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Hedge Funds

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SPECIAL ISSUE

HEDGE FUND RANKINGS 2015

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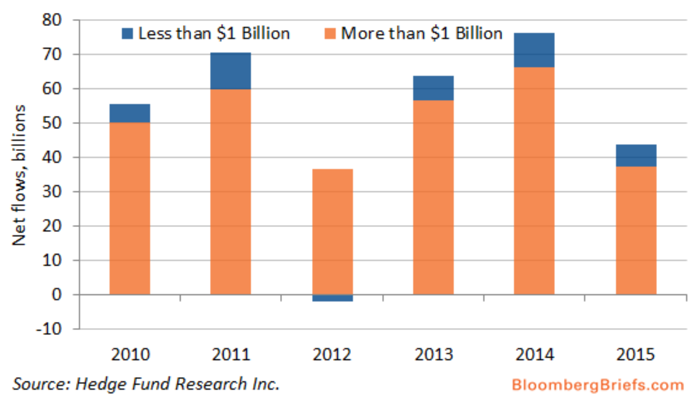
INTRODUCTION

BY MELISSA KARSH AND NATHANIEL E. BAKER

Hedge funds attracted a net $44 billion in assets globally last year, the smallest amount since 2012, according to data compiled by Hedge Fund Research Inc. That reflects a volatile year, when unanticipated economic events rattled markets and led to declines and losses for many funds. Others were hurt by crowded and sometimes concentrated trades and poorly timed bets on energy as oil prices continued to fall.

Still, there were bright spots: many long-term holdings paid off and some managers made well-timed buys, while others combed through small-caps or illiquid securities to find opportunities for arbitrage. Even some funds that didn't perform particularly well were diversified or hedged enough to protect their investors from the worst of the "downside," in a year that had plenty of it.

Net Flows Into Hedge Funds by Assets



Larger hedge funds remained more successful at attracting money last year, according to Hedge Fund Research Inc.

This special report on 2015 Hedge Fund Rankings looks at two groups — the *top 50* best performers with $1 billion or more in assets and the *top 25* best-performing hedge funds with $250 million to $1 billion in assets. The rankings are based on data compiled by Bloomberg's Anibal Arrascue and Laurie Meisler and information supplied by hedge-fund firms, databases and investors.

In analyzing the returns, a few key themes emerged:

- Asia hedge funds as a group *performed better* than their competitors in Europe and North America in what was the most volatile year for Chinese equities in a decade.
- It was a year for stock pickers, with half of the top 50 funds focused on equity markets. Sector-specific strategies were some of the biggest winners, with Perceptive Advisors's life sciences fund taking the top spot on the list of hedge funds with more than $1 billion in assets. The firm's CEO Joseph Edelman *discussed his strategy* in an exclusive conversation with Bloomberg.
- The sector-specific theme was *not limited to the U.S.*, or even to equity markets, as Ping Capital Management's macro strategy, which topped the medium-sized funds list, successfully bet on *Argentina*.
- Multimanager firms featured prominently on the top 50 list. Perhaps as a result, they are in expansion mode and *ramping up hiring* in 2016.
- Many managers who once called Steven A. Cohen their boss performed well last year, led by *Gabriel Plotkin*, who grabbed the No. 2 spot on the top 50 ranking.
- It may be too late for some, but the *lessons learned* feature in this edition imparts some wisdom from this difficult year while the *closures pages* analyze the carnage with a non-exhaustive list of the funds that shut their doors or returned outside capital during 2015.

Bloomberg Brief: HEDGE FUNDS

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RANKINGS

2015's Top-Performing Funds With $1 Billion or More in Assets

Bloomberg's rankings of the top-performing hedge funds are based on funds' net returns for 2015. Because hedge-fund returns can be difficult to obtain, our lists are not all-inclusive. In addition, some of the numbers were difficult to verify. Unless the information came from Bloomberg data or the hedge-fund firm itself, we tried to verify it with other sources, including investors and other fund databases. All returns are for full-year 2015; fund assets are the latest available. Onshore and offshore assets were combined for a number of funds, while figures for other funds were only for the larger or better-performing class of the fund.

Top-Performing Hedge Funds
$1 billion or more in assets

RANK	FUND	MANAGER(S)	ASSETS ($B)	2015 RETURN	2014 RETURN	MANAGEMENT COMPANY	STRATEGY
1	Perceptive Life Sciences	Joseph Edelman	1.5	51.8	18.9	Perceptive Advisors	Long/short equity
2	Melvin Capital	Gabriel Plotkin	1.5	47.0	NA	Melvin Capital Management	Long/short equity
3	Segantii Asia-Pacific Equity Multi-Strategy	Simon Sadler, Kurt Ersoy	1.5	29.6	34.8	Segantii Capital Management	Equity multistrategy
4	Sylebra Capital Partners Master	Jeff Fieler, Daniel Gibson	1.1	27.0	NA	Sylebra Capital Management	Long/short equity
5	Teton Capital Partners	Quincy Lee	1.0	23.5	8.1	Ancient Art	Long/short equity
6	Element Capital	Jeffrey Talpins	6.5	22.7	2.9	Element Capital Management	Macro
7	Golden China	George Jiang	2.0	21.9	30.0	Greenwoods Asset Management	Long/short equity
8	Blackstone Senfina	Parag Pande	2.0	21.0	NA	Blackstone Senfina Advisors	Long/short equity
8	Tybourne Equity	Eashwar Krishnan	2.6	21.0	NA	Tybourne Capital Management (HK)	Long/short equity
10	Quantitative Global Trading	Jaffray Woodriff, Michael Geismar	1.3	20.8	-12.3	Quantitative Investment Management	Quantitative - futures
11	MW Market Neutral Tops	Anthony Clake	2.5	19.0	13.3	Marshall Wace	Market neutral
12	Taylor Woods Master	Beau Taylor, Trevor Woods	1.0	18.4	12.6	Taylor Woods	Commodities
13	D. E. Shaw Valence	Team managed	2.1	17.5	NA	The D. E. Shaw Group	Statistical arbitrage
14	Renaissance Institutional Equities	Peter Brown, Robert Mercer	10.9	17.4	14.5	Renaissance Technologies	Quantitative - equity
15	Citadel Global Equities	Team managed	3.6	17.2	23.4	Citadel	Market neutral equity
16	Lansdowne Developed Markets	Peter Davies, Stuart Roden	12.2	16.9	11.3	Lansdowne Partners	Long/short equity
17	Citadel Tactical Trading	Team managed	3.5	16.6	26.9	Citadel	Market neutral equity
18	Maverick	Lee Ainslie	10.0	16.5	8.5	Maverick Capital	Long/short equity
19	Matrix Capital Management	David Goel	2.2	16.2	1.5	Matrix Capital Management	Long/short equity
19	Renaissance Institutional Diversified Alpha	Peter Brown, Robert Mercer	6.4	16.2	11.4	Renaissance Technologies	Quantitative - equity & futures
21	BZC Investment Partners	Denys Grossmann	7.2	16.0	21.4	BlueZone Capital Management	Multistrategy
22	Pelham Long/Short	Ross Turner	4.1	15.6	3.4	Pelham Capital Management	Long/short equity
23	Lansdowne Developed Markets Strategic Investment	Stuart Roden, Peter Davies	1.8	15.5	10.5	Lansdowne Partners	Long biased equity
24	Whale Rock Capital	Alex Sacerdote	1.1	15.3	1.2	Whale Rock Capital Management	Long/short equity
25	Two Sigma Absolute Return Cayman	Team managed	6.5	15.0	10.1	Two Sigma	Quantitative - equity
25	Two Sigma Compass Cayman	Team managed	8.5	15.0	25.6	Two Sigma	Quantitative - futures
27	Pine River China	Dan Li	1.3	14.8	29.6	Pine River Capital Management	Multistrategy
28	AQR Absolute Return	Team managed	1.5	14.7	5.8	AQR	Multistrategy
28	VR Global Offshore	Richard Deitz	2.0	14.7	-0.4	VR Advisory Services	Event driven

Continued on next page…

RANKINGS...

