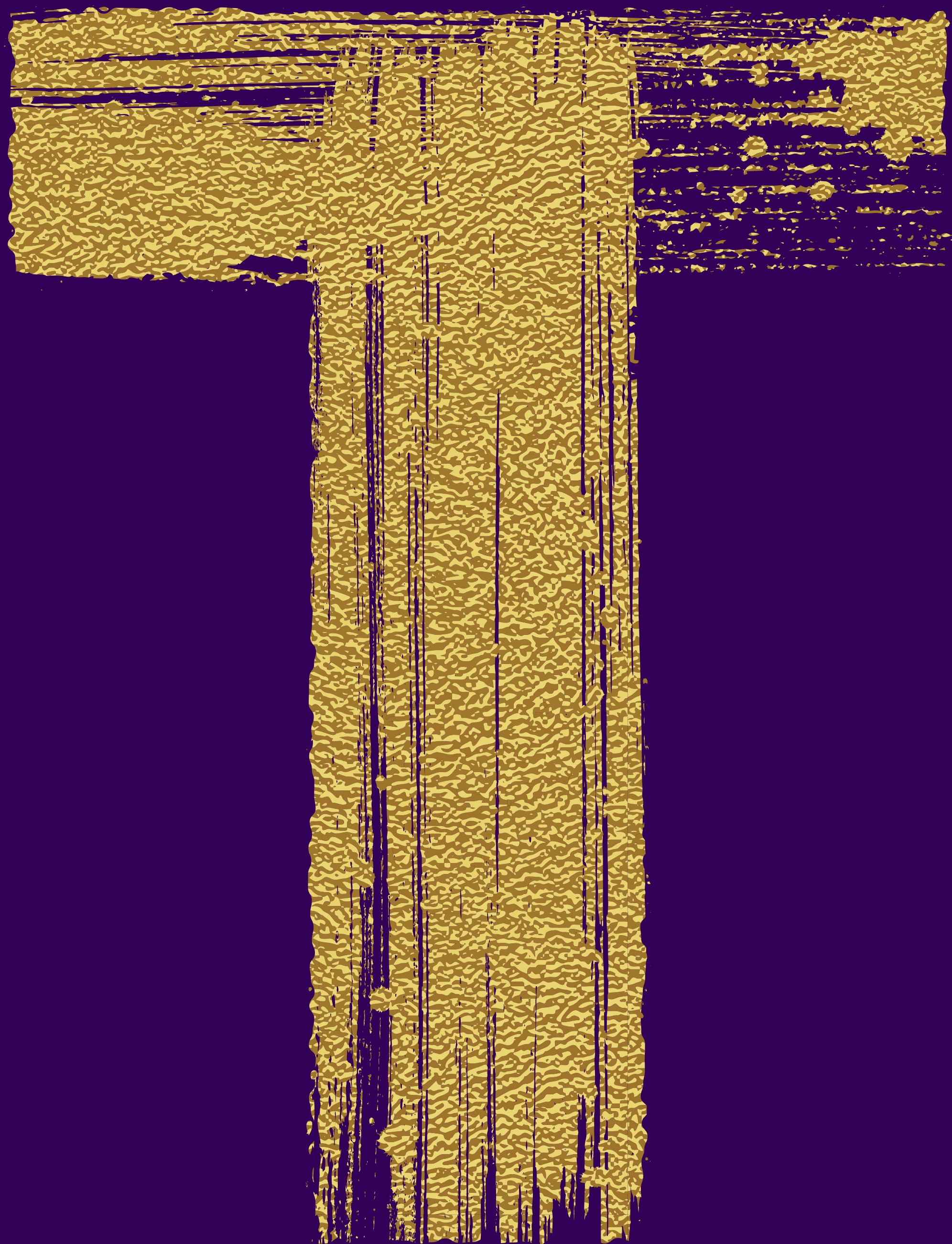

2024

Tomorrow's *Titans*

the hedge fund journal

TOMORROW'S TITANS 2024

Introduction

Fifty Rising Stars

HAMLIN LOVELL, CONTRIBUTING EDITOR, THE HEDGE FUND JOURNAL

The Hedge Fund Journal celebrates its 20th anniversary in 2024 and has been publishing the Tomorrow's Titans report on rising star hedge fund managers since 2010. It has been an annual report since 2020, and since 2021 has run a mix of short and extended profiles.

It would be easy to write an AI program trawling through US SEC regulatory filings to find the largest launches, without the blessing, consent or even knowledge of the managers – and indeed a high proportion of content at some of the largest financial media outlets is reportedly AI-generated. None of our content is AI generated, all of it comes from engagement with managers, and more to the point, this report is not an asset-based ranking. Assets range from tens of millions to billions. Notably, Eva Shang's Legalist has grown from ten million to one billion of assets during a period when some billion dollar launches shut down, so day one size is not necessarily the best predictor of growth. Anyway, a forward-looking report should accommodate innovative, specialist and niche strategies where scalability can grow over time.

Most of the managers in this year's report launched their own firms during the past five years, though we do also have several who have joined established firms such as Green Ash Partners, Ocean Leonid, Trium Capital, High Ground Investment Management, Aspect Capital and Gresham Investment Management to launch a strategy, and one, Argosy-Lionbridge Management, that partnered with a private real estate investor, Argosy Real Estate Partners.

Three of the firms featured in this report are new multi-strategy and multi-manager platforms: Zachary Levitt's Opus One, Gary Selz's Zero Delta Funds and Scott Treloar's Noviscient. Many of the industry's biggest firms, managing tens of billions of dollars, are multi-strategy, but the model can also work for smaller assets and niche strategies. These platforms could potentially allocate to some other managers in the report.

The featured managers are not just first-time launches; some are onto their second, third or fourth launch. One, Priya Kodeeswaran of Katamaran, has re-launched the same TMT strategy at four firms over the course of 20 years.

None of the managers have featured in previous Titans reports.

Strategy mix

Over 60% of the managers run discretionary strategies; over 20% run systematic strategies; and just under 20% are effectively hybrid. The largest group run discretionary equity long/short strategies with a sector focus, these include real estate for Argosy-Lionbridge, consumer for Telsey, cyclicals for Konektis, healthcare and technology for High Ground, biotech for Cutter Capital, decarbonisation related for Walnut Level, technology, industrials and renewables for 221B and transportation for West Brow. There is also a more thematic strategy, Sina Toussi's Two Seas Capital, focused on litigation-driven events across sectors.

Long/short equity is the largest strategy group, but there are four managers trading equity volatility, four trading commodities, three trading currencies, and one in each of convertibles, Nordic high yield, US municipal bonds, while another focuses on litigation finance and government receivables. There are also two managers specialised in equity capital markets, of which one, Lykos, is something of a hybrid public/private strategy that also does pre-IPO private equity.

Systematic strategies include alternative markets trend followers Gresham and Ocean Leonid. Many managers, including Vadantia and Terreplein, are using AI and machine learning for part of their process. Sydney Quantitative, Omphalos Fund and Artellium run dedicated AI and machine learning strategies.

Previous firms

Artellium started their careers in strategy consulting at McKinsey and Roland Berger, while the founders of Omphalos worked in technology before applying it to finance. But most managers have previously worked for other large asset managers, hedge funds or former family offices of erstwhile hedge fund managers. They include giants such as Allianz Global Investors, BlackRock, Blackstone, Brahman Capital, Brevan Howard, Caxton, Citadel (and affiliates), D.E. Shaw, Man Investments, Millennium Management, Moore Capital, Pictet, SAC Capital Advisors/Point72 Capital Management, RWC, Tudor, Soros, TCI, VR Capital and York Capital. Other managers hailed from smaller and medium sized firms, including Edesia Asset Management, FORT Investment Management and Majedie. One worked for Stanford University's endowment manager, Stanford Management Company. A few were proprietary traders at Barclays, Goldman Sachs, Xanthus Capital, Chimera Securities and Epoch Capital.

Locations

Twenty one are located in the Americas; eighteen in the US, one in Cayman, one in Quebec, Canada and one, WHG, in Brazil. Outside the US Tri-State area of New York, New Jersey and Connecticut, there are managers in Chattanooga, Tennessee; Denver, Colorado; Matthews, North Carolina; Chicago; Los Angeles; San Francisco and its neighbour Oakland.

Twenty three of the managers are based in Europe. Thirteen are in the UK, four in Germany, two in Switzerland, two in Sweden, one in the Netherlands, one in Cyprus and one in Poland – the first manager physically based in Eastern Europe to feature in Titans. Two managers are based in Asia Pacific, in Sydney and Singapore.

ESG and impact

The managers pursue ESG from different angles. At management company level, Evovest is a

"A forward-looking report should accommodate innovative, specialist and niche strategies where scalability can grow over time."

certified B-corp. Walnut Tree picks winners from decarbonisation, Iguana demands a decarbonisation trajectory and 221B trades renewables. Legalist is pursuing impact investing via litigation funding and lending to disadvantaged minority groups. Intalcon, Iguana and 221B have formally committed percentages of income to impact-oriented charities.

Diversity

Six of the featured managers are women founders or strategy heads: Dana Telsey at Telsey Consumer Fund, Irene Perdomo at Ocean Leonid, Eva Shang at Legalist, Jillian McIntyre at 221B, Dr Silvia Stanescu at Aspect and Dr Maria Papakokkinou at IXI. Other women-founded alternative asset managers also feature in our annual 50 Leading Women in Hedge Funds report, published in association with EY, and our Private Markets: 50 Women Leaders report, published in association with Citco.

Seeders

Seeders are not always publicly disclosed, but we can highlight a few. Scandinavia's largest hedge fund manager, Brummer & Partners of Sweden, regularly seeds new funds such as Katamaran, and Stable Asset Management remains active. In Canada, seeders include Quebec Emerging Managers' Program. In Germany, Artellium was seeded by First Private. Parag Pande's Konektis was seeded by the family office of former Blackstone executive, Hamilton "Tony" James, and is a relatively rare case where a family office seeder is disclosed. Most unusually, Legalist was supported by a venture capital firm, Y Combinator.

Platforms and service providers

Some managers work with larger prime brokers including BNP, Goldman Sachs, Jeffries, Morgan Stanley, Société Générale, Scotia and UBS, while Interactive Brokers serves many smaller and newer ones.

Vehicles

Most managers have Cayman, Luxembourg or Ireland funds for professional investors but Epoch sits on Swedish retail platforms that can accept as little as SEK 100 – about 10 USD.

UCITS funds are run by firms including Green Ash Partners, ThirdYear Capital, Artellium, Intalcon and Empureon, while the Trium Epynt Macro strategy is a sleeve of Trium's multi-strategy UCITS fund.

A few managers currently only run managed accounts and/or sit on managed account platforms, but some of them expect to launch funds soon.

Conclusion

Titans is our most unpredictable project with new locations and strategies cropping up every year. Our ongoing outreach, research and industry dialogue also identifies a steady stream of pre-launch managers who are likely to land in future reports.

Dr. Vincent Aita

Founder, CIO and Managing Partner
Cutter Capital Management LLP
New York

Dr. Vincent Aita launched Cutter Capital to manage a market and factor neutral long/short equity strategy actively trading US and European healthcare equities. The team seeks to employ a probabilities-based framework to harvest absolute returns based on predictions around events that potentially change the practice of medicine. Market neutral stock picking can exploit high stock dispersion, mispricings, flaws in traditional DCF valuation models, and proprietary forecasts of markets and revenues that differ from both consensus and management views. Cutter runs separately managed accounts and a commingled fund. Dr. Aita is supported by Partner/Director of Research, Calvin Nash, who is nearing a decade of market neutral healthcare investing experience; Dr. Will Olds, formerly a biotech entrepreneur and top-rated sell side analyst, Sharon Seh, who has worked in healthcare consulting and private equity healthcare investing, and Dr. Anvita Gupta, a microbiologist and former sell side analyst. Dr. Aita previously managed a healthcare portfolio and team at Citadel's Surveyor Capital. He was earlier a senior analyst at Millennium Management, and an analyst at HealthCor Management, Paramount Capital and Kilkenny Capital. He has a PhD in Molecular Genetics from Columbia University and a BS in Biology from Binghamton University.

Charlie Antrim

Founder
Walnut Level Capital LLC
Denver, Colorado

Charlie Antrim founded Walnut Level in 2020, named after his family farm in Crozet, Virginia, to trade a low and variable net exposure equity long/short strategy focused on agriculture, chemical and materials supply chain analysis. Antrim expects that decarbonization will impact trade flows, costs, and demand patterns, which will also be boosted by growing protein consumption. He has identified decarbonization themes including renewable fuels such as aviation biofuel, plastics recycling and bioplastics, carbon capture and sequestration, hydrogen steel and cement, ammonia use for fertilizers, green marine fuel, power generation and hydrogen transportation. Antrim has pinpointed 500 companies, with market capitalisations ranging from USD 100 million to USD 50 billion, in niche sectors and sub-sectors that can take advantage of these trends. Walnut Level carries out proprietary modelling to arrive at 30-60 long and short positions. Antrim also sits on the board of agriculture and equipment parts supplier, PartsASAP, and founded agroforestry financing operator, Agroforestry Partners. Walnut Level previously ran a portfolio on a multi-portfolio manager platform between January 2020 and December 2022, which averaged low teens annual net returns and profited in all three calendar years. Antrim previously worked at SAC Capital Advisors/Point72 Capital Management and started his career on the sell side at UBS, Burke Capital Group and Jeffries. He has an MBA from Columbia Business School and a BA in Economics from Washington and Lee University.

Jeffrey Baird

Portfolio Manager and Managing Partner
Merritt Point Partners
Oakland

Jeff Baird launched Merritt Point Partners in 2018 to capitalize on what he believed would be a robust opportunity set in commodity markets over the coming years. Large-scale macro forces such as decarbonization, deglobalization, and resource nationalization are creating a dynamic commodity market environment that lends itself to the firm's generalist long convexity approach. In 2024, he expects to see asset inflows into commodity markets and a pickup in overall volatility. YTD the firm has had winning positions in copper volatility, silver upsides, and short expressions in lithium. He believes ongoing trends in electrification and renewable demand, particularly solar, will underpin growth in silver and copper demand. The firm is a long-term believer in regulated carbon markets and foresees an upward trend in prices. Prior to launching Merritt Point Partners, Baird was Managing Director of Special Investments at Stanford University's endowment manager, Stanford Management Company, where he helped develop a direct investment platform across public market asset classes and sat on the Investment Committee. Prior to SMC, Baird was a Portfolio Manager at Moore Capital Management, managing energy, metals, agriculturals and softs markets. Before Moore, he was a Portfolio Manager at Caxton, also focused on commodity derivative markets. His career began on the sell side at Deutsche Bank, ABN Amro, and Merrill Lynch on commodity trading desks in New York and London. Baird has a BS in Mechanical Engineering from Stanford University and is a CFA charterholder.

Bill Baruch

President and CIO
Blue Creek Capital Management
Chicago

Bill Baruch has been trading commodities for 20 years and founded Blue Creek Capital Management in 2020. Its Metals Alpha strategy uses a mix of fundamental, technical, and sentiment data analysis to trade gold, silver, copper, platinum, palladium, and aluminum. It can take long and short positions with futures and options. It has received *The Hedge Fund Journal's* CTA and Discretionary Trader award for best-performing fund in 2023 and over two years ending in December 2023 in the Discretionary Metal Trader category. Blue Creek also runs a broader global macro strategy named Global Opportunities, which can include exposure to energy, agriculturals, equity index futures, bonds, and currencies, but generally, 40% of the program's exposure is to metals. Baruch is also the founder and CIO of Blue Line Capital, an RIA (registered investment advisor) focused on wealth management. The company was founded in 2019 and manages portfolios with single stock equity strategies, which have been substantially outperforming the S&P 500 index since its launch. In 2017, Baruch co-founded an independent introducing broker, Blue Line Futures, which advises retail and institutional clients on hedging and trading. He regularly appears on the CNBC Halftime Report. Baruch and colleagues Oliver Sloup and Philip Streible were previously commodity brokers at Lind Waldock. Baruch's finance career started with investment banking. He has a BBA in Finance from Towson University in Maryland.

