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BUILDING A WINNING COMMODITIES TEAM

Interview with Ben Mackrell – Global Head of Commodities at the leading hedge fund talent agency Paragon Alpha

In this quarter's update, read about:

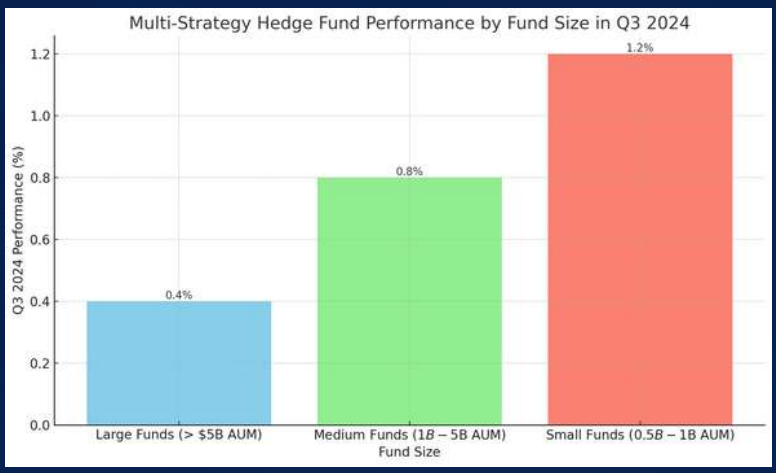
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- Top hedge fund talent in high demand as tech and DEI reshape hiring in New York



HEDGE FUND PERFORMANCE IN Q3

MULTI STRATS

In September 2024, multi-strategy hedge funds showed mixed results. ExodusPoint Capital led with a 1.5% monthly gain, reaching a 6.5% year-to-date return. Millennium Management and Schonfeld Strategic Advisors each posted 1.1% gains, bringing their annual returns to 9.5% and 13.1%, respectively.
Citadel's Wellington fund was flat for the month but remained up 10% for the year, while Walleye Capital saw a slight dip of 0.2%, still holding an 11.1% year-to-date increase.
On average, multi-strategy funds had a net return of 0.64% in September. Smaller to mid-sized funds outperformed larger ones, highlighting how fund size and specific strategies influenced returns in this period.



MACRO 0.7%

In the third quarter of 2024, macro hedge funds faced challenges, with the HFRI Macro (Total) Index declining by 0.7%, though maintaining a year-to-date gain of 4.62%.
Notably, Brevan Howard's flagship Master fund achieved a 5.12% gain in September, elevating its year-to-date return to 3.28%. Overall, the macro hedge fund sector experienced modest performance in Q3 2024, reflecting the complexities of the prevailing economic and geopolitical landscape.

EQUITY 0.3%

Equity hedge funds posted an average gain of 0.3%, bringing their year-to-date (YTD) performance to 10.3%. The performance was led by sub-strategies focused on healthcare and technology, with the HFRI Equity Hedge (Total) Index advancing 0.8%. This made equity hedge funds one of the strongest-performing strategies throughout the year, despite early volatility in August due to market fluctuations and geopolitical uncertainties.

FIXED-INCOME 1.2%

Fixed-income hedge funds delivered modest performance, with the HFRI Fixed Income-Convertible Arbitrage Index gaining 1.2%, bringing its year-to-date return to 5.8%. This performance was influenced by market volatility and shifting interest rate expectations. Notably, Shiprock Capital's strategic investments in emerging markets and corporate bonds led to a 2.2% increase in September, elevating its year-to-date gains to 26.3%.

In October 2024, hedge funds saw a modest decline, with the average return estimated at -0.94% for the month, though year-to-date performance remained positive at 8.47%. Regionally, European-focused hedge funds faced significant challenges, especially those invested in European stocks, which experienced their largest monthly losses in over a year due to a broad market sell-off.

