Main Players in Hedge Funds

- Educational Presentation #10 – Hedge Funds
- 14.03.2025
- Property of the ESCP Alternative Investments Society
- Sources: Bloomberg, Aurum, FT, Hedgeweek, Hedgefollow, WSJ, Company Websites

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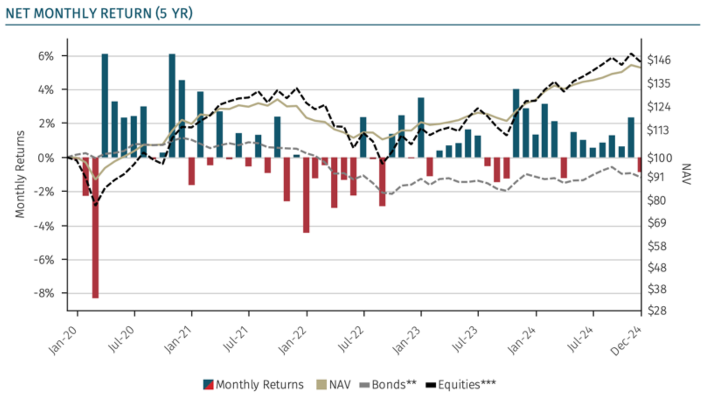
Section I: Introduction

L/S and Macro

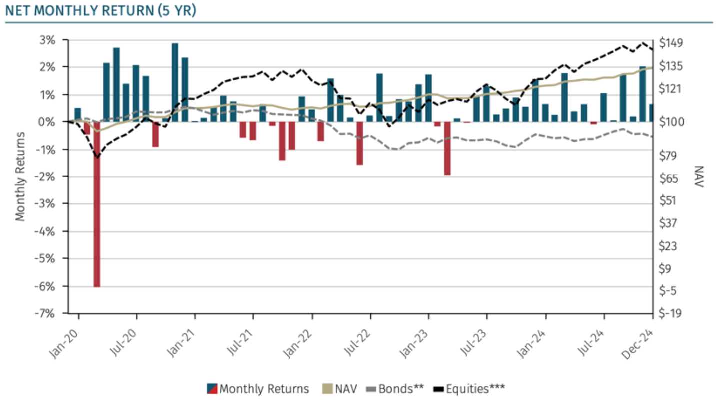
L/S Equity:

- Long/short equity strategy profits from mispriced stocks by taking long positions in undervalued stocks and short positions in overvalued stocks
- Gains are made from rising stock prices (long) and falling stock prices (short), allowing flexibility in bull and bear markets
- Success is measured by alpha (excess returns) and beta (market correlation) to assess risk-adjusted performance



Global Macro:

- Global macro strategy leverages macroeconomic trends to make investment decisions across currencies, commodities, bonds, and equities
- Investment decisions are based on economic indicators (e.g., GDP, inflation, interest rates) using complex econometric models to forecast market shifts
- The strategy profits from global political/economic events, offering diversification and volatility management by capitalizing on price swings from events like geopolitical tensions and central bank policies



Source: Aurum.com

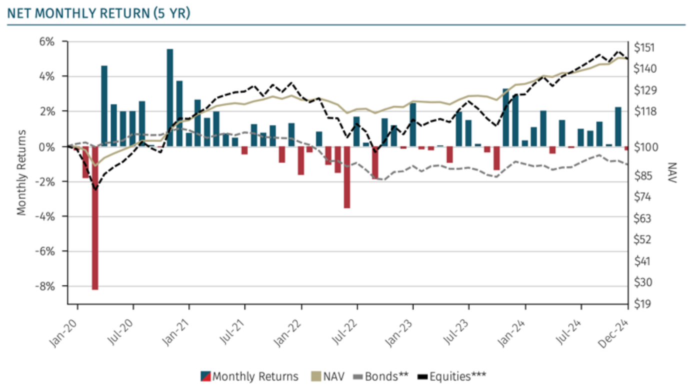
Event-Driven and Quant

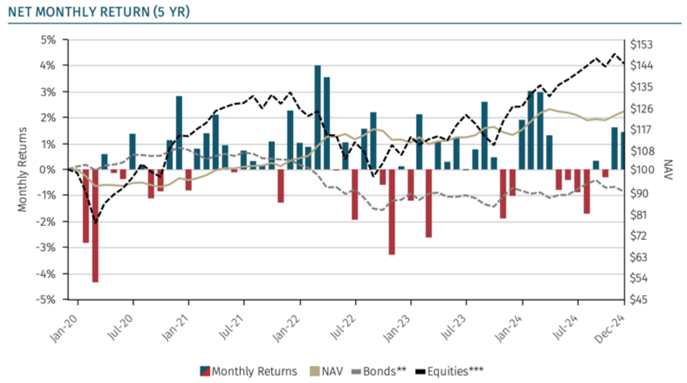
Event-Driven:

