

# WHAT LED TO HEDGE FUND ASSETS SURPASSING $4.31 TRILLION IN 2024?

PARAGON Alpha

# HEDGE FUND PERFORMANCE IN Q2

## STRONG MAY RECOVERY BOOSTS HEALTHCARE FUNDS AND INDICES

**The March Altus Fund** rose 10.4% last month, achieving a 21.8% YTD gain despite a 0.3% decline in April. In May, managers benefited from a favorable earnings season and equities adjusting to prolonged higher rates. The S&P 500 Health Care Index increased 2.4% in May, up 5.8% YTD, while S&P Biotech rose 5.3%, reducing its YTD loss to 0.3%. Healthcare hedge funds gained 1.5% in May, bringing YTD gains to 6.5% after a 3.3% loss in April.



## LIQUID CRYPTO FUND'S IMPRESSIVE GROWTH AMID RISING DIGITAL ASSET INTEREST

**Liquid Crypto**, another active fund by Galaxy Digital, manages $100 million and focuses on core and emerging digital assets. In May, long/short digital assets increased by 19.5%, bringing year-to-date gains to 45.8%, while Bitcoin's YTD gain reached 61.8%. The approval of Bitcoin ETFs by the SEC earlier this year has spurred interest in digital assets.

## LONG/SHORT TECH FUNDS LAG BEHIND US TECH STOCKS RECENTLY BUT EXCEL IN LONG-TERM RISK-ADJUSTED PERFORMANCE

**Long/short tech funds** have underperformed US tech stocks over the past two years but generally show better risk-adjusted performance over the past 3 to 5 years. These strategies have a YTD return of 3.3% and a two-year compound return of 7.3%, with the top fund achieving a three-year annualized return of 16.8%.

Kairos alums' **Helikon** hits $3.5bn amid strong gains. London and Milan-based equity HF returned 104% last year.

RBC Bluebay's **Emerging Market Credit Alpha fund**, which saw a 2.3% increase in February and has risen 3.4% year-to-date, also pointed out Egypt as a key positive influence on emerging markets.



## MAN GROUP'S HEDGE FUND BUSINESS REACHES RECORD $47.7 BILLION IN AUM IN 2023

**Man Group**'s hedge fund business saw its assets under management (AuM) reach a record $47.7 billion last year, bolstered by a 3.7% increase through $2.3 billion in net inflows and $200 million from positive investment returns, despite an $800 million reduction due to FX and other movements, as per the company's 2023 results.

## AQR APEX FUND SURPASSES $1 BILLION IN ASSETS WITH 14.5% YTD GAIN

The AQR Apex Fund, now over $1 billion in assets, returned 1.1% in May, bringing its YTD gains to 14.5%. AQR's Apex, launched in 2020, is considered their **top multi-strategy fund**, using the latest research in stock selection, macro, and arbitrage. AQR's Absolute Return fund had similar May returns.

# TRANSFER WINDOW

The transfer window provides an overview of significant movements within the hedge fund industry, highlighting key personnel changes across various prominent firms.

**Gemcorp Capital**, a manager specializing in emerging markets, has appointed seasoned professional **Chris Bell** as its chief compliance officer, based in their London headquarters. Prior to this, Bell served as the head of European compliance at Ares Management Corporation from 2019 to 2021.

**Schonfeld Strategic Advisors** has recruited **Marty Sun**, a portfolio manager from Capula Investment Management, to lead a trading pod. Sun is set to join the approximately $10 billion multi-manager firm, where he will manage a pod specializing in a delta one strategy centered on China.

**Brooks Ritchey,** the former co-CIO of **K2 Advisors**, is set to retire from the $10.3 billion fund of hedge funds at the end of September. Ritchey will be leaving the Stamford-based firm after nearly two decades, having spent the last 12 months as chairman and portfolio manager across its multi-strategy fund lineup.

**SPX Capital** has appointed **Anil Tewari** as head of Asia research, based in their Singapore offices. Tewari joins after nearly nine years at emerging markets manager Redwheel, where he served as head of research. Prior to that, he was managing director at Everest Capital in Singapore for nearly three years.

**Mather Point Capital Management**, the hedge fund startup founded by former Sixth Street and The Baupost Group executive Tom Kier, has hired its first Chief Operating Officer as it opens to new investors. This month, the firm brought on **John Early**, co-founder of VesperMare Capital, as its COO.

