

20 FOR 2014



Which new hedge fund launches from first-time founders are setting investor pulses racing? Find out in *HFMWeek's* annual list of the 20 hottest start-up prospects

BY WILL WAINWRIGHT

WINGSPAN INVESTMENT MANAGEMENT

FOUNDER Buckley Ratchford

FOUNDED November 2012

HQ New York

Buckley 'Buck' Ratchford's new credit firm launched in March with firm backing from Reservoir Capital, who seeded the venture with a total of \$250m across two instalments. That was quite a vote of confidence for the former Goldman Sachs executive's start-up, which targets opportunities in distressed credit, and industry contacts expect the fund to prove a hit with investors over the next 12 months. Ratchford runs Wingspan's trading team, which features trader Peter Bio, previously a senior PM at Mercer Park, and four analysts, who between them possess past experience at Goldman Sachs, Glenview Capital and Brenview Advisors. Ex-Normandy Hill Capital number-cruncher Brendan Driscoll is CFO.

CANOSA CAPITAL

FOUNDERS Tim Attias and Santiago Alarco

FOUNDED November 2012

HQ London

Founders Tim Attias and Santiago Alarco have endured a turbulent couple of years, being sued after departing previous firm Rubicon Fund Management by founder Paul Brewer, who had brought legal action over a partnership dispute. After settling out of court last year, the pair started work on macro start-up Canosa and won notable backing from Swedish asset manager Brummer & Partners, who provided day-one seeding of more than \$250m in May. Progress since then has been equally strong, with returns for the first four months exceeding 7% and assets up to \$550m.

ARGENTIÈRE CAPITAL

FOUNDER Deepak Gulati (pictured)
FOUNDED September 2012
HQ Zug

J.P. Morgan's former head of equity prop trading launched his debut hedge fund in Switzerland at the beginning of June, starting with \$280m under management. Assets have since grown to \$470m, an impressive feat in the current environment, especially given the absence of a seed investor, and sources put that progress down to the strong reputation Gulati developed at J.P. Morgan. His fund deploys an equity relative value strategy, with a focus on equity volatility, and is up for its first three months despite a slight July loss. Gulati plans to soft-close his fund to new investments once \$750m has been reached. Hires at Argentière, named after a ski resort in the French alps, include Barry Thomas, previously of FRM, to lead marketing and IR.



Richard Moss, former financial controller at Edoma Partners, came onboard as CFO earlier this year after the performance-linked closure of Pierre-Henri Flamand's Edoma Partners. The planned launch was first revealed by *HFMWeek* in October last year and was the latest prop desk spinout from J.P. Morgan after Mike Stewart launched WHARD Stewart in the UK last year.

of the hottest funds in the market this year. Investors seem to agree, reportedly backing the ex-Redwood Capital Management portfolio manager with around \$400m as of 1 June. It is an impressive start for the new equity and credit firm, and contacts tipped more investors to follow based on his strong pedigree and high interest. "If he can deliver strong returns, this fund could fly next year next year," said one source. Investor relations director Neal Denning, a former global head of event driven in the alternatives division at Blackstone, will play a critical role. Barrera was also previously portfolio manager at Glenview Capital Management.

TSE CAPITAL MANAGEMENT

FOUNDER Irene Tse
FOUNDED February 2013
HQ New York

Irene Tse worked for Goldman Sachs and under Stanley Druckenmiller at Duquesne Capital Management before joining J.P. Morgan as CIO for North America in 2011. Her experience means the Hong Kong-born manager – still in her early 40s – has hitherto had a career unmatched by most on the list. She set up Tse Capital Management, a fixed income hedge fund, earlier this year, hiring Teleos Capital Management's Christopher Stella as COO and general counsel. The

SALT ROCK CAPITAL PARTNERS

FOUNDER Mark Painting
FOUNDED December 2012
HQ London

Macro PM Mark Painting was a partner and managing director for Caxton Associates in London, which goes some way to explaining the buzz in London surrounding his new launch. Salt Rock Capital Partners began trading at the start of July and is on course to hit \$250m by the start of October, with a "strong pipeline" expected to come. A policy-focused macro strategy is deployed by Painting, whose eight years at Caxton were preceded by more than a decade at Goldman Sachs. He leads a seven-person team, which features ex-Cayuga Partners COO Rowan Levy in the same position.