Christian Beulen

Founder
Sydney Quantitative
Sydney

Christian Beulen founded Sydney Quantitative, a Quantitative Global Macro Manager with $150mm in assets under advisory, in 2022, under the regulatory umbrella of Eminence Asset Management, initially to provide trading signals to clients while building infrastructure. Fully licensed to manage external capital since April 2024, they are now looking to launch their first in-house product, the Quantitative Prop Trading (QPT) program. In 2008, Beulen, who programs mostly in Python and R, started building a platform for machine learning based trading strategies with a strong focus on over-search-resilient feature transformations, feature engineering and continuous knowledge discovery; diversified model ensembles are weighted by a custom meta optimization and the constituent models exhibit both mean-reverting and trend-following characteristics. Over the years, this platform has created strategies that have generated $20mm a year in trading profits with a Sharpe ratio above 2. QPT offers investors such as high net worth individuals and small family offices a chance to access strategies that are normally kept inside prop trading shops, because the firm currently has more capacity than capital. Prior to starting Sydney Quantitative, Beulen spent 15+ years building machine and statistical learning-based trading strategies, most recently for 6 years as

Head of Machine Learning Strategies and Senior Quantitative Researcher at Epoch Capital. He graduated as an Econometrician & Mathematical Economist from Brunel University in 2004. He subsequently went to the University of Cambridge to study "Chinese and Economics".

Dr. Aristodemos Cleanthous/Dr. Maria Papakokkinou

Chief Investment Officer/Chief Operations Officer
IXI Investments
Cyprus

Dr. Cleanthous is CIO and Dr. Papakokkinou is COO of authorized Alternative Investment Fund Manager IXI Investments, which was launched in 2018 and specializes in systematic foreign exchange (FX) trading. The strategy utilizes proprietary algorithmic models and quantitative techniques to identify and capitalize on trends in currency pairs and spot gold. The strategy is designed to capture momentum and exploit the trends while managing drawdowns. The investment approach is data-driven, leveraging high-end mathematical and statistical methods to generate alpha. Emphasis is placed on rigorous back-testing, robust risk management, and adaptive algorithms to respond to an ever-changing FX market. IXI Investments is targeting professional and sophisticated clients mostly in the EU, UK and Japan. The IXI strategy currently manages over €700 million euros across its Fund (IXI ICAV) and Separately Managed Accounts from a global diversified investor base, predominantly of institutional investors including pension funds. Dr. Papakokkinou, formerly a board member at IKOS, has extensive experience working with exotic commodity derivatives at Citigroup and FX and commodity exotics at JPMorgan. She holds a PhD in Mathematical Finance from Imperial College, London, an MPhil in Financial Engineering from Cambridge, and a BSc in Mathematics from Imperial College. Dr. Cleanthous earned a BSc in Mathematics and Economics from LSE and an MSc in Computer Science from UCL. He further specialized in Artificial Intelligence via a PhD in Computational Neuroscience at the University of Cyprus, where he applied AI algorithms to Neural Networks to model brain processes related to self-control.

Adrian Courtenay

Portfolio Manager
Green Ash Partners
London

Adrian Courtenay joined Green Ash Partners in October 2023 to re-launch the GA-Courtenay Special Situations UCITS Fund, continuing the special situations strategy that he launched at Odey Asset Management in 2019. The fund has annualised in the mid-teens with a low correlation to other UCITS hedge funds. Courtenay points to his strategy design as matching Warren Buffett's Buffett Partnership in the 1960s, twinning merger arbitrage with long-term equity investing, and being advantaged by both de-correlation and its multi-domain search for the best opportunities. In arbitrage, Courtenay has a strong track record in competitive bidding situations, combined with activist engagement. Private engagement led to an increased takeover for Canada's Noront Resources in 2021, and public engagement led to an increased offer for Australia's Western Areas in 2022. In long-term equity investing, Courtenay targets both value and growth opportunities, and holdings include or have included Hotel Chocolat, Formula One, Pershing Square Holdings, SoftBank, and Spotify. At the 2024 Sohn Conference Foundation Monaco event he presented on recent UK IPO, Raspberry Pi. Published white papers explain selected investment theses. Courtenay was previously a VP in D. E. Shaw & Co's Special Situations Group, and earlier worked for two other special situations funds: Tisbury Capital and Fortelus Capital. He has an MA from Oxford University and is a CFA charterholder.

Carl Dussault

CEO
Evovest
Montreal

Carl Dussault founded Evovest in 2017 to apply a scientific approach, using machine learning, to equity investing. The first strategy was launched in 2019 with an equal-weighted long-only fund. In April 2023, Evovest launched an alternative global equity strategy with the Evovest Market Neutral strategy with $65 million from the Quebec Emerging Manager Program (QEMP), which previously invested $35 million in a market cap-weighted long-only strategy in 2021. The Market Neutral strategy targets return above 10% and volatility below 10%. It uses a proprietary machine learning investment process, EVE™, to forecast relative returns and maximize expected returns subject to certain constraints and exposures. Controls are applied to beta, risk factors, sectors, and geographic components. The strategy is unique in having more than 60% of its country exposure outside the United States and a return profile that cannot be replicated using smart beta. Portfolio construction allows for a robust risk management process by limiting single name exposures, resulting in approximately 150 long and 150 short positions. Evovest acts as sub-adviser with Innocap as investment manager. Evovest is a certified B-Corp and a UNPRI signatory. Its exclusion policy includes the Tobacco-Free Pledge and government exclusions, while remaining flexible to meet customized, client-specific ESG requirements. Dussault previously worked at Intact Investment Management, where he was responsible for equity mandates and quantitative equity research. He holds a BBA and Master's degree in Finance from HEC Montréal and is a CFA charterholder.

Orlando Gemes

Founding Partner and CIO
Fourier Asset Management
London

Orlando Gemes founded Fourier to seek repeatable alpha from a global relative value strategy that focuses on convertible bonds. Their thesis is that credit and equity markets are often dislocated. Fourier uses big data that is housed in a data lake to aggregate, clean and analyse security prices. Fourier have developed evidence-based valuation and sensitivity models rather than only using the market standard approach with subjective inputs. Their investment process is designed to calculate accurate risk factors that allows them to identify cheap and expensive securities, which should minimise the size and frequency of drawdowns and correlation to traditional asset classes. Most of the capital is deployed using the systematic approach that has a short holding period. When the systematic approach is delivering repeatable alpha, they may also add relative value trades with a short to medium term holding period, and event-driven trades with a longer holding period. For the time being, leverage is limited to two times. Gemes formerly founded Fairwater Capital, where three of Fourier's team worked together. Gemes' earlier roles included head of structured credit solutions at Hermes Fund Managers, and portfolio management at Artesian Capital Management, Fortis Investments, and Advance Asset Management. He has a Postgraduate certificate in Applied Finance from Macquarie Graduate School of Management.

Dimitry Griko

Founder, Director and CIO
Arkaim Advisors
London

Dimitry Griko founded Arkaim Advisors Ltd, an emerging markets high-yield debt manager, in May 2022. He and his team continue to manage the top-ranked long-only UCITS fund they launched in 2018, prior to forming Arkaim Advisors. This year, Arkaim is launching an emerging markets Distressed and Credit Opportunities Fund. The approach will closely mirror the UCITS, with a strong focus on downside valuation and recovery analysis to offer a safety buffer for performing positions and act as a key profit driver for non-performing debt. Unlike the UCITS fund, the new strategy has more freedom to invest in stressed securities, including issuers imminently in default or undergoing restructurings, where Griko and his team actively engage in enforcing post-default recoveries.
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Dr. Thomas Babbedge + Dr. Yoav Git

Championing alternative commodities and fixed income trend-following

CO-HEAD and CHIEF SCIENTIST, ACAR MODEL OWNER,
MANAGING DIRECTOR QUANT RESEARCH, SAFI MODEL OWNER,
GRESHAMQUANT, GRESHAM INVESTMENT MANAGEMENT, LONDON


Dr. Thomas Babbedge


Dr. Yoav Git

GreshamQuant (GQ) was founded in 2016 by Scott Kerson, a pioneer in alternative commodity markets trend-following dating back to his time as a Partner and Head of Commodities at Man-AHL. Kerson, as the architect of the Gresham ACAR Fund, hired Dr. Thomas Babbedge in the spring of 2016 after having previously spent ten years at Winton. Babbedge wrote the code for signals, portfolio construction, cost models and risk management and since 2023 has been the model owner of ACAR and Co-Head alongside Co-Head Jonty Field, another Man-AHL alum. Kerson left GQ earlier this year having assembled an excellent team and was instrumental in recruiting Dr. Yoav Git, former Partner and Head of Fixed Income at Man-AHL, through their shared vision for more diversifying, and higher quality trend in alternative markets.

ACAR was launched in March of 2017 with $50 million of seed capital trading 43 markets. At the time of writing, ACAR trades approximately 150 markets with $1.4bn under management. GQ launched SAFI at the beginning of 2023, also receiving $50 million of seed capital and is currently trading approximately 120 fixed income markets.

GQ made the conscious decision to create separate programs for SAFI and ACAR to ensure each program has specialized research, technology and high touch execution; to ensure performance accountability, and to give clients scope to customize allocations.

Why alternative markets?

The benefits of trend strategies' alpha and, almost uniquely, positive skew, backed up by behavioural economics, are well understood. Mainstream markets are more financialized, more correlated, easier to access and are more crowded by other CTAs. A key takeaway is that alternative markets offer uncorrelated, diversifying alpha. Performance-wise, two asset classes stood out over decades and even post GFC: "Commodities and fixed income exhibit trends that are more prolonged and attractive to CTAs. The phenomenon is structural," says Babbedge.

Hit rates

GQ do not believe their own trend models are superior to other CTAs' models, but rather select markets with a higher propensity to trend. "We do not have a sharper saw, but we cut higher quality wood, and pick up larger trends more frequently. Running our models on a more traditional CTA universe would extract the same trend profits, but less often," explains Babbedge.

Illiquidity, trend and inelasticity

Sceptics may argue that the apparently better returns are mainly caused by illiquidity. GQ acknowledges that less liquid markets with slower price discovery demonstrate more autocorrelation and trend better. "However, illiquidity is a feature, not a selection criterion for markets. What is far more important in commodity markets is who trades them and why. Coal or freight have inelastic demand and supply – it may take years to build a new mine or ship, and loss-making assets can operate for years. Price therefore must do all the heavy lifting," clarifies Babbedge.

Inherently decorrelated commodities

GQ explicitly construct portfolios to maximize heterogeneity, risk factors and diversification, rather than the number of markets. "For commodities, we trade real-life physical assets that must be harvested, extracted or generated. The lack of fungibility provides a higher quality covariance matrix and this goes beyond measuring a low mathematical correlation. There is inherent heterogeneity seasonally, physically and regionally. Nuclear-generated French electricity and the Brazilian corn harvest are not just two numbers on the screen; they stand apart from each other and from most financial instruments," points out Babbedge. Even in some traditional commodities such as Brent crude or West Texas Oil, longer maturities are more physically driven and less financialized.

Energy transition (coal/nuclear/renewables), electrification, the rise of AI datacentres, climate change, re-armament, food security and China are big themes driving ACAR's markets. Babbedge has some personal experience of energy transition – he is a director of Archipelago Yachts, which is developing the first sustainable leisure craft, using recyclable aluminium with methanol-to-hydrogen fuel cells.

Policy and fixed income

Meanwhile, fixed income markets are driven by central bank policy, concerned with the economy rather than profits. "This creates carry trades that drive long term money flows" says Git.

Capacity

Certain individual alternative markets may be larger and more liquid than some traditional futures, but a diversified portfolio of alternative markets is not always scalable. Babbedge argues that, "Some larger alternative CTAs have become more correlated to the typical CTA because they are managing capacity based on their biggest markets, whereas we optimise capacity based on our smallest markets". ACAR is already approaching current capacity, while SAFI can deploy substantially more assets.

Adding and deleting markets
Capacity can be a moving target. ACAR's number of markets has increased from 45 at launch to 150, but at least a few have been removed. "Black Sea wheat became untradable after Russia invaded Ukraine," says Babbedge.

Babbedge has watched developed coal market volumes decline as carbon volumes increased and markets proliferated over the past 7 years. "We constructed a portfolio of regulatory and voluntary carbon markets with an internal correlation of 0.1. For instance, in 2023 California credits rose on regulatory issues while nature-based voluntary credits were in a secular bear market on greenwashing and credibility concerns," says Babbedge.

The China markets tally has grown from 20 to 50, but their overall weighting has not increased from a typical level around one quarter of the book. Liquidity needs to be closely watched in China, since regulatory intervention can vaporize liquidity, as seen in thermal coal in 2021. Swaps are used to mitigate counterparty and political risk.

SAFI currently trades Chinese swaps and FX and is exploring a move into government bonds with counterparties. "We have been engaging with the CSRC in China to suggest changes," says Git.

All potential new markets demand deep liquidity analysis of volumes, open interest and most importantly costs. "We have been proactive in sourcing liquidity. We asked a local Japanese broker to get US registrations to provide additional quotes for an electricity market," says Babbedge. ACAR scours the globe for the most liquid ways to play themes. "Generally, commodity equities are a noisy way to play the commodity, but uranium exposure is obtained via swaps on a physical trust that beats futures liquidity," explains Babbedge.

Frontier markets are being researched for liquidity and must be daily tradable, but even some developed markets fall short: "We have yet to find suitable counterparties for Australian inflation trading. We ideally want at least 3 or 4 quotes," says Git.

BTC and ETH crypto futures on CME have been traded for 5 and 3 years. "More comfort on regulation and counterparty risk would be needed to trade other crypto in ACAR," says Babbedge.

SAFI and tactical fixed income opportunities
A fixed income shop might have seemed the obvious place to launch SAFI, but Git swiftly turned the dream into reality at commodity specialist Gresham. "We have built our unique simulation framework, portfolio construction algorithms, risk management, execution, broker relations and back office," says Git, a life-long fixed income geek. Starting at Credit Suisse he developed the bank's risk models for CDOs, High Yield bonds and mortgage-backed securities.

"The diversification in fixed income is not as natural as in commodities and needs to be created by careful portfolio construction and risk management," points out Git. "The US is so pervasive in fixed income that it is very hard to avoid exposure to US interest rate risk, but our risk management sure tries," says Git. SAFI trades mainly delta one credit, rates, inflation, EM bonds and FX. "Instruments selected need to be operationally feasible to leverage and short, at reasonable cost. Catastrophe bonds are one example of a market not well suited to this, while interest rate swaps are ideal," says Git. SAFI trades both cash and derivative markets, though not the basis.

SAFI is not duration neutral and has in early 2024 been running with a negative duration bias. Unlike ACAR, SAFI is roughly 50% correlated to Société Générale trend index strategies in fixed income and foreign currency markets but has so far outperformed, even during crisis. In March 2023, SAFI lost two thirds of one-year's volatility, whereas the SG CTA Index lost over one year of average volatility. "We were not in the US market when bonds started rallying, though there was some impact from other fixed income markets. The spike in correlations, combined with some faster short term risk indicators, led us to cut risk by 60% in three days. We always look at multiple signals to increase diversification and the strategy has managed risk well in the crisis, performing well over the subsequent year," says Git.

Carry and currencies
"In many ways, trend in fixed income is the art of safely collecting carry premia across diverse markets," says Git. Carry is an important part of fixed income trend following returns and is a strategy in its own right, consuming 10-20% of risk, which Git believes is less than in some other CTAs. "Usually carry and slow momentum are very correlated but carry gets over allocated by SAFI at turning points of curve inversions or sudden rate changes," he explains.

Currencies average about 10-15% of SAFI risk, depending on diversification benefits against rates, inflation and credit. "The last two years have seen a resurgence in currency returns; as different central banks grappled with different inflation cycles, carry (and momentum) have been staging a comeback. We love the economic divergence we finally see in the fixed income space: diversity (and interest rates differentials) is what SAFI thrives on," enthuses Git.

Curves, inflation and volatility
Beyond the predominant price-based trend signals, SAFI models also heed inflation, yield curves, and volatility surfaces both for signal generation and risk management. Liquid options are a small part of SAFI, constructing a more precise implementation of trend, rather than taking a view on volatility.

Inflation risk is likely to average around 5-10% of the book, alongside emerging market macro, developed and emerging market credit, and some other credit subsectors.

