

### INVESTMENT

## Proctor Investment Managers sees equity stakes opportunities ahead

Private equity investor considers investment in larger hedge fund firms, with smaller managers left out in the cold

**ELANA MARGULIES:** Proctor Investment Managers expects to take stakes in more hedge funds in the near future, according to chief executive Mona Aboelnaga.

The private equity investor, which takes equity stakes in both traditional and alternative investment firms, is seeing more opportunities to make investments in larger hedge funds. Aboelnaga said that Proctor is eyeing a broad range of strategies to partner with, including distressed, ABL, long/short and international strategies.

Proctor is particularly focused on single strategy hedge funds with \$300m-\$800m under management. This is very different from a year ago when the majority of the investment pipeline consisted of firms below \$300m in AUM.

"While M&A is suffering from the fall of traditional players (banks, investment houses), private equity is an option that makes more sense today than ever and will likely gain greater prominence in the investment

management business," Aboelnaga said.

Goldman Sachs' Petershill and Lehman Brothers' Omega private equity funds were both set up last year to acquire stakes in hedge funds. Petershill's stakes include Winton, Capula, Longacre and Trafalgar.

"Managers are facing extremely difficult markets, tough prospects for asset gathering and rising operating costs," she said. "In short, the most difficult operating environment most people have seen. As a result, we are looking at larger firms than a year ago as operational viability becomes a critical question for investors. There will always be a place for emerging managers or niche strategies, but today's environment is proving to be increasingly difficult for smaller firms."

Proctor has invested in firms with over \$12bn in assets under management. Its most recent equity stake was in managed futures firm Conquest Capital Management. *HFMWeek* previously reported that Proctor took

a 17.5% share in June of last year. The Conquest Macro Fund is up 43.51% YTD through 22 October, according to performance data. ■

### PROCTOR INVESTMENT MANAGERS PARTNER FIRMS

Source: HFMWeek

