

Hedge Fund ALERT

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Booming Fund Closing to Investors

Following another banner year, top-performing hedge fund **North Peak Capital** is expecting to soon close to new investments.

The firm, which produced a 40.8% gain in 2019, is looking to stop accepting capital once it hits \$550 million. With a strong pipeline of potential investors, that goal is likely to be reached in the next few months.

Indeed, some \$50 million of inflows are expected by Feb. 1. Those investments will bring the New York firm's lone fund to about \$450 million, up from just \$120 million at the beginning of 2019. It was running \$389 million on Jan. 1, 2020.

Investors have poured cash into the fund following each year of stellar performance. The North Peak Capital Partners fund was up 31% in 2018, 48.3% in 2017 and 35.8% in 2016. It launched in August of 2015 with just \$1.5 million and was down 23.3% that year.

The early stumble pulls North Peak's annualized return down to a still-outstanding 26.7%. The firm's high return also comes with high volatility, an annualized 22.8%.

The steady gains make North Peak among the highest-performing stock pickers over the last four years. During the same period, the HFRI Equity Hedge (Total) Index has an annualized return of just 4.6%, versus 9.8% for the Russell Midcap Index and 12.5% for the S&P 500 Index.

In North Peak's yearend letter, brothers **Jeremy Kahan** and **Michael Kahan**, both principals, addressed the rationale for shutting off the spigot of outside capital. "We believe that closing is the best way to protect returns and ensure that we can manage your money well without bumping into issues around scalability," they wrote.

To help handle the fund's additional assets, the firm last year hired analyst **Tyler Hall**, who previously worked as a senior associate at **Citadel's Global Equities** group. North Peak also is looking to hire a second analyst. **Melissa Greenberg** handles marketing and investor relations.

The firm manages a long-bias concentrated book of shares in



mid-sized companies, with 10-12 long positions and 8-10 short positions.

Michael Kahan, a former **Onex Corp.** executive, founded North Peak in 2005 with a focus on private equity investing. Jeremy Kahan joined his brother at North Peak in 2015 for the launch of its hedge fund. Formerly a senior associate at **Michael Dell's MSD Capital**, Jeremy Kahan helped form hedge fund firm **Bow Street** in 2011 with backing from **Blackstone**. ❖

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