

# Hedge Fund Alert

THE WEEKLY UPDATE ON FUND MANAGEMENT INTELLIGENCE

OCTOBER 23, 2024

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## THE GRAPEVINE

**Schonfeld Strategic Advisors** and index-rebalancing portfolio manager **Richard Chung** parted ways this month after five years. Chung's Hong Kong-based team has been taken over by portfolio manager **Alexandra Loh**, who now oversees four professionals. Chung, whose career dates to 1998, previously worked at **Deutsche Bank**. Loh arrived at Schonfeld in 2022 from **Millennium Management**. New York-based Schonfeld manages \$11.2 billion.

An investment professional who spent a decade researching fixed-income opportunities in emerging markets for **Goldman Sachs Asset Management** has taken a job as a portfolio manager at **ExodusPoint Capital**. **Diego Sasson** most recently spent two years as an associate PM at **Citadel**, with a one-year term as a managing principal at **Tenac Asset Management** before that. Prior to joining Goldman in 2010, Sasson worked at **Credit Suisse** for two years.

**Steve Bergman**, a portfolio manager  
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## Trend Toward Deals With Illiquid Strategies And Lockups Slows Seeding of Hedge Funds

A small number of professional hedge fund seeders have been especially active over the past year – in particular **Stable** and the much smaller **Borealis Strategic Capital** – while the bulk of the sector has done few deals or appears to have been inactive.

Moreover, an increasing number of seed deals involve illiquid strategies such as private equity and private credit, which is hampering activity in the hedge fund seeding market.

The \$4.5 billion **Stable**, now the largest and most active hedge fund seeder by far, backed four startups and one acceleration deal and allocated well in excess of a half-billion dollars in the process. That includes **Annapurna Capital**, which received \$250 million from **Stable**, **Analym Capital**,  
➤ See **BACKERS** on Page 4

## Startup Valmar Capital to Debut Multi-Manager Crypto Offering With Emphasis on Low Volatility

Former executives of digital-asset investment operations are poised to launch a multi-manager, multi-strategy vehicle that will deploy capital to algorithmic cryptocurrency-trading strategies.

**Valmar Capital** – led by **Luca Toscani**, the former chief operating officer of a Swiss family office, and **Joseph Cox**, the former head of business development at a crypto fund that specialized in high-frequency trading – is expected to debut in November with allocations to several external portfolio managers. The Palo Alto, Calif., firm intends to eventually develop internal strategies as well.

Like traditional multi-strategy hedge funds, Valmar will invest with external managers via separate accounts to produce both  
➤ See **VALMAR** on Page 10

## Equity Firm of Former Appaloosa Executive Soars Again in Rebound From Steep Drawdown

An equity firm led by a **David Tepper** protege is on a nearly two-year run of outperformance as it digs out from its deepest drawdown and believes it is set up for the rally to continue.

**Incline Global**, helmed by former **Appaloosa Management** senior partner **Jeff Lignelli**, has seen its flagship long/short **Incline Global Partners** fund gain 16.8% year-to-date through the third quarter, following a 50.4% spike in 2023. The hedge fund found itself in a ditch after losing 40.3% in 2022 and 16.5% in 2021.

The firm's long-only fund and its nearly one-year-old market-neutral strategy also have fared well since the run started.

The **Eurekahedge Hedge Fund Index**, a product  
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## Hurricanes, Election Offer L/S Muni Opps

Even as it continues to outperform, municipal-bond investor **16Rock Asset Management** is preparing for opportunities that could develop as a result of the recent twin hurricanes that ravaged the Southeast and the approaching presidential election.

The firm's 16Rock Municipal Opportunities Fund has returned 12.4% year-to-date through September, thanks to recent jumps of 4.4% in June, 3.3% in July and 2% last month. The 14-month-old offering has solidly outperformed gains in its benchmarks, including 6.65% for the HFRI Asset Weighted Composite Index, 2.3% for the Bloomberg Municipal Tax-Exempt Index and 5.3% in the Bloomberg Municipal Taxable Index.

Since its launch in August of last year, 16Rock's absolute return-focused fund, which invests in investment-grade municipal bonds and taxable municipal bonds, has returned 23.3%. The firm was running \$270 million in September.

Now, 16Rock is preparing for the potential long and short opportunities that might arise in the aftermath of Hurricane Helene, which made landfall as a Category 4 storm on Florida's Gulf Coast, causing widespread devastation and killing hundreds; and Hurricane Milton, which made landfall near Florida's Siesta Key on Oct. 9 and produced dozens of tornadoes in the state.

In an investor update, 16Rock noted the storms are likely to drive up off-cycle supply in a market that is typically characterized by seasonal trends. Additionally, while extreme weather has yet to lead to a default on municipal bonds, it remains unclear whether there will be adequate federal aid to stave off a solvency event.

"Extreme weather in the U.S. Southeast is also catching our attention. Many counties, with multiple billion in debt – much of it highly rated with low climate risk scores – were affected," the firm said. "We see liquidity challenges and spread concessions as opportunities for both short-term trades and long-term value investments. The rebuilding effort may spur off-cycle financing needs, with federal aid versus solvency risks yet to be determined."

**S&P Global Ratings** likewise has noted that, despite an influx of state and federal aid, infrastructure investments could give rise to new debts, and it cast doubt on the federal government's ability to provide historic levels of disaster funds "because of its ongoing budget issues and the escalating costs of disaster relief."

16Rock likewise sees possibilities stemming from next month's election, writing in a September update that a divided government likely would benefit the municipal bond market, as the Tax Cuts and Jobs Act's sunset would result in higher tax rates, thus spurring demand for municipal bonds.

A Republican sweep, the firm said, could threaten the future of the municipal bond tax exemption. 16Rock also believes former President **Donald Trump's** focus on infrastructure and public-private partnerships as a catalyst for growth "could potentially revive a version of the Build Amer-

ica Bond financing vehicle and affect select sectors and issuer credit spreads within the market."

