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## Profit Score Looks To Take Lead With Diversified Hedge Fund

Institutional investors often turn to hedge fund-of-funds or multi-manager long/short equity funds for diversification in their hedge fund portfolios, yet one firm is offering investors the opportunity to achieve that diversification in a separately managed account.

**Profit Score Capital Management**, founded by **John McClure**, uses a technology that allows the firm to take an individually managed account and break it up into separate buckets.

In simplistic terms, the technology allocates 10% of an account each to 10 traders that do not have access to each other's information while providing information on the accounts' exposures at the end of each day.

"Primarily, we have done it to improve the consistency of the return strain. To offer product that is able to mitigate the manager specific risk inside," he explained.



**John McClure**

"Manager specific risk is a real big deal...I would argue it's the biggest risk that anybody faces that invests in a single manager fund," he said, explaining that his fund allows investors to "have your cake and eat it too."

McClure said the portfolio should be attractive not only to investors looking to stick their toe in the absolute return space but are uncomfortable with the limited partnership structure, but also funds-of-funds looking for a unique strategy.

The traders are not employees of the firm and are under contract to manage an allocation of capital, McClure said, adding that all are professional money managers. The difference between Profit Score's portfolio and an LP is that instead of the investor's money being put into a pool, the individually managed account is owned and controlled by each investor.

"Our edge is it is both a combination of talent and technology to leverage and utilize that talent," said McClure, past president and current chairman of the board of the **National Association of Active Investment Managers**.