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Hedge Fund Alert

THE WEEKLY UPDATE ON FUND MANAGEMENT INTELLIGENCE

FEBRUARY 16, 2022

Changing Prime-Brokerage Landscape Singes Wells Fargo, Ripens Soil for Others

From a lending cap at **Wells Fargo** to a major expansion at **Clear Street** to a launch at **Mitsubishi UFJ Financial,** big changes are afoot in the world of prime brokerage – in part a consequence of last year's notorious **Archegos Capital** blowout.

Wells Fargo, for example, just lost two senior executives from its prime-brokerage business. **Pat Travers,** who co-headed distribution and equity finance at the big bank, will now head distribution for independent prime broker Clear Street.

The other – one-time Wells Fargo capital-introduction head **Patrick McCurdy** – will join the marketing team as a managing director at **Indus Capital,** which runs $4.2 billion in Asia-focused long-only

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After Early Pandemic Losses, Scaramucci's SkyBridge Takes Steps to Reinvent Itself

Over the past two years, since **SkyBridge Capital's** flagship fund of funds lost almost 25% in a single month, the firm has sought to substantially change the way it manages the $2.7 billion vehicle.

The adaptations have resulted in about 3% of the fund's assets directly invested in late-stage venture capital deals, about a 17% allocation to digital assets and an increasing amount of capital allocated to longer-lockup hedge fund products, such as **Millennium Management's** five-year share class.

In keeping with that strategy shift, the fund has toughened its redemption policies. Last year, it shifted its redemptions from quarterly to semi-annually and, for the first time, the flagship fund, SkyBridge Multi-Adviser Hedge Fund Portfolios LLC – Series G, has barred

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Bidding Wars Prevail as Hedge Fund Firms Compete for Investment, Operations Talent

Attractive alternative investment candidates have suddenly found themselves inside a real-life version of a game show – only instead of "Name That Tune" or "The Price is Right," they've become contestants on Name Your Price.

While salary statistics are hard to come by in a notoriously secretive industry, numerous recruiters say hedge fund operators and private equity firms alike have had to shell out far more money to satisfy the financial demands of would-be employees since the pandemic began unfolding two years ago.

And the higher wages apply not just to top-tier portfolio managers. Even junior employees are winning better pay as firms struggle to fill spots.

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THE GRAPEVINE

Senior portfolio manager **Sahul Sharma** left **Point72 Asset Management** earlier this month. His next stop is unknown. Sharma, who specializes in trading financial-company stocks, joined the Stamford, Conn., multi-strategy manager in March 2019 following a five-year run at **D.E. Shaw.** His resume also includes stops at **Ziff Brothers Investments, Pilot Rock Capital** and **Second Curve Capital.** Point72, led by **Steve Cohen,** managed $24.2 billion on Jan. 1.

It turns out that **Thanos Konstantinidis** is heading to **WorldQuant** to oversee systematic credit trading. Konstantinidis recently left **GSA Capital,** where he had held the same position since 2017. He's also worked at **BlackRock** and **Morgan Stanley.** Before launching his financial career, Konstantinidis, then in the Greek army, spent two years in

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Skylar Energy Gains Precede Asset-Raising

On the back of a remarkable year, energy trader **Skylar Capital** has recently begun a marketing campaign to raise additional assets.

The Houston firm, which runs a couple of hundred million dollars, is seeking to raise $200 million to $300 million more for its Skylar Capital Energy Global Master Fund following a gain of 107.2% in 2021. Last month, it shot up an additional 18%. The big jumps lofted Skylar's annualized return to 24.7% since its inception in 2012 through January. The vehicle gained an even more impressive 227.5% in 2015, its best year.

Along the way, Skylar has carried significant volatility. It lost 54.8% in 2013, its first full year, and dropped 18% in 2018. It lost money in two other years: 4.9% in 2020 and 7% in 2017.

107.2%

Skylar Capital Energy Global Master Fund 2021 gains

The firm, led by founder and chief investment officer **Bill Perkins,** trades natural gas and electricity futures and options.

In its bid to increase assets, Skylar in January brought on as a consultant investor-relations and operations specialist **Gerard Trevino.** Until 2020, Trevino worked as chief operating officer and handled risk-management and investor-relations duties for **Lochridge Investment,** which invested in natural gas companies until its closure that year. Trevino also has held executive positions with **BlackGold Capital** and **AAA Capital.**

Skylar has set a $1 billion capacity for itself.

The firm takes minimum investments of $5 million, locks up capital for the first year and offers two share classes: one that charges a 1.5% management fee and 25% of profits and one that charges 0.75% and 30%. (The returns cited in this story track the second share class).

Perkins notably took a job in 2002 with former **Enron** trader **John Arnold** at his then-new firm, **Centaurus Advisors.** Perkins claims in marketing documents that he produced more than $1 billion in profits for Centaurus, which profited handsomely from the 2006 collapse of **Amaranth Advisors,** which lost $6 billion on wrong-way natural gas bets. Centaurus was on the other side of those positions.

