



HEDGEYE CAPITAL ALLOCATION

An Introduction to **Capital Allocation** @ Hedgeye

Ends and Means. **Capital Allocation (CA)** is a premium service that aims to help institutional investors and asset owners deploy capital effectively and efficiently. As noted at page 2, the service comprises multiple elements, including regularly updated **Dashboards** consisting of two distinctive deliverables crafted specifically for stewards of long horizon investment programs. Illustrative contents of Capital Allocation’s Dashboard are also available to view in the Data Room. Each Dashboard consists of the following elements:

- (1) **Return Prospects (RPs)** for 70+ asset classes and sub-classes over horizons germane to long horizon investing
- (2) **Model Portfolios** reflecting such **RPs** plus clearly articulated drawdown and turnover constraints

More For Less. As noted by **CA** Managing Director [David Salem](#) in a conversation with Hedgeye CEO Keith McCullough posted [here](#), investment pros choosing to retain rather than delegate responsibility for macro analysis are generally making their jobs unnecessarily difficult. By delegating such work to Hedgeye—a research provider meeting fully the demanding criteria outlined at page 3—allocators can obtain better information at lower cost. Whether they put such information to effective use in a repeatable manner is a separate question or rather challenge—one that **CA** seeks to help subscribers overcome.

Select Audience. **CA** subscribers comprise primarily allocators managing long-term capital in a globally diversified manner, supplemented by other investment pros and asset owners seeking enhanced macro awareness and actionable investment ideas. Given the breadth of sector-specific as well as macro research generated by Hedgeye, **CA** subscriptions can be especially cost-effective for (a) asset owners engaged in direct or co-investment in individual companies or properties and (b) investment managers whose “bottom up” investment processes inhibit routine and rigorous analysis of the larger macro environment.

Bespoke Tailoring. Hedgeye’s delivery of **CA** is governed by a customizable contract with each subscriber entailing a specified number of log-ins and a fee pegged to each subscriber’s choice among three service tiers plus other variables Hedgeye sales pros are pleased to discuss upon request (Sales@Hedgeye.com).

Tier 1	CA with Sector Access & Consults
Tier 2	CA with CA -only Consults
Tier 3	CA without Consults (Read-Only)

Capital Allocation Elements

Green = for Tier 1 subscribers only
Purple = for Tier 1 & Tier 2 subscribers only
Black = for all CA subscribers

Element	When	What
Interactive Consultations		
• Consult CA Team	On-demand	Three 60-minute consults per quarter
• Consult Other Sector Teams	On-demand	Three 45-minute consults per quarter *
• Sector-Specific Black Books	On-demand	Three such books of a subscriber's choosing per quarter *
• Consult CA Team	On-demand	One 60-minute consult per quarter
E-Mailed Publications		
• Top Three Things	Daily	Early morning (ET) callout of noteworthy phenomena
• Sector Tracker	Daily	Noteworthy return & volatility data for multiple asset classes
• Risk Range™ Signals	Daily	Trade ranges & Trend levels for widely held exposures
• Early Look	Daily	Commentary on evolving economic & market conditions
• Sales Notes	Daily	Key takeaways from The Call & prior day's research notes
• The Morning Shift	Daily	Callouts on notable macro developments & ETF Pro re-ranks
• ETF Pro	Weekly	Opportunities & perils in a large & diverse universe of ETFs
• Long/Short Ideas	Weekly	Stock-specific recommendations from Hedgeye sector teams
• Dashboards	2+ per month	See illustrative contents at page 4
• Musings	4+ per month	Facts and opinions germane to long-term investing
• Macro Themes	Quarterly	Flagship macro service; updated every six weeks
On-Demand Videos		
• The Call @ Hedgeye	Daily	60-minute webcast featuring Hedgeye sector specialists
• The Macro Show	Daily	30-minute update on the global economy & markets
• Macro Themes & Updates	Every six weeks	One hour video discussions of evolving Macro Themes
• Policy Calls	4+ per quarter	Episodic calls on Macro, Housing & TMT policy developments

Suggested Selection Criteria for Investment Research Providers

Invert. Most search criteria comprise coveted attributes only—like the specs for Yale’s presidential search circa 1950 that caused one alum to quip, “I didn’t know God was a Yale man.” The wiser course when conducting searches is to apply negative as well as positive screens, *in that order.*, negative screens typically taking less time to apply than positive ones. David Salem did just this when using the criteria below to choose a primary research provider to boost his effectiveness as a CIO, forging a close relationship with Hedgeye that led ultimately to his hiring to build **Capital Allocation**.