- Profits from price movements linked to corporate events like mergers, acquisitions, and restructurings
- Includes merger arbitrage (betting on deal spreads), distressed securities (investing in struggling firms), and activist investing
- Success depends on deal completion, market conditions, and company recoveries, with returns driven by outcomes rather market movements

Quantitative:

- Quant funds use mathematical models and statistical analysis to identify market inefficiencies across asset classes
- Trades are executed using automated algorithms, optimizing timing and minimizing human bias
- Strategies rely on risk management models, with success measured by alpha, Sharpe ratio (risk-adjusted returns), and maximum drawdown





Source: Aurum.com

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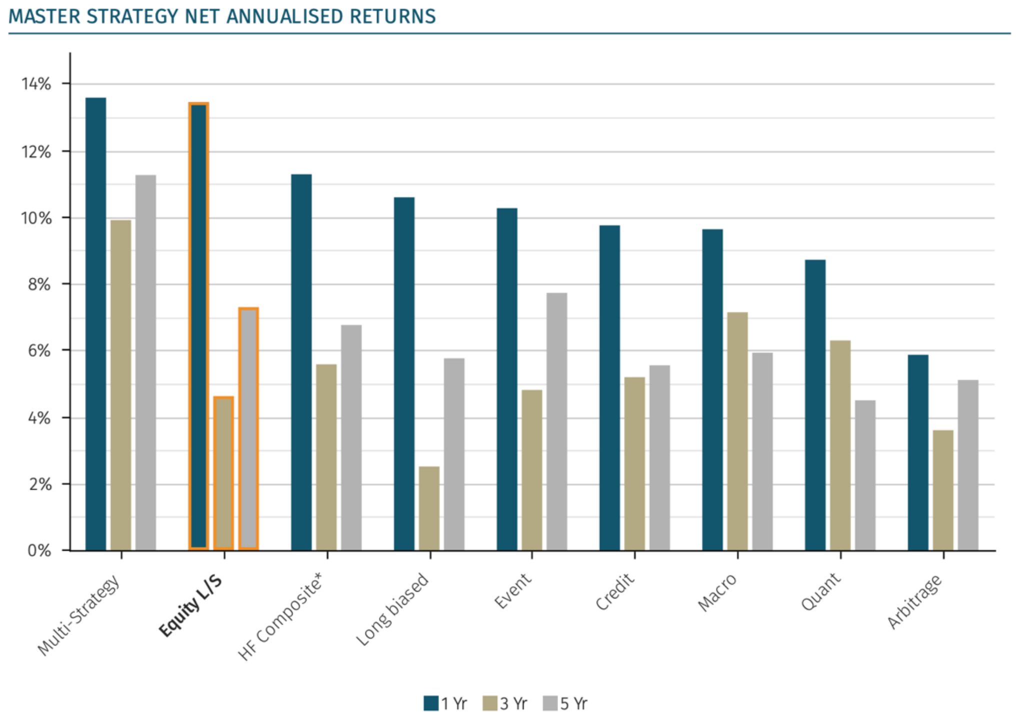
Compared Performance

Compared Performance:

- L/S Equity had the highest 1-year returns but weaker 3- and 5-year performance with higher short-term volatility
- Macro and Event-Driven funds delivered steady returns across all periods, while Quant slightly lagged over longer timeframes
- Multi-Strategy has led since 2008, gaining AUM and delivering stable returns through diversification



Source: Aurum.com

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Section II: Multi Strategy / L/S Equity

Citadel

- **Founded**: 1990
- **Founder**: Kenneth C. Griffin
- **HQ**: Miami, US
- **Headcount**: 2 800
- **AUM**: $62.3bn
- **Returns**: 18% in 2024 (Equity Fund)
- **Strategy**: Multi Strategy including L/S

