



Hedge Fund Manager of the Year 2018

Heirloom Investment Management (Heirloom) delivers institutional-quality investment solutions to high-net-worth-individuals, small institutions and their respective advisors via a Cayman-domiciled fund and managed accounts. We caught up with CIO Geoff Dover to learn more.



Established in 2015, after spinning-out from a Canadian single family office, Heirloom has an innovative strategy, focusing on allocating capital to investment themes based on attractive long-term trends and market dislocations. This takes advantage of the findings of academic studies that show 90% of an investment portfolio's return is based on top-down allocation, while less than 5% is attributable to individual security selection. **Heirloom's cross-asset, macro-thematic investment strategy has delivered 12.7 annualised returns since 2009.**

"As well as delivering returns across all market cycles (at Heirloom our integrated approach means that risk

management is an inherent part of investment decision making, as opposed to being a secondary process), we also offer instant diversification for most portfolios, with low concentrations across asset classes, geographies, and sectors. Additionally, since our strategy was developed to manage the entire portfolio of a wealthy family, it is suitable to be included as a core position of most investors' portfolios.

"A few things make us fundamentally different from our peers:

1. Innovative strategy – our cross-asset macro-thematic strategy focuses on gaining exposure to long-term, secular trends. By not being siloed into specific asset classes, geographies or sectors, we are free to allocate our capital to the best opportunities available.

2. Risk Management focus – risk management is an inherent part of our investment decision making, as opposed to being a secondary process. Our proprietary "return driver" analysis identifies what factors will cause the return of a security to be positive or negative, which allows us to better understand portfolio exposures and how they will perform in different market environments. The key to risk management is to look into the future, rather than concentrating solely on the past.

3. Nimbleness – by design, we are a boutique investment manager. We are large enough to have quality people and infrastructure, but not so large that we can't react quickly to take advantage of opportunities. We are often in the vanguard of investing in new opportunities, including being early investors into the US real estate recovery, the recovery of asset-backed-securities, renewable energies, private credit, developing markets, and many more.

4. Values – Having evolved from a family office, we exhibit the values of a family firm and consider ourselves independent fiduciaries of client capital. We focus on transparency, alignment, accessibility and excellence, while we eschew asset gathering, fee-gouging, and rigid thinking. In fact, our number one requirement when hiring a new employee or taking on a new investor is that we must like and respect them; we have turned down people that do not match our values."

With regards to the future, Geoff foresees many developments within the hedge fund space that Heirloom is keen to adapt around, as he concludes.

"The year ahead will be exciting for us, as we will expand the distribution of our Heirloom Fund, launch a feeder fund in Canada, and start to offer the Fund in European and Asian

markets. Mid-year we will also launch a more liquid version of our strategy, with slightly increased return targets of 11-13% net, while maintaining our same capital preservation and risk management focus.

Looking forward within the wider hedge fund industry, we see more emphasis being placed on transparency and alignment. With Heirloom, investors have full transparency into how their capital is being allocated and what expenses are being incurred. We are also highly aligned with our investors, as our senior team have 90% of our net worth invested alongside our investors. Finally, we charge reasonable fees, with our flagship Heirloom Fund charging just a 1% management fee and a 10% performance fee versus the standard "2 and 20" structure. Such a solid base should offer us many opportunities to build upon our current success, which we look forward to taking advantage of."



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