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Why Chicago's wealthy are into this little hedge fund

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By Lynne Marek

It's not easy to launch a hedge fund, but in Chicago it helps if you have names like Duchossois, Canning and Hull pulling for you.

Probably it helps, too, if you have a boot-strapper's back story: African-American kid grows up in a tough Milwaukee neighborhood, makes his way to a private college and a job in finance, only to have the firm founder and leave him jobless.

This is all to explain how William Heard (at left) today is founder, CEO and chief investment officer of Heard Capital LLC. He has attracted \$17 million in investments so far. That's not much for a three-year-old hedge fund. And with nearly as many hedge funds liquidating as launching last year, he's picked an unforgiving business that may yet overwhelm a novice like him. But at just 31, Mr. Heard, trim as a high school sprinter, already [pals with some of Chicago's wealthiest](#) movers and shakers.

"I thought, 'What the heck, if I lose money, it won't be because he didn't try,' but I don't think I'm going to lose money," says investor John Canning Jr., chairman of Chicago-based Madison Dearborn Partners LLC.

Mr. Heard knew so few people when he landed in Chicago in 2010 that he turned to the Chicagoland Chamber of Commerce as a tip sheet for calls. "I didn't have the political capital nor the last name to matter to a lot of people," he says in an interview in the River North offices of Ronin Capital LLC, which provides him workspace.

Still, after reaching out to **Leslie Anderson**, regional head of business banking at BMO Harris Bank, and Eric Reeves, general counsel of Duchossois Group, they became early supporters, he says.

"I was impressed with his approach, his demeanor and his communication skills," says Craig Duchossois, CEO of the Elmhurst-based, **family-held conglomerate**. He says he provided an investment that was meaningful to Mr. Heard's fund, though "modest" by his family's billionaire standards.

A big break came when a Milwaukee contact put Mr. Heard in touch with Mr. Canning, who agreed to meet with the then 20-something Marquette University graduate. Assuming he wanted a job at his Chicago-based private-equity firm, Mr. Canning was pleasantly surprised when Mr. Heard instead asked for advice on starting a hedge-fund business.

Mr. Canning, in turn, introduced Mr. Heard to OCA Ventures CEO Jim Dugan and Chicago billionaire **Penny Pritzker**, before she became U.S. commerce secretary. Mr. Heard and a spokeswoman for Ms. Pritzker decline to comment on whether she has invested in his fund.

Mr. Dugan, who evaluates young entrepreneurs for a living at his Chicago venture-capital firm, was won over after visiting Mr. Heard at home and jawboning for two hours about everything from capital markets to their experiences as student athletes. He agreed to invest with Mr. Heard and become a minority owner in his business.

"I want him to succeed because I see how hard he works," Mr. Dugan says. "I admire his creativity and ambition, and it reminds me, in some respects, of myself when I was launching OCA."

Unlike Mr. Dugan, Mr. Heard had a rough start. He got into a good elementary school only because his cleaning lady grandmother used her employer's address instead of the family's—a move, according to Mr. Heard, that the employer countenanced. At age 14, he landed his first job. Alongside his father, he dug post holes for residential decks, starting at 4:30 a.m. most days.

"Lots of love and not necessarily enough resources at times," is how Mr. Heard describes his childhood. While at Marquette, he earned scholarships, including one that sent him to Merrill Lynch on Wall Street one summer.

Graduating with a bachelor's degree in finance in 2005, he took a job at Stark Investments LP as an analyst. When the Milwaukee hedge fund **suffered steep losses** in the 2008 financial crisis, Mr. Heard

lost his job. With Mr. Dugan's support, Mr. Heard made his way to **Ronin Capital LLC**, a Chicago high-speed trading firm owned by John Stafford III and his father, John Stafford Jr. After meeting Mr. Heard, the Staffords offered \$10 million in seed capital to launch Heard Capital in 2011. While the younger Mr. Stafford likes Mr. Heard's "deep-dive analysis" of investments, it's his in-early-and-out-late work ethic and integrity that made an impression. "He's got character," Mr. Stafford says. "There's a lot of people you want to give your money to based on their alpha, but there's not a lot of people you want to give your money to based on their alpha and their character."

Heard Capital's main fund takes long and short positions in six sectors: industrials, energy, telecommunications, media, technology and financials. Mr. Heard analyzes everything from free cash flow to the competitive landscape, investing in 25 to 35 companies at a time. Then he waits. It's a "long-term, concentrated portfolio in names that we know intimately," Mr. Heard says. The Staffords also connected Mr. Heard with another wealthy Chicago firm, Ketchum Trading LLC, a unit of Hull Investments LLC led by former U.S. Senate candidate and trader **Blair Hull**. The Hull firm was an early investor but recently exited for its own regulatory reasons, says Jim Loda, a Hull executive. Still, it made money on the yearlong investment and hopes to reinvest later, he says. Mr. Canning also is pleased with Mr. Heard's results. For now, his Heard Capital investment is performing better than most of his eight other hedge-fund investments, he says.

For further details, please contact:

Katherine Roti

Associate - Media Relations

Heard Capital

Tel: 312.244.5026

Email: info@heardcapital.com

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