



Preqin Industry News

Olivia Harmsworth analyzes the latest hedge fund industry news, with a specific look at funds of hedge funds.

A number of fund of hedge funds managers are targeting new investments:

- [Cube Capital](#), the \$800mn fund of hedge funds manager, expects to make seven to nine new hedge fund investments over the coming 12 months. Key areas of interest for the group at this time include global macro funds, frontier markets and US financials. The group has no set manager requirements for new investments and is willing to invest with emerging managers.
- [Armonk Advisors](#) expects to add up to two hedge fund managers over the remainder of 2013. The firm manages a long/short equity fund of hedge funds and primarily invests in value-orientated hedge funds. It has a bias towards domestic exposure and primarily invests with emerging hedge fund managers. Armonk Advisors is currently invested in 11 underlying hedge funds and has an average annual portfolio turnover of approximately 15%.
- [Cosmos Capital Advisors](#), which manages CHF 25mn in two funds of hedge funds, expects to make five to six new hedge fund investments over the coming 12 months. Cosmos plans to focus on long/short equity and macro strategies for the new investments and will invest on a global scale, including allocations to Brazilian hedge funds for its [Brazil Multi-Strategy Fund](#).
- [IGEAFinance](#) is looking at the possibility of investing in several region-specific, niche strategy managers in Asia and emerging markets. IGEAFinance will look to invest in between three and four new managers through its [IGEAPatrimoine](#) fund. Strategies of particular interest include distressed credit, direct lending and direct financing.

Some notable fund of hedge fund managers have recently launched new funds:

- [Berens Capital](#) has launched Berens Emerging Managers Fund, to focus on investments in small and young fund managers in the hedge fund space. The fund is available through both [onshore](#) (Delaware) and [offshore](#) (Cayman) structures and the minimum investment in the fund is \$100,000. The fund was launched at the beginning of April.
- [Aurora Investment Management](#) launched the [Aurora Horizons Fund](#) at the beginning of March 2013. It is a diversified fund of hedge funds that provides diversification by dynamically allocating across sub-advisers that execute

Chart of the Month: Mean Management and Performance Fee of Funds of Hedge Funds by Year of Inception



The Chart of the Month reveals that fund of hedge funds managers are charging much lower performance incentives for funds of recent vintages in comparison to those launched in 2005, with funds incepted in 2013 charging a mean performance fee of 8.51%, compared to 15% in 2005. In contrast, the mean management fee has remained relatively stable, with a slight increase from 2005 when it was 1.10%, to 1.34% in 2013.

alternative strategies, including long/short equity, long/short credit, event-driven, short-biased, and macro funds.

- [Mariner Investment Group](#) has launched the [Mariner Incubation Fund](#), a multi-strategy fund which will seed and incubate fund managers to provide Mariner with strategy-level investment expertise. The Incubation Fund will make initial investments of \$50mn to \$100mn in selected managers.

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@peqin.com and we will endeavour to publish them in the next issue.

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