

the|**hedgefund**|journal

TOMORROW'S TITANS

Blue Chip Managers for the
Next Decade

IN ASSOCIATION WITH

 **ERNST & YOUNG**
Quality In Everything We Do

Tomorrow's Titans: Blue Chip Managers for the 2010s

In association with Ernst & Young

HAMLIN LOVELL, CFA, CAIA, FRM

Identifying the industry leaders of tomorrow matters, because allocators need constantly to search for new talent. Some managers among **Tomorrow's Titans** are hard closed already, but may be accessible via secondary markets or exchange-listed vehicles.

Sourcing the survey

A broad spectrum of the investment industry contributed to the survey, often on a confidential basis. Amongst allocators, we spoke to pension funds, endowments, foundations, sovereign wealth funds, funds of hedge funds, family offices, insurance companies, wealthy individuals, third party marketing agents and investment consultants. We also canvassed the full range of service providers. All nominations were put on a long list from which we made a final selection of 40.

Many of our emerging leaders cut their teeth trading for the major investment banks such as Goldman Sachs, Deutsche Bank, Citigroup, UBS, Morgan Stanley and Lehman Brothers. Several others began their careers in smaller, more regionally oriented banks such as Sweden's Skandinaviska Enskilda Banken (SEB) or Canada's Scotiabank. In addition, some commodity traders started out in the proprietary investment divisions of non-financial companies like Vitol.

A good number of **Tomorrow's Titans** left bulge bracket funds to go solo, while some are holding key positions with the largest funds. If the well known "Tiger family tree" shows hundreds of Tiger alumni running hedge funds, then giant funds with over \$10 billion of assets such as Brevan Howard, TCI, SAC, Soros, Citadel and Tudor have also bred dozens of fine managers. Talent scouts like Lord Jacob Rothschild are important seeders for our **Tomorrow's Titans**, as are sovereign wealth funds, which in some cases are active behind the scenes. Pension funds as seeders were notable by their absence.

The Final 40

The spread of strategies was wide but didn't feature any managers from the growing "alternatives to alternatives" space. Most managers are traders in macro, commodities, equities or credit: broad and liquid asset classes that weathered 2008 relatively well. Arbitrageurs are few and far between, probably because the more directional strategies generate bigger performance numbers.

The survey focused on identifying emerging leaders for the next decade rather than adopting a tight age limit. The age of managers among **Tomorrow's Titans** ranges from just 30 to 45 years old. Some of the group may be less than half way through their careers.

The cosmopolitan nature of the hedge fund industry means that over 20 primary nationalities were on the long list with over 10 in the final 40. The limited number of women making the shortlist very simply reflects their still limited role in occupying senior front-office positions in hedge funds.

The final selection of the 40 was made solely by *The Hedge Fund Journal*.

Manager locations

The geographic distribution of the 40 reveals 17 in the US, 18 in Europe and the rest in Asia and elsewhere. We have grouped the 40 by region, but within each region the 40 are ordered randomly.

Many emerging and frontier markets largely fall outside the scope of the survey, although many of the managers are making significant allocations to these markets.

Nearly all of the managers exhibited academic excellence before commencing their investment careers. This is not surprising when most entry level positions in the investment industry are rationed according to stringent academic credentials. A handful of managers even had their first jobs in academic research rather than finance. None of them seemed to have followed the post room route to hedge fund nirvana.

The final 40 were selected on the basis of their performance as hedge fund managers, the extent of their portfolio management responsibilities and testimonials from investors. Several of the 40 have important behind the scenes roles but aren't yet the lead portfolio manager. We only considered legal disputes to be a potentially disqualifying factor if a suit directly impacted investment performance. Other types of litigation relating to employment, divorce or personal matters were ignored.

Performance bias

As far as performance is concerned, no formulas are used but there is a bias to managers who held up in 2008 or bounced back strongly from it. In cases where track records are largely or mainly from proprietary desks, formal verification is not always forthcoming so keen judgement is the deciding factor. As far as we know none of **Tomorrow's Titans** have blown up, but some may have had losses in 2008. Since liquidity issues, gates and side pockets were so widespread, it was inevitable that some of the funds featuring in the 40 were affected.

Of course the hedge fund industry is, and always has been, so fragmented, diverse and innovative that there are sure to be hundreds of talented managers who don't feature in the survey. What we can say is that the final selections came from an extraordinarily rich pool of talent that bodes well for investors in the years ahead.

In conclusion, we wish to express sincere gratitude to Ernst and Young for sponsoring the survey. **THFJ**


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As a leading global provider of services to the hedge fund industry, Ernst & Young is proud to sponsor this report and congratulate the leaders selected as **Tomorrow's Titans** by *The Hedge Fund Journal*. In this time of unprecedented change for the industry, Ernst & Young is already helping **Tomorrow's Titans** and their colleagues around the world navigate the shifting landscape for hedge funds.

Over the years, we have helped many firms develop from start-ups to become some of the largest global players. Our team of 2,000-plus hedge fund professionals is very proud of the fact that Ernst & Young currently audits approximately 40% of the top 100 Global Billion Dollar club hedge funds and we provide tax services to about half of them. This depth of experience gives us a unique view of the new challenges facing fund managers today, along with the ability to quickly provide the well informed and practical advice that firms need.

