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# Lawrence man turns hobby into \$4M hedge fund

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What began as a hobby for Jes Santaularia has turned into a \$4 million hedge fund based in Lawrence.

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For years, the former accountant and real estate developer traded options and various securities with his and a few friends' money. The returns were strong enough to drive Santaularia and his son, Charlie, to start [Parrot Trading Partners LLC](#), a commodity pool fund dealing in market-neutral options strategies, in April 2004.

"I decided if I was successful with my own money and a few others', then I might as well form a pool and see if the world wanted to trade alongside me," Jes Santaularia said.

Since opening 20 months ago, Parrot's total assets have increased from \$500,000 to about \$4 million today, including \$1 million belonging to an institutional investor that Jes Santaularia declined to identify. As of Nov. 21, the fund had generated a year-to-

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date return of 10.77 percent, compared with the S&P 500 Index's 1.05 percent for the same period.

About one-third of Parrot's assets, as of Sept. 30, was Santaularia's money, according to the fund's private offering memorandum. Parrot charges investors a 2 percent management fee, plus 20 percent of the profits. A minimum investment in the fund is \$50,000.

Parrot's hedge strategy consists of buying and selling puts and calls on S&P contracts for future months that essentially offset one another

but expire at different times. The fund's goal is to achieve an average return of 1 percent to 3 percent each month, whether the market is up or down.

Tom Flannigan, a retired administrator for Kansas City law firm [McAnany Van Cleave & Phillips PA](#), has watched the \$200,000 he put into Parrot in April 2004 increase by about 20 percent. The fund's investment strategy, he said, tends to post higher returns when the market is flat or down. Flannigan, who has known Santaularia since the early 1980s, said the Parrot investment is just a small portion of his total portfolio.

"It's not for the faint of heart because it swings from 5 to 6 percent a month," he said. "It's a long-term investment."

Santaularia's goal is to double the fund's size each year and eventually reach \$100 million in managed assets. What began as a friends-and-family venture has attracted new investors through road show presentations and word of mouth, Charlie Santaularia said.

"We try to grow our name and get it out there," he said. "Someone's going to notice and drop a significant portion in."

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