While Carl Icahn has spent this year figuring out Twitter, a former lieutenant of the industry veteran has been busy planning his first hedge fund. Alex Denner worked under Icahn between 2005 and 2011, preceded by a year at Viking Global Investors and a longer spell managing money for Morgan Stanley. Sources say the Icahn factor should be a real investor draw, and the Meritage Group has reportedly signed on to invest in Sarissa, which is due to launch in the fourth quarter. The Connecticut firm will make investments in the red-hot healthcare sector, which should add lustre to its investor appeal.

ROYSTONE CAPITAL MANAGEMENT

FOUNDER Rich Barrera
FOUNDED February 2013
HQ New York

Industry sources were unanimous that Rich Barrera's new start-up should be included as one



ANDERSON GLOBAL MACRO

FOUNDER Keith Anderson (pictured)
FOUNDED October 2012
HQ New York

Pedigrees don't come much firmer than that of Keith Anderson, who spent two decades at BlackRock before working as chief investment officer for hedge fund legend George Soros. He left Soros Fund Management two summers ago when his veteran boss turned his firm into a family office. Anderson's strong calibre means his new macro start-up has

attracted its share of attention, especially after enlisting Credit Suisse vice-chairman Doug Paul, a 43-year veteran of the bank, to join as president. Early indications are that it will match the hype, with SEC filings in May revealing that Anderson had raised almost \$500m across the onshore and offshore versions of his Global Macro fund. Industry sources expect "robust" assets growth over the next 12 months as Anderson gets underway. He will be hoping to outperform the majority of his strategy peers, with the average macro fund having lost money so far in 2013 according to Hedge Fund Research.

launch “attracted a lot of attention” according to one source and looks set to continue her reputation as a high-flyer, starting on day-one assets of a reported \$450m this summer.

WATERFRONT CAPITAL PARTNERS

FOUNDER Eduardo Abush

FOUNDED February 2013

HQ New York

Until setting up independently earlier this year, Millennium Management PM Eduardo Abush spent the last three of his eight years at Izzy Englander’s \$18bn firm running the Waterfront Capital Partners unit. Abush – described as “highly ambitious” by one ex-colleague – developed a strong track record leading Waterfront, a real estate equity fund, which perhaps explains the industry buzz generated in March when *HFMWeek* broke news of his plans to go it alone under the same name. One source says the fund launched earlier this summer “south of \$100m” but all contacts agreed that Abush’s pedigree and track record should stand the fund in good stead to grow strongly.

ROCK SPRINGS CAPITAL

FOUNDER Chris Jenner

FOUNDED February 2013

HQ Baltimore

After developing a strong track record at Baltimore-based money manager T. Rowe Price Group, Kris Jenner left in February to launch a long/short equity hedge fund. His new venture is the list’s second to focus on the in-vogue healthcare sector and was reported in April to have raised allocations worth \$100m, with lift-off scheduled for later in the

year. He is highly rated and tipped to succeed by *HFMWeek* sources, who point to his 14-year career at T. Rowe, where he ran the \$5.8bn Health Sciences Fund. *Bloomberg* calculated that he outperformed 83% of his peers in his final five years there.

STEWART ASIA INVESTMENT

FOUNDER Andrew McMillan

FOUNDED Spring 2013

HQ Singapore

Andrew McMillan ran Tudor Investment’s commodities team in Asia and is staying there to start a new hedge fund firm, which one regional source said was “gaining traction and would lead the charge” with investors next year. McMillan has been busy building his team, appointing Singapore lawyer Amy Lee as CEO and his former Tudor colleague Stephen Rooney as COO. Contacts expected his strong pedigree to help his fund – which will start with a commodity fund before adding equities and FX strategies – to prove a hit with investors, particularly given the reported backing of Tudor.