Yield curves are a signal, but relative value trades are less interesting as they need more leverage and would eat up more of what is already scarce capacity. Where two related markets or maturities are trending in opposite directions, SAFI can end up with unintended spreads, but carefully ensures that risk is controlled.

Proprietary technology
Babbedge, Git and other researchers do their own coding, but code must also be approved by a peer review process. The platform is shared between ACAR and SAFI, in part to mitigate the risks of overfitting and to foster cross-sector research. The underlying codebase is now more efficient and flexible thanks to the GQ Technology Team, led by CTO Tom Flannaghan, who is ex-Cantab (now GAM Systematic), and who explains, "Most coding is in Python, but we have a bit of Java Script for front end visualisation". His dedicated technology team manages data and operations. Proprietary systems apply to PMS and RMS, but third-party OMS and EMS are used.

Appropriate execution
GQ take the view that liquidity, trading costs and execution matter more for alternative markets. Git's paper, *The Waiting Game*, argues that slower, multi-day, execution algorithms are more appropriate to CTA alpha and trading speeds, especially for alternative, more expensive, markets. GQ believe that execution costs are significant in less liquid markets and can share cost estimates with clients. Specialist execution experts are incentivized to mitigate these costs. Three of GQ's eleven staff work in execution: a Head of Commodities Execution, Scott Klipper, who carried out the first ACAR trade back in 2017, a Head of Fixed Income Execution and a recently hired ex-Citi rates trader.

Diversification benefits and joint vehicle
GQ expect ACAR and SAFI should offer better diversification for a 60/40 portfolio than a traditional CTA and are complementary to traditional trend CTAs.

There is also a strong diversification benefit from combining SAFI and ACAR. Their correlation has been 2% in long run simulation and 13% in live performance. Half of SAFI clients are also invested in ACAR.

It is possible to invest in SAFI and ACAR together with performance fee netting. The allocation split is nominally 50/50, which is nearly equal on a risk basis given SAFI's 15% and ACAR's 12.5% annualized volatility targets. "Our target is to offer allocators flexibility in accessing premium, capital efficient, diversified CTA exposure they cannot access elsewhere," concludes Babbedge. ◆

TOMORROW'S TITANS 2024

Simon Cotterill

A polymath approach to currency trading

FOUNDER AND CIO
VADANTIA, ZUG, SWITZERLAND

"Simon is an extraordinary trader in terms of his process and performance," says Vadantia board advisor, Blair McPherson, who is helping to institutionalize the organizational structure and help launch a Cayman fund. The strategy has profited in every calendar year from 2017 to 2023, with annual returns ranging from circa 20% to 50%, and leverage averaging 6 times. Very few currency strategies have generated consistent long-term alpha, at least over the past decade, but Vadantia – a name adapted from Abundantia, the ancient Roman goddess of abundance, money flow, prosperity, fortune, valuables and success – is an extraordinary exception. "It is all built on our systematic process based on patterns of price movements, and even the discretionary parts are very process-driven, disciplined and procedural," says Cotterill.

Vadantia trades various combinations of G10 currencies, against the USD and other pairs, as well as gold and silver. The strongest two years have been 2018 and 2022, when advanced pattern recognition worked especially well at identifying repeatable entry and exit levels. Market volatility in 2018 and 2022 was not the primary driver, and the opportunistic strategy itself has no fixed volatility target.

The strategy has had 3 double digit percentage losing streaks of 4-5 months: April-July 2020, January-May 2021, and January-April 2023, all of which were rapidly recovered from. "These were all within our range of statistical expectations. Emotionally, while these stretches were challenging, my response was measured and disciplined, reflecting my ethos to not react hastily but rather adjust systematically," recalls Cotterill.

Losses are one reason to pause trading. "Most traders just love trading and pushing buttons, but we are disciplined not only about markets but also about our frame of mind. If we are tired, or have had an argument, it may be best not to trade. Psychological factors, mental capacity and a positive psychological state are crucial for bolstering confidence and enhancing cognitive clarity to sustain long term performance," says Cotterill, who meditates as part of his daily routine, to regulate emotions and have a focused pause before work. Journalling trades consistently records the psychology behind them.

The strategy trades on average 3.8 times per day but there can be days – or even a month – without any trading. Intraday, there can be hiatuses around economic data to await reactions.

A structured multi-stage morning routine of analyzing trade timeframes, machine learning and statistical integration, helps to determine if there is an actionable trade. Discretion follows 65% and rejects 35% of model signals. "We do a lot of back testing to track missed opportunities and work out a repeatable system. The discretionary part has been valuable over longer periods to ensure a steady progression of smaller gains," says Cotterill.

Though the average holding period is just a day, longer term trends such as the Yen's multi-year decline inform strategic decision-making and trading across all time frames. "Longer term macroeconomic analysis complements shorter-term real-time market data, whereas AI-enhanced pattern recognition can pick up patterns over hours or days," says Cotterill.

15 years of trading

Before the Vadantia track record, Cotterill had great success trading his personal account and developing his trading personality between 2009 and 2014. His trading was further refined at Triton between 2014 to 2016 and former LIFFE options trader, Jason Sen, was an important mentor: "Jason gave me my first start, supporting me through every step, and guiding my trading journey," says Cotterill.

Prior to trading, Cotterill ran his own digital technology business (not connected with trading), which provided useful experience in managing cashflows, suppliers, clients, decisions and pressure. "I doubt if I would have succeeded at trading earlier. Entrepreneurship also taught me the importance of adaptability and innovation, which have been helpful in developing new trading strategies and markets. I anticipate market conditions rather than just reacting to them," says Cotterill.

Eclectic influences

Cotterill draws on influences from physics, especially chaos theory and fractal geometry: "Structures and patterns that might appear chaotic actually have deterministic elements". He is also something of a polymath, who heeds psychology and Bayesian analysis, behavioural finance, systems, programming, research and risk perspectives, and the research process is constantly evolving. "In developing my own trader personality, I have worked out what my strengths are and what I feel comfortable with, step by step. I read everything and cherry pick the elements that I believe work, adapt them, make them my own and plug them in," he explains.

For example, Cotterill has adapted *World Series of Poker* champ Annie Duke's decision-making framework to trading. "She rejects the cognitive biases of both ex-post and ex-ante 'resulting', which judges decisions only on actual or expected outcomes, in favour of a sound decision-making process. This should be based on logic, available information, probabilities and feedback loops, rather than outcomes," says Cotterill. Though Duke was a poker player, Cotterill characterizes himself as more of a Blackjack player, making decisions under uncertainty, based on risk management, balancing risk and reward, probabilities, patterns and emotional discipline. Cotterill has also adopted

Clare Flynn Levy's concepts of *Behavioural Alpha*, using psychological and behavioural analysis. Multiple inputs have been synthesized into his EmoQuant process, which combines emotions and quant to improve self-awareness and promote continuous learning.

Psychology and behavioural finance

Trading psychology complements this data with human behavioural patterns including emotional influences, biases and collective behaviour. Insights from behavioural finance are based on cognitive biases, investor sentiment and decision-making processes. "They include Prospect Theory, which looks at how loss aversion leads investors to value gains and losses differently. Herding behaviour picked up in price and volume analysis can lead to bubbles and crashes. Overconfidence leads traders to overestimate their knowledge or predictive ability, increasing volumes and volatility. Anchoring bias leads to investors using reference points such as a previous high or low price, and can inform entry, stop loss and take profit levels," says Cotterill.

Pattern recognition

Pattern recognition is at the core of Vadantia's process. "I first became interested in pattern recognition while working for Eurostar when the transport police needed to identify somebody in a crowd, before the days of AI and computer power. I had a natural talent for recognizing patterns, and then built statistical analysis to reinforce what I could see. Now the discretionary filter makes it even more robust," says Cotterill. Vadantia's pattern recognition uses statistical and visual techniques to identify complex chart patterns for different currency pairs and timeframes, providing the foundation for market analysis. Beyond traditional momentum and mean reversion models, Vadantia has identified complex, non-linear fractal patterns repeated over different timescales.

Machine learning and AI

Machine learning and AI further enhance the strategy, using real time data to be reactive, forecast risk, optimize trade execution, and distinguish noise from signals so that false moves can be faded. "Advanced techniques, including supervised learning and deep learning, crunch through patterns and trends from historical and real time data to predict and anticipate market moves. AI digests the inputs and autonomously makes suggestions," says Cotterill.

AI and machine learning also monitor changing patterns of correlations and volatility, which feed into an adaptive risk parity system designed to preserve capital and optimize returns. In early 2024, the real time models adapted to the positive correlation between gold and interest rates. Machine learning statistical analysis and pattern recognition can also pick up and respond to regime shifts such as volatility and market momentum, which may arise from geopolitical events or economic data.

"We primarily utilize supervised learning for its ability to predict future market movements based on labelled historical data, which aligns well with our pattern recognition systems. Additionally, deep reinforcement learning plays a key role in our adaptive trading algorithms, allowing them to learn and optimize performance dynamically based on market feedback," says Cotterill. In 2023, neural network capabilities were upgraded.

The data input split is 85% technical, 15% fundamentals and sentiment, but this smaller sleeve still sees innovation. New sentiment and news sentiment indicators use natural language processing (NLP) techniques to parse and interpret vast amounts of text in articles, financial statements and social media in real time.

Cotterill's discretionary judgement still pulls the trigger on trades. He views the combination as greater than the sum of the parts, creating a robust framework to enhance market insights and trading effectiveness, adapting to complex market conditions.

In-house coding and systems

Cotterill is a self-taught Python coder, backed up by analysts, but acknowledges that the team may need a dedicated developer at some stage. The software is constantly evolving.

"Proprietary execution software systems were needed because generic off the shelf systems could not handle the necessary customization to precisely implement and integrate the advanced pattern recognition, statistical modelling and sentiment analysis techniques," says Cotterill, who also points out that proprietary systems are more secure in terms of intellectual property and client data security.

Risk management

Vadantia has developed proprietary progression and accumulation metrics, which determine optimal take-profit and stop loss points that dynamically adjust to real time conditions and performance.

Trailing stop and take-profit levels were originally discretionary but are now statistically determined based on an algorithm using technical patterns. "We do not want to be watching screens all the time, as it leads to tinkering and emotional worry. We would rather have alarms set on the charting system," says Cotterill, who can override the stop losses, but very rarely does. There is a special safety valve measure in managed accounts, Capital Guard, which liquidates all positions if a maximum preset drawdown is breached.

Stress tests use both historical and hypothetical scenarios. Markets might occasionally gap through stops and Cotterill has personally traded through gappy market events such as the Swiss Franc de-pegging in 2015 and Brexit in June 2016. Options are also used as a risk management tool.

A scalable strategy

Assets have grown to USD 32 million without any impairment of returns. Cotterill is confident that the technological, statistical and AI infrastructure can accommodate increased trading volumes, data processing, analysis and complexity while maintaining execution speed. Currently six execution venues are used as standard and Vadantia are exploring other possible liquidity providers, while managed account owners can choose their own counterparties.

Risk management will be adapted for larger trades and more instruments. The investment universe might add more currency pairs, and possibly platinum or palladium, but will probably not add emerging market FX. "To add bonds and equities, we would also need another trader. We would only add these asset classes after a lot of testing," says Cotterill. Cryptocurrencies do not currently meet his criteria for liquidity, regulation and predictability.

Cayman fund

Some clients requested a Cayman fund and some in managed accounts may migrate to it. McPherson, who has spent nearly 30 years in investment consulting and banking at firms including Towers Perrin, RBC, BNP Paribas and Apex Group, has scoped Cayman fund structuring. Auditor, administrator, custodian and other providers have been identified. The strategy will be the same and use the same leverage parameters. Board and compliance will be expanded as assets approach USD 100 million.

Ongoing evolution and readying Gen AI

"Our philosophy of markets as self-organizing complex organisms has stayed 100% the same, but 70-75% of the systems have been developed, just like cells in the body renew every 7 years," says Cotterill. Generative AI is the next frontier of research.

Vadantia currently uses AI mainly for alpha generation, portfolio construction and trade execution, as well as checking coding errors. Cotterill has already identified several areas where generative AI could be used in the investment and risk management process: "Simulating market scenarios and stress tests to find new opportunities or enhance existing strategies for alpha signal generation; generating synthetic data to test portfolio strategies under different conditions to make portfolio construction more robust and resilient; simulating trading environments to train more effective execution algorithms, reducing slippage and improving trade execution. We plan to assess the potential of generative models like GANs [generative adversarial networks] to enhance our market simulation capabilities".

It can also help in the back and mid offices: "Streamlining routine tasks such as report generation, auditing financial documents, and detecting anomalies in transaction data, to enhance back office operational efficiency and compliance".

Cotterill anticipates implementing Gen AI in the coming years but will integrate it cautiously: "We will ensure alignment with strategic goals and compliance with regulatory standards. We anticipate gradually testing and implementing Gen AI techniques as they become more mature and proven in the financial industry," he says. ◆

TOMORROW'S TITANS 2024

Seth Holm

Transportation's treasure trove of alpha

CEO, CO-FOUNDER AND PORTFOLIO MANAGER
WEST BROW CAPITAL LP, CHATTANOOGA, TENNESSEE

A pure play transportation sector hedge fund is, to our knowledge, unique, as is the manager's location, off the beaten track in Chattanooga, Tennessee. West Brow is named after the scenic mountain street that Holm resides on in Lookout Mountain, Tennessee: "It is a great place to raise a family and a lower cost business centre with no state income tax and low crime rates. We are already profitable on USD 30 million of assets, and I have no regrets about declining a New York job offer," says Holm.

West Brow received investment capital and potential working capital via a financial guarantee from local fund of funds, Lookout Mountain Capital, which is based just down the street from West Brow. Lookout Mountain was founded by Ted Caldwell, who has an extraordinary record of making seed or early investments into highly successful long/short equity managers. Since 1980, he has invested in Tiger Management (Julian Robertson), Tiger Global (Chase Coleman), Maverick (Lee Ainslie) and Coatue (Philippe Laffont). The latter three have featured in our *Tomorrow's Titans* report; Julian Robertson was already a Titan when we started this series back in 2010.

Caldwell seeks out managers who can generate superior risk-adjusted returns and Holm achieves this through superior information and trading acumen in transportation equities. Chattanooga is the epicentre of US transportation: a physical and figurative hub of activity, intelligence, established family businesses and vibrant venture capital investing. Holm had a brief spell working at media and Software as a Service (SaaS) company FreightWaves, dubbed "the Bloomberg of transportation", which provides valuable intelligence on freight and has developed dedicated SONAR software. "I got to know many public and private companies in this 10 trillion-dollar industry making up 12% of global GDP but was keen to return to my first love of investing," points out Holm.

Holm, a "son of the South" who grew up in Memphis, Tennessee, began his career researching and allocating to long/short equity managers at ultra-high net worth wealth adviser, Edge Capital, in Atlanta, Georgia. Holm admits that he learnt a lot directly from his old boss, Joe Mathias, and indirectly from Tom Claugus, whose firm GMT has spawned several other spin out funds, including long/short equity fund Concourse, where Holm and West Brow co-founder Todd Koffman earlier worked together. Concourse's assets grew but the firm's value bias was not always in favour with markets, and Holm has since learned how to moderate style exposures in his own investing.

Transportation

The Dow Jones Transportation Average of 20 stocks is often quoted as a kind of leading indicator, but the transportation sector is a far more diverse and intricate tapestry of sub-sectors, industrial and regional cycles, and mini cycles that may last weeks, months or even years. Ocean shipping alone can be subdivided into at least seven sub-sectors, which have different cycles. In 2022 and 2023 Holm was heavily short container shipping and only lightened it up because Red Sea disruptions have temporarily boosted the segment, though he expects the strength could quickly diminish if there is an Israel/Gaza ceasefire. Meanwhile dry bulk has been booming. "These dynamic and volatile cycles are ideal for long/short equity. The transportation space contains at least 350 listed global companies," says Holm, who has invested in Europe, the UK, Norway, Japan and Australia and has been more active on the short side in China.

Holm essentially focuses on the "old economy" sectors – shipping, trucks, logistics, freight brokers, planes, autos, auto suppliers and dealers and rail – while Koffman, a seasoned sell-side analyst, handles more "new economy" tech sectors, such as electric vehicles, autonomous vehicles, batteries, charging, LIDAR, green energy, and associated raw materials such as lithium or new fuel sources.