Looking over the list of **Tomorrow's Titans**, we are pleased to note the geographic diversity of these leaders, as well as the variety of strategies they employ. Constant growth and innovation have been hallmarks of this industry, and we are more committed than ever to helping our hedge fund clients continue to expand. Clearly, however, with hedge fund firms under more scrutiny from lawmakers, regulators and investors, fund managers today must develop purposefully and intelligently. We are working 24/7 to help these leaders adopt new methods for achieving their long-term goals. We look forward to continuing to collaborate closely with **Tomorrow's Titans** and their colleagues for many years to come.

Ernst & Young refers to the global organization of member firms of Ernst & Young Global Limited.

The survey focused strictly on hedge fund portfolio managers, and excluded allocators, advisers and service providers.

Unsurprisingly, most of the 40 are based in London or New York.



John Arnold

Founder, Centaurus Advisors, Houston

John Douglas Arnold, 37, started out trading natural gas for Enron. After its demise he used the bonuses to start his own fund in 2002. Arnold's investment philosophy is to seek assets that have deviated from fair value and bet on them returning to fair value. One trade in 2007 is said to have made 200% from being short of gas – when being long of it was what wiped out Amaranth. Centaurus now owns gas cavern storage capacity that gives it the same edge as other physical traders: it can provide and take

physical delivery, and avoid getting squeezed. Returns have never been below 50% a year. He reportedly made \$1.5 billion in 2008. Arnold is now running the largest energy hedge fund at \$5 billion. The fund is now closed, and having already made compulsory distributions to investors, it may well end up, like Jim Simons' Medallion, being owned solely by its staff.



Mark Hart III

Founder, Chairman and Chief Investment Officer, Corriente Capital Advisors, Fort Worth

Texas Mark Hart III may have been one of the first hedge fund managers to start shorting developed government debt, at a time when most hedge funds were far more interested in shorting corporate and mortgage related credit. The concept of shorting bonds normally defined as risk free remains unusual, but has proved highly profitable. This trade - a joint venture with Hong Kong based Gavekal in the European Divergence fund - nearly doubled investors' money in 2008 from

owning credit default swaps on sovereigns, including Portugal, Spain and Greece. The funds are also unusual in only charging performance fees on realised profits and in having voluntarily returned some capital to investors. It is only in 2010 that Greek credit spreads have reached record levels, so clearly Hart's idea was prescient. Little wonder, then, that Hart likes to keep his ideas secret, including a new fund due to launch over the summer, which will not be a collaboration with Gavekal.



Ralph Nacey

Principal, West Spring, New York

Ralph Nacey started West Spring with Eric Phillipps in 2009 with seed capital from London-based FCA, part of FRM, one of the world's biggest funds of funds. Nacey was previously chief investment officer of Brigadier Capital, a fundamentally driven credit fund that demonstrated strong returns both during the bull market and the credit crisis. He had previously structured derivatives at Credit Suisse and Merrill Lynch, and also done some proprietary trading for Merrill, after starting his investment banking career

in equity capital markets and M&A. West Spring focuses mainly on taking long and short positions in high yield and investment grade debt, but can sometimes trade asset backed securities, interest rate swaps and equity options. Phillipps' and Nacey's approval is required for trade execution; the two have worked together since 2002. Their big picture outlook is that the deleveraging cycle has some way further to run. Nacey studied Physics and Nuclear Engineering at West Point and served as an Airborne Ranger in the U.S. Army.



Christopher Pia

Founder, Pia Capital, New York

Chris Pia spent his college holidays interning at COMEX, the commodities exchange in New York. He met Louis Bacon when they were both at Shearson in the late 80s and this partnership progressed with Pia joining Bacon when Moore Capital was founded. Between 1996 and 2008, Pia is said to have sextupled investors money: that is, multiplied it by a factor of seven. He is responsible for AUM of over \$1 billion. In late 2008, at the climax of the credit crisis, Pia teamed up

with ex-Tudor manager, Joe Niciforo, and the pair managed to pull in \$800 million during what were generally very challenging conditions for asset raising. Late last year, Pia was bullish on oil and gold, and bearish the dollar – but his views could have changed since then. Pia trades with a medium term time horizon of between weeks and months. He has continued with Moore's strict stop loss policy of 3% at the position level.



Matt Grossman

Founder, Plural Investments, New York

At \$450 million, the launch of Plural Investments was one of the largest of 2008. Founder Matt Grossman was formerly at Steve Cohen's SAC and had also covered energy stocks for Julian Robertson's Tiger. At SAC Grossman had been Chief Investment Officer of the \$2 billion CR Intrinsic fund, which is reputedly largely comprised of Cohen's personal wealth. Grossman had often been described as Cohen's right hand man: it was considered a great privilege to be involved in

the running of Cohen's favourite fund. Grossman hired other analysts and portfolio managers from Citadel, Omega and Highbridge rather than taking his old team. Filings show that railroads were a key 2009 theme: he owned the whole sector, which was boosted by Warren Buffet's acquisition of Santa Fe. Plural was also long of gold, oil and Goldman Sachs. Grossman is proud to have been a client of the late celebrity psychiatrist Dr Ari Kiev, who strove to help athletes and financial traders attain optimum performance.



