

Welcome to the latest edition of Hedge Fund Spotlight, the monthly newsletter from Preqin providing insights into hedge fund performance, investors and fundraising. Hedge Fund Spotlight uses information from our online product Hedge Fund Online.

November 2010  
Volume 2 - Issue 11

#### FEATURED PUBLICATION:

The 2011 Preqin Global Hedge Fund Investor Review  
More information available at:  
[www.preqin.com/hedge](http://www.preqin.com/hedge)



London:  
Equitable House,  
47 King William Street,  
London, EC4R 9AF  
+44 (0)20 7645 8888

New York:  
230 Park Avenue,  
10th Floor, New York,  
NY 10169  
+1 212 808 3008

Singapore:  
Samsung Hub  
3 Church Street, Level 8  
Singapore, 049483  
+65 6408 0122

[www.preqin.com](http://www.preqin.com)  
e: [info@preqin.com](mailto:info@preqin.com)

Twitter: [www.twitter.com/preqin](http://www.twitter.com/preqin)  
LinkedIn: [www.linkedin.com](http://www.linkedin.com)  
Search for Preqin

# Hedge Fund Spotlight

November 2010

## Feature

### [A Brighter Future: Investor Outlook for Hedge Funds in 2011](#)

We take an in-depth look at how the hedge fund industry has transformed over the past three years, and using the results from the latest Preqin hedge fund investor survey, forecast the future prospects for the asset class.

[Page 2.](#)

## Regulars

### [Strategy in Focus](#)

Despite being less popular than traditional hedge fund strategies, credit hedge funds have been gaining in popularity faster than their counterparts in the last two years. We take an in-depth look at the investors seeking opportunities to invest in credit funds.

[Page 6.](#)

### [Investor in Focus](#)

A detailed analysis of the UK private pension funds investing in hedge funds across the world looking at where they are investing, why they are investing and the type of hedge fund investment they prefer.

[Page 7.](#)

### [Conferences Spotlight](#)

Details of upcoming hedge fund events.

[Page 9.](#)

### [Institutional Investor News](#)

All the latest news on hedge fund investors. Including Q Investments, Kenmar and State of Wisconsin Investment Board.

[Page 10.](#)

## Data



[You can download all the data in this month's Spotlight in Excel.](#)

Wherever you see this symbol, the data is available for free download on Excel. Just click on the symbol and your download will begin automatically. Feel free to use the data in any presentations, but please remember to cite Preqin as your source.

# A Brighter Future: Investor Outlook for Hedge Funds for 2011

Katy Johnson takes a look at the recovery of the hedge fund industry and, using the results of the latest Preqin hedge fund investor survey, considers what the future holds for the asset class.

The market crisis and subsequent public backlash towards hedge funds of 2008-2009 presented a difficult time for investors and managers alike. Scepticism towards hedge funds was evident but hope of improvement was anticipated by many. The past three years have posed many difficulties for hedge fund managers. Initially, following the crisis, fund raising was extremely difficult, with new investor mandates rare and many investors both redeeming existing investments and putting plans for future allocations on ice. The pressure on managers to adapt to an increasingly tough fundraising environment or disappear completely has led to evolution in the asset class.

Although the fundamentals of the industry remain unchanged, hedge funds have undergone many alterations following the market crisis, for instance in terms of greater liquidity and transparency of funds, both of which are at the forefront of investors' minds at the tail end of 2010. These adaptations have increased the attractiveness of hedge funds as an investment option over the past 12 months and have led to a restoration of confidence in the asset class by its investors. This

in turn is resulting in increased inflows of capital into hedge funds.

