Green Street

Hedge Fund Alert

THE WEEKLY UPDATE ON FUND MANAGEMENT INTELLIGENCE

Tech Startup Targeting Individuals

A new financial-software company is hoping to find a niche with a growing class of alternative-fund investors: wealthy individuals.

Brian Shapiro's Altsmark has signed its first six clients over the past six weeks. In addition to a multi-billion-dollar family office, a fund-of-funds operator and a small corporation, they include three independent financial advisors — a type of client Shapiro sees as supplying much of his business.

Altsmark's pitch is that its software performs functions that previously were available only to institutional investors in alternative funds. Among the functions: storage of information including performance of broad portfolios and specific positions, along with exposures and liquidity terms.

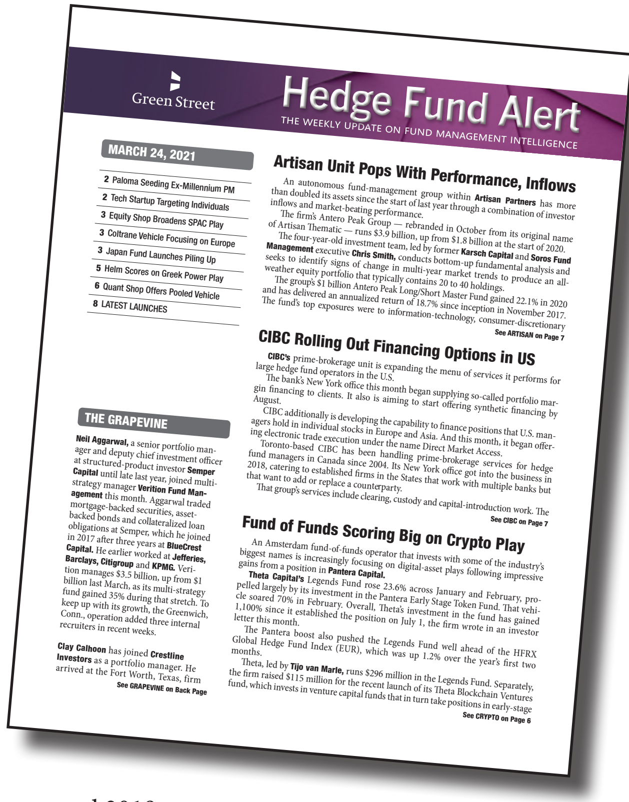
The program also stores due-diligence notes, audit reports, marketing materials, monthly statements including investor letters and performance reports, and, for stakes in private equity funds, documents for capital calls. And it holds tax information such as Schedule K-1 documents, financial statements and capital-distribution records.

Shapiro, who runs Altsmark from his home in Manchester, Vt., is characterizing the service as an improvement on what he deems cumbersome or outdated technology that financial advisors use to track their clients' alternative investments. He believes that with a more efficient approach, additional individuals would invest in hedge funds, private equity funds and real estate funds.

While companies including **Backstop Solutions** and **Dynamo Software** offer similar tools to pension systems, foundations and endowments, those operations run far more money than the families and individuals Shapiro sees as benefiting from his product. In some cases, those people would have the $30 million of net worth required for classification as ultra-wealthy. But Altsmark also wants to tap into increased activity by high-net-worth individuals with $5 million or more and even sees opportunities among those with as little as $1 million.

That explains the firm's focus on financial advisors, which pay a monthly subscription price of $500 to use the company's tools.

The target audience represents a quiet but expanding investor base for alternative vehicles that in part has corresponded with a shift in the universe of available products, including growth in private equity funds. By Altsmark's count, there were 414,719 private equity vehicles operating in 2019, while the number of publicly traded stocks fell 45%, to 4,397, from 1996



Green Street

Hedge Fund Alert

THE WEEKLY UPDATE ON FUND MANAGEMENT INTELLIGENCE

MARCH 24, 2021

2 Paloma Seeding Ex-Millennium PM
2 Tech Startup Targeting Individuals
3 Equity Shop Broadens SPAC Play
3 Coltrane Vehicle Focusing on Europe
3 Japan Fund Launches Piling Up
5 Helm Scores on Greek Power Play
6 Quant Shop Offers Pooled Vehicle
8 LATEST LAUNCHES

Artisan Unit Pops With Performance, Inflows

An autonomous fund-management group within **Artisan Partners** has more than doubled its assets since the start of last year through a combination of investor inflows and market-beating performance.