A 2017 profile of Perkins in **The Wall Street Journal** described him as "the last cowboy" amid a dying breed of "swashbuckling" natural gas traders.

Perkins set up Skylar in 2012, the year Arnold decided to shut down Centaurus.

In 2014, the Intercontinental Exchange imposed a $189,000 penalty on Skylar for, in 2013, exceeding the Commodity Futures Trading Commission's spot month speculative position limit on Henry Swing futures, a natural gas product traded on the exchange. The penalty reflected a $40,000 fine and the return of $149,000 in profits.

Also on board at Skylar are chief operating officer and chief compliance officer **Gerald Balboa** and trader **Brenden O'Neill.** Balboa started at the firm before it officially launched. He previously worked at **Societe Generale** and **BTU Capital.** Before that, he headed power trading at **Deutsche Bank.** O'Neill, who joined in 2017, earlier worked for **Verum Cupitor Advisors** and co-founded **Draxis Energy Management.** □

A Multi-Strategy Redux for Pine River

Anticipating that its strategies will benefit from rising interest rates, inflation and bond-market volatility, **Pine River Capital** executives are crafting a multi-strategy fixed-income fund they hope to launch with $250 million.

The yet-to-be-named fund would harken a return to the firm's heyday and combine several fixed-income relative-value plays. It already employs many of them in stand-alone vehicles such as Pine River Fund, which began focusing on a short mortgage-basis strategy in October, and Pine River Municipal Fund.

The multi-strategy fund is in the early stages and probably several months from launch, but the firm is talking to several investors, as well as investing in the underlying strategies on a stand-alone basis. The advantage of a multi-strategy fund is the ability to quickly shift capital to pursue opportunities as they arise.

Pine River, based in Minnetonka, Minn., specializes in trading municipal bonds, G7 government bonds and futures, agency mortgage-backed securities and inflation-linked products. The firm's strategies should benefit from widening spreads as they revert to normalized levels thanks to rising interest rates, inflation and volatility.

Performance to date in Pine River's current vehicles is unknown. However, the firm is said to have materially beat all related industry benchmarks in January – of which almost all were negative – on the agency MBS-versus-Treasury's strategy. The firm has $500 million of exposure in that strategy, which has continued meaningful positive performance this year through mid-February.

Pine River was founded by **Brian Taylor** in 2002 as a convertible-bond manager and then morphed into a multi-strategy fixed-income shop whose assets peaked at $15.5 billion at the beginning of 2015. It subsequently saw redemptions later that year See PINE RIVER on Page 3

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and in 2016. The spinoff of a highly successful government bond fund in 2018 further diminished assets significantly. Pine River managed just $269 million as of March 2021, according to regulatory filings.

The firm boasts a slate of seasoned fixed-income investment talent. **Bill Roth,** who came out of retirement in 2020 to oversee the agency mortgage fund, also will contribute to the multi-strategy fund. He earlier worked until 2019 as co-chief investment officer and then chief investment officer for a mortgage REIT, **Two Harbors Investment,** that Pine River managed at the time. Roth joined Two Harbors from **Citigroup** in 2009 to co-manage the mortgage-focused Pine River Fixed Income Fund.

Matthew Abroe joined in November as a portfolio manager overseeing inflation strategies. He had been at **Millennium Management** as a senior portfolio manager responsible for leading a fixed-income relative-value team focused on inflation-linked products in developed markets. Prior to his time at Millennium, Abroe worked for **Garda Capital Partners** – formerly **Black River Asset Management** – for 14 years, 10 of which he spent as the firm's lead portfolio manager for inflation-linked products.

Also on board are **Lance Wolkow,** a 10-plus year portfolio manager at Pine River and a veteran municipal bond trader, and **Andy Arnott,** who has a long history of trading G7 government bonds and futures.

Quant's New Fund Targets Data, Energy

Quantitative hedge fund shop **Strategic Funds** is about to start marketing a long/short vehicle that launched last month, investing in commodities and other areas including data-related and developing energy-related businesses.

Preparations also are underway at the Dorado, Puerto Rico, firm for an all-weather fund that will pursue a short-squeeze strategy, as well as run both opportunistic long-bias and opportunistic short-bias portfolios. That vehicle, Strategic Bear Fund, is expected to begin trad- ing in the second quarter.

With Strategic Commodity Fund, the vehicle that's due to begin marketing, the firm is attempting to redefine developing energy technologies and data as new classes of commodities. It's investing in those ideas via equities, in addition to equities and futures positions in traditional commodities.

Strategic Funds subscribes to the notion that data has become so ubiquitous across virtually every sector that it should be viewed as a new commodity.

"We still think there's alpha to be generated through expressing energy and traditional energy-related bets. … But what we're most excited about and where the portfolio and the fund really seeks to demonstrate its differentiation, both in terms of portfolio composition but also alpha sources, is through the expression of the belief that there is a new category of commodities out there – commodities 2.0 if you will – which can be expressed not only through traditional commodity-classified instruments but through equity securities," said **Marc LoPresti,** Strategic Funds' co-managing director.

