

Xavier Capital Sees Importance Of Risk Management In Portfolios

With risk management a hot topic across the institutional investment world, **Xavier Capital Management** may be opening its doors at just the right time.

The firm is led by **Lorenzo Newsome**, a former portfolio manager at **NCM Capital Management** who has spent the past few years in the risk management sector and holds several risk manager designations.

"How many people have the financial risk management designation?" Newsome asked rhetorically. "Those are things that have come across very well with consultants thus far. They really, really like what we are doing in regards to incorporating risk management."

The Largo, Md.-based firm was founded in July 2006 and currently has approximately \$25 million in assets under management.

The firm will focus on the high-yield, mortgage-backed securities and core-plus area. Newsome said the firm's processes allow him to manage assets across various types of styles.

Newsome said the firm has begun to make inroads with emerging managers-of-managers and consultants and is "planting seeds" with pension plans.

Newsome has a done-it-all background that includes time as a portfolio manager at NCM Capital Management, a senior financial officer for the **Office of Federal Housing Enterprise Oversight** where he handled risk management on its mortgage portfolios and, most recently, time as director of risk management for alternative assets at **Friedman Billings Ramsey Investment Management**. Along with being a CFA Charterholder, Newsome also holds the Financial Risk Manager and the Professional Risk Manager designations and is a member of the *Global Association of Risk Professionals* and the *Professional Risk Managers' International Association*.

Newsome said his diverse background gives him a broader understanding of investing. "I've come at it from various angles," he said.

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Founder

Xavier Capital Management

However, he said portfolio management is in his blood.

"That is my love and that is my passion, and in the back of my mind, I enjoyed risk management, but I always knew I would go back into portfolio management," he said.

The firm is also headed by Dr. **Pamela A. Turner**, who also worked at NCM Capital as a senior equity analyst before going back to academia.

Newsome said he and Dr. Turner also have some academic articles in the works that will be published in academic peer review journals in the future.

Gregg Baty, managing partner and director of marketing and client services at the firm, said Xavier has gotten a good response from clients so far because of its different approach.

Xavier joins **Atlanta Life Investment Advisors** and **Channing Capital Management** as firms that have been launched by former NCM professionals. "It just shows the amount of talent that is out there and the amount of talent that needs to be recognized," Newsome said.

Newsome said his time at NCM allowed him to learn from founder **Maceo Sloan**, who he described as a "very good mentor." "He kind of exemplifies that type of entrepreneurial go getter," Newsome said. "I consider myself and my peers at other firms, the next generation of emerging asset managers."

The firm does not have a track record, however Newsome said the people and process at Xavier have helped overcome the lack of past performance figures.

"Some consultants said 'we don't need to see that, because (Xavier) has enough of the other things that we are comfortable with,'" he said. "We've gotten a lot of positive feedback from people who just believe in what we are doing."

"My passion is managing money and managing it with a sense of really adding value for the client, not just asset gathering," Newsome said. Xavier is "a situation where we as a team can provide competitive returns and the products and investment process are unique."

Ocean Tomo Launches Investible Intellectual Property Stock Index

Ocean Tomo has introduced its investible intellectual property stock index that consists of 300 global companies that trade on U.S. markets, own U.S. patents for valuable innovations and technologies and have the highest patent value relative to tangible book value.

The Ocean Tomo 300 Patent Index, which has a market capitalization of \$7 trillion, offers growth and value and large-cap and small-cap subindexes, according to **Keith Cardoza**, managing director. The index will allow the marketplace to observe how companies with high intellectual property values perform against tradi-

tional asset classes.

The index had annualized returns of 11.69% when backtested for the 10 years ending Sept. 30, while the **Standard & Poor's 500 Index** had annualized returns of 8.59%.

The firm also announced that **Claymore Securities** is seeking to launch an exchange-traded fund that would track the patent index—the ETF is pending approval by the SEC.

In June, the firm launched two hedge funds that evaluate companies based on their intellectual property value (*EMM*, 7/5).