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Hedge Fund ALERT

JUNE 7, 2017

Private Equity Shop Exiting Grosvenor Stake

Hellman & Friedman's stake in **GCM Grosvenor** is up for grabs.

Hellman, a well-regarded private equity investor, bought a 29% ownership interest in the multi-manager giant in 2007, when Grosvenor's assets under management were half the $50 billion the Chicago firm now runs. Hellman holds the position via its Hellman & Friedman Capital Partners 6, an $8 billion vehicle that's winding down.

San Francisco-based Hellman acquired the stake under terms that are very favorable to Grosvenor, whose principals own the rest of the business. Grosvenor is managing the sales process and must approve of any buyer.

The effort is still in the early stages, and Grosvenor has yet to hold discussions with prospective buyers. "We are running the process and the clients come first," Grosvenor managing director **Jon Levin** said. "Hellman fully supports that dynamic."

Grosvenor's equity partners, who number more than a dozen, could purchase

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Losses, Withdrawals Cut Short Quant Venture

Quantitative hedge fund operator **R&F Capital** is shutting down.

The New York firm, led by former **Two Sigma** staffer **Sergey Fein** and one-time **Paloma Partners** executive **Matthew Rothman,** notified investors of the plan on May 31. In doing so, it cited both losses and investor redemptions.

R&F experienced a performance drawdown of more than 10% from June 2016 to mid-May 2017, posting losses in 10 of those 12 months. While that didn't initially prompt significant withdrawals — allowing the firm's assets to peak at $250 million at yearend — limited partners eventually headed for the exits.

The plan now is to return 95% of the firm's capital once it has calculated a net asset value for the end of May, likely this month. The rest of the money would be distributed in September, upon the completion of a final audit.

"Poor performance over the past year, resulting in significant redemptions, was the main driver behind our decision," chief financial officer **Daniel Naccarella**

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Ex-Mason Pros Secure Backing From Moelis

An event-driven startup led by two former **Mason Capital** portfolio managers has lined up $100 million for the launch of its debut fund.

Alex Eiseman and **Emilio Gomez-Villalva,** who spent five years working together at Mason, plan to begin trading on Aug. 1 via their **Zama Capital** of New York. Their Zama Capital Advisors fund will target mid-cap companies grappling with litigation, political or regulatory changes, restructurings and other complex events, with an eye toward assembling a concentrated portfolio of equity and debt securities.

Most, if not all, of the fund's day-one capital will come from a partnership led by **Collegium Global,** the hedge fund-seeding arm of **Moelis Asset Management.** Collegium's principals and employees are chipping in, as are the firm's joint-venture partners, fund-of-funds manager **Voyager Management** and placement agent **Perkins Fund Marketing.** In addition to seed money, Collegium and its partners offer a range of operational and technological support, marketing and investor-relations

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THE GRAPEVINE

Scopus Asset Management has picked up a portfolio manager. **Scott Merves,** who also holds the title of senior analyst, arrived at the New York equity manager last month from a similar role at **Millennium Management** unit **Armature Capital.** He had been employed there since 2015, following stops at **Elm Ridge Capital, Bear Stearns, BroadArch Capital** and **Glenview Capital.** Scopus is led by **Alexander Mitchell.** It was managing $4.3 billion of gross assets at yearend 2016.

Balyasny Asset Management has added a director to its investment team. **James Farrant** arrived in the Chicago firm's New York office in May. Farrant previously

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LPs Get Shot at Crowd-Sourced Fund

Quantopian, whose crowd-sourcing approach to algorithmic trading has won backing from the likes of **Steve Cohen** and venture-capital shop **Andreessen Horowitz,** has launched its first commingled fund.

A U.S.-domiciled version of the offering, 1337 Street Fund, began trading this month with an undisclosed amount of investor capital. The Boston firm also is marketing an offshore fund, but that version has yet to begin trading.

Quantopian is among a small number of financial-technology firms, including **Quantiacs** and **QuantConnect,** that offer independent computer programmers and financial engineers a platform to develop and fine-tune their strategies — while giving investors access to new and emerging quantitative-trading talent. Since launching in 2011, Quantopian has attracted some 130,000 code writers in 180 countries who use the company's financial databases to research and back-test their algorithms.

The firm's 1337 Street Fund deploys capital to a small subset of those traders — presumably those whose strategies have proven most profitable. Quantopian began investing outside capital in April, drawing on an initial $30 million allocation from Cohen's family office, **Point72 Asset Management.** Point72 has committed up to $250 million of investment capital to Quantopian.

The money was distributed among perhaps 15 traders, focused for the most part on equity-related strategies. In April, Quantopian expanded its research capabilities by adding data on a range of futures contracts.

Under their agreement with Quantopian, traders retain ownership of their algorithms and get to keep 10% of any profits they earn, on top of whatever cut Quantopian takes.

The firm was founded by chief executive **John Fawcett,** who previously started an investment-technology business called **Tamale Software** that he sold to **Advent Software** in 2008. Fawcett earlier did a brief stint as a technology-stock analyst at Boston hedge fund shop **033 Asset Management.**

Quantopian has received nearly $50 million of venture-capital funding from Andreessen Horowitz, **Bessemer Venture Partners, Khosla Ventures** and Point72's venture-capital arm, Point72 Ventures, among others.

