

## **MBIA RAMPS UP CUTWATER UNIT**

**Cutwater Asset Management** is planning a further staff expansion.

The **MBIA** unit, which runs \$42 billion of fixed-income assets, expects to add 5-10 sales professionals and risk analysts this year. That would come on top of a hiring drive that has boosted the Armonk, N.Y., operation's staff to 126 from about 100 at the start of 2009.

Cutwater was known as MBIA Asset Management until this February, when it went underwent a reorganization.

The firm's hiring campaign is driven, in part, by an expansion of its collateralized debt obligation business. The firm now manages 12 CDOs, up from six a year ago, and is hunting for additional assignments on outstanding deals.

Cutwater also has benefited from bets its Cutwater Credit Opportunities Fund and Cutwater TALF Strategy Fund made on devalued structured products in 2008 and 2009. Those vehicles' purchases included CDOs, mortgage bonds and securities backed by auto loans and credit-card receivables, with Cutwater TALF Strategy Fund financing its investment partly through the **Federal Reserve's** now-expired Term Asset-Backed Securities Loan Facility.

Cutwater's purchases began tapering off as bond values rose in late 2009 and early this year. But chief executive **Cliff Corso** still sees opportunities to pick up yield in what he called an "idiosyncratic bond-pickers market." They might include junior credit-card paper.

Cutwater's portfolio includes \$16.7 billion of proprietary capital, with the rest coming from institutional clients. MBIA created the operation's predecessor in 1991.