



Blackwells to take in outside capital after record year start

Activist Insight

9 April 2020

Blackwells Capital has disclosed plans to open itself to outside funds after gaining 20% in the first three months of the year. The activist investment firm managed by Jason Aintabi outperformed larger and better-known activist investors in what has been a complicated first quarter for activist funds.

Blackwells returned 10% in March alone, according to data seen by Reuters, beating the likes of Third Point Partners, Sachem Head Capital Management, Trian Partners, which all suffered from the market rout caused by the COVID-19 pandemic. However, Bill Ackman's Pershing Square Capital Management narrowly surpassed Blackwells with an 11.1% return for March.

Blackwells owes its performance to short bets on discretionary stocks, including travel, leisure, and retail. It also won from long positions such as Cogent Communications, which rose 24% in the first quarter as worldwide lockdowns made internet traffic surge.

Founded in 2016 by Aintabi, a member of a wealthy Canadian family with real estate interests throughout the world, Blackwells is preparing to convert into a hedge fund and take in capital from outside investors for the first time, according to people familiar with the matter.

Blackwells just recently ended a monthslong fight with Colony Capital, seating its fourth representative on the real estate investment firm's board. Despite landing this win, Colony was a detractor for Blackwells as it plunged 61% in the first quarter.

Last year, Blackwells made a 50% profit on its Amber Road position after the trade management software provider sold itself to E2open for \$425 million. The activist had previously agitated for changes.