

# Hedge Funds Europe

News, analysis and commentary

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## Fundana Seeks Equity Managers for Fund of Funds

By Suzy Waite

**Fundana SA**, a \$1.1 billion Geneva-based investment adviser, is looking to add as many as six long-short equity managers to one of its funds of funds by the end of the year.

Fundana's flagship Prima Capital Fund plans to make small allocations to new managers who have a proven track record at established hedge funds, according to **Dariusz Aryeh**, chief investment officer of the firm's funds of funds. Initial investments typically range from \$1 million to \$5 million, depending on the size and track record of the funds, and can be increased to as much as \$80 million over time, he said.

"The main reason for investing so early is that we get to know the managers when no one else is looking," Aryeh, who is a member of Fundana's investment committee, said in a July 25 telephone interview. "When that manager gets bigger — say with \$400 million or \$500 million in assets — that's when we can make him a core position."

The fund is bullish on equity managers following years of poor performance and redemptions across the hedge fund industry, which has created opportunities on both the long and short side, according to Aryeh. Equity hedge funds gained 5.3 percent on an asset-weighted basis in the first half of the year, the most among the main strategies tracked by Hedge Fund Research Inc. Hedge funds on average rose 2.5 percent on an asset-weighted basis in that time, according to the data provider.

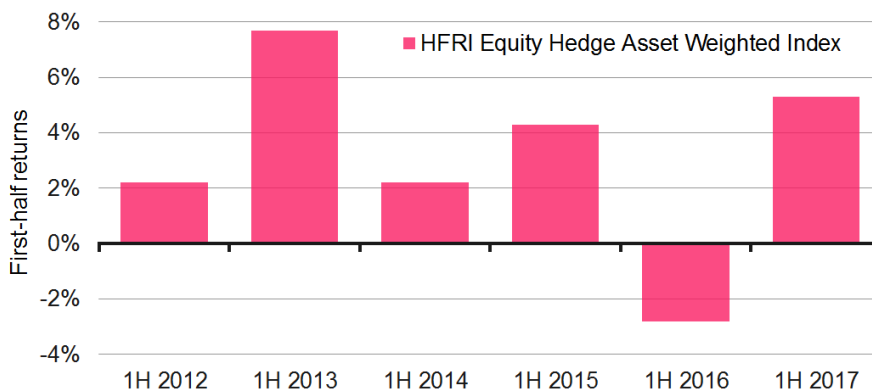
The due diligence process takes at least two months. The firm already selected six new managers for allocations in the first half of the year, Aryeh said. The fund is currently invested in 30 long-short equity managers, with a capacity for as many as 40.

Fundana will also cut six of its existing slate of long-short equity funds by the end of September. Fundana typically cuts exposure to funds that grow assets too quickly, which often weighs on performance relative to peers, Aryeh said. He declined to name the funds.

The cuts will allow Fundana to allocate more to existing funds that have posted strong performance, including **Engadine Partners**, **Honeycomb Asset Management**, **Alight Capital Management** and **Nexthera Capital**, Aryeh said. Fundana may raise allocations to these four funds in the coming months, bringing total ticket sizes to between \$60 million and \$80 million apiece by mid-2018, he said.

Fundana's flagship fund of funds is up 5.9 percent this year through June 30 and has gained an annualized 6.5 percent its inception in 1993.

## Equity Funds See Best First Half Since 2013



Source: Hedge Fund Research Inc.

## Number of the Week

### 26 times

Amount **Portland Hill** boosted the assets of its main fund by in just five years. The long-short equity and event-driven fund, which started trading in 2012, now manages more than \$1 billion.

## Inside

Performance for **Petrus Advisers**, **Adar Macro**, **Parus Fund** and **Quadra Capital**: [Returns in Brief](#)

**Citadel** hires ex-Barclays portfolio manager **Simon Herbert** to help in London buildout: [On the Move](#)

**Borea Asset Management** says junk rally in Norway is far from over, credit manager **Capital Four** girds for high-yield 'dislocations': [Market Calls](#)

Assets managed by alternative UCITS funds grew over the second quarter, according to a report by Kepler Partners: [Research Roundup](#)

## Quote of the Week

*"This has been a very tricky year for currency trading with most major FX markets being fairly range bound, even if Brexit and the Trump rally has had significant short-term impact."*

— Patrik Safvenblad, chief investment officer at London-based Harmonic Capital, [revisiting](#) his bearish call last year on Europe