### Investor Confidence in Hedge Funds

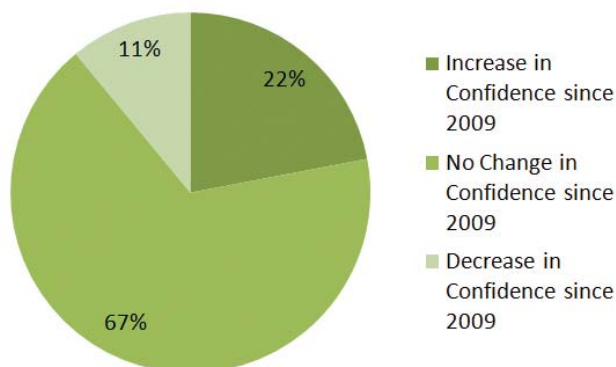
Hedge fund managers have had to make changes to the ways they structure and market their funds, not only to win back confidence from existing investors, but also to attract new investors to their funds. Earlier research from Preqin indicated that 60% of investors felt that there had been a change in fund structures that had benefited investors over the course of the past year. Changes such as these on the manager's part are leading to improvements in how existing investors perceive the asset class as well as how the institutional market as a whole views hedge funds. At the end of 2010 investor attitude towards hedge fund remains positive, with 67% revealing no change in their outlook towards the asset class since 2009 (in 2009 66% of surveyed investors stated they were confident in hedge funds to perform portfolio objectives).

A significant 22% of surveyed investors expressed an improvement in their levels of confidence in hedge funds over the past 12 months; this is likely a result of both

concessions on the side of the manager and better performance in their hedge fund portfolios. From Fig. 2 it is clear the trend for improved investor satisfaction towards hedge fund performance is continuing, with 72% stating that returns have either exceeded or met expectations in 2010, compared to 73% in 2009 and 62% in 2008. As shown in Fig. 2, 19% of investors revealed that their hedge funds have exceeded expectations in 2010, a significant increase from the 11% of investors which felt similarly in 2009, showing that the industry is recovering.

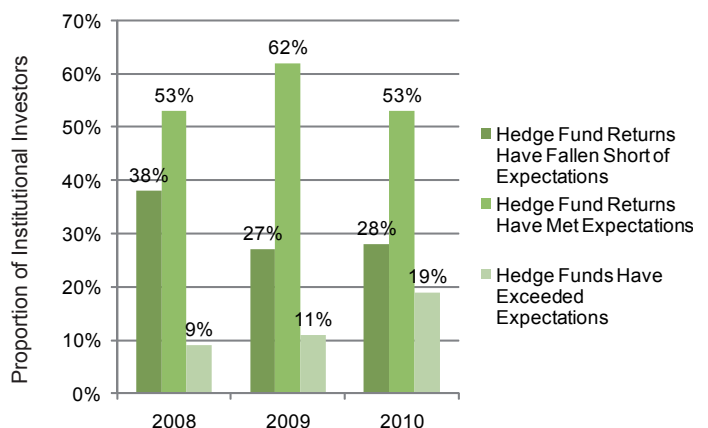
11% of investors expressed a decrease in their confidence of hedge funds to perform portfolio objectives in 2010. There remains a degree of scepticism towards the asset class – hedge fund returns did not meet expectations for just over a quarter of all investors surveyed and some earlier Preqin research indicated that although investors are witnessing improvements in fund structures they feel there is room for improvement, wanting in particular further transparency at fund level and better alignment of liquidity terms. Further changes are still expected within the industry and are necessary if managers

Fig. 1: Change in Institutional Investor Confidence Since 2009



Source: Preqin

Fig. 2: Institutional Hedge Fund Portfolio Performance Relative to Expectations (2008 - 2010)



Source: Preqin

“...investors are becoming less cautious about making new investments...”

are to fully restore the confidence of the institutional market.

