



LionRhine Capital

2025

Manager Selection & Due Diligence Framework

For (Potential) Investors

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Domicile: Switzerland

Manager Selection & Due Diligence Framework For (Potential) Investors

A Proprietary, Institutional-Grade Process Anchored in Alignment and Excellence

At LionRhine Capital, the selection of external investment managers is not merely a procedural step—it is a fundamental pillar of our identity. Our reputation as a trusted third-party marketer and family office has been built on a clear promise: to connect sophisticated capital with the most exceptional investment strategies globally.

We achieve this through a comprehensive, institutional-grade manager selection framework that combines rigorous quantitative screening, qualitative evaluation, and continuous due diligence. Only a select few—approximately 10 to 20 managers annually—meet our standards. These managers are invited to join a platform where excellence is the minimum requirement, not the exception.

What truly differentiates LionRhine Capital is alignment of interest: we invest our own proprietary capital in the very funds we recommend. This co-investment principle ensures that our decisions are driven by conviction, not commission.

1. Manager Sourcing Methodology

Our sourcing strategy is global, multi-channelled, and highly proactive. We believe the best managers are not always the loudest—many are under-the-radar, capacity-constrained, or operating in esoteric segments of the market. Our goal is to find them before the broader capital markets do.

Our Four-Pronged Sourcing Strategy:

1. Direct Inbound Inquiries

We receive numerous approaches from fund managers seeking representation. While only a small percentage are ultimately selected, we carefully review each proposal for potential.

2. Institutional Referrals

Trusted recommendations from institutional allocators, prime brokers, custodians, fund administrators, and legal counsel form a powerful pipeline of qualified opportunities.

3. Industry Research & Conference Participation

Our investment team regularly attends high-level investment conferences, closed-door manager roundtables, and industry briefings. We stay abreast of emerging strategies, regulatory shifts, and sector-specific opportunities.

4. Database & Intelligence Scans

We conduct ongoing analysis of institutional fund databases and proprietary analytics platforms to identify managers with unique alpha-generating capabilities, whether in traditional or alternative spaces.

2. Quantitative Screening Criteria

All prospective managers are subjected to a robust data-driven screening process. This ensures that only statistically superior funds progress to the qualitative evaluation stage.

Baseline Eligibility Requirements:

- Minimum Assets Under Management (AUM): \$100 million or more
- Performance History: Net annualized returns of $\geq 10\%$ since inception and over the trailing 3 years
- Sharpe Ratio: Minimum of 1.0 preferred; higher ratios indicate stronger risk-adjusted returns
- Drawdown Control: Maximum drawdowns materially below peer group averages
- Return Correlation: Demonstrated low or negative correlation to broad equity, fixed income, or traditional asset benchmarks
- Operational Infrastructure: Independent fund administrator, institutional auditor, and offshore fund structure availability (e.g., Cayman, Luxembourg, Ireland)

Additional Quantitative Metrics:

- Rolling volatility over 3 and 5 years
- Downside deviation
- Omega and Sortino ratios
- Historical beta to MSCI World, S&P 500, and HFRI indices
- Redemption frequency, lock-up terms, and gate clauses

3. Qualitative Evaluation Process

While numbers tell part of the story, our real conviction comes from understanding the why behind a manager's performance. This requires extensive qualitative due diligence that assesses character, culture, and competitive edge.

Key Areas of Evaluation:

1. Strategy Outlook and Market Fit

- Does the strategy exploit structural inefficiencies?
- Will the alpha thesis remain valid in the next 3–5 years?
- Is the strategy scalable without diluting performance?

2. Organizational Stability

- Ownership structure: Is the firm partner-owned or externally backed?
- Governance standards, succession planning, and business continuity
- Staffing levels across investment, operations, compliance, and IR functions

3. Investment Team Pedigree

- Experience and background of key PMs
- Track record of team cohesion and low turnover
- Depth of sectoral and geographic knowledge

4. Investment Philosophy and Edge

- Is the investment thesis intellectually sound and clearly articulated?
- What is the manager's edge—informational, analytical, structural, behavioral?
- Can the manager demonstrate a repeatable process under multiple market regimes?

5. Risk Management Architecture

- Internal portfolio risk controls and governance
- Use of VaR, stress testing, scenario analysis, and exposure limits
- Counterparty risk, liquidity risk, and operational risk frameworks

6. Fund Terms and Governance

- Fairness and transparency of fees, incentive structure, and liquidity terms
- Legal framework and jurisdiction
- Reputability of service providers (admin, legal, audit, prime brokerage)

4. Onboarding and Continuous Oversight

Initial Onboarding

Upon completion of quantitative and qualitative due diligence, selected managers are onboarded into the LionRhine platform through a formalized Investment Committee approval process. During this phase, we develop co-branded materials, complete all compliance checks, and allocate proprietary family office capital.

Ongoing Monitoring

Our oversight does not end at onboarding. LionRhine conducts continual, forward-looking monitoring of all affiliated managers. This includes:

- Quarterly Performance Analysis against internal benchmarks and peer groups
- Monthly Risk Monitoring of exposure, volatility, and drawdown metrics
- Semi-Annual Portfolio Reviews with the manager and their risk/compliance team
- Annual Operational Due Diligence (ODD) refresh cycles
- Investor Sentiment Feedback from current LPs and intermediaries

Managers are subject to removal from the platform if they breach performance thresholds, governance standards, or fail to adapt to shifting market dynamics.

5. Why Managers Choose LionRhine Capital

Our platform is not for everyone—nor is it intended to be. The managers we work with value our:

- Selective Platform Access – Limited number of managers per strategy type
- Institutional Credibility – Trusted by UHNWIs, family offices, and asset allocators
- Alignment of Interest – We invest our own capital in the managers we represent
- Global Distribution Capabilities – Strategic introductions to qualified capital
- Reputational Stewardship – We guard your brand as if it were our own

6. For (Potential) Investors

As a LionRhine Capital investor, you gain access to a highly curated set of investment strategies that have passed one of the most stringent vetting processes in the industry. You also benefit from our commitment to transparency, alignment, and deep sector insight.