

Inside \$14 billion Verition's stock-picking build out

Bradley Saacks

- **\$14 billion hedge fund Verition tapped a Balyasny partner to run its long-short unit roughly one year ago.**
- **In that time, Gustav Rydbeck brought on veterans from big-name firms to join his leadership team.**
- **The firm is focusing on maintaining its flexible and collegial culture as it scales.**

Verition is navigating an inflection point that has been a hurdle for many rivals over the years. Success in the hedge fund world leads to more assets and bigger teams, but that growth can dilute and warp the secret sauce that first drove strong returns and culture.

Verition, now \$14 billion with more than 500 investing professionals around the world, has surpassed the head count and AUM checkpoints that previously bedeviled firms like Balyasny, Schonfeld, and Brevan Howard, which all dealt with outflows, layoffs, and poor performance before finding their footing and getting back to winning ways.

As it grew, Verition was deadset on maintaining its collegial and collaborative culture, a pair of firm executives told Business Insider, but also knew they needed to turbocharge their systems and add seasoned leaders to compete with the best in the business.

Gustav Rydbeck, the firm's global head of equity long-short, has been in his role for a little more than a year, and the team he's assembled is the latest example of the firm's evolution: expanding while staying true to itself.

He's brought in people from Point72 and other big-name



VERITION

Gustav Rydbeck leads Verition's long-short equity business.

firms and focused on strengthening and building out the supporting structures that allow portfolio managers to perform their best: analytics and data offerings, training for younger employees, risk management, and technology, with a heavy focus on artificial intelligence implementation. He's also been intentional about leaning into the "team-centric" culture that Verition believes is its differentiator in a competitive talent market.

"Culture is something you have to invest in and reinforce every single day. You also have to be very clear about who you are as a firm," said Josh Goldstein, the firm's president and cofounder, in an interview at the manager's midtown Manhattan offices.

"We don't think in terms of pods," said Goldstein, referring to industry lingo for independent investing teams, "We want to build an environment where people can develop long-term careers."

Hedge funds' new reality

Rydbeck wasn't looking for a new job.

A one-time partner and chief operating officer for Balyasny's equities business, the Miami-based executive was happy in his seat, he recently told Business Insider, but a cold call from Verition's head of business development, Brian Townes, led to more conversations and meetings.

Rydbeck conducted his own reference checks, speaking with connections who had worked for Verition founder Nick Maounis and his right-hand man, Goldstein, and found no one had a negative thing to say about the pair — including people whose roles had once been cut by the manager.

"That's pretty unique for this industry," Rydbeck said.

He's now built a leadership team overseeing analyst development, data science, technology, and portfolio-manager engagement:

- Annie Wang, head of analyst development, formerly of Commonwealth and Point72
- Michele Glatter, head of long-short data science, formerly of Point72
- Jonathan "Jono" Spitzer, head of long-short portfolio manager engagement, formerly of Candlestick Capital, Centerbook Partners, and Balyasny
- Mike Siswanto, head of equity long-short technology, formerly of Millennium-backed Kodai Capital and Citadel
- Carson McFadden, chief operating officer of the stockpicking business, formerly of Balyasny.

To run a sophisticated investing business now means talented traders and curious researchers are table stakes. By Goldstein's estimation, the firm can be "best-in-class in every business we operate," but, in practice, that requires more structures and people than it once did.

Hedge funds, as Business Insider has previously outlined, have shifted away from single-star-dominated firms toward trading behemoths more akin to pre-IPO Goldman Sachs than to George Soros' old firm. Verition's larger competitors, including Izzy Englander's Millennium, Ken Griffin's Citadel, and Steve Cohen's Point72, have dominated industry chatter for years thanks to their aggressive hiring and expansion into new markets and asset classes.

"The evolution of the business required building out a broader leadership team with deep expertise," Goldstein said.

Balancing ambition and camaraderie

While the firm is not actively fundraising from new investors, "to compete effectively, you need a certain level of scale," Goldstein said.

The industry's all-encompassing talent war has squeezed smaller firms and new launches alike, with funds like Eisler Capital, AB's Arya Partners, and Jain Global either closing or planning to return external capital over the last year.

Rydbeck said the firm's collaborative structure has helped



VERITION

Josh Goldstein has been Nick Maounis's right-hand man for decades.

it retain talent as rivals cycle through portfolio managers. More than 90% of the firm's profits over the past decade were generated by teams still at Verition. The firm gained 2.6% through April, compared to 1.3% for the average multistartegy hedge fund, according to the data provider Hedge Fund Research's multi-manager pod shop index.

"High performers are drawn to opportunities for career growth, professional development, and collaboration, and we've been very intentional about building a culture that supports that," he said.

Goldstein, who started his career as a prosecutor in New York, and Maounis still interview each PM personally. Existing members of the investing team often participate in the hiring process for external recruits.

"We're very deliberate about hiring because the wrong fit can be highly disruptive — a weak analyst hire on a PM team can set that business back significantly," Rydbeck said.

The firm has also internalized the lessons from two decades ago, when Maounis' first fund, Amaranth Advisors, blew up due to wrong-way natural gas bets placed by a young trader. Diversification has set the manager apart since Verition launched in 2008, Goldstein said.

The firm's resilience has proven itself through choppy markets, including in the first wave of the pandemic, when Verition preserved capital throughout the first couple of weeks of March while others suffered big losses tied to stock market drops and fixed-income trades.

In other words, Verition has built its systems from hiring to risk management to avoid losses at all costs.

"Running a multi-strategy platform is about much more than investing — you have to build and run a great business," Goldstein said.