

news flash

hedge fund industry

Hedge fund industry has produced respectable returns YTD and continues to grow in numbers and size

The Q2 HFR industry Report shows that the HFRI fund of funds index was up by 7.92% to 30 June 2007. The report also shows the number of funds have increased by 2% (up to 9,767) during Q2 2007 and that the size of the industry has surpassed the \$1.7 billion mark with new inflows of \$58 billion during Q2 2007.

US hedge fund launches rebound in 2007

A survey carried out for *Absolute Return Magazine* shows that during the first six months of this year, 72 new hedge funds were launched with a total of \$14 billion of assets under management. This is significantly more than the comparative period in 2006, when 51 new funds raised \$11.7 billion. This year, three funds with assets in excess of \$1 billion have been launched, in contrast to the first half of 2006, when only one fund managed to exceed the \$1 billion mark. Domestic long/short equity funds dominated the new launches (*Hedgeweek: 11 July 2007*).

AIMA launches institutional investor steering committee

The Alternative Investment Management Association (AIMA) has announced the creation of a new hedge fund industry Investor Steering Committee (ISC). The committee is to comprise of institutional and other investors and will look to offer strategic and practical guidance on hedge fund industry activities to the investor community. Members of the 13-strong committee include *Paul Spijkers* (CEO of ABP investments – the investment arm of a \$288bn Dutch Pension Fund), *Kurt Silberstein* (portfolio manager at the \$245bn California Public Employees' Retirement Fund) and *Gumersindo Oliveros* (director of pension plans for the World Bank Pension Plan).

Initial projects identified for the ISC include the development of a "roadmap" for investing in hedge funds. The ISC's input will also be sought on issues such as the quality and quantity of educational and information materials available (*Financial News Online: 20 July 2007*).

London Cass Business School – DB schemes should allocate as much as half of their assets to alternative asset classes!

According to a paper by the London Cass Business School –which specifically deals with how UK defined benefit (DB) schemes should diversify their assets - it was concluded that DB pension funds would see a "significant drop" in the probability of future under-funding if they switched from a traditional 60/40 equity/bond allocation to one that encompasses between 30 and 50% of alternative assets i.e. real estate, hedge funds and private equity (*FT Fund Management*).

Institutional assets invested in hedge funds have been growing steadily over the last few years – Greenwich Associates

A study conducted by financial services consultancy *Greenwich Associates*, in conjunction with *Global Custodian Magazine*, shows that in 2006, US institutions allocated 2.1% of their total assets to hedge funds and fund of hedge funds, up from 1.9% in 2005 and 1.6% in 2004.

"Institutions choose to invest in fund of hedge funds to access their diversification, risk controls and general industry expertise - *Karen Sampson (Greenwich Associates)*"

