

Equity Startup Reels In Walleye

Walleye Trading Advisors has committed \$100 million to startup equity shop **Aurelian Capital**.

The money resides in a separate account that formed upon Aurelian's launch in the past month or so. For now, it represents the New York firm's only portfolio under management.

For Walleye, the investment dovetails with a broadening of its business. The firm, which has operated primarily as an options-focused market maker, recently has been allocating increasing amounts of capital to outside managers. It also has been seeking to run more capital for investors, and has been focusing more on alpha-oriented trading of options and equities.

In May, the Plymouth, Minn., company rolled out a vehicle called **Sea Hawk Multi-Strategy Master Fund**. That entity recently was running \$197 million of gross assets, almost all for multi-manager firms.

Overall, Walleye was managing \$1.2 billion on Feb. 28. The firm is led by **Irvin Kessler**, who also co-founded and continues to run **Deephaven Inc.** Partner **Will England** serves as chief investment officer.

Aurelian is led by stock researcher **Adam Brooks**, whose coverage areas in the past have included industrial and construction companies. Brooks most recently was a portfolio manager at **Andromeda Capital**, where he started in 2016 after stops at **Newland Capital** and **Sidoti & Co.** ❖

Vendor-Tracking Tool Catching On

A tool from **Quadrangle Consulting** that helps investment companies track and compare their relationships with vendors is quickly building a following.

Some 300 clients have signed up to use the program, called **QDS Platform**, since it rolled out in 2018. Another 100 have subscribed this year to a related service through which New York-based Quadrangle offers updates on developments at vendors and allows users to run queries on contracts their peers are considering.

QDS allows clients to upload their vendor contracts and keep tabs on those relationships. Quadrangle, meanwhile, extracts the data and allows users to compare the contracts' provisions to provisions typical of other service providers, both as a whole and by company type.

The service's user count suggests investment firms are eager to automate the process of keeping tabs on vendors, and have embraced the idea of a data-based tool for comparing those companies' terms. QDS can, for instance, immediately inform users of automatic renewals. It also can track how, and when, administrators add language to their contracts in response to new regulations.

The subscription costs \$400 per month, plus a couple hundred dollars for extraction and analysis of data from each contract. The users mainly are hedge fund operators with at least \$25 million of assets but include other large asset managers, along with insurers and family offices.

Quadrangle formed in 2013, offering a service aimed at positioning alternative-investment managers to improve their financing and swap-trading arrangements. The firm is led by **Michael Katz**, formerly of **S3 Partners** and **Paloma Partners**. ❖

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of those positions, mainly involving issuers with \$500 million to \$3 billion of corporate debt outstanding.

The idea is to give limited partners a means of capitalizing on disruptions in credit-product values. "In a period of market dislocation, investors can flex up their credit exposure when the return profile is attractive," Nut Tree wrote in an October pitchbook.

The New York firm plans to draw on commitments periodically. The new fund has an eight-year term, made up of a four-year investment window and four-year harvest period.

Investors contributing less than \$50 million would pay fees equal to 1.5% of assets and 20% of profits, subject to an 8% hurdle rate. The management fee drops to 1.375% for contributions of \$50 million to \$100 million, and to 1.25% for positions of more than \$100 million.

Nut Tree Master Fund launched in February 2016 with \$100 million. It has delivered an annualized gain of 12.7%, including a 7% increase over the first nine months of 2019.

Nut Tree is led by chief investment officer **Jed Nussbaum**, a former **Redwood Capital** deputy portfolio manager. ❖

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