



Which new funds will be topping investor wish lists next year? Have last year's rising stars delivered on their potential? Find out in *HFMWeek's* annual new-launch tipsheet

BY TONY GRIFFITHS

Encompass Capital

FOUNDED October 2011
FOUNDER Todd Kantor
HQ New York

A spin-off from Citadel's reputable PioneerPath division, Encompass Capital was established by group veteran Todd Kantor at the end of 2011. The firm, which follows an energy stocks-focused strategy, is not short of backing. Launched with the blessing of Citadel bigwig Ken Griffin via a reported \$100m in seed investment, New York-based Encompass is believed to have debuted its first fund earlier this year with almost \$1bn in AuM. The debut is thought to be the industry's second biggest of the last 12 months. Kantor will act as portfolio manager and will be joined by a number of PioneerPath analysts, including Holt Calhoon, Peter Chidylo, Michael Jacobs and Jeremy Sussman.

Falcon Edge Capital

FOUNDED October 2011
FOUNDERS Rick Gerson and Navroz Udwadia
HQ New York/London

Exceeding already-high expectations, Falcon Edge Capital launched its first fund in July with \$1.2bn under management, *HFMWeek* reported exclusively at the time, having already broken the news of the firm's inception in late 2011. Investors queued up to invest in the long/short equity offering, formed by Blue Ridge Capital veteran Rick Gerson and Navroz Udwadia, previously of Eton Park Capital Management. Possessing a particularly strong operational team, featuring former Lansdowne Partners man Andrew Wright as CFO and ex-CQS pro Scott Carpenter as operations chief, New York- and London-based Falcon Edge

remains one to watch from both sides of the Atlantic. A "star performer with really good pedigree," one *HFMWeek* contributor said.

Myriad Asset Management

FOUNDED December 2011
FOUNDER Carl Huttenlocher (CIO)
HQ Hong Kong

The brainchild of former Highbridge Capital Asia chief Carl Huttenlocher, Hong Kong-based Myriad Asset Management had a less than comfortable birth, delayed by several months due to a quickly quashed regulatory complaint. The postponement, it seems, only added to the anticipation. Huttenlocher's Myriad Opportunities Fund – focused on Asia-Pacific stocks, convertible bonds, corporate bonds and derivatives – launched in late 2011 with some \$300m in AuM. *HFMWeek* sources suggest it is already around \$1.5bn, making it one of the most successful debuts of the last 12 months. Perhaps unsurprisingly, Highbridge decided to shutter its Asia Opportunities Fund, which had \$1.4bn at the time, shortly after Huttenlocher's departure – showing investor loyalty can be a powerful force.

Stone Milliner Asset Management

FOUNDED December 2011
FOUNDERS Jens-Peter Stein (co-CIO) and Kornelius Klobucar (co-CIO)
HQ London/Zug

One of the biggest launch stories of 2011, Stone Milliner Asset Management, established by a partnership of London- and Zurich-based Moore Capital employees, has carried lofty expectations from the outset. The firm's debut, revealed exclusively by *HFMWeek*,

Verrazzano Capital

FOUNDED October 2011

FOUNDER Guillaume Rambourg (CIO)

HQ Paris

The headline launch in a French hedge fund renaissance, Verrazzano Capital Partners is the eagerly awaited debut firm from former Gartmore trading star Guillaume Rambourg (pictured).

Rambourg's run-in with the FSA while at Gartmore for supposedly breaching internal rules – charges that were eventually dropped – may have led him to reconsider his French roots for his firm's base, but there is little doubt that his pedigree that has global appeal. Verrazzano's long/short equity Opportunities Fund began trading in March with \$280m, although the firm is believed to be already around the \$500m mark, despite the tough asset-raising environment. A "big player" with big expectations, said one *HFMWeek* interviewee.

"2012 has been a testing environment to launch a firm with the European Sovereign Debt Crisis being the biggest headwind," Rambourg told *HFMWeek*. "However, this creates opportunities, there



are world-class companies listed in Europe which are attractively valued. There are quality companies offering decent dividend yields with visible earnings which versus cash returns elsewhere are highly attractive."

FOUNDERS Neal Shear (CEO) and Jean Bourlot (CIO)

HQ London

Established by former-UBS executives Neal Shear and Jean Bourlot, Higgs Capital Management is the biggest new name in the commodities hedge fund space. The London-headquartered firm, which received FSA authorisation in mid-June, will focus on energy, agriculture and metals, reports from March noted. Shear and Bourlot, previously UBS's global head of securities and commodities chief respectively, have recruited Neville Atha as COO from Jabre Capital Partners, as well as Taha Ouertani from UBS, and Guillaume Menabe, previously with Merrill Lynch Commodities (Europe). A veteran of the investment banking world, Shear spent 25 years at Morgan Stanley – experience that will likely endear him and the rest of the Higgs team to the investor set.