However, some multi-strategy hedge funds showed resilience. Schonfeld Strategic Advisors' Partners strategy fund gained 2.3% in October, bringing its year-to-date performance to 15.5%, while Citadel's Wellington fund posted a 1.2% gain for the month, reaching an 11.2% return for the year. These results underscore the varying performance across the hedge fund industry, shaped by regional focus and specific investment strategies.



TRANSFER WINDOW

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

Jonathan Boym

Jain Global has appointed **Jonathan Boym**, former ExodusPoint director, as head of US fixed income portfolio finance. Boym joins after six years with ExodusPoint, where he moved in 2018 from Tudor.

Michael Fisher

Point72 Asset Management has appointed **Michael Fisher** as its new Chief Risk Officer (CRO). Fisher, who joined the firm on November 4, 2024, previously served as Head of Risk for Global Fixed Income and Macro at Citadel. His extensive experience includes a 17-year tenure at Goldman Sachs, where he advanced to Managing Director in 2011.

Caroline Kadhim

Qube Research & Technologies (QRT) has strengthened its talent acquisition team in London with four senior hires. **Caroline Kadhim**, joining as business development director, previously worked at Brevan Howard for nearly two years, specializing in recruiting systematic talent across portfolio management, trading, and technology.

Adrian McCracken

ADF Asset Management, a credit-focused startup, has appointed **Adrian McCracken**, a veteran from CQS, as its new head of operations. McCracken previously spent nearly three years as head of operations at the credit hedge fund Arini.

Nadav Hasan

Verition Fund Management has hired former senior Millennium portfolio manager **Nadav Hasan** to lead a healthcare-focused pod. Hasan joined Verition in San Diego on October 30 as a senior PM, managing his own book and leading a team.

Joseph DeGregorio

Centiva Capital has appointed **Joseph DeGregorio**, formerly a senior portfolio manager at the now-defunct Nara Capital, to head its agency derivatives strategies. DeGregorio will now be part of Centiva's quantitative mortgage group.

Andy Pickup

Scarlet Macaw Capital, the startup founded by former Millennium Management portfolio manager Robert Bonte-Friedheim, has appointed **Andy Pickup** as executive chairman and partner ahead of its launch. Pickup, a founding partner of Visium UK, joins the firm as it prepares for a Q1 launch next year.

Saman Rabban

Antarctica Asset Management, a fund of hedge funds (FoHF), has brought on **Saman Rabbani** as its global Chief Operating Officer. Rabbani, who previously spent nearly five years at Schroders, most recently served as the head of investment research initiatives at the asset management firm before transitioning to Antarctica Asset Management.

Martin Deissler

A business development lead from **Brevan Howard**, **Martin Deissler**, is transitioning to an investment research role at Aksia. During his nearly two-year tenure at Brevan, Deissler focused on sourcing portfolio managers and recruiting talent across all systematic strategies.

Abhinav Maheshwari

Millennium has brought on former Ovata partner **Abhinav Maheshwari** to lead a new pod in Hong Kong focused on relative value. Maheshwari had been with Ovata for over six years, serving as a portfolio manager overseeing a global equities strategy since June 2018.

Thanos Konstantinidis

Engineers Gate is venturing into systematic credit investing, appointing **Thanos Konstantinidis** to lead this new focus. In his role as portfolio manager in London, Konstantinidis will work on developing market-neutral long/short credit strategies for the firm.

Joseph Biscomb

Annamite has appointed **Joseph Biscomb** as head of operations, overseeing non-investment areas. He joins from Brevan Howard, where he was head of middle office for EMEA.

Emiliano Leggieri

Verition has strengthened its investment team by hiring event-driven portfolio manager **Emiliano Leggieri**. Leggieri joined the firm's Dubai office earlier this month and will manage an event-driven portfolio, though it is unclear if he will build his own team.

Thomas Kirkpatrick

West Brow Capital has appointed **Thomas Kirkpatrick** as COO and head of investor relations at its Chattanooga, Tennessee headquarters. Kirkpatrick joins the long/short equity fund as it prepares for its first external fundraising effort.

