

Higgs Fund to Close

Commodities Redemptions Force Higgs Funds to Close (Financial Times) A wave of investor redemptions from commodities markets has claimed another casualty as start-up hedge fund Higgs Capital Management announced it plans to close.

The London-based commodities fund, named after the “God particle” of physics, was founded in July 2012 by Neal Shear and Jean Bourlot, who long held senior positions at Wall Street banks. A staff of 12 managed about \$250m in assets as of December 1, down from \$340m at Higgs’ peak, people close to the fund said. Higgs’s performance was down about 0.5 per cent in the 11 months to December 1 after a positive debut in 2012.

Higgs joins several commodities funds in shutting their doors this year, including Clive Capital, managed by Chris Levett, and Arbalet Capital, launched in 2012 by Jennifer Fan. Many surviving funds have seen their assets dwindle, reducing management fees.

In a letter to investors, Higgs said: “We have taken this decision based on recent redemptions we have received and general headwinds we face in commodity capital raising. Our lack of capital stability meant that although we could have continued to manage capital into 2014 this would have required a significant reduction in expenses along with a restructuring of the fund.”

Returns from trading in energy, metals and grains have paled next to stock markets this year, while the wild commodity price swings of years past have abated.

Higgs had been included in a fund of

George Stein, managing director of New York-based recruiting firm Commodity Talent



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hedge funds, which farms out money to different managers and commodity trading advisers, and lost assets as investors pulled money from that vehicle, people close to the fund said.

“Bottom line, at the end of the day we couldn’t continue our business model. The lesson of the story is, stable capital is important,” said Mr Shear, who helped build Morgan Stanley’s formidable commodities trading unit starting in the 1980s and later served at Apollo Management and UBS.

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Mr Bourlot was head of agriculture at Morgan Stanley before joining UBS in 2010 to relaunch the Swiss bank's commodities business. He left UBS in late 2011.

The average commodity hedge fund has lost 4.3 per cent in the 11 months ended November, according to a closely watched index compiled by [Newedge](#), suggesting 2013 will bring a third straight full-year decline.

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