Continued from previous page...

Top-Performing Hedge Funds
$1 billion or more in assets

RANK	FUND	MANAGER(S)	ASSETS ($B)	2015 RETURN	2014 RETURN	MANAGEMENT COMPANY	STRATEGY
30	The Children's Investment	Christopher Hohn	11.0	14.4	8.1	TCI Fund Management	Long/short equity
31	Citadel Wellington	Team managed	15.4	14.3	18.3	Citadel	Multistrategy
31	D. E. Shaw Composite	Team managed	10.7	14.3	16.4	The D. E. Shaw Group	Multistrategy
33	Adelphi Europe	Roderick Jack, Marcel Jongen	2.0	14.0	9.3	Adelphi Capital	Long/short equity
33	Chilton Flagship Strategy	Richard Chilton	1.7	14.0	5.4	Chilton Investment Company	Long/short equity
33	Pleiad Investments	Kenneth Lee, Michael Yoshino	1.2	14.0	NA	Pleiad Investment Advisors	Long/short equity
36	Newbrook Capital	Robert Boucai	1.1	13.7	-2.7	Newbrook Capital Advisors	Long/short equity
37	Pine River Liquid Rates	Renos Dimitriou	1.1	13.6	2.3	Pine River Capital Management	Relative value
37	Stratus Feeder	Team managed	2.4	13.6	14.7	Capital Fund Management	Multistrategy
39	White Elm Capital	Matt Iorio	1.0	13.0	-12.7	White Elm Capital Partners	Long/short equity
40	Millennium International	Israel Englander	34.0	12.7	12.2	Millennium Management	Multistrategy
41	MW Eureka	Paul Marshall	10.0	12.6	8.4	Marshall Wace	Long/short equity
42	AQR Global Stock Selection	Team managed	1.5	12.5	9.4	AQR	Market neutral
43	Atreaus Capital	Todd Edgar	1.2	12.0	9.1	Atreaus Capital	Macro
44	Coatue Exuma	Philippe Laffont	1.0	11.5	-8.0	Coatue Management	Long/short equity
45	Coatue Flagship	Philippe Laffont	6.9	11.1	-2.4	Coatue Management	Long/short equity
45	Graham Tactical Trend Capped Beta (Equities)	Ken Tropin	1.6	11.1	19.0	Graham Capital Management	Systematic
45	Paloma Partners	Donald Sussman	3.3	11.1	5.7	Paloma Partners Management	Multistrategy
48	Appaloosa	David Tepper	18.0	11.0	2.2	Appaloosa Management	Multistrategy
49	BFAM Partners Asian Opportunities Master	Benjamin Fuchs	1.2	10.9	7.4	BFAM Partners	Multistrategy
50	Visium Global	Jacob Gottlieb	2.5	10.3	0.7	Visium Asset Management	Equity multistrategy

Sources: Bloomberg, hedge-fund firms and databases, investors BloombergBriefs.com

ASIA BY BEI HU

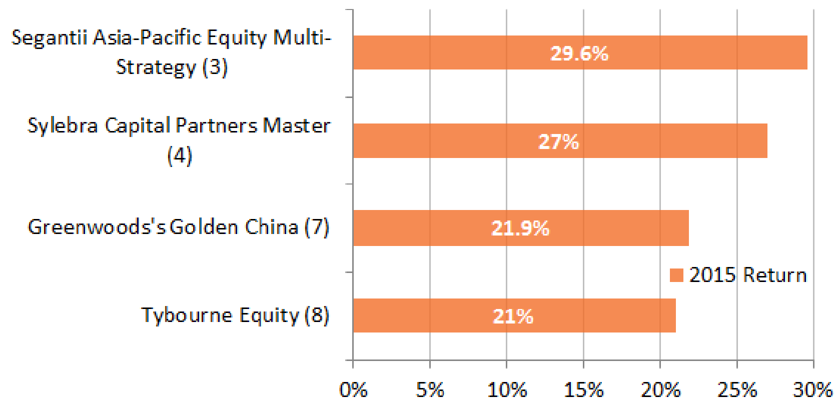
Asia Strategies Top Rankings as Jiang Pounces in Panicky Market

China's market tumult has been unnerving investors around the globe, but when volatility flares, **George Jiang**, the founder of Shanghai-based hedge fund **Greenwoods Asset Management**, smells opportunity.

In 2015, the most tumultuous year in Chinese equities in a decade, Jiang's Golden China Fund returned almost 22 percent. It joins three other Asia-based funds near the top of Bloomberg's ranking of the 50 best-performing hedge funds worldwide with assets of $1 billion or more last year.

The strong performance by **Segantii Capital Management**, **Sylebra Capital Management**, Greenwoods and **Tybourne Capital Management (HK)** shows that the industry has matured in Asia, where a number of billion-dollar firms started after the 2008 financial crisis. These managers are being tested again this year as Chinese stocks extend their slump and the central bank steps up efforts to stimulate the economy and control the devaluation of the yuan.

Four Asia Funds in Top 10 Best Performers List With $1B



Note: 2015 fund rankings included in parentheses. Tybourne Equity was tied at number eight on the list of top-performing hedge funds with 1 billion or more in assets.
Sources: Bloomberg, hedge-fund firms and databases, investors BloombergBriefs.com

In January, Golden China lost 11 percent, according to data compiled by Bloomberg, as the Shanghai Composite Index plunged almost 23 percent and gauges of Hong Kong- and U.S.-listed Chinese stocks also had double-digit declines. It's the kind of volatility that Jiang has navigated many times before.

"We watched the market closely when it tumbled but we were never panicky," said Jiang, who has a master's degree in international finance from the Graduate School of the People's Bank of China, the country's central bank. "The stock market tends to overshoot on either the upside or downside from time to time. And we want to take advantage of mistakes in the market when that occurs."

While most international institutions that Greenwoods has met with are cautious or pessimistic about China, an endowment in the U.S. and several family offices were planning to put more capital into the firm's funds in February, said **Joseph Zeng**, a Hong Kong-based Greenwoods partner. The firm has about $6.5 billion in assets under management.

Jiang, 48, a former Shenzhen Stock Exchange official who founded Greenwoods in 2004, took advantage of the volatility last year. The Shanghai benchmark index jumped almost 60 percent in the first five-and-a-half months of last year before plunging as much as 43 percent over the next three months.

