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Investors Targeting Stakes in Hedge Fund Operators

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| Affiliated Managers Group Prides Crossing, Mass. | Jay Horgen 617-747-3300 pr@amg.com | Established | Publicly traded company has been busy buying minority stakes in mature hedge fund businesses. Reached deal in June 2016 to acquire remaining positions of Goldman Sachs' original Petershill Fund, which held stakes in CapeView Capital, Capula Investment, Mount Lucas Management, Partner Fund Management and Winton Capital. Other recent deals include Abax Investments, Ivory Investment and Systematica Investments. Also takes controlling positions in traditional asset managers. All told, owns interests in more than 30 firms with \$700 billion under management. |
| Ascalon Capital Sydney | Chuak Chan 852-3961-0828 chanc@ascalon.com.au | Startup, Emerging, Established | Westpac Banking unit uses balance-sheet capital to buy minority stakes in Asia-Pacific asset managers, mostly hedge fund operators running \$50 million to \$200 million, but sometimes more. Seeks long-term relationships, typically investing at least \$50 million per deal. Has stakes in about eight managers, most recently investing in Hong Kong multi-strategy startup Seyon Asset Management. |
| Bainbridge Partners London | Georges Catalao 44-207-590-1804 georges.catalao @bainbridgepartners.com | Startup | Fund-of-funds manager has yet to hold first close for debut seeding vehicle it began marketing in early 2014. But has capacity to make one-off seed investments using partner and investor capital. In 2015, backed \$20 million launch of Alcazar Investment, led by electricity trader Joaquin Narro. Favors startups with a couple of hundred million dollars of capacity and niche strategies in liquid markets. |
| Blackstone New York | Justin Kwong 212-390-2980 justin.kwong@blackstone.com | Startup, Established | World's biggest hedge fund investor and most prolific seeder has fully deployed \$2.4 billion from second seeding vehicle, the 2010-vintage Blackstone Strategic Alliance Fund 2. Meanwhile, third seed-capital vehicle has raised at least \$1.2 billion toward \$1.5 billion equity-raising goal, although it has yet to fund a deal. Separately, Blackstone has deployed about a quarter of the \$3.3 billion it raised for fund that buys minority stakes in mature hedge fund operations. Positions include Marathon Asset Management, Magnetar Capital, Senator Investment and Solus Alternative Asset Management. |
| Borealis Strategic Capital Chicago | Scott Schweighauser 312-762-6757 sschweig@aurorallc.com | Startup | Scott Schweighauser, who co-led now-defunct fund-of-funds shop Aurora Investment, began marketing hedge fund-seeding vehicle in mid-2016 under Borealis label. Aurora had \$5.4 billion of assets when it began winding down in April 2016 following a busted sale to Northern Trust. There was word that Schweighauser's team would continue running a \$500 million seed-capital fund they launched at Aurora, but that never materialized. The vehicle inked just one deal, with Copernicus Capital in November 2015, although Aurora had seeded a number of other managers over the years. |

HEDGE FUND ALERT: September 28, 2016, 5 Marine View Plaza, Suite 400, Hoboken NJ 07030. 201-659-1700

