Institutional Investor

Samena Capital Taps Tycoon Shareholders for Investment Ideas

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WHEN 46 SHAREHOLDERS OF SAMENA CAPITAL gathered in Istanbul for an April meeting, they attracted so much attention that two senior Turkish government officials and several international dignitaries gave presentations. The audience was equally illustrious. It included Atul Punj, founder and chairman of Punj Lloyd Group, one of India's largest construction and engineering firms; V-Nee Yeh, co-founder and honorary chairman of Value Partners Group, which ranks among Asia's biggest asset managers; and Samir Fancy, founder and chairman of Renaissance Services SAOG, Oman's premier oil and gas services company.
All of them are shareholders and limited partners in Samena, which keeps offices in Hong Kong, London and Bahrain, and has amassed some $670 million in capital since it launched in 2008. The firm runs three main business lines: special-situations investing, credit–fixed income and hedge fund seeding.

Unlike the typical Asian private equity or hedge fund shop, Samena isn't built around one star manager. For investment ideas and opportunities, it draws on an eclectic mix of shareholders and global institutional investors. Focused on South Asia, the Middle East and North Africa, the firm counts among its 48 limited partners some of the most powerful tycoons and families in this vast region, from which Samena takes its name.

"What makes us unique is that we use our shareholder group to gather intelligence, source deals and implement value-creating initiatives that would really only come through relationships in domestic markets," says Shirish Saraf, Samena's co-founder, vice chairman and CEO. Saraf is a former co-founder and managing director of Dubai-based private equity group Abraaj Capital, which specializes in the Middle East and South Asia.

A recent addition to the shareholder ranks is Richard Elman, founder and chairman of Hong Kong–based Noble Group, whose $80.7 billion in revenue last year makes it one of Asia's top commodities traders. "These are people who could guide us in the Samena region, which is very, very opaque," says Samena co-founder Simon Wong, who is based at the firm's Hong Kong office.

Through its shareholder network, the firm seeks quality deals in all sectors. "We have an average holding period of 24 to 36 months and often enter strategic positions through prenegotiated deals and preferential issuance of equity," says the Indian-born Saraf, 45, who divides his time mostly between the U.K. and Asia. An example is publicly traded Indian automaker Eicher Motors, in which Samena invested $6 million in early 2009. The firm exited 23 months later at $32.4 million, for a 214 percent gross internal rate of return.

Samena's funds include three closed-end vehicles. The two Samena Special Situations funds — both private-equity-style structures — have a combined $484 million in assets; the $100 million Samena Angel Fund seeds hedge funds. On the credit side Saraf and his colleagues manage $103 million in the open-ended Samena Asia Bond Fund and Samena Credit Opportunities Fund.

So far, Samena has seeded nine Asia-focused hedge funds based in Hong Kong, London and Chicago; it still holds stakes in five of them. "The only thing we've not done is global macro," says Hong Kong–based Julius Wang, head of the firm's hedge-fund-seeding division.

Samena's overarching theme is that despite concerns about a slowdown in emerging markets, the economies of the old Silk Road are regaining their historical prominence. In the 1800s, Asia accounted for about 60 percent of global gross domestic product, according to Ruchir Sharma's recent book, Breakout Nations. "As Asia emerges and its growth prospects start materializing, it will revert back to these ancient levels," contends Saraf. The Asian Development Bank predicts that by 2050 Asia could contribute 52 percent of global GDP — almost double its current share. "The case for the Samena region is stronger than ever as the shift in global growth trends from developed economies to the high-growth economies of the emerging world becomes a definite reality," Saraf says. • •