Holm seeks out some longer-term secular growth stories in segments such as less than truckload (LTL), rail or parcels, as well as nascent disruptive technology leaders, but has a real talent for reading and trading shorter term cycles. His extensive network, along with alternative data, feeds into a web of mosaic style analysis and proprietary modelling that leads to non-consensus views informing stock selection.

European deep value exposure

Holm may wax lyrical about the Tennessee lifestyle, but he is not sentimentally wedded to investing in local firms nor indeed the US market in any way. “US equities are expensive and more competitive, and transport is inherently a global market. Currently, half of the long book is listed in Europe, with market caps ranging from USD 500 million to USD 10 billion. And we earn good dividends,” Holm points out. “We are already experts in European shipping, freight forwarders or airlines,” he adds.

Old school stock picking

Of 60 ocean companies globally, 30 have equity listed in Norway (often with a Bermuda incorporation) and they can trade at 50-75% discounts to US peers. They trade on single digit PE ratios and return double digit percentages of capital through dividends and buybacks. “Since these are not overcrowded trades, they are driven by pure fundamentals rather than momentum or flows. We want to pick stocks how Buffett did in the 1950s and 1960s to do something unique and get a real edge in modern markets dominated by algorithms, passive money, pod shops and multi-managers,” says Holm.

Holm did a value screen on the neglected and hated UK equity market and came up with 25 names. In airlines, West Brow has owned low-cost carriers such as Ryanair, and has recently moved into British Airways, Iberia, Vueling, LEVEL and Aer Lingus owner, IAG. “It can cut costs, double earnings, and resume the dividend for the first time in five years. It trades on a PE ratio of 3,” enthuses Holm. In aviation-related engines, UK-listed Rolls Royce has already generated triple digit percentage returns for West Brow.

Shipping sub-sectors

Shipbuilding takes years, which means there can be gluts and shortages of supply at the same time in different sub-sectors. “Container ships have a massive forward order book with 30% of the newbuild fleet coming on stream. In contrast, tankers and dry bulk have order books that are only 5-10% of the fleet and may even be approaching zero after allowing for depreciation, scrappage and retirements,” says Holm, citing his fundamental analysis.

Yet some shipping names can be interesting despite a strong forward order book. “One Oslo-listed auto shipper, Hoegh Autoliners ASA, has a dividend yield of 35% and has done well from China becoming the largest car exporter. The firm is sitting on net cash, but we have been slicing the position and taking some profits because the sector has a heavy order book, and the closely held stock has a limited free float. We have already made 50-100% of our cost basis in dividends and doubled our cost basis on the share price,” says Holm.

Trucking

Prices are set at the margin, and it only takes a small imbalance between supply and demand to create a large price move in either direction. “US trucking has plenty of demand, but Covid created excess supply. Barriers to entry are very low – no education is needed, and it is easy to get a commercial license and a loan. During Covid there were two or three banner years when truckers, the second most popular US job after nurses, could make USD 200,000 to USD 300,000 a year. There has been too much supply,” explains Holm, who expects the 2.5 year trucking recession is now ending, has recently covered shorts and gone heavily net long. He also has a position in Volkswagen subsidiary Traton, a Class A truck maker. “We own the cheapest company at the bottom of the cycle,” says Holm.

Autos

Holm did very well out of Ferrari, which has been a fifty bagger from the start. Now he sees recovery and turnaround potential in UK-listed Aston Martin Lagonda. “Ferrari was not always the best company it is today, and AML’s brand is a notch or two below Ferrari, but trades at a huge discount on around 1 times sales and 5 times EBITDA, and can improve with love and attention,” says Holm, who has taken heart from AML’s debt refinancing and has confidence in Executive Chairman, Lawrence Stroll, who boasts a track record of spectacular turnarounds at Tommy Hilfiger and Michael Kors. Holm is also impressed by the revamped product mix including special models, scope for personalization to further enhance margins and Aston Martin Formula 1 racing exposure, which is also helpful in building the brand.

AML is a large new position and elsewhere in autos, Holm owns a more traditional value play: “Mercedes is also a long, paying an 8% dividend and sitting on USD 30 billion of net cash, as it transitions the auto mix to higher average selling prices”.

FLNG

Floating liquefied natural gas (FLNG) has become a bigger industry due to US net exports and sanctions on Russia. Golar LNG is an example of strong cashflows limiting downside and has at least two very strong catalysts. “FLNG Hilli, which is sought after for stranded gas assets, could be redeployed at much higher prices upon renewal, and Golar eyes a potential FID (final investment decision) or a new contract for their Mark II (“The Fuji”). The valuation is also underpinned by dividends, buybacks, and indications of takeover interest above the current share price,” says Holm.

High gross, low net

West Brow runs a higher gross exposure of 200-250% and a lower net ranging from 0-40% than Holm’s former firms, which ran 150% gross and 50% net: “A good stock-picker should use more gross leverage and make returns in bull and bear markets. This helps to overcome fees and lowers volatility with more shorts to mute exposure. Even so we expect to have some months up or down by 5% as a maximum target.”

Hit rates and turnover

“We are aiming for net returns of 15-20%, which should be nearly all alpha. Being right 55% of the time may be enough if we can cut losers and getting it right 60% of the time can work with the right sub sectors,” says Holm. Portfolio turnover can be high, and he can easily cut and reverse on a dime: “I really enjoy watching the tape and do find good trading opportunities”. Holm has seen tough climates for shorting and been burned in every way possible for a decade: “We have good risk management on the short side and will cut the position quickly if we need to. We are going to get it wrong sometimes”.

The short book has more positions and higher turnover than the long book, where the top ten holdings can make up half of the 20-30 holdings. The maximum position size is 10% for longs and 3% for shorts.

Style and factor risk

Holm has a natural value bias, but makes a conscious effort to control several factor exposures including size and small/mid cap. Nonetheless the average PE ratio is about 10 and there are strong dividends.

Brokers

West Brow does a great deal of proprietary research, but also does make some selective use of sell-side research. The firm recently moved its prime brokerage to UBS, which has good global coverage of transportation including European names. He also talks to Norway’s Pareto and Clarksons, where his brother works, as well as using research from his former employer, FreightWaves.

ESG

West Brow is not an ESG strategy *per se*, but it closely monitors ESG trends because regulations around carbon and sulphur can be important for sectors such as shipping, while some sorts of trucking can use electric batteries and hydrogen. “We may invest in renewables if they are really compelling. If an oil tanker has 20-year-old ships that are not compliant, we are careful about the valuation.”

Innovative fee structure

Investors can choose a traditional structure of 1.5% management fee and 20% performance fee, or some larger accounts can opt for an innovative proprietary fee structure that can charge a progressively lower tiered management fee as firm assets grow, as well as a superior risk adjusted performance (SRAP) fee, conceived by Ted Caldwell. The performance fee is based on alpha, relative to net exposure applied to the Russell 1000 equal weight index.

West Brow has outperformed this benchmark by a considerable margin and Holm remains confident of continuing strong risk-adjusted returns from some longer-term stock-picking as well as shorter term trading. ◆

→ The new fund will also have a long/short sub-strategy to crystallize the alpha that the team have been consistently showing. Previously, Griko headed investments at Everest Asset Management, managing over $1 billion. Prior to that, he headed trading at the market-neutral relative value credit hedge fund, Sanno Point, launched by former Deutsche Bank employees. He was earlier part of the proprietary trading team at Deutsche Bank New York, specializing in capital structure and convertible arbitrage. Griko's finance career started in Bloomberg's futures and options group. He holds a BSc in Economics from Towson University in Maryland, USA.

Henry Guest

Portfolio Manager
High Ground Investment Management
London

Henry Guest joined High Ground in 2023 to launch the Arbury fund, a growth-oriented European equity long/short strategy that averages 100% net exposure. Longs are multi-year compounders, especially in healthcare and technology, sectors which have outperformed broader European indices. Guest has documented a 200-year history of European innovation milestones in these sectors. He constructs a concentrated portfolio of global leaders in Europe. These companies are benefitting from and shaping secular demographic, health, consumer and innovation trends, and developing transformative products, technologies or consumer experiences. Cyclical, commodity and macro driven businesses are avoided. Guest tends to find undervalued and underappreciated growth within a universe of around 170 European companies, of which 40 might be in the portfolio or on short lists. Shorts are opportunity-driven, with absolute downside being targeted. Shorts may face secular headwinds or demonstrate poor cash conversion, suboptimal capital allocation, weak balance sheets, aggressive accounting, or be excessively hyped. Guest is particularly proud of his short track record at Adelphi, where he was a partner and senior analyst with healthcare, technology and telecoms domain expertise, picking longs including Novo Nordisk and shorts including Wirecard. He was earlier an analyst and co-portfolio manager at Cazenove. Guest has an MA in Geography from Oxford University.

Ari Herman

Founder and CIO
SaddleRock Capital
New York

SaddleRock Capital is a CEO and management focused equity long/short fund which launched in April 2024. The long strategy of SaddleRock Capital's flagship fund is to invest behind outstanding CEOs at points of positive change, running high-quality businesses trading at attractive free cash flow-based valuations. The Fund is particularly focused on new CEO situations, an annual recurring opportunity set of roughly 500 appointments per year, as well as mergers, spin-offs and other events. The Fund's short strategy focuses on inferior CEOs, deteriorating businesses, and valuation downside. Management change is a fertile alpha hunting ground for longs and shorts where two years post appointment, the top decile CEOs have generated 69% alpha vs negative 61% alpha for the bottom decile. SaddleRock's in-house investigative research process is driven by deep human diligence which develops a 360-degree view of the CEO, business risks and opportunities. Herman was previously a Partner and Portfolio Manager at Brahman Capital where he successfully executed a management focused investment strategy for 17 years. His finance career started as a healthcare analyst at Goldman Sachs. He has a BA in Public and International Affairs from Princeton University. Joining Herman at SaddleRock is Nathan Laliberte, Head of Investigative Diligence and a former reporter for the NY Times and EuroMoney Institutional Investor, who worked closely with Herman at Brahman for 9 years.

Priya Kodeeswaran

Chief Investment Officer
Katamaran Capital
London

Priya Kodeeswaran founded Katamaran Capital in July 2023, with seeding from Brummer & Partners, to trade a global equity long/short market neutral strategy focused mainly on TMT, communications, industrials and consumer discretionary sectors in the US and Western Europe. These sectors change products, services and technology faster, and exhibit higher dispersion of earnings estimates, earnings and share prices. Katamaran can also find intermittent opportunities in emerging market consumer staples, medical technology, materials and clean technology. The investment process combines traditional fundamental long/short analysis with quantitative techniques including alternative data and factor dashboards. The portfolio has 75-100 positions mainly in mid, large and mega caps and can take directional exposure up to 15%. Though single stock shorts are preferred, customised baskets can sometimes be used. Kodeeswaran conceived the innovative global long/short equity strategy at RWC in 2009, and subsequently relaunched it three times: at Man GLG in 2016, at Millennium Management in 2020, and now at Katamaran. Before joining RWC, he was a Partner of Cheyne Capital, managing a long/short strategy. Kodeeswaran's track records from Cheyne, RWC and Man GLG have averaged a Sharpe ratio around one. Kodeeswaran started his hedge fund career co-founding Avocet Capital in 2001 after working at Morgan Grenfell Asset Management. His career started at ECM Private Equity. He has a Bachelor of Commerce from McMaster University in Hamilton Ontario and he is a CFA charterholder.

Dr. Christopher Krauss and Dr. Thomas Fischer

Co-Founders
Artellium
Nuremberg, Bavaria

Dr. Christopher Krauss and Dr. Thomas Fischer co-founded Artellium in 2017 as a research and technology firm. After thorough testing of their market-neutral strategies in a prop trading setting using personal capital, they launched the FP Artellium Evolution UCITS fund in collaboration with First Private Investment Management in May 2021. Since inception, the equity market-neutral fund has delivered a Sharpe approaching one and a near zero correlation to US, European and Japanese equities. Artellium's proprietary technology stack is developed in house. It generates statistical assessments and forecasts for thousands of securities – multiple times per day and for different frequencies. Trading on these forecasts allows for capitalizing on small pricing discrepancies – leading to market-neutral, uncorrelated return streams that are stable across market regimes and business cycles. Trades are finally executed using broker algorithms, resulting in well diversified portfolios with typically more than a thousand names. Dr. Krauss and Dr. Fischer both started their careers in strategy consulting, working for McKinsey & Company and Roland Berger, respectively. Dr. Krauss and Dr. Fischer earned their PhDs. from Friedrich-Alexander University Erlangen-Nuremberg, studying at the intersection of machine learning, statistics and finance. Both are frequently cited authors in this field, with more than 1000 citations and over 15 publications in top-tier academic venues.

Nick Laster

Founder and CIO
Lykos Global Management
New York

Nick Laster founded Lykos Global Management in April 2023 – a full lifecycle investment manager seeking to partner with exceptional businesses at key moments in their evolution. The Firm pursues three integrated and synergistic sub-strategies that span public and private markets: core ECM (equity capital markets), late-stage privates, and tactical opportunities. The integration of these sub-strategies enables a more durable, resilient return profile and a degree of capital efficiency rarely seen in conventional, single product capital markets managers. The approach is an evolution of the one in which Laster made his name at Soros where he successfully built and established that firm's late-stage growth business alongside an existing ECM franchise. Lykos' timing is opportune, with IPO volumes expected to normalize into year-end and pick up meaningfully in 2025. Laster believes the opportunity in late-stage privates is as compelling as any in recent memory, and the firm has already invested in CoreWeave alongside Coatue, Blackstone, Magnetar, Altimeter, and Fidelity. Laster was previously a Partner and Portfolio Manager at Soros Fund Management overseeing Global Equity Capital Markets and Late-Stage Growth. Prior to that, he was a TMT M&A analyst at Lazard Frères & Co, and earlier an Equity Syndicate Analyst at Morgan Stanley, where Lykos Managing Director, Nick Robbins, was previously Global Head of Alternative Capital Solutions. Laster has a BA in Economics from Brown University.

Zachary A. Levitt

Founder and CIO
Opus One Asset Management
Cayman Islands

Zachary A. Levitt founded Opus One in 2024 to create a multi-manager platform for niche alpha focused strategies that are generally capacity-constrained, in niche countries, and quantitative. Managers specialize in asset classes or sectors, trading equities and ETFs in developed and emerging markets, currencies, futures, and options. The niche focus is designed to avoid portfolio and position crowding. Levitt has assembled a team of 10 portfolio managers and an executive team. Portfolio managers are global. Strategies include relative value volatility, intraday order flow, emerging markets market neutral equities, equity trend, intraday futures, multi day FX, cryptocurrency futures, artificial intelligence macro, statistical arbitrage, commodity trend and carry neutral tail hedge. There are also strongly enforced risk and drawdown limits for each manager. Some of the portfolio managers have previously worked for some of the largest multistrategy and macro hedge funds. Proprietary optimization methods and tech stacks have been developed. As of June 2024, USD 150 million has been raised. Capacity is initially just USD 250 million, though it could rise to USD 500 million and then USD 1 billion after reviews. The fees model passes through expenses and charges 20% performance. Levitt was previously a proprietary trader managing a biotech alpha capture strategy that outperformed the biotech sector during its deepest ever bear market. He studied at Queens University, where he founded the Queen's Derivatives Options Trading Society.

Bruce Mason

Chief Investment Officer
Shinfalls Commodities
London

Bruce Mason founded Shinfalls Commodities in 2023 to trade a discretionary fundamental metals multi-strategy approach. Directional, relative value, arbitrage, volatility and time spread strategies are applied to liquid ferrous, non-ferrous and precious metals, listed on the LME, Comex and Shanghai Futures Exchange. Some strategies can arbitrage price discrepancies between exchanges. Shinfalls does proprietary bottom-up fundamental analysis of supply and demand informed by flows and physical markets, and pays attention to macroeconomics, imports/exports, credit and other asset classes, as well as term structure backwardation or contango. Shinfalls constructs portfolios with futures, options, swaps and spreads offering more complex payoff profiles than delta one directional exposures. Holding periods are between 1 and 12 months. Mason expects that underinvestment in mining, government spending on infrastructure and electrification could all increase demand for metals, especially aluminium, copper and nickel. Shinfalls has returned ~+10% from its August 2023 launch to June 2024. Mason previously ran a metals portfolio for RWE generating a Sharpe of 1.26 over five years between 2018 and 2023 with profits made in all years. He earlier worked for Edesia Asset Management, which was part of physical commodity trader Louis Dreyfus, where his career began. He has a Masters in International Trade, Commodity Finance and Shipping from University of Geneva and a BSc in Zoology from University of Leeds.

