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2023 HEDGE FUND INDUSTRY OVERVIEW
KEY TRENDS, CHALLENGES, AND MARKET DYNAMICS

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The report "2023 Hedge Fund Industry Overview Key Trends, Challenges, and Market Dynamics" provides a succinct overview of key developments in the hedge fund industry over the past year.

Significant focus is given to the 'Talent Bubble in 2023', detailing the intense competition for talent in hedge funds and their recruitment strategies. The report also covers business development challenges, mergers and acquisitions in finance, and the growth of multi-strategy funds, emphasizing their operational and technological needs. This summary encapsulates the key themes and trends that shaped the hedge fund industry in 2023.

TOP PERFORMING HEDGE FUNDS



HEDGE FUND	YTD 2023 %	2022 %	LATEST AUM(BN)
AQR Capital Management	21	43.5	120
Citadel	13.7	38.1	62.3
D.E. Shaw	9.4	24.7	60
Viking Global	12	-2.5	59
Millennium	8.3	12.4	58.9
Point 72	8.3	11.8	27.2
Balyasny	2.8	9.7	19.5
Lone Pine	12.4	-36	15.2

LAUNCHES



Voya Investment Management

Amit Sinha, the managing director at Voya Investment Management, is in the process of setting up a multi-strategy hedge fund. The fund, named Alpha Fusion, is anticipated to launch in the first quarter of 2024, with initial funding exceeding $100 million.



José Luis Garcia

José Luis Garcia, formerly of MFS Investment Management, is planning to start a global long/short equity hedge fund in Q2 2024. Initial internal capital will be around $50m, aiming to raise over $100m externally.



Quad-Fin Capital

Ryan Cummins, previously a fund manager at Cliffwater, is gearing up to launch a long/short equity firm. He is reportedly planning an early 2024 debut for Quad-Fin Capital.



Endurance Macro Investors

Brian Brugman, previously a portfolio manager at AllianceBernstein, has abandoned his initial plans to start his own hedge fund and has instead joined the quantitative firm Engineers Gate. Brugman had been preparing to launch Endurance Macro Investors later this year and was in talks with potential service providers, as earlier reported by With Intelligence. His planned firm was set to manage a systematic macro strategy.

MARKET - MOVING TRENDS IN 2023

Climbing Interest Rates

- Central banks worldwide increased rates in 2022.
- Impact and prevalence of floating-rate borrowing vary by country.

Skyrocketing Inflation

- Driven by factors like energy scarcity, supply chain issues, and tight labor markets.
- Reached multi-decade highs in countries like Germany, US, Japan, and the UK.

FRS Friction:

- In 2022, the US Federal Reserve System's 75 basis point rate hikes led to consequences such as mortgage originator layoffs.
- These actions also played a role in bond value declines and the collapse of Silicon Valley Bank.

Layoffs:

- Amid a recovering US job market, the technology sector faced hiring freezes and layoffs, with tech companies, considered long-duration assets, being significantly impacted by rising interest rates.

Oncoming Recession:

- The US experienced two quarters of negative GDP growth, signaling a potential recession.
- The EU faces challenges due to Russian-related disruptions.

Waning Office Footprints:

- The pandemic-induced shift to remote work raised questions about the future of the office sector.
- Major cities like NYC and San Francisco saw high office vacancy rates.

The Collapse of FTX:

- Cryptocurrency exchange FTX filed for bankruptcy, affecting the entire crypto space.
- Major players in the industry, like Coinbase, responded by emphasizing their business model differences.

Rising Energy Costs:

- High energy costs in 2022 led to global protests and the US releasing oil from its Strategic Petroleum Reserve.
- Energy costs are projected to remain high into 2024.

TRANSFER WINDOW

Bogdan Cosmaciuc's startup hedge fund, Tribune Investment Group, has appointed its first COO. Nitin Wadke, previously the CFO at Bloom Tree Partners, has joined Tribune as both COO and CFO

Andrew Brown, who previously served as a partner and COO at Rokos Capital, has moved to Segantii Capital Management, a hedge fund based in Hong Kong. Sources indicate that Brown joined the multi-strategy fund in its London office as COO in October.

Schonfeld Strategic Advisors has expanded its investment team in Asia, bringing on board **George Tan**, the former deputy CIO of Ocean Arete. Tan, based in Hong Kong, joined a macro pod earlier this month, overseen by Mitesh Parikh, the co-head of discretionary macro and fixed income at the firm.

ExodusPoint Capital Management, a $12.6 billion multi-strategy firm, has brought on **Sofia Seckler**, a former Cowen employee, as the head of broker relations in the Americas. Seckler joined the New York-based firm earlier this month.

Regents Gate Capital, a hedge fund startup by ex-Balyasny professionals **Joshua White** and Dane Vrabac, has expanded its leadership team. Kevin Nealis is now the COO, and Tara Skinner has been recruited to lead fundraising efforts.

Dymon Asia Capital, a $4bn alternatives manager, has welcomed **Ben Wei**, previously with Balyasny, to its multi-strategy team in Hong Kong. Wei, specializing in healthcare, is Dymon's first portfolio manager dedicated to this sector.