Disqualifying Attributes

- Advertising-driven revenue model
- Unable or unwilling to provide complete time-stamped record of past work

Unfavorable Attributes

- Emphasis on narratives as distinct from data
- Embodies specific return forecasts or price targets for assets being analyzed

Favorable Attributes

- Bayesian commitment to updating research ASAP after new data arrive
- Presumes economy and markets are complex (chaotic) systems
- Proven capacity to withstand short-term performance pressures

Essential Attributes

- Multi-factor, multi-duration analyses based solely on reported data
- Focus on rates of change (vs. levels) in macro variables being tracked
- Asset price changes trump fundamentals when crafting actionable ideas

Capsule Bio for David Salem

Prior to joining Hedgeye in early 2023 as its inaugural Managing Director of **Capital Allocation**, David served as founding President and Chief Investment Officer of The Investment Fund for Foundations (TIFF) and as a partner at GMO, working closely with Jeremy Grantham on investment solutions for large institutional funds.

David received a JD *cum laude* from Harvard Law School and an MBA with high distinction from Harvard Business School, where he was elected a Baker Scholar. A member of the District of Columbia Bar since earning his JD, David has held adjunct faculty positions at Middlebury College, from which he earned his undergraduate degree *summa cum laude*, and the University of Virginia, and served in the White House Counsel’s office while enrolled at Harvard.

David’s speaking schedule has included talks at numerous colleges and universities, including Dartmouth, Duke, Harvard, MIT, Middlebury, Northwestern, and Oxford, and at conferences organized by the Association of Governing Boards, the CFA Institute, the Council on Foundations, the Foundation Financial Officers Group, the London Business School and NACUBO among other organizations.

David’s extensive volunteer labors have included service as a trustee of Middlebury College, the Center for Effective Philanthropy, the Initiative for a Competitive Inner City and the Core Knowledge Foundation, and as a 15+ year member of the investment committee of The Atlantic Philanthropies.

David and his wife Amory Rowe Salem ([linkedin.com/in/amoryrowesalem](https://www.linkedin.com/in/amoryrowesalem)) and their children reside in Cambridge, MA, which serves as home base for Amory’s work as a sports journalist and Head Coach of girls lacrosse at the city’s public high school, Cambridge Rindge and Latin.

HEDGEYE OVERVIEW

Our investment research team is made of managing directors with both buy-side and sell-side experience, while our Washington D.C. policy team has worked on the inside in a variety of positions with a deep understanding of how policy affects the markets and the economy. Our goal is simple: to build the most thoughtful and thorough team on Wall Street, and leveraging our uniquely combined knowledge into investment opportunities for our clients. Our combined investment experience includes time at Carlyle Blue-Wave, Ardsley Partners, Buckingham Research, Morgan Stanley, Dawson-Herman Capital, Wells Fargo Securities, to name a few, while our combined policy experience includes time at the U.S. Court of Appeals, U.S. Energy Department, U.S. Office of Defense, U.S. Federal Reserve, U.S. Chamber of Commerce, and more.