FINEPOINT CAPITAL

FOUNDER Herb Wagner

FOUNDED March 2013

HQ Boston

Herb Wagner spent 13 years at blue-chip industry name Baupost Group, where he was a portfolio manager partly responsible for public investments and worked closely alongside founder Seth Klarman. His ex-boss clearly rated Wagner highly, describing him as “remarkably talented” in a letter sent to investors months before his departure towards the end of 2012. That renown goes some way to explaining the buzz in Boston



Back (L-R): Ronny Eriksson, Erik Eidolf, Alexander Melsom, Björn Roger Wilhelmsen. Front (L-R): Ludvig Uddeholt, Anders Haller, Tom Farnen

NORDKINN ASSET MANAGEMENT

FOUNDERS CEO Erik Eidolf and six partners

FOUNDED October 2012

HQ Stockholm and Oslo

Sources billed Nordkinn as the most eye-catching Nordic hedge fund launch for a decade when *HFMWeek* revealed its plans in February, and the Stockholm- and Oslo-based firm has continued to attract attention. Led by CEO Erik Eidolf, who ran Harcourt Investment Consulting’s Nordic offering, the seven partners have backgrounds ranging from Sweden’s Ericsson Treasury to the Norwegian

Central Bank. Tom Farnen, head of risk allocations, is a former PM at the Petroleum Fund of Norway, part of the country’s giant sovereign wealth fund. Its initial fund, which focuses on Nordic fixed income markets, launched at the start of July with capital from a range of Nordic investors. The fund is now looking to take in money from investors beyond the Nordic region and one London source said its “modern” approach should prove a hit with allocators. “Everything about the fund seems to have been built with investors in mind,” he said. “They appear very transparent and forward-thinking. I would describe them as a hedge fund of the future.”

surrounding Finepoint, which looks likely to follow the same value investing philosophy pursued by Baupost. Although details have been kept under wraps, sources say that various non-compete clauses mean it will initially trade around \$200m of Wagner’s own money but could open externally next year.

THREE BAYS CAPITAL

FOUNDER Matthew Sidman

FOUNDED March 2013

HQ Boston

In a similar vein to Wagner,

Sidman built his reputation at a highly-regarded Boston firm, spending more than 15 years at Highfields Capital. He left his portfolio management role within the last year and is currently putting together Three Bays with the help of new recruit Josh Gold, who has reportedly joined as COO from Jefferies & Co. A 1 January launch is said to be planned and Boston sources said it could “easily” start with more than \$100m under management. It is likely to target undervalued stocks using the value investing method deployed by Highfields, a \$10bn-plus firm founded by Jonathon Jacobson.

JUNTO CAPITAL MANAGEMENT

FOUNDER Jim Parsons
FOUNDED April 2013
HQ US

Jim Parsons, a highly-rated senior PM focusing on TMT investments at Viking Global Investors, left Andreas Halvorsen's Greenwich firm after nine years early in 2012. After almost a year out of the headlines, news emerged in April of his plan to launch Junto Capital Management in the fourth quarter. "This is the real deal," said one contact, and others agreed that his strong Viking pedigree, age (mid-40s) and investor credentials (Viking's ex-IR head Rebecca Ginzburg runs that side) placed this launch as one of the top start-ups to launch this year. "I missed out on working with Junto," says one service provider. "It is my biggest regret of the year."

PRINCETON ALPHA MANAGEMENT

FOUNDER Shakil Ahmed
FOUNDED May 2013
HQ New Jersey

Quant mastermind Shakil Ahmed's new start-up is hotly tipped to succeed, especially after receiving a \$250m vote of confidence from Blackstone in one of 2013's most eye-catching seed deals. Ahmed spent five years at Citi, prior to which he cut his teeth in impressive style working on the renowned Process Driven Technologies prop trading unit during 13 years at Morgan Stanley. His time at PDT led him to be dubbed a "secret genius" in 2006 book *The Quants* and sources expressed excitement about his new fund, which started trading on 3 September. A source said the fund was now marketing to bring in allocations beyond the Blackstone seed.