A victory for Vice President **Kamala Harris**, meanwhile, could bring tax hikes on corporations and wealthy individuals, as well as investments in affordable housing, climate, healthcare and education initiatives, which could amount to a windfall for the muni market, according to the firm's election report.

"We're bullish on rates and municipals, but our immediate priority is mitigating muniUST basis risk as we prepare for potential election-driven market shifts. A Trump presidency could introduce caution into the municipal market, though we don't anticipate widespread secondary selling," the monthly update said. "We expect a post-election supply surge through mid-December, as issuers move to secure financing amid uncertainty, likely pushing muni-UST ratios cheaper, regardless of how treasury rates react. This presents a solid opportunity to fade current strength and take advantage of market uncertainty."

Muni-focused 16Rock is an affiliate of **16th Amendment Advisors**. 16Rock is led by chief investment officer and head of global client business **James Pruskowski**, previously global CIO for municipal bonds for **BlackRock's** institutional and wealth-management businesses. ■

## Longtime Blackstone Executive to Retire

**Stephen Sullens**, the head of portfolio management in **Blackstone's** multi-asset investment unit, will retire at year-end after nearly 24 years with the alternative-investment giant.

Sullens, a senior managing director, oversees multi-manager programs on Blackstone's absolute-return platform. He will become a senior advisor to the multi-asset unit while also building a nonprofit group he recently founded. Blackstone's plans to replace Sullens are unclear.

Prior to his 2001 arrival, Sullens was a director at **Citi-group's** Citi Alternative Investment Strategies division, where he worked on hedge fund manager selection and portfolio management. His resume also includes stints as a manager of alternative investments for **Walt Disney Co.** and as an analyst at **Trammell Crow Ventures**, a real estate investment advisory firm.

Led by **Joe Dowling**, Blackstone's multi-asset investing unit has been growing, with total assets under management increasing 9% year over year, to \$83.1 billion, as of September, with inflows of \$3.1 billion in the third quarter and of \$9.9 billion over the past 12 months.

The unit's 250-plus staffers help it deploy capital under three investment umbrellas: absolute-return strategies or hedge funds; multi-strategy, which it describes as opportunistic and asset-agnostic investing; and Harvest, which focuses on essential infrastructure.

The composite return of the absolute-return portion of the multi-asset unit in the third quarter amounted to 2%, according to the company's latest earnings ➤ See **SULLENS** on Page 3

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announcement. By comparison, the HFRX Global Hedge Fund Index rose 2.1% during that stretch.

“Absolute Return benefited from performance across strategies, including equities, quantitative, and credit during the quarter,” the earnings presentation said.

The absolute-return composite return had climbed 10.6% over the September 2023-to-September 2024 period, outpacing the 6.9% return in the same timeframe for the HFRX Global Hedge Fund Index, with significantly less volatility than the broader markets.

Blackstone is the world’s largest alternative-investment shop, with \$1.1 trillion of assets under management overall in September. ■

## Cap-Intro Event Targets Emerging Managers

**Inversion Summits** is planning to hold its first capital-introduction event for emerging alternative-investment managers in February.

The New York gathering, called Next Wave 2025, is slated to host 150 to 200 managers and at least that many institutional allocators. It’s targeting hedge fund operators that run at least \$50 million and that have a track record of under three years, along with operators of debut illiquid draw-down funds that are marketing or investing with an equity

goal of at least \$25 million. Allocators that attend must have recently invested, or be actively looking to invest, with an emerging manager.

The conference is scheduled for Feb. 11-12 at **Tavern on the Green**.


While managers are free to let Inversion know they are interested in attending, the conference is by invitation only, and managers that attend are vetted by a panel of allocators that Inversion has assembled for that purpose.

While Inversion is billing the event as its second annual emerging managers event, it’s the first to allow managers and institutional allocators to schedule a series of one-on-one meetings – in this case up to 24 over the two days. Allocators choose whether or not to take meetings with managers. Last year, on the other hand, Inversion hosted a free cocktail-hour gathering at the same venue.

Managers running under \$250 million will pay \$4,985 for one person to attend or \$7,985 if they have more capital. A second pass is available for \$2,985, no matter the size of the manager’s assets.

Inversion is led by **Rory Bacon**, previously a marketer with **Senvest Management** and **Talara Capital** and an investment analyst at **Harvard Management**.

**With Intelligence**, **Hedge Fund Alert’s** parent, is hosting its own conference on Feb. 11-12, the firm’s Pension Bridge Private Credit 2025 event at the **Park Hyatt Aviara** in Carlsbad, Calif. The event is expected to have two allocators attending for every manager. ■



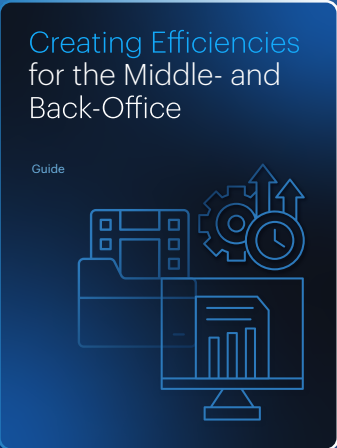
# Creating Efficiencies for the Middle- and Back-Office

It’s no secret that a digital transformation can not only benefit investment firms but completely transform the way they operate. But making that digital transformation happen lies in modernizing their middle- and back-office systems, which requires a deep understanding of existing operations, processes, and challenges.

Discover the key components of a successful digital transformation and learn more about:

- **Operational efficiency**
- **Data-driven decision-making**
- **Innovation and agility**

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## Backers ... From Page 1

which received more than \$100 million, and **Tribune Investment**, which received \$100 million. Annapurna's founder, **Deep Kumar**, died following the firm's launch in June, and the operation is unwinding.