The fund is looking at companies involved in storing, handling and processing data, cell-tower companies and even credit card payment processors involved in decentralized finance, among others. The fund also might target companies in wind and solar power and businesses in energy management, along with public companies in the semiconductor supply chain.

Strategic Funds traded the strategy with internal capital in the second half of 2021.

The fund's portfolio manager, **Nikolas Joyce,** is chief investment officer and chief executive of Strategic Funds. He also founded and is chief investment officer of **TMQR,** which develops indexes and runs a hedge fund.

Strategic Group was founded by **Robb Rill** as a private equity firm focused on acquisitions of financial-service and technology companies. Strategic Funds was formed in 2018 as a result of Strategic Group's acquisition of commodity-trading advisor **Paskewitz Asset Management.**

In addition to serving as co-managing director of Strategic Funds, LoPresti founded **LoPresti Law Group,** co-founded **IDI Group** and co-founded **BattleFin,** which helps managers access and evaluate alternative data sources.

Also serving as co-managing director is **Sune Hojgaard-Sorensen,** a partner at the **Malmgren Strategic Institute,** a managing partner at **Librarium Associates** and a relationship manager and independent advisory board member at **BFI Infinity.** He previously was managing partner at **Mont Dore Capital Partners** and **BM Global.**

Going for Gold: Millennium hires Olympian

During this Olympic season, hedge fund hiring king **Millennium Management** has brought on a portfolio manager who once won a gold medal.

Cameron van der Burgh, who broke the world record (58.46 seconds) in winning the 100-meter breaststroke for South Africa during the 2012 Olympic Games in London, joined the multi-strategy giant this month.

The London-based van der Burgh had been with **Andurand Capital** since retiring from competitive swimming in 2018, serving as an oil-sector analyst on the investment team before becoming a portfolio manager at the start of last year.

Van der Burgh, 33, who also won a silver medal in the 100-meter breaststroke during the 2016 Olympic Games in Rio de Janeiro and multiple world championship gold medals during his 12-year professional career, graduated with an economics degree from the **University of South Africa.** He also swam in the 2008 Olympic Games in Beijing – host city of the current Olympics.

Izzy Englander's Millennium, which has $53.3 billion under management, is perennially the hedge fund industry's largest employer. In the first quarter of 2021, the New York fund manager employed 3,430 staffers, including 1,700 investment professionals. Its portfolio manager headcount in the fourth quarter was 275.

Andurand, headquartered in Malta, runs fundamental commodity strategies with a specialization in the oil and energy sectors – and since 2020 has been focusing on the energy transition away from oil. Its founder, martial arts enthusiast **Pierre Andurand,** also formed kickboxing promotion company **Glory Sports International,** which operates the Glory kickboxing league. □

Fund's Spoofing Lawsuit Survives Test

A federal judge in New York cleared the way for a hedge fund to sue three brokerage operations for their alleged cooperation in a spoofing scheme, a form of market manipulation that is gaining increasing attention from regulators.

On Feb. 9, **U.S. District Court** Judge **Lorna Schofield** denied a motion by several brokerage firms and their Canadian affiliates to dismiss the case of Harrington Global Opportunity Fund vs. **CIBC World Markets,** et al. CIBC, **Bank of America's Merrill Lynch** unit, **TD Bank's** TD Securities and two unnamed brokers remain parties to the case. However, the judge upheld the motions to dismiss another part of the case that accused players of illegal short-selling tactics, a ruling that let **UBS** and **Societe Generale** off the hook.

The next step is to schedule pre-trial discovery and depositions.

Harrington Global Opportunity Fund is managed by **Hamilton Global,** a long/short equity manager based in Bermuda. The firm's lawyer, **Alan Pollack,** a partner at **Warshaw Burstein,** declined to provide information about the management company.

Harrington sold about 9 million shares that it owned of healthcare company **Concordia International** between Jan. 27, 2016, and Nov. 15, 2016, a period when the price of Concordia's shares plummeted from $34.77 to $1.83, according to the complaint filed Jan. 21, 2021.

> Spoofing is a way to fool market participants about the direction of a stock price or the price of a derivatives instrument. Traders will use high-powered computers to signal massive buy or sell orders on a security they don't intend to execute.

Concordia, which traded on NASDAQ and the Toronto Stock Exchange, changed its name to **Advanz Pharma** in 2018 following a recapitalization of the company. It's no longer publicly traded.

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The banks in this case used spoofing methods to drive down the price of Concordia shares, sending a market signal that triggered naked short-selling, or the illegal practice of shorting without having borrowed a stock or arranging to do so, the suit alleges.

Because the naked shorting gave the illusory impression that the supply of Concordia shares was much larger than it really was – therefore signaling to the market that the stock was not in demand – the company's share price fell even further, the suit states. The practices caused huge losses for the fund as it unloaded its position in Concordia. Meanwhile, the short-sellers then purchased the shares necessary to deliver on their naked short sales at reduced prices.