The Chief Operating Officer of **Citadel**'s international equities division has departed. **Rebecca Tyson**, who previously worked at Morgan Stanley's Prime Brokerage, exits after five years with the firm.

**Avala Global**, the long/short equity hedge fund established by Divya Nettimi, formerly of Viking Global Investors, has expanded its investment team, doubling its size due to asset growth this year. **Caitlin Rieger, Nadine Lin, and Jordan Straff** have recently joined the firm's investment team under the leadership of CIO Nettimi.

**Pardinus Capital**, an equities hedge fund led by former Pelham Capital professional Pablo Morales de Labra, has appointed a new Chief Compliance Officer. **Nick Wilcox** has recently joined the London-based firm. Before joining Pardinus Capital, Wilcox worked as a freelance consultant at SeeOne for just under a year.

**Alain Bordoni**, the Chief Operating Officer of **Capstone Investment Advisors'** Asia business, is set to step down after approximately three years with the firm.

**Isabella Capital Management** has brought on board **Atul Tiwary,** a veteran of Citadel and AQR, to advise on its quantitative buildout. Tiwary has joined as chief quantitative advisor in preparation for the planned launch of Isabella's first fund in October.

The US and China equity-focused hedge fund founded by former Hillhouse PM Jie Liu has experienced the departure of its COO and CCO. **En Hong** left **AnglePoint** this month after assisting Liu in launching the business in 2021. Prior to AnglePoint, Hong was the CCO at Ward Ferry, a fundamentally-focused firm, and before that, served as head of compliance for Greater China at Brown Brothers Harriman.

**West Basin Capital Management**, the $3.5 billion hedge fund spinout of Capula Investment Management partner Nat Dean, has hired **Tucker Morrissey**, a longtime finance professional from Weiss Multi-Strategy Advisors. Morrissey has joined the firm's New York headquarters as head of treasury.

**Cadian Capital,** a TMT-focused long/short equity hedge fund managed by Eric Bannasch with assets of $2.5 billion, has recruited **Blaine Hurty**, previously the head of capital introduction at Clear Street, to enhance its investor relations following a notable 44% gain in 2023.

**SaddleRock Capital,** a startup long/short equity hedge fund led by Ari Herman, has recruited **Louis Sultan**, the former COO and CFO of the now-closed Brahman Capital, where he worked for over two decades, to serve as its COO and CFO.

London-based **Dan Avery** is reportedly leaving Izzy Englander's $62 billion multi-strategy hedge fund, with sources indicating that he is poised to join **Balyasny Asset Management** to manage an event-driven investment portfolio.

**Caerus Commodities** has appointed veteran energy trader **Tyler Herrald** as its newest senior portfolio manager. Herrald joined the Bain Capital-backed commodities trading firm this month.

**Marble Bar Asset Management** has seen the departure of its CEO and several senior investment staff amidst redemptions in the firm's flagship fund. CEO **Mike Diiorio**, along with portfolio managers **Will Weinberg, Saman Bayke, and Samuel Kay**, have all left the London-based hedge fund in recent weeks.

A quantitative hedge fund led by former AQR trading head **Matthew Weishar** is set to join **LMR Partners**. Weishar, based in New York, plans to run his strategy in collaboration with the London-headquartered firm. According to SEC filings, Cipher Capital was registered as a relying adviser of LMR Partners in May.

**Rishi Doshi**, a former investment professional at **Blackstone**, has appointed a COO in preparation for the debut of his new event-driven hedge fund, Kutumb Investments.

**Jain Global**, a launching multi-strategy startup, has strengthened its Asia team by adding **Alan Ng**, **Gerin Tertilt**, and **Anurag Nema** as portfolio managers from Segantii, Fulcrum, and BNP Paribas, respectively, to focus on various trading specialties, including global macro and commodities.



# LAUNCHES

### Global Alpha US

Bowmoor Capital plans to launch the Global Alpha US fund in early Q3 with an initial $10 million. The firm aims to increase the fund's assets to $50 million by the end of 2024, managed by CIO **Gareth Abbot** and CEO **Richard Liddle.**

### Ucits fund

Paris-based EvarInvest Asset Management, led by **Selma Sekkat,** plans to launch a Ucits fund later this year. The fund, targeting up to $100 million, will trade a CTA strategy across liquid equities, rates, and FX, managed by Cesari, who joined the firm in 2021.