**Large Inflows Expected in 2011 from Institutional Investors**

The increasing confidence in hedge funds as an asset class and satisfaction in the returns they generate is leading to a growth in new capital being earmarked for investment in hedge funds over the next 12 months. 35% of surveyed investors stated that they plan to increase the amount of capital they invest in hedge funds over the course of 2011. This capital will come from both investors reallocating capital redeemed from hedge funds or put on ice during the past three years and investors increasing their current allocations to the asset class. This is an extremely positive prospect for the hedge fund industry which has been through a tough fundraising environment in the past three years. Investors are becoming less cautious about making new investments, and are expecting to branch out from their current portfolios and look for new opportunities. Over half of investors plan to keep the amount that they have invested in hedge funds the same. Just a small proportion of surveyed investors, 10%, plan to decrease the amount that they have invested in the asset class, therefore net inflows over 2011 are expected to not only be positive but much higher than we

have seen in any year since the market downturn.

**Institutional Investors Plans for 2011**

Investors surveyed were asked to select up to three hedge fund strategies that they feel will present the best opportunities in 2011. Global macro came out as the strategy in which institutional investors see the best potential for 2011. Macro strategies have underperformed somewhat in 2010 and there has been a slowdown in uptake by investors over the past year. However, there has been an improvement in the returns of the strategy at the tail-end of 2010, and investors now feel that macro could offer the best potential for 2011. This could lead to new inflows coming into the strategy over 2011 as investors look to rebalance their holdings in its favour over the next 12 months. Distressed funds continue to interest institutional investors, and although in the past some investors have held off from investment in these funds (choosing instead more liquid strategies), 2011 could see large inflows for this fund type if institutional interest remains strong.

Preqin also surveyed institutional investors on which regions they believe will offer the most compelling opportunities for hedge fund investment in 2011. Asia comes out as a clear theme for hedge fund investors in 2011, with nearly a third of all the surveyed institutions feeling that investment in Asia will be attractive over the next year. North America and South America also came out as popular choices for the most compelling opportunities in hedge funds in 2011. Europe is ranked much lower by hedge fund investors, with

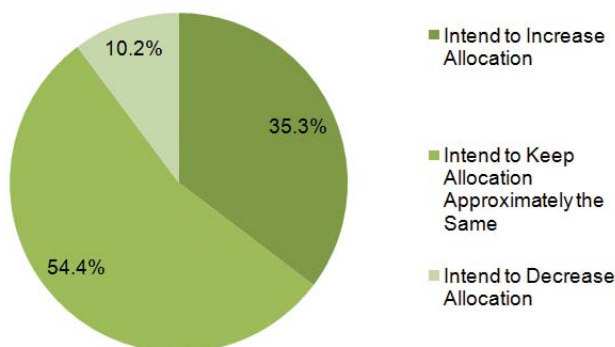
only 15.8% surveyed believing that the region offers a compelling investment opportunity in 2011.

**New Opportunities for Investors in Hedge Funds**

UCITS has become a buzz word in the hedge fund industry over the last 12-18 months and has presented a compelling investment opportunity for many investors. UCITS III-compliant managers offer increased liquidity and transparency, and are far more regulated than offshore hedge funds. With the growing demand for all of these elements from investors, UCITS managers have established themselves as an important part of the evolving hedge fund industry. 11.8% of all investors on the Preqin database have revealed a preference for UCITS hedge funds, which is a significant figure considering such managers have only come into the spotlight over recent years and the current universe of funds is still relatively small (estimates range from 300-500 funds). 13.4% of institutional investors on the Preqin database use managed accounts within their portfolios. Investors with the larger ticket sizes have increasingly been requesting separately managed accounts from their managers in order to gain full transparency, increased liquidity and to avoid co-investor risk.

