

Hedge Fund ALERT

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Manager Maps Long-Only Vehicle

Van Hulzen Asset Management is aiming for a January launch of a hedge fund that would follow the same covered-call strategy the firm employs for some of the separate accounts it manages on behalf of **Charles Schwab**.

The Folsom, Calif., firm plans to start investing through Iron Horse Core Equity Fund with \$20 million. It's thinking about starting an offshore version of the vehicle next year.

The vehicle would be run by the company's founder and president, **Craig Van Hulzen**, and **John Pearce**, a former **Credit Suisse** investment professional.

They view their planned fund as a long-bias play. The "writing covered calls" strategy is considered a conservative investment strategy that involves selling call options on stocks the fund owns. That earns additional income by collecting premiums from the sale of the calls, and it takes on protection against moderate declines in the price of the underlying shares.

Management will use a **Credit Suisse** database, **HOLT**, to screen companies. The firm is marketing the planned fund as a way to ride out a choppy, sideways moving market for the next 10 years. Van Hulzen Asset is targeting annual net returns of 12-15%.

The firm is charging a 1.5% annual management fee, and a performance fee equal to 10% of the gains that exceed the returns of the S&P 500 index.

Established in 1996, Van Hulzen Asset manages three vehicles known as the Iron Horse funds, and has \$250 million in assets under management. Some \$200 million of that total is in 250 customized separate accounts managed on behalf of Charles Schwab clients. It also subcontracts to provide consulting services to managers with \$6 billion in assets.

Van Hulzen was a risk-management consultant to **Calpers**

The thumbnail shows the cover of the Hedge Fund ALERT magazine. The title 'Hedge Fund ALERT' is at the top in large purple and red letters. Below it is the date 'OCTOBER 7, 2009'. The main article is 'Agents Try Heading Off US Marketing Rules'. Other articles listed include 'Deutsche Catering to Startup Firms', 'COO Manager Progs Hedge Fund', 'Danish Firm Tees Up Hedge Funds', 'A Shrinking GSC Closes NY Office', 'The Fund of Funds of Tomorrow?', 'Manager Maps Long-Only Vehicle', 'Carroll Unit in Commodity-Stock Play', and 'Silver Creek Gives Up on 2 Funds'. There are also sections for 'THE GRAPEVINE', 'OptCapital Offers Novel Deferred-Comp Plan', and 'Focus of Swiss Fund Is Role of Women'.

and other state pension plans before starting his fund-management firm. Pearce has been with Van Hulzen Asset since February 2008. Before that, he was a director at Credit Suisse, where he worked on the HOLT database and specialized in fundamental equity analysis. ♦