Jillian McIntyre

Chief Investment Officer
221B Capital Management LLC
New York

Jillian McIntyre co-founded majority woman owned business 221B, with COO and Head of Risk Steve Plank, whose prior fund was Espalier global, a TMT long short fund backed by Stan Druckenmiller. 221B is named after the London Baker Street address of detective Sherlock Holmes. It trades a low net exposure global long/short equity strategy that marries secular themes across technology, industrials and renewable energy with deep fundamental research. 2024 themes have included AI from a technology and energy perspective where a winner is ASM Lithography, whose IPO she worked on in 1995. Marathon Digital is a winner in digital infrastructure since Bitcoin miners help decentralize the grid and have valuable power capacity. The satellite sector is being disrupted by Starlink and lower launch costs. Renewable energy winners in solar and innovation include perovskite while there are challenges with wind and nuclear power. Contrarian shorts are inspired by the 5Ms (management, mendacity, model, mania and mediocrity) and have included names such as Sun Edison, Intelsat and Carvana. At the October 2022 Robin Hood conference, McIntyre pitched a pair trade: Enphase Energy as a long and Solar Edge as a short. The fund is ESG 'aware' but focuses more on governance. McIntyre previously worked for Sir Chris Hohn at TCI UK and Art Sandberg at Pequot. Her career started on the sell side at Morgan Stanley and Merrill Lynch. She studied Accounting and Finance at Kingston University Business School. The firm gives 2% of net profits to charities including GAIN (Girls Are Investors), IDiF and others.

Eitan Melamed

Managing Partner and Portfolio Manager
Eli Circle Capital
Los Angeles

Eitan Melamed launched Eli Circle Capital in February 2023, focusing on performing credit investments. The firm primarily targets stressed credit opportunities, with a portfolio encompassing primarily high-yield bonds, syndicated and non-syndicated loans, structured credit, and litigation finance. Eli Circle has established joint ventures in asset-backed securities and multifamily construction and bridge loans. Prior to founding Eli Circle, in September 2021, Melamed co-founded Structured Liquidity Solutions, an Israel-based lending firm where he currently serves as a venture partner. In 2013, Melamed co-founded Glendon Capital, a high-yield, distressed and special situations fund. During Melamed's tenure, Glendon Capital grew to manage approximately $3.5 billion in assets. Prior to these ventures, Melamed spent several years at Barclays, where he co-led a high-yield distressed investing group managing $2 billion in assets. His finance career began in 2002 on Goldman Sachs' distressed debt trading desk and Goldman's high-yield distressed proprietary investing desk. Melamed holds an MBA from Wharton with a concentration in finance; he also holds a BS from Wharton.

Parag Pande

Managing Partner
Konektis Capital
New York

Parag Pande founded Konektis Capital in January 2023, a beta and factor neutral equity strategy exploiting dislocations between cyclical equities and their macro drivers. The portfolio runs gross exposure around 200% and usually has 25-30 pairs, with market caps above USD 5 billion, and holds them for two to three months. → p20

TOMORROW'S TITANS 2024

Daniel Lucke, Ahmet Peker + Florian Astheimer

A boutique dedicated to volatility strategies

FOUNDERS, MANAGING PARTNERS
EMPUREON CAPITAL MANAGEMENT GMBH ("EMPUREON"), FRANKFURT AM MAIN, GERMANY

(L-R): Florian Astheimer, Ahmet Peker, Daniel Lucke and Erik Wille

Spin-outs are surprisingly unusual in Germany, given that German law precludes non-compete agreements. But the former portfolio management team of the multi-billion Euro OptoFlex volatility strategy wanted to build their own boutique dedicated to advising volatility strategies, which are especially sought after hedge fund strategies in German-speaking Europe. Empureon has made a strong start by initiating three funds, Empureon Volatility One Fund, Empureon US Equity Fund and Empureon Volatility ESG One Fund which have raised over half a billion Euros since summer 2023.

The firm's name, Empureon, provides part of the guiding star for their philosophy. It is derived from the Greek word Empyreum, from ancient Greek cosmology, which means place of knowledge, freedom, light and fire. The founders' interpretation of this is a belief in empiricism and truth with no illusions, and a pure focus on the essential.

"Thus, "meaningful relationships" are an important part of the mission, and long-standing relationships with clients have helped in order for the three initiated funds to raise over EUR 600 million in 12 months," says co-founder, Ahmet Peker. "We were inspired by many books about corporate success, and Ray Dalio's meaningful relationships phrase at least passively influenced us," says co-founder, Daniel Lucke, who adds, "Having our own company with skin in the game makes a huge difference. We are a boutique focused on volatility with a lean, efficient and strong setup, and with IT systems customized to the strategy. We have a clean culture of transparency and only advise on products which we believe to be honest".

Swift launch

The company was founded and set-up by Daniel Lucke, Ahmet Peker and Florian Astheimer. Erik Wille has been with them from the beginning and will become a Partner soon. "Being the only shareholders of the company ensures complete independence and alignment of interest," argues Peker.

Over 10 years of volatility trading and research

Lucke's career started in asset allocation and portfolio management for liquid alternatives and derivatives for BHF BANK. He joined FERI Trust GmbH in 2011, helped to establish the OptoFlex strategy with another portfolio manager, and later was responsible for the volatility team including portfolio management and communication with investors. Lucke is a regular speaker at conferences and a sought-after commentator for the press. "Our team's philosophy never changed and is based on theoretically proven risk premiums. It is a robust philosophy stress tested through many environments and not fitted to any specific market scenarios. But we became more cost efficient at implementing the strategy," says Lucke.

Astheimer was also part of the same team at FERI Trust GmbH since 2016, after joining the company in 2014 and working first in the risk overlay management department. He focused on derivatives portfolio management, quantitative modeling, and trading throughout his career and has been a CFA charterholder since 2017.

Peker was previously Head of Institutional Clients at FERI Trust GmbH, having earlier been a fund of hedge funds allocator running both offshore and UCITS products, and a quantitative portfolio manager focused on researching and implementing multi-asset style and factor premia including trend and volatility at Deka Investment. Incidentally, the commitment to establishing Empureon meant Peker, who has authored books and articles on alternative investments for students and investors, recently stepped down from chairing the German Chapter of the CAIA Association, which had held volatility events.

Utilising their gained expertise and knowledge, the team has established Empureon which is currently registered as a tied agent of NFS Netfonds Financial Service GmbH and provides investment advice as tied agent.

The Volatility One strategy

The volatility strategies Empureon advises have the same three legs as the fund OptoFlex formerly managed by the team (which has also been profiled in *The Hedge Fund Journal*): the premium generated through short put positions on the S&P 500 is partly used to finance long puts on the same index and call options on the VIX; all are Cboe exchange traded with no OTC instruments. The strategy should have a recognizably short volatility return profile, and there is also a short-term element of equity risk premium since the options are not delta hedged.

Each of the three legs within each package have the same maturity, in part because, "Our team saw some bad results from other funds using calendar spreads," recalls Lucke. The choice of strikes can vary with the volatility surface and level. Take-profit rules can close some of the packages before maturity, to lock in profits. There are other rules to cover rebalancing and rolling, which also help to ensure diversification by strikes and maturities to reduce gamma and pin risk, but each package will always have three legs including the protection: "The VIX calls provide considerable convexity that can be very helpful at times. It is important to always keep tail risk hedges in the portfolio," adds Lucke.

Lucke explains why the strategy is different from other volatility risk premium approaches which may delta hedge and/or sell both calls and puts. "The strategies are not based on delta hedging because it is trend following, expensive and a delta hedged strategy would need more leverage to achieve a similar expected return. Due to the highly negative correlation between the underlying market and implied volatility, adding more leverage while delta hedging would actually result in a higher downside beta compared to the non-delta hedged approach," says Lucke. "The strategy only sells puts because they are overpriced, since risk averse investors are price insensitive and pay too much for puts," he adds.

Modestly modifying the strategy

The Empureon Volatility One Fund has also incrementally modified the strategy in ways that should improve risk management and drawdown recovery. The fund has a one-year track record. Between launch in July and September 2023, the portfolio took some time to deploy large inflows and was being ramped up towards normal levels of exposure, so Empureon suggest that investors monitor the fully invested track record starting from October 2023.

Execution partly discretionary

The strategy remains close to 100% systematic, with limited discretion over timing trades within a trading day and rolls within certain time windows. "More discretion in terms of splitting positions may be exercised during times of high intraday volatility with intermittent liquidity," says Lucke. There is also some discretion over the structuring, routing and tactics around execution. "We Germans love rules, but we as investment advisors need some flexibility regarding the initiation of trades e.g. split of positions, synchronizing multi-legs etc."

Optimising liquidity and execution

Astheimer provides more insights into the nuances of execution: "Even though the markets for S&P 500 and VIX options are among the most liquid ones, it is crucial to have access to the relevant brokers and market makers. This reduces trading costs and ensures effective price discovery in stressed and illiquid markets such as February 2018 or March 2020. We talk to liquidity providers at the exchanges to develop a deep understanding of the micro-structure of the market.

Modelling and coding

Astheimer developed the portfolio systems, assisted by Wille, who was a professional soccer player for Eintracht Frankfurt and MSV Duisburg before entering finance. Wille had been a portfolio manager in the team at FERI Trust GmbH for over 5 years before joining Empureon. Data inputs and coding are important for modelling and trading options markets. "For our research, we use state of the art options databases, of which some are better for historical data, and others have more recent data. Coding is always work in progress. We are constantly trying to optimize systems to make them more efficient and use only proprietary models to provide the best way to view and structure the strategies we are advising. We look at packages and exposures rather than hundreds of line items," says Astheimer. "All these lines of code will not fit into Visual Basic! This is why we are developing our own infrastructure and systems, which are tailor-made to our specific requirements," he adds.

Reconciliations

"A derivatives fund involves multiple parties: execution and clearing brokers, administrator, custodian as well as the management company and us as fund advisor. In order for one wheel to mesh with the other, all processes must be perfectly coordinated. Starting a new company, we implemented state-of-the-art systems and technologies to make it highly automated and efficient for all parties," says Astheimer.

Brokers

Empureon's founders have a long-standing relationship with clearing and execution brokers. "As the three funds need the best possible market access, we are constantly working on our network," says Astheimer.

Initial margin is typically low but can be higher in extreme conditions. "There are different margining methods in the market. Some are better suited for the strategy and some are not. The three funds have an efficient set up for margining and would have been able to meet margin requirements around Covid, for example. We always think of the worst case," says Astheimer.

"Netting of deltas also ensures better quotes from market makers," says Astheimer. Market makers offer tighter pricing on packaged spreads because there is less gamma risk for them to lay off than on an outright.

ESG version

There are different opinions about whether ESG derivatives need to be used for some funds reporting under SFDR category 8 or 9. Empureon's interpretation is that, "Derivatives, the underlying indices respectively, have or will come under the "look-through" regime regarding their ESG-suitability. Therefore, we initiated a standard and a future-proof ESG-compliant version of our strategy," says Peker. Therefore, Empureon Volatility ESG One Fund uses puts on the S&P 500 ESG index.

Liquidity in the ESG index puts partly depends on which avenues are chosen to access the market. "The S&P 500 ESG options have much less liquidity on screen but can be executed much better by voice. Since it is highly correlated with the normal S&P 500, market makers will make a fair price, but there is a wider bid/offer spread," explains Astheimer. It is too early to be confident about the degree of divergence.

Cash and collateral

The use of green bonds for cash management in ESG products is also subject to different regulatory interpretations. Empureon recommends green bonds to a certain extent, however due to duration and diversification criteria there is a limit for it. A lot of green bonds have long time-to-maturities, and we prefer a short duration profile for the three funds," points out Astheimer.

"Also, many brokers do not accept green bonds as collateral. In addition to green bonds, "social" or "sustainability linked" bonds could also be considered in the future.

As of August 2024, the collateral portfolio of Volatility One Fund was earning 3.6%, with an average life of 5 months. There are some floating rate notes with virtually no duration. The average credit rating is AA+. "The long-term return from the volatility strategy is expected to be 5% p.a. Adding both up gives an expected return for the fund of more than 8.5% net of fees," says Peker.

Long equities and VRP version

A third fund, Empureon US Equity Fund, combines long exposure to the S&P 500 index with the Empureon Volatility One strategy. "The concept aims to outperform the S&P 500 Total Return Net," says Peker.

Diversifying the investor base and product suite

"We have very strong relationships with clients, who want an established team they know well," says Peker. "We are focused on our own network, initially in German speaking Europe. We think investors outside of this region want to see us advertising assets in our home country first," he adds.

The investor base is mainly institutional, but a retail share class allows for B2B2C partner distribution to retail investors. Universal Investment as third-party ManCo of the funds also provides access to some passporting.

Empureon could initiate other strategies. "We are conducting research, it will take some time, but first results are promising and in-line with our philosophy of rule-based strategies and a clear and predictable return profile," says Peker. ◆

TOMORROW'S TITANS 2024

Christoffer Malmström + Måns Levin

Nordic high yield excluding energy: inefficiencies and yield pickup

CO-FOUNDERS
RIDGE CAPITAL

Ridge Capital is named after a mountain ridge, reflecting Co-Founders Christoffer Malmström and Måns Levin's passion for mountains and skiing. The firm's logo also creates a mountain pattern from the first name initials of the two founders. They got to know each other two decades ago at Stockholm School of Economics.

After finishing studies Christoffer pursued a career in finance in London and New York and Måns remained in Stockholm, but their vision and dream to join forces and build a fund together remained. In 2022 the time was right to lay the foundation for the company and in December 2022 their first fund, Ridge Capital Northern Yield, was launched. 18 months later its net performance north of 20% and a Sharpe ratio over 3 makes it the best performing SEK denominated high yield fund return in the region, in the Morningstar EAA Fund SEK Flexible High Yield Bond index, and it is also top in the Hedge Nordic NHX Fixed Income index. "When we quit our jobs we had no investor, but we had a clear vision that we would fill a market gap," says Levin.

On day one, the fund had assets of circa EUR 10 million, which included the liquid net worth of the two founders and an anchor investor. Today, the founders continue to reinvest most of the fees generated into the strategy (after covering management company expenses). Eschewing seeders, the duo owns the management company.

Though Sweden has for decades been famous for letting retail investors access hedge fund strategies, Ridge Capital ("Ridge") deliberately chose a Luxembourg RAIF structure that they had prior experience of, and which is only open to well-informed professional investors in the EU and qualified as well as institutional investors in Switzerland. "This gives us a stickier investor base that is not subject to the short-term flows of daily dealing retail funds. We like to see our investors as long-term partners," says Levin. Ridge focuses their marketing on tickets of EUR 1 million or more, though the structure can accept EUR 100,000.

Most of the investor base are financial market professionals including single and multi-family offices, high net worth individuals, pension plans, endowments and some smaller and medium sized institutional investors. Some of the investors are also "friends of Ridge Capital": a network of company owners, executives, lawyers, hedge fund, private equity and venture capital founders and partners, who provide valuable intelligence on specific companies and industries. "We use them as a sounding board to get an edge and gain insights that we believe are difficult to get from management, company owners, analysts and sales," says Malmström.

Malmström was previously part of a Nordic high yield manager that outperformed its peers and was the top performing strategy. He also has experience of private debt and direct lending, but currently judges that it offers no yield pickup vs public bond market, at least in the Nordics: "We see better risk/reward from the relatively imperfect and inefficient Nordic bond market. We do not want to be locked into a loan for 5-7 years and do not need to reduce volatility, which is a driver for many to invest in private markets". Levin, a seasoned banker, most recently from UBS, also has a broad investment background. Until today the two founders have worked closely on the portfolio management, and in September a third portfolio analyst will join the team.