Paul Touradji

Founder, Touradji Capital Management, New York

Tiger cub, and University of Virginia graduate, Paul Touradji started out as a quant at options trader O'Connor before moving to Julian Robertson's fund and leading its commodities team. He now runs the largest commodity fund in the US with assets around \$2.5 billion. It has not had a down year since launch in 2005. Iranian born Touradji is based in New York and trades a wide spectrum of commodities as well as some commodity equities. He does not publicise his positions. Rumours,

such as a constructive stance on base metals like nickel in early 2010 were not confirmed. Accurate calls made in the past have included shorting copper and buying coffee. Touradji is not afraid to trade against the crowd – indeed he has sometimes cited substantial short positions held by other investors as strengthening the case for him to take the other side of the trade. Touradji bought oil in late 2006 and started shorting it in early 2008, along with most other commodities, contributing to a profitable year in 2008.



Joshua Berkowitz

CEO and CIO, Woodbine Capital, New York

Woodbine attracted attention as one of the largest fund launches of 2009. Since then, assets have risen rapidly and now are above \$3 billion. Founder Joshua Berkowitz's twenty years of trading experience included spells at Steve Cohen's SAC and then most recently at George Soros's Quantum fund, where he annualised returns above 30% over three years. In a paper called "Gold: the Anti Goldilocks" Woodbine provides a framework for analysing the metal, with inputs including emerging markets

demand, incomes, and currencies. Rising dispersion between developed and emerging markets is another key theme for Berkowitz in implementing the fund's investment strategy. At the same time, the manager is cautiously aware of the risks of bubbles developing, so has on a number of occasions used options to trade gold and other assets. Woodbine takes views on volatility as well as the direction of assets, and trades bonds, equities and currencies on top of commodities. Co-founder Marcel Kasumovich is also ex-Soros.



Neil Chriss

Founder, Hutchin Hill Capital, New York

Mathematician Neil Chriss's consistently profitable Hutchin Hill fund only opened to outside investment in May of this year. Until then virtually the only investment was \$300 million of seeding from Jim Simons' Meritage fund of funds, which was once part of the Medallion fund. Chriss is famous for books such as "Black Scholes and Beyond" that developed new techniques for pricing options, such as trinomial trees. Chriss also developed algorithmic systems for trading

using models and programmes. His early career was spent researching both pure and applied mathematics in academia. His first investment job started in 1997, program trading with Morgan Stanley. He had a brief spell at Goldman Sachs Asset Management before building an electronic brokerage platform that was sold to, and is still used by, Reuters. This was followed by a four year stint at Steve Cohen's SAC, which he left to launch Hutchin Hill in 2007.



Mala Gaonkar Haarman

Managing Director, Lone Pine, New York

Mala Gaonkar Haarman heads up telecoms, media and technology research for Tiger cub Steven Mandell's Lone Pine equity long/short hedge fund group. With a degree in economics from Harvard and a graduate of Harvard Business School, Haarman received Ford Foundation funding for her thesis. She consulted for the World Bank on Mongolian privatisations before joining the Boston Consulting Group, and has also worked for Mark Mobius's Templeton emerging markets group. JP Morgan provided

the platform for her TMT interest in early stage ventures. The Lone Pine funds all produced positive returns for 2009, ranging from 12% to 79%. Sector themes in the current portfolios include education, outsourcing, and smart-phones on the long side. The fund has held positions in plenty of household names such as Apple, JP Morgan, Monsanto, and Qualcomm. Recent portfolio changes have included taking profits on Mastercard and Priceline. On the short side, Lone Pine aim to spot the technologies that will become obsolete in future.



Steve Mathews

Founder, Flintlock Capital, New York

Mathews founded Flintlock in February 2010. He has an eight year, portable, track record from Paul Tudor Jones' Tudor BVI hedge fund, and made over 20% in both 2007 and 2008. While Mathews headed up commodity research for 12 years at Tudor, now his fund focuses on the 24 most liquid commodities. At Tudor, Mathews developed a framework for analyzing commodities based liquidity, volatility and fundamentals. He likes to see a decent amount of volatility to provide trading potential. Mathews'

career began as a quantitative analyst covering equities and fixed income at Citigroup and Bear Stearns. Unusually, perhaps, he insists that quant relationships make intuitive sense, according to a piece he authored called "When is a Commodity not a Commodity". He is a graduate of West Point and NYU's Stern School of Business and served in the US Army.



Chase Colman

Founder, Tiger Global, New York

Chase Colman is, to our knowledge, the only “tiger cub” who has also included the word “tiger” in the name of his fund, Tiger Global. Colman admits that “big Tiger” founder Julian Robertson was his mentor. The fund trades small cap and technology stocks and has sometimes made as much as 90% in one year since launch in 2001. The fund did go short of financial and real estate stocks in 2008, but was covering these shorts in 2009, according to filings. Recent 13G filings also

show that the fund initiated a position in private equity firm Apollo Group last year, and also owns clean tech play Gushan Environmental Energy. One position that combines technology with an emerging markets growth story is Mercado Libre: effectively the Ebay of Latin America, this is the largest online auction platform serving the fast growing Latin American region. Colman graduated from Williams College in 1997 and had made \$50 million before he turned 30.



