Richard Hermann

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Alternative investment executive with over 30 years across risk management, manager due diligence, legal, compliance, operations, fund formation, and capital raising, and a track record of identifying overlooked opportunities. Also a full-stack developer and the inventor on three patent-pending applications, whose AI research is a methodology to reduce AI errors.

Selected results

2025–26	**40% net return**	A diversified equity hedge fund recommended in August 2025, over the following twelve months, with nearly zero market and sector exposure.
Current	**1/100th the cost of LLM extraction**	Patent-pending method for parsing semi-structured alternative investment statements. In production.
Current	**85% fewer errors in QC testing**	Operator feedback software in biopharma; at a separate biopharma, manufacturing errors lowered by $4 million per year.
2007–09	**60 points ahead of the S&P 500**	Six hedge fund investments recommended to a family office: more than 20% net over 18 months while the index fell roughly 40%.
2007	**Capital preserved in full**	Recommended redemption from a Bear Stearns structured credit fund before its collapse.

Experience

Portside Group, LLC *San Diego* — 2003 – Present

Partner: alternative investments, risk management, and AI development

Investments and risk

- Advise family offices and wealthy clients on asset allocation, hedging, and manager selection; lead legal, operational, and due diligence work for a hedge fund advisory and capital raising firm.
- With one partner, raised more than $500 million across multiple hedge fund strategies, primarily from qualified purchasers.
- In 2007, urged a family office to diversify away from credit risk and recommended six hedge fund investments that returned more than 20% net over the next 18 months while the S&P 500 fell roughly 40%.
- Recommended that a family office redeem from a Bear Stearns structured credit fund ahead of its collapse into bankruptcy, preserving the entire investment.
- Through independent due diligence, kept a family office out of a manager later shown to be fraudulent.
- In August 2025, recommended a diversified equity hedge fund with nearly zero market and sector exposure that returned approximately 40% net over the following twelve months.

Software and AI

- Designed and built AltsByClick (formerly DocEdge AI): patent-pending, deterministic alignment that parses alternative investment statements with no templates and no manual entry, at about one-hundredth the cost of LLM extraction. Live with a family office, consolidating a multi-custodian portfolio and feeding beta, volatility, and drawdown analytics.
- Developed operator feedback software for regulated biopharma processes: 85% fewer errors in QC testing across eight production runs of a 42-step potency procedure, and, at a separate biopharma, manufacturing errors lowered by $4 million per year.
- Built a distributed system scoring risk disclosures across thousands of 10-K filings, a parser for SEC investment-adviser filings, and reconciliation of hedge fund returns against prime brokerage statements.

Fuller & Thaler Asset Management *San Mateo* 1999 – 2003

Partner, Director of Operations

- Ran legal, operations, compliance, and marketing for a $2 billion behavioral finance manager where Nobel laureate Richard Thaler is a partner.
- Launched the firm's onshore and offshore hedge funds: structuring, contracts, regulatory setup, and operating infrastructure.
- Wrote the partnership accounting software that tracked general-partner allocations and investor performance, and the industry's first automated investment-to-investor reporting, cutting the monthly client cycle from two weeks to under an hour.

Collins Associates *Newport Beach* 1993 – 1999

Hedge Fund Analyst, then Risk Manager

- Led portfolio risk monitoring and operational due diligence at a $1.7 billion institutional fund-of-funds.
- Created the alternatives industry's first back-office audit of hedge funds, covering operations, service providers, technology, and internal controls, and trained the team that applied it to every manager.
- Wrote the first software to read a prime broker's read-only mainframe reports, giving an investor independent, position-level risk monitoring of convertible bond arbitrage managers, and used the broker's analytics to identify the hedge behind each position.

AI research

A methodology to reduce AI errors, for work where an error is not acceptable: triangulate each task with vectors largely orthogonal to those an LLM generates, so that the task is constrained deterministically and errors approach zero, at an accuracy beyond the LLM alone. Condensed processing time is the side benefit.

- Deterministic alternatives to LLM extraction for semi-structured financial documents
- Measuring and documenting where AI output can be trusted
- Verifiable, governed context for LLM applications
- Systematic feedback to reduce process errors by operators in regulated environments

Patents

Adaptive Document Content Extraction via Entropy-Guided Global Alignment. US Patent Application No. 19/328,817 (Pub. US 2026/0080704 A1, Mar. 19 2026), pending.