### Capella Capital

**Ran Ma**, a former investment analyst at Oxbow Capital Management, is preparing to launch an Asia-focused long/short equity hedge fund. Capella Capital, his new firm, aims to debut the fund either late this year or early next year.

### Luxence Capital

**Yoshi Ohira**, the co-CIO of Luxence Capital, is collaborating with former COO Xavier Fanjaud to start a Japan-focused hedge fund. The pair plans to launch their Hong Kong-based firm, currently unnamed, in Q4. Their strategy will involve equity long/short investments in Japan.

### Galaxy Asset Management

Galaxy Asset Management, led by **Michael Novogratz**, is introducing a long/short digital assets hedge fund. Chris Rhine, head of liquid active strategies, will manage the fund, which is set to launch with around $50 million. The fund aims to offer exposure to the cryptocurrency markets while minimizing volatility by investing in tokens, crypto-related equities, ETFs, fixed income, trusts, options, and futures to generate alpha across the crypto ecosystem.

### Naya Capital

**Frank Dejonckheere**, a former portfolio manager at Millennium, is planning to launch his own fund on the Tavira platform next month. The fund will focus on an event-driven strategy, emphasizing IPOs, secondaries, and equity capital markets.



### Arrowpoint's entry intensifies competition in Asia's market

Arrowpoint Investment Partners, a major hedge fund launch in Asia for 2024, is backed by CPPIB, Temasek, and Blackstone.

Founded by ex-Millennium star Jonathan Xiong, the fund begins trading in July. With $1 billion raised and over 15 portfolio managers in Hong Kong, Arrowpoint aims to make a significant impact.

Arrowpoint’s entry disrupts Asia’s hedge fund scene, challenging firms like Polymer Capital and Dymon Asia. Investors prefer multi-manager, multi-strategy funds like Arrowpoint for their low volatility and diversified risk, making them safer in uncertain times.

# WHAT LED TO HEDGE FUND ASSETS SURPASSING $4.31 TRILLION IN 2024?

Hedge fund assets reached a record high of $4.31tn in Q2 2024, marking the seventh consecutive quarter of growth. This increase was driven by performance-based gains and strategic inflows into relative value arbitrage and macro strategies.

## Key strategy insights

- **Relative value arbitrage (RVA):**
  - Capital increase: $30.3bn in Q2, totaling $1.16tn
  - Leading sub-strategy: Convertible Arbitrage Index +5.5%
- **Macro strategies:**
  - Inflows: $2.6bn in Q2, total $715bn
  - Leading sub-strategy: Systematic Diversified Index +7.9%
- **Event-driven strategies:**
  - Capital decrease: $7.9bn in Q2, total $1.20tn
  - Leading sub-strategy: Credit Arbitrage Index +5.9%
- **Equity hedge strategies:**
  - Capital decrease: $11bn in Q2, total $1.24tn
  - Leading sub-strategy: Quantitative Directional Index +11.7%

## Capital flows by firm size

- Smaller and New Firms: Inflows of $3.0bn in Q2
- Largest Firms (> $5bn): Outflows of $5.7bn in Q2
- Mid-sized Firms ($1bn - $5bn): Outflows of $6.7bn in Q2



The hedge fund industry achieved a historic $4.31 trillion in assets in 2024, fueled by robust gains in specific strategies and technological advancements. Performance-based gains were notable, with indices such as the HFR Cryptocurrency Index up by 25.5%. Relative value arbitrage attracted the most capital, with a $30.3 billion increase, followed by macro strategies with $2.6 billion. ESG integration became increasingly important, and technological tools like AI and blockchain were widely adopted. Despite some outflows and new regulatory challenges, hedge funds managed to excel by leveraging diversified strategies and focusing on emerging trends, including private credit and market-neutral strategies.

# Highlights of 2024 Trends

## ESG integration:

- Hedge funds prioritize ESG criteria, with Man Group managing $55 billion in ESG-integrated strategies.
- 59% of hedge fund managers are integrating ESG, believing it enhances returns and mitigates risks.

## Technological advancements:

- AI and machine learning improve data analysis, decision-making, and trading strategies.
- Digital assets and blockchain technologies are increasingly included in portfolios.

## Private credit growth:

- Private credit market expanded from $1 trillion in 2020 to $1.5 trillion in 2024, projected to reach $2.8 trillion by 2028.
- Offers higher yields and flexible financing, appealing to sectors like software and healthcare.

