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# PROCTOR IM TAKES EQUITY STAKE IN MANAGED FUTURES FIRM

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**NEW YORK:** $8.5bn private equity investor Proctor Investment Managers has taken a 17.5% equity stake in New York 's Conquest Capital Group, a $380m managed futures manager which also specializes in long -volatility and beta replication strategies, according to Proctor CEO James C Coley II.

Coley declined to comment on the dollar amount, but said Proctor, which provides capital and marketing to both alternative and traditional investment management firms, decided to take an equity stake in Conquest because of the uniqueness of its strategies.

Conquest 's maiden CTA offering, the $100m Conquest Macro Fund, is a short-term trend follower, compared with the others that are long-term trend followers. Coley added that Conquest 's beta replication product, the $250m Conquest Managed Futures Select (MFS) deviates from others because it replicates strategies quantitatively, compared with those that use factor models.

“Conquest has strong proprietary research it has developed through unique models,” Coley said. “As the debate between ‘what is alpha and what is beta’ continues in the hedge fund arena, it is clear that institutional clients will push for greater transparency and understanding of the various options in hedge fund replication. It is our belief that Conquest's differentiated investment process is a superior solution to those seeking these traits over the so called ‘black box ’ index replication models. ”

The Conquest Macro Fund, which has a track record since May 1999, trades 29 FX, fixed -income, equity index, energy and metals markets on a systematic basis. The markets encompass various geographic regions across asset classes, with liquidity being the main focus. The fund’s year-to-date return through May is -7.77%. In 2005 and 2006, it returned 6.95% and 8.04%, respectively net of management and incentive fees.

The Conquest MFS replication strategy consists of 20 breakout strategies ranging from five days to 200 days and applies these systems to 55 different FX, fixed-income, equity index and commodity markets on a systematic basis. Its year-to-date return through May is -0.69%. In 2005 and 2006 it returned -2.29% and 10.94% respectively, net of management and incentive fees.

Marc Malek, managing partner and co-founder of Conquest, said he created a replication strategy due to the request from an Ivy League endowment.

“We started a programme to replicate the managed futures indices that replicates the industry with close to 90% correlation by only charging a 1% management fee, versus the 2/20,” he said. “We are able to provide a much more superior trend -following product than the typical trend -following CTAs.”

The partnership with Conquest is Proctor’s seventh since inception in January 2006, Coley said. It most recently took an equity stake in Explorer Alternative Management LLC, an over $100m New York -based fund of hedge funds that invests in emerging managers.

Coley said the firm expects to complete two to four deals per year, the majority of which will be in alternative investments, and is eyeing partnerships with long/short funds, emerging markets strategies, distressed debt vehicles and fixed -income portfolios.

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