

JULY 25, 2011, 5:22 PM

Englander Said to Be Looking to Sell Millennium Stake

By **AZAM AHMED**

Ronda Churchill/Bloomberg News Israel Englander, chief of Millennium Management. Israel Englander is in talks to sell a minority stake in his hedge fund, Millennium Management, a move that comes amid a year of strong performance and tremendous asset growth at the 22-year-old firm, according to a person with knowledge of the conversations.

The talks with Foundation Capital Partners, an upstart private equity shop with \$1.5 billion in assets, are continuing and not certain to result in a deal, this person said, speaking on condition of anonymity because the discussions are not public. The stake would be for less than 20 percent of the hedge fund.

Dean Barr, principal at Foundation and a former head of one of Citigroup's hedge fund groups, declined to comment.

Such deals have become increasingly common in the last five years, as hedge funds grow into more robust businesses with steady revenue streams and their aging founders look for ways to cash out or raise and diversify assets. It's unclear why Mr. Englander, a billionaire, is looking to sell a stake in his fund.

If a deal is reached, which remains far from certain, Mr. Englander would join the ranks of a number of other megafunds that have sold off pieces of themselves to investors. Jamie Dinan, the founder of York Capital Management, sold a stake in his hedge fund to Credit Suisse last year. Marc Lasry, who founded Avenue Capital, sold a piece of his multibillion dollar hedge fund to Morgan Stanley in late 2006.

Mr. Englander, a native of Queens, has built Millennium into a hedge fund powerhouse since founding it in 1989. The firm manages about \$11 billion, and has pulled in a staggering \$2 billion of that this year alone. While most hedge funds have been flat or barely up on the year, Millennium has notched gains of 6 percent so far, according to people with knowledge of the firm.

The firm has made money every year except 2008, when it was down about 4 percent, compared with a roughly 19 percent decline for hedge funds broadly.

Millennium operates a platform-type model, where management doles out money to about 110 teams of traders and analysts who invest in a variety of strategies. In that respect, Mr. Englander is less of an investor and more of a talent and business manager,

as his firm's performance relies on his and others ability to hire skilled investors and allocate money to them efficiently.

The talks were earlier reported by [The Wall Street Journal](#).

The move comes as the pace of deals in the hedge fund space are only modestly higher than last year. So far, there have been 17 hedge funds or fund of hedge fund deals announced since the year began, according to Elizabeth Nesvold, a managing partner at Silver Lane Advisers, a boutique investment bank. That's roughly on par with 33 deals in 2010 and up from a low of 16 deals in 2009.

Ms. Nesvold says that the deals this year that have been announced and that are in the pipeline are much more strategic than in the past. That differs from the last few years, she said, when many of the mergers and acquisitions were about survival or private equity shops looking to gather assets before going public.