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Leon Zaltzman joined \$4 billion **Aristeia Capital** on June 23 to manage special-situation investments for the New York hedge fund manager. A month earlier, Zaltzman resigned from **Lehman Brothers**, where he ran a proprietary book for the bank along with **Mark May**. May and **Jordan Wruble**, an analyst on their Lehman team, have also left the bank — for unknown destinations. May and Zaltzman had also worked together at **Steve Bloom's Sagamore Hill Capital**, a once \$2 billion outfit that shut down in 2006.

Michael Reeves joined \$1.5 billion **Vermillion Asset Management** last month as the firm's director of institutional marketing. Reeves was previously head

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Firm Parlays Gains Into Launch Plans

Equity hedge fund operator **Connective Capital** is hoping to capitalize on strong results since the beginning of last year by rolling out new versions of its energy and market-neutral stock vehicles.

On Aug. 1, the Palo Alto, Calif., firm will for the first time offer an offshore version of its Connective Capital Emerging Energy Fund.

And on July 1, it re-launched its Cayman Islands and U.S. market-neutral funds as a single \$93 million vehicle called Connective Capital I Master Fund that is operated as part of a master-feeder structure. Until now, the two entities were run separately.

Connective Capital's new offshore energy-stock fund has only \$10 million under management — almost entirely from the firm's principals, who started trading the fund on Oct. 1. But the firm hopes to raise that figure to \$500 million over the next few years, attracting investors on the strength of stellar results that its U.S. energy-stock fund posted in the first half of this year and in 2007. Its energy fund was up 11.5% this year through June and 57% in 2007.

The vehicle takes long and short positions in companies in the alternative-energy space, including businesses involved with solar, wind, ocean, geothermal and biofuel energy. It also trades stocks of companies involved in carbon trading, lighting technologies and related businesses.

Connective's global market-neutral equity funds, which launched Jan. 1, 2005, averaged an annual return of 18.5%, including 3.8% this year through June. The firm is hoping that a larger fund will attract more investors than two smaller, separately managed versions of the same portfolio.

Connective is headed by **Rob Romero**, its portfolio manager, who established venture capital firm **Connective Capital Ventures** and ran that operation from 2001 to 2003. That vehicle has since been shut down. Besides the global long/short and energy vehicles, Connective also runs a \$20 million short-only equity fund. ♦