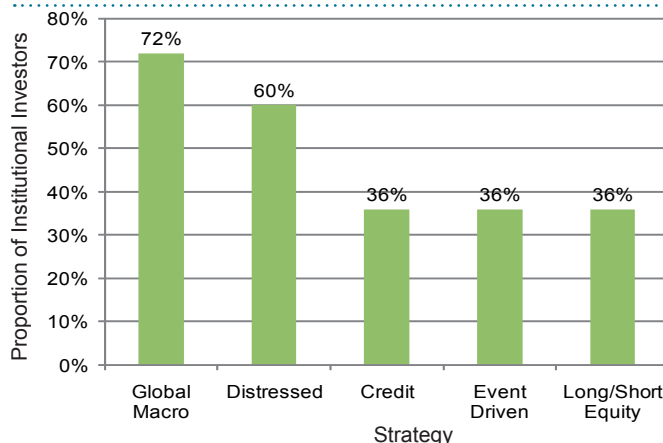
Although new structures are gaining traction with institutional investors, we can expect the traditional structures of funds to remain dominant over the next 12 months. Over 70% of the investors on the Preqin database invest directly in hedge funds and more than 40% invest through funds of hedge funds. We can expect

Fig. 3: Institutional Investors Plans for 2011



Source: Preqin

Fig. 4: Strategies That Investors Feel Present the Best Opportunities for Hedge Fund Investment in 2011



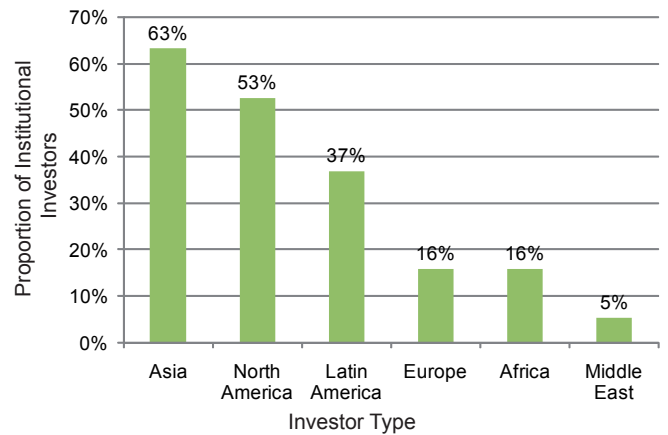
Source: Preqin

much of the predicted large inflows into hedge funds over 2011 to go into these structures.

**What Can Hedge Fund Managers Expect in 2011?**

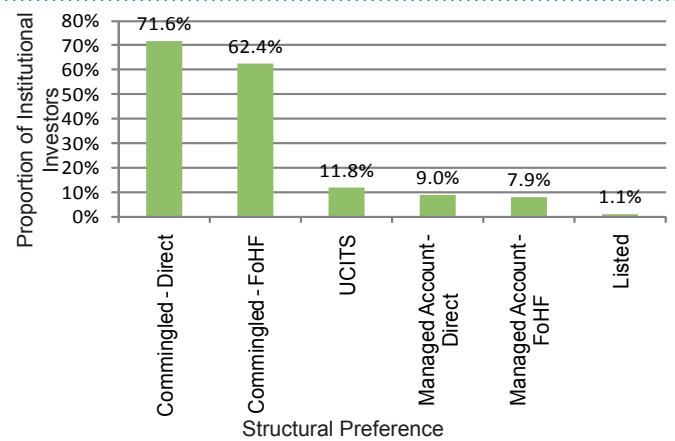
Hedge fund professionals can expect a large influx of capital into hedge funds in 2011 from an institutional market which has seen a restoration of the confidence lost in 2008. With the majority of investors content with the performance of their hedge fund portfolios, we can anticipate hedge funds remaining on the agenda for many. The need for diversification in investment portfolios initially led to institutional investors entering the asset class and many still look to hedge funds to diversify their holdings away from an over-reliance on traditional assets. A high proportion of investors plan to increase their hedge fund holdings over 2011, marking a positive time for the industry and the potential for assets in the industry to approach or exceed pre-crisis levels. Institutional investors are branching out from the more common investment approaches and we can expect further inflows of capital into Asia and emerging markets such as Latin America during 2011. We can also expect the ongoing trend for further liquidity and transparency to continue, and interest in UCITS and managed accounts to increase.

