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Howell spins HCAP out of Basis

Steve Howell, legendary Asian credit specialist and former co-founder of Basis Capital, has set up HCAP Asset Management in Sydney with plans to roll out an Asian multi-strategy fund in the second quarter of 2009. The HCAP Diversified Fund will have a flexible alpha-seeking mandate and focus on a broad spectrum of asset classes, particularly in fixed income, credit, rates, hybrids as well as equities and their derivatives. The strategy has the capability to grow in excess of \$1 billion.

The firm is also setting up a managed accounts platform alongside the fund so as to offer investors tailor-made strategies, along with greater transparency, risk control and liquidity for investors.

Howell brings with him 24 years of extensive experience across fixed income and relative value trading and investing in

Asia, particularly that of managing a \$1 billion sell down of Asian assets during the 2007 and 2008 global credit crisis. Joining him in his venture as partner and portfolio manager is Chris Tan, a 14-year veteran of the Asian financial markets and former head of equity linked trading for Australia at UBS, where he ran all risk taking in convertible bonds, hybrids and listed debt instruments as well as a fundamental equity long/short desk. While Howell will largely focus on fixed income and rates, Tan will concentrate on CBs, hybrids and equities. Investment strategy will be fundamental bottom up with a top down macro overlay.

There will be a five member team in place initially. Heading up risk management and research will be Rastislav



Steve Howell

Droppa. The operations side will be managed by Geoff Howell, who will also manage the weekly and monthly reporting of risk analytics to investors.

This will be a fresh start for Howell following 18 months of working through some very difficult issues at Basis, and he sees tremendous opportunities for the strategy based on the fact that the largest global credit and liquidity crisis since the great depression has created significant market dislocations across various risk asset classes. Reports from Hall Chadwick, independent auditors, and the Basis Pac Rim Opportunity Fund (BPROF) directors, note that the Asian high yield sub strategy of BPROF, run by Howell, generated an impressive cumulative ROA of 39.23% (in USD terms) between December 2003 and September 2008.