

U.K. hedge fund plunges

*Bechis's Richmond
lost more than 50%
in a dreary January*

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LONDON-BASED hedge fund Richmond Capital LLP has stumbled badly this year, losing about half its money in January alone, according to investor groups briefed on the results.

That makes Richmond, launched by Luca Bechis, an experienced trader with a track record of posting strong gains, among the biggest losers in a year that is already proving challenging for a number of funds.

January was one of the worst months for hedge funds in recent years, with funds down an average of 1.8%, according to data tracker Hedge Fund Research Inc. The market's recent difficulties are proving challenging for a broad array of hedge funds, some of which bet on

rising stock and bond prices in recent years, using heavy doses of borrowed money to amplify their gains. Lately, the cost of borrowed money, or leverage, has climbed. Several funds have seen investors rush for the exits, forcing several firms to close big funds.

Richmond fell more than 50% in January, according to data compiled by Banque Syz & Co., a Swiss private bank, and other investors with access to details of the fund's performance. The fund had €350 million (\$524 million) in assets as of December 2007, according to Syz. It was flat last year, but returned gains of about 24% and 18% in 2006 and 2005, respectively.

Richmond follows a so-called long-short strategy, which involves buying a portfolio of stocks, while also betting that other stocks will fall. The fund, known for its concentrated stock bets, has come under pressure lately, investors say.

Managers of long-short funds, which often struggle during volatile markets, had a particularly tough time among hedge funds in January, with the group down more than 4% for the month, though that wasn't as bad as the

overall stock market. The S&P 500 fell 6% in January.

Mr. Bechis didn't respond to several requests seeking comment. An assistant said Richmond declined to comment.

Richmond was founded in 2004 by Mr. Bechis, who is 41 years old. He previously worked at Egerton Capital Ltd., a well-established London fund firm founded by former Morgan Grenfell manager John Armitage. Egerton currently has about \$7 billion in assets under management, and invests in European equities also using a long-short strategy. Egerton's European Dollar fund was down 5.2% in January. The fund's annual return since inception in 1994 is around 20%.

In 2006, Richmond Capital earned \$26 million (\$51.6 million) in investment-management and performance fees, according to documents filed with the U.K. government's register of companies. Richmond is based in London's affluent Kensington neighborhood, according to filings with the U.K. regulators and the register.

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