The name of Quantopian's debut fund refers to a symbolic alphabet programmers use called Leet, whose letters can be represented by the figures in "1337." ❖

JAT Capital Loses Marketing Pro

The head of marketing for **JAT Capital** has resigned, just as the firm was starting to raise money from outside investors again.

Barclay Bowen left the Greenwich, Conn., firm last week after more than eight years on board — most recently as managing director for marketing and investor relations. In December, she added the title of chief compliance officer.

Bowen played a key supporting role at JAT as founder **John Thaler** parlayed his reputation as a savvy technology-stock picker into a $3 billion hedge fund operation. But after posting a double-digit loss in 2014, Thaler surprised investors by announcing in May 2015 that he was returning limited-partner capital and converting his fund shop, JAT Capital Management, into a family office, now known as JAT Capital Partners.

Only a year later, however, came word that Thaler was having second thoughts. By yearend 2016, details started to emerge about a new fund that would take highly concentrated bets in just a few technology, media and telecommunications companies. Rather than employ a hedge fund structure, the new offering would take the form of a closed-end vehicle with a finite life of perhaps 1-2 years.

There's no word on who will assume responsibility for marketing the new fund in the wake of Bowen's departure. Thaler set a fund-raising goal of at least $50 million, but no more than $250 million, **Hedge Fund Alert** reported in December.

In a parting letter to colleagues last week, Bowen said she was embarking on "a new adventure," without offering details. "I was fortunate to work with and learn from some of the most amazing talent in the industry," she wrote. "The decision to leave such great people and such a great organization was a very difficult one."

Before joining JAT, Bowen spent seven years at **Merrill Lynch.**

Thaler was a top-performing portfolio manager at **Shumway Capital** before launching JAT in 2007 with Shumway's backing. Since 2011, Shumway has operated as a family office for **Chris Shumway.** ❖

Kingsford Receives Major Boost

Short-selling specialist **Kingsford Capital** has landed a hefty mandate from a single institutional investor, partially making up for a wave of redemptions.

The new commitment arrived June 1, with an undisclosed investor parking about $100 million in a vehicle called Y2K Partners in which it is the only limited partner. The "fund of one" takes short positions in an array of small-company stocks, essentially mimicking the strategy of Kingsford's main fund.

That vehicle, Kingsford International, went dormant last year amid the sudden shutdown of one of its limited partners — fund-of-funds operator **Aurora Investment** — and subsequent redemptions by others. Including Y2K Partners, Kingsford's total assets now stand at $115 million, down from $250 million when the withdrawals began.

Also included in the tally is a vehicle called Kingsford Alpha Capture Fund that shorts individual stocks but maintains an overall long bias via investments in exchange-traded funds. That entity is designed to produce its biggest profits in down markets while still making money when stocks are rising.

While Kingsford's performance figures couldn't be learned, it's no secret that short sellers have struggled in the prolonged bull market. **Hedge Fund Research's** Equity Hedge Short Bias Index was down 5.4% during the first four months of 2017, following a gain of 1.2% in 2016 and drops of 1.6% in 2015 and 3.9% in 2014.

Kingsford is led by co-founder **Mike Wilkins,** a former **West Highland Capital** executive who started the Point Richmond, Calif., firm with now-retired partner **David Scially** in 2001. ❖

Gerstner Extends VC-Fund Series

Technology-focused hedge fund manager **Altimeter Capital** is marketing the latest in a series of venture-capital funds targeting late-stage tech startups.

The Boston firm, led by **Brad Gerstner,** seeks to raise $200 million of equity for Altimeter Growth Partners Fund 3. It expects to hold a first close this month on more than half of the total, investor-relations head **Megan Sabel** wrote in a note to investors last week. A second and final close is penciled in for the fourth quarter.

"In anticipation of [Altimeter Growth Partners Fund 2] being fully called, we have kicked off fund raising for [Fund 3]," Sabel wrote. "As innovation cycles shorten, we're eager to find new disruptors in the post-app world where we expect significant runway for growth investing."

Altimeter, founded in 2008, had $2.7 billion under management, on a gross basis, at yearend 2016 — with all but a couple hundred million dollars of the total in its long/short equity Altimeter Partners Fund. The hedge fund trades the stocks of internet, software and travel-related businesses.

Altimeter's venture-capital funds typically invest $25 million or more in companies with valuations of at least $100 million. As of March 31, the funds had invested a combined $266 million, resulting in a net internal rate of return of 17%.

Altimeter plans to contribute $8 million of the equity raised for Fund 3. Limited partners would be charged management fees equal to 2% of their assets during the investment period, with the rate stepping down after that. They also would pay performance fees equal to 20% of gains on returns of 1-2.5 times their original capital, and 25% on returns above 2.5 times.

Altimeter, which also has an office in Menlo Park, Calif., is among a handful of technology-focused hedge fund firms that have launched venture-capital businesses in recent years. Others include **Coatue Management** and **Tiger Global.** Coatue's latest offering, dubbed Kona 3, is set to blow past its original fund-raising target of $1 billion. The firm, led by **Philippe Laffont,** now expects to raise $1.5 billion for its third venture-capital fund, with a final close expected at the end of this month. ❖

Greywolf Vehicle Takes More Hits

With its main hedge fund continuing to struggle, **Greywolf Capital** is placing more emphasis on its activities as a collateralized loan obligation issuer.

