

Section:	Executive Interview
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Eric Meyer

In September 2005 when AME Info last interviewed Eric Meyer he warned investors to be cautious about local stock markets. Today he is stressing the value of diversification into his Shariah compliant hedge funds because the regional real estate market is looking overstretched.



'It is pretty obvious that property has the biggest local market risk at the moment. People have been explaining to me how they have doubled their money in the past 18 months.

'But there is a sense of deja vu as when we last spoke it was the local stock market that had gained 100%, and then look what happened. However, it is not really my job to judge risk in the real estate sector, at Shariah Capital we offer a way of diversifying risk and delivering a return in good and bad equity markets.'

On December 13th last year Shariah Capital became only the second Islamic hedge fund to list on the London Stock Exchange's Alternative Investment Market. Does this primary listing in London mean that a secondary listing in the Middle East can not be far away?

'Well I can't comment on that but I can say that having undergone six months of the most rigorous due diligence for AIM with the highest levels of FSA transparency and scrutiny we are well placed for a secondary listing. The primary listing has also given us a whole new status in the local investment community here.

'My main message to investors is not to put all your eggs into one basket like real estate. We have good hedge fund managers who delivered a 15 per cent return in 2005 and 25 per cent last year. We can also arrange for investors to pick their own hedge fund managers who then run on our Shariah screen, something which has proven popular.'

However, Shariah Capital's fund managers do look well placed to ride out any ups and downs of global equity markets in the near future with the traditional hedge fund strategy of going long or short in stocks. Shariah law also places a strict limit on leverage so that the massive gearing of many hedge funds is avoided.

'This is the classic vehicle for hedging risk. You only have to look at how local stocks and real estate have soared with the oil price in recent years, and ask what will happen as the oil price goes down? Why not hedge your downside risk?'

Mr. Meyer started with socially responsible investment funds in the 1990s and was an early pioneer in Shariah finance in the late 1990s. It is a field that has witnessed enormous growth and he thinks this is far from over yet.

'We are also looking to diversify ourselves into sukuks in the US with the idea being to issue Islamic debt finance for US companies. And we are helping NYSE and Toronto companies that want to establish independent, Shariah compliant business units for this purpose.'

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