**Fig. 5: Regions That Investors Feel Present the Best Opportunities for Hedge Fund Investors in 2011**



Source: Preqin

**Fig. 6: Institutional Investors Structural Preferences**



Source: Preqin

Download Data 

**Data Source:**

**The 2011 Preqin Hedge Fund Investor Review**

This month's feature article is an excerpt from The 2011 Preqin Hedge Fund Investor Review. This publication provides profiles of institutional hedge fund investors from around the globe and in-depth analysis of industry trends, hedge fund investment strategies and investor preferences.

For more information and to order your copy, please visit

[www.preqin.com/hfir](http://www.preqin.com/hfir)



# 2011 Preqin Global Hedge Fund Investor Review

The 2011 Preqin Global Hedge Fund Investor Review provides profiles and analysis for the most important institutional investors in hedge funds from around the world.

- Profiles for 1,000 key institutional investors arranged into 23 key regions from around the world
- Profiles include fund preferences by strategy and geography, key financial information, direct contact details for key personnel, sample investments
- Analysis and league tables for investors from each region
- Analysis for investors in each of the ten most important hedge fund strategies with listings for active investors
- Analysis and listings for investors looking to allocate to UCITS or managed account vehicles
- Exclusive results of Preqin investor surveys
- Listings and analysis for 167 third party marketers and 103 prime brokers
- Analysis of emerging manager investors
- Exclusive information gained through direct contact with institutional investors



[www.preqin.com/hfir](http://www.preqin.com/hfir)

**Order before Friday 26th Nov for your 25% pre-publication discount!**

I would like to purchase the 2011 Preqin Global Hedge Fund Investor Review:

Single Copy:

- £350 + £10 Shipping
- \$595 + \$40 Shipping
- €385 + €25 Shipping

Additional Copies:

- £110 + £5 Shipping
- \$180 + \$20 Shipping
- €115 + €12 Shipping

Data Pack:

- \$300 / £175 / €185

Data Pack contains all underlying data for charts and graphs contained in the publication. Only available alongside purchase of the publication.

All prices include 25% pre-publication discount.

Shipping costs will not exceed a maximum of £15 / \$60 / €37 per order when all shipped to same address. If shipped to multiple addresses then full postage rates apply for additional copies.

## Completed Order Forms:

### Post (to Preqin):

Equitable House,  
47 King William Street,  
London, EC4R 9AF

230 Park Avenue  
10th Floor,  
New York, NY 10169

Samsung Hub  
3 Church Street  
Level 8  
Singapore 049483

### Fax:

+44 (0)87 0330 5892  
+1 440 445 9595  
+65 6408 0101

### Email:

[info@preqin.com](mailto:info@preqin.com)

### Telephone:

+44 (0)20 7645 8888  
+1 212 808 3008  
+65 6408 0122

## Payment Details:

- Cheque enclosed (please make cheque payable to 'Preqin')
- Credit Card       Amex       Mastercard
- Visa       Please invoice me

Card Number: \_\_\_\_\_

Name on Card: \_\_\_\_\_

Expiration Date: \_\_\_\_\_

Security Code: \_\_\_\_\_



American Express, four digit code printed on the front of the card.



Visa and Mastercard, last three digits printed on the signature strip.

## Shipping Details:

Name: \_\_\_\_\_

Firm: \_\_\_\_\_

Job Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

City: \_\_\_\_\_

Post/Zip: \_\_\_\_\_

Country: \_\_\_\_\_

Telephone: \_\_\_\_\_

Email: \_\_\_\_\_



# Credit Funds

Alex Chalikiopoulos takes a look at the investors pursuing opportunities to invest in credit hedge funds.

