

Street Talk

Signature signs up Roberts' ARM

PUBLISHED: 30 Sep 2011 PRINT EDITION: 30 Sep 2011

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The board of hedge fund Signature Capital Investments has made some interesting moves as Wilson Asset Management prepares shareholder communication to outline why it wants to roll incumbent directors.

Signature has arranged a 15 per cent private placement with the Multiplex founders' The Andrew Roberts Family Group (ARM), which will effectively secure their vote to retain the current board. In exchange, Signature gets a portfolio of hedge funds and investment services from ARM.

ARM has more than \$US100 million in global hedge funds, an asset class where several funds suffer liquidity issues. But why would ARM give its best funds to Signature? It appears a win-win for ARM: it chooses the funds it will hive off in exchange and get Signature shares at an 8 per cent discount.

ARM will also receive base and performance fees for investment services to Signature, but Signature adviser GAM will also be retained, lifting overall fees. Signature says any fees paid to ARM will be "offset against other cost savings".

For the year to June, Signature's portfolio returned 4.35 per cent, against the MSCI World Index's 30.12 per cent. Since listing in 2005 at \$1.10, its shares have fallen 73 per cent.

Signature's directors, including chairman John Morrison and former MFS director Paul Manka, have a combined 0.74 per cent stake.

The Australian Financial Review

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