## Hedge fund performance:

- Hedge funds deliver returns 3-4% above the risk-free rate since 2000.
- Equity hedge strategies achieved 11.4% returns in 2024, driven by technology sector gains.

## Popular strategies:


- Private credit market expanded from $1 trillion in 2020 to $1.5 trillion in 2024, projected to reach $2.8 trillion by 2028.
- Offers higher yields and flexible financing, appealing to sectors like software and healthcare.


## Equity long/short strategies:

- Expected to perform well due to increased short rebates and market volatility.
- Favorable conditions for active stock pickers across different regions.

## Increased allocations:

- 85% of investors plan to allocate to hedge funds in 2024, with 66% to new relationships.
- New funds like "Prosperity Capital Hedge Fund" and "Sterling Private Credit Fund" attract significant commitments.

**Download the full report about the events and trends in hedge funds in H1 of 2024: HERE**





# HIGHEST-EARNING HEDGE FUND MANAGERS

1. **Chris Hohn TCI Fund Management**
**$2.9 Billion**
Hohn's portfolio surged 33% in 2023, recovering from an 18% loss in 2022, generating $12.9 billion for investors. Key performers were Alphabet, Moody's, and Visa.

2. **Israel (Izzy) Englander Millennium Management**
**$2.8 Billion**
Millennium gained 10% in 2023 with $62.2 billion under management. The firm added an asset-based fee and ended talks with Schonfeld.

**3. Kenneth Griffin Citadel**
**$2.6 Billion**
Griffin's Citadel generated $8.1 billion in 2023, with double-digit gains across main funds. Griffin and Geffen donated $400 million to Memorial Sloan Kettering.

4**. David Tepper Appaloosa Management**
**$2.3 Billion**
Tepper's fund gained over 18% in 2023, led by Nvidia, Meta, Microsoft, and Amazon. Appaloosa manages $17 billion, returning half to investors annually.

5**. Steven Cohen Point72 Asset Management**
**$1.6 Billion**
Cohen's Point72 gained 10.6% in 2023, managing $32.3 billion. Despite the Mets' poor season, key holdings were Nvidia, Microsoft, Amazon, and Meta.

6. **Philippe Laffont Coatue Management**
**$1.4 Billion**
Laffont's Coatue gained 21.5% in 2023 after losses in 2022. The firm raised funds for Coatue Ventures III, focusing on early-stage investments.

7**. James Simons Renaissance Technologies**
**$1.3 Billion**
Simons' Renaissance had mixed results in 2023, with RIEF gaining 7.5%. The Simons Foundation donated $500 million to Stony Brook University.

8. **John Overdeck and David Siegel Two Sigma**
**$1.2 Billion**
Two Sigma's top funds performed well, but internal disagreements on roles were disclosed. This could impact the firm's future operations.

9. **Chase Coleman Tiger Global Management**
**$1.1 Billion**
Coleman earned ten figures in 2023, with the long-short fund up 28.5% and long-only up 20.4%. Top holdings included Meta, Microsoft, Alphabet, Amazon, and Nvidia.

10. **O. Andreas Halvorsen Viking Global Investors**
**$1 Billion**
Viking Global Equities gained 13.8% in 2023, recovering from a 2.4% loss in 2022. Viking Long Fund surged 29.3%, with major positions in Visa, Workday, and UPS.

# WE ARE HIRING

**the very best technology and trading talent for the hedge funds around the world.**

Paragon Alpha is a specialist hedge fund recruitment and advisory firm. We support our clients to grow, transform, and evolve by hiring superior talent and providing market intelligence.

## WHAT THEY SAY ABOUT US?



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"It was a pleasure working with Elaine, who helped me find the quant role I had been searching for. She also helped me adjust my attitude during the interview process and not be nervous. I was very impressed with her strong work ethic, deep knowledge in the hedge fund/asset management space and her large "firm" client network. If you are considering looking for an opportunity in hedge fund/asset management space, I strongly recommend you reach out to Elaine."

*Zhujing Feng, Quantitative Analyst at Goldman Sachs*

Stephane Fischhoff, Portfolio Manager

"Jake is a great and dedicated recruiter. He supported me through multiple interview processes, and was always transparent and responsive. He kept me informed about the stages of each process and was transparent about what each company sought in a candidate. I would definitely recommend Jake."