Meanwhile Borealis, which typically deploys \$50 million to \$100 million, saw two seeds launch – **Nine Left Capital** and **Ripple Effect Asset Management** – and funded one acceleration deal, **Manchester Global**.

Long-experienced seeder **Blackstone**, which finished raising just over \$1 billion for its latest hedge fund seeding vehicle in December 2022, has so far logged just two deals out of that vehicle, and the one it funded in the past year was co-seeded by Canadian pension fund manager **CPP Investments**. But that launch was a major one – **Arrowpoint Investment Partners** began trading on July 1 with plans to deploy more than \$1 billion within a few months. The Singapore firm, a multi-strategy manager, is led by **Jonathan Xiong**, a former executive with **Millennium Management**.

Other seeders that deployed capital to new hedge funds in the past year include **Brummer & Partners**, which signed **Katamaran Capital**; **HS Group**, which backed **Sengu Capital**; and **Paloma Partners**.

Paloma, a renowned hedge fund seeder that had

its own major management overhaul in the past year, backed at least two new strategies in 2024: **Model Six**, a quantitative firm led by former **SquarePoint Capital** partner **Philippe Cauchon**, and **OC Investment Management**, which developed a new debt product with backing from Paloma.

**Leucadia**, which has been very active in the seeding space in recent years, appears to have funded no new hedge fund launches in the last year, although it did back Europe-focused private equity real estate firm **Greykite**. Nor has **M.D. Sass**, **Paamco Prisma** or **Stride Capital** inked any new deals, and none of them appear to have signed new deals in some years.

**Investcorp-Tages** also appears to have backed no new firms. And **Forester Capital**, which has backed numerous hedge fund startups, appears to have funded only one new deal, a new drawdown credit vehicle run by **J.H. Lane Partners**, a firm that Forester has long invested with.

The concentration of seed deals among a handful of players and the relative paucity of deals among others reflect in part the difficulty in raising capital for seeding funds and an increasing preference among institutional investors for illiquid assets held in lockup structures.

That shift to illiquid assets perhaps reflects the deals by Forrester and Leucadia, and also other deals by Stable, as it now has about half of its assets in illiquid products and is also actively looking to seed numerous private credit startups.

The trend was also identified by law firm **Seward & Kissel's** annual review of the seed deals it advised on in 2023, and which it released in June.

“Seed investments were nearly as likely to be made in private equity/private credit and other illiquid or less-liquid strategies, as opposed to the historical over-weighting of seed investments in hedge funds and similar highly liquid products,” the firm said, even as it determined that overall seed activity remained level with the prior year. “Based upon observed trends, it would not be surprising if private equity/private credit seeding ultimately equaled – or even exceeded – the hedge fund seeding category.”

While many managers are loathe to enter into deals that share fee revenue – a feature shared by all seed deals – Seward found that those firms that did land seed deals did far better than those that didn't. Such firms “had a considerable head start for their businesses and a springboard to attract additional investors,” Seward wrote.

Moreover, given that such deals tend to lock up capital for the industry standard of two to three years, Seward found that those managers were more incentivized to invest in their own businesses and to orient themselves toward the long term.

While the level of service received by a manager from its seeder can be uneven ➤ See **BACKERS** on Page 5

**with.**  
Intelligence

## Women's Summits

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- Women's Private Capital Summit Canada
- Women's Venture Capital Summit
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- Women's Private Capital Summit NYC
- Women's Private Equity Summit APAC
- Women's Private Credit Summit
- Women's Venture Capital Summit Europe

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depending on the seeder, the guidance, advice, marketing and branding services that seeded managers receive from their backers can be invaluable as those managers seek to launch and build their businesses from the ground up. ■

## Forester Gives Anchor Slug to Credit Fund

Hedge fund seeder **Forester Capital** is making an anchor investment in a new event-driven credit draw-down fund managed by **J.H. Lane Partners**.

The vehicle, J.H. Lane Partners Select Opportunities Fund 1, will seek to capitalize on dislocations and credit opportunities in corporate markets, which J.H. Lane in marketing materials described as “niche investment opportunities in less-followed, less-liquid and longer duration distressed situations.”

J.H. Lane is looking to raise \$200 million for Fund 1, which will have a three-year investment period and three-year harvest period. The fund will primarily invest in senior tranches of distressed-capital structures, while also allowing room for rescue financings and real estate opportunities such as commercial mortgage-backed securities.

Forester has invested in the flagship J.H. Lane Partners Master Fund since J.H. Lane’s inception in 2015. Meanwhile, Forester has invested with J.H. Lane principals **Jonathan Neiss** and **Seth Lax** for more than 15 years, including at their previous firm, **Contrarian Capital**.

Headquartered in New York, J.H. Lane has employed an event-driven investment strategy focused on the equity and debt of distressed public companies. The firm was managing \$253 million of gross assets at yearend 2023.

“We believe their expertise investing in niche event driven stressed and distressed credit aligns well with the rich opportunity set in this area,” Forester managing principal **Trent Carmichael** told prospective investors in an email.

Carmichael added that J.H. Lane was an early investor in European property bonds, described in a **Financial Times** article last month as a “once in a decade” trade.

J.H. Lane and other strategic managers are scheduled to join Forester at Forester’s symposium Nov. 4 in Boston, along with financial author **Roger Lowenstein**.

Neiss, J.H. Lane’s portfolio manager, and Lax, the firm’s president, both previously spent more than a decade at Contrarian.