After Golden China lost more than 8 percent in both July and August, at the height of the China stock selloff, Jiang added to holdings of Chinese Internet companies such as Sina Corp. and consumer firms like Kweichow Moutai Co. that he expects to grow in different stages of the business cycle. During the year, the fund also sold holdings that had become expensive.

Helped by the fourth-quarter rebound of the American depository receipts of Chinese Internet companies, the fund booked double-digit returns during the year from Ctrip.com International Ltd., Sina and Youku Tudou Inc., said Zeng, the partner. Shares of those companies jumped as earnings beat estimates and mergers among technology companies boosted investor sentiment.

The fund also benefited from consumer companies with yuan- and foreign currency-denominated shares listed in China, such as jewelry maker and retailer Lao Feng Xiang Co. and spirits producer Kweichow Moutai, Zeng said. Golden China gained 14 percent in the final quarter of the year.

"We remain a fundamental investor and value investor," Jiang said.

Greenwoods looks for "unicorns with wings amid a panic market," he said, referring to high-growth companies that can weather the business cycle. "We had identified a few recently, such as some companies in the education business and health-care sector. Also we added to some core holdings" after thorough due diligence "and believe they are fundamentally strong."

Greenwoods managers told investors in its November newsletters that Chinese companies' valuations will rebound from distressed levels seen during the market panic because of government easing to stimulate an economy. The country's economy is growing at the slowest pace in 25 years.

This isn't Jiang's first rodeo. Golden China, whose almost 28 percent annualized return from inception to December 2015 was more than twice that of the MSCI China Index, recorded two annual losses out of 11 full years of trading. In 2008, the fund declined almost 56 percent amid the global credit crisis. Investors fled, cutting its assets from an October 2007 high of $810 million to one-tenth of that size by February 2009.

Today, Golden China investors are more willing to ride out short-term price swings in the Chinese market, Zeng said. "When investors heard that we added to high-conviction stocks after they fell a lot, and the rationale, most of them understood and felt comfortable," he said.

The fund, which started 2015 with $1.4 billion, drew hundreds of millions of net inflows last year, mostly in the first half, Zeng said. It had about $1.7 billion in assets at the end of January 2016.

SPOTLIGHT

Perceptive's Edelman on Buying Opportunities in Biotech

Joseph Edelman, chief executive officer of **Perceptive Advisors LLC**, told Bloomberg Brief's Melissa Karsh that excessive fear in the biotechnology space this year is creating buying opportunities. His firm's $1.5 billion Perceptive Life Sciences fund gained 51.8 percent last year, taking the top spot in Bloomberg's list of the 50 best-performing hedge funds with $1 billion or more in assets. His comments were edited and condensed.

Q: What's the fund's strategy?
A: Making money in the stock market requires a combination of good analysis and relentless objectivity, so it's about removing bias from decision-making. I try not to take into account where a stock has been in the past or where I may have first started buying it. I always try to look forward and to arrive at an objective assessment of where I think it's going. So let's say I started buying a stock at $4, I will buy it at $20 if my future expectations justify buying it there.

Q: What contributed to the fund's strong performance in 2015?
A: Neurocrine Biosciences was the big winner, and then Sarepta Therapeutics, Retrophin and Dyax. Acerta Pharma is a private stock we owned that was also a big winner. In the case of Neurocrine, they have two drugs that we predicted would work and so far they have, and it looks like they are approvable drugs.

Q: What's your strategy when picking these types of stocks?
A: You have to be very objective and change your mind when necessary because new information can come in fairly frequently through data. The initial assessment is based on whatever existing data there is, and oftentimes we may invest after seeing Phase II data. But in Phase II, where often you're testing different doses of the drug, you can get insight into whether the drug is working. Sometimes the Phase II trial is big enough where you can statistically analyze it and come to conclusions. Other times it may not be that big of a trial, but the effect of the drug is very striking and combined with understanding the mechanism of the drug and whether it makes sense and possibly animal data, you can make a prediction as to whether the drug will work in Phase III. Basically, you are asking three questions: does the drug work, which you'll know when the results of the Phase III clinical trial come out; will it be approved; and will it sell more or less than investor expectations.

Q: Within health care, what sector do you like?
A: Biotech is about 60 percent, specialty pharmaceuticals, devices and then pharmaceuticals. Probably the smallest we've been involved in is services. Mid-cap and small-cap biotech has the great virtue of, if you're right and you're betting on one of these binary events, then by the very nature of these stocks there's a discount for the price of the risk that it won't be approved or won't work in Phase III. So if we make that prediction correctly, more often than not, we're going to get paid. For example, Sarepta is a very controversial name where very few people believe it will be approved this year. There's good reason for some skepticism, but we think it will be approved. Right now, that stock price reflects an almost overwhelming expectation that it won't be approved.

Q: You have a lot of positions —
A: Yes, but they are varying sizes. The biggest position is about 8 percent, which is Amicus, but we also have a lot of smaller positions that are sub-1 percent, which I don't mind doing if it's very early stage or very risky. For instance, I might invest in something that's very risky, but I think I can get paid 100-to-1 on. If there's something that's 10-to-1 and I put in 50 basis points, I make 5 percent on that one stock, which is quite good so I don't have to put a lot. The bigger positions are usually the ones we have the most confidence in, but also have a lot of upside as well. It's a balancing act.

Q: What's your outlook for 2016?
A: We're going to have a great year, but right now we're down about 15-16 percent and that's troubling. The biotech group is down anywhere from 24 to 35 percent, but what good does that do; you don't want to lose what you make. A lot of what has hurt them — it's an election year and politicians are talking about drug prices — won't amount to that much in terms of the fundamental outlook of these companies, so there is excess fearfulness about drug pricing that's created some buying opportunities.

The good news is that the industry as a whole is doing quite well. This is an innovation-type industry, which has pluses and minuses. The plus is that they're inventing new things that are very valuable for human health. The negative is that you have to keep out-inventing yourself. So you've always got to be a little worried about the limits of innovation.

Q: Did you change any bets this year?
A: The big positions are the same — Neurocrine, Sarepta, Amicus, Retrophin. With the exception of some new ones that we meet with and some new IPOs, the big positions were built over a period of time and since they've all come down the relative value is still very strong compared to some of the other names. The only way that changes is if something fundamentally changes at the company — if they fail in a clinical trial or if they don't get approval. A newer one we're excited about is a company called Global Blood Therapeutics. They have a drug that's going to be effective in sickle cell anemia, which is a very large market.

Generally, I'm being a little more conservative. I put a little more hedging on but not a lot. We're mostly driven by the quality of the positions bottom up as opposed to top down. So instead of taking a view that, well, it's an election year so the group is going to be under pressure all year, that factors into our thinking but not as much as how much confidence we have in our ideas, because if they succeed in developing a billion-dollar drug, the stock is going to go higher even if the overall group is not doing that well.

MULTIMANAGERS

BY KATHERINE BURTON AND KATIA PORZECANSKI

These Firms Made Money Last Year, and Now They're Hiring

Izzy Englander's $34 billion **Millennium Management** is planning a contrarian move this year in an industry that's struggling with investment losses and client redemptions: It's ramping up hiring. So are a handful of other firms, including **Ken Griffin**'s **Citadel** and **Jake Gottlieb**'s **Visium Asset Management**, that rely — like Millennium — on multiple managers to invest client money.