The Purchase, N.Y., firm's Greywolf Capital Overseas Fund was posting a year-to-date loss of 3.8% on April 30. That follows declines of 13% in 2016 and 14% in 2015 for the event-driven vehicle, which manages $695 million, including parallel separate accounts.

By comparison, **Hedge Fund Research's** Event Driven (Total) Index was up 2.9% from Jan. 1 to April 30, after recording a 10.6% gain in 2016 and a 3.6% loss in 2015.

Greywolf Capital Overseas Fund invests in 10-20 positions that Greywolf sees as top performers, while seeking little or no correlation to the broad financial market. The continued losses have raised doubts about the vehicle's future, given the fact that hedge funds rarely survive after two consecutive down years.

For its part, Greywolf hasn't signaled any plans to unwind Greywolf Capital Overseas Fund or any of its other hedge funds — many of which invest in structured products. But over the past year, the firm apparently decided to pull back on the marketing of the event-driven fund while attempting to become a more active CLO issuer.

To that end, Greywolf has moved to comply with a Dodd-Frank Act rule requiring CLO issuers to retain 5% stakes in their deals by setting up an SEC-registered vehicle called Greywolf Lone Management that would hold those positions. That entity presumably would draw on contributions from both Greywolf and outside investors.

Greywolf runs $2.1 billion through its CLO business, which encompasses the management of four deals that all have been profitable for equity and debt holders. The most recent was a $658.9 million offering completed in March 2015.

The firm, founded by former **Goldman Sachs** executive **Jonathan Savitz,** manages $3.2 overall. ❖

Mortgage-Bond Fund Begins Trading

An investment team that previously worked together at **Structured Portfolio Management** has launched a mortgage-product vehicle with $100 million.

Their New York startup, **Nara Capital,** is pushing to raise an additional $150 million in the next six months or so. The firm's six partners, led by chief executive and chief investment officer **Charles Smart** and chief operating officer **Paride "Alex" de Calice,** founded the firm last year, originally under the banner Trium Capital.

Nara Capital Master Fund, which began trading in April, targets commercial and residential mortgage bonds, with a particular focus on outstanding commercial MBS rated below single-A-minus and on credit-default swaps tracked by **Markit's** CMBX index. It also trades derivatives tied to residential mortgage bonds, including interest-only strips from agency mortgage deals. The details first were reported by sister publication **Commercial Mortgage Alert.**

The standard fee terms for Nara Capital Master Fund are 2% of assets and 20% of gains. However, the manager is offering discounted fees on the first $250 million of investor capital.

The fund's portfolio managers are **Frank O'Neill, Joseph DeGregorio** and Smart. They left Structured Portfolio Management early last year, around the same time as Smart, Calice and Nara's other partners.

Smart spent eight years at the Stamford, Conn., firm, where he was a principal and managing director overseeing investments in non-agency mortgage bonds. Calice was a senior marketing professional at Structured Portfolio Management, where he had worked since 2008.

Structured Portfolio, founded by **Don Brownstein** in 1997, has a little more than $2 billion under management. Last month, Brownstein assumed the title of executive chairman, turning over the chief executive's role to **Kenneth Cron.** ❖

Valiant Adopts Graduated Fees

Valiant Capital has overhauled its fee schedule.

The new structure offers long-term incentives for investors to stick around and for Valiant to maximize its performance, creating what the San Francisco equity manager characterizes as a better alignment of interests. The firm took the step even though no limited partners requested it.

Valiant, led by **Chris Hansen,** previously charged investors in its Valiant Capital Partners fund a fairly standard performance fee equal to 20% of profits. Now, its compounded annual return must top 6% over three years on a trailing basis before it collects a performance fee. That charge starts at 11% and steps up gradually from there as the shop's profits increase, reaching 20% for gains of 15-16% and stepping up to 24% for a rise of 19-20%. For anything above that, the take is capped at 25%.

Some added wrinkles: While the fee is based on a three-year period and is charged annually, investors pay only if Valiant produces a profit in the most recent year — even if the firm averages a positive return for the entire period. The firm also is offering "loyalty discounts" in which investors get a break on performance fees starting in year four, with additional breaks for commitments of more than $150 million.

As for management fees, Valiant already was following a format in which it would charge less as its assets grew. But the thresholds for those step-downs now are lower: 1.5% for assets of up to $2.5 billion, 0.75% for the next $1.5 billion and zero for anything beyond that.

Previously, Valiant charged 1.5% for assets of up to $3 billion, 1% for the next $2 billion and zero for anything beyond that.

The firm currently manages $1.4 billion, plus $500 million in side pockets for private equity investments — which count toward its management-fee calculations. Incentive fees for the private equity investments remains unchanged, at 20% of realized gains.

"Sticky" capital is important to all hedge fund operators, but perhaps more so for Valiant, which often holds long positions for up to five years and typically keeps its short bets for extended periods as well. The firm started working on the new fee schedule in early 2016, with investors approving the plan this March.

