



Preqin Industry News

Olivia Harmsworth rounds up the latest hedge fund industry news based upon intelligence gathered by Preqin analysts. Preqin Online subscribers can click on the investor name to view the full profiles.

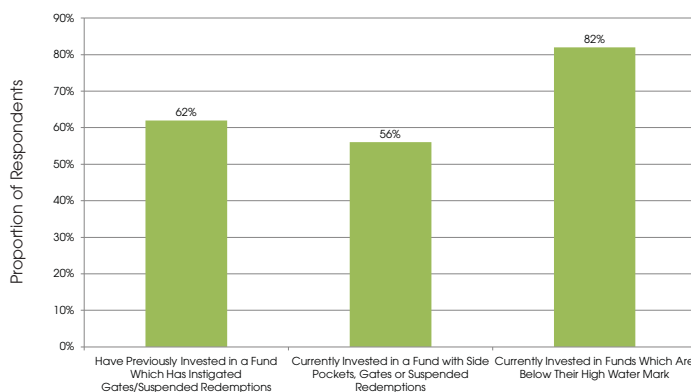
As shown in this month's feature, liquidity is a key issue for many hedge fund investors, and often dictates which strategy they will target. Many investors are seeking more liquid strategies in return for a lower risk portfolio, despite the possibility of lower returns. The Chart of the Month shows institutional investor exposure to funds with suspended redemption and current exposure to instigated gates, side pockets and funds under high water marks. As the chart demonstrates, the majority of respondents (62%) have previously invested in a fund with instigated gates or suspended redemption. In comparison, 56% of investors are currently invested in a hedge fund with side pockets, gates or suspended redemptions. This demonstrates that a large number of funds are limiting access to capital, or have done so in the past. Eighty-two percent of respondents indicated that they are currently invested in funds which are below their high water marks, further demonstrating the general volatility in the hedge fund asset class.

In order to maintain greater access to their invested capital, a number of investors are specifically targeting more liquid hedge fund strategies, or those with shorter lock-up periods. [KBC Asset Management](#) is one such example; it plans to invest €40-50mn in 15 to 20 new hedge funds. The asset manager predominantly has exposure to event driven strategies, and is looking for further exposure to long/short equity, macro and relative value strategies. [Baylor University Endowment Fund](#) is specifically targeting liquid hedge fund strategies, and will not invest in hedge funds which impose hard lock-up periods. The endowment plan is currently operating below its target hedge fund allocation of 20%, and plans to make two to six new hedge fund investments over the coming 12 months. Strategies that it is currently invested in include allocations to long/short equity, distressed asset and debt, short credit and fundamental value hedge funds.

Similarly, many fund of hedge funds managers have restrictions on the lock-up periods they are willing to commit to, or the strategies they are targeting for their investors. One such example is [CUBE Capital](#), which prefers to invest with experienced hedge fund managers and will not allocate to funds with a lock-up period of more than one year. The \$800mn fund of hedge funds manager is looking to add distressed hedge funds with a European focus to its portfolio over the coming year; the group will also consider allocations to a variety of US-focused strategies. It currently manages two funds of hedge funds and invests in a portfolio of approximately 30 underlying hedge funds across a variety of strategies.

An example of an investor looking to diversify its portfolio is [Jewish Community Foundation of Greater Hartford](#); the foundation is looking to wind down its existing investment with [TIFF](#) in the coming 12 months, with the goal of committing to two to four funds of hedge funds. The foundation is seeking established managers which provide global exposure to diversified strategies, and it will not consider seeding

Chart of the Month: Institutional Investor Exposure to Funds with Suspended Redemption, and Current Exposure to Instigated Gates, Side Pockets and Funds Under High Water Marks



Source: Preqin Hedge Fund Institutional Investor Survey - November 2012

funds, emerging managers or spin offs; however, it is willing to accept lock-ups. It will only consider potential managers recommended by its investment consultant [Colonial Consulting](#).

A number of investors are looking to make their maiden contribution to the hedge fund asset class, including [National Bank of Kazakhstan](#), which is looking to invest in hedge funds through its newly formed investment arm, National Investment Corporation of the National Bank of Kazakhstan. Over the next 12-24 months it will be looking to gain exposure to hedge funds on a global scale.

Data Source:

Do you have any news you would like to share with the readers of Spotlight? Perhaps you're about to launch a new fund, have implemented a new investment strategy, or are considering investments beyond your usual geographic focus?

Send your updates to spotlight@preqin.com and we will endeavour to publish them in the next issue.

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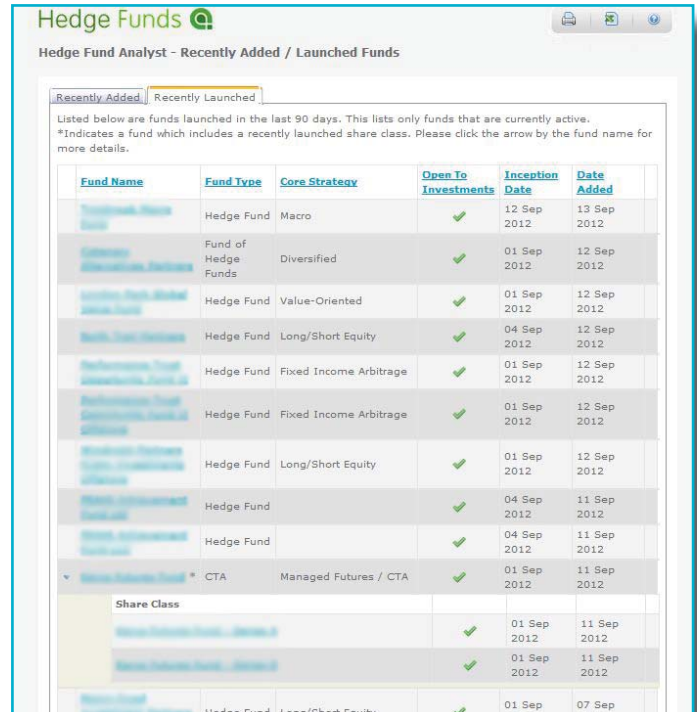
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Hedge Funds Analyst - Recently Added / Launched Funds

Recently Added | Recently Launched

Listed below are funds launched in the last 90 days. This lists only funds that are currently active.
*Indicates a fund which includes a recently launched share class. Please click the arrow by the fund name for more details.

Fund Name	Fund Type	Core Strategy	Open To Investments	Inception Date	Date Added
...	Hedge Fund	Macro	✓	12 Sep 2012	13 Sep 2012
...	Fund of Hedge Funds	Diversified	✓	01 Sep 2012	12 Sep 2012
...	Hedge Fund	Value-Oriented	✓	01 Sep 2012	12 Sep 2012
...	Hedge Fund	Long/Short Equity	✓	04 Sep 2012	12 Sep 2012
...	Hedge Fund	Fixed Income Arbitrage	✓	01 Sep 2012	12 Sep 2012
...	Hedge Fund	Fixed Income Arbitrage	✓	01 Sep 2012	12 Sep 2012
...	Hedge Fund	Long/Short Equity	✓	01 Sep 2012	12 Sep 2012
...	Hedge Fund		✓	04 Sep 2012	11 Sep 2012
...	Hedge Fund		✓	04 Sep 2012	11 Sep 2012
...	CTA	Managed Futures / CTA	✓	01 Sep 2012	11 Sep 2012
Share Class					
...			✓	01 Sep 2012	11 Sep 2012
...			✓	01 Sep 2012	11 Sep 2012
...	Hedge Fund	Long/Short Equity	✓	01 Sep 2012	07 Sep 2012