At a time when many hedge funds are letting employees go, these multimanager firms are able to add talent because they boasted some of the top returns in the industry last year and attracted billions in new capital. Their approach to investing — hiring small teams of traders to manage money independently from one another — means they need lots of bodies to put their growing assets to work. In all, at least half a dozen such funds made Bloomberg's global ranking of the 50 top-performing large funds with more than $1 billion in assets.

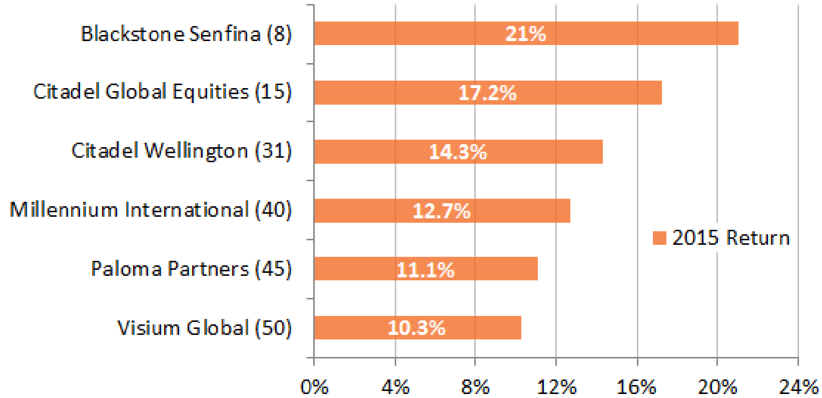
"There are some funds that are seizing the moment to take advantage of quality people who were in the wrong place at the wrong time," said Gary Goldstein, head of executive search firm Whitney Partners.

There are plenty of portfolio managers and analysts looking for work. Last year, 674 funds closed in the first three quarters, the worst nine-month period since 2009, according to Hedge Fund Research Inc. Other funds still in business shrank after losses and client defections.

The multimanager funds succeeded because they are more diversified. The largest ones invest across many strategies, meaning that there's a greater chance of having positions that are making money. They also tend to be market neutral, so bets on rising prices are matched by wagers on tumbling securities. The model worked especially well in 2015 for funds with teams of equity traders, because more than half the stocks in the Standard & Poor's 500 Index tumbled.

One of the newest entrants in the strategy was the best performer last year. **Blackstone Group LP**, which oversees the world's biggest fund of hedge funds with $69 billion under management,

Multimanager Firms Make List of Top 50 Large Hedge Funds



Note: 2015 rankings included in parenthesis. Blackstone Senfina was tied at No. 8 & Paloma Partners was tied at No. 45 on the list of top-performing funds with $1 billion or more.

Sources: Bloomberg, hedge-fund firms and databases, investors BloombergBriefs.com

opened its Senfina Advisors unit in 2014. It now runs about $2 billion across about 10 teams and posted a 21 percent return, ranking it eighth on Bloomberg's list, tied with Tybourne Equity.

In one of the worst years in recent history for money raising, the multimanager platforms pulled in the lion's share of capital. Millennium raised $3.8 billion in 2015, or almost one-tenth of the net inflows for the entire industry. It stopped taking cash at the end of the year while it looks to add to the 180 teams it already has, according to people familiar with the firm.

Paloma Partners, run by **Donald Sussman**, is also planning on adding employees after almost doubling in size, with assets jumping to more than $4 billion today, from $2.3 billion in January 2015, according to a person familiar with the firm.

Even as the multi-manager platforms add to their employee ranks, they tend to cull those who lose money or can't scale their investments. Griffin's Citadel, with teams that manage money across credit, stocks, fixed income, macro, commodities and quantitative strategies, recently fired about 15 investment professionals from one of its equity units after the firm lost 6.5 percent in its main hedge funds in the first six weeks of the year. The unit, called Surveyor, has about 200 employees across 27 teams. Citadel still plans to build a second Surveyor unit this year, said a person familiar with the firm.

Citadel's Global Equities fund, which is also composed of multiple teams, ranked 15th in Bloomberg's ranking with a return of 17.2 percent. Its main multistrategy fund is tied for 31st place in the ranking. The firm has a third fund that made the cut, the $3.5 billion Citadel Tactical Trading, which relies on the Surveyor and Global Equities units for asset selection.

Visium, which manages $8 billion, also expects that its headcount will rise in 2016 in its New York, London and San Francisco offices even as it cuts managers who have been overseeing portfolios of $50 million to $100 million and consolidates its capital around traders who can run $200 million to $500 million, said people familiar with the firm's plans.

Other firms are jumping on the multimanager bandwagon. Fort Worth, Texas-based **Crestline Investors**, which farms out about $2 billion of client money to hedge funds, is committing $250 million to start its own market-neutral stock fund run by several teams. The unit will initially receive about 20 percent of Crestline's portfolio allocation, and the firm eventually plans on raising external money for the fund, said the person.

Crestline made its first hires in May and expects to have nine teams of two or more people by March 1.

Officials for the firms declined to comment on their expansion plans.

SAC SPINOUT BY SIMONE FOXMAN

SAC Alumni Make Cohen Proud as Plotkin's Fund Shines in Ranking

Call them Cohen cubs.

At least a dozen former **SAC Capital Advisors** traders started hedge funds in the last five years after leaving **Steven A. Cohen**'s firm, which returned money to investors after pleading guilty in 2013 to securities and wire fraud. **Gabriel Plotkin,** an equities trader, stands out among SAC alumni, with his $1.5 billion **Melvin Capital** fund gaining 2.9 percent in January as the market plunged, according to a person familiar with the returns.

The fund's gain last month should come as no surprise to investors. Melvin Capital returned 47 percent in 2015 by riding bets on Amazon.com Inc. and McDonald's Corp., grabbing the No. 2 spot on Bloomberg's global ranking of the top 50 hedge funds with more than $1 billion in assets.

Plotkin's performance, along with that of other former SAC traders, is part of a more positive narrative around Cohen, who now invests his own money at **Point72 Asset Management**. Cohen's legal troubles are fading. Last month he settled allegations that he failed to supervise a convicted insider-trader. Point72 returned 15.5 percent for 2015, and many of Cohen's former traders are doing just fine on their own.

More than half of the 50 hedge funds in the ranking focus on stocks. Unlike Melvin, many took a hit when the Standard & Poor's 500 Index dropped 5 percent last month. The average equity-focused fund lost 4.2 percent in January after falling 0.9 percent in 2015, according to Hedge Fund Research Inc.

Plotkin, 37, started his firm in December 2014 with a blessing — and cash — from Cohen. **Ping Jiang**, another former SAC trader, also beat peers in 2015. The Ping Exceptional Value fund *gained* about 39 percent last year, topping Bloomberg's list of the 25 best-performing hedge funds with $250 million to $1 billion in assets.