Czech Asset Management

FOUNDED January 2012

FOUNDER Steve Czech (CIO)

HQ Greenwich

A pioneer in the direct lending space, Steve Czech's departure from FrontPoint Partners effectively sounded the death knell for the one-time Greenwich giant, with most commentators considering his fund the firm's last star attraction. At the forefront of a recent credit revolution, Czech's SJC Onshore Direct Lending Fund I is the same strategy and 12-man team – not to mention \$1.1bn in AuM – that had investor tongues wagging as the rest of FrontPoint collapsed around it, stung by a redemption wave caused by accusations of insider trading against another manager. Now going it alone, Czech, and his Czech Asset Management, has the pedigree, and timely strategy, to see success with his own brand.

was expected to be one of the few launches to reach above \$1bn in assets, thanks to a \$1bn seed investment from Louis Bacon. The Stone Milliner Macro Fund began trading in January, with reports of a 2.3% gain in Q1. Led by FX luminary Jens-Peter Stein and fellow Switzerland-based Moore trading stalwart Cornelius Klobucar, Stone Milliner also boasts Morgan Stanley directors Peter Murray and Paul Kimball, and former Rab Capital COO Adam Grant among its talent. The firm has offices in London and Zug, Switzerland.

WHARD Stewart

FOUNDED January 2012

FOUNDER Mike Stewart (CEO)

HQ London/Chichester

For a while it looked as if Mike Stewart would stay on at JPMorgan, with the posi-

tion of head of alternatives up for grabs at JPMorgan Asset Management. It came as a surprise then when plans of prop desk chief Stewart's departure, along with that of his team of emerging market prop traders, made headlines in March. The news was greeted with excitement by most *HFMWeek* interviewees, with agreement that the size and reputation of the London-based team should attract significant investor attention. Credited with a particularly strong institutional set up, WHARD Stewart received regulatory approval from the FSA in July and is aiming to launch its first fund, the WHARD Stewart Master Fund, next month, with an initial AuM target of \$150m.

Higgs Capital Management

FOUNDED January 2012



Arbalet Capital

FOUNDED January 2012

FOUNDER Jennifer Fan (pictured)

HQ Darien, Connecticut

Only in her late twenties and already boasting a reputation superior to that of many elder statesmen (and stateswomen), Jennifer Fan is widely considered one of the hedge fund industry's future stars. Investors certainly seem to agree. During

a 12-month period when \$500m-plus launches have been few and far between, the reportedly \$650m April debut of the first fund from Fan's Arbalet Capital is something of a standout. Based in Darien, Connecticut, Arbalet utilises the same commodities strategy as Fan's previous firm, fellow Darien resident Arrowhawk, which is currently winding down. Reports suggest that Fan's strategy was up 14% in 2011 as of November – a period during which Arrowhawk's other funds were flat.

JPark Capital

FOUNDED February 2012

FOUNDER John Park (CEO)

HQ New Jersey

Previously a senior portfolio manager at industry giant CQS Investments, John Park struck out on his own this year, forming his maiden hedge fund firm in New Jersey. The arrival of JPark Capital hasn't gone unnoticed. Among a group of new US firms tipped to perform well next year by *HFMWeek* interviewees, JPark launched its flagship, JPark Arbitrage, a market neutral valuation arbitrage strategy, in July, with a capacity of \$250m. Keith Danko, the one-time head of US operations for London-headquartered CQS, will be a senior advisor at Park's new firm, and will contribute operating capital, *HFMWeek* reported in June. The fund, which completed its first month with a net return of over 1%, will begin marketing to outside investors in September. "It's been a great experience," Park told *HFMWeek*. "One thing I have learned is the importance of getting top-quality legal, accounting and administrative advice."

Pleasant Lake Partners

FOUNDED February 2012

FOUNDER Jonathan Lennon (portfolio manager)

HQ New York

Founded by Jonathan Lennon, a senior analyst at JAT Capital Management, the Shumway Capital Partners spin-out that posted gains of over 12% in 2011, Pleasant Lake Partners was named by several contributors as a potential top-performer in 2012. The New York-based firm, whose debut was revealed exclusively by *HFMWeek* in June, will implement a long/short strategy. Lennon joined JAT in 2008. Other recent recruits include head of trading and

CLASS OF 2012 UPDATE

How *HFMWeek's* 20 picks for success in 2012 are getting on

Those funds that began trading in 2011 may have had the real baptism of fire, but, barring a generally positive January and February, 2012 hasn't exactly been the easiest of trading environments to negotiate year-to-date.

