

HFR hits the reset button for a new era in hedge fund investing

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HFR executives this year quietly relaunched their investment management arm, with a new, streamlined name and aim of offering multiple platforms for hedge fund investing for a variety of investors of all shapes and sizes.

HFR traditionally known for its hedge fund databases, indexes and historically as a fund of hedge fund firm that has been embraced as endowments, foundations and pension funds initially dived headfirst into the absolute return space more than a two decades ago.

"It is a great opportunity and we are very excited about what we are doing," said Gregory Neal, director of investments and business development at HFR Investments, and a nearly nine-year veteran of the overall firm.

Moving away from a commingled fund of hedge fund model, HFR officials led by founder Joseph Nicholas had already shifted into the popular UCITS arena through a partnership with Aberdeen Standard Investments (ASI) back in [September](#).

This endeavor centers on the data side of the business as Aberdeen has incorporated a monthly priced strategy designed to track the popular HFRI 500 index, which is comprised of 500 hedge funds across a broad range of strategies. The investment strategy allows investors access to HFR's investable index family with 30 underlying investable hedge fund strategies and sub-strategies giving investors the opportunity to choose those most suited to their needs.

Last September's launch was preceded by the successful launch of the ASI HFRI-I Liquid Alternatives strategy, which tracks the performance of an index of roughly 180 UCITS hedge funds, which following launch in February 2019 grew quickly to \$650 million in assets under management.

The newly branded HFR Investments carries a smaller AUM of around \$250 million and is hitting on some core areas of interests for investors – Minority and Women-owned Business Enterprise (MWBE) designation, ESG-oriented offerings, bespoke offerings, manager of manager offerings and managed accounts.

Manager of manager offerings will likely be similar to other specialists that worked in the institutional investor space and will allocate to long-only emerging and minority managers with a diverse strategy set.

The official MWBE designation is expected to go through soon and is due to the work of Michael Arenibar, president of HFR Investments and an executive with more than 14 years' experience at HFR, including as chief compliance officer at the Chicago-based firm.

According to Neal, Arenibar was initially looking to launch an ESG-focused company, but the focus has broadened alongside the opportunity set for serving investors interested in hedge funds and long-only strategies with a niche focus such as ESG, emerging manager strategies and minority-owned focused offerings.

Since 2005, HFR has created roughly 250 managed accounts for clients, the majority of which took place over a 10-year period. After 2015, the cost of opening up these accounts rose, but for firms that can offer investors scale it eases the process of allocating to separately managed accounts.

Neal is heading up the managed account side and views this as a perfect time for both HFR and new clients to diversify their portfolios both from the manager perspective (hiring emerging managers and MWBE firms) and from the strategy perspective in adding ESG-oriented strategies.