EAST LODGE CAPITAL

FOUNDER Ali Lumsden (pictured)
FOUNDED May 2013
HQ London

Former CQS portfolio manager Ali Lumsden delivered annualized gains of around 28% during six years at Michael Hintze's \$12bn firm and his track record is frequently cited by industry sources tipping his new credit fund to be one of 2014's most notable European launches. He ran the \$3.2bn ABS Strategies business from 2006 until leaving late last year without suffering a money-losing year, even scoring a 73% gain in 2008. Lumsden will seek to repeat those gains at London-based East Lodge, which is targeting an initial capital-raise of \$250m for a Q1 launch next year. He will be joined



by Shawn Wells as COO. The fund will target credit opportunities globally, with a focus on both corporate and structured credit. In addition, East Lodge is expected to target more niche opportunities arising from the trend of banks reducing their investments in the consumer lending space.

NETTLETON CAPITAL

FOUNDER Robert Dafforn
FOUNDED June 2013
HQ London

Nettleton Capital is believed to be the name of the hedge fund planned by former Eton Park Capital Management partner Robert Dafforn, tipped by insiders to be one of 2014's most significant European launches. Blackstone is certainly convinced, having agreed to seed Dafforn's venture with \$150m according to a *Bloomberg* report. Not yet 35, Dafforn has built up quite a reputation in the sector, having spent six years at Eton Park, and it is believed his new venture will focus on distressed debt investments in Europe. He set up a UK-based LLC in June this year named Nettleton Capital, which a source confirmed is the venture's planned name

SYMMETRY INVESTMENT MANAGEMENT

FOUNDERS Feng Guo and Michael Robinson
FOUNDED Summer 2013
HQ Hong Kong

Last month *Reuters* revealed that Millennium Management portfolio manager Feng Guo and the US firm's head of Asian business, Michael Robinson, were planning a Q1 relative value launch. The news wire said the pair could launch with as much as \$1.4bn, mostly provided by Millennium, which would make it the region's biggest launch, surpassing ex-Goldman Sachs prop trader Morgan Sze's 2011 launch Azentum Capital. A source in Hong Kong said there was substance behind the hype and backed the fund to be more successful than WaterValley Capital Management.

FOXHAVEN ASSET MANAGEMENT

FOUNDER Michael Pausic (pictured)
FOUNDED April 2013
HQ Charlottesville VA

HFMWeek sources tipped long-time Maverick Capital executive Michael Pausic – who recently left Lee Ainslie's firm after 16 years – to be the most successful launch out of several planned by ex-Maverick partners. He oversaw media and communications at Maverick but reportedly sought a wider remit, which his new fund will execute from its base in Pausic's hometown of Charlottesville, VA. He has reportedly been friends with Ainslie, who launched Maverick in 1993, since the pair attended college at the University of Virginia. Herring Creek and Three Corner Global, new start-ups brought to market this year by ex-Maverick partners Steve Galbraith and Gunnar Overstrom, have attracted solid backing but interviewees said Pausic's pedigree and profile mean his could be even bigger. Both Three



Corner Global and Herring Creek started with more than \$100m, which means Foxhaven would be one of the strongest launches of the next 12 months if it meets expectations.

CRITERIA

To qualify for consideration, hedge fund management firms must have been registered by a first-time founder or founders in the 12 months since 1 September 2012. Scoria Capital Partners, for instance, fitted the time horizon but was excluded because founder Lawrence Sapanski co-founded Diamondback Capital Management. The chosen 20 are those deemed most likely to achieve significant future success, based on conversations with a diverse range of senior industry professionals, including prime brokers, FoHFs and seeders, and *HFMWeek's* editorial judgement.