The revisions took effect in April, retroactive to January. "We have spent the past year reflecting on how to best position Valiant to succeed for the next decade," Hansen wrote in a yearend letter to limited partners. "Our intention is not to simply cut fees to appease the growing chorus of dissatisfaction with the current hedge fund model. After a lot of reflection and discussions with investors, we think the issue is one of alignment."

He added that while Valiant's fortunes still depend mostly on its performance, the new terms could add to the stability of its asset base, help recruit and retain staff and help the firm tolerate volatility while pursuing its long-term investment strategy.

Valiant Capital Partners lost 9.3% last year, but was up 15% in the first three months of 2017.

Hansen founded Valiant in 2008, coming off stints at **Blue Ridge Capital** and **Montgomery Securities.** ❖

Mortgage Shop Seeks Institutional LPs

Rama Capital, which has delivered a 9.7% annualized return via investments in non-prime residential mortgages, is pitching the strategy to institutional investors.

Since its inception in 2008, the Calabasas, Calif., firm's flagship Rama Fund has been backed mainly by wealthy individuals, along with two funds of funds, two family offices and a private school. Now, founders **Alim Kassam** and **Brian O'Shaughnessy** are shifting their marketing focus toward institutions, with the goal of tripling the firm's assets to $500 million.

To that end, Rama this month hired veteran marketer **Wendy Bahlav,** who previously worked at **West Side Advisors.** Her resume also includes **Cura Capital** and **Clinton Group.**

Rama's return profile could make it an easy sell. Through May 31, Rama Fund had logged 104 consecutive months of profits, with an average monthly return of 0.8%. The fund, with assets under management of $129 million, has purchased more than $800 million of residential mortgages over the years.

How does Rama do it? By focusing on riskier borrowers whose loans are protected by generous equity buffers.

The fund buys its loans from an affiliated mortgage originator, **Athas Capital,** a Calabasas firm owned and operated by Kassam and O'Shaughnessy. Athas' niche is borrowers who own substantial equity in their homes, but have low credit scores or lack standard income or asset documentation. The fund's current portfolio has a weighted average loan-to-value ratio of 55.5%.

Since the Dodd-Frank Act established new guidelines for mortgage lending, Athas has been focusing on loans that don't conform with the **U.S. Consumer Financial Protection Bureau's** qualified-mortgage standards.

Rama typically holds the loans for some period, then seeks to sell them at a premium to investors including banks, hedge funds and mortgage-securitization conduits. The fund currently holds 300-350 loans at a time, though the number is expected to increase as Rama gains traction with institutional investors. The marketing campaign is emphasizing that Rama will be on guard to avoid "style drift" as its assets grow.

Athas originates mortgages on properties in the West, mainly in California. Its servicer, **FCI Lender Services,** also provides certain administration services for the Rama Fund, including calculation of the fund's net asset value.

The fund, which requires a $250,000 minimum investment, charges investors a 1% management fee and an annual servicing fee equal to about 0.5% of their capital. Limited partners are entitled to a 7% preferred return, after which they split profits 50-50 with the general partner.

Before founding Athas and Rama, Kassam was chief executive of **Quality Home Loans.** He earlier worked at **Pacificor, CapitalSource Finance** and **Lehman Brothers.** O'Shaughnessy previously founded his own firm, **Bankers Express Mortgage,** which he sold to Quality Home Loans in 2007. ❖