Nordic yield pickups

Private debt might be relatively less attractive in the Nordics simply because public high yield already offers a ~2% pickup over continental European high yield. Ridge does not think that commodity exposure explains the pickup as this is mainly relevant in Norway. Malmström reckons that the yield pickup is mainly related to illiquidity and smaller issue sizes, and the absence of credit ratings on most paper, since ratings are prohibitively expensive for small issues. The potential investor universe may be smaller if giant asset managers cannot deploy enough capital. Additionally, Ridge knows of no CLOs in the Nordic market, though some pan-European CLOs may buy Nordic issues. They are also not aware of any ETFs or investible indices, although Malmström observes that, "The larger UCITS funds in the region follow a buy everything approach, akin to a passive index strategy".

Low correlation

The correlation between Nordic high yield and equities has averaged 0.1 and sometimes even been negative, whereas European high yield has shown a 0.6 to 0.7 correlation to equities. This is partly due to illiquidity, but also because most Nordic bonds are floating rate. With three-month rate resets, interest rate duration is very low, and Ridge has not felt the need to use any interest rate hedges, though they could do so.

Mainly Nordic companies

Ridge mainly invests in Nordic issuers, although their flexible mandate allows them to invest in issuers from other Northern European countries as well e.g. Germany, Netherlands, UK and Switzerland are fairly common in the Nordics, attracted by minimum issue sizes of EUR 50 million, 90% smaller than many Eurobonds. Equally, some Nordic companies such as large Swedish real estate firms may issue bonds in the more liquid Euro market. Most of the currency exposures are SEK, NOK or EUR. Though Ridge does not trade the largest USD denominated Nordic bond market, namely oil and gas paper in Norway, banking AT1 bonds can occasionally be USD denominated. Ridge invested in such bonds especially after March 2023 when the mini-banking crisis created a useful entry point.

The asset class is broadly attractive, but Ridge uses four main strategies for outperformance. Firstly, buying performing credits, avoiding defaults and earning carry to maturity. Secondly, buying at a discount in the secondary market to earn extra returns from pull to par. Thirdly, event driven investments looking for catalysts such as a rights issue that could be positive for creditors. And fourthly, they look for Nordic issuers that have multiple bonds in different currencies, but where the local currency bonds are trading at a lower spread. This is usually driven by the local investor base's appetite for local FX, and this discrepancy tends to get evened out by the market, creating an opportunity for short-term gains at low risk. Typically, two thirds of the book could be income seeking, though some of this is opportunistically acquired at a discount in secondary markets, and one third may be in catalyst or event trades.

Mid-teens returns

The return target is STIBOR +7% per year, including leverage and after fees. In May 2024 spreads of 600 basis points on top of the 3-4% risk free rate provides a contractual yield of 10% without leverage. Leverage up to 50% could add about 5% to this. The borrowing costs are about 1% over STIBOR.

The timing of their launch in early 2023 was ideal to take advantage of a stressed credit market. In 2023, about 60% of returns came from coupons and 40% from price increases. Over the next year, coupons should contribute more as bond prices have already risen significantly after the market recovery in 2023 and 2024.

Mainly performing debt

Though 80% of the book has no credit rating, Ridge produces their own "shadow" ratings, focused on cash flow generation to service debt and strong asset backing, estimating an equivalent credit rating between B and BB.

Ridge defines "non-performing" as where, "We think there is a severe chance the company may not be able to service its debt and debt holders may have to accelerate the bond and pledges. We can invest in these situations when we have strong conviction, and generally because we think acceleration will be a negotiating tactic," says Malmström.

Ridge does not play in distressed or loan to own, though they have experience of it. "Before starting Ridge, I participated in several debt for equity swaps and restructurings as part of my previous roles, which can be profitable though they can take time and resources," says Malmström. The fund mandate maintains the flexibility of potentially owning some equities mainly to permit freedom to participate in debt for equity swap situations. Separately, Ridge can own some equity linked securities, such as convertible bonds.

Avoiding 2023 defaults

The Swedish corporate debt market saw a default rate by volume of ~4% in 2023, according to Stamdata, with several notable ones including Cabonline, Kvalitena and YA. These were trading at deep price discount and high yields, but Ridge determined that the risk reward was poor: "We screen bonds through multiple filtering steps of cash flow generation, weak management, weak business models, weak covenants, high valuations, exogenous risk factors and poor ESG, as well as feedback from their own networks," says Malmström. Ridge likes to see tight covenants with restrictions on distributions, as well as incurrence and maintenance tests.

Sector wagers

Ridge has recently been overweight of financial sector, e.g. banks and investment companies, and the real estate sector. They have been more cautious on private equity owned issuers given the typically aggressive capital structure, loose documentation and covenant levels. Ridge started increasing real estate in late 2023 as rates came down and to exploit some very underpriced special situations. By May 2024 the real estate sleeve had reached the maximum 25% sector weight. "The exposure is mainly residential where there is strong demand, rents have risen with inflation and funding costs have decreased," says Malmström.

Most of the book in mid-2024 was in Sweden, but in late 2023 the majority was outside Sweden. Ridge does not expect to have an edge in macroeconomic forecasting but take a bottom-up view that regulation, debt management, creditworthiness and generally low default rates make the Swedish market attractive.

Leverage and stress tests

Leverage has ranged between 1.25 and 1.75 times. It can be tactically reduced to raise some dry powder, perhaps ahead of a possible summer lull or pullback. The leverage is secured on the portfolio. "A margin stress test would have been able to withstand more than double the 20% Covid drawdown in Nordic high yield seen in 2020 or the 30% drop in European high yield in the GFC," says Malmström.

Crisis hedges

Index shorts are nonetheless held to protect against a big dislocation such as a Covid crash or the March 2023 mini-banking crisis. "We buy e.g. puts on CDS index to hedge the portfolio for significant spread widening, which of course would have a negative on the prices of our existing holdings. The aim is to spend ~2% per year on hedges, which is a small part in relation to the leveraged gross yields of 17-18% in the portfolio now," says Malmström. Currently puts on iTraxx crossover are used, but Ridge has an open mandate to use option spreads, other instruments, different maturities, and so on to optimize cost and correlation.

Active portfolio management

Portfolio turnover is around 50% a year. Given an average tenor of 3-4 years, one third of this is just natural churn from maturing or refinancing bonds. Primary issues can make up as much as 30-50% of the book, which is less than for larger funds with more capital to deploy. For such funds primary market issues is the only way to invest, as volumes in secondary market are too low to meet their minimum holding requirement without moving market prices.

Modest capacity

Smaller issues mean that fund inflows and outflows can have a disproportionate impact on some funds with daily liquidity, and Ridge is very conscious of capacity constraints. Ridge has already raised EUR 100 million, about one third of its NAV capacity of EUR 300 million. Capacity including leverage of ~1.5x is about EUR 500 million, which is about 1% of the Nordic high yield market of EUR 50 billion. Market size is the criterion rather than average daily trading volumes because they are quite lumpy and much lower over the summer. "We would rather be the best than the biggest and want event driven trades to make a difference. We are not a buy-everything fund," stresses Malmström.

Proprietary ESG analysis

Ridge's ESG policies exclude about 20% of the universe, mainly oil and gas, oil services and exploration and production. Alcohol, tobacco, pornography, gambling and weapons are also off limits. Nuclear is investible but there are no local issuers. Shipping is not on the exclusion list, but spreads are currently too tight.

Ridge has developed their own questionnaire to help plug gaps in ESG ratings agency coverage. "We have discussed with many ESG data providers but given the small size of companies we invest in, these providers tend not to have very strong coverage," says Levin.

Ridge aspires to report carbon footprints as data improves. "Currently perhaps 50-60% of firms are reporting carbon data, and it is advancing rapidly in the Nordics," points out Levin.

The fund reports under SFDR 8. Ridge decided at the outset to avoid SFDR 9 due to a lack of clarity around the rules: "We would rather under-promise and over-deliver on ESG," says Malmström.

Outlook

Malmström sums up: "We work hard to outperform our peers and raise capital from investors. We will continue to build the team and recruit as the fund grows in size. We may consider new adjacent strategies when the time is right. They will be in a market where we can have an edge. One veteran Nordic investor legend compares today's high yield market to equities in the 1980s, describing it as an 'inefficient, illiquid, and imperfect market.' Those are the types of information edge opportunities we seek." ◆

TOMORROW'S TITANS 2024

Greg Morillo

Synergising private and public investing in real estate

FOUNDER AND CIO
ARGOSY-LIONBRIDGE MANAGEMENT, NEW YORK CITY

In 2024, Argosy-Lionbridge Management (ALM) founder Greg Morillo eyes a turning point in beaten down real estate equities, based on discounts, fundamental supply and demand analysis, credit market stabilisation, and nascent takeover activity. Morillo also sees a rich runway for alpha generation. The firm has just garnered a USD 60 million separately managed account (SMA) allocation from a prominent US endowment, bringing its existing assets to approximately USD 140 million.

It is not so unusual for hedge fund managers to apply a private equity mentality to public market investing, but it is unique for them to be aligned with an established private markets investor that provides an extensive network of industry contacts, real time fair values and market intelligence. "There is an extremely symbiotic relationship between Argosy Real Estate Partners (AREP) and Argosy-Lionbridge," says Morillo, who leads the ALM investment committee also containing members from AREP, which runs USD 3.5 billion in gross real estate AUM in mid-market strategies, including opportunistic, value-add, core plus, and Opportunity Zone strategies, and has 36 professionals.

ALM's long-biased strategy includes real estate investing thought leadership and high-level engagement with management and directors – and occasional activism – with the goal of achieving better corporate governance, capital allocation and operational performance. A research report by Green Street Advisors, a specialist REIT research firm, noted that ALM's constructive activism with the Independence Realty Trust (NYSE:IRT) board resulted in the appointment of veteran director Craig Macnab and a public commitment to accelerate debt reduction and exit non-core markets, all big activist victories. "This tangible progress helped IRT to obtain an investment grade credit rating, which should improve the company's cost of capital over time," recalls Morillo.

The concept had been gestating for some years: "My family is in the real estate business, and after business school my first hedge fund role was at Wesley Capital, which took a similar private markets approach to public market investing. As a senior analyst at The Talisman Group, I had my first taste of contested activist proxy contests," reflects Morillo. He launched Lionbridge in 2020 with support from a leading credit and distressed debt hedge fund manager before teaming up with AREP to form Argosy-Lionbridge in January 2023.

Volatility spells opportunity

Equity market volatility discourages some investors who seek the smoothing effect of less frequent valuations on private assets, but for Morillo these exaggerated gyrations are an opportunity. "Publicly listed real estate tends to overshoot on the downside as it is easier to exit than private markets," says Morillo, who capitalized on the Covid sell-off in 2020. More recently, the rapid increase in interest rates in 2022 has contributed to valuation discounts: "Public REITs have significantly underperformed the S&P 500 in recent years and they appear cheap on an absolute and relative basis. While expectations for the pace of rate cuts have been tempered somewhat, we believe inflation should trend lower this year and that interest rates should decline at some point. As a result, we believe the current unsettled market creates a historically attractive entry point for public REIT investors," points out Morillo.

Hunting down neglect

Morillo finds that, "Most sell-side research analysts are disconnected from what is actually happening on-the-ground with respect to operating fundamentals and valuations". His main use of sell-side research is gauging the consensus view rather than using it to discern value or form an opinion.

Limited analyst coverage and negative investor sentiment can also be a source of overlooked opportunity: "We believe our willingness to be patient and invest in situations that may be viewed unfavorably by the market or are underfollowed by sell-side research and larger funds is a competitive advantage when we invest," says Morillo.

Preferred segments

Morillo is broadly constructive on listed US real estate because he sees NOI (net operating income) growing ahead of inflation for most public REITS, which tend to be somewhat skewed to growth sectors – and avoid exposure to problematic areas such as commoditized offices or New York rent-controlled property.

Single-family rental and multifamily REITS are some of the larger themes for ALM in July 2024. "We are looking through temporary supply headwinds towards the longer-term dynamics of growing demand, and some private equity firms agree; Blackstone just took private Tricon Residential (TSX: TCN) at a 30% premium and AIR Communities (NYSE: AIRC) at a 25% premium, which were both large core investments for us," says Morillo. "Single-family rentals have a very small amount of institutional ownership but a huge runway to grow and scale up as millennials who cannot afford to buy are forced to rent." Morillo tends to favour the "Sunbelt" due to positive demographics, especially in Florida, which is seeing continued strong inbound migration from low, mid and high-income groups. ALM has an investment in Aimco (NYSE: AIV), which has prime development land in the Brickell area of Miami near where Citadel plans to relocate. ALM also has exposure to "Class B" multifamily, which Morillo views as more resilient than "Class A" assets, that are also seeing more supply growth.

In commercial property, Morillo prefers logistics. For instance, Southern California-based First Industrial (NYSE:FR) "faces short-term headwinds based on recent results with some supply pressure on rents, but with new supply slowing dramatically, market rent growth may reaccelerate next year, and the firm's in-place rents are well below market rents in many areas. We estimate FR currently trades at an implied cap rate north of 6.5%. By contrast, stabilised portfolios – without the significant embedded rental growth that exists across FR's property portfolio – are trading tighter than that today,"

argues Morillo, who has already observed recent industrial transactions at lower cap rates.
One commercial segment currently avoided is data center REITs. Morillo does not deny the AI growth trajectory but is circumspect about his Buffetesque circle of competence: "These are huge and very capital-intensive assets with some risk of obsolescence, which are hard to fully understand. We do believe we're in the early stages of the AI story, and that the impacts of it are going to be massive. A lot of computing power and energy will be needed to get there, however we are skeptical the data center REITs are as well positioned as private funds to build the infrastructure necessary to enable the technology to scale."

Similarly, Morillo only selectively invests outside equities where he is confident in his expertise: "The fund has an open aperture mandate to invest across the capital structure and often finds value in deeply discounted preference shares and corporate credit. More complex structured credit such as some CMBS is not an area I expect to focus on".

Calling a trough

Notwithstanding negative headlines around the office market, Morillo senses a trough in listed US property partly because, "Credit spreads have come down a long way; cooling inflation should eventually allow for some rate cuts and the supply/demand backdrop shows an imbalance".

Potential credit crunches may appear in the private real estate market, which is more leveraged, and more dependent on embattled regional banks, which creates a vicious circle where delayed repayments hinder their ability to originate new loans.

Financing favours public REITS, which have in-place fixed rate debt costing less than current interest rates, servicing costs well-covered by cashflows, and only 15% of their debt needs refinancing in 2024-2025; their balance sheets are in much better shape than around the GFC.

Yet private buyers may seize the opportunity before public market investors. "Very few takeovers have materialized so far because costs of capital were too high, but Tricon and AIR Communities could be the opening salvo for many more," says Morillo.

Constructivism, suggestivism and activism

Morillo was engaging with Tricon (under Canadian corporate law) on angles including a possible REIT conversion before the takeover. Most of his activism is constructivist/suggestivist and behind the scenes: "In some situations going public may be necessary, and might involve proxy contests and proxy advisers, but this can be a distraction, and we would prefer private dialogue".

Activism can involve proposals for one or more of: operations, capital allocation, corporate governance and strategy.

Morillo may act alone or with other funds. It is coincidental that real estate activist, Land and Buildings, is also an investor in AIV, but Lionbridge worked with Robotti on Creative Media & Community Trust (NASDAQ:CMCT) in 2021. "We like to be complementary to all and competitive to none. We like partners and we like to let others check our work. We can partner for skill sets or operating platforms," says Morillo.

But Morillo can still have a pivotal influence on operations. With Brookdale Senior, he addressed an awkward and mis-matched merger with Emeritus that led to an unexpected drop in occupancy: "I talked to two dozen senior operational and sales staff to work out what was going on, and later persuaded the firm to sell underperforming assets to local operators to reduce distractions and improve operating performance. We presented to the board, proposing a new CEO, sales of non-core businesses and renewed marketing efforts".

Morillo may propose debt reduction, but he learned the lesson not to invest in "good companies with bad balance sheets" earlier in his career. Engagement on issuance is also tailored to each company's capital structure and point in the cycle: "Costs of equity and debt capital are very important and one of my mentors runs a REIT with a heat map to help guide board decisions around capital allocation, with red, green or yellow zones. When the stock trades in the green zone, they can issue equity and debt accretively to buy assets, in the red zone they should pay down debt and/or repurchase shares, and in the yellow zone there is wider uncertainty about the intrinsic value of the company".