Forester, based in Stamford, Conn., was managing \$1 billion through the third quarter. ■

## HEDGE FUND BACKERS

### Investors Targeting Stakes in Hedge Fund Operators

| Sponsor   | Contact   | Firm Types Targeted | The Skinny   |
|---|---|---------------------|--|
| <b>Affiliated Managers Group</b><br>West Palm Beach, Fla. | <b>Jay Horgen</b><br>617-747-3300<br>pr@amg.com | Established         | Publicly traded AMG takes minority stakes in established alternative-investment firms. In the past year took minority positions in two private markets-focused firms. In May 2024, it announced a position in Barcelona-based Suma Capital, which invests in infrastructure and growth equity. In October 2023, it bought a stake in Ara Partners from Wafra’s Capital Constellation unit. Ara invests in decarbonization-focused private equity and infrastructure positions. AMG also takes majority positions in traditional investment managers, which represent 52% of its \$701 billion under management as of June 20, 2024. Hedge fund affiliates include AQR Capital, Capula Investment, Garda Capital, Systematica and Winton Group.   |
| <b>Blackstone</b><br>New York                             | <b>Joe Dowling</b><br>646-313-6382              | Startup, Emerging   | Currently investing via its \$1 billion-plus seeding-focused Blackstone Strategic Alliance Fund 4. Seeded Singapore-based multi-strategy startup Arrowpoint Investment Partners – alongside fellow seeder CPP Investments – run by former Millennium Management executive Jonathan Xiong. That firm launched on July 1, 2024, with plans to shortly deploy more than \$1 billion. In mid-2023, Blackstone’s seeding fund made its first allocation via a \$150 million investment in event-driven debt and equity manager Astaris Capital. That appears to have served as an acceleration deal with the capital flowing into an existing hedge fund and a new drawdown fund. Blackstone has long bought minority stakes in established alternative-investment managers, but no longer takes positions in hedge fund managers. Its stake-taking program is investing via its Blackstone Strategic Capital Holdings 2, which held a final close on \$5.6 billion in November 2021. |

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## HEDGE FUND BACKERS

| Sponsor                                      | Contact  | Firm Types Targeted  | The Skinny   |
|--|--|----------------------|--|
| <b>Blue Owl Capital</b><br>New York          | <b>Michael Rees</b><br>917-279-8245<br>michael.rees@blueowl.com          | Established          | Largest established stake-taker now has \$58 billion of assets in that business, in addition to separate, large credit and real estate businesses. Publicly traded entity formed in May 2021 via merger of Neuberger Berman's Dyal Capital unit and Owl Rock Capital with a special-purpose acquisition entity called Altimar Acquisition. Blue Owl dropped the Dyal name in 2023. While Dyal started out investing in hedge funds, it now allocates only 10% of its investible capital to opportunistic deals, which might include hedge fund managers. Blue Owl is now seeking to raise \$13 billion for its sixth flagship stake-taking fund, which would roughly match its last vehicle and invest in firms with more than \$10 billion of assets. Also in 2024, held an initial close on a fund that would invest in firms running from \$2 billion to \$10 billion. Blue Owl portfolio companies include CVC Capital, Dragoneer Investment Group, Graham Capital Management, Iconiq and Whitebox Advisors.   |
| <b>Borealis Strategic Capital</b><br>Chicago | <b>Scott Schweighauser</b><br>312-897-3479<br>scott@borealisstratcap.com | Startup, Emerging    | It's been an especially active 2024 for the Chicago firm, which funded one acceleration deal and two seed deals and brought the number of its active deals to seven. Its two 2024 seed deals were startups Nine Left Capital, which launched in September, and Ripple Effect Asset Management, which launched in in September. The acceleration position launched in January via Manchester Global. Borealis deploys \$50 million to \$100 million for its typical deals and managed \$529 million of gross assets as of yearend 2023, including co-investments. The firm also has positions with Vor Capital, Two Seas Capital, Dellora Investments and Walnut Level Capital.   |
| <b>Brummer &amp; Partners</b><br>Stockholm   | <b>Markus Wiklund</b><br>46-8-566-214-80<br>info@brummer.se              | Startup, Established | Swedish multi-strategy manager founded in 1996 ran \$13 billion overall as of September 2024. The firm hires managers that run their strategy within Brummer, or managers that co-own their own firm with Brummer, while using Brummer's infrastructure. As of June 30, Brummer had nine portfolio managers. That includes new launch Katamaran Capital, run by former Millennium portfolio manager Priya Kodeeswaran. As of May 1, 2024, Brummer's multi-strategy offering had defunded industrial equity firm Pantechnicon Advisors. Other firms include Florin Court Capital, Kersley Street Capital, Lynx Asset Management and Manticore. Brummer was looking to add 1-2 portfolio managers.   |
| <b>CPP Investments</b><br>Toronto            | <b>Yan Kvitko</b><br>44-20-3947-3091<br>ykvitko@cppib.com                | Startup, Emerging    | Investment manager for the CA\$647 billion (\$472 billion) Canada Pension Plan as of June 30, 2024. Has provided over \$6 billion to 21 seed or early-stage managers since 2016, when the program started. Goal is to invest \$50 million to \$300 million annually in three to five deals. Dropped the low end of that range from \$100 million in 2023 so it can invest in more managers and offer them additional support. Some early-stage investments may be handled via separate accounts instead of via funds. Typical seed-capital deal locks up capital for two to three years with managers giving CPP Investments investment transparency, capacity rights and, in some instances, revenue shares. Its one seed deal through most of 2024 was notable startup Arrowpoint Investment Partners, which Blackstone also seeded. A multi-strategy firm, Arrowpoint is led by former Millennium Management executive Jonathan Xiong, which launched on July 1, 2024, with more than \$1 billion of commitments. Other seed deals include BlackBarn Capital in 2022, Palliser Capital in 2021, Boundary Creek Advisors in 2019, Ovata Capital in 2017 and Tenaron Capital in 2016. Yan Kvitko oversees CPP Investments' emerging-managers program. CPP Investments had approximately \$46 billion deployed to 65-plus alternative-asset managers allocating to public markets, most of them hedge funds as of June 30, 2024. |