The judge upheld the banks' dismissal motion as it pertained to naked short-selling, ruling that Harrington's allegations were too general. But the spoofing allegations had merit, the judge said.

During fiscal year 2020, the **Commodities Futures Trading Commission** filed 16 legal actions – parallel with federal criminal authori-

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ties – against alleged spoofing, raising the three-year total of such actions to 46. That far surpasses the total number over the prior seven fiscal years, according to law firm **Gibson Dunn.**

In September 2020, **J.P. Morgan** agreed to pay more than $920 million – the largest sanction ever tied to spoofing – to resolve claims by regulators of market manipulation. □

Hedge Fund Performance

	Jan. Return (%)
Benchmark Indexes	
S&P 500 Total Return	-5.2
Russell 2000	-12.4
MSCI EAFE (Eur., Australia, Far East)	-4.8
MSCI World	-5.3
Barclays Capital Govt./Credit Bond	-2.5
Barclay Hedge Fund Index	**-2.4**
2,000+ funds (unweighted)	
Eurekahedge Hedge Fund Index	**-1.1**
2,400+ funds (weighted)	
Arbitrage	-0.9
CTA/managed futures	1.0
Distressed debt	0.3
Event-driven	-1.8
Fixed income	-0.6
Long/short equities	-2.4
Macro	1.0
Multi-strategy	-0.7
Relative value	-0.7
HedgeFund Intelligence Composite	**-0.7**
7,000+ funds (unweighted)	
HFN Hedge Fund Aggregate Index	**-1.2**
4,900+ funds (unweighted)	
HFRI Fund Weighted Composite	**-1.7**
2,000+ funds (weighted)	
HFRI Asset Weighted Composite	**-0.1**
2,000+ funds (weighted)	
HFRI Cryptocurrency Index	**-20.5**
HFRI Blockchain Composite Index	**-20.5**
S&P GSCI Commodity	**12.1**

Tiger Cub Ramps Up Marketing Effort

A manager who was twice seeded by **Tiger Management's Julian Robertson** has started a formal marketing campaign for a new fund.

Richard Kang has brought on San Francisco asset-raising specialist **Minard Capital** to promote the launch of his **Prism Global,** a New York investment shop expected to target a concentrated portfolio of private companies in the technology, media and telecommunications sector.

Capital-raising pro **Rachel Minard** this month has sought to connect Kang with institutional investors via **Zoom.** In a note introducing Kang, Minard described the launch of a private equity vehicle that would make allocations to late-stage growth companies in the U.S. and Asia, while keeping a close watch on geopolitical influences. It's unknown if Kang, who spent many years as a long/short portfolio manager, also will invest in public equities at Prism.

Estimates in the fourth quarter of 2021 were that Prism would begin trading with some $1 billion.

During his first Tiger seed, while working under **Bill Hwang** at **Tiger Asia Management,** Kang said in his **LinkedIn** profile that he transformed the $5 billion hedge fund firm's focus from Asian financials and industrials to the stocks of internet, media, telecommunications, cable and enterprise software companies worldwide.

Hwang closed Tiger Asia in 2012 and later converted it to ill-fated family office **Archegos Capital** amid an insider-trading probe that led to him pleading guilty to wire fraud. Tiger Asia was alleged to have committed insider trading by short-selling Chinese bank stocks based on confidential information, then covering the short positions with private placement shares bought at a significant discount. Kang was not charged.

Kang's time with Hwang also seems to have overlapped for a stretch at Archegos, but Kang was long gone by the time Archegos blew up last March. Hwang reportedly lost at least $8 billion in 10 days after wrong-way bets were amplified by heavy leverage and the use of swaps.

During his second Tiger seed, Kang in 2014 formed hedge fund **Kang Global Investors,** focusing on high-conviction media and technology stocks in the U.S., Asia and Europe, typically over a one- to three-year investment horizon. □

Recruiters ... From Page 1

Rich Scardina, co-founder of recruiting firm **Atlantic Group**, said he has never seen so many open jobs in his company's 15 years in existence – or so many counteroffers for employees looking to switch jobs.

Scardina was talking with a portfolio manager just this month about a hire of a prospective chief financial officer.

"Listen, I just want to be clear. You're not going to get the person you want at the price you want," Scardina bluntly told the manager. "I will tell you what the bid is, and either you hit that bid or you move on

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to the next candidate."

"Candidates are just not taking jobs at price points less than what they want. They're just not," Scardina said after relating that conversation to **Hedge Fund Alert**. "Because they are smart enough to know how good the market is, and somebody will hit their bid."

Principal and executive recruiter **Andrea Colabella** of **Cardea Group** has encouraged candidates to capitalize on this market and increase their compensation "by margins that are not typical and not going to last forever."

Pent-up demand from 2020, coupled with positive performance in 2020 and 2021, created "more needs than we've ever seen in the market" for legal and compliance talent, she said.

"Because of the demand, what has been probably the biggest phenomenon we've witnessed is the huge uptick in terms of compensation," Colabella said. "Some companies are offering compensation packages north of what candidates are asking for."

