

Diamond, in the Rough

Mansard Capital founder Leon Diamond was happily running global macro and multi-asset strategies before a property opportunity caught his eye. He tells CATHY ADAMS how it's going.

Source: Hedge

THE VIEW OUT of Leon Diamond's new office really is pretty damn good. Having just moved out of the Marble Arch Tower off Edgware Road, his hedge fund Mansard Capital has just taken up residence right outside London Bridge station, with the Shard and the News Building (otherwise known as the mini Shard) for company.

It's almost spitting distance from the glass monolith, and positions his fund smack bang in one of the most up-and-coming areas of London right now.

There is a reason for the move, though – and it's not the hidden rooftop café at the top of his new home. Mansard Capital has just unveiled a partnership with Sellar Developments, the property developers behind the iconic Shard, and has since moved into Sellar's office to work side-by-side with the property visionaries.

So what exactly does the partnership entail? "We've set up a joint venture where we are the investment manager and we look to appoint Sellar Developments as the development manager based on the opportunity," Diamond says.

The partnership between the pair of companies has been two years in the making. "We saw there was an opportunity, not only in the UK but in the EU, where lots of banks are having to cut back on commercial property lending.

"It was our vision that to exploit the investment opportunity, we had to work with a property manager that was established and well regarded," he adds.

Essentially, Sellar uses its considerable expertise as a property developer and goes out to scout out the properties – and Mansard provides the debt or equity finance. The focus is mainly London and the Southeast, as "London is one of the epicentres of attracting foreign money and foreign investors".

The pair thrashed out details of the coupling, and started fundraising for the

strategy. "We have £25m of committed capital, and what's exciting for us is that we already have a deal pipeline that will make up around £300m," Diamond says. The first deal they're negotiating is a regeneration scheme in Canada Water, which should net investors anywhere between 12-15% annualised return on equity over four years. Impressive stuff.

The area of Canada Water subscribes to Sellar's notion of rejuvenating an area as a whole – that a potential development area should be in a slightly down-at-heel part of London, which has the potential to become a real social and commercial hub. And Canada Water, equidistant from London Bridge and Canary Wharf, fits that criteria. They're currently in discussions for their second deal, which is a large residential property in Camden.

Diamond has always been interested in property, ever since his days as a green applied science undergraduate in Brisbane. His family background is in development, too, which helped to stoke the initial fires of interest. However, his interest in financial services soon took over, and he found himself moving from Brisbane to Melbourne to work for one of the oldest stockbroking firms in the country. "It's come full circle now," he laughs. "I get to enjoy both sides of the spectrum – real markets, which I've always had a passion for as well as seeing the tangible benefit of your work with the property fund."

After several years working in Melbourne, he "had the itch to look at the world in more of a global view and move

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to London," first becoming employed by Folkes Asset Management in Chelsea.

In true Antipodean style, he soon was off again, this time to New York, where he had his first foray into the hedge fund space, initially as an analyst and then as a principal trader at Porcupine Global Macro. It was a successful strategy – highly commended as one of the best global macro funds in the 2009 Hedge Funds Review European Performance Awards – and led to Diamond realising he could go it alone.

It was then back to London to set up his own strategy. Mansard Capital was set up in August 2010 with John Mortar – who was working at Wadhvani Asset Management at the time – who became the chief executive of the business. It was initially set up as a global macro fund, with Diamond the principal trader and the portfolio manager. The fund, which was seeded with around \$10m from friends and family, meant Diamond was attempting to establish the business and trying to trade the markets both at the same time.

"They were troubled times," he says. "We learned a lot of lessons – like being underfunded in terms of assets is a massive strain on the business. The first two years running Mansard was a very steep learning curve – understanding how to run a business as well as run a fund, which I underestimated going into it."

After those initial choppy few years, Mansard now runs three successful strategies – the Sellar partnership, a global macro strategy and a multi-asset strategy – at an AUM of around \$455m: and that's in over just four years. While Mansard launched as a global macro fund, it's been the multi-asset funds under the Mansard umbrella that have grown most substantially over the past 18 months.

It was founding Mansard that made Diamond realise that he could grab an opportunity in the market to “really break down the barriers of cutting out the middle man” and offering institutional alternative.

products to retail investors. “There’s been a shift of private equity funds and alternative funds basically breaking down their barriers and offering their products via retail- friendly structures into the marketplace. That’s what we are doing,” he says. “We’re one of the smaller players but we’re able to take advantage of our relationships so we’ve been able to develop.”

Diamond also has some more wholesome business interests, in the form of Plenish Cleanse, a cold pressed juice. Diamond – alongside Peter Duben’s Oakley Capital – is a director, and is so enthusiastic about the benefits of drinking it that the small bottles of the

colourful juice are now dotted around his office. (I try a ‘mind body green’ one, stuffed with cucumber, spinach, kale and parsley – it’s cold, refreshing and tastes like a health kick.) “We’re now in Ocado, Whole Foods and Planet Organic, and are going from strength to strength,” he says proudly. Plenish isn’t his first foray into wellbeing, though – Diamond is also a keen kickboxer and deadlifter.

“I’ve always been extreme in my sport,” he admits. “I’ve Thai boxed since I was 14, but I’m getting a bit sick of the bruises that you get from it.” Plus, after a “disastrous” backpacking trip to a Thailand kickboxing camp on Ko Pha Ngan years ago (think huge mosquitoes and having an epidural for the back pain), lifting weights in a hedge fund-friendly Mayfair gym seemed the more attractive proposition.

Well, if the property development fund doesn’t work out...