PENSION PLAN CONSULTANTS

Firms Advising Institutional Clients on Hedge Fund Investments

Company	Contact	The Skinny
Aksia New York	**Matt Mullarkey** 212-710-5710 matt.mullarkey@aksia.com	Founded in 2007 by former Credit Suisse fund-of-funds executive Jim Vos, Aksia is one of the few consultants focused exclusively on hedge funds. Offers both discretionary and nondiscretionary advisory services to clients that together have some $70 billion allocated to hedge funds. Aksia's 119-member staff works globally, including at offices in London and Tokyo.
Albourne America Rowayton, Conn.	**David Harmston** 203-299-4400 d.harmston@albourne.com	Made headlines for pioneering 1-or-30 fee structure with client Texas Teachers. U.S. arm of London consultant Albourne Partners has army of alternative-investment analysts serving more than 250 clients with hedge fund investments. Among its strengths: a team of 50-plus analysts specializing in operational due diligence. Seen as good choice for self-directed chief investment officers who want access to trove of research data. Charges clients on a fixed-fee basis, as opposed to standard asset-based model. Albourne Partners, founded in 1994, has a dozen offices worldwide.
Aon Hewitt Investment Chicago	**Peter Hill** 312-381-1243 peter.hill@aonhewitt.com	Consulting practice unaffected by Blackstone's purchase of Aon's benefits-administration and human-resources platforms in early 2017. Aon Hewitt Investment, formerly known as Hewitt EnnisKnupp, advises some 500 clients in North America with combined assets of $1.8 trillion at yearend 2015. Staff of 300-plus includes 250 in investment-advisory roles. Hedge fund analyst Alison Trusty, formerly of Hymans Robertson, joined in 2016 to research liquid-alternative managers.
Asset Consulting Group St. Louis	**Tom Janisch** 314-862-4848 tom.janisch@acgnet.com	Advises on more than $100 billion of traditional and alternative investments for 100-plus clients, including pensions, endowments, foundations, insurers, healthcare institutions and family offices. Founded in 1989, firm employs about 50.
Callan Associates San Francisco	**Jim McKee** 415-974-5060 mckee@callan.com	Primarily advises on fund-of-funds mandates for clients that lack resources or staff to invest directly in hedge funds. About 380 plan-sponsor clients have combined assets of $2 trillion, with roughly $24 billion allocated to hedge funds and liquid alternatives. Works directly with institutional investors and through registered investment advisers. Founded in 1973, firm employs 190.
Cambridge Associates Boston	**Deirdre Nectow** 617-457-7500 dnectow @cambridgeassociates.com	Works with 463 pensions, endowments and private clients with a combined $36 billion invested in hedge funds at yearend 2016. Deploys teams of investment professionals to handle each account. Employs 1,270 at its Boston headquarters and outposts in Arlington, Va., Dallas, Menlo Park, Calif., New York, San Francisco, Beijing, London, Singapore, Sydney and Toronto. Founded in 1973.
Cliffwater Marina Del Rey, Calif.	**Stephen Nesbitt** 310-448-5000 snesbitt@cliffwater.com	Advises institutional investors, primarily pensions, foundations and endowments, on hedge funds and other alternative investments. Founded in 2004, Cliffwater has about 45 clients with more than $70 billion of assets under advisory. Also serves as subadvisor to four alternative mutual funds. In 2016, acquired equity stake in New Market Wealth Management.
Ellwood Associates Chicago	**David Ramsour** 312-782-5432 dramsour@ellwoodassociates.com	Forty-year-old firm acquired Watershed Investment Consultants in mid-2016. Works with more than 170 retirement plans, endowments, foundations, healthcare systems and family offices, each with assets of $50 million to $5 billion. Had $57 billion under advisory at yearend 2016.
Fund Evaluation Group Cincinnati	**Greg Dowling** 513-977-4400 gdowling@feg.com	Acquired Larry Thompson & Associates in December 2016, adding an office in Dallas and $3 billion of advisory assets. Has about 400 clients with a combined $58 billion of assets. Some clients have allocations to alternative investments topping 40%. Staff of 133 works with pensions, endowments, foundations, hospitals and insurers. Founded in 1988, firm also has offices in Detroit and Indianapolis.
Gallagher Fiduciary Chicago	**Michael Johnson** 202-896-2270 michael_w_johnson@ajg.com	Pension-advisory arm of benefits and insurance consultant Arthur J. Gallagher & Co. has staff of more than 50 professionals. Michael Johnson promoted in 2017 to become firm's president, replacing Nick Davies, who joined Mercer Wealth. Assets under advisory totaled $54 billion at yearend 2016. Also manages more than $3 billion on a discretionary basis.

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Company	Contact	The Skinny
LCG Associates Atlanta	**Eric Huff** 770-644-0100 ehuff@lcgassociates.com	Advises on some $80 billion of assets for corporations, utilities, endowments, nonprofits, family offices and other institutional investors. Employee-owned firm has staff of about 50. Added Rowan Harmer and Brendan Lucier as partners in 2016. Founded in 1973, firm also has offices in Dallas and Seattle.
Meketa Investment Westwood, Mass.	**Brian Dana** 781-471-3500 bdana@meketagroup.com **Brandon Colon** 781-471-3500 bcolon@meketagroup.com	Advises on about $470 billion of assets for more than 150 institutional clients, and manages $4 billion on a discretionary basis. Staff of 135 includes 88 investment professionals. Aneish Arora and Gerald Chew elevated to partners in 2017. Firm funded in 1978.
Mercer Wealth Chicago	**Troy Saharic** 206-214-3670 troy.saharic@mercer.com	Blue-chip firm advised on $10.2 trillion of institutional assets as of Sept. 30, 2016. Also has discretionary asset-management business with $177 billion as of March 31, 2017, including $5.5 billion in hedge funds. Clients include pensions, foundations and endowments. Marsh & McLennan unit rebranded as Mercer Wealth in 2017 to reflect merger of retirement-consulting and investment-management businesses.
NEPC Boston	**Neil Sheth** 617-374-1300 nsheth@nepc.com	Has more than 300 clients representing $950 billion of assets, including upwards of $50 billion in alternative-investment vehicles. Maintains alternatives-focused research staff of 25. Founded in 1986, firm has seven other offices in the U.S.
Pavilion Alternatives Group Sacramento, Calif.	**Doug Moore** 804-282-9000 dmoore@pavilioncorp.com	Acquired Jeffrey Slocum & Associates of Minneapolis in September 2016. Founder Jeffrey Slocum, who retired, was an early proponent of alternative investments. Combined business has more than $70 billion of alternative investments under advisory, including nearly $11 billion in hedge funds. Has five offices in the U.S., plus Montreal, London and Singapore.
Pension Consulting Alliance Portland, Ore.	**David Sancewich** 503-226-1050 davidsancewich @pensionconsulting.com	Provides advisory services to 32 institutions with more than $1 trillion of combined assets. Clients include large and mid-size pension funds, multi-employer retirement plans and foundations. Employs 30 investment professionals. Firm, founded in 1988, has strict “no gifts” policy that covers meals and entertainment.
Rocaton Investment Norwalk, Conn.	**John Hartman** 203-621-1717 john.hartman@rocaton.com	Advises select group of mostly large institutional clients that together have more than $500 billion of assets. Also manages some $10 billion on a discretionary basis. Clients include pensions, insurers, endowments, foundations, healthcare institutions and family offices. Firm, founded in 2002 by group of experienced investment research and consulting professionals, has a 65-person staff.
Segal Rogerscasey Darien, Conn.	**Alan Kosan** 203-621-3620 akosan@segalrc.com	Substantially increased its client base in January 2017 by acquiring rival Marco Consulting. Advisory work includes about $180 billion of nondiscretionary assignments and another $295 billion on behalf of financial intermediaries. Also has $4.5 billion of discretionary assets under management. Offers a multi-manager platform dubbed MasterManager Program encompassing a couple of dozen funds.
StepStone Group La Jolla, Calif.	**Uliana Demianova** 212-351-5868 udemianova@stepstoneglobal.com	Entered hedge fund and private-debt markets via December 2016 acquisition of Swiss Capital of Zug, Switzerland, which advises clients on both types of investments. StepStone oversees $110 billion of alternative investments, including $30 billion managed directly. Has 14 offices in 10 countries with a staff of 280.
Summit Strategies St. Louis	**John Lake** 314-727-7211 jlake@ssgstl.com **Chris Moore** 314-727-7211 cmoore@ssgstl.com **Darrel Pfeifauf** 314-727-7211 dpfeifauf@ssgstl.com	Provides advisory services to 83 institutions with more than $170 billion of assets combined, including $11 billion in hedge funds. Employs 58 investment-advisory professionals. Clients include corporate and public pensions, foundations, religious groups and healthcare organizations. Founded in 1995 by a group led by president Stephen Holmes, who previously co-founded Asset Consulting Group.