Fig. 1: Key Facts: Investors in Credit Funds

|   |                 |
|---|-----------------|
| % of institutional HF investors that state credit as a preference                             | 15.5%           |
| Median AUM of a credit investor (USD bn)  | 1.8             |
| Average allocation to hedge funds of a credit investor  | 13.1% / \$236mn |
| Average returns sought from credit fund investments   | 7.7%            |
| Most favoured investment approach (direct hedge funds, funds of hedge funds, mixture of both) | Direct          |
| Average lock-up of a credit fund (months)   | 11.3            |
| Maximum lock-up accepted by a credit fund investor  | 20.8            |

Source: Preqin

Hedge funds employing a credit strategy have continued to attract significant interest from around the globe, with 15.5% of institutional hedge fund investors monitored by Preqin declaring an active interest in this fund category. Although credit as a hedge fund strategy preference ranks relatively low relative to the likes of the traditional long/short equity and macro strategies, it is – for a second year running – the fastest growing strategy in terms of investor mandates over the past year. In addition, the growth in popularity comes at a time in which the average lock-up period for credit-focused hedge funds has fallen to below 12 months.

Interest in credit hedge funds over the past year, and going into 2011, is highest amongst fund of hedge funds managers, with approximately 29% of this investor type allocating capital to the space. Other prominent investors in credit managers include endowments and insurance companies, both with 15% of hedge fund investors within each respective category investing in credit hedge fund managers – mostly via direct means, rather than through funds of funds or a mixture of both. Direct investment in these types of funds is the preferred method across the board when considering all investor types in each region. Sovereign wealth funds, superannuation schemes and public pension funds are other groups of large investors in the sector. Examples

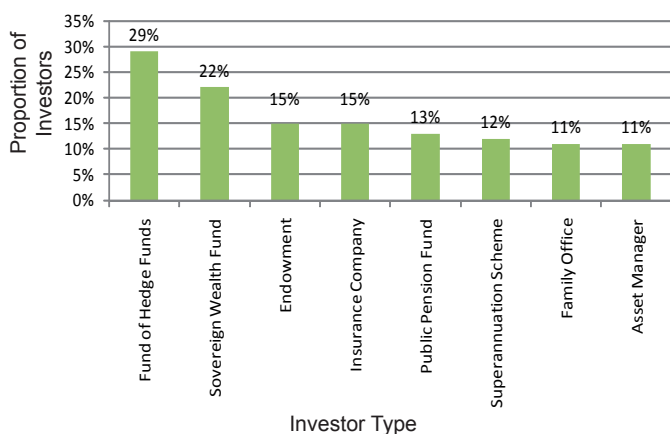
of investors actively pursuing further investments in credit funds include the \$6.1 billion Arizona Public Safety Personnel Retirement System and the \$432 million Davidson College Endowment.

In terms of sheer volume, investors from North America and Europe are the largest sources of capital for credit funds. However, with over 21% of institutional investors in Asia committing capital to these types of funds, this is the region in which credit funds are most popular as a proportion of total institutional hedge fund investors in the region.

[Download Data](#)

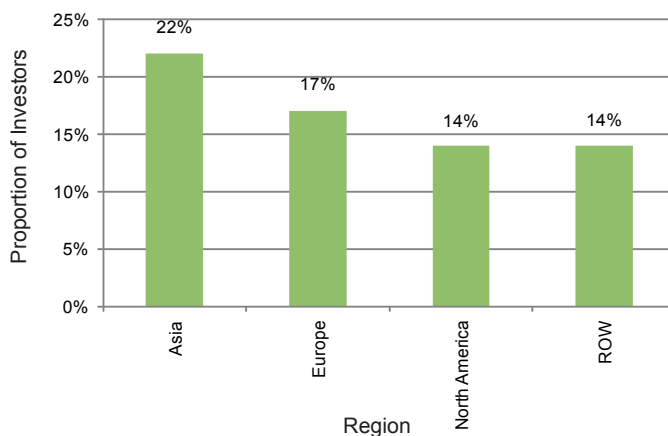


Fig. 2: Proportion of Institutional Investors With a Preference for Credit Funds, Split by Investor Type



Source: Preqin

Fig. 3: Proportion of Hedge Fund Investors with a Preference for Credit Funds, Split by Investor Location



Source: Preqin

# UK Private Pension Funds

Amy Bensted takes an in-depth look at the UK private sector pension funds seeking to invest in hedge funds, considering their investment preferences and favoured investment approach.

