



## Small Managers - BIG ALPHA - Report 85



### Fund of hedge funds focused on research activism makes steady returns

B. G., Opalesque Geneva

A fund of hedge funds has defied market headwinds - and the unpopularity of the vehicle type - to generate positive returns 13 years out of 14 by investing in

“under the radar” opportunities.

Eagle’s View Capital Partners, L.P. invests in a selection of niche-oriented hedge fund strategies that seek to exploit an edge in the marketplace. Such strategies show little or no correlation to mainstream asset classes. The Fund does not rely on global macro predictions and seeks to capitalize on market inefficiencies that the investment manager believes are overlooked by most traditional hedge fund investment vehicles.

It is run by Neal Berger, founder and CIO of [Eagle’s View Capital Management](#), a Florida-based investment firm founded in 2005 that also manages a [contrarian macro fund](#). Berger has been working on Wall Street for more than 30 years and in the hedge fund industry for 25, including a couple of stints at Millennium Partners. He will present the fund during Opalesque’s next **webinar** on January 16, [Small Managers BIG ALPHA Episode 13](#) (details below).

### Overlooked market inefficiencies

Inefficiencies are often capacity-constrained opportunities which is why they exist in the first place, Berger explains to Opalesque. “Amongst the participants who have the expertise to capitalize upon many of these inefficiencies, the total dollar amount of the opportunity set is not a worthwhile expenditure of resources given such a large asset base. Many smaller players whereby the opportunities would be meaningful, simply lack the knowledge, skill-set, or tools to capitalize upon them. As such, there are often capacity-constrained inefficiencies within the market to be had.”

Eagle’s View looks at managers who expend all of their resources on capitalizing on these specific opportunities, he adds. The major recent event has been a 550 bps rise in US interest rates coupled with rising global interest rates and inflationary pressure. These macro events have opened up opportunities that didn’t exist in a 0% interest rate environment.

[According to](#) Prequin, an alternative assets data provider, niche hedge fund strategies did well in 2023, and represent 2% of total hedge fund AuM, with inflows more than doubling in the last couple of years.

## Research activism

The Fund is well diversified, with the biggest shares allocated to research activism and various strands of multi-strategy.

In Q1, the Fund's largest strategy allocation continues to be research activism, says Berger. "While I do not want to get into specific managers we invest with, high-profile managers engaged in this strategy would be Muddy Waters, Hindenburg Research, etc. Although we have a fair amount in the space, we are highly diversified across four or five of the best managers in the space."

[Activist](#) investors buy significant minority stakes in publicly traded companies in order to change how they are run. Research activist investors are investigative, more focused on short-selling the firms that they found, after thorough research of public records, corporate documents and employees, to lack good governance.

[Hindenburg Research](#) LLC is a U.S. investment research firm with a focus on activist short-selling founded in 2017. Companies that have been the subjects of their reports include Adani Group, Nikola, Clover Health, Block, Inc., Kandi, and Lordstown Motors. [Muddy Waters Research](#) LLC, an U.S. privately held due diligence-based investment firm, is best known for spotting fraud at Sino-Forest Corp, a Canadian-listed Chinese company whose stock fell 74% before it eventually filed for bankruptcy protection in March 2012.

The Fund, which is domiciled in Delaware, was up a few basis points (est.) in 2023. According to documentation seen by Opalesque, it annualised 7.3% (net) from June 2010 to November 2023 - compared to the [HFRI](#) Fund of Funds Composite index's annualised return of 3.2% during the same period.

Related article:

27.Jan.2023 [Opalesque Exclusive: 1:1 with Neal Berger who already in 1989 was a top ranked trader](#)

## Upcoming Webinar

### Small Managers - BIG ALPHA Episode 13

Episode 13 of this ground-breaking webinar series presents you with another carefully screened panel of smaller and/or emerging alternative investment managers worth taking a look at.

In one hour, you'll meet them all, get to know their top quartile strategies, and - since this an interactive session - can ask your questions.

When: Tuesday, January 16th at 11 am ET

Who:

- Bas Emmerig, founding partner and PM, Savin Investment Partners
- John Brenard, managing director and founder, Southview Timberland Investments
- Nico Cordeiro, CIO, Strix Leviathan
- Neal Berger, Founder/Chief Investment Officer of Eagle's View Asset Management

Free registration: [www.opalesque.com/webinar/](http://www.opalesque.com/webinar/)