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Have I Got a Fund for You

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Hedge funds are not meant to be for everyone. But that has not stopped Christian Baha from using the mass media to promote his fund.

A new commercial for his fund, Superfund, which is technically not a hedge fund but a managed futures fund, is expected to make its debut in a number of large markets.



Christian Baha, chief executive of Superfund Group, appears in its commercial.

But there is just one problem, Mr. Baha concedes halfway through the 30-second spot. As a pitchman for a product that is really not supposed to be publicly pitched, he is severely limited in what he can say. "I would love to tell you more about Superfund, but regulations prevent me from describing it on television," Mr. Baha, 36, explains in an Austrian accent that makes him sound like Arnold Schwarzenegger channeling Peter Lynch of Fidelity Investments. Instead, he flashes a Web site address and a wink.

His fund company, based in Monte Carlo and recently

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renamed Superfund Group, offers hedge funds in more than a half-dozen countries in Europe and Asia. But here they are carefully referred to by their technical name - managed futures funds that are publicly registered partnerships - to appease regulators in the United States. Hedge funds, after all, are private capital placements, and are forbidden by federal regulators from advertising their offerings to the general public.

His grand visions of giving the little investor a piece of the action is at the very least tempered by Superfund's extraordinarily high fees. Superfund is guaranteed at least 8.75 percent in brokerage and management fees, and can take up to a 25 percent cut of any profits after expenses in any month when a fund reaches a new high.

But a television commercial (that can't really advertise anything) for a hedge fund (that is not technically not a hedge fund) may take the cake.

The spot, scheduled to start running next month in San Francisco, South Florida and metropolitan New York, comes after a similar commercial broadcast this spring on cable stations like CNBC, CNN and ESPN. Filmed on a shoestring budget by Strong Academix, a small New York production company, it is awaiting the blessing of federal regulators, who must scrutinize the proposal and videotape for compliance with securities marketing laws.

"Typically, you think of alternative investments and hedge funds as being very secretive and not wanting a lot of attention," said Aaron Smith, Superfund's managing director for North America. "But our experience has been, if you are good at what you do, why wouldn't you market yourself?"

Superfund uses proprietary computer software to make trading decisions on scores of futures contracts, from soybeans to Swiss bonds, and its performance has fluctuated wildly in recent years. Despite strong double-digit net returns in 2002 and 2003, this year Superfund's Series A shares are down 14.7 percent and its Series B shares, which offer higher returns along with higher risk, are down almost 20 percent. And so far, the American funds have attracted only \$90 million of the \$200 million it hoped to raise since 2002.

Mr. Baha defends Superfund's recent struggles in the United States, suggesting that the last few months obscure the company's long-term results around the globe. He admits his fees, which rival those of the top hedge fund traders, are

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expensive but says "good things are not cheap and cheap things are not good."

Mr. Baha says that he is simply offering ordinary investors, with as little as \$45,000 in income, the same products that high-net-worth individuals and institutional investors use. The aggressive marketing, he suggests, goes part and parcel with this approach.

In Manhattan, Superfund opened an investment center this spring across from the New York Public Library on Fifth Avenue.

Meanwhile, Mr. Baha has started lining up sports sponsorships in Europe, the first place where the television commercials for his hedge funds were broadcast. In January, Superfund signed Grand Prix racing champion Niki Lauda as a pitchman and it has plans for a Formula Superfund racing series. It already sponsors a professional soccer team, FC Superfund, and a basketball club that has won the Austrian league three years in a row.

Mr. Baha remains coy about any plans to own a major league sports team in the United States. After all, John W. Henry, a managed futures trader, holds a large stake in the Boston Red Sox. Would the New York Yankees be Superfund's next prize?

"That would be great," Mr. Baha said, "but we don't have enough volume acquired here."

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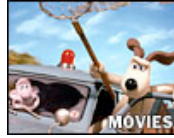
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