



## Will the real Paulson standup?

**FINANCIAL NEWS** Investors said the Paulson Advantage Plus fund was one of the best performers so far this year, with a net return of 19.44% for the year to the end of August. The fund made 158.75% last year and, through a combination of investment gains and new capital, has grown from about \$100m (€70m) at the start of 2007 to almost \$9bn, Financial News Online can exclusively reveal.

Paulson's Advantage fund was up 13.22% for the year to the end of August, having made 100.15% last year. Its Credit Opportunities fund was up 12.95%, having made 351.72% last year; its Credit Opportunities fund was up 12.46%, having made 589.62% last year; its Enhanced fund was up 8.17%, having made 116.48% last year; and its International fund was up 5.17%, having made 51.7% last year.

Paulson turned a \$500m investment in its Credit Opportunities fund into \$3.5bn over the course of last year, considered by investment consultants and investors the largest dollar amount ever generated by a hedge fund in a year.

Paulson & Co. as a whole managed \$35bn at the end of June, making it one of the largest 10 hedge fund managers. Last week it disclosed short positions in HBOS, Lloyds TSB, Barclays and Royal Bank of Scotland. Its short positions, which will have made money as the banks' share price fell, ranged from 0.9% to 1.8% of each bank's market capitalisation.

Paulson Europe LLP, the firm's UK subsidiary, did not return a call seeking comment. The US firm was not available for comment at press time.

Then, of course, we have the Secretary of the Treasury, whose Bailout plan has foundered; who has been all but accused by the New York Times of brokering a bailout of AIG at the behest of his former mates at Goldman; who has been roundly criticized by leading economists for failing to follow successful bailout plans in Sweden and Japan that are akin to the Buffett deals at Goldman and GE; and, finally, a Paulson whose knowledge of a Bazooka seems to be deficient. Maybe we have the wrong Paulson at the helm of the Treasury? Maybe the "other guy" should manage the Treasury's soon to be Sovereign Wealth Fund filled with toxic assets bought above market values?