

# Pvt. Equity Firm To Chase Institutions



Ron Biscardi

Context Capital Partners is seeking to make its mark in the institutional marketplace. It's difficult to raise \$200-300 million or more for a fund with just high-net-worth limited partners, said Ron Biscardi, managing director and co-founder.

Context has raised \$300 million across three strategies: the *Context BH Equity Fund LP*, which invests in small community banks, the *Context RV Conversion Fund LP*, which is creating condo-recreational vehicle parks, and the *Titan Loan Investment Fund*, dedicated to distressed U.S. real estate loans. Biscardi said the distressed real estate market should continue to perform well after the subprime crash, while community banks look lucrative as several Wall Street banks struggle. Context signs deals with private equity managers as a co-GP and handles packaging, fundraising, legal, tax and audit elements.

The firm has developed a way to calculate alpha in private equity by creating a synthetic hedge against each strategy. The return on comparable public markets is subtracted from a private equity fund's performance to determine value added. A media fund that had a top quartile track record when evaluated on a vintage benchmark basis, dropped to bottom quartile using Context's analysis. Private equity "is so opaque in terms of the data that alpha has been disregarded," Biscardi said.

Biscardi and Partner Billy Charlton have been attending conferences and meeting with pension plans, nonprofits and consultants to get the word out about their process. James Maloney, a trustee from the \$4 billion Chicago Policemen's Annuity & Benefit Fund, has met with Context and was impressed with the firm's process. He introduced Context to his fund's consultant, Ennis Knupp + Associates. Maloney hopes that Chicago Police will make a commitment to Context soon as it raises its private equity target to 7% from 5% (MML, 1/30).