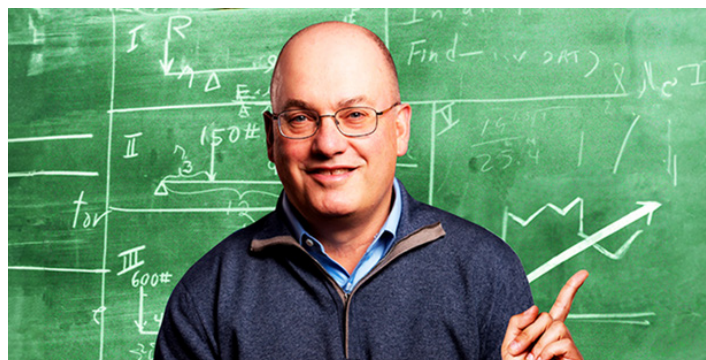


Inside Point72's boot camp for developing all-star portfolio managers, where Steve Cohen is known to grill up-and-comers who think they're ready for the big time

Michelle Abrego

- Point72's LaunchPoint is the hedge fund's incubator for top analysts ramping up to run money.
- The program provides a pipeline of new long/short portfolio managers for billionaire Steve Cohen's fund.
- Point72's CIO Harry Schwefel and Jon Weiner, head of LaunchPoint, explain how it works.



POINT72; GETTY IMAGES; ALYSSA POWELL/INSIDER

Once a year, billionaire Steve Cohen, one of the world's most successful investors, grills a group of senior analysts who hope to soon run a piece of his \$30.6 billion hedge fund, Point72.

The budding portfolio managers lay out their biggest goals and ambitions, and Cohen gives his views on whether they will work or not. The pitch session is meant to push them out of their comfort zone, Harry Schwefel, Point72's co-chief investment officer, told Insider.

They ask questions like, "How are you going to get there? What are the building blocks?" Schwefel said. "It creates a great forum for Steve to dig into those building blocks to give his own view on things he's seen work and things that haven't worked."

The exercise is part of Point72's program for emerging long/short equity investors, LaunchPoint. It takes on internal

and external senior analysts looking to take the next step and run their own book.

It's a chance for Cohen to share his wisdom and draw on his nearly 40 years of experience. The billionaire opened Point72 in 2014 as a family office after his previous firm, SAC Capital, pleaded guilty to securities fraud tied to allegations of systemic insider trading.

Point72 is a pioneer in developing investor talent; the multi-manager has been running LaunchPoint, previously known as Nines, since 2012. It also runs the Point72 Academy, a 10-month boot camp for college graduates looking to become investment analysts.

LaunchPoint is an incubator, a training ground for promising analysts to build a team and test their strategies through mock portfolios with the support of Jon Weiner, the head of LaunchPoint and a longtime healthcare PM, and his team. They remain in the program for the first year they manage real client money. Point72 declined to disclose how much money these PMs are seeded with.

A pipeline of new managers is handy in times like these, when the world's biggest hedge fund managers are deploy-



PHOTOS COURTESY OF POINT72

Jon Weiner leads Point72 LaunchPoint, the firm's emerging portfolio manager program.

ing more money and perks to hire top traders. To find long/short talent—investors that own some stocks in hopes their prices will rise and others short, hoping their prices will fall—it's becoming increasingly difficult.

“In my day to day, a good long/short manager is an endangered species,” said John Pierson, head of portfolio manager search firm P2 Investments. “Not that they're going away, but to survive in a market-neutral mode, you have to learn to time the market—to tilt—it's a very hard thing to be good at. And if you're good, they're going to move heaven and earth to get you on their side.”

And just as Cohen has flexed his billions to build up the roster for his New York Mets, Point72 is involved in the current hedge fund hiring spree.

“We believe that it's important to be incredibly active in the external talent market, but also to not leave things to chance, not leave things to the ebbing and flowing of supply and demand and cyclicalities and instead develop it ourselves,” Schwefel said.

If the hunt for hedge fund talent resembles bidding wars for star athletes, then Point72's LaunchPoint is its feeder team.

In a press conference after buying the New York Mets in

2020, Cohen said: “We're going to build a process that produces great teams year in and year out. You build champions. You don't buy them.”

Weiner said: “We're taking the same approach here, which is we're not just buying PMs, we're building them internally.”

