

## FrontPoint-SJC Fund To Spin Out

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FrontPoint and the management team of FrontPoint-SJC Direct Lending Fund are in final negotiations over the departure of the fund's investment management and operations teams to a new company, Czech Holdings.

FrontPoint-SJC is one of the last single-strategy hedge fund management teams remaining at multistrategy manager FrontPoint Partners.

The news was contained in a Friday client letter from the fund's portfolio manager, Stephen J. Czech, that was obtained by *Pensions & Investments*. The closed-end direct lending fund totaled \$1.1 billion as of Aug. 31, with about 60% of its assets coming from institutional investors.

The letter said the onshore and offshore versions of the fund have dropped the FrontPoint name. The fund's entire staff will be moving out of FrontPoint's Greenwich, Conn., headquarters, but will seek office space in the same town.

Mr. Czech was not available for comment.

Steven H. Bruce, a FrontPoint spokesman, declined to comment.

The SJC team is the second to leave FrontPoint since the company's May announcement that it would liquidate the flagship FrontPoint Multi-Strategy Fund and some single-strategy hedge funds.

The FrontPoint Strategic Credit Fund was acquired by alternative investment manager MatlinPatterson, according to a July 18 client letter from FrontPoint that was obtained by *P&I*.

With the departure of the direct lending and credit teams, the FrontPoint Quant Macro and FrontPoint Rockbay funds appear to be the only remaining funds in FrontPoint Partners' lineup. A June 7 letter from FrontPoint said these four strategies were the only ones that would remain in business after June 30.

FrontPoint Partners managed \$7.5 billion in November before an insider-trading scandal broke involving its former health-care fund portfolio manager, Joseph F. "Chip" Skowron. Mr. Skowron reached a settlement with the SEC and pleaded guilty to one count of conspiracy on Aug. 15.