



LAZARUS RISING:

WHY LAZARUS PRIME SERVICES CONTINUES TO ATTRACT EMERGING ASSET MANAGERS

The prime brokerage needs of emerging asset managers are rapidly evolving as they seek partners who will help them facilitate growth while providing cost efficient, high quality, swift customer service.

“The withdrawal of institutional providers from the prime brokerage market has forced emerging managers to reposition their relationships with their prime services providers, opening up new partnerships with boutique prime brokers such as Lazarus,” outlines Dale Klynhout, Managing Director, Lazarus.

Larger prime brokers often do not offer the calibre of client service nor the operational support and cost efficiency required by emerging managers. This group of managers, unlike larger firms, do not have the resources to hire a dedicated operations team to deal with administrative headaches. This is something boutique prime partners understand.

“Emerging managers require cost efficient processes, outsourced trading desks and operational agility with minimal risk, along with time to ensure consistent growth within

the early cycle of their growth,” Klynhout points out.

According to Nicholas Stotz, Dealing Associate & Risk Analyst, Lazarus, the particular needs of emerging managers are leading to growth and evolution within the prime services industry: “This in turn creates more transparent competitive offerings, exceptional client service and capital introduction opportunities. These are key areas of our product which Lazarus prides itself on.”

A LITANY OF BENEFITS

By working with bespoke prime services providers, emerging asset managers gain “a litany of benefits,” says Ryan Huynh, Trade Analyst, “The boutique business model allows personalised prime brokerage, custody and outsourced trading solutions for emerging managers.”

Firms like Lazarus focus on emerging and mid-market asset managers in their journey to steady growth and profitability. “This is because our client service, reporting systems, leverage and robust risk management frameworks create operational

efficiencies for emerging asset managers,” Huynh details.

Lazarus is operationally leaner compared to the larger prime brokers, allowing fast resolution times to manager requests and queries. This value-add means emerging managers can focus on alpha generating strategies knowing Lazarus has the capabilities to support their firm’s current and future operational requirements.

Klynhout explains how the Lazarus team identified a gap in the market as emerging managers were not receiving the service they deserved: “Being traders by background, we understood the need for instant gratification of emerging managers. We realised they were not being served to the standard we pride ourselves on.”

He goes on to detail how emerging managers generally do not have the revenue turnover requirements and scale to utilise the prime brokerage services of institutional banks. “At Lazarus, we saw this void in the market and decided to specifically tailor solutions for emerging managers creating financial synergies within the emerging manager space. The reason being, that there

LAZARUS CAPITAL PARTNERS

were not many middle-market PBs that were able to provide the global reach and offerings that Lazarus could.

“We utilise total client order flow which reduces our cost base for clients, who then benefit from our prime brokerage and custody solutions at a lower cost. Also, through our bespoke solution model, our focus on the best-in-class technology provides emerging managers a streamlined transition from their legacy tools to efficient operations through our portfolio and risk reporting and administrative services,” Klynhout says.

In addition to valuing long-term client relationships, Lazarus does not impose minimum quantitative barriers to entry like the larger prime brokers; as we focus on due diligence and the risk quality of our clients business. “We understand the client relationship dynamic and Lazarus possesses a robust business model which allows time to take its course,” Klynhout emphasizes, “Building lasting partnerships with our clients is our main goal and we have seen that time, patience and trust leads to financial synergies and exponential growth for both parties.”

SWIFT RESPONSE TIME

Emerging managers face numerous hurdles on their journey to establishing their business, these include direct and overhead costs, barriers to entry and a lack of quality client service. “We understand how hard it is to manage capital. Therefore, we work diligently to enable emerging managers to focus on generating alpha and scaling their business strategies at minimal risk and cost.

“We provide emerging managers the security and knowledge that we will have answers to their questions before they even ask. We take pride in our response time and in the fact that emerging managers can trust and rely on Lazarus to be an integral part of their daily operations, displaying our level of expertise and commitment to our clients,” Huynh maintains.

Klynhout points out that larger PBs tend not to support smaller asset managers due to the level of revenue these firms expect from day one: “While the needs of a start-up asset manager differ from those of a mid-sized firm, Lazarus has the expertise and capabilities to facilitate the growth and evolution of each client no matter where they are in their growth cycle. This includes the coverage and facilitation to move between pure PB, to custody and execution, as this is what this market segment demands of us.”

Lazarus prides itself on the long-standing

relationships it develops across all asset manager types. “This is where the principals or portfolio managers themselves can take direct advantage of leveraging our operational resources and capabilities to support their personal wealth,” Huynh emphasizes, “Whether a client is a fund, family office or wealth manager – Lazarus has the resources to offer our prime services capabilities directly to the portfolio managers running these structures, as they too need to find the time and focus to manage their personal assets.”

FOCUS ON GROWTH

Stotz highlights the importance of risk management in the relationships Lazarus builds with clients: “We work very closely in managing the underlying PB facilities and individual client portfolios in a risk averse manner. By managing risk through multiple prisms, our specialist services allow us to pass on these skills to guide emerging asset managers to carry out their strategies whilst mitigating as much risk as possible.” The firm aims to deliver guidance on executing strategies while keeping risk and cost as low

as possible.

“We are proactively adding new and custom offerings to allow a comprehensive and streamlined experience for emerging managers, ensuring innovative solutions from day one,” Stotz adds, “Backed by best-in-class technology, Lazarus is able to connect with emerging asset managers daily and this personal interaction, customised to meet their individual needs, builds trust and confidence in our reputation which is the core of our offering.” This is evidence of Lazarus’s keen understanding of the complexity of asset management and its ability to deliver prime solutions which meet the evolving demands of emerging asset managers, without the barriers to entry imposed by the larger PBs.

“Given the headwinds facing the active asset management industry, Lazarus views operational efficiency and access to a prime brokerage facility of critical importance for emerging managers as they focus their resources on building a track record and growing their assets under management,” Klynhout concludes. ■



NICHOLAS STOTZ DEALING ASSOCIATE AND RISK ANALYST

Nicholas Stotz started his career as an Investment Research Analyst for a leading private wealth firm in Sydney, analysing all major asset classes including global shares, bonds, real estate and private equity. At Lazarus Capital Partners Nicholas sits on the dealing desk servicing client portfolios, and has leveraged his professional experience in portfolio construction and education in quantitative finance to develop comprehensive risk management tools to help monitor and mitigate business risk.



DALE KLYNHOUT MANAGING DIRECTOR

Dale Klynhout is a Managing Director of Lazarus Capital Partners and is the founder of its prime brokerage business. Dale is actively involved in the management of all aspects of the firm’s operations, risk management, compliance and client development. As the leading member of the investment team, he is responsible for delivering on mandated investment management objectives that generate further value for Lazarus clients.



RYAN HUYNH TRADE ANALYST AT LAZARUS

Ryan Huynh is a Trade Analyst at Lazarus, where he assists the senior dealers and the leadership team with reporting, modelling and management of client portfolios. Ryan also supports the internal business processes for the prime brokerage business, utilising his professional experience in trade reporting to develop models to help optimise internal workflows and risk management frameworks.