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Hedge Fund ALERT

ValueWorks Vehicle on a Tear

Assets under management at fund shop **ValueWorks** have spiked this year on the strength of blistering performance.

The New York firm, founded in 2001 by **Charles Lemonides,** runs a long-biased hedge fund that was up 51% year to date as of June 30 — versus a 13.8% gain for the S&P 500 Index. The returns of the fund and related separate accounts have helped lift ValueWorks' assets to $227 million, from $167 million at the start of the year.

The fund's year-to-date performance includes a 1.5% loss for June. But the down month followed gains of 17.3% in January and 14.3% in March — the fund's strongest monthly returns since 2009. The vehicle was up 23.3% last year, 1.7% in 2011, 8.5% in 2010 and 57.9% in 2009. It lost 34% in 2008, when the S&P dropped 38%.

The firm takes a deep-value approach to investing in both equity and debt securities, typically leveraging up its long book to 125% of investor capital while committing 25% to its short positions — a variation on the 130/30 theme. But unlike most 130/30 funds, which strictly adhere to exposure ratios, ValueWorks will adjust its long and short books in response to changing market conditions.

The hedge fund, called ValueWorks LP, accounts for about a third of the firm's overall assets, with the rest run in separate accounts on behalf of wealthy individuals, including corporate chief executives and a former U.S. congressman. The firm also counts trusts, endowments and pensions among its clients.

Lemonides oversees a staff of eight, including four investment professionals. Before founding ValueWorks, he was chief investment officer at wealth manager **M&R Capital** of New York. ❖

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THE GRAPEVINE

Jonathan Ledden will leave his job as chief operating officer of **Citadel's** equity unit in August, after nine years at the Chicago firm. Ledden's role encompasses oversight of business strategy and day-to-day operations for the 130-person equity team. He plans to take time off before figuring out his next move. Citadel has yet to name a replacement.

Erin Witmer has left her post as head of hedge fund research at **Willett Advisors,** the family office of New York's billionaire mayor, **Michael Bloomberg.** Witmer's employment plans couldn't be learned, but it's known that she is moving to Arizona. It's unclear if Willett has replaced her.

I.A. Englander & Co. has hired three sales professionals for a unit that markets brokerage services, technology and related products both to hedge funds and investors who maintain separate accounts with fund operators. The recruits — **Bob Chicoine, Harry Freda** and **Nick Rizzi** —

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DE Shaw, Two Sigma Embrace Mutual Funds

Two of the biggest systematic traders — **D.E. Shaw** and **Two Sigma Investments** — want to expand their product lines to include mutual funds.

D.E. Shaw, which runs some $30 billion, and the $14 billion Two Sigma are following in the footsteps of quantitative-investment managers **AQR Capital** and **Man Group** among the small but growing number of hedge fund firms that also offer mutual funds. So-called liquid alternatives — hedge fund strategies packaged as mutual funds — have drawn increasingly strong demand since the financial crisis and now account for $150 billion of assets, according to **Morningstar.**

Two Sigma has begun talking to investors to gauge their interest in a mutual fund format, a source said. It's unclear what strategy it envisions for the vehicle, but the New York firm bills itself as a "technology company that applies a rigorous, scientific method-based approach to investment management."

As for D.E. Shaw, it doesn't plan to repackage one of its existing hedge fund

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Discovery, Rubicon Excel Amid Macro Slump

Like most global-macro players, **Discovery Capital** and **Rubicon Fund Management** took their licks in early June — but their solid year-to-date returns belie the notion that macro managers can't make money in this environment.

The Discovery Global Opportunity Master Fund was up 14.9% as of June 21, despite a 1.2% loss for the first three weeks of the month. The Rubicon Global Fund was down 1.3% in the first half of June, then rebounded the following week and was riding a 3.8% month-to-date gain as of June 21. That left Rubicon with a 23.2% profit year to date.

Their returns stand out among those of 30 diversified global-macro funds tracked by **HSBC.** Only two other vehicles — operated by **Moore Capital** and **Tudor Investment** — are up by double digits this year, and many are down or barely in positive territory. **Hedge Fund Research's** HFRX Macro/CTA Index had fallen 0.7% this

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Citadel Alum Starts Special-Situations Fund

One-time **Citadel** executive **Andrew Greenberg** is running a hedge fund for the first time since the credit crisis.

Working through his **AMG Capital,** the Chicago-based Greenberg launched a vehicle called Saker Partners on June 1 with $7.8 million — representing a mix of his own money and contributions from a few outside backers. He doesn't plan to raise additional capital for now, and will instead focus on building a track record.

Saker Partners employs the same equity-restructuring and special-situations strategy that Greenberg has employed in recent years for his personal portfolio, complemented by opportunistic risk-arbitrage plays. Greenberg aims to hold 20-30 positions at a time.

Greenberg spent nine years at Citadel, where he eventually ran more than $1 billion as co-head of the firm's event-driven investment team. In late 2006, he moved to **Deephaven Capital** as head of the former **Knight Capital** unit's Deephaven Event

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