That said, there's plenty of success to be found in last year's list. Among the most impressive is **Paul Hudson's Glade Brook** – the Greenwich-based firm's global long/short fund is up 8.2% net through July in 2012, with AuM at \$400m. A new special opportunities fund launched last week, an *HFMWeek* source says, while **Avantium Investment Management**, founded by a former Deutsche Bank team led by **Kay Haigh** and **Arnd Sieling**, is another to have started strongly. According to sources the emerging markets-focused firm has surpassed \$600m in AuM and is up more than 5% YTD. Avantium now has a team of 14 working across its London and New York offices.

Also up in 2012 so far is the \$400m **PAMLI Global Credit Fund**, from former Highbridge man **Faisal Syed**, up 1.4% net YTD, having gained over 10% in 2011, and **Akiva Katz** and **Howard Shinker's Bow Street**, experiencing double digit

gains YTD. Both continue to add to their headcounts, sources suggest.

Elsewhere on the list, progress has been slow going. **Trend Capital**, the brainchild of former Shumway macro trading head **Ashwin Vasan**, is down 2% YTD through June, according to BarclayHedge data, while the commodities-focused **Taylor Woods Master Fund**, the Credit Suisse spin-out which had surged to \$1.3bn at the end of July, a total that led it to close to new investment, had a tough May, falling over 4% according to reports, following a solid start.

Perhaps the biggest surprise, however, has been the disappointing returns at the bigger names – notably the former Goldman Sachs contingent: **Morgan Sze's** Asia-focused **Azentus Capital** lost 4.8% between its April 2011 inception and February 2012, according to reports; **Edoma Partners**, from **Pierre-Henri Flamand**, fell 2.4% between November 2010 and February 2012; while **Benros Partners'** event driven and opportunistic fund, the brainchild of Goldman traders **Daniele Benatoff** and **Ariel Roskis**, dropped 1.7% in the nine months through February 2012.

director of marketing Brock Saunders, who arrives from a 20-month stint as the global head of equity trading for Citi's proprietary trading business in London, and Spenser Raymond, previously with Garrison Investment Group, as CFO.

Emeth Partners

FOUNDED February 2012

FOUNDERS Steve Alperin and Sara Fleiss (co-CIOs)

HQ Boston

Another *HFMWeek* launch exclusive, Emeth Partners has one of the list's less typical, if no less impressive, beginnings, having been started by Steve Alperin and Sara Fleiss of the \$32bn Harvard Management Company. Alperin spent 21 years in Harvard's emerging market equities portfolio, while Fleiss served five years as the lead analyst in the same team. The pair's Boston-based firm,

CRITERIA

Each hedge fund management firm must have been established/registered by a first-time founder or founders in the 12 months since 1 October 2011. The firms included are those deemed most likely to achieve significant future success, as decided by a panel of industry experts, including prime brokers and seeders, and *HFMWeek* editorial judgement.

which is due to launch its first fund later in the third quarter with a likely \$200m, will focus on emerging markets using event driven and arbitrage strategies. Considered one of the most innovative hedge fund investors among an already inventive endowment community, the Harvard pedigree will raise eyebrows and expectations.

Slate Path Capital

FOUNDED April 2012

FOUNDER David Greenspan (president)

HQ New York

The second Blue Ridge pro to launch his own firm on list, David Greenspan left the New York-based hedge fund colossus at the end of March after over a decade at the firm. Expect an element of competition between him and fellow Blue Ridge veteran Rick Gerson, and while

the latter's Falcon Edge may have taken an early lead with impressive day-one assets, *HFMWeek* sources suggest Greenspan's Slate Path Capital already has serious investor traction of its own. Several Blue Ridge analysts certainly have faith, with Stephen Cook and Ethan Binder among those to move across. Greenspan has also hired David Plon, formerly in Barclay's special situations group, as an analyst.

Atreaus Capital

FOUNDED May 2012

FOUNDER Todd Edgar

HQ New York

Todd Edgar, former global head of macro trading at Barclays in London, chose to launch his hedge fund manager, Atreaus Capital, in New York. And the change of scenery certainly hasn't done him any harm. Recent reports suggested the firm's

liquid global macro and commodities fund started in May with over \$300m in AuM. A sizable chunk is thought to have come from a Goldman Sachs seed deal – a seal of approval in itself. A team affair, Atreas boasts a core group that has worked together for over seven years, with Edgar sharing time with former colleagues Peter Buschmann, Dmitri Shklovsky, Sinan Gumusdis and Michael Ridewood at Barclays and, before it, JPMorgan.

