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30 Percent? That's Chutzpah, Even For a Hedge Fund

APRIL 4, 2006, 2:16 PM

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Timothy Sykes parlayed his bar mitzvah money into a successful New York-based hedge fund, all before reaching the age of 25. But the fund prodigy still has a few things to learn.

In its HFN Daily Report, HedgeFund.net writes that Mr. Sykes had been charging a 30 percent performance fee on his **Cilantro Fund** — which, given the industry standard is 20 percent, takes a certain degree of nerve. As of April 1, however, he has dropped the fee to 20 percent, a move he hopes will help him expand his \$3 million fund to the \$5 million-to-\$10 million range, according to HFN Daily. The short-biased Cilantro Fund has returned 7.72 percent so far in 2006, according to Mr. Sykes.

Cilantro Fund was also featured in a recent BusinessWeek article on unconventional hedge fund managers, a category that includes former Minnesota Viking Rick Fenney. Below, an excerpt on how Cilantro got its start:

He began with \$100,000 from his parents and \$900,000 of his own money. Sykes says he amassed his share from successful day trading during high school and college, having started at age 17 with \$12,415 saved from bar mitzvah gifts. Trading, he says, "is basically like a video game for me."

[Go to HedgeFund.net »](#)

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6 comments so far...

1. April 4th, 2006 11:56 pm

Yeah right he turned \$12000 into \$900000 via day trading. Sure. I bet.
— Posted by Rich
2. April 5th, 2006 12:30 am

If he started at 17 with \$12,415 and had \$900,000 eight years later at 25 then he would have approximately a 71% yearly rate of return.

Even assuming he can keep up with his 7.72% 2006 first quarter return his hedge fund will only return 31% this year. A great return (almost as good as the returns from REIT, EAFE, Emerging Market, Energy, or Precious Metal Mutual Index Funds) but it pales compared to his glory days in high school.

— Posted by Rich
3. April 8th, 2006 8:20 am

12k to 900k isnt a big feat during the day. But since then his returns have been just mediocre.

2003 15.42%
2004 20.36%
2005 23.56%
ytd 7.72%



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Cilantro Fund Partners, LP gained an estimated 2.70%, net of fees, for March 2006 on assets of \$2.91 million to achieve an estimated year-to-date return of 7.72%, net of fees. March 2006
 Cilantro Fund 2.70% 7.72%
 DJIA 1.05% 3.66%
 S&P 500 1.25% 3.73%
 NASDAQ 2.56% 6.10%
 Russell 2000 4.72% 13.66%

The continuous rallying of the major markets and the especially impressive strength of the small cap and micro cap markets created dozens of situations of euphoria that Cilantro Fund profited from. Every sector is participating in this rally and it is getting very difficult to find weakness anywhere. This bullish backdrop is perfect for creating the hype and mania that we look to short into. Time and time again, many failing companies' stock prices get swept up in the drunken bullishness of the marketplace. The time to short is when a flawed company's stock price has risen exponentially in a short time period because the price tends to fall just as quickly and dramatically when sobriety sets in. Our incentive fee will drop to 20%, from 30% as of April 1st, 2006. This is a reward for our valued investors and will bring us in line with the industry. The move should also help attract new investors in order to get to the target \$8-\$10 million asset range. We calculate this figure to be the ideal risk to reward point for our investors under our current setup and prevailing market conditions. Our one long-term position in Cygnus eTransactions (OTC:CYGT) was particularly quiet this month as they gear up for their busy season in handling the ticketing needs of their major theme park clients, Hershey and Cedar Fair. In addition, Cygnus' next generation technology will be in use for the inaugural Ginn Open in late April. This will be Cygnus' first golfing event and it will be interesting to see if the probable success of the event will lead to greater market penetration for Cygnus's technology.

— Posted by dave

4. April 8th, 2006 8:40 am

As sykes boasts his long term investment thesis in CYGT <http://www.stocksontheweb.com/44848.pdf>

The company has no financial statements. "The financial statements have not yet been audited, and detailed financial information is not available."

According to the report the co has 24k in cash

I wonder how big CYGT is in his p

— Posted by dave

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5. April 21st, 2006 12:41 am

I'm long on CYGT as well. They did publish financial reports for the quarter ending 9/30/2005 which shows revenue of 1.1 Million and net loss of only 155k.

https://www.otcstockinfo.com/repository/653712/653712_F R6.pdf

Here is my uneducated analysis as well...

<http://www.urbitasmedia.com/content.php?id=7>

— Posted by Adam Parish

6. April 21st, 2006 12:44 am

As stated in a comment from above. This weekend is the Ginn Open which is an official LPGA event. Cygnus technology is running on-line ticket sales and the volunteer/event management.

http://www.ginnopen.com/index_flash.html

— Posted by Adam Parish

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Name *Required*

E-mail *Required (will not be published)*

Comment

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