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## HEDGE FUND BACKERS

| Sponsor   | Contact   | Firm Types Targeted | The Skinny  |
|---|---|---------------------|---|
| <b>Forester Capital</b><br>Stamford, Conn.            | <b>Trent Carmichael</b><br>203-983-7380<br>trent@forestercapital.com    | Startup, Emerging   | Led by founder Trent Carmichael, Forester was managing \$1 billion at the end of the third quarter. Did its first deal in 2017, and the revenue shares produced by the seed-capital deals have so far produced a total of \$29 million in revenue, as of Sept. 30. In recent weeks finalized a deal for a strategic investment in a drawdown event-driven credit product managed by J.H. Lane Partners. In 2023, Forester inked a deal with Triveni Capital, run by former Point72 Asset Management portfolio manager Sahul Sharma and which took \$50 million from Forester.   |
| <b>GQG Partners</b><br>Fort Lauderdale, Fla.          | <b>Paul Greenwood</b><br>754-218-5500                                   | Emerging            | Traditional money manager made its first foray into alternative investments with the launch of GQG Private Capital Solutions in March. Concurrent with the launch, the firm acquired minority stakes in three U.S.-based fund managers – Avante Capital, Proterra investment Partners and Cordillera Investment Partners – from Pacific Current Group, a publicly-traded firm in Sydney. Joining GQG to co-lead the effort is Paul Greenwood, who was the chief executive and chief investment officer at Pacific Current Group. Greenwood co-leads the unit with GQG managing director Michael Daley. GQG said in a press release that its new unit will offer a broad range of financial and strategic solutions including perpetual-equity investments, structured financings and distribution services.   |
| <b>HS Group</b><br>Hong Kong                          | <b>Michael Garrow</b><br>garrow@hsgfunds.com                            | Startup, Emerging   | Most active and largest hedge fund seeder in Asia, HS is led by one-time Blackstone executive Michael Garrow and former Goldman Sachs executive Johannes Kaps. Oversaw \$2.4 billion in three drawdown funds, as of Oct. 1, 2024, and its 13 seed or acceleration firms managed \$7 billion as of that date. Recent co-investments include India's National Stock Exchange. Recently backed a new hedge fund from Hong Kong-based Sengu Capital, which launched Oct. 1 and which is expected to grow past \$500 million next quarter. Previous deals include Pleiad Investment, Zentific Investment, Zaaba Capital, Ishana Capital, Soloda Investment Advisors, Panview Capital, High Ground Investment, Immensus Capital, Stillpoint Investments, Mercator Partners and Aregence Capital. Portfolio firm Yunqi Capital's Yunqi Path Capital, a long/short equity fund focused on China, is up 40% in 2024. |
| <b>Investcorp Strategic Capital Group</b><br>New York | <b>Anthony Maniscalco</b><br>646-690-5019<br>amaniscalco@investcorp.com | Established         | General-partner staking and opportunistic private market – but not hedge fund – seeders. In 2022 held a final close on a first-time fund called Investcorp Capital Partners that bought minority stakes in midsize alternative-asset managers. The fund is fully committed. The team has made 12 investments since its founding and manages \$1.5 billion of assets as of October 2024. In its funds, the team is targeting firms with long-term capital lockups, private equity, private credit, real asset and secondaries managers. In April 2021, Investcorp said it had entered a partnership with Xponance to invest in minority and woman-owned managers. Former Florida Gov. Jeb Bush of Finback Investments is the head of the 12-member advisory board. The team is led by former Blackstone and Credit Suisse executive Anthony Maniscalco.  |
| <b>Investcorp-Tages</b><br>New York                   | <b>Jonathan Joyce</b><br>917-935-6240<br>jon.joyce@investcorptages.com  | Startup, Emerging   | Has participated in about 40 seed deals and remains active in the space. In May 2020, the hedge fund multi-manager and seeding operations of Investcorp and Tages Capital merged to form a 50-50 joint venture backed by parent companies of each. The joint venture and its seed managers had some \$7.6 billion of assets as of June 30, 2021. Its recent assets are unknown. Investcorp-Tages also offers UCITS funds to investors, including those invested by Eckhardt Trading, Kirkoswald Capital, Selwood Asset Management and Melqart Asset Management. Investcorp-Tages is led by co-chief executive officers Salvatore Cordaro, who is chief investment officer at Tages; Lionel Erdely, who oversees Investcorp's hedge fund business; and James Medeiros, the firm's president.   |

