
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<td>May 15-16</td>
<td>Deutsche Bank</td>
<td>Capital Introduction and dbAccess Asia Conference 2017</td>
<td>&quot;Over 60 Asia focused hedge fund managers from across the globe.&quot;</td>
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<td>May 18</td>
<td>Alternatives Summit Korea</td>
<td>Hedge Fund &amp; Multi-Asset Summit</td>
<td>To be announced.</td>
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<td>May 26</td>
<td>Eurekahedge</td>
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<td>To commemorate the top-performing Asian hedge funds of 2016.</td>
<td>Singapore</td>
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