Hedge Fund Alert
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After Three-Year Hiatus, Futures Pro Malek Relaunches Operation that Ran $1.25 Billion

After three years out of the investments business, veteran futures manager **Marc Malek** relaunched **Conquest Capital** with a $30 million seed investment for its macro strategy from a large but unidentified U.S. family office.

Following that September relaunch, the firm's assets were expected to reach $60 million this month via additional inflows from the seeder and the firm itself. While Conquest launched with a separate account from the family office, which took an equity stake in the firm, Conquest also is preparing to launch a companion hedge fund.

A letter and other marketing materials sent to prospective investors in November explained that Conquest stopped trading at the midpoint of 2019 following a 2018 redemption by a large Ivy League endowment – one that had redeemed from all of its quantitative managers. That led other large investors to pull their cash from Conquest, which then decided to return all money to investors in June 2019 and seek a new anchor investor.

Four of Conquest's other longtime executives are still with Malek, and the firm hopes to eventually surpass its peak assets of $1.25 billion in 2012. The firm had been running about $600 million in 2018.

The current volatile economic environment works in favor of Malek's macro strategy. So does a very strong investment record that dates to May 1999, when he launched Conquest, then called **Enterprise Asset Management**. The firm's offering, Conquest Quantitative Macro, shows a 13.2% annualized return through November, double that of the S&P 500 Total Return Index over 23-plus years.

But that's not a continuous live record. It includes a "pro forma" return from July 2019 through August 2022, when Malek didn't trade capital. During that time, Conquest shows an annualized paper track record, based on its historical algorithms, of 23.9%, according to **Hedge Fund Alert** calculations – a period in which commodity and macro trading returns tended to be very strong.

Removing the pro forma return shows a still-impressive annualized live return of 10.2% from mid-1999 to mid-2019 and for three months of trading last year. That's over a combined 20 years and five months.

Because Malek's pro forma track record uses paper results from the algorithms it began developing more than 20 years prior, Conquest believes its estimated returns are within 90% to 95%

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of what returns would have been. Investors tend to discount paper track records because of the ease with which managers can cherry-pick back tests that don't hold up once firms begin trading. But Conquest says it hasn't cherry-picked – it used the algorithms it's traded live for years.

All of Conquest's return figures substantially beat the SG CTA index. Beginning in January 2000, that index's annualized return through June 2019 is just 4%. The index's annualized return during the more than three years Conquest wasn't trading is 9.9% and the index fell 0.9% from September through November. Conquest's live trading was up 1.3% from September through November, and it rose and additional 1.6% on a gross basis in December.

Malek also wrote that the pandemic-driven disruptions of 2020 and thereafter significantly hampered Conquest's efforts to relaunch, and that it retained part of the firm's team on a part-time basis as it sought new capital.

A native of Lebanon, Malek also said he used his "newfound free time to work with the US and Lebanese policy makers on finding a solution to Lebanon's fast-deteriorating economic and financial situation."

"As the Covid cloud lifted at the beginning of this year, we redoubled our efforts to get back to our asset management roots and were fortunate to find the right partner with whom to do so," Malek continued.

Conquest Quantitative Macro is intended to be an "all-weather" fund that profits from short-term trading in both risk-on and risk-off markets. It uses four underlying strategies and more than 100 trading models. It also trades in some 30 separate futures markets, including currencies, equity indexes, commodities and fixed income. Conquest is seeking to charge a 2% management fee and 20% of profits.

Over the years, Conquest launched multiple strategies, but the Conquest Quantitative Macro strategy was the firm's first – it launched with $3 million in 1999 – and its largest. The investment program previously was called Conquest Short Term Alpha.

The firm's staff of five is down by just one from 2019. All of those with Malek are longtime Conquest staffers: portfolio managers **Jason Ruspini**, trading director **Michael Gonzales**, vice president of research **Tambe Barsbay** and chief financial and chief operating officer **Harold Feder**. The shortest-tenured of those joined Conquest in 2008.

Before Malek founded the firm, he was at **UBS** as global head of foreign-exchange exotic derivatives and head of proprietary trading for Europe and the Americas. He previously worked at another hedge fund and spent time as an analyst at **Salomon Brothers**.

Conquest marketing materials say Malek introduced the concept of using alternative beta in hedge funds via trend-following commodity trading advisors in 2002. Conquest then launched the first alternative-beta fund with seed capital from **Columbia University**, the materials show.