

Numeria Prices the Hard-to-Value

By Christine Williamson

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Hedge fund misvaluations of hard-to-price securities could become a thing of the past with a new service Numeria Management LLC has just begun offering to hedge fund managers.

Numeria is an “information market” or “prediction market” that aggregates information to produce valuations of private companies. Independent analysts review private firms, submit bids to a secure real-time market platform and argue the merits of their positions, producing a marked-to-market value for each company.

Peter J. Leitner, founder of the Princeton, N.J.-based firm, said its system operates “like any market, enabling assets to be dynamically priced, but without actually selling them.” The analysts are compensated for their efforts and are not permitted to work for the companies they are valuing, Mr. Leitner said.

Until this year, the two-year old firm worked exclusively with private companies in need of a valuation in advance of an impending sale, to value employee stock options or for a variety of other reasons, Mr. Leitner said.

Demand for marked-to-market valuations of private and less liquid assets led Numeria to offer the same service to hedge fund managers.

“Investors want more and better information, and Numeria offers a cutting-edge way to get it quarter-to-quarter, month-to-month or on whatever reporting basis is required,” Mr. Leitner said.

Numeria has worked with a handful of hedge fund managers to date, and 15 or so are actively reviewing the services, Mr. Leitner said.