Fig. 1: Key Facts: UK-Based Private Sector Pension Funds

|   |                |
|---|----------------|
| % of UK-based private pension funds investing in hedge funds                                  | 46.2%          |
| Average allocation to hedge funds   | 10.9%          |
| Average target allocation to hedge funds  | 9.5%           |
| Most favoured investment approach (direct hedge funds, funds of hedge funds, mixture of both) | Funds of funds |
| Average number of investments in HF portfolio   | 4 to 5         |
| Typically been investing for  | 4 years        |

Source: Preqin

There are 74 UK-based private sector pension funds which invest in hedge funds on Preqin's Hedge Fund Investor Profiles database. In addition we track a further 32 UK private sector pension funds which are actively considering their first investments in the asset class over the next 12-18 months. The average allocation to hedge funds of a UK-based private pension fund, 10.9% of assets under management, exceeds the global average of private pension funds (8.6%). Some UK private pension funds are allocating significantly higher percentages of their assets to hedge funds, something which their public pension counterparts would be restricted from doing. For instance, Trafalgar House Pension Trust commits some 32% of its total assets to hedge funds, which represents approximately GBP 384 million in invested capital.

Many of the world's largest pension fund investors in hedge funds are based in the UK, with UK-based firms representing seven of the top 10 private sector pension funds within Europe in terms of allocation to hedge funds (see Fig. 4 for a list of the leading private sector pension funds in the UK).

UK-based private sector pension funds are, on average, over-allocated to hedge funds, and the mean target allocation stands at 9.5%. Despite this, it is likely that private pension fund assets from the UK being directed towards hedge funds will increase over the medium term, as any cuts in exposure from existing investors will be more than met by new

allocations being made by the significant number of pension funds poised to make their first steps in the asset class.

Funds of hedge funds are by far the most favoured investment approach for UK-based private sector pension funds, and are used by over 70% of the UK private pension plans on Hedge Fund Investor Profiles. Despite their relatively large allocations to the asset class (comparative to private pension funds elsewhere) they are still relative newcomers to hedge fund investments, having made their first investments in the asset class in the last four years. Newer investors tend to make their initial allocations to hedge funds via funds of funds, moving towards a direct style of investment as they grow in experience and as their allocations to hedge funds increase. Of the investors which allocate directly to fund managers, long/short equity and multi-strategy funds are popular. This appetite for multi-strategy vehicles suggests that private pension funds which are investing directly are aiming to recreate a diverse fund of funds portfolio without the constraints and fees of a multi-manager vehicle.

Nearly 52% of UK-based private sector pension funds look to create hedge fund portfolios which are diversified on a global basis. However, this global diversification is usually achieved through holdings in European-based funds of funds. Europe is a clear preferred individual region for investment by UK-based pension funds. Europe offers a wide choice of funds of funds

and is in close proximity for pre-investment due diligence and post-investment manager meetings.

Download Data



## Data Source:

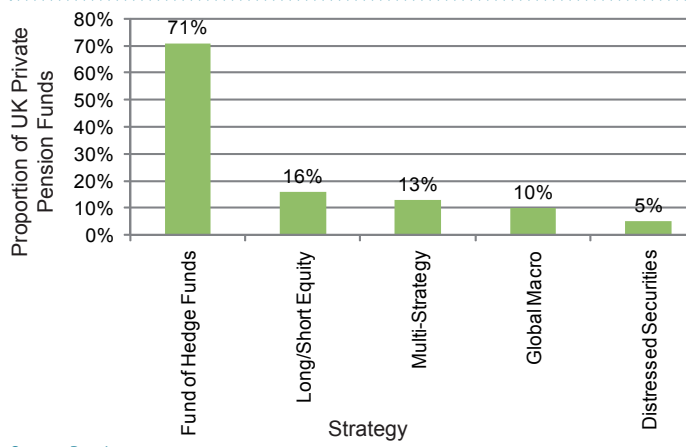
### Preqin Hedge Investor Profiles

Data for the Credit funds and UK private pension fund pieces was taken from Preqin's Hedge Investor Profiles service.