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| Cannon Street Capital New York | Bradley Southern 212-634-5581 bsouthern @cannonstreetcapital.com | Established | In 2015, began planning a vehicle that would seek to buy minority stakes in fund operations with assets of \$250 million to \$2 billion. Led by John McAvoy, a veteran of Credit Suisse's Asset Management Finance unit, and William Huger, a partner at hedge fund shop Voyager Management, a backer of Cannon Street. |
| Credit Suisse New York | John Powers 212-325-0445 john.powers@credit-suisse.com Anthony Maniscalco 212-325-3463 anthony.maniscalco @credit-suisse.com | Established | Recently formed unit dubbed Anteil Capital seeks to raise \$1.5 billion to \$2 billion for a fund that would buy minority stakes in 10-12 mature fund-management firms, primarily hedge fund shops. Fund-raising progress is unknown. Entered the market as rivals including Blackstone and Dyal Capital were looking to deploy billions of dollars, and as investor demand for hedge funds started to cool. Bank has long experience backing alternative-investment firms via Asset Management Finance unit, which no longer is pursuing new deals. Anteil is led by former Stanford Management chief John Powers and former Blackstone executive Anthony Maniscalco. |
| Dyal Capital New York | Michael Rees 212-476-9021 michael.rees@nb.com | Established | Has taken minority stakes in 18 large asset managers since 2011, most of them hedge fund operations running at least \$1.5 billion apiece. Doesn't look at startups. Currently investing via \$2.1 billion fund that held a final close in September 2015 and so far has deployed about a third of its capital. Last deal was with Graham Capital in May 2016. Also owns stakes in Chenavari Investment, Jana Partners and Whitebox Advisors. Now seeking \$4 billion to \$4.5 billion for a fund that would invest exclusively in private equity firms. |
| Dymon Asia Capital Singapore | Jay Luo 852-3742-9688 jay.luo@dymonasia.com | Startup | In 2014, the \$4.5 billion hedge fund manager launched a joint venture with Singapore sovereign wealth fund Temasek Holdings, with Temasek committing \$500 million to invest in new Asia-based hedge funds. It also took a minority stake in Dymon. The joint venture's first deal was with London startup Port Meadow Capital, led by former SAC Capital executive Carl Vine. In 2015, backed launch by one-time Tudor Investment partner Allen Chu. |
| Estancia Capital Scottsdale, Ariz. | Danny Kang 480-448-5001 dkang@estanciapartners.com | Emerging, Established | In 2013, held final close with \$180 million for a fund that seeks to buy minority stakes in 7-10 alternative-investment firms, traditional asset managers and service providers. Looking to invest \$5 million to \$50 million per deal, including co-investment capital. In hedge fund arena, scouting multi-strategy shops, managers with unusual strategies, and rival firms that buy stakes in established fund operators. Targeting businesses with less than \$50 million of operating income. |
| GCM Grosvenor Chicago | Jonathan Levin 312-506-6647 Michael Kirchner mkirchner@gcmlp.com | Startup, Emerging | Fund-of-funds giant runs fully invested \$475 million seeding vehicle that launched in 2013. Deployed \$50 million to \$100 million per manager. Last deal was with Hollis Park Partners in 2015. Continues to scout fresh prospects, but unclear whether Grosvenor will launch a new seed-capital fund or offer deals to clients on a one-off basis. |
| Goldman Sachs New York | Ali Raissi 44-207-774-1000 ali.raissi@gs.com Ryan Roderick 212-902-1000 ryan.roderick@gs.com | Startup, Established | Completed fund-raising for Petershill 2 with \$1.5 billion of equity in 2015. Private equity vehicle aims to acquire minority stakes in 9-12 established fund-management firms running \$2 billion to \$15 billion apiece. So far has invested in one private equity-fund manager and four hedge fund firms: Caxton Associates, Fort Management, Knighthood Capital and Pelham Capital. Began marketing a new hedge fund-seeding vehicle in early 2016 that aims to match the \$650 million it raised for its initial seed-capital fund in 2011. Petershill is led by Ali Raissi, while the seeding business is overseen by Ryan Roderick. |

