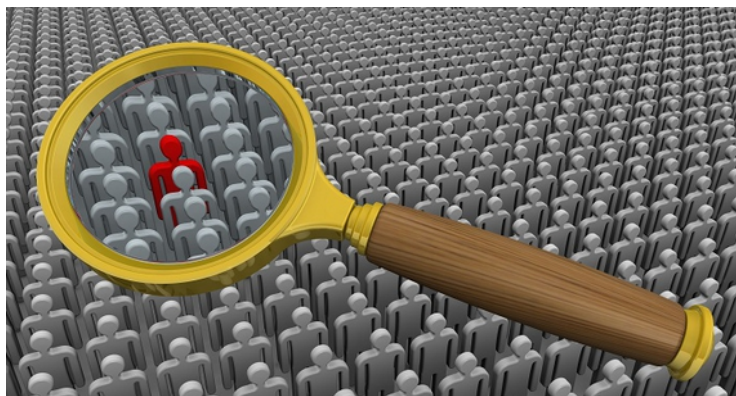


Investment firm takes fund manager battle to Luxembourg court

By [Richard Hubbard](#), 17 Jan 19

Sicav manager looks to unravel mystery of high redemptions before Columna Fund was suspended



A fund manager is being taken to court in Luxembourg by an investment management company in a bid to get hold of documents about its investment decisions.

The chairman of the investment company, known as LFP 1 Sicav SIF, is trying to find out how its appointed alternative investment fund manager (AIFM), Luxembourg Fund Partners, calculated the net asset value of one of its sub-funds during a period of high redemptions and poor performance.

In a further twist to this unusual situation, a representative of the fund manager has already told an extraordinary general meeting of the Sicav's owners that it had "a paucity of records".

The saga involves the failed Columna Commodities Fund, which suspended operation at the end of 2016 after acknowledging it was unable to recover assets loaned to a related company. The fund manager involved has a new owner in Alter Domus Management Co, which only bought the business at the end of 2017.

A court hearing due to take place on January 29 in the Grand Duchy should help reveal more about what happened to the \$60m (£46.6m, €52.6m) of investor funds, much of it raised from the clients of IFAs in Europe and the Middle East, that Columna once held.

Money movements

The recently installed chairman of the board of directors of LFP 1, David Mapley, said he can find no information about the investment decisions of the fund.

He told *International Adviser* that he is trying to understand why redemptions spiked in June 2016 and over the subsequent four months before the fund suspended calculation of its NAV and halted further redemptions in November of that year.

In a letter to lawyers for Alter Domus, Mapley wrote: "We have requested repeatedly documents, eg bank & transfer statements, investment decisions, minutes, agreements, etc, from your client Alter Domus Management Co pertaining to past investments and the subsequent losses. To date not one document has been provided to the Board of Directors, in direct breach of the AIFM agreement."

Mapley, of the financial investigation and asset recovery firm Intel-Suisse of Geneva, has claimed in the past that the NAV of the Columna fund, which was launched in August 2013, was knowingly compromised by 15 August 2016.

At around the same time some 83% of the Columna Fund's assets were invested in companies associated with a single firm, known as the Bstar Group, in contravention of the fund's diversification guidelines.

Mapley told *IA* he had seen correspondence from the Luxembourg regulator, the Commission de Surveillance du Secteur Financier (CSSF), from the first half of 2016 indicating it was becoming concerned with this concentration of assets, as the fund was coming towards the end of its three-year ramp up period.

He said, despite high redemption fees, outflows had spiked at the end of June 2016 and remained high over the next few months, which he believed indicated “insider trading” by the fund’s directors and their associates. He has also said he had testimony from investors that the fund was accepting new subscriptions up to its suspension in November.

Mapley claims there was also an apparent lack of due diligence by the fund manager, LFP, when it came to monitoring and maintaining adequate diversification in Columna’s investments, which were concentrated in firms linked to Columna’s original investment adviser YAS Investments Sarl.

Mapley is currently involved in ongoing investigations involving police, regulators, bankruptcy offices, in chasing assets for recovery for the various sub-funds of LFP I Sicav, on behalf of the 300+ investors who have seemingly lost the majority of their investments in Columna Commodities, Aventor, and Blackstar Commodities.