

# Bloomberg

---

## Atom's Tsuchiya Starts Advising New Japan-Focused Hedge Fund

By Tomoko Yamazaki and Komaki Ito - Sep 2, 2012

Atsuko Tsuchiya, a former Citadel Investment Group LLC fund manager, started advising a hedge fund that bets on [Japan](#)'s rising and falling stocks after ending a contract with a similar fund last year.

Tsuchiya, chief executive officer of Tokyo-based [Atom Capital Management Co.](#), is targeting to raise about \$100 million in the first year for the Atom Japan Fund, which got \$10 million in [seed capital](#) from an investor she declined to identify in a telephone interview. The Atom fund will stop taking money from investors when it reaches about \$300 million, she said.

Atom is making a comeback for a third time after terminating advisory agreements with similar funds that employ long-short and event-driven strategies seeking to capitalize on corporate events. Japanese hedge funds have been out of favor with investors amid covered-up losses at AIJ Investment Advisors Co. and insider-trading scandals, leading to a more than 50 percent drop in their assets from a 2006 peak.

"Competition has declined for Japan-focused [hedge funds](#), so I'm taking this as an opportunity to deliver the alpha investors want," Tsuchiya said, referring to the premium an investment portfolio earns above a certain market benchmark. "Some interest is returning now. Now I just have to focus on my performance."

The new fund returned 19 percent from September last year, based on an unaudited paper portfolio, by capitalizing on companies that bought affiliates such as Promise Co. as well as investing in drugmakers such as [Tsuruha Holdings Inc. \(3391\)](#) that are seen as the winners as the industry consolidates, Tsuchiya said.

### Penjing Asset

In 2008, she returned 18 percent with the Atom Japan Equity Fund, which was owned by Sumisho Capital Management ([Singapore](#)) Pte, a unit of Japanese trading company Sumitomo Corp. Last year, the Atom Japan Alpha Fund closed as it ended the advisory contract with Hong Kong-based [Penjing Asset Management Ltd.](#), which was the anchor investor, Tsuchiya said.

The new Atom Japan Fund will be owned by Hong Kong-based investment manager PFC International Co., Tsuchiya said.

Startup funds in Japan typically register as investment advisory firms that give investment advice to a fund first, while investment managers overseas manage the funds. They then apply for a discretionary investment management license to run their own funds after expanding their businesses.

The EurekaHedge Japan Index, which tracks 92 funds, has returned 0.1 percent through July, underperforming the 2.5 percent return by a global benchmark. Assets managed by Japanese funds declined to about \$16 billion as of June from the peak of \$39 billion in 2006, according to Singapore-based data provider EurekaHedge Pte.

This time, Tsuchiya says she has lowered risks to make sure she delivers performance by focusing on more liquid stocks as well as cutting down on gross exposure.

## Event Driven

Atom will initially invest in about 40 to 50 stocks both on the long and short side, and will target about 15 percent to 20 percent annual return, Tsuchiya said. In a short sale, a manager borrows stocks and sells them, betting they can be bought back later at a cheaper price. Event-driven investors seize on changes including, mergers and acquisitions, share buybacks and earnings announcements to make profits.

Tsuchiya, one of the nation's few female hedge-fund advisers, founded Atom Capital in 2008 after leaving Merrill Lynch & Co., where she worked as a managing director. Prior to Merrill Lynch, she worked as a hedge-fund manager at [Kenneth Griffin's Citadel](#) and as an investment analyst at Sparx Group Co., a Japanese hedge fund.

To contact the reporters on this story: Tomoko Yamazaki in Singapore at [tyamazaki@bloomberg.net](mailto:tyamazaki@bloomberg.net); Komaki Ito in Tokyo at [kito@bloomberg.net](mailto:kito@bloomberg.net)

To contact the editor responsible for this story: Andreea Papuc at [apapuc1@bloomberg.net](mailto:apapuc1@bloomberg.net)