Sometimes, Morillo provides specialist financial public relations and investor relations advice. He helped AIV to address the post-spinoff complexity of a harder-to-value stub development business, which had increased cost of capital. Morillo counselled the board on how to communicate financial data and messaging to investors, with additional disclosures and an NAV supplement.

Most REITs are domiciled in Maryland, which by default allows MUTA (Maryland Unsolicited Takeover Act) board staggering, which can be used to block activist initiatives or takeovers. Three Maryland domiciled apartment REITs have so far waived MUTA board staggering in response to activism, but Morillo is not yet sure if this will blaze a trail. ALM's activism with IRT resulted in the company opting out of MUTA, which was well received by the market. "We do own some REITs that can stagger boards since this issue is only one of many to weigh up in our analysis," Morillo admits.

Indeed, activism should not be overblown as it can be icing on the cake rather than essential to the investment thesis. ALM holding, Alexander's, Inc. (NYSE:ALX), has a huge valuation disconnect: Morillo estimates the company's largest asset – Bloomberg's world headquarters in New York City – is valued at an implied cap rate of 13% despite being fully occupied and having little capex requirements. One concern is suboptimal use of a related party shareholder, Vornado Realty Trust, for management. "But it has a long-term credit tenant in Bloomberg and pays a great dividend, whether or not the management arrangement is ever changed," says Morillo.

Positive long-term outlook on logistics

ALM recently took advantage of the market's negative sentiment toward industrial REITs by acquiring shares in First Industrial Realty Trust (NYSE: FR) at a large discount to NAV. Disappointing earnings guidance and a cautious near-term outlook for operating fundamentals in Southern California, the largest industrial market in the U.S., led to a sharp decline in FR's share price amid an emerging consensus view that logistics demand is headed for a cyclical downturn driven by excess supply. Net absorption and leasing activity fell short of expectations just a few months ago as economic uncertainty and a focus on cost controls led to delays in tenant decision making.

Morillo believed this view to be misguided and that the market was too focused on FR's slowing rent growth in a handful of sub-markets and not focused enough on the sizable lease mark-to-market opportunity embedded within FR's existing portfolio. Conversations with market participants indicated that industrial cap rates declined approximately 50 basis points during the first quarter despite an approximately 70-basis point increase in Treasury yields, a sign the private market believes that the region's long term demand drivers remain intact and excess supply will be absorbed.

Shorts and hedges

The fund held a few shorts and tail hedges in 2022 but none are present as of July 2024 because Morillo views, "The whole sector as being fairly dislocated, and would not want to short a firm just because it trades at a below-average discount to NAV".

Liquidity and exiting mistakes

Liquidity is often a more important tool of defense than shorts. US equities are the mainstay of the strategy, which will rarely invest in firms with a market capitalization below USD 750 million, so that it can exit if a thesis proves wrong. One historical example was a company with suboptimal governance that did a highly dilutive rights issue to effectively defeat a proxy contest. Morillo swallowed his pride, let bygones be bygones, and moved on because other opportunities offered a better risk-reward.

Going forward in 2024, a potential combination of top-down forces – growing rents, narrowing NAV discounts, declining/stabilizing cap rates, and cheaper borrowing costs from declining spreads – are being complemented by some company-specific catalysts, and if investors do not recognize the latent value in these companies, then corporate predators may do so instead. ◆

→ Sizing of pairs is usually equal but can be adjusted to equalise their volatility or meet other risk constraints. The process utilizes deep fundamental understanding of cyclicals and their key macroeconomic sensitivities with a quantitative overlay that systematically tests the relationships for consistency and repeatability. Pande believes that passive investing, algorithmic trading, regime shifts and volatility create noise in the market that improves the opportunity set for the strategy. Cyclicals are a special focus because they are less widely traded by other market neutral strategies and have long histories with relatively low future risk of technological obsolescence, though the strategy can be expanded over time to more sectors – and equity markets outside the US. Pande's colleague, Eric Pessagno, has 20 years' experience of investing in cyclicals at Trellus Management, Karsch Capital, Citadel Surveyor and Luminus Management. Pande was previously CIO of Dristi Capital Partners and earlier CIO of equity long/short fund, Blackstone Senfina. The family office of former Blackstone President, COO and Executive Vice Chairman, Hamilton Evans "Tony" James, seeded Konektis. Pande has a BS in Economics and Biology from Duke University.

Irene Perdomo, Leonardo Marroni and William Ferreira

Co-Heads of Systematic Strategies
Ocean Leonid Investments
London

Irene Perdomo, Leonardo Marroni and William Ferreira launched alternative markets CTA, The Alt- α strategy, in April 2023 with USD 100 million and assets have grown to USD 250 million as part of a staggered seed commitment of USD 500 million. The strategy trades long and short trends in commodities outside major indices, emerging markets interest rate swaps, developed markets interest rate swaps and Chinese futures. These markets, which include agriculture, crypto, energy, manufacturing, metals and rates, are expected to show lower correlations to traditional assets, lower cross correlations, stronger trends and higher carry. Trading speeds and timeframes vary between markets. The trio previously worked at Gresham Investment Management. Prior to Gresham, Perdomo and Marroni founded quant commodities firm Devet Capital Management where Perdomo was CEO, and Marroni was CIO. Marroni was earlier an emerging markets portfolio manager at GLG Partners, a commodities structurer at Barclays, and an algorithmic trader and structurer at Banca Caboto. Prior to Gresham, Ferreira held buy side and sell technology roles including Head of Machine Learning at Man GLG, CTO for Man Systematic Strategies, Executive Director in technology at JPMorgan and Head of Automated and Electronic Trading at CQS. Perdomo holds an MBA from IESE Barcelona, and a degree in Computer Science Engineering from her native Uruguay. Marroni graduated in Economics from Bocconi University in Milan. Ferreira has a BSc in Computer Science from Warwick University, a PhD in Theoretical Computer Science from Sussex University and an MSc in Computational Statistics and Machine Learning from UCL.

Matthew Piselli

CIO and Founder
Terreplein LLC
New York

Matthew Piselli founded Terreplein in December 2023 to trade a substantially systematic tactical commodity relative value strategy that he previously managed at FORT Investment Management, where he was a Principal and Portfolio Manager, heading the systematic commodity group. Sub-strategy trade timeframes range from weeks to months or quarters. Sub-strategies include trading contango and backwardation term structure to harvest carry risk premiums related to hedging and speculative trading. Machine learning techniques are used for curve pattern recognition, seasonality trading and pattern recognition. There is additionally a quantitative fundamental sleeve. Risk management reduces exposure after predefined drawdown levels, and discretionary trades can pre-emptively reduce risk based on fundamental, flow, positioning or idiosyncratic risk data. The strategy is 95% systematic and 5% discretionary. Piselli and Terreplein's Head of Trading, Carter Evans, earlier co-founded quantitative discretionary commodity hedge fund, Buttonwood Merchants LLC, on Tudor's incubation platform, Launchpad Trading. Piselli previously oversaw discretionary alpha at Gresham Investment Management's TSM Strategy. His career started in the Energy Trading Group at UBS. He has a BSE in Operations Research and Financial Engineering from Princeton University, and recently completed his PhD dissertation in Applied Mathematics at Yale University.

Scott J. Powell

Founder, CIO, Lead Portfolio and Risk Manager
K Squared Capital
New York

Scott Powell and Walter Kissling, CEO of K Squared Capital, partnered up in July 2021 to develop distinctive multi-strategy products as well as customized solutions. There are four ready-made strategies: Insignia targeting 8-10%, Insignia X targeting 14-16%, fixed income-oriented strategy Preserva Conservative and equity-oriented strategy Preserva Aggressive. Insignia trades various volatility strategies: put spreads, directional calls and puts, call spreads, calendar spreads, hedging and volatility spreads. These strategies each profit in a distinct manner. From harvesting the volatility risk premium, to capitalizing on non-linear time decay in option prices. Preserva invests in equities, high yield bonds and strategies like managed futures, and carry. It also includes a hedged equity component and an options overlay. Bespoke investment strategies can include customized option strategies for yield enhancement or specific hedging needs, and customized index replication strategies. The partners are personally invested in all strategies. Powell was previously a Portfolio Manager at Allianz Global Investors, and earlier an analyst at a hedge fund having started as an analyst at Merrill Lynch. The Kissling's enterprises in Costa Rica included starting the first private pension fund in Costa Rica, credit cards, satellite navigation, a private equity firm and a multi-family office. Powell, a CFA charterholder, has a Masters in Finance from Florida International University and a Bachelors in Social Studies from Florida State University.

James Pruskowski

Chief Investment Officer
16Rock Capital Management LLC
New York

James Pruskowski formed the 16Rock Asset Management LLC company in 2023 with 16th Amendment Advisors LLC, which was incorporated in 2009 by Jed McCarthy and John Lee and runs multiple award-winning municipal bond funds. In August 2023, the 16Rock Municipal Opportunities Fund LP was launched with seed capital of USD 5.1 million and the firm has grown to USD 233 million as of June 2024. The LP's active, unconstrained, absolute return strategy aims to deliver all weather returns and is agnostic to US tax exempt benefits. It mainly focuses on investment grade opportunities in the USD 4 trillion municipal bond infrastructure asset class. In this fragmented market, supply demand and public policy regularly throw up dislocations. Strategies include fundamental credit sector and security selection, secondary flow trading including new issues and technical events, basis between taxable munis, tax exempt munis, and treasuries; capital structure arbitrage and optionality. Leverage can be used and duration, yield curve and tail risks can be hedged. Pruskowski was previously managing director and CIO of municipal bonds, Institutional & Wealth Management at BlackRock, where his career began in 1994 in Risk & Quantitative Analytics and multi-sector taxable fixed-income portfolio management. Pruskowski has a BS in Business Management from Fairleigh Dickinson University.

Martin Redgard

Founder, Partner and Fund Manager
Epoque Quantitative
Stockholm

Martin Redgard launched his short-term trend following approach by taking over management of a fund, Epoque, in January 2023 and now manages two funds. Epoque trades G20 foreign exchange, metals, stock indices, and single stocks, but no fixed income or agricultural commodities. In March 2024, he then launched his equity market neutral trading approach by taking over management of Arden Fund focusing on following shorter term trends in 150 large cap Nordic equities, mainly using stocks and futures. There is some overlap between Arden and the single stocks in Epoque. The signals used can include price trend, volume, pattern recognition, mean reversion and correlation. The core strategy has generated an average Sharpe ratio above one through three corporate incarnations since 2010: Alfakraft, Taaffeite Capital Management in New York and Epoque. The strategy has evolved how it utilizes market data and other inputs over the 15-years, while the core application of entry and exit points, timeframes and trade durations have stayed very similar. Execution is tailored to the market regime and is intended to generate positive slippage. Cash is held in government, municipal and investment grade bonds to enhance yield. Both funds sit with Swedish fund company AIFM Capital and accept institutional and retail investors with a minimum ticket of SEK 100 (9 Euros) on platforms in Sweden. Whilst studying Economics and Statistics at Stockholm University, Redgard founded his own proprietary trading firm FuturumEdge, which later became the Alfa Edge Fund at Alfakraft.

Chris Reid

Chief Investment Officer
Iguana Investments
Cambridge, UK

Chris Reid co-founded Iguana in 2019 to run an equity long/short strategy which combines fundamental equity analysis with a contemporary econometrics (quantitative) tool developed in-house. The investment universe is developed markets (primarily the US, Europe, Scandinavia and UK). The strategy generally runs a low but variable net and gross (average of 11% and 125% respectively) with an annualised return since inception of 7.1%. At the core of the strategy is a focus on transformation investing, which aims to identify potential step changes in corporate performance before they flow through to profits, giving a window of opportunity to capitalise before consensus reprices stocks. The strategy has over three years' track, AUM of GBP 101m and may be accessed via an Irish UCITS or managed accounts. The strategy is managed under SFDR Article 8, excludes companies without a clear trajectory for improving carbon emissions, avoids controversial weapons, and engages with companies that do not meet its ESG criteria. The firm donates 10% of company profits to wildlife conservation. Reid previously founded the Majedie UK Income Fund (2011-2018), and co-managed Majedie UK Focus Fund and Majedie Tortoise Long/Short fund. His finance career started in 2000 as a highly rated sell side analyst at CSFB and Deutsche Bank. Reid holds two degrees from Cambridge University, in Natural Sciences, and a Masters in Finance as well as an EMBA from London Business School.

Andrew Reider

Chief Investment Officer
WHG Asset Management
Sao Paulo, Brazil

Andrew Reider co-founded WHG in 2020, which now manages USD 8 billion across wealth management and hedge funds. He serves as the CIO and Portfolio Manager of their flagship fund, WHG Global Long Biased, an equity long/short hedge fund with USD 330 million AUM. The investment process incorporates an in-depth analysis of secular trends, factor investing, channel checks, alternative data, economic and political cycles, and geopolitics. The fund invests across Europe, North America, Asia, and Latin America, categorizing global sectors into cyclicals, bond-like sectors, quality, and growth. In 2021, it focused on long value and cyclicals, while in parts of 2022, it took a short position on high-growth sectors. In 2023, it transitioned to long positions in selected tech mag-7 names. The growth, macro, and quality books have been the top performers since the fund's inception. WHG Global Long Biased has maintained an average net long exposure of 55%, with exposure ranging between 20% net short and 120% net long. Since its inception in April 2021, the fund has achieved double-digit annualized returns. Reider's extensive experience includes roles at BW Investimentos, Verde Asset, Calypso Capital, Moon Capital and Credit Suisse. He holds a BA in Economics from Harvard University.

Tom Roderick

Portfolio Manager
Trium Epynt Macro Fund
London

Tom Roderick launched the Trium Epynt Macro Fund in October 2018, at Trium, which runs over USD 2 billion as of June 2024. The discretionary macro Epynt strategy expresses views on macroeconomic and geopolitical trends, such as decarbonisation, deglobalisation and demographics. It trades fixed income, currencies, commodities and equities, in developed and emerging markets. It targets and has achieved high single digit returns and volatility. The portfolio typically includes 3-5 themes, which can be implemented through 10-15 trades. In 2024 Epynt has profited from an opportunistic long trade in EU carbon emissions. China, seen as un-investible by many, has been a significant theme for the fund across three asset classes: Chinese equities; onshore and offshore China currency markets and offshore Yuan rates. Roderick has made some directional wagers and constructed relative value trades designed to profit under different scenarios of policy intervention. As well as relative value, trade structuring can use derivatives, options and pairs, to create a more asymmetric risk/reward profile. The strategy is a suballocation in the Trium Multi-Strategy UCITS fund. Roderick was previously portfolio manager and partner at Eclectica Asset Management, and earlier worked for Brevan Howard. Roderick has an MSc in Physics from Imperial College.

Martin Rossner

Partner
ThirdYear Capital
Munich

Martin Rossner founded ThirdYear Capital in March 2015 and launched a UCITS fund in August 2020. The firm is named after the Presidential cycle calendar effect whereby equities have performed best in the third year of a four-year US Presidential election cycle, when stimulus boosts the economy and employment. The "quantamental" strategy uses short term economic forecasts or "nowcasts" in 20 economies to identify signals and trade equities, government bonds, currencies, gold and inflation in liquid exchange traded markets, in developed and emerging markets. Signals can pick up turning points and are therefore different from price-based trend following or traditional fundamental factor investing. The objective is to deliver attractive risk adjusted returns with a low correlation to equities, bonds and liquid alternatives. The strategy started as economic research published since 2015. Rossner previously worked in hedge fund research at Man Investments and was earlier economic research assistant at the Institute for Empirical Economics and Economic Policy in St Gallen. He has a Masters in Quantitative Finance and Economics from University of St Gallen in Switzerland.

