Conquest eyes $900m restructuring deal
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Conquest Capital is in the process of restructuring its offering as part of a strategic realignment that will see the New York-based CTA focus more on alternative beta.

The firm is in talks with several institutions willing to provide capital and scale for this move, including other hedge funds and FoHFs. Conquest founder and chief executive Marc Malek is also considering a $900m offer from a large family office.

"We realized that the biggest buyers of alt beta products tend to be large endowments and mutual funds, and you need certain scale to get to them," Malek told CTA Intelligence.

"So, we decided to partner up with a firm with bigger capital base and a very well-known name that would allow us to bypass the gatekeepers to present our idea."

Discussions with suitors are still in progress, but a deal is expected within the next one to two months, according to Malek.

As part of this transition, Conquest is cleaning up its line-up of investment vehicles. In July, the systematic manager liquidated the Conquest STAR Ucits fund, a sub-strategy of its flagship Conquest Macro program, which launched on ML Capital's Montlake platform in early 2017 [1].

Conquest plans to maintain seven key strategies with a multi-year track record broken down into three distinct categories: alt beta, alpha and alt beta-alpha hybrid.

"In each one, we have a couple of different products," said Malek. "We use a very modular approach to portfolio building – none of this is pro forma."

Malek, who established Conquest in 1999, was an ardent proponent of the alt beta concept – also referred as alternative risk premia – describing it in research published as early as 2002 which formed the basis of a low-cost product to replicate trend-following CTA programs.

Risk premia has attracted considerable interest from investors [2] in recent years as a cheaper alternative to traditional CTAs, most of which have disappointed with their performance.

The popularity of these strategies has been a boon for major players in the systematic space such as the Man Group [3] and GAM [4] that have seen inflows to risk premia products offset losses from other units.

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