Green Street
Hedge Fund Alert
THE WEEKLY UPDATE ON FUND MANAGEMENT INTELLIGENCE

Investors Get Crack at Student Loans

A financial planner has raised $30 million for a novel student-loan operation.

Working under the name **Impact Capital,** founder **Craig Price** is envisioning a series of alternative-investment vehicles that would refinance student loans for graduates of top U.S. universities. The first is called Irish Impact Fund.

The entity specifically would lend to alumni of the **University of Notre Dame,** the alma mater of Price and three of his colleagues. It is scheduled to launch in January, following the Dec. 31 expiration of a student-loan forbearance program implemented under the Cares Act.

Here's the strategy: Impact is lining up creditworthy borrowers saddled with college or graduate-school debt and offering them refinancing at a 4% interest rate. To boost the return to its investors, the South Bend, Ind., firm also is allocating 25% to 45% of the equity to a proprietary program called Enhanced Dividend and Income Portfolio run by **Capital Wealth Planning,** a $1.5 billion investment manager in Naples, Fla.

That portfolio, which contains a combination of dividend-producing blue-chip stocks and covered call options, generated a total return of 12.75% annually from 2013 to 2019.

The Impact fund calls for a seven-year commitment from investors, while allowing them to withdraw one-third of their capital after three years and another third after five years. There is a management fee equal to 1.25% of assets that Impact would share with Capital Wealth. There also is a performance fee equal to 50% of gains that the firm would donate to scholarship programs for needy students at universities of the limited partners' choosing.

With $1.6 trillion of student debt outstanding in the U.S., the strategy could appeal to investors seeking plays on environmental, social and corporate-governance principles. Indeed, Price is pitching Irish Impact Fund as a feel-good, higher-yielding alternative to corporate bonds and Treasurys. What's more, the performance-fee donations can serve as tax write-offs for limited partners.

Risks for investors include a major stock-market decline. Shareholders also are exposed to borrower defaults, which historically have been minimal. Notre Dame alumni owe more than $1 billion on education loans taken out over the past 10 years but have defaulted on their undergraduate debts at a rate of just 0.6%, according to the **U.S. Department of Education.**

Student-loan forgiveness proposals also could diminish opportunities for Impact. Democrats have made such relief a key part of their campaign platform. And **President Trump** last week proposed forgiving up to $25 billion of federal loans as part of a new coronavirus aid package.

In addition to his work at Impact, Price leads a Stuart, Fla., firm called **Price Wealth Management** that advises on $175 million. He founded that operation in 2007 after stops at **UBS** and **Legg Mason**. ❖

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Seeders Struggling to Meet Startup Demand

Professional seed-capital investors aren't coming to the rescue.

Given the suppression of fundraising during the coronavirus pandemic, there's been more demand for startup capital by would-be hedge fund managers this year than at any point since the depths of the previous financial crisis in the second half of 2008.

The response from the firms that might provide the seeding? Meh.

Many seeders have signed at least one deal this year, and a few have been as busy as ever. **Finance Michigan,** for one, has inked at least three seed deals since the pandemic hit (see article on Page 7). But others are standing on the sidelines or have slowed the pace of their investments in managers (see listing on Page 8).

The drought isn't for lack of opportunity. Indeed, hedge fund seeders say they've seen a substantial number of new firms looking for capital. Rather, it's a reflection of the fact that institutional investors who back seeding operations don't

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Re-Formed Aragon Setting Launch Plans

Anne Dias is moving ahead with her comeback.

The one-time hedge fund manager, who hasn't run outside money since shuttering her **Aragon Global Management** in 2011, began exploring a return to the industry last year — around the same time she started a Chicago family investment firm that also uses the Aragon name. Now, she has penciled in the first half of 2021 to launch a vehicle that would invest in a range of stocks worldwide.

The fund likely would operate under the umbrella of the family office.

One key indicator that Dias is serious about proceeding: Last month, she hired **Jonathan Klein** to lead Aragon's marketing efforts in Europe with what appears to be an initial focus on the planned hedge fund. Klein, a partner based in Paris, most recently spent 14 years at **McKinsey & Co.**

Dias, the ex-wife of **Citadel** founder **Ken Griffin,** also has been interviewing operations personnel. On the investment side, she intends to form a team

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Investors Start Giving Way on Office Visits

Evidence continues to build that investors are getting comfortable parking capital with hedge funds without the benefit of on-site reviews.

Before the coronavirus pandemic, major investors' due-diligence processes almost universally included visits during which they looked over the managers' infrastructures and watched their traders in action. Many initially stuck with those policies as stay-at-home orders took effect in March, meaning any fresh commitments had to go to firms they already examined in person.

Now, it appears the long-term nature of the crisis has led to an adjustment. As one prime-brokerage executive put it: "You can't just keep topping up with the managers already in your portfolio."

In what industry participants describe as a nascent trend, some investors are expressing a willingness to commit to established managers they haven't visited on the condition that those firms refer them to current backers who can answer

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THE GRAPEVINE

A portfolio manager with a background in commodities trading has joined **Millennium Management. Adam Robinson** started in September at the New York multi-strategy firm after working in a similar role at **Balyasny Asset Management** from 2014 to this June. Robinson also has spent time at **Koch Industries, RBS Sempra Commodities** and now-shuttered **Armored Wolf.**

Well-known hedge fund marketer **Doug Frisina** died unexpectedly last week. Frisina, who was 40, started in September as head of marketing at **Landseer Advisors,** a New York firm that primarily provides chief investment officer services to endowments and family offices. He previously had been in a business-development role at **Whitebox Advisors** since 2017. Frisina also has worked at **DW Partners, Bank of America, UBS** and **Lehman Brothers.** A **GoFundMe** page to benefit Frisina's wife and daughter can be

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