

Manager Says FrontPoint To Maintain Some Single-Strategy Funds

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FrontPoint Partners will not be a one-fund firm after it liquidates its flagship multi-strategy hedge fund and most of its other assets.

The FrontPoint-SJC Direct Lending Fund, which launched in January with a six-year lockup, was already known to be safe. But in a letter to investors, Stephen Czech, who heads the \$1 billion fund, said he and his team would not be alone at FrontPoint's Greenwich, Conn., headquarters.

Czech said that FrontPoint, suffering from an avalanche of redemptions in the wake of an insider-trading scandal, was liquidating "some, but not all" of its single-strategy funds. Neither FrontPoint nor Czech has said which of those funds will survive the massive wind-down, expected to be completed by the end of next month.

"We expect the decision to unwind the FrontPoint Multi-Strategy Fund will have no impact on the business, financial position or operations" of the Direct Lending fund, Czech wrote in a letter obtained by *Pensions & Investments*, as it is "legally, operationally and financially separate" from the firm's other funds.

The redemptions suffered by the Multi-Strategy fund would prevent it from "maintaining" its "diversified investment strategy and objectives," Czech explained. The fallout of that fund's demise is the demise of several single-strategy funds, he continued.

FrontPoint completed its spin-off from Morgan Stanley in March, months after firing its healthcare team and liquidating its \$3.5 billion in assets after its top healthcare manager, Joseph Skowron, was identified as the recipient of confidential information from a French doctor, Yves Benhamou. Benhamou has pleaded guilty; Skowron himself was charged last month.