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Company	Contact	The Skinny
Verus Seattle	**Margie Lane** 206-622-3700 mlane@verusinvestments.com	Struck deal with Goldman Sachs Asset Management in February 2017 to sell unit that functions as outsourced chief investment officer for large pension systems. The head of that unit, chief investment officer Jeffrey Scott, has moved to Goldman. Ian Toner was promoted to replace Scott, who before joining Verus ran Alaska Permanent Fund. Verus retained core outsourced-CIO business and continues to advise institutions with more than $330 billion of assets combined. Firm has 30-plus years of experience serving educational and charitable organizations, corporate and public pensions, multi-employer retirement plans, healthcare and financial institutions.
Willis Towers Watson Arlington, Va.	**Douglas Smith** 212-309-3865 douglas.a.smith@willistowerswatson.com **Sara Rejal** 44-20-7170-2645 sara.rejal@willistowerswatson.com	Formed in 2016 via merger of Towers Watson and Willis Group. Clients include corporate pensions, endowments, foundations, sovereign-wealth funds, insurers and healthcare systems that together have about $40 billion invested in hedge funds and “alternative-beta” products. Manager-research team numbers more than 100, with over half focused on alternative-investment strategies. Sara Rejal oversees liquid alternatives, a mandate that encompasses hedge funds.
Wilshire Consulting Santa Monica, Calif.	**Jonathan Miles** 310-260-6615 jmiles@wilshire.com	Advises on nearly $1 trillion of assets held by 125 institutional investors. Also runs $7.4 billion in discretionary accounts. Hedge fund-investment services run gamut from manager selection to portfolio implementation. Research covers range of hedge fund strategies, as well as liquid alternatives and risk-premia products.

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Hellman's stake themselves. That would require finding a debt investor willing to finance the deal via a loan or structured transaction. Alternatively, Grosvenor's principals could split Hellman's stake with another equity investor.

In purchasing its stake, Hellman effectively replaced an earlier equity investor in Grosvenor, which was founded in 1971. In 1998, **Value Asset Management,** led by **David Minella,** struck a deal with Grosvenor to acquire up to 70% of the business. By 2007, however, Value Asset was liquidating its holdings, which included ownership interests in a handful of other asset managers. At that point, it owned 30% of Grosvenor. Grosvenor's principals purchased a small portion of Value Asset's stake, with Hellman picking up the rest.

At the time, Grosvenor had about $24 billion under management. In 2013, it bought a **Credit Suisse** unit that held $20 billion of private-fund stakes, boosting Grosvenor's assets to about $44 billion. Today, the firm manages commingled funds and customized separate accounts with a combined $26 billion invested in hedge funds, $18 billion in private equity funds, $4 billion in infrastructure funds and another $2 billion in real estate and opportunistic investments.

Sources said it's hard to predict how much Hellman's stake in Grosvenor might be worth. On the one hand, Hellman is looking to exit the position as the multi-manager hedge fund sector continues to suffer from stagnant asset growth and declining fees. On the other hand, Grosvenor is a blue-chip firm with a solid base of institutional clients and a track record of long-term growth. It was running only $500 million when Value Asset acquired its stake in 1998, for example.

Grosvenor reportedly paid $200 million for the Credit Suisse unit, adding a large private equity fund-of-funds business in the process. That deal turned out to be something of a hedge against Grosvenor's exposure to the hedge fund industry, which has struggled to retain investors amid lackluster returns. The private equity sector, meanwhile, has seen a steady increase in assets amid generally strong performance.

