



Capital Z Investment Partners Announces Management Buyout Teams with Paine & Partners, LLC to Purchase Hedge Fund Sponsorship Business

NEW YORK and SAN FRANCISCO, Jan. 24 /PRNewswire/ -- Capital Z Investment Partners, LLC today announced the completion of a management buyout of its hedge fund sponsorship business in partnership with Paine & Partners, LLC, the San Francisco and New York-based private equity firm. As part of this transaction, Capital Z's hedge fund management team and Paine & Partners will purchase the minority ownership hedge fund management company and general partnership interests held by the limited partners in two of Capital Z's alternative investment sponsorship funds. As a result of this transaction, a new alternative asset management business, Capital Z Asset Management, will be established to continue and expand the hedge fund sponsorship activities that Capital Z began in 1998. Terms of the transaction were not disclosed.

Capital Z is the largest dedicated sponsor of hedge fund managers. Since 1998, Capital Z has sponsored and assumed minority interests in 16 hedge fund managers, with a combined \$10.8 billion of assets under management.

Laurence Cheng, founder and CEO of Capital Z Investment Partners, will serve as Chairman of the Board of Capital Z Asset Management. Mr. Cheng and the Capital Z management team will continue and expand Capital Z's unique business model of assuming minority ownership interests in hedge fund managers and acting as the sponsor and cornerstone limited partner in those funds. Capital Z Asset Management expects to expand its marketing team and raise a new alternative asset class investment fund specializing in the sponsorship of hedge fund managers.

"We are excited about our new partnership with Paine & Partners, a leading private equity firm whose experience and dedicated focus have contributed to the successful growth and development of companies with which they collaborate," said Mr. Cheng. "We believe our new company represents the first vehicle of its kind -- an entity dedicated not only to holding interests in management companies and general partners of hedge funds, but to providing a full range of hedge fund products. We acknowledge the increasing bifurcation in the alternative asset marketplace and strive to level the playing field for talented emerging hedge fund managers."

W. Dexter Paine, III, Co-Founder of Paine & Partners, said, "Capital Z has been an innovator in the area of alternative asset management and the Capital Z team, led by Laurence Cheng, have proven themselves to have been visionaries. We were attracted to the unique sponsorship model that Laurence and his team have honed, which ensures that the entrepreneurial spirit of the hedge fund managers remains intact -- allowing them to build their own businesses with guidance and patient support from Capital Z. We are pleased to be working with this talented management team to further their business goals."

Under the agreement, the Capital Z management team will own a significant portion of Capital Z Alternative Asset Management and will have representation on its board of directors.

Paine & Partners, LLC

Paine & Partners, LLC, formerly known as Fox Paine Management III, LLC, provides equity capital for management buyouts, going private transactions, and company expansion and growth programs. Paine & Partners engages exclusively in friendly transactions developed in cooperation with a company's management, board of directors, and shareholders. For further information see www.painepartners.com.

About Capital Z Investments, LLC

Capital Z Investment Partners (CZIP) is a \$2.25 billion alternative investment sponsor, founded in 1998, with offices in New York, London, and Hong Kong. Capital Z invests in private equity funds, hedge funds, and structured products while assuming a meaningful minority interest in the management companies of such vehicles. For further information see www.capitalz.com.

#

SOURCE Capital Z Investments, LLC

CONTACT: Steve Bruce, Mary Beth Grover, or Monica Everett, all of Abernathy MacGregor Group, +1-212-371-5999, for Capital Z; Andy Brimmer or Eric Brielmann, both of Joele Frank, Wilkinson Brimmer Katcher, +1-212-355-4449, ext. 147, for Paine & Partners