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## NewAlpha backs ex-PIMCO man's Armored Wolf



NewAlpha Asset Management, the France-based alternative investment incubation specialist, has signed a major new strategic partnership with a \$40 million investment in Armored Wolf – the California-based global macro operation led by former top PIMCO fund manager John Brynjolfsson.

The partnership marks the thirteenth hedge fund seeding arrangement undertaken by NewAlpha, which was originally established in 2003 by the Paris-based ADI hedge fund group and became part of leading French independent asset manager OFI Asset Management last year when OFI acquired ADI.

Based in Orange County, Armored Wolf was founded by Brynjolfsson in 2008 and launched its debut Armored Wolf Alpha Fund in February past year. With the NewAlpha commitment, assets in the fund have now passed \$100 million and the principals have big plans for the fund and the firm.

The business has been set up on an institutional scale – with a high-quality team of 19 people spread across investment management, risk, business management and operations. Brynjolfsson leads a team of five seasoned professionals on the flagship global macro fund itself.

Brynjolfsson was formerly with global bond giant PIMCO for nearly 20 years, initially as a portfolio manager and from 2003 to 2008 as a managing director of the California-based investment firm.

An expert in real assets, he launched and grew PIMCO's real return platform to approximately \$80bn billion in assets under management before leaving in mid-2008. He ran PIMCO's second, third and fourth largest public funds – which included the world's largest commodities fund and two large inflation-linked bond funds.

He is regarded as one of the world's foremost authorities on inflation-linked investing, having written several books on the topic and worked with the US treasury to design the TIPS (Treasury Inflation-Protected Securities) market in 1996.

The Armored Wolf Alpha Fund is a global macro strategy structured to take advantage of macro imbalances created by inflation/deflation – which is emerging as one of the key investment themes arising from the global financial and economic crisis.

The investment team focuses on liquid real asset strategies that are designed to generate attractive absolute and risk-adjusted returns while providing an active hedge against the wealth destruction created by long-term inflationary trends.

The fund performed well in the highly volatile and uncertain macro climate last year, gaining around 6% in a year when a number of other macro strategies came unstuck after a good performance in 2008.

NewAlpha hopes that its involvement will act as a spur to further capital-raising, particularly given the strong reputation and relationships in Europe enjoyed by both NewAlpha and its OFI parent (a \$30 billion investment firm that is owned by two of France's largest insurance groups, Matmut and MACIF, and which was an originally one of the major backer of ADI when it began in 1997).

The firm also believes that its clients will benefit from having direct access to Brynjolfsson, who is widely credited as being one of the foremost thinkers and commentators on inflation trends in the US markets, at a time of widespread uncertainty and unease about the macro-economic landscape.

Run by CEO Antoine Rolland, a former portfolio manager at ADI, and managing director Philippe Paquet, NewAlpha has become established as one of the leading seeders and incubators in the alternative investment space over the last few years – entering into strategic partnerships with 13 early-stage managers and investing a cumulative \$450 million in seed capital since its formation in 2003.

Recent investments have included a \$50 million seeding of Concerto Capital, the US-based corporate credit specialist led by former Wachovia fixed-income and credit chief [Julie Bouhuys](#), and a \$30 million investment in Melchior European, the long/short European equity fund run by former GLG manager [Leonard Charlton](#).

The NewAlpha team believe that the current climate in the hedge fund industry, where even the highest quality new managers are finding it hard to raise assets, will be highly beneficial to its business.

“In the post-crisis world, people need a partner and there is a tremendous opportunity in the seeding business,” said Rolland. “You’ve got more and better talent than ever, but there are fewer seeders and assets are much harder to raise. Two or three years ago we wouldn’t have been able to do a deal like this and we are very excited about the potential to do some very high-quality deals in the present environment.”

To take advantage of the opportunity set, NewAlpha is raising money for its fourth fund of funds that will invest exclusively in incubating and seeding early-stage managers, both in the offshore funds and the growing onshore regulated funds space.

The new fund already has €80 million committed by clients and is looking to raise €200 million within the next three to five months. The aim is to do six deals (of roughly \$30-40 million each) over the next year and a half.