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## **Hedge funds flee Hong Kong pollution for Singapore – report**

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HONG KONG (XFN-ASIA) - Hong Kong's worsening air pollution is prompting a number of hedge funds to move to Singapore, reflecting a trend that could undermine the territory's financial sector, the Financial Times reported on its website.

Citing senior executives at Morgan Stanley and Goldman Sachs, the world's biggest providers of hedge fund broking services, it said health and lifestyle issues are causing rifts at the top of a growing number of Hong Kong-based funds.

'There are hedge fund partnerships where there is an element of strife over air pollution,' said one senior industry executive. 'One partner wants to stay in Hong Kong, while the other partner wants to move to Singapore for the sake of his family.'

Big US hedge funds such as Stark Investments and Concordia Advisors are moving their Asian operations to Singapore, largely because of lifestyle factors, according to industry insiders.

Ed Peter, head of the Asian operation of Deutsche Asset Management (DeAM), recently moved from Hong Kong to Singapore, where the group manages the bulk of its 28 bln usd in Asian assets, it said.

He said lifestyle was an important factor driving the expansion of DeAM's Singapore hub. 'Many of those who have recently joined our Singapore operation are saying: 'I don't want to expose my children to the smog in Hong Kong'.'

Over the past three years Singapore has pushed hard to attract hedge fund talent through tax incentives, regulatory changes and a marketing campaign highlighting the city-state's quality of life.

At the end of June, Singapore's hedge fund managers had 6.8 bln usd of assets under management, compared with 16 bln usd in Hong Kong, according to Eurekahedge, a specialist research firm.

The prospect of losing the battle for financial talent has prompted the Hong Kong government to step up its efforts to improve local emission levels, up to 70 pct of which are thought to come from across the border in China's Guangdong province.

Sarah Liao, Hong Kong's secretary for environment, transport and works, on said yesterday that 'positive initiatives' -- including moves to install filters in Guangdong's coal-fired power plants -- had been overshadowed by negative media coverage.

Hong Kong's air pollution claims at least 1,600 lives every year, according to a recent study by Anthony Hedley, an environmental and public health expert at the University of Hong Kong.

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