

# Hedge Fund Octagon Returning Outside Money to Run Family Office

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(Bloomberg) -- Octagon Capital Management Pte, a hedge-fund firm started by former Government of Singapore Investment Corp. executives, will return all client money in its two funds and convert to a family office, joining a rising number of managers going back to running in-house capital.

Investors will receive their money early next month, co-founder Lam Poh Min said in an instant message exchange from Singapore. Lam and other Octagon Capital executives are meeting with investors this week, he said. The firm will continue to manage the quantitative equity fund with executives' and partners' money, as well as capital from friends and family, Lam said.

"We believe it's time to move on," Lam said. "Hedge funds are going back to their roots, and I'm certain this trend will continue," he said, referring to firms returning outside capital to focus on managing their own money.

Michael Platt's BlueCrest Capital Management, Doug Hirsch's Seneca Capital, Scott Bommer's SAB Capital Management and Martin Taylor and Nick Barnes's Nevsky Capital are among firms that have shut down or returned outside capital amid investor redemptions, weak returns, shrinking fees and mounting costs to run hedge funds. BlackRock Inc., the world's largest asset manager, is winding down a global macro hedge fund after losses and investor redemptions eroded assets, while Piquant Capital is shutting its quantitative hedge fund as it failed to attract investor money after making a loss in 2014.

## Rising Liquidations

A total of 257 funds were liquidated in the third quarter of 2015, up from 200 in the previous three months, according to Hedge Fund Research Inc. This brought the total number of closures for the first nine months of 2015 to 674, compared with 661 during a year earlier.

Lam declined to disclose assets or say how much money the firm is returning. He also declined to provide returns. Once Octagon returns money to outside investors, it will consider expanding its focus to global markets since the firm will have more investment leeway as a family office, Lam said.

"Investment flexibility is an edge," he said. "We're considering expanding our investment universe to non-Asian markets."

Lam, a former senior portfolio manager at GIC, Singapore's sovereign wealth fund, and Nelson Chia, previously an equity trader at GIC, co-founded Octagon Capital in 2004 with \$692,000, most of which was their own money. Lam, along with Octagon portfolio manager

Quek Jee Ngee, were the first people at GIC to develop computer models to trade financial markets.

Octagon grew assets in its Pan Asia fund to more than \$400 million in 2008 before withdrawals that year cut the size to about \$124 million. The fund, which started in October 2004, employs a quantitative long-short strategy that uses computer models to make wagers on currencies and equities in Asia. A levered version began trading in July 2012.

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