

# Hedge Fund ALERT

## BattleFin Adds Fund-Creation Service

The organizers of the **BattleFin** quantitative-trading competition are starting a program designed to provide managers with a low-cost path to set up hedge funds that can attract institutional capital.

BattleFin LaunchPad will offer quantitative managers a bundle of discounted legal and other services to get them started, plus access to the organization's competitions and a listing on its Leaderboard, where accredited investors can track their performance. The top 5% of managers on the Leaderboard will get free administration services and quarterly meetings with BattleFin's seeding partners.

By the end of the year, the operation plans to launch the BattleFin Smart Funds program, through which investors could commit capital to LaunchPad clients via their funds or separate accounts. BattleFin will take a fee for that service, similar to a placement agent.

Meanwhile, BattleFin just signed up a backer for its fifth quantitative competition, scheduled to start in September. The unidentified entity will provide at least \$10 million of capital to the winners of the two-month tourney. The top finishers in the last competition — **RBD Adaptive**, headed by **Mark Angil**, and **Alphatative**, headed by **David Bush** — received trading rights to portions of a \$20 million prize pool.

LaunchPad will reduce the cost of setting up a professional-class fund structure, which can run to \$100,000 or more, to just \$5,000 and provide discounts for ongoing services. The initial fee pays for a domestic fund established as a sub-fund to a master LaunchPad vehicle. There's an additional charge for an offshore vehicle. A fund can be set up in 1-3 weeks, versus the 3-4 months it typically takes to round up service providers and

launch a fund.

Auditing for LaunchPad clients will be handled by **KPMG** and legal issues by hedge fund lawyer **Marc LoPresti**. Administration services will be provided by **Advanced Fund Administration** at a discounted monthly fee of \$1,000 for the first year, after which it will charge a fee based on a manager's net assets. Participants also will get discounted access to **Deltix**, which helps managers design and implement quantitative-investment strategies, and **RavenPack**, which gathers news and social media-sourced data for trading. LaunchPad clients will use **Interactive Brokers** as their prime broker.

BattleFin is beta-testing LaunchPad with 10 managers starting Aug. 1, and will open it up to other applicants in September. Clients will automatically be entered in the organization's quantitative-trading competitions.

The idea, said BattleFin co-founder **Tim Harrington**, is "to make the un-investible investible." He said his operation has repeatedly found small managers who have produced highly profitable returns, but many of them haven't set up the proper legal and administration arrangements, don't have audited track records, and therefore don't generate interest from institutional investors.

The service providers BattleFin has rounded up for LaunchPad are discounting their services because they believe that it may ultimately attract large numbers of clients running significant amounts of capital.

The offering is similar to the suite of services that **Apex Fund Services** affiliate **Emerging Asset Management** provides for new firm launches, although that doesn't have a marketing component to connect managers with investors. ♦