Grosvenor, led by chairman **Michael Sacks** and Levin, has more than 450 employees in the U.S., Europe and Asia.

Hellman & Friedman Capital Partners 6 has been among the most profitable large private equity funds launched on the eve of the financial crisis. According to data provider **PitchBook,** the fund showed a 12.9% internal rate of return as of March 31, 2016, and was "outpacing its competitors by a wide margin." At yearend 2016, the fund had returned 1.8 times invested capital. Limited partners include **Calpers, Canada Pension Plan, IBM** and **J. Paul Getty Trust.** ❖

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services, and advice on business development.

Eiseman and Gomez-Villalva intend to limit the size of Zama Capital Advisors to avoid the capacity constraints faced by large event-driven managers. An investor presentation, for example, notes there are fewer than 600 companies in the U.S. and Western Europe with market capitalizations of $5 billion to $10 billion. But there are more than 2,400 with market caps between $1 billion and $5 billion. The presentation also highlights the fact that large-cap companies draw coverage from more than 20 sell-side analysts, on average, while small-cap companies have fewer than five. In addition to the U.S. and Europe, the fund will invest in Latin America, with a particular focus on Argentina.

Zama is offering a founder's share class that will charge a 1% management fee until the fund's assets reach $500 million, at which point the fee would drop to zero. Investors in the founders class also would pay a 10% performance fee.

The investor presentation indicates the founders class has a capacity of $100 million, meaning it already may be full. Later investors would be placed in a share class with a 1.75% management fee and a 20% incentive fee. After a one-year lockup, limited partners would be permitted to withdraw once a quarter with notice of 60 days, subject to an investor-level gate of 25% of their assets per redemption period.

Before joining Mason in 2010, Eiseman worked at **Catalyst Capital, Oaktree Capital** and **GE Capital.** Gomez-Villalva was at Mason from 2006 to 2015, and before that worked in the engineering field.

Joining them at Zama are analyst **Thomas Schweitzer** and chief financial officer **Justin Mauskopf.** The firm plans to hire another analyst, a trader and an investor-relations professional.

Moelis Asset Management, a unit of investment bank Moelis & Co., was founded in 2007 to help launch alternative-investment businesses. In addition to Collegium, Moelis Asset Management own stakes in seven firms with combined assets under management of $3.3 billion as of Sept. 30, 2016. ❖

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wrote in a May 31 letter to investors.

R&F employed a multi-strategy approach. It gained 7% over the first five months of 2016, only to see its full-year profit diminish to about 3% as its performance began to deteriorate. The erosion accelerated from there, with the firm losing 3.5% for the first four months of 2017. It was down 6.4% as of May 19.

R&F started trading in October 2015 with $50 million from a mix of institutional investors and family offices. Fein, the firm's portfolio manager, previously served as a vice president responsible for quantitative research at Two Sigma from 2007 to 2014. Rothman, who was in charge of non-investment operations, oversaw the addition of new trading teams at Paloma from 2011 to 2014.

Naccarella was **Anderson Global Macro's** chief financial officer from 2012 to 2015.

R&F actually represented the second attempt by Fein and Rothman to start their own fund-management firm. The two originally planned to launch under a different name several months earlier, but shelved the effort when Two Sigma sued Fein in **New York State Supreme Court.**

In the complaint, the New York quantitative-investing giant claimed Fein violated a one-year non-compete agreement by trying to set up a new firm and contacting potential investors during that period. ❖

CALENDAR

Main Events

Dates	Event	Location	Organizer	Information
Sept. 7-8	Total Alts 2017	San Francisco	IMN	www.imn.org
Sept. 12	Delivering Alpha 2017	New York	Institutional Investor	www.deliveringalpha.com
Sept. 17-19	Context Summits West 2017	Dana Point, Calif.	Context Summits	www.contextsummits.com
Sept. 25-26	Markets & Financial Industry Global Summit (MFIGS)	New York	MFIGS	www.mfigs.com
Oct. 19-20	Robin Hood Investors Conference 2017	New York	Robin Hood Foundation	www.robinhood.org
Nov. 2-3	Gaining the Edge: 2017 Hedge Fund Investor Summit	New York	Agecroft Partners	www.apgainingtheedge.com

Events in US

Dates	Event	Location	Organizer	Information
June 12	Alternative Investment Summit	New York	Eisner Amper	www.eisneramper.com
June 12	Emerging Manager Investor Summit	New York	Wilson Conferences	wilsonconferences.com
June 13	Blockchains & Digital Currencies	New York	Source Media	www.americanbanker.com
June 13	Roundtable Forum: Cap Intro/Investor Networking	New York	Roundtable Forum	roundtableforum.com/schedule/
June 13	Advanced Topics in Hedge Fund Practices Conference	New York	Morgan Lewis	www.morganlewis.com
June 14	Alternative Data Discovery Day Intrepid 2017	New York	BattleFin	www.battlefin.com
June 14	Midwest Institutional Investor Forum	Chicago	Markets Group	www.marketsgroup.org
June 14	Private Wealth Mountain States Forum	Denver	Markets Group	www.marketsgroup.org
June 15	Advanced Topics in Hedge Fund Practices Conference	Boston	Morgan Lewis	www.morganlewis.com
June 19	Cap Intro: Multi-Fund Fintech Platforms in Alt. Inv.	New York	Catalyst Financial	www.catalystforum.com