Olga Chernova

Founder, Sancus Capital Management, New York

Olga Chernova launched Sancus Capital in 2009 with a seed investment from a large US financial institution. She has been involved in credit trading since 1999 and most recently headed both North American and Structured Credit for the proprietary business at JP Morgan. Previously she headed credit desks at Dillion Read and Goldman Sachs. Chernova holds an MBA from Columbia Business School. Sancus utilizes a multi-strategy approach taking views on single names, indices and credit volatility. The investment

team combines macro credit views with fundamental research and rigorous quantitative analysis to select investment opportunities across North American and European markets. Sancus emphasises liquid strategies and offers investors monthly liquidity with 60 days notice. Cofounders of Sancus are Chernova’s JP Morgan colleagues Svetlin Petkov and Jason Chen; they have also had extensive hedge fund experience in areas such as underwriting and tranche trading. JP Morgan has verified that this credit team produced positive returns in 2008.



Alec Litowitz

Founder, Magnetar, Chicago

Alec Litowitz ran merger arbitrage at Citadel, one of the most successful hedge funds in the world, where he had spent most of his career and became a top executive. He started Magnetar, a Chicago based hedge fund, in 2005. Given his reputation he reportedly raised \$1.7 billion on day one, albeit only after the expiry of a non-solicit agreement allowed him to contact Citadel clients. Litowitz is known to be a triathlete and astronomy buff, who named his hedge fund Magnetar, “a neutron star with a powerful

magnetic field that was a remnant of a supernova”. Magnetar just announced a new event driven fund.



John Thaler

Founder, JAT Capital Management, New York

John Thaler was one of Shumway’s founding members in 2002 and got his own fund – the Shumway Omni fund – in 2006. This focused on Thaler’s specialism: technology, media and telecoms. Former employer and Tiger cub Chris Shumway provided some of the \$200 mn seed capital for Thaler’s 2007 launch JAT Capital, which shares the TMT industry orientation along with consumer stocks. University of Chicago economics graduate Thaler takes a private equity approach to stock valuation and has worked

in private equity at Spectrum with research director Eduardo Costa who also came from a private equity background. Thaler began his career in corporate finance with Merrill Lynch. JAT has been generating alpha on both its long and short books. Although positions can be quite concentrated, drawdowns have been limited to low single digits. Investors who consent to longer lockups pay lower fees and the typical investment horizon of two years for long positions is considerably beyond that of many hedge funds.



John Burbank

Founder, Passport Capital, San Francisco

Performance in excess of 200% for 2007 for the Passport fund came partly from John Burbank’s short sub-prime mortgage trades. Yet Burbank’s average annualised returns of close to 30% since he started in 2000 have not come without some double digit drawdowns, including in 2008. Burbank is a value investor who admires Warren Buffet and Sir John Templeton for their long term focus. Since starting Passport in 1995, Burbank has been accurately bullish on emerging markets, commodities

and gold – and prefers to hold gold as physical bars. Passport’s research team includes Phds in mining and geology, and the firm has launched specialist funds focusing on India, oil rigs, and agriculture – with fertiliser stocks current favourites. Now he envisages a decline of the US dollar will stoke inflationary pressures. San Francisco based Passport is close to Silicon Valley and did short technology stocks during the TMT bubble in the 2000. Burbank read English at Duke University and took an MBA at Stanford.



Boaz Weinstein

Founder, Saba Capital Management, New York

Boaz Weinstein joined Deutsche Bank in 1998 and became a Managing Director at 27. He rose to responsibility for over \$10 billion of proprietary trading assets, deployed mainly in capital structure arbitrage. He is said to have been profitable every year except for 2008, when losses were caused by the record blow out in the gap between cash and derivative instruments. In some years he was said to have been paid bonuses up to \$40 mn. Weinstein was Global Co-Head of Credit Trading when he left Deutsche last year, taking

15 of his former colleagues with him to set up Saba, which launched in 2009 with seed capital of \$200 million. The fund, which now manages \$1 billion, has been profitable every month since inception. In May, Weinstein opined that corporate credit markets were halfway towards a bubble situation where investors would not get paid for risk. A Life master of the US Chess Federation, Weinstein studied philosophy at the University of Michigan and worked for Merrill Lynch and Donaldson, Lufkin, Jenrette after graduating.



Mathew Halbower

Founder, Pentwater Capital Management, Chicago

Mathew Halbower is one of many Deephaven alumni to start his own fund. Halbower had been in charge of credit, merger arbitrage and event driven strategies at Deephaven but started Pentwater with \$700 million in 2007. Pentwater has sometimes taken an aggressively activist approach, trying to get boards of directors replaced (Post Properties) and accusing takeover targets of using poison pill defence tactics (Mittal's bid for Arcelor). The fund has also pursued litigation against banks in 2008

when private equity buyers walked away from Clear Channel. Recently in March 2010 Pentwater took legal action alleging that Talbot and BPW were trying to persuade warrant holders to accept worse terms than previously agreed. Although 87% of warrant holders have accepted the offer, Pentwater, which owns 9% of the warrants in question, was trying to get a better price. If deal breaks contributed to some losses in 2008, then deal consummations helped generate a 67% return in 2009 that more than recovered 2008 losses.