Panning Capital

FOUNDED June 2012

FOUNDERS Kieran Goodwin (portfolio manager) and Bill Kelly (COO)

HQ New York

Another firm on the list headed up by a hedge fund heavyweight veteran, Panning Capital Management is the work of former King Street head trader Kieran Goodwin. Plans for Panning have been long in gestation, with Goodwin retiring from the New York-based distressed debt special-

ist in early 2010. However, news from June that a new credit offering was in the pipeline quickly built excitement – reports suggested an eight-strong investment team including former King Street senior trader Jason Vivas was due in time for an October debut. Goodwin is aiming to open to investment in November and will initially cap his fund at \$500m. Few expect him to have trouble meeting his target.

Petrarca Capital

FOUNDED June 2012

FOUNDER Robert Lacoursière (CIO)

HQ New York

John Paulson has had a post-crisis to forget, and it won't have been helped by the recent departure of partner Robert Lacoursière, his firm's head of global banks. Leaving the fund titan in June, Lacoursière teamed up with fellow Paulson alumni James Fotheringham to form Petrarca Capital in New York. Investor documents suggested the pair oversaw \$10bn of

Alcova Asset Management

FOUNDED July 2012

FOUNDER George Assaly (managing partner)

HQ London

The new venture from the former head of Goldman Sachs' quant prop trading desk, Alcova Asset Management, is expected to be one of 2012's most significant launches.

While the London-based firm isn't expected to debut its first fund, an equity-focused quantitative strategy, until at least the fourth quarter, founder George Assaly (pictured) has been busy prepping, hiring Russell Hart, formerly COO at PCE Investors.

News of the firm's creation, broken in April by *HFMWeek*, follows reports that fellow Goldman alumni Taimur Hassan, a



senior oil trader, was to launch his own firm, the commodities-focused Frere Hall Capital Management. Widely travelled, Assaly founded and ran Goldman's Asian quant trading desk in Tokyo until 2009 before assuming the same role for Europe, the Middle-East and Africa.

investments at Paulson. But Paulson's loss is the investor community's gain, says one FoHF manager. "We do not see systematic high-quality work being done on the banks outside G8, so for them to apply their toolkit to banks in faster growing parts of the world on a comparative basis could be really interesting."

With institutional-grade Asian hedge fund firms boasting less traditional strategies at a premium, Payer's fund, which will trade equity, fixed income and FX, looks set for serious investor attention.

New Peak Capital Partners

FOUNDED July 2012

FOUNDER Massimo Bertoli

HQ London

One of the last firms on the list to be christened, New Peak Capital Partners was registered in May, not long before details of the firm's plans broke. The London-based firm is the creation of former special situations chief at industry giant Och-Ziff Capital Management, Massimo Bertoli, who quickly recruited Stephen Sales from Marble Bar for a key operational role. Speaking to *HFMWeek* in early July, prime broker sources said interest in Bertoli's start-up was likely to be high as a result of his impressive past at Och-Ziff, with reports also suggesting that a Goldman Sachs seed deal was in the offing. Expected to debut its first fund in November, New Peak appears primed for success.

Voltex Asia Capital

FOUNDED June 2012

FOUNDER Jean-Noel Payer (CEO/CIO)

HQ Hong Kong

Expected to be one of the biggest Asian launches of 2012, Hong Kong-based Voltex Asia Capital is thought to have over \$250m in commitments already. Founder Jean-Noel Payer, a former Nomura Holdings trader, is aiming to launch his first fund in September, according to reports, with commitments from US investors. French national Payer led the volatility team for Nomura's former Global Opportunities Group proprietary trading head, Benjamin Fuchs, who also started his own Hong Kong-based hedge fund, BFAM Partners, last year.

that Saigal would debut his Singapore-based firm's first fund, a global emerging markets multi-asset strategy, by July, aiming to hit \$1bn AuM in its first year.

Nuvest's portfolio manager, Tanuj Dutt, also boasts an impressive pedigree, having established the Asian equities quantitative research team at Ken Griffin's Citadel. Saigal is also a consultant at GIC, the eight-largest SWF in the world and an investor in Nuvest.

Nuvest Capital

FOUNDED February 2012

FOUNDER Aje Saigal

HQ Singapore

The only new firm on the list whose founder boasts significant sovereign wealth fund (SWF) experience, Nuvest Capital was established by Government of Singapore Investment Corp (GIC) veteran Aje Saigal. Reports in May suggested

