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Point Clear's Short-Biased Credit Strategy to Go Long

Fairhope, Ala. – based Point Clear Capital Management is betting on continued volatility in the credit markets, and is adjusting its credit hedge fund accordingly. The \$80 million shop is transforming its Alpha 1 Fund from a directional short strategy to a long/short one.

“We felt it was the right call to be in directional short positions early in that fund and now that we’re entering into a wider spread, more volatile environment, we’re staying with a short-bias and picking our entry points to start taking long credit risks,” said Lyle Minton, partner. “The name of the game going forward is still a wider posture with a lot of volatility.”

The Alpha 1 Fund and its levered versions, Alpha 50 and Alpha 150 returned 22.17%, 16.84% and 39.05%, respectively, last year. The firm’s Piedmont Fund is an offshore structured credit fund with a short bias to exposure to the U.S. investment-grade corporate bond market. The fund implements its short credit position through the trading of credit default swaps. The firm offers its funds in credit-linked notes, allowing it to issue different funds on the same platform.

The Piedmont Alpha 1 Fund charges 1% management fee and 20% incentive fee.