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## HEDGE FUND BACKERS

| Sponsor  | Contact  | Firm Types Targeted            | The Skinny   |
|--|--|--------------------------------|--|
| <b>Kudu Investment</b><br>New York                                       | <b>Rob Jakacki</b><br>212-257-6422<br>rjakacki@kuduinvestment.com      | Established                    | Formed in 2015, Kudu has acquired minority ownership interests in 27 wealth managers and traditional long-only and alternative-asset managers, including hedge funds. As of yearend 2023, it has deployed \$928 million, and its portfolio companies oversee some \$115 billion. Its managers are based in the U.S., Canada, U.K., Germany and Australia. Kudu itself has sold stakes in itself to White Mountains Insurance and MassMutual. In 2023, Kudu took minority stakes in four firms, most recently fixed-income asset manager Sage in December. Kudu's managing partners are Rob Jakacki and Charlie Ruffel.   |
| <b>Leucadia Asset Management</b><br>New York                             | <b>Josh Cherney</b><br>212-778-8340<br>ir@leucadia-am.com              | Startup, Emerging, Established | Leucadia Asset Management, Jefferies' alternative-asset management division, is one of the industry's most active and flexible seed, acceleration and stake-taking investment managers. Leucadia is now invested in 19 managers globally with more than \$45 billion of aggregate AUM as of Q3 2024 across multi-strategy, equity, credit and other niche and private market strategies. Leucadia most recently invested in Greykite, a European private equity real estate manager led by former TPG executives Michael Abel and Dan Valenzano. With anchor commitments from Leucadia and Capital Constellation (investment platform managed by Wafra), Greykite achieved a first close of \$330 million of committed equity. Leucadia's manager roster also includes well-established players including Schonfeld Strategic Advisors (multi-PM platform), Dymon Asia Capital (Asia-focused multi-strategy), Hildene Capital Management (asset-based and opportunistic credit), and Jefferies Credit Partners (private credit).   |
| <b>M.D. Sass</b><br>New York   | <b>Cris Posada</b><br>212-843-8973<br>cposada@mdsass.com               | Startup                        | Last deal was in 2019. Actively looks to make initial seed-capital allocations of \$5 million to \$20 million. Looks for investment teams with superior performance in niche strategies in exchange for investment and operating capital, infrastructure and other support. Has entered into 33 seed deals over the years, including 11 via a drawdown investment vehicle set up with Macquarie.   |
| <b>Navigator Global Investments</b><br>Brisbane, Australia, and New York | <b>Ross Zachary</b><br>212-991-1028<br>rzachary@navigatorglobal.com.au | Established                    | Accelerated the planned purchase of stakes in six hedge fund managers owned by Dyal Capital, now called Blue Owl, in January 2024, instead of 2025. The arrangement has increased the market cap of Navigator, which is traded on the Australian Stock Exchange, to around \$650 million, while Blue Owl increased its stake in Navigator to around 50%, from 36%. Those six managers – Bardin Hill Investment, Capstone Investment, CFM, MKP Capital, Pinnacle Asset Management and Waterfall Asset Management – were running \$51 billion as of June 30, 2024. Other minority stakes include positions in opportunistic credit investor Invictus Capital and real estate lender and equity investor Marble Capital, both of which Navigator acquired in 2022. A third is Sydney-based Longreach Alternatives, which seeks to build its own stable of alternative-investment firms, of which Navigator bought a stake in 2021. Owns all of multi-manager Lighthouse Partners, whose assets were \$16 billion as of June 30, 2024. |
| <b>Paamco Prisma</b><br>Newport Beach, Calif.                            | <b>Michael Rudzik</b><br>949-261-4900<br>mrudzik@paamcoprisma.com      | Startup, Emerging              | Longtime investor in early-stage hedge funds launched seeding program dubbed Launchpad, which made its first investment in September 2019. Since that time, the program has helped launch four teams with allocations from about \$50 million to more than \$100 million.  |

➤ See BACKERS on Page 9



## HEDGE FUND BACKERS

| Sponsor                                    | Contact   | Firm Types Targeted | The Skinny  |
|--|---|---------------------|---|
| <b>Paloma Partners</b><br>Greenwich, Conn. | <b>Kristin Cohen</b><br>646-946-4507<br>recruiting@paloma.com     | Startup             | Donald Sussman's multi-strategy firm has a long history seeding hedge funds that include startups that became prominent firms. Recent strategic investments include Model Six and OC Investment Management. Firm abruptly removed its chief executive and co-chief investment officer, Neil Chriss, in March, and has renewed its focus on growth. Paloma is actively hiring top talent to strengthen both its investment and operations teams. Known for its substantial starting allocations, the firm consistently seeks out and nurtures high-potential managers. Beyond its latest investments, Paloma has seen notable success with other seeded partners, including Aquatic Capital, backed in 2019, and Sona Asset Management, seeded in 2016 and now managing more than \$8.3 billion as of July 2024. Founded in 1981, Paloma has a long-established track record in seeding, with past successes including D.E. Shaw, LMR Partners and Squarepoint Capital.  |
| <b>Stable</b><br>New York                  | <b>Erik Serrano Berntsen</b><br>212-808-2074<br>info@stableam.com | Startup, Emerging   | Just in 2024, the seeding industry's most active hedge fund player committed \$250 million to Annapurna Capital, which began unwinding this month following the unexpected death of Annapurna Capital founder Deep Kumar; more than \$100 million to co-founder Charlie Penner's Analm Capital, helped launch former Senator Investment executive Bogdan Cosmaciuc's Tribune Investment with \$100 million, and provided \$100 million to launch SaddleRock Capital, led by Ari Herman, a former partner at Brahman Capital. Meanwhile, Stable also in September provided an acceleration deal to Laburnum Capital, an active long-equities manager based in New Delhi, India. And it's heavily focused on seeding private credit startups. That follows a \$300 million allocation it made to ClearAlpha Technologies, a multi-strategy startup in which AQR Capital co-founder Cliff Asness was also a backer. Stable provides seed and acceleration capital to a variety of startup and emerging alternative-asset managers, including hedge funds and private equity and venture capital firms. Erik Serrano Berntsen is founder and CEO of Stable. |
| <b>Stride Capital</b><br>Westport, Conn.   | <b>Don Rogers</b><br>203-569-8920<br>drogers@stridecapital.com    | Startup, Emerging   | Stride generally invests \$25 million to \$50 million in later-stage and startup managers and is pursuing new investments. Last-known deal was an acceleration infusion into Zama Capital in 2020. That firm is run by former Mason Capital portfolio managers Alex Eiseman and Emilio Gomez-Villalva. Other deals include Johkim Capital and Greenhaven Road Capital. Stride also looks to co-invest with other managers.  |
| <b>Tiger Management</b><br>New York        | <b>Alex Robertson</b><br>alex.robertson@tigerfund.com             | Startup, Emerging   | Founded by the late hedge fund and seeding legend Julian Robertson, Tiger Management's seeding business is led by his son, Alex Robertson. Has deployed \$1.5 billion into more than 70 startups since 2000. Jonathan Locker, a former Tiger Global partner, joined Tiger Management last year as its president. Deals in 2022 include with Sellaronda Global, which is led by portfolio manager Gor Ter-Grigoryan, and a \$35 million allocation to Tall Trees Capital, led by former Discovery Capital analyst Lisa Audet. In 2019, Tiger Management increased amount it is willing to invest to \$50 million or more.  |

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## Valmar ... From Page 1

diversification and capital efficiency. The fund will be largely comprised of market-neutral strategies but will also include momentum strategies to boost performance, with an overall goal of capturing the market's upside while reducing volatility.