Alumni of SAC, which had average annual returns of between 25 and 30 percent over two decades, have raised billions of dollars for their own funds. Former SAC money manager **Aaron Cowen** has raised $2.5 billion since starting **Suvretta Capital Management** in 2011, and it gained more than 7 percent last year, according to a person with knowledge of the firm. Ex-SAC Chief Operating Officer **Sol Kumin** started **Folger Hill Asset Management** in March and was overseeing $1 billion at the end of 2015.

Plotkin, who worked at SAC from 2006 to 2014, didn't mimic his boss's style. Cohen is known as a fiercely competitive trader who makes big bets on relatively short-term positions. Plotkin's trades were much less driven by a gut feeling, according to a former colleague. Deeply attached to his models and meticulous about data, he was known for discipline in his positions, the former colleague said.

> *"Every manager spinning out from a big-name fund is new and shiny and interesting, but still often looked at with a jaundiced eye."*
>
> — MICHAEL HENNESSY, MORGAN CREEK CAPITAL MANAGEMENT

Plotkin uses the same philosophy to manage money at Melvin, and takes wagers using only moderate leverage, according to the person familiar with the fund's performance. A lawyer for Melvin declined to comment.

Melvin focuses on trading consumer discretionary stocks in the U.S., a sector that returned 10 percent in 2015 including reinvested dividends, more than any other in the S&P 500 Index.

Stan Altshuller, chief research officer at hedge fund analytics firm Novus Partners, says that Melvin also benefited from outstanding stock selection in that top-performing sector. "The stocks that they picked outperformed the sector by a wide margin," he said.

Novus's models, which are based on publicly available data, showed Melvin made the most money on positions in Amazon, Skechers U.S.A. Inc., Nike Inc. and McDonald's.

Melvin boosted its position in Amazon in the second quarter of last year, according to a regulatory filing, benefiting from the stock's gain of 118 percent in 2015. The fund cut back its stake in the fourth quarter, ahead of a decline in the shares this year. It built a position in Skechers, a stock with few hedge fund owners, while its shares rose more than 150 percent in 2015 through August. Melvin sold its stake during the third quarter, avoiding a plunge of 32 percent on Oct. 23 after sales missed estimates.

Publicly disclosed winnings accounted for just 14 percentage points of Melvin's total 2015 returns, Novus calculated. The filings don't show shorts, foreign-listed stocks or accurately account for leverage.

The firm also may have made money wagering against stocks. It reported owning put options on Weight Watchers International Inc. at the start of 2015 and GoPro Inc., which it established in the third quarter of 2015, according to filings.

"Every manager spinning out from a big-name fund is new and shiny and interesting, but still often looked at with a jaundiced eye," said Michael Hennessy, managing director of investments at Morgan Creek Capital Management. "SAC spinouts are no exception, though they might be looked at in some cases with two jaundiced eyes. As time passes, so too does the level of jaundice."

RANKINGS

2015's Top-Performing Funds With Between $250 Million and $1 Billion in Assets

Bloomberg's rankings of the top-performing hedge funds are based on funds' net returns for 2015. Because hedge-fund returns can be difficult to obtain, our lists are not all-inclusive. In addition, some of the numbers were difficult to verify. Unless the information came from Bloomberg data or the hedge-fund firm itself, we tried to verify it with other sources, including investors and other fund databases. All returns are for full-year 2015; fund assets are the latest available. Onshore and offshore assets were combined for a number of funds, while figures for other funds were only for the larger or better-performing class of the fund.

Top-Performing Hedge Funds

Between $250 million – $1 billion in assets

RANK	FUND	MANAGER(S)	ASSETS ($M)	2015 RETURN	2014 RETURN	MANAGEMENT COMPANY	STRATEGY
1	Ping Exceptional Value	Ping Jiang	255	39.2	-29.4	Ping Capital Management	Macro
2	SPQ Asia Opportunities	Lin Ho-Ping	300	31.8	13.9	SPQ Asia Capital	Long/short equity
3	APS Asia-Pacific Long/Short (Cayman)	Kok-Hoi Wong	341	29.9	7.9	APS Asset Management	Long/short equity
4	Lansdowne European Equity	David Craigen	556	27.2	-3.4	Lansdowne Partners	Long/short equity
5	TT Long/Short Focus	Vikram Kumar	420	26.8	-2.7	TT International	Long/short equity
6	Adar Macro	Diego Marynberg	611	26.7	-38.1	Adar Capital Partners	Macro
7	Amazon Market Neutral	Philip King	311	26.0	11.2	Regal Funds Management	Market neutral
8	Arjun	Joseph Meyer	338	23.8	62.2	Statim Holdings	Long/short equity
9	APS China A Share	Kok-Hoi Wong, Stella Zhang	281	23.4	21.0	APS Asset Management	Long biased equity
10	Brenham Capital	John Labanowski	824	23.2	11.7	Brenham Capital Management	Long/short equity
11	36ONE Hedge	Cy Jacobs	351	20.9	13.4	36ONE Asset Management	Long/short equity
12	Horseman Global	Russell Clark	965	20.4	12.6	Horseman Capital Management	Long/short equity
13	SFP Value Realization	Greg McEntyre	500	20.2	10.8	Symphony Financial Partners	Long/short equity
14	Rhenman Healthcare Equity	Henrik Rhenman	563	20.1	42.8	Rhenman & Partners Asset Management	Long/short equity
15	Ionic Volatility Arbitrage Master II	Bart Baum, Daniel Stone	842	19.1	-2.3	Ionic Capital Management	Volatility
15	venBio Select	Behzad Aghazadeh	363	19.1	73.5	venBio Select Advisor	Long/short equity
17	AlphaGen Lutra	David Elms	359	18.9	27.2	Henderson Global Investors	Event driven
18	Akito	Hitoshi Iwasaki	803	18.6	16.5	ACG Management	Long biased equity
19	GAM Talentum Enhanced Europe	Gianmarco Mondani, Roberto Cantaluppi	426	18.3	3.5	GAM	Market neutral
20	Antares European	Peter Testa, Luca Orsini	546	17.7	5.8	Altair Investment Management	Long/short equity
21	Electron Global	Jos Shaver	450	17.6	-2.8	Electron Capital Partners	Long/short equity
22	Passport Special Opportunities Master	John Burbank	460	17.5	10.0	Passport Capital	Equity/macro
23	Lucerne Capital	Pieter Taselaar, Thijs Hovers	353	17.2	10.8	Lucerne Capital Management	Long/short equity
24	Kerrisdale Partners	Sahm Adrangi	419	16.4	14.0	Kerrisdale Advisers	Long/short equity
25	Anson Invest Master	Bruce Winson, Moez Kassam	415	16.2	25.6	Frigate Ventures	Long/short equity

Sources: Bloomberg, hedge-fund firms and databases, investors

LATIN AMERICA BY HEMA PARMAR

Gaining 39 Percent on Argentina Makes Ping Capital Bullish on Growth

Ping Capital Management's global macro fund bet the farm on Argentina.

The Ping Exceptional Value Fund built a stake in the country, mostly with so-called GDP-linked warrants, that would grow to about a 70 percent exposure by 2011. The fund gained 3.1 percent in January, extending a 39 percent surge last year, making it the best performer in Bloomberg's global ranking of hedge funds with $250 million to $1 billion in assets.

