



**Mesh Tandon, 32**, managing partner and president, Simran Capital Management LLC, Chicago

**Experience:**  
12 years

**Assets under management:**  
\$200 million

## MY TAKE A CONVERSATION WITH HEDGE FUND MANAGER MESH TANDON

# PASSING THE STRESS TEST: CREDIT MARKETS SHOW SIGNS OF LIFE AGAIN

**CRAIN'S:** You're seeing indications that the worst of the credit crisis is over?

**MR. TANDON:** Two classes of buyers with extremely deep pockets have stepped up to the plate recently (in debt markets). Private equity is one of them, and the second group is company management itself, who are realizing it's in their best interest to buy their bonds back at 50 (cents on the dollar), as opposed to paying par for them five years from now. All of a sudden, there's more buying interest than selling.

**Your hedge fund invests primarily in bonds of distressed companies. Can you explain further?**

It's been very difficult for companies to access capital markets, and as a result we're able to purchase bonds and other

### FIVE TO BUY

Mr. Tandon recommends shares of these companies:

1. Calpine (CPN)
2. Delta Airlines (DAL)
3. Northwest Airlines (NWA)
4. Owens Corning (OC)
5. Tembec (TMC.TO)

securities of companies at significant discounts to par. We can offer some of that discount back to a company as part of a debt exchange, conversion into equity, or some other approach that gets a company out of its stressed situation.

**How has this strategy worked?**

Our opportunity fund is up over 8% year-

to-date primarily from picking up bonds at significant discount to par. The credit crisis has created a ripe time for our strategy.

**Any particularly appealing investing opportunities?**

We like companies with hard assets, such as real estate, that contribute to a credit recovery value. Among airlines, the planned merger between Delta and Northwest is compelling in the long term and the right strategy for both companies at this time, given the difficult market environment. The bankruptcies of both companies significantly de-leveraged the balance sheets and provided a capital structure more suitable for the industry.

*Bruce Blythe*