

Hedge Fund Alert

THE WEEKLY UPDATE ON FUND MANAGEMENT INTELLIGENCE

Growing Apis Rides Under-the-Radar Picks, Non-US Stocks for 27% Gain in First-Half

Global small- and mid-cap investor **Apis Capital** has engineered a wave of outperformance as it hunts for companies outside the focus of many of its larger hedge fund competitors.

Apis, whose assets have risen to about \$800 million from \$200 million in 2020, saw its long/short equity flagship fund rise 27.6% in the first half of this year – roughly three to four times more than its index – as stocks outside the U.S. from January through March had their best quarter compared to the S&P 500 Index since 2009. The flagship rose 10.9% just in June.

The New York firm's \$600 million fund, also called Apis Capital, which launched in 2004 and has an annualized return of just over 11%, isn't the firm's only big success this year. A microcap-focused version of its flagship offering, the \$110 million Apis Global Deep Value, was up 21.3%, and a \$60 million long-only product called Apis Global Discovery Fund was up 23.7%.

By comparison, the global MSCI ACWI Index was up 10% in the first half of 2025, the S&P 500 Index was up 6.2% and the small- and mid-cap-focused MSCI ACWI SMID Cap Index was up 9.9% – even while the volatility in Apis' two long/short funds was substantially less.

The firm presents itself as an alternative to hedge funds that aim for much larger stocks and a much heavier focus on U.S. equities. The flagship offering has a capacity of more than \$1 billion, while Deep Value has a \$200 million capacity.

Much of Apis' asset growth – the firm's now running its peak assets since its flagship fund launched – has come

from institutional players looking to diversify their long/short hedge fund portfolios. The firm's investor base includes endowments, foundations, outsourced chief investment officer firms, wealth-management businesses and family offices.

In contrast to many of Apis' competitors, the firm selects from a pool of 15,000 investable smaller stocks worldwide. Its flagship's portfolio has a median market capitalization of \$3 billion, even as it aims to make its portfolio liquid enough for its institutional investors. About 40% of the fund's assets are in North American stocks, another 40% are in Asia and about 20% are in Europe.

The firm targets companies in four broad sectors: technology, healthcare, industrial and consumer. But it also hunts among specific subsectors and themes.

For instance, the firm has done especially well with defense-related stocks in Korea and elsewhere as those companies respond to orders from European countries looking to up their own military spending in response to Russia's continuing war with Ukraine.

The firm has also benefited from a global push toward electricity infrastructure improvements, including in the United States' own underinvested electric power grid. This is even as the U.S. government reduces its support of the electric car industry and as parts of the world prepare for a huge increase in power-hungry artificial-intelligence data centers.

The firm's portfolio manager is **Daniel Barker**, who was a portfolio manager at **J&W Seligman** and **GE Asset Management** before he set up Apis in 2004. Working with him as a fellow managing partner of the firm and its director of research is **Eric Almeraz**, who previously was an analyst at J&W Seligman. Apis marketing is handled by **Will Dombrowski**.

Apis launched its Deep Value fund in 2005 – it has an annualized return of about 13% – and it launched its long-only program in 2020. That has an annualized return of about 16%. ■