The fund made the concentrated bet in one of South America's most beleaguered economies, then run by free-spending President Cristina Fernandez de Kirchner, whose standoff with hold-out creditors cut off the country from debt markets. After the fund posted gains of more than 100 percent as well as double-digit losses over the years, portfolio manager **Nirav Shah** is sticking with the Argentina bet in 2016 as the prospects for its economy improve.

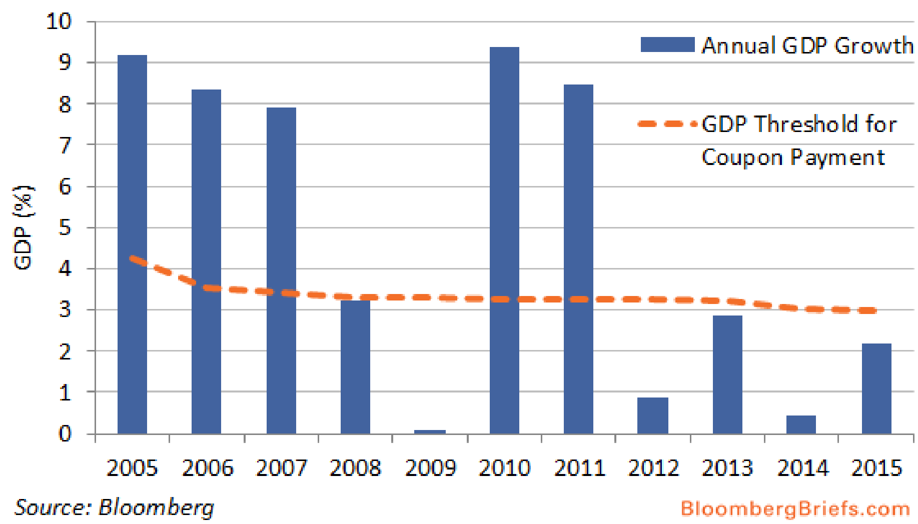
"Argentina is still very undervalued. It's still mispriced," said Shah, a former vice president of proprietary trading at Lehman Brothers Holdings Inc., where he focused on Latin America. "It has just recovered the ground it had lost in 2014. And that was sufficient for us to really deliver some outsize returns" in 2015.

The warrants were first issued in 2005 as a sweetener to boost creditor participation in the nation's debt restructuring four years after Argentina's record $95 billion default.

The fund's bet on the euro- and peso-denominated GDP-linked warrants pays off if economic growth hits a target. Investors receive a coupon payment if growth in the previous year exceeds a threshold and the inflation-adjusted value of the country's GDP is above a base-case scenario. Since last year, and until the warrants mature in 2035, the threshold is 3 percent.

Ping Jiang, a former **SAC Capital Advisors** emerging-markets portfolio manager, founded the company and serves as its chief investment officer. The firm has invested in Argentina since it started in 2008.

Argentina's Wild Ride



The country's economy often failed to hit the threshold for GDP warrant coupon payments.

In the aftermath of the global financial crisis, the Ping fund bought assets cheaply before prices for Argentina's agricultural exports picked up. It gained 105 percent in 2009 and 193 percent the following year, according to a letter to investors obtained by Bloomberg.

The boom years for the economy and the fund wouldn't last. Fernandez's policies choked off economic activity and business sentiment. Since 2012, growth has consistently fallen short of the threshold for the warrants, and the currency has plunged 71 percent, hurting peso-denominated investments. In 2014, the peso warrants plunged 63 percent in dollar terms, according to Buenos Aires Stock Exchange prices. Shah's fund fell about 29 percent.

The fund bounced back in 2015 as investors became more optimistic over the prospects of Argentina electing a more market-friendly president and an end to the standoff with bondholders stemming from its 2001 default. While growth faltered, the price of the warrants rallied. The fund's strong performance also came from trading around Venezuela's default concerns and arbitraging the difference between yields on the nation's sovereign and quasi-sovereign debt.

After President Mauricio Macri took office in December, the new Argentine government eliminated farm export taxes, let the peso float freely, and pledged to overhaul Argentina's statistics institute, which has been criticized for manipulating government data. Once Macri settles with litigating bondholders, foreign investment will flow into the country, a boon for economic growth, said Shah, who worked with Ping at SAC. He expects the economy to exceed the 3 percent threshold in 2017.

Bank of America Corp. strategists said on Feb. 10 that they expect GDP warrants to continue to rally in 2016 if a holdout agreement is reached and economic activity rebounds as expected in the second half of the year.

Shah said his fund has benefited over time from a stigma against Argentina, which has begun to fade with Macri's leadership.

"I think that's one of the key reasons why the assets were underpriced in the first place," said Shah, who expects the GDP-linked warrants to double or triple in value over the next four to six years.

— With assistance from Katia Porzecanski

U.K. BY NISHANT KUMAR

Ex-Cambridge Batsman Scores With Mid-Caps, Turns to Technology Stocks

Hedge fund manager **Vikram Kumar** invests like he played cricket, staying patient for the right balls to bat to build long innings. Kumar, a former batsman at Cambridge University, stuck by his investments at the TT Long-Short Focus Fund that lost money in 2014. The next year, his $420 million fund bounced back to return about 27 percent, the fifth best performer in Bloomberg's global ranking of the top 25 hedge funds with between $250 million and $1 billion in assets.

Kumar's success came during a tumultuous year for hedge funds that saw one of the titans of Europe — billionaire **Michael Platt** — give up managing outside money to focus on his own and his staff's investments. Kumar, who specializes in mid-cap stocks, won with multi-year bets on Dutch navigation software maker TomTom NV and Spanish wind-turbine producer Gamesa Corp. Tecnologica SA.

"A lot of the names that made a lot of money last year are the same names that we held throughout 2014 when people did not want to own mid-cap equities," Kumar, a 35-year-old fund manager at London-based **TT International**, said in an interview.

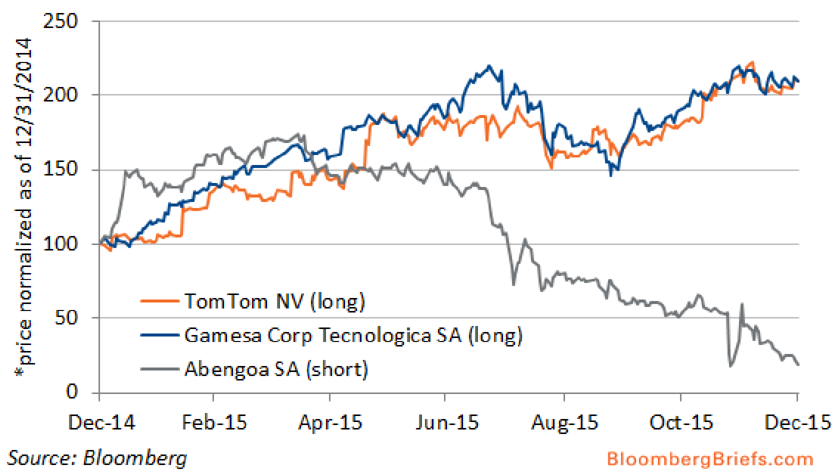
This year, his fund is focusing its investments on consumer, technology, media and telecom companies that are being affected by technological transformation. He's bearish on industrials because he sees excess capacity, driven by an economic slowdown in emerging markets and a decline in commodities prices.