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| HS Group Hong Kong | Michael Garrow garrow@hsgfunds.com | Startup, Emerging | Founded in 2013 by one-time Blackstone executive Michael Garrow and former Goldman Sachs executive Johannes Kaps to invest in new and emerging hedge fund managers, mostly in Asia. Raised north of \$600 million of startup capital. Most recent deal was 2016 launch of Sanoor Capital, led by former Discovery Capital executive Jasjit Rekhi. HS co-seeded Sanoor with a sovereign wealth fund. Also backed Zaaba Capital, a Hong Kong shop that launched in February 2016; Zentific Investment in 2015; and Pleiad Investment in 2014. |
| Investcorp New York | Nick Vamvakas 917-332-5700 nvamvakas@investcorp.com | Startup, Emerging | Seasoned seed investor deploys balance-sheet capital, typically about \$50 million per deal, but is open to working with co-investors. Recent investments include Kinneret Group, a quantitative-equity shop led by Mony Rueven, and Nut Tree Capital, formed by former Redwood Capital partner Jed Nussbaum. Investcorp-backed Kortright Capital shut down in 2016. And Prosir Capital, another Investcorp seed, has seen its assets plunge amid poor performance. |
| KKR New York | Robert Recer 212-750-8300 rob.recer@kk.com | Established | Legendary buyout shop has been using its hefty balance sheet to buy or launch hedge fund operations. Most recently took 24.9% stake in Marshall Wace. Also owns minority stakes in Nephila Capital and BlackGold Capital, as well as controlling stake in fund-of-funds operator Prisma Capital. KKR executive Webster Chua oversees the firm's hedge fund business. |
| Kudu Investment New York | Rob Jakacki 212-257-6422 rjakacki@kuduinvestment.com | Established | Started in 2015 with \$150 million from Fidante Partners, an arm of Sydney investment house Challenger, to buy minority stakes in asset managers including hedge fund firms running \$1 billion or more. Led by former Kudu Advisors founder Charlie Ruffel and former Asset Management Finance executive Rob Jakacki. Deals include investment in \$3 billion wealth manager WestEnd Advisors. |
| Leucadia National New York | Nicholas Daraviras 212-284-1700 ndaraviras@leucadia.com | Startup, Emerging | After buying Jefferies in 2013, formed asset-management division that seeks to acquire stakes in new and emerging alternative-investment businesses including hedge fund managers and commodity-trading advisors. In 2014, reached deal with former SAC Capital executive Sol Kumin to seed his Folger Hill Asset Management with \$400 million, on condition that it raised at least that amount from other investors. Folger Hill launched in 2015 with \$1 billion, but its assets had dropped to \$750 million in mid-2016 due to weak performance. Leucadia also has backed Topwater Capital, which offers "first loss" seed capital to startup fund shops, and a number of funds managed by Jefferies trading staff. |
| Mariner Investment Harrison, N.Y. | Brendan Minogue 212-880-9247 bminogue@marinercapital.com | Startup, Emerging | Struck deal with Alaska Permanent Fund in 2012 under which it is deploying \$500 million to back a dozen new managers, with the idea of incubating them and spinning off those that succeed. Has backed at least six managers. Invested other client capital in Robert Heine's Morven Advisors, which launched in 2013. Also has done a number of acceleration deals, and has long backed spinoffs by its own portfolio managers, including Caspian Capital, Pembroke Capital and Tricadia Capital. |

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| Maverick Capital Dallas | Bates Brown 212-418-6958 bates.brown@maverickcap.com | Startup, Emerging | Set aside \$100 million of proprietary capital in 2011 for its first seeding vehicle. Invests about \$20 million per deal. Recently backed Cloverdale Capital and Westray Capital. Earlier deals were with Rinehart Capital, Sentinel Rock Partners, Sycamore Lane Partners and Totem Point Management, though Rinehart and Sycamore Lane have since wound down. Maverick now soliciting outside capital for additional deals or perhaps a commingled fund. Bates Brown, who oversees the firm's fund-of-funds unit, also runs the seeding business. |
| Mercer Park New York | Jonathan Sandelman 212-299-7600 jsandelman@mercerparklp.com | Startup, Emerging | Family office of Wall Street veteran Jonathan Sandelman has backed a number of new and emerging hedge fund shops since 2013. Most recent deal was with quantitative stock-picker Brookdale Capital, including a \$10 million commitment to its fund and operating capital for the Dallas firm. Sandelman known for high-profile roles at Salomon Brothers, Bank of America and his own hedge fund business, Sandelman Partners, which shut down following the financial crisis. |
| Meritage Group San Francisco | Meredith Barth 212-906-8660 mer-hfs@meritagegroup.com | Startup | Led by Nathaniel Simons, son of Renaissance Technologies founder James Simons, \$8 billion firm mainly invests in other managers' hedge funds on behalf of Renaissance partners. Has inked at least five seed deals in recent years, including Atalan Partners, led by former Soroban Capital executive David Thomas. Also backed Hutchin Hill Capital, Lamond Capital and Sarissa Capital. Can write checks of \$150 million or more. Event-driven Anandar Capital, which launched in 2014 with Meritage seed capital, wound down in 2016. |
| Moody Aldrich Partners Marblehead, Mass. | Eli Kent 781-639-7054 eli@harvestfund.com | Startup, Emerging, Established | Finished raising north of \$100 million for its debut seeding and acceleration vehicle in 2014. That capital is now fully deployed, and firm is making additional investments on a deal-by-deal basis, typically \$30 million to \$50 million per deal. Has backed five firms including Genesis Capital, which former Millennium Management executive Robert DeFranco launched in 2015. Is also looking to take minority equity stakes in more-established firms running up to \$1 billion. |
| NewAlpha Asset Management Paris | Antoine Rolland 33-1-44-56-52-34 arolland@newalpha.net | Startup, Emerging, Established | Since 2009, has invested €1.2 billion (\$1.4 billion) in seed and acceleration deals, and had €620 million under management as of yearend 2015. Looking to invest in startups and small, established firms in the U.S. and Europe. Also backs long-only managers in France. In 2015, invested in Naqvi-Van Ness Asset Management, a systematic-trading shop in New York. |
| Northill Capital London | Ryan Sinnott 44-207-016-4119 ryan.sinnott@northhill.com | Startup, Emerging, Established | Launched in 2010 with backing from Italy's Bertarelli family, founders of the Serono pharmaceutical company. Seeks stakes in startups as well as established managers looking to cash out partners or other shareholders. Has suffered several setbacks of late. Portfolio company Goldbridge Capital wound down in 2015, and in 2016 Northill laid off staff at its Alpha Strategic unit. Alpha Strategic's only investment under Northill, Premium Point Investments, shut down in 2016 after discovering accounting errors. |