Valmar is targeting managers specializing in mid-frequency trading strategies, including basis arbitrage, statistical arbitrage, funding-rate arbitrage, market-making and momentum strategies.

Valmar's aim is to generate returns of 30% to 40% annually, with volatility of 10% to 15% and an unusually high Sharpe ratio of 3.

The fund's expected assets at launch couldn't be learned. A formal marketing campaign isn't scheduled to kick off until the first quarter.

The launch comes at a time of apparent renewal for an asset class that has, by turns, enticed and repelled the biggest investors in recent years, a period marked by both stunning gains and high-profile implosions that erased billions of dollars in a flash.

A survey of 277 institutional investors in March by EY-Parthenon, an arm of **Ernst & Young**, found growing interest in and allocations to digital assets and related products among that cohort, calling the introduction of exchange-traded vehicles earlier this year "an important

moment and catalyst for both traditional financial firms and institutional asset investors in the evolution of digital assets."

The percentage of respondents who at the time said they had allocated more than 1% of their portfolio to crypto – 62% – was expected to rise to 81% over the next two to three years, according to the report.

**Valmar's aim is to generate returns of 30% to 40% annually, with volatility of 10% to 15% and an unusually high Sharpe ratio of 3.**

The cryptocurrency market cap, which peaked at \$3 trillion in November 2021, stood at \$2.3 trillion on Oct. 22. That's up from about \$1.7 trillion at the start of the year.

Valmar's investment thesis could be attractive to more skittish investors given its primarily market-neutral approach and its emphasis on tamping down volatility.

Investment decisions at the firm will be overseen by a committee that includes a longtime credit-derivatives professional who previously managed a large decentralized-finance portfolio, as well as an alumnus of a leading Middle Eastern sovereign wealth fund.

Toscani formed Valmar in January 2023 after exiting **Saidler & Co. Investment Management**, the Swiss family office of **Martin Saidler**, the founder of financial-technology firm **Numbrs**. Toscani helped Saidler & Co. – an early investor in cryptocurrencies – to establish its U.S. presence.

He started his career on the investment side, first as an equity trader and arbitrageur at **Bear Stearns** and then as a long/short equity and statistical-arbitrage portfolio manager at **Medici Capital** in London. He then moved into business development and operations.

Prior to working for Saidler & Co., Toscani was a founding partner and chief operating officer at **TPRV Capital**, a Boston relative-value hedge fund firm that spun out of **Harvard Management** with a \$400 million anchor investment from the university endowment. The firm wound down in 2021.

Cox, Valmar's head of business development, previously was chief operating officer and head of business development at **XMonetae Capital**, a high-frequency digital-asset hedge fund manager that returned capital in 2022. Cox also serves as an advisory board member for the **Global Digital Asset & Cryptocurrency Association**. ■



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 **Clear Street**®

**Incline... From Page 1**

of **Hedge Fund Alert** parent **With Intelligence**, gained 8.1% year-to-date through the third quarter, after rising 9.1% last year.

The uplifting performance over the 21-month stretch raised the flagship fund’s annualized gain to 7.6% since inception in April 2012, outpacing the 6.2% annualized increase of the HFRI Equity Hedge Total Index during that span.

“In late Q2 and in early August/September, we were active in taking advantage of the market pullbacks by adding both new positions to the portfolio as well as to long positions that sold off, as buying our favorite positions down at highly elevated [internal rates of return] has historically sowed the seeds for future outperformance,” the New York firm wrote in a monthly update to investors. Incline Global also credited recent strong earnings reports and catalysts that buoyed some stocks.

During those 21 months, the fund had three of its five top months in 12-plus years of existence, including 11.8% this July, 12.7% in November of last year and its best-ever 21.6% in January 2023.

In its first 11 months, Incline Global Market Neutral Strategy rose 20.1%, versus a 9.4% gain for the HFRI Equity Market Neutral Index. Incline Global Market

Neutral Strategy accounted for \$6 million of Incline’s \$182 million of total assets under management at the start of this month – about a third of what the firm managed before the drawdown.

\$182 Million

Incline Global AUM

Incline Global Long Only QC, which launched with internal capital at the beginning of 2019 and had \$55 million at the start of this month, was up 14% year-to-date through the third quarter. It had an annualized gain of 12.9% since inception, versus a 14.4% annualized increase for the MSCI World Index.

“We are excited for the future set-up for our portfolio as the **Fed** has begun its long-anticipated rate cut cycle – we expect this will be a very strong positive catalyst for the continued outperformance of our long book,” the firm wrote.


Lignelli is Incline’s chief executive and portfolio manager. He founded the firm after serving as an executive at Tepper’s Appaloosa. Tepper backed Incline with \$60 million, on top of Lignelli’s \$20 million. ■



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SCAN ME

## Europe PE Vehicle Nearing Final Close

European private equity shop **Vendis Capital** is wrapping up fundraising for the latest in a series of vehicles that invest in consumer companies positioned for growth.

The Brussels-based firm was planning to hold a final equity close for its Vendis Capital Fund 4 by yearend. By midyear, the firm had commitments of €336 million (\$360 million) toward its target of €450 million.

Vendis invests in so-called “scale-up” opportunities in Europe, through buy-and-build strategies that accelerate growth via targeted acquisitions. It takes majority or minority stakes in promising lower-middle-market consumer companies, investing €10 million to €60 million in businesses that have sales of €10 million to €300

million and earnings before interest, taxes, depreciation and amortization of €3 million to €30 million.

