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Sector Investing Pioneer Wagner Dies

By Maggie Shea, Financial Correspondent

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WEST HARTFORD, Conn. (HedgeWorld.com)—Henry C. Wagner III, a co-founder and managing partner of investment advisory firm The Rockledge Group LLC, died of natural causes at his home on July 20. He was 60 years old.

A 26-year veteran of the institutional investment industry, Mr. Wagner spent more than 20 years as a financial manager for CIGNA Investment Advisory Co. Inc. before co-founding Rockledge Group with Vlad Dimanshteyn and Alex Gurvich in 2004.

Messrs. Dimanshteyn and Wagner worked together for about 13 years at CIGNA before the two decided to launch Rockledge with Mr. Gurvich. "Henry and I came up with ideas together for many years," Mr. Dimanshteyn said. "We had the perfect working relationship. I will miss Henry very much as a friend and partner."

"I've only been working with Henry for four years," Mr. Gurvich said. He added that he met Mr. Wagner through Mr. Dimanshteyn, who is his childhood friend of more than 20 years. Before joining Rockledge, he worked at General Electric Capital. "These four years were very intense though because starting a firm is always more intense than working in a corporate setting. I really loved working with Henry because he was very professional. He was a brilliant man but extremely low key and down to earth."

Mr. Gurvich said Mr. Wagner was the visionary behind Rockledge, having developed the concept of sector alpha during his time as a director of portfolio management at CIGNA. "Henry noticed the sector effect through managing billions at CIGNA," Mr. Gurvich said. Sector selection emphasizes investor allocation by economic sector and by size and style in purely U.S. stock portfolios and the importance of regional allocation policy in international stock portfolios.

Rockledge finds the best sectors within the large-cap, Standard & Poor's 500 market, using a quantitative sector rotation strategy because it offers superior performance to stock selection, Mr. Gurvich said. The firm currently operates three vehicles: a long-only and long/short U.S. large-cap bucket, a long-only and long/short European large-cap bucket and a hedged options overlay sector vehicle.

"No one else has this proprietary model," said Linda Munn, managing partner and co-founder of HedgePros, an independent consulting firm to portfolio managers. "Henry was the visionary; Vlad and Alex made it a reality." She noted that the concept existed in practical terms for many years before it was academically proven in a paper published in the *Financial Analysts Journal* in 2007 by Frank J. Fabozzi, adjunct professor of finance at Yale University's International Center for Finance; and Raman Vardharaj, quantitative analyst at RS Investments.

Rockledge has more than a dozen high-net-worth individuals and institutional investors as clients. "We notified all customers and clients [about Mr. Wagner's passing] and all want to continue working with us," Mr. Gurvich noted.

Though Messrs. Gurvich and Dimanshteyn said the firm is fully operational on a day-to-day basis with its existing funds, they said they are considering hiring additional staff to help with new product launches in the longer term. "In terms of the proprietary models, fundraisings, operations and risk, there are no changes," Mr. Gurvich said.

Mr. Wagner was a 1966 graduate of Pulaski High School in New Britain and earned his bachelor's degree in mathematics and economics from Boston University in 1971. After serving in the U.S. Air Force, he earned his master's in economics and corporate finance from Trinity College in Hartford, Conn. In 2006, he founded New West Advisors LLC, an investment management and consulting firm where he also was a quantitative analyst for the firm's advisory business.

Mr. Wagner is survived by his wife Dolores Wagner, his son Henry C. Wagner IV, his daughter Natalie Sage Wagner, and his two sisters and brother. According to the Hartford *Courant*, donations in his memory may be made to the American Heart Association, 5 Brookside Dr., Wallingford, Conn., 06492. Memorial services were held on July 24 at his home.

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