To view the complete conference calendar, visit The Marketplace section of HFAlert.com

LATEST LAUNCHES

Fund	Portfolio managers, Management company	Strategy	Service providers	Launch	Equity at Launch (Mil.)
1337 Street Fund Domicile: U.S. and Cayman Islands ☛See Page 2	John Fawcett, Jean Bredeche, Jonathan Larkin Quantopian, Boston 617-451-8101	Algorithmic trading (crowd-sourced)		June	
Zama Capital Advisors Domicile: U.S. and Cayman Islands ☛See Page 1	Alex Eiseman and Emilio Gomez-Villalva Zama Capital, New York 212-418-1237	Event-driven	Prime brokers: Bank of America, Goldman Sachs and J.P. Morgan Law firms: Akin Gump and Walkers Auditor: KPMG Administrator: SS&C GlobeOp	Aug. 1	$100+

To view all past Latest Launches entries, subscribers can click on the Databases tab at HFAlert.com

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was employed as an analyst at **Marshall Wace North America** from 2013 to 2016, with a focus on consumer, technology, media and telecommunications companies. He also has spent time at **Mojave Capital, Morgan Stanley** and **Goldman Sachs.** Balyasny, led by **Dmitry Balyasny,** had $12.7 billion under management on March 1.

Taconic Capital has a new chief technology officer. **Doron Gutstadt** arrived at the New York multi-strategy firm this month. Gutstadt had been employed since 2015 as a managing director at **Rebar Systems,** a Fort Lee, N.J., firm that offers order- and execution-management software and consulting services to investment managers, brokerage firms and banks. His former employers also include **Goldman Sachs** and **Oasis Capital.** Taconic was founded in 1999 by former Goldman partners **Ken Brody** and **Frank Brosens.** It was managing $7.7 billion of gross assets at yearend 2016.

Former **Balyasny Asset Management** staffer **Matt Siler** resurfaced in May as a senior analyst at **Carbonado Capital,** a New York firm that invests in consumer-company stocks with backing from **Blackstone.** Siler worked as an analyst at Balyasny from 2014 until December 2016. He also has spent time at **Deutsche Bank** and **UBS O'Connor.** Carbonado is led by founder **Greg Thomas.** It was managing $743 million of gross assets at yearend 2016.

Debt-focused fund manager **Farmstead Capital** has hired a former **Goldman Sachs** employee to head its marketing and investor-relations efforts. **Frederick Storz** joined the Ridgewood, N.J., firm last month, after having worked as a vice president on the capital-introduction team at Goldman since 2011. His former employers also include **Massey Quick & Co.** and the **University of Medicine and Dentistry of New Jersey.** Farmstead is led by **Andrew Rebak** and **Michael Scott.** It had $1 billion under management at yearend 2016.

Managing director **Fred Jacobs** has left **SS&C Technologies,** where he built a sales desk focusing on alternative-investment businesses. His destination: Brookfield, Wis., technology company **Fiserv,** where he started on May 30 as a senior vice president in charge of client relations and business development for a unit that works with investment-service businesses. Jacobs started at SS&C in 2008. Before that, he spent time at **Butterfield Fulcrum, PFPC** and **Bank of America.**

Christine Fenske, who heads the asset-management practice at accounting firm **Baker Tilly,** was promoted to managing partner in May. Fenske joined the New York firm in 2004 after stops at **Ernst & Young** and **UMB Fund Services.** Baker Tilly was the 10th most active hedge fund auditor at the end of the first quarter with 83 clients, up from 23 a year earlier, according to **Hedge Fund Alert's** Manager Database.

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Telephone: 201-659-1700 **Fax:** 201-659-4141 **Email:** info@hspnews.com

Howard Kapiloff	Managing Editor	201-234-3976	hkapiloff@hspnews.com
Mike Frassinelli	Senior Writer	201-234-3964	mike@hspnews.com
James Prado Roberts	Senior Writer	201-234-3982	james@hspnews.com
Andrew Albert	Publisher	201-234-3960	andy@hspnews.com
Daniel Cowles	General Manager	201-234-3963	dcowles@hspnews.com
Thomas J. Ferris	Editor	201-234-3972	tferris@hspnews.com
T.J. Foderaro	Deputy Editor	201-234-3979	tjfoderaro@hspnews.com
Ben Lebowitz	Deputy Editor	201-234-3961	blebowitz@hspnews.com
Dan Murphy	Deputy Editor	201-234-3975	dmurphy@hspnews.com
Michelle Lebowitz	Operations Director	201-234-3977	mlebowitz@hspnews.com
Evan Grauer	Database Director	201-234-3987	egrauer@hspnews.com
Mary E. Romano	Advertising Director	201-234-3968	mromano@hspnews.com
Kait Hardiman	Advertising Manager	201-234-3999	kait@hspnews.com
Joy Renee Selnick	Layout Editor	201-234-3962	jselnick@hspnews.com
Barbara Eannace	Marketing Director	201-234-3981	barbara@hspnews.com
JoAnn Tassie	Customer Service	201-659-1700	jtassie@hspnews.com