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| Pacific Current Group Seattle | Michael Daley 206-965-8878 info@paccurrent.com | Emerging | Formerly known as Northern Lights Capital, was renamed after 2014 merger with Sydney-based Treasury Group. Publicly traded firm has stakes in 18 small asset managers in the U.S., U.K., Australia and Singapore. In 2015, formed joint venture with Strategic Capital to offer acceleration capital to emerging quant-fund managers. |
| Paloma Partners Greenwich, Conn. | Michael Liebowitz 203-861-3230 mliebowitz@paloma.com | Startup | Founded by Donald Sussman in 1989, \$5.3 billion firm backs managers representing a range of strategies, but favors quantitative traders. Seedlings typically run money exclusively for Paloma for some years before raising outside capital. Usually invests \$100 million to \$150 million per deal, but staked Reef Road Capital with \$300 million in 2013. Most recently backed former Highbridge Capital executive John Aylward in launch of Sona Asset Management. Earlier deals include Dasoma Capital and Qtrade in 2015 and AlphaCrest Capital in 2014. |
| Pine Street Alternative Asset Management New York | Caroline Lovelace 646-415-7200 newmanagers@pinestreetalt.com | Startup, Emerging | Founded in 2011, firm has fully invested a \$200 million commitment from New York Common Fund in early 2014. Mandate was to invest seed and acceleration capital in return for revenue shares. Focuses in part on women- and minority-owned hedge fund managers. Pine Street is led by former Investcorp executive Lofton Holder. |
| Prime Allocation Group Stamford, Conn. | Andrew Gitlin 203-517-8740 info@primeallocation.com | Startup, Emerging | Began soliciting contributions for debut seed-capital fund in 2015, while scouting prospective deals mainly in Europe and the Middle East. Targeting startups or emerging managers with less than \$150 million of assets. In addition to capital, will offer operational support, including compliance services via partnership with London consultant Lawson Connor. Led by Andrew Gitlin, who served for nine years as chief executive of AIG's alternative-investment division. |
| Protege Partners New York | Mike Barron 212-784-6321 mb@protegepartners.com | Startup | Makes seed investments of \$50 million to \$100 million in exchange for cuts of managers' revenues. At last check was running \$1.8 billion via multi-manager funds and separate accounts that pursue both seed deals and traditional fund investments with smaller firms. Has about 40% allocation for seed investments. Last known deal was London-based Ledbury Capital, which began trading in 2014. Co-founder Ted Seides left in 2015. |
| Q Investments Fort Worth, Texas | Brandon Teague 817-332-9500 bteague@acmewidget.com | Startup | Since re-launching seeding business in 2010, has backed Gratia Capital of Los Angeles, North Yard Capital of New York and Spartan Capital of Charlotte. Focus is long/short equity fund operators, but open to debt and event-driven strategies. Runs some \$1.7 billion in a variety of vehicles. Partners supplied almost half of capital. |
| Reservoir Capital New York | Elizabeth Flisser Rosman 212-610-9000 erosman@reservoircap.com | Startup | There had been rumors that Reservoir planned to start a second hedge fund-seeding vehicle, but the firm has no plans to move ahead until the returns of its first seed-capital fund improve. For now, Reservoir has capacity to make additional seed investments via its flagship fund. One recent seed, Silver Ridge Asset Management, had to delay its launch until January 2016 pending a regulatory probe of currency-trading practices at Citigroup, the former employer of Silver Ridge founder Anil Prasad. First seeding vehicle also backed Abberton Capital, Castle Ridge Investment and OxBow Capital. Typically invests about \$150 million per deal. |