- 
RISK MANAGEMENT | KEITH MCCULLOUGH CEO & FOUNDER [@KEITHMCCULLOUGH](#)
 PM at Carlyle-Blue Wave Partners, Magnetar Capital, Falconhenge Partners, and Dawson-Herman Capital Management.
- 
MACRO | DARYL JONES DIRECTOR OF RESEARCH [@HEDGEYEDJ](#)
 Sector Head for Basic Materials at HIG Capital's hedge fund, Brightpoint Capital.
- 
GAMING, LODGING AND LEISURE | SEAN JENKINS [@HEDGEYEGLL](#)
 Industry veteran with nearly a decade of experience covering Gaming, Lodging, Leisure. Head of GLL Research at Hedgeye. Former Senior Analyst at Hedgeye specializing in Lodging & Leisure services.
- 
RETAIL | BRIAN MCGOUGH [@HEDGEYERETAIL](#)
 Co-founder of Hedgeye with 30 years of experience covering retail. He was Executive Director at Morgan Stanley, ran the consumer franchise at Copper Arch Capital, and was Director of Investor Relations at Nike.
- 
RESTAURANTS, CANNABIS | HOWARD PENNEY [@HOWARDPENNEY](#)
 20+ years experience. While at Morgan Stanley he was ranked #1 by Institutional Investor (Restaurants). Howard has covered Tobacco, Alcohol, Food, and Beverage companies for nearly two decades.
- 
CONSUMER STAPLES | DANIEL BIOLSI [@HEDGEYE_STAPLES](#)
 Daniel has two decades of experience on the buy side and sell side primarily covering Consumer at Glenhill Capital, Stelliam, North Sound, Weiss, Peck & Greer, and Lehman Brothers.
- 
HEALTH CARE | TOM TOBIN [@HEDGEYEHC](#)
 Head of Healthcare Investments at Dawson-Herman Capital Management, joined after working as an analyst at W.P.Stewart.
- 
MACRO, FINANCIALS, HOUSING, PAYMENTS, CRYPTO | JOSH STEINER [@HEDGEYEFIG](#)
 Two decades on the sell side and buy side. #1 Ranked Institutional Investors Mortgage & Specialty Finance Team at Lehman Brothers. Financials Long/Short Equity Analyst at Millennium Partners and Amaranth Advisors.
- 
INDUSTRIALS, MATERIALS | JAY VAN SCIVER [@HEDGEYEINDSTRLS](#)
 Jay has over two decades of experience covering cyclicals, and was the Industrials & Materials analyst at Brown Brothers Harriman, a cyclicals analyst/desk head at Labranche, and partner at L/S fund Bishop & Carroll Capital Partners.
- 
COMMUNICATIONS | ANDREW FREEDMAN [@HEDGEYECOMM](#)
 10+ years experience covering TMT. Head of Communication Services at Hedgeye. Former Senior Analyst covering Healthcare IT.
- 
SOFTWARE | ANDREW FREEDMAN, FELIX WANG [@HEDGEYESOFTWARE](#)
 Andrew & Felix, analysts with over a decade of experience each, have teamed up with software analyst Nick Balch to provide differenti & data-oriented Technology sector idea generation.
- 
GLOBAL TECHNOLOGY | FELIX WANG [@HEDGEYETECH](#)
 15 years of experience covering TMT/consumer. Coverage includes consumer tech/China, semis, hardware & AI. Featured on Bloomberg Sina Finance, Sohu, Barron's and Fast Money
- 
MACRO, CRYPTO, HOUSING | CHRISTIAN DRAKE [@HEDGEYEUSA](#)
 Covers U.S. Macro, Crypto & Housing, Owned Integrated Performance, LLC, A Human Performance Consultation Company
- 
ENERGY | FERNANDO VALLE [@HEDGEYEENERGY](#)
 Over 14 years of Energy investment research experience at Citi and Bloomberg. Employing a well-to-wheel framework to capture movements in the Energy cycle.
- 
DEMOGRAPHY | NEIL HOWE [@HOWEGENERATION](#)
 Renowned authority on generations and social change in America. Neil is an acclaimed bestselling author and speaker.
- 
MACRO POLICY | JT TAYLOR [@HEDGEYEDC](#)
 Former Managing Partner of Kemp Partners in Washington, DC and led the policy research team at Pelorus Research in London.
- 
REITS | ROB SIMONE [@HEDGEYEREITS](#)
 Ranked II REIT team at Evercore ISI, most recently Dir. of Bus. Development at Paramount Group (NYSE: PGRE) a New York-based offi
- 
TELECOM & MEDIA POLICY | PAUL GLENCHUR [@HEDGEYETECHLAW](#)
 Leading telecommunications policy specialist with a combined legal and industry background. Former attorney for the FCC. Member of the American Bar Association Section on Antitrust Law.
- 
HEALTH POLICY | EMILY EVANS [@HEDGEYEEEVANS](#)
 Worked at JC Bradford helping to bring securities to market for healthcare related projects.
- 
CAPITAL ALLOCATION | DAVID SALEM [@DSALEMINVESTOR](#)
 Founding CEO & CIO of The Investment Fund for Foundations (TIFF) and Partner at GMO. Harvard JD/MBA.