Adam Kahn, founder and managing partner of New York firm **Odyssey Search Partners**, said the two years since the start of the pandemic have probably been among the top three or four in his 17 years in the business, in terms of hiring volume for hedge funds and private equity operations.

He said the shift towards private funds continues, particularly among recent college graduates or junior employees.

"As the years go on and hedge funds get beat up, the (younger workers) who thought hedge funds were the road to riches have become a lot more focused on venture capital and private equity," Kahn said.

Among the hot strategies for prospective job seekers is special-situations investing, he observed.

Vickram Tandon, a director who heads **Tardis Group's** New York office, said digital assets "continue to keep us extremely busy as firms are looking to build out the vertical across trading, technology, and operations," though he noted that potential regulations surrounding cryptocurrency remain on everyone's mind.

Other strategies keeping the firm active are systematic/quantitative approaches across asset classes, event-driven and index investing, he noted.

Wherever the new jobs are, the employees who take them will increasingly be back in an office setting, several recruiters predicted.

"Work from home in its entirety will end soon for most funds," said **Robin Judson**, founder of New York executive-search firm **Robin Judson Partners**. "However, many funds are shifting toward at least one remote day each week. While some are offering flexibility on the remote day, many have required in-office days so that teams can spend several days together each week. Candidates almost uniformly ask about policies, with some wanting that flexibility and others preferring to be able to have full access to colleagues' thoughts in real time." ☐

RECRUITERS SERVING HEDGE FUND MANAGERS

Firm	Investment (Quant/Risk)	Investment (Non-Quant)	Finance/ Accounting	Legal/ Compliance	Information Technology	Marketing/ Investor Rel.	Contact
A-L Associates New York	●	●	●	●		●	John Carley 212-878-9047 jcarley@alassocltd.com
Atlantic Group New York	●	●	●	●	●	●	Rich Scardina 212-271-1190 rscardina@atlantic-grp.com
Bachrach Group New York	●	●				●	Jordan Shapiro 212-279-7777 jordansh@bachrachgroup.com
Blackwood Associates New York	●	●	●	●	●	●	Patrick Hurley 646-822-7095 ph@blackwood-associates.com
BraddockMatthews New York	●	●				●	Lisa Steele 212-257-4422 lisa@braddockmatthews.com

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Brenner Advisors International Greenwich, Conn.		●	●	●		●	Viktoria Brenner 203-653-6777 resumes@brenneradvisors.com
Caldwell Partners New York	●	●	●	●	●	●	Paul Heller 212-953-3220 pheller@caldwellpartners.com
Cardea Group New York			●	●		●	Andrea Colabella 646-723-2339 andrea@thecardeagroup.com
Claypoole Executive Search San Juan, Puerto Rico				●			David Claypoole 908-608-0407 david@claypoolesearch.com
Comprehensive Recruiting Tempe, Ariz.	●	●				●	Craig Stocksleger 480-968-4000, ext. 203 craig@comprehensiverecruiting.com
Convergence Talent Management South Norwalk, Conn.			●	●			Eileen Cleary 908-672-3011 ecleary@convergenceinc.com
CPI New York	●	●				●	Renee Hylton 212-354-3933 renee@cpiny.com
D.S. Wolf Group New York	●	●				●	David Wolf 212-692-9400 dwolf@dswolf.com
DHR International Chicago	●	●				●	James Schroeder 312-782-1581 jschroeder@dhrinternational.com
DM Stone Recruitment San Francisco			●	●			Dave Stone 415-735-8205 dave@dmstone.com
DMC Partners New York	●	●					David McCormack 212-626-6698 dmc@dmcpartners.com
Dynamics Search Partners New York	●	●					Keith Mann 212-629-4767 contact@dspny.com
Elevation Recruiting New York	●	●	●			●	Marc Wiener 646-201-9919 marc@elevationrecruiting.com

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Emerald Recruiting Group New York	●	●	●	●	●	●	Christopher Sullivan 646-880-8644 chris.sullivan@emeraldrecruit.com
Execu-Search Group New York	●	●	●	●	●	●	Adam Harwood 212-204-5199 aharwood@execu-search.com
First Recruiting Chicago	●	●	●	●	●	●	Helena Peszek 312-253-4008 hpeszek@firsttemporary.com
Focus Risk Recruiting Charlottesville, Va.	●						Stephanie Baglio 434-973-8552 sbaglio@focusriskrecruiting.com
FSJ Partners New York	●	●				●	Kim Freehill9 17-213-9222 kimfreehill@fsjpartners.com
GF Parish Group Minneapolis	●	●	●	●	●	●	Gabrielle Parish 952-541-0613 gabrielle@gfparishgroup.com
Global Sage New York	●	●		●		●	Douglas Brown 646-557-3036 douglas.brown@globalsage.com
Glocap Search New York	●	●	●	●		●	Annette Krassner 212-333-6400 annette.krassner@glocap.com
Goldsmith & Co. New York	●	●	●	●	●	●	Joe Goldsmith 212-419-1239 connect@goldsmithandco.com
Grady Levkov & Co. New York	●				●		Joshua Levkov 212-925-0900 ext. 110, josh@gradylevkov.com
Grainstone Lee London	●				●		Simon Grainger 44-20-3478-1898 s.grainger@gslsearch.com
Green Key Resources New York			●	●	●	●	Brian Blake 212-584-6413 bblake@greenkeyllc.com
HF Solutions Freehold, N.J.	●	●		●		●	John Del Cioppo 732-305-2919 careers@hf-solutions.com

