



## ALTERNATIVE MARKET BRIEFING

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### Two activist hedge fund firms join efforts and plan new strategy



Glenn W. Welling

Benedicte Gravrand, Opalesque Geneva: - Two activist hedge fund firms, a new one based in California and another head-quartered in London, announced today they had formed a new partnership. They will join marketing efforts and together launch a global constructive activist strategy. They are Engaged Capital (EC) and Governance for Owners (GO).

The two firms' investment philosophies are aligned: their funds want to generate superior returns by investing in under-valued, small and mid-cap (\$500m. \$8bn), publicly listed companies and work to catalyse change in those companies to create shareholder value. Like most activist funds, they take concentrated, strategic ownership positions and then engage the management and board of directors in an attempt to influence decisions that are meant to raise the companies' value for shareholders.

According to GO, "investment strategies like those of EC and GO, that hold managements and boards accountable to shareholders, have the potential to generate sustainable alpha. The EC and GO partnership brings together teams with best of breed capabilities from the US, Europe and Asia. EC invests in North American companies while GO invests in both European and Japanese equities and has additional capabilities in South East Asia and Australia. Together, EC and GO should be well positioned to offer investors regional or global activist investment approaches that have the potential to help them meet their portfolio objectives."

GO will market EC's funds outside of North America as well as the global activist strategy when it is launched.

"This partnership will enhance our capabilities, our reach, and our offering for investors. I also look forward to welcoming Steve Brown, the Chair of GO's Investment Committee, to our Advisory Board", said Glenn W. Welling, Founder and CIO of EC.

"We have been aware for some time of growing demand both for exposure to North American activist managers and also for global, in addition to, regional equity portfolios," Stephen Cohen, CEO of GO said. "So we wanted to find a U.S. manager as a partner who has the same investment philosophy as GO and a team with the necessary skills and experience. We believe that EC fits perfectly and we are looking forward to working together and having many years of successful cooperation."

[Engaged Capital](#), the California-based firm, got an \$85m seed investment from [Grosvenor](#) Capital Management, a large global alternative investment managers head-quartered in Chicago, when it was founded in September 2012 by Glenn W. Welling, a former Principal and Managing Director at Relational Investors. (See interview of Welling in this [Opalesque Exclusive](#)). Today EC has a fulltime staff of 8 professionals and manages a long-only and long/short North American equity fund.

[Governance for Owners](#) was founded in 2004 to invest across Western Europe, through the European Focus Fund. In 2012, together with Tokio Marine Asset Management, GO launched a Japanese equity fund. GO has operations in Europe and Japan with associates in South East Asia and Australia, 29 staff and \$1.2bn in AuM (as at March 31, 2013).

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