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Palmer Square Capital Management

High-Net-Worth Investing for Non High-Net-Worth Investors



Chris Long

They say the rich get richer. Well, of course they do! Their existing wealth buys them access to a class of financial tools and advisors that is simply not available to others. For instance, like many other elite firms,

Palmer Square Capital Management has, since its founding, offered its services only to high-net-worth investors and institutional clients, says President Chris Long.

But that's all about to change. The firm plans to launch a mutual fund version of its alternative investment strategy that will be available to everyone. "We'll be one of the few firms that can provide the average investor with exposure to those top-notch fund managers who have, historically, been unavailable to that market," Long says.

Experience and Access

Palmer Square Capital Management is a registered investment management firm that provides alternative investing options such as hedge funds. Long says one of the biggest advantages his firm can offer clients is its experience. "Before we began allocating capital to hedge fund managers in a manager-of-manager format, our core investment team were all practitioners,"

he says. "We all sat in the fund manager's seat. That gives us an understanding of risk management that is difficult to replicate by someone who hasn't done it."

In addition, Long and his team have, along the way, developed relationships with some of the best minds in the business. Among the firm's principals, there are numerous Ivy League degrees and decades of experience at some of the most highly rated investment firms in the country. "The relationships we've built during



Investment Committee group, left to right: Chris Long, Angie Long and Gary Henson

our careers give us, and our clients, access to a lot of great institutional and hedge fund managers who operate low-volatility strategies uncorrelated with traditional stocks and bonds," says Long.

Best-of-the-Best

In fact, according to Long, great fund managers play a prime role in the unique construction of the portfolios Palmer Square builds for its clients. "We really look for 'best-in-class' managers," he says, "those that pursue a diverse set of investment strategies while keeping absolute returns and downside protections in mind."

As a result of that highly set bar and the firm's desire to avoid unnecessary strategy and position overlap, the firm made the decision years ago to limit the number of managers to whom it will allocate client monies. "Many firms build portfolios with 25 or 30, or even 40, fund managers," Long says. "We choose to be more precise with how we allocate to different hedge fund strategies, more selective of our fund managers, and use not more than 10-15."

Long, the firm's principals and his staff are completely committed to this strategy. In fact, they are collectively among their own largest investors. "We strongly believe in what we do and invest our own capital right alongside our clients," Long says. "We believe you operate and manage risk differently when you have a stake in the game, so we make sure we aren't asking clients to take risks we're not willing to take ourselves." In fact, the firm takes it one step further. "We won't put any money, ours or our clients', into a fund where the fund manager isn't one of the largest investors."