"We are playing in a period of almost unprecedented structural change driven by technology," said Kumar. "There are plenty of companies we have in both our long and short book that are either beneficiaries or suffer from big, structural change in the way we all behave and consume."

Kumar's fund lost 3.5 percent in January as concern over China's slowing growth continued to roil markets. His bets against Vallourec SA, Arcadis NV and Seadrill Ltd. — all of which dropped more than 33 percent — helped soften the blow.

Kumar played for the Cambridge Blues cricket team from 2000 and 2003. He was a No. 3 batsman and wicket keeper while

Vikram Kumar's Profitable Long and Short Bets in 2015



TomTom and Gamesa more than doubled in value, while Abengoa lost 80 percent.

studying history.

"Cricket is a great analogy for investing," he said. "It's underpinned by confidence in your technique and judgment of which opportunity to take the right risk in. And of course you have to leave behind the plays and misses to focus on the next ball with a clear mind."

Kumar joined TT International in 2008 from UBS Group AG, where he was a director of equity sales for European small- and mid-cap stocks. He initially co-managed the TT Mid-Cap Long-Short Europe Fund before starting the TT Long-Short Focus Fund in 2013 to take concentrated bets on companies with a market capitalization of 1 billion euros ($1.1 billion) to 10 billion euros. Kumar typically buys and holds 20 to 25 stocks and sticks to his main bets for up to three years, with a willingness to ride volatile markets.

His fund's assets more than doubled last year despite investors' reluctance to give money to smaller hedge funds. Globally, clients allocated a net $37 billion in 2015 to hedge funds managing more than $1 billion, with the rest of the industry getting only $6.5 billion, the lowest in three years, according to data from Hedge Fund Research Inc.

Kumar's fund plans to stop accepting cash from new investors after hitting $500 million, probably in the first quarter, and close to all new money at $1 billion.

Kumar's fund benefited from a 110 percent rise in TomTom shares last year. He had been shorting the shares but became bullish in 2013 after deciding its mapping technology had more value than the market recognized and that it could become a takeover target. TomTom is down 34 percent this year.

"The market undervalues the intellectual property in their mapping technology, which we consider a very valuable asset going forward, particularly in the automotive space," Kumar said.

The fund has held Danish jeweler Pandora A/S since July 2013, benefiting from a 364 percent surge in its share price with reinvested dividends through the end of 2015. Kumar also stuck with Gamesa because of its improved cash generation and growth in the international wind turbine market. Its shares jumped 110 percent last year.

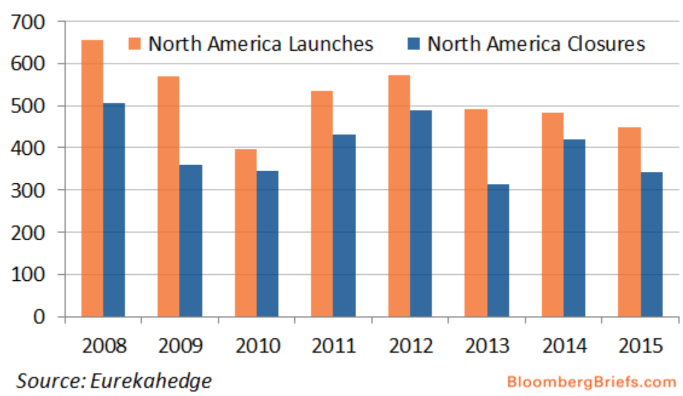
Kumar's long-running short bet on Abengoa SA, the Spanish renewable-energy company fighting to avoid bankruptcy, also paid off. Its shares collapsed 80 percent last year. Abengoa is a "financial engineering exercise with burning cash and with a working capital hole that has now come home to roost," Kumar said. A spokeswoman for Abengoa declined to comment.

"We have the ability to short during such times to defend capital within reasonable means while keeping the long-term value on our concentrated long book of core holdings," Kumar said.

CLOSURES BY MELISSA KARSH AND ANNE RILEY

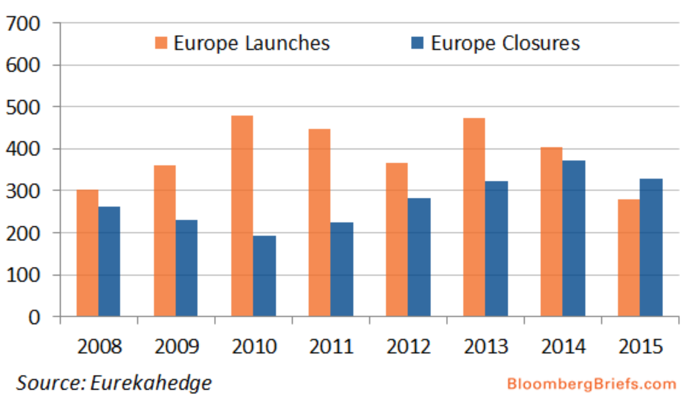
Open for Business? A Data Dive Into Launches and Closures by Region

North America Leads New Launches



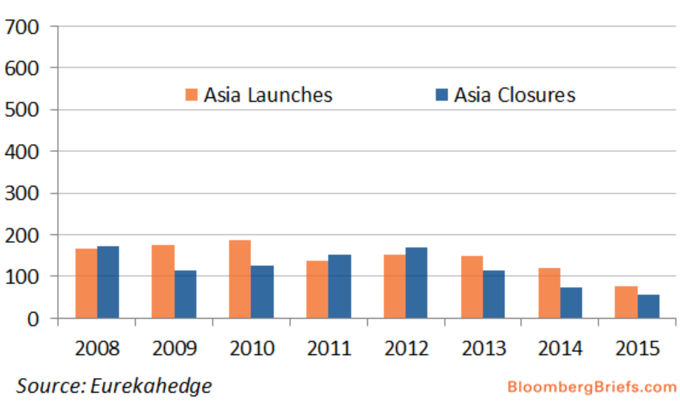
Globally, 818 hedge funds were launched in 2015 while 744 shut down, data from Eurekahedge show. North America accounted for the largest share of those changes. In 2015, 448 North American hedge funds came online, while 342 were closed, the data show. That's down on both accounts from the previous year, when 483 opened and 421 closed in the region.

Europe Has More Closures Than Launches



Europe was the only region to see more hedge funds closed than launched last year. On that continent, 279 funds were started last year, compared with 328 that shut down. This is the first year since at least 2008 that Europe saw more closures than launches.

In Asia, Fewer Launches and Closures



Asia (shown on the same axis as North America and Europe for sake of comparison) had a slower year in 2015 than in recent years. The region saw 76 launches and 56 closures, compared with 121 launches and 73 closures the year before. This is Asia's third consecutive year in which there were more launches than closures, the data show.

Continued on next page…

CLOSURES...

Continued from previous page...