Kenneth C. Griffin (Founder & CEO)

- BA from Harvard in Economics
- Founded Citadel in 1990

Pablo Salame (Co-CIO)

- BS from Brown in Applied Mathematics
- At Citadel since 2019

Gerald A. Beeson (COO)

- MBA from University of Chicago
- At Citadel since 1993

Recent trade / further detail:

- In early 2025, Citadel has taken a £305m short position in GSK despite its £2bn buyback plan
- Citadel has earned approx. $8.1bn in 2023 for its investors, bringing their total profit to $74bn, the highest ever in the Hedge Fund industry
- Citadel's market maker Citadel Securities earned a record trading revenue of $9.7bn in 2024

Point72

- **Founded**: 2014 (previously S.A.C.)
- **Founder**: Steven Cohen
- **HQ**: Stamford, US
- **Headcount**: 2 800
- **AUM**: $36.9bn
- **Returns**: 19% in 2024
- **Strategy**: Primary L/S

Steve Cohen (Founder & CEO)

- BS from Wharton in Economics
- Founded Point72 in 2014

Andrew B. Cohen (CIO)

- MBA from Wharton
- At Point72 since 2014

Gavin O'Connor (COO)

- MBA from NYU
- At Point72 since 2018

Recent trade / further detail:

- In early 2025, Point72 raised its stake in Sphere Entertainment to 7.3%, showing confidence despite MSG Networks' $829m debt talks
- Point72's AI-focused fund gained 14% in three months, nearing $1.5bn in assets and set to close to new investors by April 2025
- Plans to return up to $5bn to investors in 2025 after a 19% gain, while shifting some costs to clients

Millennium

- **Founded**: 1989
- **Founder**: Israel Englander
- **HQ**: New York City, US
- **Headcount**: 6 100
- **AUM**: $74.7bn
- **Returns**: 15% in 2024
- **Strategy**: Multi Strategy including L/S

Israel Englander (Founder & CEO)

- BS from NYU in Finance
- Founded Millennium in 1989

Ajay Nagpal (President & COO)

- BA from Brown
- At Millennium since 2013

Justin Gmelich (Co-CIO)

- MBA from Columbia
- At Millennium since 2023

Recent trade / further detail:

- In late 2024 BlackRock was in early talks to acquire a minority stake in Millennium, signalling its push into alternative investments
- In 2024 Millennium invested $3.3bn in two new trading teams led by two exceptional traders as part of its expansion strategy

Tiger Global Management

TIGERGLOBAL

- **Founded**: 2001
- **Founder**: Chase Coleman
- **HQ**: New York City, US
- **Headcount**: 266
- **AUM**: $58.5bn
- **Returns**: 28.5% in 2023
- **Strategy**: L/S

Eric Lane (President & COO)

- BS from Wharton in Engineering
- At Tiger Global since 2021

Robert Fallon (Head of Trading)

- MBA from Wharton
- At Tiger Global since 2007

Don Anderson (CIO)

- MBA from Bentley University
- At Tiger Global since 2022

Recent trade / further detail:

- Tiger Global rebounded with a 28.5% gain in 2023, following losses of 56% and 7% in 2022 and 2021 respectively
- In 2023, Tiger Global's VC fund posted an 18% paper loss as it slashed valuations for portfolio companies, including DuckDuckGo (-72%) and OpenSea (-94%)

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Viking

- **Founded**: 1999
- **Founder**: Andreas Halvorsen
- **HQ**: Greenwich, US
- **Headcount**: 275
- **AUM**: $51bn
- **Returns**: 21% in 2023
- **Strategy**: L/S

Andreas Halvorsen (Founder & CEO)

- MBA from Stanford
- Founded Viking in 1999

Rose Shabet (COO)

- MBA from Wharton
- At Viking since 2008

Justin Walsh (CIO)

- MBA from Harvard Business School
- At Viking since 2010

Recent trade / further detail:

- Betting on its recovery, Viking acquired a $526m stake in Boeing in Q4 2024, while also doubling its JPMorgan position to $1.8bn
- In 2023, Viking has reopened its flagship L/S fund to new capital for the first time since 2011

