

news flash

hedge fund industry

Investors to pour \$200 billion into hedge funds in 2008 - Deutsche Bank survey

The outlook for the global economy remains extremely bearish for the remainder of 2008. However, according to the *Deutsche Bank 2008 Alternative Investment Survey*, investors still plan to invest more than \$200 billion into hedge funds this year. The 1,000 respondents from 500 firms surveyed expect global macro and distressed strategies to be the main drivers of performance in 2008. Not surprisingly, asset-backed securities were predicted to be the “rock-bottom” performer by 38% of those surveyed.

Banks “fumble” at operating hedge funds – wsj.com

Getting into the hedge fund business seemed like a “no-brainer” for the larger banks just a few years ago. Following the recent embarrassments for those banks that run their own hedge funds or who bought stakes in funds, the jury is out as to whether hedge funds that would normally have some entrepreneurial “streak” can succeed within the larger “lots of red tape” institutions such as the banks.

Smaller and “newer” hedge funds perform better – PerTrac study

According to the latest *PerTrac Financial Solutions* study, smaller hedge funds (i.e. less than \$100m) had the best average performance over the longer term (i.e. past 12 years). During this period, smaller funds returned 16%, middle category (between \$100 million - \$500 million) returned 12.5% and larger funds (over \$500 million) returned 11.5%.

The same pattern was reported when hedge fund returns were analyzed by age. Annualizing returns over the 12-year period reveals that the “younger” funds (i.e. those less than 2 years old) achieved average returns of 18%, compared with 14.5% and 12.8% for the funds between 2 and 4 years and older than 4 years respectively.

Institutional investors more willing to invest in emerging manager hedge funds – Preqin Study

The new Preqin survey shows that institutional investors are increasingly prepared to invest in emerging - “new & younger” - hedge fund managers.

“With the institutional market maturing, many investors are now using their knowledge and resources to invest in younger, less established managers” – Amy Bensted (Preqin)

Alternative investment industry favours increasingly external regulation – Hedgeweek

Approximately three-quarters of senior alternative investment professionals taking part in a *PricewaterhouseCoopers* survey conducted at an alternative investment seminar, believe that the industry should be regulated more formally, whilst 27% believe it should remain the same. Asked whether investors are currently seeking greater provision of information, 73% said demand for information was increasing, while 93% reported that transparency, risk management and governance were important to investors.

