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Palmer Square takes stake in Fountain Capital

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Palmer Square Capital Management will acquire a majority interest in Fountain Capital Management in a deal that will close later this year.

Terms were not disclosed, but Christopher D. Long, Palmer Square's president and a managing director, said in an interview that the remaining ownership stake of Fountain Capital will remain with the partners of the firm.

Fountain Capital Management will continue to operate independently under its own name, managing \$1.1 billion in specialized high-yield bond and leveraged bank loan portfolios.

The two firms have complementary credit-oriented strategies and already have collaborated on strategies, said Doug Campbell, co-founder and a Fountain partner, in an interview. Fountain, for example, already is a subadviser for a portion of Palmer Square's \$700 million under management in hedge funds of funds, customized hedge funds of funds and hedged strategy mutual funds.

“The real synergy for our firms will be in research and new strategy development,” Mr. Long said, noting Palmer Square's focus on long/short credit, collateralized debt obligations and convertible bond approaches with a strong corporate bond element will be enhanced by Fountain Capital's expertise in the area.