And they've benefited from setting investors up in-house. More than 70 long/short managers have launched through LaunchPoint since it started in 2012, and 75% of those are still at Point72. They make up 50% of the firm's 100 long/short managers. The firm has about 175 PMs globally.

Inside the incubator that produces Point72's next long/short stars

Becoming a PM at a multi-manager like Point72 can be daunting: You're handed a significant level of autonomy to run your team and make investment decisions. There are often specific risk parameters and a set amount their strategy can lose before getting the ax.

For Point72, LaunchPoint was created with the idea that it can take two to three years to figure out how to be a PM.

“Sometimes the mistakes happen before they've even launched capital because of how Jon's team runs their process,” Schwefel said. “Sometimes it happens after they've launched, but we're not subjecting them to binary outcomes with drawdowns in those early years because they're figuring it out.”

Point72 helps PMs with startup costs and infrastructure builds, finding the proper research tools, and analyst talent. Weiner and his team, Nick Shivers and Ariel Herman, help



Point72 Co-Chief Investment Officer Harry Schwefel.

facilitate the build-out of models and data, “anything that basically gives you a nudge, helps you make decisions.”

“We saw that preparation really influenced the long-term success of new PMs,” Weiner said.

The program currently has 21 candidates, but it fluctuates as people join or roll off. The candidates are typically split between Point72 senior analysts ready to take the plunge and senior analysts from single-manager hedge funds or their rivals who make it through the firm’s intricate hiring process.

The candidates come forward with detailed business plans and spend months fine-tuning their investing approach with a paper book that stimulates their portfolio without putting any money at risk.

There is no set time frame before they go live; Weiner said it could vary between six and 15 months. They launch once PMs have their team, infrastructure, and other necessary tools set, and they’ve shown signs of success.

“We don’t just hand the manual to new PMs and say, ‘This is how to be a PM.’ It’s very customized. We’re underwriting their business, and we want to help it evolve,” Weiner said.

Griffin Newman, who joined Point72 from Brigade Capital Management in 2015 as an analyst, knew he wanted to evolve into a manager at the firm and made that goal known in the hiring process.

After four years of working under another PM, he hit a point where he felt ready. He worked on his business plan for about eight months, getting feedback from his colleagues along the way, ahead of joining LaunchPoint.

“Places will use the carrot of big dollars that you can manage as a way to get it in there, which I think is just very risky,” said Newman, referring to other multi-managers. “I think that the benefit here as you go and do it on a paper book with people monitoring and your dollars scale up in a measured way, it just really ensures your probability of success instead of being thrown totally into the deep end.”

Newman, who started the program in 2019, took about a year to start running his book, which meant he launched during the pandemic. His focus is airplanes and aviation and the sectors that touch that, including industrials, consumers, and tech.

“The scary thing is you’re now in charge, and so you’re going into a new role where you’re managing money, and you have a team of analysts looking up to you to be the point person, making your own decisions when you haven’t done it before,” Newman said. “And I got to try that into a pandemic, a travel aviation person.”

He was lucky to be able to pick up the phone and call Weiner and other PMs for guidance. He said he still hears Weiner in his head “every single day” regarding lessons he learned during the program.

“They’re phenomenal at finding your weaknesses or areas that you could be adjusting,” he said.

How seasoned managers open up to help

Weiner was a day-one employee at SAC Advisors. He spent over 25 years as a healthcare PM and personally developed several analysts who went on to run their own money.

In 2019, he decided to hand over his team to one of those analysts, Ryan Wilder, who recently left the firm to launch his own healthcare fund, according to Bloomberg.

“It was my time to move on and do something else,” Weiner said. “And this was just a great next step for me where I could still be part of a firm I grew up in and give back and help the next generation of talent.”

Weiner took over in 2020 and rebranded the program from Nines—a 10 would mean a person is entirely ready to be a PM—to LaunchPoint to reflect better what it did.

Including the annual goal pitching session with Cohen—which is typically followed by a dinner with him, Weiner has made mentorship core to what he does, from setting up coffees with PMs and candidates in the same sectors to inviting managers to host fireside chats where they talk about their struggles when starting out.

One such common struggle is team management. Weiner and his team work on communication and encourage conversations with PMs who had issues with their team early on.

“A lot of the PMs go to a place of vulnerability where they really share some of the real challenges that they had,” Weiner said. “The hope is really that our new PMs can learn from them, and hopefully avoid them, but if they encounter them, they realize, ‘hey, this is not just unique to me.’”