Frederic Saland

Founder and CIO
Oxylus Capital
London

Frederic Saland founded Oxylus Capital, an investment partnership specializing in European companies with a strong small and mid-cap bias, in 2020. Oxylus specifically focuses on paradigm shifts (emerging secular trends impacting an entire industry and company-specific changes), seeking to exploit structural inefficiencies and temporary woes within defined clusters. The process relies heavily on deep qualitative and quantitative primary research, thorough assessment of governance, culture, and incentives, and constructive close relationships with management teams. This results in a long-term, concentrated portfolio of 12-15 companies run by skilled and aligned management, boasting long growth runways, sustainable competitive advantages, and high barriers to entry to enable enduring and predictable superior risk-adjusted returns. Core holdings include a life science tools and services company, an alternative asset manager, a gaming company, a financial markets infrastructure player and a luxury goods company. Oxylus management fees fall as assets grow, and performance fees can apply above either a fixed hurdle rate or a small and mid-cap European equity index. Saland previously worked under Bruno Rocha at Dynamo Capital. Earlier at Soros, he helped Igor Kryca launch a fundamental European long/short equity strategy. Prior to public equity investing, he was a private equity associate at First Reserve in energy infrastructure, covering all stages of dealmaking. His finance career started in investment banking at Merrill Lynch. He has an MSc in Management from ESCP.

Gary Selz

CIO and Co-Portfolio Manager
Zero Delta Funds
Matthews, North Carolina

Gary Selz set up an absolute return derivatives fund, Zero Delta in May 2021 to allocate to niche and capacity constrained options and non-directional, relative value volatility strategies, which should generate repeatable returns and outperform in volatile conditions. Relative value equity volatility arbitrage is generally the largest allocation and other strategies could include option market making, volatility surface arbitrage, event driven options strategies, tail hedges, dispersion and correlation trading. The managers are sourced from a network of traders, technologists and service providers, rather than databases. Since May 2021, the strategy has generated a Sharpe ratio above one and shown low correlation to US equities. It charges 1% management and 10% performance fee. Zero Delta's founders previously managed options portfolios at proprietary trading firms and hedge funds and ran block option and stock trading desks. Selz was previously a senior trader and portfolio manager at PEAK6, where CEO and Co-Portfolio Manager Kris Gilboy was a Division Head. Managing Partner, Peter Strebel, previously co-founded Pine Point Capital LLC. Selz has a BSc in Electrical Engineering from Northwestern University.

Eva Shang

Co-Founder and CEO
Legalist
San Francisco

Eva Shang co-founded AI enabled hedge fund, Legalist, in 2016, to invest in uncorrelated credit assets including litigation finance, bankruptcy, and government receivables. Starting with just USD 10 million in 2017, Legalist was accelerated by US startup and venture capital firm Y Combinator and as of 2024, assets under management have grown to approximately USD 1 billion. Clients include foundations, family offices, insurance companies, hospitals and four university endowments. Over the last eight years, Legalist's litigation finance funds have invested in over 400 investments across 1,000+ cases, and over 70% of more than 160 resolved investments have been successful. Legalist's investments centre around impact themes aligned with UN SDG 16: peace, justice and strong institutions: fair capitalism and corporate accountability, consumer protection and environmental sustainability, community health and safety, and civil rights and worker rights. Legalist's government receivables funds invest in short-duration government-backed credit, with borrowers concentrated in minority, women, disabled, veteran, and disadvantaged-owned businesses. Shang studied at Harvard University and is a licensed attorney in California.

Kris Sidial and William Wise

Co-Chief Investment Officers
Ambrus Group
New York

Kris Sidial and William Wise founded the Ambrus Group to trade a tail risk hedging strategy, Ambrus Volatility Fund, that also aims to avoid negative carry. It has preserved capital between 2021 and 2023 and the managers estimate that convex protection held – in the form of VIX calls, index puts and equity puts – could generate triple digit returns during certain sorts of equity market crashes, generally when the VIX spikes above 40. While awaiting "black swans", short term bleed mitigation strategies, including intraday equity trading and VIX term structure trading, generate some income with controlled risk. Sidial's trading style combines discretionary and quantitative elements. Wise's trading style exploits short term market dislocations and temporary supply/demand imbalances, and caps downside risk. Before joining Ambrus, Sidial traded exotic derivatives at BMO Capital Markets. He was earlier a proprietary trader at both Xanthus Capital and Chimera Securities and was mentored in volatility trading by legendary CBOE trader, Robert Kanter. Wise was previously an independent trader developing strategies revolving around institutional hedging, changes to the VIX term structure, and intraday price dynamics in equities with unusual trading volumes. Managing Partner Sal Abbasi was previously Head of Quantitative Credit and Fundamental Credit Technology, and earlier a Quantitative Developer in Equity Statistical Arbitrage at Citadel. He previously traded spread options and structured commodities at Morgan Stanley. Sidial is studying Computer Science and Mathematics at the University of Pennsylvania. Wise has a BA in Economics from University of Tampa.

Paweł Skrzypek

Co-Founder and CTO/CIO
Omphalos Fund
Warsaw

Pawel Skrzypek co-founded Omphalos Fund, an AI-driven systematic multi-strategy hedge fund in January 2022 with Chairman Dominik Libicki, a leading entrepreneur and investor, and Konrad Wawruch, CEO of AI and cloud tech firm 7bulls.com. The strategy trades over 200 liquid equity index, large cap stock, bond, commodity and currency markets, long and short, with holding periods between 1 and 10 days. Models use cutting edge AI time series prediction and portfolio optimisation, including M4 Competition and AlphaGo Zero algorithms, specially selected neural networks and reinforcement learning algorithms. This is supported by a team of eminent data scientists from top Polish universities and a team of developers with extensive AI/ML experience. Advanced portfolio construction, optimisation and execution techniques are also used. Google's DeepMind AlphaGo provided the initial inspiration for the strategy. The Luxembourg fund has annualised in low double digits, with a Sharpe ratio around two and very low correlation to traditional asset classes. It was seeded with friends and family capital and early bird share classes are now open to external investors. In May, Omphalos appointed Borno Janekovic, former Franklin Templeton chief for Eastern Europe, as new CEO. Senior advisers include Trencavel CEO, Carsten Bohme, and former K2 Advisors Offshore Solutions Head, Bill Santos. Skrzypek previously developed hybrid multi-cloud solutions and helped businesses harness the power of AI. Skrzypek has a Masters degree in Information Technology and Economics from the University of Lodz.

Dr. Silvia Stanescu

Principal Researcher and Portfolio Manager
Aspect Capital
London

Silvia Stanescu joined Aspect Capital in March 2023 to develop volatility strategies and solutions. She previously co-headed the investment team at GAM Systematic Cambridge and featured in the 2020 edition of *The Hedge Fund Journal's* 50 Leading Women in Hedge Funds report in association with EY. Her earlier career included sell-side roles, such as being an equity derivatives strategist with Deutsche Bank in London, as well as academia: she was Assistant Professor in Finance at the University of Kent. Her published academic research in peer reviewed journals has covered a wide range of topics in quantitative finance including financial modelling (GARCH), risk measuring and management (VaR and Expected Shortfall), option pricing and hedging as well as systematic strategies (market to model arbitrage). She has additionally contributed to industry publications including *The Hedge Fund Journal* and Deutsche Bank Research volatility strategies covering volatility pairs trading, cross asset volatility premia, dispersion and hedging. Stanescu sits on the Government Board of the CCIMI, an Institute for the Mathematics of Information, which is part of the Faculty of Mathematics at the University of Cambridge. She has a PhD from the ICMA Centre at the University of Reading, an MSc in Finance and BSc in Business Economics, both from Reading, and a BSc (Diploma de Licenta) in Banking and Finance from the Bucharest Academy of Economic Studies.

Julien Stouff

Founder and CIO
Stouff Capital
Geneva

Julien Stouff founded Stouff Capital with CTO Gregory Chevalley in 2018 to manage Urizen, a Quantamental Global Equity Long/Short strategy named after William Blake's mythology where reason (quantitative elements) and imagination (fundamental elements) coexist. Their investment approach, honed over 15 years of collaboration, combines quantitative methodology with traditional fundamental expertise, leveraging technology, trading, and derivatives know-how to deliver an all-weather equity strategy. Urizen applies its own multi-factor model and regime identification techniques for stock selection, supported by a proprietary technology infrastructure designed to analyze millions of data points and develop signal algorithms. The strategy invests in listed equities, futures, and options, primarily targeting large and mega-cap companies globally, while maintaining a low net market exposure. It has delivered a strong Sharpe ratio and positive returns every year from 2019 through June 2024 YTD. Performance is driven by three pillars: Alpha, Convexity and Directionality, each designed to complement the other and enhance the asymmetry of returns, seeking steady performance across market cycles. Stouff and Chevalley previously held key roles at Pictet, where they managed a Quantamental strategy alongside other products. Stouff holds a degree in Finance from the ESSEC/University College of Dublin.

Florian Suraud

Founder and CIO
Ossington Investment Management LLP
London

Florian Suraud founded Ossington Investment Management in March 2024 to offer a distinctive global equity capital markets strategy. Ossington aims to achieve consistent, absolute returns through a market-neutral strategy, focusing on global equity capital markets. Ossington is designed to offer access to a wide universe of capital markets tools such as, but not limited to, IPOs, block trades, convertible securities, rights issues, partial tenders, secondary listings, special distributions, minority squeeze-outs, restructurings, and holding companies on a global scale. Ossington focuses on a strong fundamental approach combined with an active trading strategy across positions to maximize its returns. Ossington provides origination and liquidity and advises on structuring and executing transactions. Suraud plans to open a Riyadh office. He previously invested in global capital markets at Segantii Capital and prior to that spent close to 10 years at Goldman Sachs across various divisions (Investment Banking, Merchant Banking and Equity Capital Markets) where Ossington's Head of Trading, Niklas Rasmussen, also worked. Suraud's finance career started at Putnam Lovell, now Jefferies. He has a Masters in Finance from Paris-Pantheon-Assas University.

Dana Telsey

Co-Founder and Chief Strategist, Telsey Consumer Fund
Founder, CEO and Chief Research Officer, Telsey Advisory Group
New York

Dana Telsey founded Telsey Advisory Group in 2006, and in January 2016 with Vince Sullivan launched Telsey Consumer Fund, a long-biased US equity consumer discretionary focused strategy that has outperformed the SPDR S&P Retail ETF (NYSE: XRT) and Invesco S&P Consumer (NYSE: RCD) ETFs, in absolute and risk adjusted returns, and had fewer and smaller drawdowns since inception. Telsey is the CEO of Telsey Advisory Group, a FINRA registered broker-dealer, and Vince Sullivan is the Co-Founder, CIO and Portfolio Manager of Telsey Consumer Fund, responsible for all investment decisions. Telsey is an expert on consumer spending, which makes up two thirds of the US economy. Bottom-up fundamental research and engagement with management are complemented by active trading to manage risk: the portfolio turns over about four times a year. Long holdings have included Ralph Lauren, where Telsey Consumer Fund eyed resonance with Millennials and Gen-Z and a runway to grow womenswear sales and enhance margins. Winning longs in 2023 Abercrombie & Fitch, which quadrupled and outperformed Nvidia, and included American Eagle Outfitters. Telsey Consumer Fund expects retailers will exploit the omnichannel model, including multiple physical and digital sites. Telsey was previously a highly rated senior managing director in retail equity research at Bear Stearns, having earlier been a retail analyst at CJ Lawrence. She has an MBA from Fordham Graduate School of Business and a BA in Spanish and History from Hobart and William Smith Colleges in Geneva, New York.

Sina Toussi

Chief Investment Officer
Two Seas Capital
New York

Sina Toussi is the Founder and Chief Investment Officer of Two Seas Capital, an investment fund founded in November 2019 that focuses on litigation-driven investments arising from restructurings, bankruptcies, commercial disputes, corporate malfeasance and regulatory events. Two Seas has taken leadership roles in recent restructurings including Hertz and Core Scientific and identified opportunities in mispriced securities with legal and regulatory catalysts like the Twitter contract dispute. For the past 17 years, Toussi has successfully sourced and led investments in many complex restructurings and litigation driven investments, involving both major corporations and sovereign and quasi-sovereign entities. Prior to founding Two Seas Capital, Toussi worked from 2012 to 2019 at VR Capital, a large asset manager focused on distressed securities and event-driven/special situations as a Managing Director and Chief Legal Officer. Before VR, he worked at One East Capital from 2006 to 2012, first as General Counsel and later as a Partner and Head of Distressed Debt Research. Before One East Capital, Toussi was a corporate and restructuring attorney at Skadden Arps and Willkie Farr. Toussi graduated from Cornell University in 1991 and from Columbia Law School in 1994. He is involved in several charities, including serving on the Board of Advisors of South Bronx United Soccer, a charity that combines his love of soccer and helping underserved youth in the South Bronx where he spent his early years. As a young child, Toussi immigrated with his family from Iran, crossing two seas to arrive in New York - hence the name Two Seas Capital.

Scott Treloar

Founder and CIO
Noviscient
Singapore

Scott Treloar founded Noviscient to create a new model for investing in emerging managers trading liquid alternative strategies globally. The Pure Alpha Fund launched in 2022 and a model portfolio has been running since 2017. Managers have been drawn from London, Hong Kong, Copenhagen, Calgary, Zug, Tokyo, Stockholm, Singapore, Paris, New York and Munich. Performance fees are 10% for Noviscient and 20% for underlying managers; no management fees are charged, risk management is real time, allocations are dynamically adjusted by algorithms, and a portal offers investors transparent analytics and reporting. Systematic methods are used to select emerging hedge fund managers, based on an analysis of live real money performance, risk and correlation. Noviscient is onboarding 20 emerging managers from a current pool of 250, and as of June 2024 allocated to eight of them trading equities, futures and spot FX. These eight managers are running USD 350 million in total with capacity of over USD 2 billion, offering high scalability. Treloar's previous roles included PM and CRO for Vulpes Investment Management, Director of Quantitative Models and Methodologies for Deutsche Bank, and Associate Director at Macquarie Bank. Treloar has taught quantitative finance, has a Masters in Quantitative Finance from University of Technology Sydney, an MBA from Melbourne Business School, and a Bachelors in Chemical Engineering from University of Melbourne.

Henk van Andel

Founder and CIO
Coeus Capital
Amsterdam

Henk van Andel founded currency multistrategy fund Coeus Capital, named after the ancient Greek Titan of intelligence, with the objective of using currencies to create a higher return than equities combined with lower volatility than bonds. These aims have been achieved since inception in February 2018, in Chelton Wealth managed accounts under the inspiring leadership of currency veteran Robert Teuwissen before the fund launched in October 2022. All calendar years have produced positive returns, and the correlation to equities, bonds, commodities and real estate has been near zero. The investment universe is mainly G10 currencies while the investment strategy is based on technical analysis including trends, breakouts and pattern recognition. The strategy uses four different and uncorrelated currency management expert teams but is not a fund of funds. Risk management includes 24/5 monitoring, dynamic stop losses defined at daily, weekly and high-water mark levels, and can close out positions. Van Andel was previously Director of Investments at Chambery Capital and prior to that a senior fund manager at Finles Capital Management, whose managing partner, Rob van Kuijk, currently is a director of Coeus Capital. Van Andel was earlier a Partner at Attica Asset Management. His career started as a portfolio manager at Lombard Odier and in finance at Exxon Mobil. He has a Doctorate in Business Administration from University of Groningen.

Klaus Wobbe

CEO, Co-Founder and Managing Director
Intalcon
Bremen

Klaus Wobbe founded Intalcon in June 2020 together with systematic strategy specialist David Pieper to run a variety of mainly systematic strategies and donate some fee income to impact charities. The Intalcon Alpha for Impact Global Fund utilises discretionary and systematic equity long/short, macro and opportunistic strategies. Seeded with friends and family capital, its NAV has multiplied eightfold since 2017 and been open to professional external investors since 2022. In January 2024, Intalcon launched a UCITS fund, Intalcon Global Opportunities, which trades equity index futures, bonds, interest rates and precious metal ETCs. Intalcon also runs two systematic long-only strategies, Intalcon US Equities Systematic and Intalcon Global Equities Systematic. Wobbe previously ran Tradesignal, which is now part of the TMX Group of the Canadian Stock Exchange. Wobbe is involved in organisations such as Top Tier Impact (TTI), the German Federal Initiative for Impact Investing (BIII) and is a member of the board of trustees of the Foundation House Bremen, which supports around 140 foundations and associations.
The Intalcon Foundation receives 20% of the performance fees and 20% of the Intalcon profits. It supports the United Nations SDGs in reducing global warming and promotes biodiversity in collaboration with NGOs such as OCEANS 2050 by Alexandra Cousteau and Re:wild by Leonardo DiCaprio. Wobbe holds a BSc in Economics from the University of Bremen.

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