Pavel Blinchik

Capstone Investment has expanded its presence in Houston by bringing on board **Pavel Blinchik**, a portfolio manager specializing in commodities, cyclicals, and energy transition/decarbonization, who previously worked at the now-closed Weiss Multi-Strat Advisers.

Kyle Tatz

Roaring Brook Holdings, a startup investment platform, has brought on a managing partner and a head of operations and finance ahead of its launch later this year. **Kyle Tatz**, formerly of Highfields Capital Management, Andrew Kleeman joined the firm in late August.

Richard de Wet

Constansia, a startup credit hedge fund led by former Guggenheim Partners portfolio manager **Richard de Wet,** has appointed Michael Yoxthimer as head of trading. Yoxthimer may also take on additional operational duties as part of his role at the firm.

Steven Panos

Citadel has brought on **Steven Panos**, a recruitment expert from the multi-billion-dollar quantitative hedge fund PDT Partners, as a managing director in its New York office. According to sources, Panos will concentrate on hiring for quantitative and engineering roles, as well as overseeing campus recruitment programs.

LAUNCHES

In Q3 2024, the hedge fund industry saw a surge in new fund launches as experienced managers and firms repositioned to capture emerging market opportunities. Notable trends included high-profile professionals branching out to start their own ventures, with a focus on specialized strategies like long/short equity, healthcare, and macro.



Marble Bar Asset Management

Marble Bar Asset Management, a hedge fund based in London, is in negotiations to set up a new fund headed by ex-Millennium portfolio manager **Omar Sayed**. Sayed is understood to be planning the launch of his own fund, which might operate as a partner fund within Marble Bar.



Sun Moon Capital

A key investment professional from one of Asia's largest property groups and single-family offices is set to launch a long/short equity hedge fund. **Stephen Tong** is expected to debut his new firm, Sun Moon Capital Pte. Ltd, in the upcoming months.



West Tower Group

West Tower Group is winding down its $200 million fund of hedge funds to concentrate on direct investments and multi-portfolio manager equity strategies. Led by CIO **Charles Honey** and COO **Gerry Polizzi**, the firm had already unwound about $100 million of the fund by mid-September.

Dubai has become a top destination for hedge fund launches due to its favorable tax environment, business-friendly regulations, and strategic location, rivaling traditional hubs like New York and London.



Knox Park Capital

Dan Trang, a former Hodges Capital Management professional, is set to launch Knox Park Capital, a Dallas-based hedge fund focused on healthcare-driven long/short equity and special situations strategies.



Grace Investment Partners

Former Balyasny manager **David Tovar** has secured seed funding from Morgan Stanley Alternative Investment Partners to launch his hedge fund, Grace Investment Partners, focusing on a long/short equity strategy in consumer stocks.

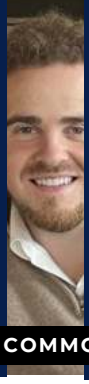


Induro Partners

Alydaar Rangwala, a former managing director at Perry Creek Capital, is in the early stages of planning the launch of a long-biased equity hedge fund. The fund, named Induro Partners, is expected to debut in Q1 2025 and will be based in New York.

HOW TO BUILD HIGH-PERFORMING COMMODITIES TEAMS FOR YOUR HEDGE FUND

with Ben Mackrell



AL HEAD OF COMMODITIES - BEN MACKRELL

We sat down with Ben, the Global Head of Commodities at Paragon Alpha, to discuss the nuances of assembling a high-performing team in this space. With extensive experience in the Energy sector and a network that spans hedge funds, proprietary trading firms, trading houses, and major financial institutions, Ben has built a reputation as a go-to expert for placing talent across the USA, Europe, and Asia. In this interview, he shares his insights on what it takes to build and maintain a winning commodities team, from identifying critical skills to understanding market dynamics across oil, gas, power, agricultural products, metals, and carbon markets.

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1. What has your experience as a recruiter in the commodities sector been like so far, and what has surprised or excited you the most about it?