Dennis Lohfert

Founder, Ion Asset Architecture, London

Dennis Lohfert spends most of his day developing trading strategies and refining algorithms for Ion Asset Architecture. This software is critical for analysing millions of data points at the tick level. As part of the firm's strategy to be able to analyze data in 50 or more dimensions, he developed a computational grid that he trademarked the Ion Interconnected Computational Cluster (IonICC). Now only 31, in his twenties Lohfert developed an application called TITANIVM (a simple acronym for Theta-Immunized

Trading Across Normalized Implied Volatility Matrices... a system that performed automated volatility relative value trading). His 12 years of proprietary trading experience includes high frequency systematic trading for Saxon Financials UK. Since inception in November 2007 the Ion fund is up over 37% and, interestingly for a CTA-esque trader, it made 5.7% in 2009. Unusually, Ion charges a 30% performance fee and no management fee. Lohfert lectures on systematic and algorithmic trading at several universities and generally avoids publicity.



Mathew Carpenter

Trader, Moore Capital, London

Matt Carpenter's departure from Citi's proprietary trading unit follows the bank's spinning off of its commodity trader Philbro, whose manager Andrew Hall has set up his own shop. In contrast Carpenter will join Moore Capital and take his deputy Matt Newton with him. The two of them were previously trading single stocks for Citi. The \$1 billion of capital they were believed to be managing pales in comparison with Moore's \$14 billion AUM. Carpenter has cited proposals to limit bank

proprietary activities as a motive for his move, and subsequently Citi chief Vikram Pandit stated that banks should not speculate with their capital. In any case, proprietary trading has dropped to a single digit percentage of Citi's profits, quite unlike Goldman where it is often the lion's share of earnings. Other departures from Citi include ex-Caxton macro trader Jay Glasser, who went to Japanese bank Nomura, and just recently Lars Schonander, who announced he would join Carpenter and Newton at Moore.



Pierre Andurand

Co-founder, Bluegold, London

French national Andurand began at Goldman Sachs and then traded oil derivatives in Singapore (Bank of America and Vitol) and London (Vitol) before starting his own fund with the somewhat older Dennis Crema in London. The fund has a broad repertoire of trade types. Geographic, calendar, inter-market, and intra-market spread trades have been done and the fund also makes directional up bets, down bets, and volatility bets in all areas of the energy complex. Unlike CTAs, the fund is completely fundamental

and discretionary in its analytical approach. Andurand has always believed in doing his own research on supply and demand imbalances, and he spends a lot of time monitoring data on inventories and shipments. Spectacular 2008 performance over 200% came from catching decent chunks of both the spike and the subsequent crash in oil prices, as well as profiting from the explosion of implied volatilities. Performance for 2009 was up 55%. The fund always structures trades with an asymmetric risk reward profile.



Greg Coffey

Portfolio Manager, Moore Capital, London

Australian national Greg Coffey reportedly left behind hundreds of millions of bonus payments when he left GLG Partners in April 2008 to join Louis Bacon's Moore Capital, which sits in the same office building as GLG at number One Curzon Street in London's Mayfair. Bacon has a very high regard for Coffey's trading abilities and his views on investment and markets. At GLG Coffey ran \$7 billion and was said to have been one of the earliest to start shorting emerging government debt. Coffey was also

supposed to have been a frenetic trader, sometimes turning over his book several times in the space of a day. Having graduated in actuarial studies from MacQuarie University, Coffey initially worked at a Soros-seeded fund called Blueborder, before three proprietary trading positions at Bank Austria, Bankers Trust, and Deutsche Bank.



Pierre Henry Flamand

Founder, Edoma Capital, London

Pierre Henry Flamand has reportedly received bonuses as high as \$100 million in reward for the profits generated for Goldman Sachs. Flamand headed the Principal Strategies Group since 2002, running up to \$10 billion. This year he became one of many bank traders to quit to set up a hedge fund. Principal Strategies has quite an eclectic remit, similar to a multi strategy fund. It trades relative value, convertible bonds and volatility. While Goldman won't comment on Flamand's personal

performance, its 10K filings to the SEC do reveal that the Group managed by Flamand returned to profit in 2009 after losses in 2008. Flamand recently announced that his team of twenty will include former Goldman colleagues Ali Hedayat and Emmanuel Niogret, as well as an ex UBS head of European prime brokerage.



Geraldine Sundstrom

Partner and Portfolio Manager, Brevan Howard Asset Management, London

Sundstrom spent four years as a portfolio manager at Louis Bacon's Moore Capital before moving to launch the Brevan Howard Emerging Markets Strategies Master Fund in April 2007. Brevan Howard provided a seed investment of \$350 million. BHEMS is a macro directional and relative value fund with a mandate to trade primarily global emerging markets equity and corporate debt. The fund's AUM has climbed to over \$2.4 billion and it is closed to new investors. It performed strongly in 2009

with a 24.95% gain but was down 1.4% for the first four months of 2010. The fund has recorded average annualised performance of over 14% and annual volatility of 9.71%. Its maximum drawdown was 9.2% taken in the third quarter of 2008, but given the market volatility of the period the fund's gain of 6.84% for the year marked a sharp outperformance.



