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Dexion mulls Man Ucits III

STRATEGY
by Nick Rice

Dexion Capital has approached investors to gauge demand for a potential Ucits III version of Man Group's flagship AHL Diversified Futures fund as part of a wider co-operation between the two managers, according to [Thesis Asset Management](#).

Steven Richards, associate director at Thesis, said Dexion had quizzed him about a possible index fund that would replicate the performance of the AHL portfolio, Man's best-known hedge fund, commodity trading adviser (CTA) and managed futures strategy.

The AHL vehicle lost 2.2 per cent over the 12 months to May

25, but gained 24.9 per cent last year.

If the fund is launched, it would join a wave of entrants by well-known hedge fund managers into the more regulated and heavily reported Ucits framework, including Marshall Wace and GLG Partners.

Dexion and Man declined to comment.

On Friday, the two groups combined forces to convert Dexion's Alpha Strategies investment trust into a Dexion Commodities trust run by Man Investments.

Following the proposal, investors redeemed 40.1 per cent of the trust's issued sterling shares, 57.7 per cent of its issued euro shares and 14.2 per cent of its issued US dollar shares.

But at roughly £47.9m, the continuing portfolio was still large enough to meet its minimum size conditions and prevent a wind-down.

This move to run publicly listed products followed Man's creation of a new investment management business in March that "unites Man's scale and expertise in hedge fund investing" and shapes its business to address "evolving investor requirements" for increased transparency, governance and risk management.

Without reference to investment trusts or Ucits III, Man said the new business would extend its managed accounts service to provide "heightened transparency, liquidity and control of assets".