

## PRESS RELEASE

**Prime Capital's alternative investments team is striking out on its own**

### **Resonanz Capital: new specialist in alternative investments launching with mandates worth more than EUR 1 billion**

- **Close-knit team since 2007: Vincent Weber (CEO), Ivo Zonev (CIO) and Iliyan Iliev (COO) have founded Resonanz Capital**
- **Eight-person team is launching with its first advisory mandates running to a volume in excess of EUR 1 billion**
- **Strategic partner: Frankfurt-based quant experts First Private Investment Management**

**Frankfurt, 6th of March 2019.** Hedge funds are not really seen as a German specialty, with management and advisory functions generally entrusted to Anglo-American experts. The eight-strong team led by Vincent Weber, Ivo Zonev and Iliyan Iliev in Frankfurt is an exception to this rule. Since 2007, the three experts in alternative investments have been working on identifying the world's best hedge funds and finding ways in which institutional investors from Europe can gain exposure to them. The team became an independent business in February 2019. Resonanz Capital aims to establish itself as one of the few German experts in the analysis, selection and management of hedge fund portfolios for institutional investors. There is no shortage of client interest in this project – Resonanz Capital is launching with hedge fund advisory mandates running to a volume in excess of EUR 1 billion, with further contract negotiations already in progress.

#### **Data analytics and expertise: making a complex market transparent**

Vincent Weber, co-founder and CEO of Resonanz Capital, estimates that there are some 6,000 hedge funds on the market across the world at present. He and his team believe that around 1,000 of these are, in principle, investable. However, as hedge funds are covered by different regulatory regimes and the data of the individual funds are neither uniformly structured nor collated centrally, selecting suitable funds is anything but a trivial undertaking, even for institutional investors. "Considering how disparate and hard to obtain the data are, carrying out an in-depth risk assessment of individual hedge funds is an art in itself," comments Weber, illustrating the need for specialist advisors such as Resonanz Capital. What is more, really successful hedge funds frequently slip under the radar in Germany. "They are mostly entrepreneurial entities that can allocate capital flexibly and intelligently, thus exerting a significant influence on the capital market. Top hedge funds do not actively seek out German clients as they simply have no need to do so," he adds.

Resonanz has its own research team and databases to conduct analysis incorporating both quantitative factors and qualitative assessments based on the Resonanz Capital experts' personal interactions with hedge fund managers. Resonanz Capital consciously deploys the very latest analytical methods such as machine learning in analysing, classifying and selecting suitable target funds for its advisory clients. Weber comments: "Thanks to our innovative methods, we can examine potential target funds with far greater precision as we combine an almost unlimited number of variables, illuminating risk clusters and the relevant driving forces in the process. Hedge fund strategies make use of what are in some cases complex and dynamic trading strategies. It's now become impossible to reliably model scenarios and outcomes across various market situations without solid, technology-driven analytical methods."

Resonanz Capital also has strict minimum standards for the funds it classifies as worthy of even being considered for recommendation to clients. At present these encompass around 100 alternative strategies, ranging from highly liquid assets through to investments with multi-year maturities. Depending on clients' wishes and investment objectives, Weber and his team select between 5 and 20 complementary strategies in which their clients then make direct investments.

### **Ticking time bomb of shadow banks and other drivers of the growing demand for hedge funds**

Weber and his team believe that the demand for hedge funds will grow substantially in the coming years. "While traditional asset classes such as equities have performed very well over the past few years, we are now seeing an end to this period of low volatility, which is prompting institutional investors to step up their search for alternatives," Weber explains. Other future investment opportunities are currently emerging out of shadow banking systems, which involve lending by non-bank entities. Owing to negative interest rates and stricter bank regulation, the importance of direct lending investments has grown significantly since the financial crisis of 2008. "If the economy continues to deteriorate, there is a risk we will see the first defaults in this market," Weber warns, adding that selected hedge fund strategies offer investors the opportunity to benefit from turmoil in this credit segment as well as from elevated volatility regimes. Weber estimates that conservative German pension funds, family offices and wealth managers invest up to 15 percent of their assets into this asset class at present. In contrast, according to Weber, large US endowments like those of the universities of Yale or Harvard tend to have allocations to alternative investments in excess of 50%.

### **First Private: strategic partner, capital investment company and distribution**

Fund boutique First Private Investment Management is Resonanz Capital's strategic partner and investor. The Frankfurt-based quant and alternative investment experts know the founding trio well. What both firms have in common is the crucial role played by quantitative analysis in asset selection and their deployment of alternative alpha strategies in portfolios. First Private will take care of distribution and administrative tasks for Resonanz Capital to enable Weber and his team to devote all their energy to building up the core business. Looking ahead to the medium term, there are plans to launch a joint alternative UCITS fund with Resonanz Capital as the fund advisor and First Private as the capital investment company. "The cooperation between First Private and Resonanz Capital is about more than just the additional expertise it gives us. This arrangement also enables us to pool our complementary skills and consolidate our focus on alternative investments," comments Tobias Klein, CEO of First Private Investment Management. "We want to continue to expand our offering, particularly in the field of market-neutral, liquid alternative strategies. Bespoke solution concepts for our institutional clients are one of our key priorities."

### **Resonanz Capital GmbH**

Resonanz Capital is a newly established investment boutique specialising in hedge fund investments and quantitative investment strategies. Resonanz Capital was founded in February 2019 by the alternative investment experts Vincent Weber (CEO), Ivo Zonev (CIO) and Iliyan Iliev (COO). Resonanz Capital currently has a volume of around EUR 1 billion under management (as of February 2019).

### **FIRST PRIVATE Investment Management KAG mbH**

FIRST PRIVATE is an internationally operating, independent asset management boutique that is run as a partnership from its base in Frankfurt. FIRST PRIVATE has assets under management of some EUR 2.3 billion (as of December 2018). FIRST PRIVATE has been setting the standards for the

development and implementation of active, quantitative investment strategies in the areas of equity and alternative investments since as far back as the early nineties.

Entrepreneurial independence and specialisation enable the firm to deliver an exceptionally high level of continuity and reliability in its product offering. The FIRST PRIVATE story dates back to Salomon Brothers KAG (subsequently Citigroup Asset Management KAG), which was founded in 1990 before being acquired as part of a management buyout in April 2003.

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