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High Water Staffing New York	●	●	●	●	●	●	Evan Zivotovsky 212-988-4817 evan@highwaterstaffing.com
Hudson Gate Partners New York	●		●	●	●	●	Paul Sassan 646-502-5223 paul@hudsongatepartners.com
IDW Group New York	●	●	●	●	●	●	Ilana Weinstein 212-899-5073 ilana@theidwgroup.com
IJC Associates New York	●	●	●	●	●	●	Sheri Kaplan 646-518-1578 sheri@ijcassociates.com
Innovations PSI San Francisco	●	●	●	●	●	●	Paula Todd 415-392-4022 ptodd@innovationssf.com
Integrated Management Resources Scottsdale, Ariz.	●		●		●		Chad Dean 480-460-4422 chadrin@integratedmgmt.com
Intuition Financial Placement New York	●	●	●	●	●	●	Anita Hill Sands sands@intuitionfp.com
Isaacson Search Co. New York	●				●		Robin Isaacson 212-254-4452 robin@isaacson.com
Jamesbeck Global Partners New York		●	●			●	Beth Rustin 212-616-7444 beth@jamesbeck.com
Jensen Partners New York		●				●	Sasha Jensen 212-457-0062 sasha@jensen-partners.com
JG Coules Advisors New York		●				●	Greg Coules 646-480-6170 gcoules@jgcoulesadvisors.com
JR Stadin New York	●	●	●	●	●	●	Jonathan Stadin 212-332-3436 jrstadin@jrstadin.com
JSB Partners New York			●				Joseph Barr 212-750-7007 jsb@jsbpartners.com

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JW Michaels & Co. New York	●	●	●	●	●	●	Jason Wachtel 646-346-2454 jwachtel@jwmichaels.com
Korn Ferry New York	●	●	●	●	●	●	Deepali Vyas 646-234-5681 deepali.vyas@kornferry.com
Landing Point Search New York		●	●		●	●	John Lane 646-274-1371 jlane@landingpoint.com
Long Ridge Partners New York	●	●		●	●	●	Michael Goodman 212-366-6686 mgoodman@longridgepartners.com
Major, Lindsey & Africa New York				●			Dimitri Mastrocola 212-201-3993 dmastrocola@mlaglobal.com
Marcus & Associates New York			●				John Schmit 212-856-0839 john@marcusjobs.com
Mercury Partners New York	●	●				●	Ross Baltic 212-687-1500 rbaltic@mercurypartner.com
MWeber Consultants New York	●	●			●	●	Michael Weber 646-290-5251 michael@mweberconsultants.com
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and long/short equity strategies.

While both executives no doubt see opportunity at their new firms, Wells Fargo's prime brokerage is at something of a standstill. Because of **Federal Reserve** punishment, the prime-brokerage unit has not expanded its lending to clients for the better part of a year. As a result, the unit's sales staff appears to have been unable to sell, other than possibly to replace departing clients, according to sources.

While the brokerage evidently can handle increased swaps contracts, the bank has limited its prime-brokerage's capabilities because of an asset-cap limit imposed by the Fed on Wells Fargo in February 2018. The move, which already has been crippling for other parts of Wells Fargo, was installed after multiple scandals that didn't involve its prime brokerage.

There's no indication when the Fed might lift the cap, which for the first three or so years is not believed to have affected Wells Fargo's prime-brokerage division.

At the same time, sources said, Mitsubishi UFJ Financial intends to launch its own full-service prime brokerage under the direction of its MUFG Investor Services unit and its chief executive, **John Sergides.**

In the first of several steps the unit is expected to take this year toward setting up a prime brokerage and equity finance business catering to hedge funds, this week MUFG announced it's adding a client-consulting business. The firm brought on the former head of client consulting at **Credit Suisse's** prime brokerage, **Brian Yegidis,** and his deputy there, **Caley Watnick,** to run that effort. MUFG also is planning to hire prime-brokerage sales and capital-introduction staffers this year.

Clear Street and MUFG are taking advantage of a number of substantial changes in the prime-brokerage landscape, many of which link to the collapse of Archegos Capital last March. That cost Credit Suisse's prime-brokerage unit $5.5 billion and **Nomura's** $2.9 billion.

The disaster led numerous prime brokerages to revisit their exposures, notably including Nomura, which exited margin lending in the U.S., and Credit Suisse, which closed its prime-brokerage business altogether.