Colm O'Shea

Founder, Comac Capital, London

Colm O'Shea read economics at Cambridge and spent over ten years in Citi's proprietary trading division running money in London and New York. He was a senior macro trading manager at George Soros's Quantum fund, before being partly seeded by Dmitri Balyasny's multi-strategy fund. Every year new macro funds are launched and others are discontinued, but Comac has been one of the most consistent performers. The return profile shows asymmetry with up months considerably larger than down

months, evincing disciplined risk controls. Comac accurately bet on the yield curve steepening in 2007-2008 as the US economy plunged into recession. At a recent panel discussion he shared the apparently agnostic view of many macro managers in seeing a reasonable probability of extreme outcomes in terms of either inflation or deflation. O'Shea has also participated in panel discussions on topics such as whether sovereign debt is still risk free, whether it can be diversified and what the "fat tail" risks are in today's investment climate.



Ben Wallace

Fund manager, Gartmore Investment Management, London

Starting his fund management career with Deutsche Morgan Grenfell in 1997 meant that Ben Wallace had lived through the crisis of 1998. This proved to be good training for 2008 when his Octanis fund shot the lights out with a profit of nearly 30%. Wallace is not afraid to take bold directional bets up to 75% net long, and unlike many managers he has gone aggressively net short up to 50%. He also distinguishes between tactical trades, which may exploit events such as rights issues,

and longer term strategic views. Since strategy inception in 2004 he has tripled investors' money with only one flat year - 2007 - when he can be forgiven for becoming cautious before the bubble burst. Co-manager Luke Newman and four other Gartmore managers feed ideas into the process. The large cap bias means that all this has been achieved without taking on liquidity risks - redemptions were paid on time - and the strategy is also expected to be scalable.



Jesper Uttrup

Founder, Cresco, Copenhagen

Uttrup is one hedge fund manager staying put in his native Copenhagen, in spite of Europe's highest income tax rate at 60%! He has spent his entire career in Scandinavia, spanning local blue chip firms Danske Capital, Tryg-Baltica Insurance, Alfred Berg Asset Management, and Gregersen and Partners. The Cresco fund – seeded by Lord Jacob Rothschild's family office and related entities with \$45 million, after Sascha Klamp identified Uttrup – takes bold and aggressive positions both at the stock level and directionally.

Gross exposure can exceed 300% and net exposure can be up to 100%. Very volatile sectors, such as solar and shipping, are sometimes big winners, and big losers. This is an unashamedly opinionated fund that pays no attention to peers or benchmarks. The maverick style is reflected in the numbers: up 49% in 2008 after losing 17% in the second half of 2007 having launched in May, and making the same amount in 2009. So far in 2010 Uttrup has been on the right side of the Chinese growth story, with winning positions including iron ore producers.



David Slager

Founder, Attara, London

The once mighty Atticus fund has returned substantial amounts of capital to investors, but its erstwhile European fund manager, David Slager, has a sufficient personal following to continue running \$1 bn in his own fund, Attara. Slager had reportedly been paid \$450 million in 2007 when Nat Rothschild was said to have received \$250 million. Slager admitted that he was disappointed with the 2008 performance when all of the Atticus funds experienced losses. Historically Atticus had been in some

of the same activist trades as The Children's Investment Fund, such as taking large stakes in German stock exchange Deutsche Boerse. Going forward Attara is now far smaller than the \$20 billion AUM that Atticus had at its peak and it appears to be taking a more diversified approach by geography and industry. In spite of the 2008 draw-down, the average annualised performance is still approaching 20% over the past five years, which is no mean feat. Dutchman Slager studied with Rothschild at Oxford University.



Jamie Harpel

Founder, Althea, London

History graduate Harpel spent 11 years with power of veto over an \$800 million emerging markets portfolio at Tudor. The fully portable track record demonstrated consistently better downside control than the long only indices. He left Tudor before they shut down their dedicated EM fund, and launched Althea in December 2009 with \$100 million of which \$50 million came from Lord Jacob Rothschild. Harpel is a seasoned investor whose bottom-up stock picking is complemented by

a strong appreciation of the macro environment. This means he actively trades around core positions and sometimes takes views on currencies. When contrasted with the Western world's structural headwinds, Harpel believes certain emerging markets will over time offer fertile grounds for alpha generation. The book is very liquid with 75% of fund holdings representing under one day of average volume. The fund has sixty days notice with no locks or gates.



Peter Davies

Portfolio Manager, Lansdowne Partners, London

Peter Davies co-manages the flagship Lansdowne UK Equity fund, which has often been closed to new investors, but was briefly open in 2009. The fund has profitably shorted financial stocks, including Northern Rock, during the credit crisis, and adroitly reversed to a more constructive stance in 2009, when it also did well out of commodity plays that had offset short profits in 2008, generating a flat year. The fund has delivered annualised returns of over 19% since inception in 2001. Launch

Investors are now sitting on profits of more than 366%. Supermarket Tesco was a key holding where Davies spotted the growth potential of the Asian and Eastern European expansion. More recently Lansdowne is understood to hold significant stakes in UK banks. Elsewhere in the financial sector, Lansdowne has also disclosed a small short position in the Prudential insurance company. Davies is one of several managers at Lansdowne with a first class honours degree from Oxford; his was in Politics, Philosophy and Economics.



