United First plans NY office, targets long-only funds


Stephane Mardel


Michael Hadjedj

United First Partners, the independent London-based brokerage and advisory firm focusing on event-driven, relative value and special situations, is planning to open an office in New York and target mutual funds in a bid to accelerate the growth of its business into the long-only world in addition to its core hedge fund clientele.

Set up at the end of 2009 by former ICAP event-driven brokers Michael Hadjedj and Stephane Mardel, United First Partners has built a client base of over 150 investors in its first two years of operation.

Hedge and 'active' investment funds account for around 75% of the broker's client base, with banks and prop desks accounting for around 15% and long-only funds accounting for the remaining 10%.

Mardel and Hadjedj are well-known in the investment management and broking/trading industry from their years first at Tullett and then at ICAP – where they set up the risk arb and special situations desk in 2005 and developed it into one of the City's leading event-driven broking operations with a team of 20 people before leaving in late 2008.

United First Partners operates under the FSA registration, regulatory and compliance umbrella of Schneider Trading, the well-established London-based trading platform – while the firm uses JP Morgan as its counterparty for clearing and settlement.

The firm has been expanding and recruiting heavily in recent months, building its team to 20 people in all – including six special sits analysts and a further 10 people in sales and trading. All other business management activities are outsourced.

A key recent hire has been that of former Gartmore man Brian Mitchell – who has joined as head of business development and who will be responsible for expanding the mutual fund side of the business and marketing to new clients in the UCITS and broader absolute return space as well as growing the firm's specialist sector research offering.

Mitchell spent some 15 months at Gartmore, initially as head of the firm's trading activities globally before becoming the overall COO of the investment division, and left in the wake of its acquisition by Henderson earlier this year.

He previously spent 11 years at Baring Asset Management, latterly as head of dealing and portfolio control, before leaving in December 2009 to join Gartmore – and also formerly worked at both Morgan Grenfell and Flemings.

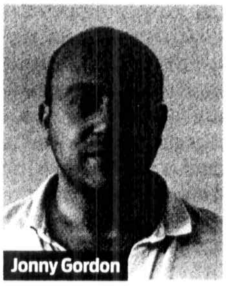
Despite the high volatility and generally lower volumes in equity markets over the last two years, United First Partners has built a strong reputation for providing in-depth research, sales and execution in special situations, event-driven and relative value trades and ideas in the European and US markets.

The firm's research is based on intensive and investigative primary analysis of stocks, themes and trading strategies that is different from the offering provided by many of the big sell-side firms – with the aim of devising bespoke strategies for clients that are not conflicted in any way as the firm is an agency-only broker and does not run any book of its own.

The firm is already active in the US market and aims to have its new office in New York, which will be located in Times Square, up and running by early this year. Hadjedj will move to New York and plans to hire a couple of experienced brokers and analysts for the US operation.

MET seeks seeders for novel systematic Asian equity approach


Adam Foster


Jonny Gordon


Kathryn Pugh

MET Capital Management, the London-based equity hedge fund boutique that has so far focused on European investments with its first fund, is preparing to expand into Asian investing and is looking for seeding partners for what the firm believes is a unique approach to the developed Asia Pacific markets.

While the firm's flagship MET Europa Fund combines systematic analysis with a discretionary trader overlay, the new MET Pacific Fund will be purely systematic. It will invest in companies across Japan, Australia, Hong Kong, Singapore, South Korea and New Zealand – with no exposure to less-developed Asian countries.

Like the MET Europa Fund, it will employ a post-earnings stock momentum strategy, and Jonny Gordon, portfolio manager for Europa, says he is not aware of any other hedge funds taking a similar approach to the developed Asian markets.

The new strategy has been conceived and tested by the firm's chief researcher, Adam Foster, who will also manage the fund when it launches. Gordon and Foster have worked together since their days at Société Générale in the 1990s.

Foster has performed an eight-year back-test of the strategy, which produced an encouraging 15% annualised return. The worst years for the strategy during this period – 2004 and 2011 – would each still have produced a 7% gain, while 2008 would have been the fund's strongest year with a 25% return. In line with back-testing, Gordon expects the fund to produce double-digit annual returns in practice.

The firm hopes to launch MET Pacific by mid-year, and is starting to market the fund to potential seeding partners. While a large institutional seed investor would be welcomed, the firm is also looking at setting up a specific share class to allow multiple investors to come in as seed partners and each allocate a smaller amount of capital.

MET says it is already in talks with several potential seeders. The firm is looking to raise around $25-30 million for the launch, and seed investors will receive a revenue share in all assets held by the fund.

MET Europa had a fairly good year in 2011 relative to its peers, with a positive return of just over 1% compared with a loss of around 4% for the EuroHedge European equity median. The fund launched with a modest amount of capital in September 2009 and assets have roughly trebled since, to around $40 million.

The firm is in marketing mode and hired Kathryn Pugh last May to oversee sales, investor relations and business development. Gordon says he hopes to grow the European fund to $80-100 million by the end of the year. The MET Europa strategy has a capacity of around $500 million; the size of the developed Asian markets – Japan and Australia in particular – mean the planned MET Pacific strategy could take up to $1 billion.