Section III: Macro Funds

Bridgewater Associates

BRIDGEWATER

- **Founded**: 1975
- **Founder**: Ray Dalio
- **HQ**: Westport, US
- **Headcount**: 1 500
- **AUM**: $154bn
- **Returns**: 11% in 2024 (Pure Alpha fund)
- **Strategy**: Multi Strategy including Global Macro

Ray Dalio (Founder)

- MBA from Harvard Business School
- Founded Bridgewater in 1975

Nir Bar Dea (CEO)

- MBA from Wharton
- At Bridgewater since 2015

Bob Prince (Co-CIO)

- MBA from University of Tulsa
- At Bridgewater since 1986

Recent trade / further detail:

- Bridgewater increased its Tesla stake by $62m in Q4 2024 while reducing exposure to the Magnificent Seven tech stocks
- Bridgewater's Pure Alpha fund gained 8.2% in January 2025, navigating AI stock sell-offs and US tariff uncertainties
- Cut workforce by 7% in January 2025

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Brevan Howard

- **Founded**: 2002
- **Founder**: Alan Howard
- **HQ**: Jersey, US
- **Headcount**: 1 000
- **AUM**: $35bn
- **Returns**: 9% 3-year annualized
- **Strategy**: Global Macro

Alan Howard (Co-Founder)

- MS from Imperial in Engineering
- Co-founded Brevan Howard in 2002

Aron Landy (CEO)

- PhD from Cambridge in Engineering
- At Brevan Howard since 2003

Jonathan Hughes (CFO)

- MA from Oxford in Management and Economics
- At Brevan Howard since 2007

Recent trade / further detail:

- Cut 7% of trading staff after underwhelming performance in 2024, focusing on cost-cutting and operational efficiency
- Brevan Howard's Master Fund gained 5.12% in September 2024, marking its best monthly performance of 2024

Tudor Investment Corporation

- **Founded**: 1980
- **Founder**: Paul Tudor Jones II.
- **HQ**: Stamford, US
- **Headcount**: 355
- **AUM**: $63.6bn
- **Returns**: 0.1% 3-year annualized
- **Strategy**: Global Macro

Paul Tudor Jones II. (Founder & CIO)

- BA from University of Virginia
- Founded Tudor in 1980

Clayton Otto (COO)

- BS from Wharton in Finance
- At Tudor since 2000

Lorenzo Giorganni (Global Head of Research)

- PhD from UPenn in Economics
- At Tudor since 2013

Recent trade / further detail:

- In Q4 2024, Tudor increased its holdings in the iShares Bitcoin Trust by 81%, adding approximately 3.6 million shares to its portfolio
- In Q3 2024, the firm expanded its position in NVIDIA by 400%, acquiring an additional 1,095,156 shares

Section IV: Event-Driven Funds

Elliott Investment Management

- **Founded**: 1977
- **Founder**: Paul Singer
- **HQ**: Florida, US
- **Headcount**: 593
- **AUM**: $72.7bn
- **Returns**: 16% 3-year annualized
- **Strategy**: Event-Driven / Activist

Paul Singer (Founder, President & Co-CEO)

- JD from Harvard Law School
- Founded Elliott in 1977

Jonathan Pollock (Co-CEO)

- BA from Curry College in Management
- At Elliott since 1989

Zion Shohet (COO)

- JD from Harvard Law School
- At Elliott since 2015

Recent trade / further detail:

- Elliott took a €670m short position in TotalEnergies in March 2025, following its push for BP divestments
- Holding a 5% stake in BP, Elliott is pushing for asset divestments and a leaner cost structure, sparking a battle with 48 institutional investors
- Elliott pressured Honeywell to break up their business, leading to the company’s decision in February 2025 to split its aerospace unit

Pershing Square

- **Founded**: 2004
- **Founder**: Bill Ackman
- **HQ**: New York City, US
- **Headcount**: 30
- **AUM**: $19bn
- **Returns**: 4% 3-year annualized
- **Strategy**: Event-Driven / Activist

Bill Ackman (Founder & CEO)

- MBA from Harvard Business School
- Founded Pershing Square in 2004

Ben Hakim (President)

- BS from Cornell
- At Pershing Square since 2012

Michael Gonnella (CFO)