Tim Babich

Founder, Fortelus Capital Management, London

Tim Babich's habit of over-achievement started at the Wharton School of the University of Pennsylvania, where he obtained three degrees in four and a half years: bachelors in finance and engineering, as well as an MBA. His first distressed debt job was as a day one employee at US hedge fund giant Silverpoint, where he was rapidly charged with diversifying it into the European credit space and establishing a London presence. In 2007 Babich set up Fortelus, to take advantage of

opportunities in Europe's nascent distressed debt market, which is much less developed and sophisticated than its US counterpart. AUM is over \$900 million and net annualised performance since launch in 2007 has been over 20%. While many distressed funds only take long positions, Fortelus did successfully short a number of troubled businesses in 2008. Babich has been known to take an activist stance in relation to distressed investments and corporate governance concerns.



Davide Serra

Founder, Algebris, London

Algebris is one of several funds sharing the back office platform of Chris Hohn's The Children's Investment Fund. Davide Serra set up Algebris as a global Financials long short equity fund in 2006, raising over \$700 million at launch. The ABN Amro breakup deal is said to have been Serra's brainchild. Recently Algebris was reported to have sold its position in Italian insurer Generali, although the years of activism may have finally worked insofar as Generali consented to one Algebris

request, and appointed a nonexecutive chairman. At Davos, Serra has called for better disclosure. Algebris is up over 50% since inception in 2006 and it limited 2008 losses to around 30%, covering shorts before the lows and the ban. The fund invests globally and has a long only vehicle focused on emerging markets growth opportunities. A Singapore office is due to open soon. Serra began on the sell side where he was a highly rated head of bank research at Morgan Stanley.



Patrick Degorce

Founder, Theleme, London

Patrick Degorce co-founded TCIF Chris Hohn in 2004. Last year Degorce set up his own fund called Theleme. Degorce overlapped with two Lansdowne managers, Peter Davies and Stuart Roden, when they were at Merrill Lynch Asset Managers, and the latter two have a very high regard for Degorce. Theleme is managed autonomously but comes under the Lansdowne umbrella. The new fund has unusual structural features: its management fee declines as assets grow, and its performance fees are levied over the holding

period of each investment rather than at fixed yearly intervals. Large pension funds are agitating for such fee structures. Since launching Degorce has hired no less than five former TCI colleagues: Robb LeMasters, Timothy Keough and John Sheridan sit with Degorce in London, while Snehal Amin and Rishi Sunak are based in California. What Degorce has not taken from TCI is its original activist philosophy: Theleme has no plans to follow Chris Hohn's well publicised battles with corporate management teams.



Edward Taylor Lees

Co-founder, Clear River Capital, London

Edward Taylor Lees co-founded healthcare equity long/short fund Clear River in 2010. He studied history and life sciences at Amherst College and worked in a pharmacology laboratory at the prestigious University of Pennsylvania Medical School. Lees' career began in investment banking and capital markets at Morgan Stanley. He took an MBA at Wharton and then moved to Goldman where he headed the European event driven trading desk, worked on pricing and hedging large equity blocks and invested

in public and private instruments across a range of industries, concentrating in healthcare. Lees works closely with co-founder Dr. Steven McGarry, who ran biotechnology equity research at Goldman. The pair left Goldman in 2009 having profited during the bear market. Lord Jacob Rothschild seeded Clear River's March launch. The fund invests long and short in pharmaceuticals, specialty pharmaceuticals, generics, biotechnology and diagnostics. Half of the performance fees are to remain in the fund for at least three years.



Julian Barnett

Founder, Ridley Park, London

Julian Barnett may be only 33, but his Polar Paragon fund was head and shoulders above the peer group, annualising at some 28% in the five years to 2008 and garnering numerous awards in the European equity long /short category. While the fund's performance between 2003 and 2007 was slightly higher than in 2008, it was far from a bull market phenomenon. The 20% return delivered in 2008 is even more extraordinary than the five year record. After Barnett left Polar in early

2009 for personal reasons the \$875 million of assets in his fund had to be returned to investors; the ability to do so vindicates the liquidity of his style. Late last year Barnett started Ridley Park as a management company, based in Mayfair, and its first fund went live in May of this year, with discounted management fees for big day one tickets. Barnett began managing money in UK equities at Close Brothers in 1999. He is a CFA charterholder.



Tony Chedraoui

Founder, Tyrus, London

Deephaven alumni popped up frequently in our survey. Chedraoui, 34, began his meteoric rise at the American University in Beirut before winning a scholarship to read for an MSc in Finance at the elite Hautes Etudes Commerciales in Paris. Hired by Lehman Brothers, he was thrown straight into the then red hot TMT sector in investment banking. In 2004, he shifted to the buy side and ran a highly successful prop trading strategy for two years before being headhunted by

Deephaven to head their Europe event driven strategy, which made 40% in his first four months at the helm. The \$500 million Deephaven European Event Fund propelled Chedraoui to Global Head of Event Driven and delivered a profit of 15% in 2008. After Deephaven sold out to Stark, capital was returned to investors in February 2009. Tyrus launched October 31 and was one of the largest launches of 2009. It has made a single digit percentage profit since then.