“We assist in building the organisation to support the strategy through investments in people, systems and processes,” the firm notes on its website.

Portfolio companies include luxury fragrance, skin-care and lifestyle products distributor **Skins Cosmetics**, disc golf business **The House of Discs**, hearing protection product developer **Alpine** and photo and video specialist **Kamera Express**.

The firm raised €300 million for Vendis Capital 3 in 2019, €180 million for Fund 2 in 2015 and €110 million for Fund 1 in 2009. In addition to Brussels, Vendis has offices in Paris, Stockholm, Frankfurt, Milan and Hilversum, the Netherlands. ■

### LATEST LAUNCHES

| Fund  | Portfolio Managers   | Strategy                          | Service Providers   | Launch | Equity at Launch (MIL.) |
|---|--|-----------------------------------|---|--------|-------------------------|
| <b>Valmar Capital Fund</b><br>Domicile: U.S.<br>(See Page 1)                            | Luca Toscani<br>Valmar Capital,<br>Palo Alto, Calif.   | Multi-strategy:<br>digital assets |   | Nov.   |                         |
| <b>J.H. Lane Partners Select Opportunities Fund 1</b><br>Domicile: U.S.<br>(See Page 5) | Jonathan Neiss<br>J.H. Lane Partners,<br>New York<br>212-899-9790<br>info@jhlanepartners.com | Debt: distressed                  | Prime broker: J.P. Morgan<br>Law firms: Kleinberg Kaplan<br>and Maples Group<br>Administrator: SEI<br>Auditor: KPMG | 2024   | \$200                   |

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# THE GRAPEVINE

## Grapevine ... From Page 1

ager who focuses on the industrials sector, is set to begin at **Balyasny Asset Management** later this month in the multi-strategy operation's Los Angeles office. Bergman most recently was at **Kodai Capital**, which he joined from **Citadel** in 2020, following **Neville Shah**, a former Citadel executive who launched Chicago-based Kodai that year. Balyasny, also headquartered in Chicago, has about \$20 billion under management.

**Millennium Management** has brought on a seasoned financial-services professional as a senior business manager for strategic development. **Mike Carter** started in September at **Izzy Englander's** multi-strategy firm, six years after co-founding **V|C Broadgate**, a merchant bank focused on the asset-management and financial-services sectors. Previously, Carter was head of strategy at \$20 billion **FS Investments**, where he led the restructuring of its business-development-company program and its operations functions. His resume, spanning more than three decades, also includes a nine-year run at **Magnetar Capital** and 15 years at **Lehman Brothers**. Millennium, headquartered in New York, manages \$69.5 billion.

An associate portfolio manager with a background in credit research has joined **Point72 Asset Management**. **Brian Turner** started in the multi-strategy firm's New York office this month. Since 2021, he'd been an associate PM at **Balyasny Asset Management**. Turner earlier spent 11 years **J.P. Morgan**, where he was an executive director focused on credit research, and five years at **Banc of America Securities**. Turner's work history additionally includes stints as an analyst at both **Darling Consulting Group** and **Investors Bank & Trust**. Point72, based in Stamford, Conn., runs \$35.2 billion.

Separately, **Point72 Asset Management's** **Cubist Systematic Strategies** unit has picked up a quantitative research analyst from **Millennium Management**. **Pierre Bossuet**, who appears to be based in Paris, joined Cubist in September. He'd been at Millennium in the same role for two years.

**Daniel Ragen** joined separate-account platform **New Hyde Park Alternative Funds** in September as a senior vice president in a global business-development post. He most recently spent four-plus years as a board member and senior advisor to **Ridgedale Advisors**, a \$135 million hedge fund operator

that primarily runs global-macro and commodity strategies. Ragen is an industry veteran whose resume includes marketing and investor-relations roles at quantitative investment shop **Aspetuck Capital**, **Madison Street Partners**, **Del Mar Asset Management** and **Ritchie Capital**. New Hyde Park, founded in 2013, is based in Wheaton, Ill. Its separate-account business, **Galaxy Plus**, offers more than 35 hedge fund and commodity strategies with an aggregate \$2.5 billion under management.

**Rob Timmons** signed on this month with **Northern Trust's** hedge fund services unit, which is among the industry's larger administrators. Timmons, who's stationed in Chicago, serves as a vice president for product control. He held the same title in his previous role during a decade at **Citadel** and its market-making companion, **Citadel Securities**, where his responsibilities included implementing firm valuation policies across asset classes. His resume includes time at **Barclays** and **Lehman Brothers**. Northern Trust ranked as the fourth-largest hedge fund administrator, with a 10.8% market share, in **Hedge Fund Alert's** most recent league tables, published in June. Northern Trust had just over \$1 trillion under administration at the time.

Former **Jefferies** capital-introduction senior vice president **Erin Shae Murray** has landed at **Cassuto Design**, which provides branding and communications services for a wide variety of financial operations, with a heavy emphasis on alternative-investment managers. Murray, who started in September, is a client strategist at Cassuto Design, where she will work with new and existing clients as the firm seeks to develop materials for their use. Cassuto Design, founded in 2000 by **Michelle Cassuto**, has a staff of nine and is based in New York. Murray, who departed from Jefferies early this year, had been with its prime-brokerage unit since 2015 and earlier worked as an associate in **Credit Suisse's** prime-brokerage division.

Former **Millennium Management** analyst **Camron Tarassoly** has joined **Citadel** unit **Citadel Global Equities** as a senior investment associate focused on payments and software companies. Tarassoly, who's based in the San Francisco Bay Area, arrived at Citadel last month. He previously worked under the **Facet Capital** brand at Millennium for 17 months before exiting in August. He earlier spent time at **RS Investments** and **Wells Fargo**. ■