

Hedge Fund Alert

THE WEEKLY UPDATE ON FUND MANAGEMENT INTELLIGENCE

Firm Doubles AUM, Eyes Marketing Push

Small-cap stock investor Emmett Investment has locked in its initial three-year track record and is looking to begin a marketing campaign.

The New York firm is running \$80 million, up from \$40 million at launch, with much of that increase from investment profits.

Details of the firm's marketing campaign aren't known. At least through yearend 2020, Emmett's investor base remained small, with only about a half-dozen limited partners. Until now, the firm has relied on introductions from friends and family.

The firm produced an annualized return of about 15% via its sole offering, the Emmett Partners fund, since it began investing in June 2018.

Emmett has managed to produce those profits with a relatively low net exposure of about 40% and a Sharpe ratio of 1.7. It beat the return of the Russell 2000 index over the last part of 2018 and this year through July.

Emmett Partners gained 23% in the first seven months of this year, 15% in 2020 and 20% in 2019. It was down 6% in the last seven months of 2018. By comparison, the Russell 2000 index with dividends invested was up 13.3% this year through July, up 20% in 2020, up 25.5% in 2019 and down 18.9% from June 2018 through the rest of that year.

Even though the firm lagged the Russell 2000 last year,

it did particularly well in early 2020, when the stock market swooned upon the broad spread of Covid-19. Emmett's peak-to-trough drawdown in the first quarter of 2020 was 12.6%, compared to a 30.6% drawdown in the Russell 2000.

\$80 Million

Emmett Investment AUM, up from \$40 million at launch

Emmett holds its short positions for about six to 12 months, with each intended to produce profits rather than act as hedges. The firm will engage with management and is in the middle of one activist campaign. About 55% of the firm's exposure is in the U.S., while the rest is focused on developed markets where English is commonly spoken, including Australia, Canada and the U.K.

The firm is led by Alexander Rohr, who previously was an investment analyst at Millennium Management. Rohr joined Millennium in 2013, researching global technology stocks. He earlier worked in equity options at Susquehanna International.

Also on board at Emmett is analyst Chris Liu. He previously was an equity research associate at Jefferies.