

D.E. Shaw Hedge Fund to Take New Cash After Market Turmoil

By [Hema Parmar](#)

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- ▶ Existing clients can put more money into firm's flagship
- ▶ It's the first time D.E. Shaw has taken fresh money since 2013

D.E. Shaw & Co. is opening its biggest hedge fund to fresh cash for the first time in seven years as it seeks to capitalize on the most turbulent markets since the financial crisis.

The investment firm is raising at least \$1 billion for the Composite Fund, according to a person familiar with the matter.

A spokesman for D.E. Shaw, which runs more than \$50 billion, declined to comment.

Investors are grappling with violent market swings this month, sparked by fears over the coronavirus pandemic along with an oil price war between Russia and Saudi Arabia. Brent crude fell to below \$30 for the first time since 2016 and the S&P 500 Index has plunged 18% this month. The shifts have rocked the hedge fund industry, which was already struggling to curb client defections and boost returns, but may also present a buying opportunity.

D.E. Shaw is only accepting cash from existing investors, and will take in the capital starting April 1, said the person, who asked not to be named because the details aren't public.

The Composite Fund, which runs over \$13 billion, trades across asset classes, from fixed income to stocks to asset-backed securities.

D.E. Shaw's flagship fund gained 1.3% this year through March 13, the person said, and has posted double-digit gains for the past three years. The firm's more macro-oriented Oculus Fund, which runs \$7 billion, was up 3.1% this year through the first two weeks of March.

This year, D.E. Shaw defied industry trends by ramping up fees for the Composite Fund to 3% of assets and 30% of profits, cementing its standing as one of the pricier funds in the business. The fees were previously 2.5% and 25%.

The firm also plans to collect on \$175 million of the \$1 billion in committed capital it has for its private equity-type fund, the Alkali IV Fund, which invests in loans, securitized products and

other credit instruments, the person said. It's also raising cash for its onshore China Fund, which runs about 1 billion renminbi.

D.E. Shaw was founded in 1988 by computer scientist David Shaw. It's one of the longest-running hedge funds and among the earliest to use complex mathematical models for trading.

Read more: [Hedge-Fund Swagger Sinks Along With Profits and Fees: QuickTake](#)

(Updates to include details on D.E. Shaw's historical performance and fees)

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CL1
WTI Crude
26.96 USD/bbl.  +1.74 +6.90%

SPX
S&P 500
2,409.39 USD  +11.29 +0.47%

CNY
China Renminbi Spot
7.0687 CNY  -0.0395 -0.5557%

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