

news flash

hedge fund industry

Fed continues to cut interest rates – will the US be able to avert an economic recession?

The Federal Reserve announced another 75 basis points cut in the funds rate last month. This rate cut brings the cumulative decline, in less than two months, to 2% - the most rapid pace of easing in years. *UBS Investment Research* forecasts another 75 basis points lowering of the funds rate to 1.5%, with 25 basis points at each of the next three meetings in April, June and August 2008.

UK to loosen rules for investors to invest in fund of hedge funds

The *Financial Services Authority (FSA)* in the UK last month announced plans that will allow individuals in Britain to invest directly in fund of hedge funds by next year. Currently, investors have other methods to invest in hedge funds, generally through various structured products linked to hedge funds as well as shares in listed funds of hedge funds (FoHF's) that trade on the London Stock Exchange.

The new rules will apply only to FSA authorized FoHF's – offshore hedge funds and FoHF's still may not be openly marketed to UK investors.

PerTrac study shows 14.5% increase in hedge fund reporting

PerTrac Financial Solutions last month announced the aggregate results of the 2007 *PerTrac Hedge Fund Database Study*. The number of single hedge funds reporting increased by 11%, while the number of FoHF's reporting increased by 21%.

"This increase in the number of reporting funds means that alternative investment industry participants are able to access more performance, strategy and fund information than ever before – not to mention improved transparency" – Ms. Jones, MD of PerTrac.

Hedge funds on the road to greater respectability (www.financialnews.com 6/3/2008)

British and European pension schemes have traditionally stayed clear of hedge funds, but improved transparency and more robust governance is gradually winning trustees over. Royal Dutch, Shell's main UK pension scheme, has become the latest to signal an acceptance of hedge funds.

"There has been a false perception among European pension funds that hedge funds are riskier than they are. If you create a well-diversified portfolio of hedge funds, the risk is lower than equities" – R. Grottheim: Chief Investment Officer at Swedish fund, AP7.

Consultants in the US to concentrate on searches for alternatives in 2008 – with a "heavy" emphasis on hedge funds

Casey Quirk in conjunction with *eVestment Alliance* last month released their second annual *Consultant Search Forecast* study. According to the study one-third of the consultants surveyed expect to limit their focus exclusively to hedge fund managers. Long / short and multi strategy funds will be the most popular for those investing directly in hedge funds, with real estate also high on the agenda.