While that caused numerous hedge fund managers to swiftly move their business to their other prime brokers, many of those managers are viewed as potential new business by other competitors.

Meanwhile, at yearend, **BNP Paribas** completed its absorption of **Deutsche Bank's** prime brokerage, an arrangement that took more than two years to complete. It caused a number of Deutsche prime customers to move their business elsewhere early in that process.

On the other hand, top-tier banks, including **J.P. Morgan,** continue to see strong revenue growth in their own prime-brokerage businesses.

"Fewer competitors in a growing market," a prime-brokerage executive said of the moves at Mitsubishi and Clear Street. "Credit Suisse is out; Deutsche Bank is out. When these clients move, it's a knee-jerk reaction. They want to be safe first, and then they look to reallocate."

Clear Street's latest move is to organize its first full-on push to win new business, with plans to increase its sales staff to around 15 from 10 now.

The firm handles U.S. equities and options trading, with plans to expand into fixed-income and digital assets, among others. It was founded in 2018 as an independent shop owned by its executives and employees and is designed to be a cloud-based operator nimbler than much of the legacy technology used at established banks.

Travers will start at Clear Street on June 1, reporting to chief operating officer **Andrew Volz,** who previously had the same role at **JonesTrading** and who earlier worked at Wells Fargo and **Merlin Securities.** Clear Street says it's clearing about 2% of U.S. equity trading and processes more than $3 billion in daily trades. Travers also is bringing from Wells another prime-brokerage sales-executive veteran, **Curtis Allemang.**

For Wells Fargo, the Fed's $1.95-trillion asset-cap impact on the prime brokerage See PRIME BROKERS on Page 15

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would seem to be something of a humiliation. It entered the prime-brokerage business in 2012 with its purchase of mini-prime Merlin Securities and later made broad plans to increase its standing. Those tactics included becoming a third or fourth prime broker for large hedge funds, with the bank's massive balance sheet as a strong tailwind.

Wells Fargo ranked 12th in **Hedge Fund Alert's** 2021 annual ranking of prime-brokerage operations, with 334 clients and 3% of all hedge funds that file a Form ADV with the **SEC**. That's up from 2015, when it ranked 13th with 191 reported clients and 1.9% of funds. But the bank has lost ground when compared to the 2019 listing, when it had 351 reporting clients and 3.3% of funds.

As for Mitsubishi, it's jumping into the pool even though a unit of the bank lost a comparatively modest $270 million with Archegos. The new prime-brokerage business also might put it in direct competition with second-ranked prime broker Morgan Stanley, in which Mitsubishi owns a minority stake that amounted to 20% as of November 2021. Mitsubishi acquired the position during the height of the global-credit financial crisis, in September 2008.

But Mitsubishi's MUFG may well aim for smaller clients or to be an additional prime broker on larger hedge funds, much as Wells Fargo has. And MUFG already competes in another way: Both also operate large administration businesses. Morgan Stanley was fifth in Hedge Fund Alert's 2021 hedge fund administrator ranking, with MUFG in eighth place. MUFG's reported $278 billion of assets under administration are about 46% of Morgan Stanley's $603 billion of assets. □

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investors from redeeming as much as they wanted.

In November and December, limited partners sought to redeem about 15% of fund assets via a so-called tender offer arrangement that's payable by April 30. But the vehicle's board – the fund is structured as an SEC-reporting interval vehicle with a board that uses SkyBridge to manage it – decided it will buy back from investors just 10% of their assets.

Investors apparently had advance notice that redemption terms would be tightened.

SkyBridge, led by managing partner **Anthony Scaramucci,** also recently parted ways with the firm's head of operational due diligence, **Ken McDonald,** who had earlier relocated to Florida, and promoted **Virginie Kolesnikov** into a somewhat similar role.

SkyBridge has other significant work ahead of it: About 63% of the firm's assets are allocated to it via **Morgan Stanley Wealth Management,** and the fund has essentially been on thin ice with the bank since it lost 24.7% in March 2020, when the onset of the coronavirus pandemic roiled debt markets. It was SkyBridge's underlying debt-focused hedge fund investments that led to the losses.

The next month, the Morgan Stanley unit put a hold on further investments in the fund. While that hold was lifted later that year, Morgan Stanley instituted a second hold in late 2020 for reasons related to risk management. The asset manager apparently decided its clients had too much exposure to the vehicle and barred new investments until that exposure hits a lower threshold. That figure could not be determined.

The $2.7 billion in SkyBridge's flagship fund now compares with $3.6 billion on March 31, 2020, $4.8 billion a year earlier and $7.2 billion on March 31, 2015.

In the interim, SkyBridge will need to gain traction with other investors and wealth managers if it intends to grow in a meaningful way.

Meanwhile, the fund's assets are substantially down, more recently because of redemptions. The $2.7 billion it now runs compares with $3.6 billion on March 31, 2020, $4.8 billion a year earlier and $7.2 billion on March 31, 2015. That amounts to a decrease of more than 62% in just under seven years; hence the firm's switch into something that looks more like a directly managed hedge fund with a growing focus on digital assets and direct investments – areas that could lead to substantial profits, if not also more risk.