- BS from Seton Hall University
- At Pershing Square since 2005

Recent trade / further detail:

- Pershing Square acquired a $2.3bn stake in Uber in February 2025, citing strong management and growth potential in autonomous vehicles
- In late 2024, Pershing Square built a $2.6bn stake in Brookfield, signalling confidence in the company’s role in global infrastructure
- Sold 2.7% of its stake in UMG in 2025, raising $1.4 billion. UMG still remains the largest position in their portfolio with 17%

Third Point

- **Founded**: 1995
- **Founder**: Daniel S. Loeb
- **HQ**: New York City, US
- **Headcount**: 110
- **AUM**: $18bn
- **Returns**: 24% in 2024
- **Strategy**: Event-Driven

Daniel S. Loeb (Founder & CEO)

- BA from Columbia in Economics
- Founded Third Point in 1995

Josh Targoff (President)

- JD from Yale Law School
- At Third Point since 2008

Ian Wallace (Co-Head of Credit)

- BA from University of Washington in Management
- At Third Point since 2009

Recent trade / further detail:

- Third Point's flagship Offshore Fund gained 9.1% in Q4 2024, bringing its full-year return to 24.2%, driven by strong equities and credit
- In early 2025, Daniel Loeb urged SoHo House's board to open its sale process to outside bidders, criticizing the existing offer as undervalued
- Third Point agreed to acquire credit fund manager AS Birch Grove, to expand its credit platform, particularly in CLOs and private credit

Section V: Quant Funds

Renaissance Technologies

Renaissance

- **Founded**: 1982
- **Founder**: Jim Simons
- **HQ**: Greater New York, US
- **Headcount**: 300
- **AUM**: $89bn
- **Returns**: 30% in 2024 (Medallion Fund)
- **Strategy**: Quant

Jim Simons (Founder)

- PhD from Berkeley in Mathematics
- Founded Renaissance in 1982

Peter Brown (Co-CEO)

- BA from Harvard
- At Renaissance since 1993

Mark Silber (CFO)

- JD from NYU
- At Renaissance since 1983

Recent trade / further detail:

- Renaissance's Medallion Fund gained 30% in 2024, while its institutional funds returned 22.7% and 15.6%
- Renaissance added over 1M GameStop shares in Q1 2024 and increased its AMC stake by 78%, benefiting from the meme stock surge
- The Medallion Fund posted a stunning 76% return in 2020, averaging 30% net since its creation

D.E. Shaw

- **Founded**: 1988
- **Founder**: David E. Shaw
- **HQ**: New York City, US
- **Headcount**: 2 500
- **AUM**: $65bn
- **Returns**: 36% in 2024 (Oculus Fund)
- **Strategy**: Multi Strategy including Quant

David E. Shaw (Founder)

- PhD from Stanford
- Founded D.E. Shaw in 1988

Eddie Fishman (COO)

- BS from Princeton
- At D.E. Shaw since 1995

Anne Dinning (Chair of the Executive Committee)

- PhD from NYU in Computer Science
- At D.E. Shaw since 1990

Recent trade / further detail:

- D.E. Shaw raised $1bn for its Alkali VI fund, focused on corporate and structured debt, bringing total Alkali capital to $3.9bn
- In late 2024, D.E. Shaw took a €102m short position on Bayer following a sharp drop in the company's stock after weak earnings and CEO warnings

Two Sigma Investments

TWO SIGMA

- **Founded**: 2001
- **Founder**: John Overdeck, David Siegel, Mark Pickard
- **HQ**: New York City, US
- **Headcount**: 2 000
- **AUM**: $60bn
- **Returns**: 10% in 2024 (Spectrum Fund)
- **Strategy**: Multi Strategy including Quant

David Siegel (Co-Founder)

- PhD from MIT in Computer Science
- Co-founded Two Sigma in 2001

Scott Hoffman (Co-CEO)

- JD from NYU
- At Two Sigma since 2023

Carter Lyons (Co-CEO)

- BS from Lehigh University
- At Two Sigma since 2011

Recent trade / further detail:

- Two Sigma is launching a real estate fund to raise external capital, focusing on housing, industrial properties, and select commercial assets
- Two Sigma is negotiating a $100m settlement with the SEC over trading misconduct related to unauthorized changes in trading models by a former employee in 2024

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