A Non-Exhaustive List of Closures, Outside Capital Returns Reported in 2015 by Bloomberg

FIRM	ASSETS	DATE CLOSING WAS REPORTED	REASON CITED IN NEWS STORY
SAB Capital Management	$1.1 billion as of end of 2014	December	Returned money to manage founder's wealth
Seneca Capital Investments	$500 million	December	Founder said couldn't "in good faith start next year with the dedication required to manage your capital"
Lutetium Capital LLC	$150 million	December	Co-founder said relied too much on liquid-alternative funds
Piquant Capital's Piquant Ena fund	$20 million	December	Shut quant fund as it failed to attract investor money after making a loss in 2014
Lucidus Capital Partners	$900 million	December	Wind-down triggered by redemption notice from significant investor
LionEye Capital Management	$1.7 billion of regulatory assets at end of 2014	December	Main fund shut after losses
Watershed Asset Management	$1 billion	December	Returned client money and converted to family office, citing difficulty in finding good investments in distressed companies
BlueCrest Capital Management	$7 billion in client capital	December	Returned client money to focus on managing own wealth and that of partners and employees
Achievement Asset Management	$2 billion as of 2014	November	Returned money to investors after losses
BlackRock Global Ascent	$1 billion as of Nov. 1	November	Fund was on course for worst year since inception in 2003
Trafigura Pte's Galena Metals Fund	$300 million	November	Wind-down due to difficult conditions in commodities markets
MeehanCombs LP	About $200 million	October	Lost on European corporate debt bets
Fortress Investment Group LLC's macro business	$2.3 billion macro business	October	Undone by wrong-way trades, the Swiss franc's surge against the euro and Brazilian bets
Bain Capital's Absolute Return Capital	$2.2 billion as of Aug. 1	October	Had more than three years of losses
Armored Wolf	$250 million	October	Closing to become family office after largest fund was hit by commodities slump
Renaissance Technologies LLC's Renaissance Institutional Futures Fund	$1 billion	October	Lack of investor interest
Incapture's Alpha Capture Fund	$150 million	August	Switched focus to developing software
Armajaro Asset Management LLP's Armajaro STS Commodities fund	$450 million	July	Shut after losing money and its lead manager
Black River Asset Management (closed four funds)	$1 billion	July	Funds accounted for about 15 percent of firm's assets, closed due to lack of investor demand
Kenbelle Capital's American Revival Fund	N/A	May	Top investor sued in December to get back its $46 million after months of losses
Regiment Capital Advisors's Regiment Capital Ltd.	$1.4 billion in fund as of January 2015	May	Lost money on energy and transportation company investments as oil prices fell
JAT Capital	$1.7 billion	May	Closing to become family office
Kamunting Street Capital Management	$982 million in regulatory assets as of Dec. 31	April	Returned outside capital and planned to convert to family office after one of its largest investors redeemed
TigerShark Management	$100 million	March	Six-year bull market hurt fund returns
Tiger Consumer Management	N/A	March	Manager shut fund after 15 years to spend more time with family
Arena Capital Management	$55 million at peak	February	Founder and two analysts joined multistrategy investment firm LIM Advisors
Loeb King Capital Management	$1 billion	January	Principal decided to manage own money, citing "cumbersome" hedge fund rules
Everest Capital's Global Fund	$830 million as of the end of December 2014	January	Lost money when the Swiss National Bank let the franc trade freely against the euro
Comac Capital	$1.2 billion	January	Returned client money after losses on Swiss franc
Tudor Investment's Tudor Futures Fund	$300 million	January	Closed after 30 years due to costs

Source: Bloomberg News stories *Note: Assets are as of date closing was reported, unless otherwise noted.*

LESSONS LEARNED BY HEMA PARMAR AND MELISSA KARSH

Key Takeaways From Last Year's Carnage

Last year was brutal for many hedge funds. Unexpected macro shifts and volatility left some managers with losses not seen since the financial crisis. Other traders were forced to close shop after clients demanded their money back. To those still standing, take heed of these lessons from what some might call the year to forget.

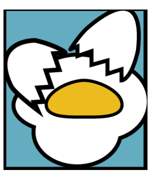
1. Central Banks Can Do Some Wacky Things

The Swiss National Bank and the People's Bank of China both made unexpected moves last year that threw off hedge funds. The January 2015 surprise decision by the SNB to unpeg the franc from the euro sent the currency surging and Swiss stocks tumbling. *Comac Capital* returned outside money to investors after suffering losses and *Everest Capital's Global Fund* shut down as a result of the decision. The PBOC's devaluation of the yuan in August further rattled global markets.

2. Be Wary of Following the Herd

Whether it was groupthink, FOMO (fear of missing out) or a shortage of large-cap opportunities for big funds, some managers got killed piling into the same shares, and few bets were more painful than Valeant Pharmaceuticals International Inc. As of the end of June, *22* institutional investors, including Bill Ackman's Pershing Square Capital Management and Paulson & Co., owned a stake of at least 1 percent of the pharmaceutical company, which plummeted 29 percent for the year. Combined, the 22 funds lost $40 billion in just three months. A spokesman for Pershing Square declined to comment. Paulson did not immediately reply to requests for comment.

3. Beware of Concentration

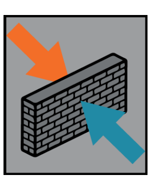


Putting a lot of eggs in a few baskets can be dangerous. David Einhorn's Greenlight Capital, which manages $8.6 billion, saw its worst underperformance ever last year when it fell 20.4 percent, Bloomberg News *reported*. Time Warner Inc., which declined 23 percent in 2015, comprised 8 percent of its disclosed stock holdings. Nehal Chopra's Tiger Ratan fund *lost* 19 percent last year, partly due to concentrated bets on Valeant, which made up almost 13 percent of the fund's disclosed stock holdings at the end of the third quarter. By the end of 2015, Ratan Capital Management had just eight U.S. stocks listed in its regulatory filings. It ditched its stake in Valeant in the fourth quarter. Spokesmen for the firms declined to comment.

4. Calling the Bottom Can Hurt

Hedge funds that bet big on energy equities and credit were knocked down as oil prices fell and fell and fell. In January 2015, legendary oil trader Andy Hall *said* crude prices could reach a $40-a-barrel range, close to "an absolute price floor" and could see some recovery in the second half of the year. He made the comments in a letter to investors obtained by Bloomberg. Since then, WTI crude plunged 40 percent and has fallen below $30 a barrel. Hall's firm Astenbeck Capital Management lost about 35 percent last year, according to CNBC. Overall, energy-focused hedge funds fell almost 14 percent in 2015, according to Hedge Fund Research Inc. Astenbeck did not immediately reply to a request for comment.

5. Avoid Conflicts of Interest



At least one manager came under scrutiny because of the appearance of conflicts. Albourne Partners, an adviser to institutional investors, *told* its clients it learned about an employee-only internal fund at Michael Platt's BlueCrest Capital Management that posed possible conflicts. Consulting firm Aksia recommended clients pull their money, Bloomberg previously reported. In December, BlueCrest said it will return all outside capital and focus on managing Platt's wealth and that of his partners and employees. The firm is now being *investigated* by the U.S. Securities and Exchange Commission over possible conflicts, people with knowledge of the matter told Bloomberg earlier this month. BlueCrest is cooperating with regulators and to date has received no accusation of wrongdoing, the firm said in a February statement.