Review of Hedge Fund Managers: Appendix 3

Stenham

Mandate	Multi Strategy fund of hedge funds
Inception date & initial investment	31 July 2007; £11.3m
Current mandate size (30 Sept 2010)	£11.4m
% of Fund	c. 0.5%
Performance target	LIBOR + 3% p.a.
Fees	See JLT report

Capital preservation is at the heart of Stenham's ethos. Stenham (along with Signet) have the lowest performance target of the Fund's FoHF managers. Stenham manage 5% of the Fund's allocation to Hedge Funds.

1. **Organisation**

The Stenham Group was founded in 1901. They have a 21 year track record in asset management and currently manage c. £2.2bn of assets. Stenham Asset Management is focused exclusively on alternative investment products, including multi-manager hedge fund portfolios and property funds. They focus on protecting the downside which forms an important part of the culture of the firm. Stenham's roots are in managing wealth of private families and they have grown into also managing assets for pension funds. Stenham is owned 51% by Peregrine Group (a South African financial services group) and 49% by management, all shareholders are also co-investors.

2. **Structure and Key Facts**

The Fund's investments with Stenham in their sterling denominated Universal II Fund, a relatively low volatility, liquid, multi-strategy portfolio. The Fund's portfolio is invested across c. 35 underlying managers.

Redemption terms are monthly with 95 days notice.

The Fund is registered in the British Virgin Islands.

3. **Philosophy & Process**

Stenham's investment style is conservative with a focus on capital preservation and minimising downside risk. They seek to achieve consistent absolute returns with low volatility through a combination of active strategy allocation and skilful manager selection. The portfolios invest in a range of assets, capital instruments, markets and strategies, which capture major market movements through the skills of the individual third party managers. They focus on avoiding extreme loss while finding managers that deliver alpha. Risk is limited through worldwide diversification and hedged strategies. Emphasis is placed on researching, monitoring and reviewing managers. The assets are allocated among arbitrage, equity hedged and global macro managers.