In total, SkyBridge runs about $3.7 billion, with $1 billion of that in crypto-related assets, up from nothing two years ago. Among its digital offerings outside its flagship fund are a bitcoin-only vehicle, an ethereum-only vehicle and an exchange-traded fund that invests in the equity of companies in the digital-asset space.

At the same time, the firm's Series G fund has turned around profit-wise. Despite the big drop in March 2020, it finished that year down just 6.7%, and it produced an 11.2% return last year, although it fell 8.7% last month. The fund has since staged a comeback, gaining 7.4% from Feb. 1 to Feb. 15.

The vehicle was up 5.2% in 2019, 3.2% in 2018 and 8.1% in 2017. By comparison, the HFRI Fund of Funds Composite Index was down 1.3% in January, up 6% in 2021, up 10.9% in 2020, up 8.4% in 2019, down 0.4% in 2018 and up 7.8% in 2017. □

Corrections

A Feb. 9 article, “Soaring Muni Manager Mapping New Fund,” misstated the first name of **Faraday Capital’s** chief operating officer. He is **Roy Corr,** not Ray Corr.

A Feb. 9 article, “Pandemic Selloff Tactic Reaps 66% Gain,” provided the wrong dates linked to the return of hedge fund shop **ValueWorks.** Its fund gained 12% from Jan. 1 to Feb. 8, not from Jan. 1 to Jan. 31. In addition, the story should have said that shares of **United Natural Foods** were trading at $40.02 as of Feb. 8, not Feb. 28. Finally, the story incorrectly stated ValueWorks acquired shares of **Star Bulk Carriers** last September. It first acquired the stock in May 2015 at around $3 a share. □

LATEST LAUNCHES

Fund	Portfolio Managers	Strategy	Service Providers	Launch	Equity at Launch (MIL.)
Ansa Global Q Equity Market Neutral Fund Domicile: Germany	Daniel Linzmeier Ansa Capital, Frankfurt, Germany info@ansa.de	Equity: long/short	Custodian: BNP Paribas Administrator: Universal-Investment Group	2022	$10

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THE GRAPEVINE

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Kosovo as a member of **NATO's** peace-keeping force, working as a communications specialist in the Signal Corps. WorldQuant, headed by **Igor Tulchinsky,** is **Millennium Management's** largest portfolio manager. GSA managed $2.6 billion as of November.

A former **Point72 Asset Management** analyst has landed at **Balyasny Asset Management** as a **portfolio manager. Todd Nitsche** started this month at the Chicago multi-strategy firm's New York office. He joined Point72 in 2015 from an investment-banking analyst post at **Houlihan Lokey,** reprising a role he held at **Stephens.** Balyasny, led by **Dmitry Balyasny,** had $13 billion under management as of November.

Diametric Capital has picked up a portfolio manager who specializes in the stocks of healthcare companies. **Mark Richter** joined the Boston multi-strategy firm this month after a year as a portfolio manager at **Maven Securities.** He also was a partner at **Integral Health Asset Management** and **Willow Run Capital** and a healthcare analyst at **Millennium Management.** Diametric, led by former **Putnam Investments** co-head of U.S. equities **Nick Thakore,** was managing $316 million of gross assets at yearend 2020.

A former statistical-arbitrage portfolio manager at **Paloma Partners** has set up his own firm through which he plans, at least initially, to sell quantitative trading models to other investment operations. **Siddhartha Khanna** formed **FordWellington** in Greenwich, Conn., last month. Khanna spent more than eight years at Paloma, departing in December. Before that, he ran his own firm, **Zeus Capital,** from 1997 to 2013. Khanna also has had stops at **J.P. Morgan, Merrill Lynch** and **Drexel Burnham Lambert.** Multi-strategy manager Paloma runs $4.2 billion.

An investment professional at equity fund manager **Bloom Tree Partners** is said to have joined startup **Forest Avenue Capital. Jacob Benatar** began as an analyst at Bloom Tree in 2019 and was promoted to senior analyst at the start of 2021. Previously, he spent time at **York Capital** and was an associate on the tactical-opportunities team at **Blackstone.** Miami-based Forest Avenue, an equity firm led by former **Steadfast Financial** partner **Tarigh Yusufi,** plans to invest long and short across global markets in the shares of companies it views as misunderstood and mispriced. **Hedge Fund Alert** parent **With Intelligence** reported last week that Forest Avenue had received some $200 million in backing from **D1 Capital** founder **Daniel Sundheim.** It was unclear if the infusion was from Sundheim's personal fortune or from D1.

Proprietary-trading powerhouse **Jump Trading** has hired a staffer to recruit quantitative traders and researchers. **Kit Owens** started this month in the Chicago operation's London office. He arrived after a stay of more than five years at executive search firm **Hutton Consulting,** with an earlier stop at another recruiting shop, **Kariba Search.** Previously, Owens worked in sales at foreign exchange broker **FXCM.** □