Binding Verifiable Context from Authoritative Sources to Digital Artifacts for Semantic Integrity and Federated Governance. U.S. patent application, patent pending.

System and Method for Systematic Human Mastery Development, Training, Assessment, Fidelity Scoring, and Allocation via Multivariate Perfect-Path Feedback and Sub-Task Alignment. U.S. patent application, patent pending.

Writing

Incentive Fees, Alignment of Interests, and Rational Decision-Making in the Context of Special Opportunity Investments. Working paper, December 2010; revised July 2026. Shows that a flat 20% carry is worth nearly twice as much on a concentrated bet versus a diversified fund.

Point/Counterpoint: Eating One's Own Cooking. *MAR Strategies*, no. 13, July 1999, p. 10.

Conflicts of Interest Regarding Hedge Funds. *Private Asset Management*, April 5, 1999, p. 10.

Letter from America: Risk Management. Hedge Fund Community Embraces Mathematical Approaches but Neglects Operational Risk. *AIMA Newsletter*, September 1998, pp. 26–27.

Portfolio Ponder: Why Hedge Funds Aren't Always a Win-Win. Interview by Sharon Frederick, *Comstock's Magazine*, February 2009.

Speaking

2012	Current Trends with Seed Capital Investors	Alternative Asset Summit, Las Vegas
2011	Operational Due Diligence	Rothstein Kass Private Investment Fund Forum, San Francisco
2011	Operational Due Diligence of Hedge Funds	Alternative Asset Summit, Las Vegas
2008	Identifying Hedge Fund Manager Alpha and Beta	Alternative Asset Summit, Las Vegas
2008	Raising and Retaining Assets in Volatile Markets	Bay Area Hedge Fund Professionals, San Francisco
2007	Trends in Hedge Fund Marketing	Bay Area Hedge Fund Professionals, San Francisco
2002	Risk Reporting to Investors	Managed Funds Association Forum, Chicago
2002	The Institutional Alternative Investment Experience	MAR/Hedge Mid-Year Conference on Alternative Strategies
2002	Risk Transparency and Risk Due Diligence Issues	Infovest21, New York
2001	Effectively Creating a Manager Due Diligence Report (workshop)	IIR, New York
2000	Behavioral Mistakes Investors Should Avoid	American Association of Individual Investors, Santa Clara
2000	CalPERS Is Batting Clean-up: Institutional Investors Get in the Game	IIR, New York
1999	Building a Business and Not Just a Portfolio	MAR/Hedge, Hamilton, Bermuda
1999	Investing Ethically, Prudently, and Responsibly	MAPERS, Lake of the Ozarks, Missouri
1999	Differentiating Your Hedge Fund through Risk Management	IIR, New York
1999	What a Back Office Says About a Manager	MAR Mid-Year Conference, Lake Tahoe
1999	Up and Coming Managers	MAR Mid-Year Conference, Lake Tahoe
1999	Hedge Fund Due Diligence (panel)	Lido Consulting Family Office Wealth Conference, Carlsbad
1999	The Overlap Between Hedge Funds and Venture Capital (keynote)	Australian Consulate-General, San Francisco
1999	Successfully Managing Risk in Alternative Investments	AIC Global Hedge Funds Congress, Hong Kong
1999	Analyzing Transparencies and Disclosure to Protect Investments	AIC Global Hedge Funds Congress, Hong Kong
1999	Implementing the Due Diligence Process to Control for Risk	Fifth Annual Hedge Fund Investors' Summit, IMN
1998	Mark to Market Issues	MAR 5th International Conference on Hedge Fund Investments, Bermuda

Education and credentials

Education	BA, Mathematics, University of California, Riverside
Licenses	FINRA Series 7, 24, and 63
Community	Co-founder, Bay Area Hedge Fund Professionals
Technical	Python, TypeScript, React, Node.js, Java, SQL; AWS (CDK, Lambda, Step Functions, DynamoDB, S3, Textract); graph data modeling (Neo4j); LLM application architecture, deterministic validation, Model Context Protocol

Results are approximate and, where they are investment returns, net of fees; they are results of investments I recommended. Past results do not predict future results. Nothing here is investment advice or an offer of any security. Statements that something was a first reflect my knowledge of the industry at the time.