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| RIT Capital London | Ron Tabbouche 44-207-647-6203 investments@ritcap.co.uk | Startup | Publicly traded trust led by Jacob Rothschild has a £2.7 billion (\$3.5 billion) market capitalization. Has seeded a number of startups over the years in exchange for revenue shares. The most recent was Eisler Capital, which launched in 2016 with hundreds of millions of dollars. RIT valued its investment in the firm at \$160 million as of June 30. Also backed Farmstead Capital with \$100 million in 2013, and Cresco Capital before that. |
| Satori Alpha Fort Worth, Texas | James Haddaway 817-200-7805, ext. 62 james@satoricapital.com | Emerging | Affiliate of Dallas-based private equity shop Satori Capital. Targets acceleration-capital deals with aim of taking 25% cuts of managers' revenues. Did first deal in 2013, investing \$18 million in Crawford Asset Management. Closed three other deals through mid-2014, including a \$20 million investment in China-focused Yulan Capital. Deploys capital from a non-discretionary pledge fund. |
| Stable Asset Management London | Erik Serrano Berntsen 44-207-016-3163 esb@stableam.com | Startup | Partners Erik Serrano Berntsen and John Thompson have seeded six managers since 2006. Began raising first seed-capital fund in September 2016 with a \$450 million equity goal. Backs U.S. and European specialty managers with potential to grow to \$1 billion within a few years. Offers both capital and operational support in exchange for 20% of revenues. Most recent deal was 2014 investment in Arctic Blue Capital, led by former Millennium Management portfolio manager J.J. Duhot. |
| Strategic Capital London | Mark Barker 44-207-340-8572 mbarker@stratci.com | Emerging | Launched in 2015 with backing from Northern Lights, now known as Pacific Current Group. Offers acceleration capital to quantitative hedge funds that have been trading for at least 18 months. Invested \$75 million in fund run by John Street Capital. Strategic Capital counts Santander UK Pension Scheme as its fund's anchor backer. Mark Barker formerly was chief investment officer at fund-of-funds shop Hermes BPK Partners. |
| Stride Capital Stamford, Conn. | Don Rogers 203-569-8920 drogers@stridecapital.com | Startup, Emerging | Since 2012, has backed four firms with initial investments of \$25 million to \$50 million. Has been busy working with its managers to launch new products to complement their core offerings. Managers are Barnstar Funds, North Elm Capital, LRV Capital and Vertex Capital. Rogers formerly was a partner at SkyBridge Capital. |
| Tiger Management New York | Fraser Seitel 201-784-8880 yusake@aol.com | Startup, Emerging | Seeding legend has backed about 30 startups that now run some \$30 billion combined. Has stuck to its business model of investing about \$20 million per deal, even as rivals invest substantially more. Tiger largely operates as family office for founder Julian Robertson. Only outside capital is in Tiger Accelerator Fund, which launched in 2011 with \$450 million deployed to six Tiger seeds. |
| Titan Advisors Stamford, Conn. | Nick Weisser 203-327-8600 nweisser@titanadvisors.com | Startup | Multi-manager operation with \$5.5 billion overall is seeking to raise \$400 million to \$500 million for its first dedicated seed-capital vehicle. Has taken in more than \$150 million so far, but seeding program is temporarily on hold. Eventually plans to deploy \$75 million to \$100 million per deal. Previously backed startup Tide Point Capital in 2012. |

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| White Oak Equity New York | Bruce Wilson 646-766-1445 info@whiteoakequity.com | Established | Founded in 2015 by longtime hedge fund operations executive Bruce Wilson. Aims to take minority stakes in fund operators with less than \$1 billion of assets, with goal of improving operations and fueling growth. Anticipates allocating \$10 million to \$30 million per manager, but hasn't yet inked a deal. Investing on a deal-by-deal basis for now, with backing from former Wesray Capital partner Jeffrey Walsh. Former Visium Asset Management investor-relations staffer Robert Stockton joined in September 2016 to market funds that White Oak backs. Placement agent Park Hill Group is helping to evaluate investment targets and advise them on fund raising. |
| Witter Family Offices New York | Sherry Pryor Witter 212-753-7878 spryor@witterassets.com | Startup | Runs more than \$500 million for descendants of brokerage legend Dean Witter, with 40% of the total in hedge funds, including seed investments. Began offering seed capital to fund startups around 2011, and had backed at least 12 managers as of mid-2015. Targets boutique operations with investments of as little as \$1 million. |

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