The firm's Antero Peak Group — rebranded in October from its original name of Artisan Thematic — runs $3.9 billion, up from $1.8 billion at the start of 2020.

The four-year-old investment team, led by former **Karsch Capital** and **Soros Fund Management** executive **Chris Smith,** conducts bottom-up fundamental analysis and seeks to identify signs of change in multi-year market trends to produce an all-weather equity portfolio that typically contains 20 to 40 holdings.

The group's $1 billion Antero Peak Long/Short Master Fund gained 22.1% in 2020 and has delivered an annualized return of 18.7% since inception in November 2017. The fund's top exposures were to information-technology, consumer-discretionary

See ARTISAN on Page 7

CIBC Rolling Out Financing Options in US

CIBC's prime-brokerage unit is expanding the menu of services it performs for large hedge fund operators in the U.S.

The bank's New York office this month began supplying so-called portfolio margin financing to clients. It also is aiming to start offering synthetic financing by August.

CIBC additionally is developing the capability to finance positions that U.S. managers hold in individual stocks in Europe and Asia. And this month, it began offering electronic trade execution under the name Direct Market Access.

Toronto-based CIBC has been handling prime-brokerage services for hedge fund managers in Canada since 2004. Its New York office got into the business in 2018, catering to established firms in the States that work with multiple banks but that want to add or replace a counterparty.

That group's services include clearing, custody and capital-introduction work. The

See CIBC on Page 7

Fund of Funds Scoring Big on Crypto Play

An Amsterdam fund-of-funds operator that invests with some of the industry's biggest names is increasingly focusing on digital-asset plays following impressive gains from a position in **Pantera Capital.**

Theta Capital's Legends Fund rose 23.6% across January and February, propelled largely by its investment in the Pantera Early Stage Token Fund. That vehicle soared 70% in February. Overall, Theta's investment in the fund has gained 1,100% since it established the position on July 1, the firm wrote in an investor letter this month.

The Pantera boost also pushed the Legends Fund well ahead of the HFRX Global Hedge Fund Index (EUR), which was up 1.2% over the year's first two months.

Theta, led by **Tijo van Marle,** runs $296 million in the Legends Fund. Separately, the firm raised $115 million for the recent launch of its Theta Blockchain Ventures fund, which invests in venture capital funds that in turn take positions in early-stage

See CRYPTO on Page 6

THE GRAPEVINE

Neil Aggarwal, a senior portfolio manager and deputy chief investment officer at structured-product investor **Semper Capital** until late last year, joined multi-strategy manager **Verition Fund Management** this month. Aggarwal traded mortgage-backed securities, asset-backed bonds and collateralized loan obligations at Semper, which he joined in 2017 after three years at **BlueCrest Capital.** He earlier worked at **Jefferies, Barclays, Citigroup** and **KPMG.** Verition manages $3.5 billion, up from $1 billion last March, as its multi-strategy fund gained 35% during that stretch. To keep up with its growth, the Greenwich, Conn., operation added three internal recruiters in recent weeks.

Clay Calhoon has joined **Crestline Investors** as a portfolio manager. He arrived at the Fort Worth, Texas, firm

See GRAPEVINE on Back Page

to yearend 2019.

Regulatory shifts also have drawn in more capital from individual investors.   he **U.S. Department of Labor** in September 2020 added private equity funds to the products available to defined-contribution retirement plans such as 401(k)s. And at yearend 2020, the **SEC** expanded the universe of accredited investors to include the individuals' spouses and "knowledge-able" individuals, creating options other than an income ex-ceeding $200,000 or a net worth of more than $1 million.

When it comes to the ultra-wealthy, **Morgan Stanley** predicts that the volume of alternative investments will grow 8% annually to $24 trillion in 2024.

Before setting up Altsmark in January 2021, Shapiro spent 3 years turning around **Private Client Resources** and almost 10 years running **Simplify,** a company that invested in financial-technology tools. His earlier stops include multi-manager shop **Gapstow Capital** and **SS&C Technologies** unit **Advent.** ❖