Nine Masts Capital, an Asia multi-strategy firm, has appointed **Jason Singh**, a specialist in systematic commodities, to its team in Hong Kong. Previously a commodities portfolio manager at The Caravel Group, Singh is now the sole commodities-focused portfolio manager at Nine Masts.

Argo Capital Management, specializing in global emerging markets, has recently appointed **Stephen Elgie** as head of strategy, concentrating on macro and quantitative themes. Elgie joined the London firm after serving as an advisor at Serendib Assets, a semiconductor company.

Arthur Wit's startup hedge fund, Perryridge Capital, has hired **Christine Clarke** as its COO and CFO. Clarke, a 16-year veteran of HealthCor Management, was recently brought on board

Anthos Fund & Asset Management, a Dutch investment company, has recently appointed **Mike Staring** as their new general counsel. Prior to this, Staring served as the head of legal at Quintet Private Bank and was the general counsel at InsigerGilissen Bankiers before its merger. Meanwhile, the firm's head of marketing and communications has left the company.



TALENT BUBBLE IN 2023



In 2023, the hedge fund industry is witnessing a major talent war, with top portfolio managers receiving substantial sign-on bonuses and hedge funds actively recruiting from the banking sector. This recruitment frenzy is driven by the growing attractiveness of hedge funds due to competitive pay and better work-life balance. Additionally, the industry faces operational and technological challenges, necessitating advanced solutions for diverse investment strategies. Significant career moves and leadership changes are also shaping the landscape, with hedge funds increasingly becoming preferred career destinations for finance professionals.

Here is the reason

WHY CHOOSE PARAGON ALPHA

With a seasoned team boasting over 35 years of recruitment expertise, Paragon Alpha prides itself on its professionalism, friendliness, and deep understanding of the Power of Talent. Emphasizing confidentiality in the highly competitive hedge fund sector, the firm ensures a smooth and secure hiring process. To offer a glimpse into our unique and strategic approach to recruitment, check out our latest video:

The secret of strategic Hedge Fund talent acquisition

Hedge Fund talent war

High-stakes hiring: Hedge funds are engaging in a high-stakes talent war, with top portfolio managers receiving sign-on bonuses as high as $120 million.

Athlete-level compensation: Hedge fund bosses compare pay scales to star athletes, even for relatively mediocre talent.

Non-compete debate: Izzy Englander at Millennium suggests abolishing non-compete clauses to ease movement within the industry.

Recruitment frenzy: Major hedge funds are actively recruiting traders, employing recruiters (often with banking backgrounds) like Andrew Peña (Eisler) and Goli Habbas (Millennium).

Business development and consulting challenges

Recruitment pressure: Business developers face intense pressure to recruit top portfolio managers, with even junior roles offering salaries between $300k and $500k.

McKinsey & Co. restructuring: The firm is undergoing internal restructuring and offering free consultancy services to select clients.

Consulting industry trends: Boston Consulting Group is engaged in a strategic refresh for Barclays, while Citi undergoes a participatory restructuring process.

M&A market and leadership in finance

Market predictions: UBS expects an M&A rebound next year, with Goldman Sachs investing in generative AI projects. JPMorgan Chase, Bank of America, Wells Fargo, and Citigroup continue to dominate US bank profits.

Leadership dynamics: Morgan Stanley's incoming CEO Ted Pick and potential Goldman Sachs CEO John Waldron share a background and friendship. Moelis & Co. expands its managing director ranks, signaling optimism in the M&A market.

Hedge Fund industry hiring surge and multi-strategy fund growth

Hiring surge: Increasing recruitment from UBS by hedge funds, highlighting competitive pay and better work-life balance. Key moves include James O'Callaghan (Jain Global), Carlo Agostinelli (Ghisallo Capital), and Sachin Kanani (Millennium).

Trend implications: Hedge funds are becoming more attractive as career destinations due to higher earnings and improved work-life balance.

Multi-strategy fund dynamics: These funds are growing rapidly, facing operational and technological challenges, and requiring advanced OEMS technology for efficient operation and risk management.

Mike Monforth

Global Head of Capita Advisory at JP&Morgan

"Managers who have not necessarily employed the best talent, don't have the right infrastructure in place, are not diversified, or those that haven't optimised their capital efficiency and allocation regime, are going to struggle."



THE BEST IN HEDGE FUND TALENT

Is your hedge fund on the hunt for the best talent in the industry?

With Paragon Alpha's new campaign, The Best In Hedge Fund Talent, you can obtain the most sought-after trading and technology talent in the market. By subscribing below you will receive exclusive resumes from our impressive roster of candidates.

Take advantage of The Best in Hedge Fund Talent and join forces with Paragon Alpha to acquire exclusive valuable insights for your business.







Finding Alpha Through People



THE BEST IN HEDGE FUND TALENT

If you are searching for the best trading and technology talent in the Hedge Fund industry, then subscribe below and receive exclusive profiles from our talent pool.

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