*Sacha Viscaino, Software Engineer at Marshall Wace*



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"Rob provided a fantastic service to me. I told him what I wanted and he got exactly that for me. Rob got me the best job I ever had in the town I always wanted to live in. This truly changed my life. Thanks a lot, Rob."

*Fikret Škrgić , Software Developer/Architect*

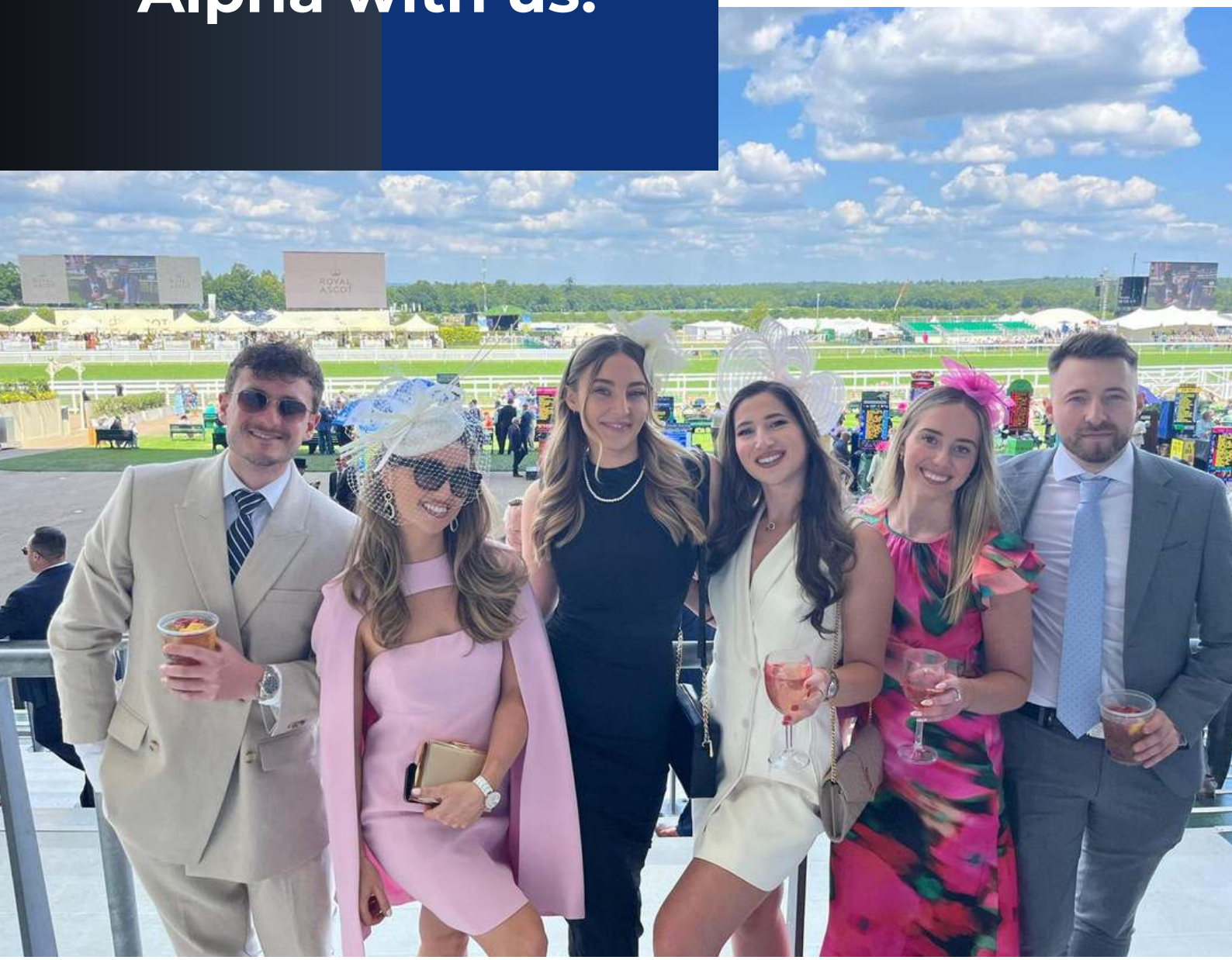
"From first reaching out until my first day in the role, Nick supported me every step of the way in my job search. He helped me navigate each round of the interview process and kept full transparency the whole way through. His communication skills are impeccable and I would recommend him to anyone interested in a new buy-side tech role."

*Saurabh Verma, Data Integrations at Balyasny Asset Management*



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