Since 2020? Pretty quiet with not much going on… Being serious, if I had to use one word to describe the experience thus far – it would be enthralling. **The surprises are never-ending, from Oil inverting in my first week, to large weather events in US Gas markets, to the war between Russia and Ukraine, Covid and much more. All of these have material, multi-faceted, impacts on markets and hiring.** When you enter recruitment, everyone tells you to expect the worst, but I could not speak more highly of the connections I have made, and the people willing to give up their time to enhance the development of my career.

The job itself is exciting throughout all processes. That is our approach at Paragon Alpha, and that won't lose us. You have to have intellectual curiosity every day to unearth talent and ensure you can deliver for your clients and your candidates. That sounds a little too Utopian, but it is genuinely our approach.

2. Could you share your thoughts on the current landscape of recruiting talent for commodity trading teams in hedge funds? What challenges and opportunities are you seeing in this area?

I think the current landscape is significantly different to what we found two years ago. New entrants have more of an understanding of the fundamentals within Commodities markets and have a clearer indication of exactly what they need. In some sense, that makes our job far more challenging – as the needs are becoming more and more niche.

The clear opportunity within this space is that the buy-side has been aggressive in their hiring policy within the space. Some very strong performances have provided proof of concept for nascent platforms, whilst reinforcing the strength of other groups at the same time. As such, the buy-side has become extremely attractive as a place to grow your own personal wealth, and the new wave in this space is to support SMA & funding certain spin outs that provide autonomy to very strong leaders in the current markets. This is something that other firms struggle to match.

3. In light of the complexities inherent in commodity trading, which specific skills and qualities do you prioritise when selecting candidates to present to hedge funds, particularly those making the transition from sell-side to buy-side?

This is very clear, and very straightforward. You have to be able to manage risk effectively. Barring some very unique hedge funds, the requisite skill set of trading within certain risk parameters/frameworks is essential. *Have you worked to clear draw down instructions? Have you managed your own risk, rather than in a shared book? How have you dealt with difficult moments in your career, and do you have an example of managing downside tail risk that shows you know how to cut losses and rebound within your book?*

All of these questions are crucial to have answers to if you are to succeed in a buy-side environment. Of course, the extent of the risk parameters you will need to operate under will depend completely on the institution you are interviewing with.

4. In the current market climate, how do you balance the demand for seasoned traders with the need to bring in fresh talent? What advice do you offer clients on achieving the right mix of experience and potential within their teams?

This has clearly been a point of reference for a number of buy-side players in recent times and is a fine balance to achieve. For example, what blend do you look to achieve when you are building out a US/EU Gas & Power business with both physical and financial exposure? **My personal belief is that you need experience to deal with asset acquisition, relations with counterparts, and setting up all functions – people who have been involved in these processes before.** However, you also need the energy and lifeblood of that build to come through the human capital you decide to invest in. As such, you need to marry that with trading, origination, and other personnel that are striving to achieve and prove themselves in their careers.

5. As ESG considerations and emissions trading become increasingly important in investment decisions, how do you see these trends impacting the market, and what does this mean for traders?

There had been a clear intention to advance capital deployment in these areas in 2020-2022, and last year was a tougher year of consolidation in these markets (more generally). **We are seeing a positive trend in the necessity to deploy risk in these markets and to particularly capture upside in nascent markets with the ability to provide large vol movements that provide opportunity.** Positioning yourself with the right individuals who know how to develop markets as well as trade existing markets can be crucial to capturing alpha in the coming years.

6. Given your success in building high-performing teams in the energy sector, particularly in oil, gas, and power, how do you perceive the current market, and what do you think are the biggest factors at play?

Geo-political risk factors are large factors globally. I also think that the recent news of Donald Trump's Presidency will have material impact on S/D in the US, and abroad. There are so many drivers, especially from an infrastructure perspective with regards to Carbon markets, as well as policy setting. The energy sectors will be massively affected by a multitude of factors that are far too vast to discuss in this format. **I do feel that the Presidency, unrest in Europe & the Middle East, as well as many other factors will have a large impact on markets for the second half of this decade.**

7. With five years of experience in commodities recruitment, how do you view the trajectory of the commodities sector in the latter half of this decade? What major trends or shifts do you anticipate impacting the pool of talent?