Tan Chin Hwee

Fund Manager, Apollo, Singapore

Tan Chin Hwee has been a consistently profitable investor since 1995 through two crises and varied market conditions. He started out trading equities and fixed income, for Keppel Group and Development Bank of Singapore, each of which awarded him scholarships, for a bachelors degree in accountancy and MBA at Yale, respectively. At Amaranth he pioneered, public and private, structured deals in markets ranging from Pakistan to Indonesia. After Amaranth closed, Apollo asked Tan to set up an Asian office and launch a

structured finance fund. Tan has broad accountancy experience: he did forensic accounting for DeRosa during his MBA, and holds Australian and Singapore accountancy qualifications. Tan is also a CFA Charterholder, active member of the Singapore CFA society, and CFA lecturer. Multi-lingual Tan speaks numerous languages including intermediate level Indonesian Bahasa. He also advises the Singapore government on finance, trade and industry matters and is a 2010 World Economic Forum Young Global Leader.



Hyder Ahmad

Founder, Broad Peak, Singapore

Broad Peak was the largest Asian launch of 2007 with \$1 billion, a figure no new Asian fund has since matched. An estimated \$700 million was said to have come from Singapore's sovereign wealth fund, Temasek, and Broad Peak's Singapore address is number three, Temasek Avenue. Ahmad had most recently been head of Goldman's Asian proprietary trading operations with responsibility for risk arbitrage, having carried out a range of roles at Goldman across investment banking, capital markets and equity

trading. Reflecting the scope of Ahmad's Goldman experience, Broad Peak has a broad mandate encompassing long/short equity, event oriented including mergers, distressed debt, capital structure arbitrage, convertible arbitrage, volatility trading and structured and private deals. Harvard MBA and Wharton economics graduate Ahmad started his career as a mergers and acquisitions analyst for Wasserstein Perella in New York. Assets in Broad Peak are now approaching \$2 billion easily placing it among the ten largest Asian funds.



Nick Taylor

Founder, Senrigan Capital, Hong Kong

Senrigan's 2009 launch was the largest in Asia since Broad Peak in 2007, thanks to partners' capital plus a \$150 million strategic investment from Blackstone. Taylor previously led Credit Suisse's in house hedge fund team, Modal Capital, most of which briefly migrated to Citadel in 2008 prior to spinning out into Senrigan when Citadel withdrew from Asia. In addition to heading Modal globally, Taylor rose to be Head of Asian proprietary trading at CS. The team invests across the capital structure, primarily in public

equities and eschews activism. The four sub-strategies are corporate actions (including mergers and tender offers), Catalyst plus Value, Corporate Structure trades and Special Situations. As such Taylor takes a view pre- and post-events, and pays special attention to cultural, regulatory and legal frameworks in Asia. Unusually, Taylor studied philosophy at both Cambridge and Oxford - and taught it at the latter - before beginning a career in investment management doing merger arbitrage at Goldman Sachs in London.



Wang Bing

Founder, Nine Masts Capital Management, Hong Kong

Wang Bin ran Deutsche Bank's Saba proprietary trading strategies group in Asia for a decade until it was shut at the end of 2008. Bin's book, which peaked at around \$1 billion is said to have been profitable for nine of those 10 years. He is now about to launch Nine Masts. This multi-strategy arbitrage fund invests across the whole spectrum of the corporate capital structure, in debt, equity and derivative instruments. The fund may go long or short of secured or unsecured, and

senior or subordinated, bonds or loans, as well as taking synthetic positions through credit default swaps and index products. It can trade common and preferred stocks, as well as the convertible and option related strategies that co-founder James Tu specialised in at erstwhile Hong Kong based multi-billion dollar multi-strategy fund DKR Oasis. Bin has also engaged former Deutsche colleague Ron Schachter. The name Nine Masts auspiciously harks back to treasure ships commanded by fifteenth century Chinese explorer Zheng.



Yang Liu

Chairman, Atlantis Investment Management, Hong Kong

Chinese national Yang Liu has more than 20 years of Chinese equities experience, and has been with Atlantis since 2002. Her performance has been well ahead of long only indices: the flagship Atlantis China fund is up 560% since inception against 345% for the MSCI China Free Index. She has access to all categories of Chinese stocks: mainland listed "A" shares in Shanghai and "B" shares in Shehzen, as well as Hong Kong listed "H" shares and standard Hang Seng issues, not to mention

Singapore and US listed Chinese companies. In particular Liu seeks out so called P chips, where P stands for private as opposed to government ownership. Prior to Atlantis, Liu managed money for Citic, CMG and First State. Liu has responsibility over four China oriented equity funds, and specialises in identifying undervalued growth stocks, often in the small and mid cap arenas. All of these are UCITS III compliant. Liu studied at Beijing University and holds Australian securities designations.