Granularity on S/D balances is essential across the Commodities landscape with the aforementioned impact factors on all markets. As such, **traders who are sound in their fundamentals, supported by strong analytics, will have a very strong edge in the coming years.**

These needs will have a material impact on the types of individuals who will succeed in the markets. I think it will also be a space for Vol talent to shine in both physical and financial settings. With uncertainty and competing impact factors that shift market dynamics in divergent ways, optionality will be extremely important to neutralise risk.

8. As new hedge funds make a significant move into commodities, what qualities do you look for when recruiting talent from traditional commodity trading houses? How do you ensure a smooth transition for these professionals into a hedge fund setting?

I think this is a very important question, and one that will be essential in the coming years as we see more and more capital deployed physically on the buy-side. Honestly, I would say intangibles are essential.



"You have to have intellectual curiosity every day to unearth talent and ensure you can deliver for your clients and your candidates. That sounds a little too Utopian, but it is genuinely our approach."

The ability to manage upwards, the experience of building from scratch previously (or being involved in that process), being able to run leaner than at your previous firm but retaining strong returns. Adhering to more stringent drawdown limits, and other factors like being more regulated etc will all be important too.

9. Finally, do you have any advice for hedge funds looking to create a high-performance environment in their Commodities teams?

My advice would completely depend on their yardstick for high-performance. There are a number of examples of very high-performing teams in this space, some of which do not come from a hedge fund background, and some do. I think it's clear that there is a need to source talent that can work to tight drawdown limits and treat capital sensitively. As such, that lends itself to a certain profile of trader, and one that is generally backed by strong fundamentals – either sourced by themselves or analysts around them. Some prefer a centralised approach to analytics and others are happier with a decentralised approach. Both have worked well. The coming years will be telling for Commodities globally, and my advice would be to **have a view on global energy and its interrelation, as well as the compounding effects on markets such as Ags and Metals**. Understanding a Macro view will also aid your performance in relation to such markets, and the integration of idea sharing (whilst avoiding groupthink) will be beneficial. Exciting times ahead, and we look forward to helping our clients and candidates navigate through them.





TOP HEDGE FUND TALENT IN HIGH DEMAND AS TECH AND DEI RESHAPE HIRING IN NEW YORK

This September, our team at Paragon visited New York to connect with top hedge fund talent and strengthen relationships with existing clients. As competition for tech-driven expertise intensifies, our strategic efforts focused on expanding our network and fostering deeper connections in areas like data science, AI, and quantitative strategies.

As of September 2024, the New York hedge fund market is booming, with industry assets reaching an all-time high of $4.3 trillion. The launch environment is strong, with 146 new hedge funds opening in Q1—a 70% increase from the previous quarter. The PivotalPath Composite Index is up 7.2% year-to-date, outperforming the S&P 500 by 5.4%. Macro strategies are leading the charge, with the HFRX Macro Index up 1.82% for the month. While volatility remains high, strategies like equity market-neutral and relative value are thriving, as stock-picking opportunities increase.



Demand for tech talent in AI, data science, and quant strategies

The hedge fund hiring landscape is more competitive than ever, particularly in tech-driven and multi-strategy approaches. Demand is soaring for professionals skilled in data science, AI, and quantitative strategies, as funds integrate alternative data and algorithms into decision-making. This trend is expanding the search for tech talent beyond traditional quant roles, now encompassing both fundamental and discretionary strategies.



Hiring as hybrid work reshapes compensation

Multi-strategy platforms are aggressively recruiting to scale up in response to market volatility, further tightening the talent market for top roles. Despite this, hybrid and remote work models have reshaped hiring dynamics and compensation structures.



Find your next Alpha with us!



Contact us for a confidential chat about the best global Hedge Fund talent for your business.

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