For more information or to arrange a demo please visit:

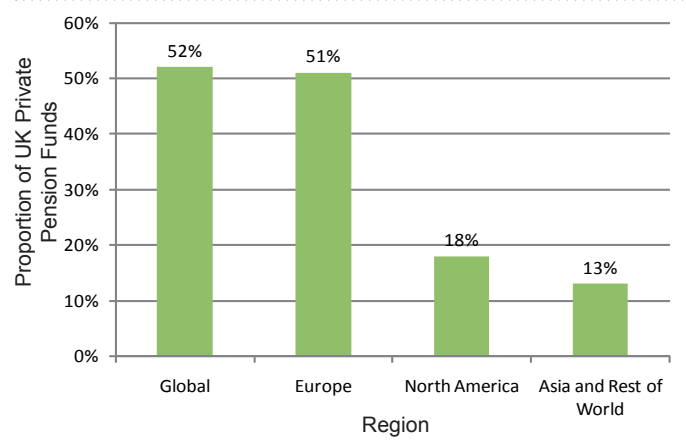
[www.preqin.com/hedge](http://www.preqin.com/hedge)

Fig. 2: Top Five Strategic Preferences of UK-Based Private Sector Pension Funds



Source: Preqin

Fig. 3: Regional Preferences of UK-Based Private Sector Pension Funds



Source: Preqin

Fig. 4: Five Leading UK-Based Private Sector Pension Funds

| Name  | Allocation to Hedge Funds (GBP mn) |
|---|------------------------------------|
| BT Pension Fund (through Hermes & Hermes BPK) | 2,149                              |
| Railways Pension Trustee Company              | 1,500                              |
| GKN Group Pension Fund (UK)                   | 696                                |
| Shell Contributory Pension Fund UK            | 530                                |
| Tesco Pension Scheme                          | 405                                |

Source: Preqin



# Conferences Spotlight: Forthcoming Events

| Conference                       | Dates                         | Location       | Organizer            |
|----------------------------------|-------------------------------|----------------|----------------------|
| Hedge Fund Regulation 2010       | 22 November 2010              | London         | InvestoRegulation    |
| AIFM Directive                   | 30 November - 1 December 2010 | London         | Infoline             |
| Alternative Investing Summit     | 5 - 7 December 2010           | Dana Point, CA | Opal Financial Group |
| Hedge Funds World Australia 2010 | 7 - 8 December 2010           | Sydney         | Terrapinn            |
| Hedge Funds World Zurich 2010    | 7 - 9 December 2010           | Zurich         | Terrapinn            |
| Hedge Funds World Middle East    | 7 - 10 March 2010             | Dubai          | Terrapinn            |

## Hedge Funds World Zurich

**Date:** 7 - 9 December 2010

**Location:** Dolder Grand, Zurich, Switzerland

**Organiser:** Terrapinn

Join Switzerland's longest established annual gathering for Family Offices, Pension Funds and Private Banks; Learn how increasing regulation and sovereign debt risk will affect your investment allocation; Examine new trends in investment products such as UCITS and Managed Accounts

**Information:**

[www.terrappinn.com/2010/zurich](http://www.terrappinn.com/2010/zurich)

13th Annual event

# hedge.funds WORLD

## Zürich 2010

7 - 9 December 2010, Dolder Grand, Zurich, Switzerland

**Innovation and strategy for hedge funds and investors**

**Join Switzerland's longest established annual gathering for Family Offices, Pension Funds and Private Banks**

**Learn how increasing regulation and sovereign debt risk will affect your investment allocation**

**Examine new trends in investment products such as UCITS and Managed Accounts**

Hear from

  
**Bernard Uggath**  
Chairman & Chief  
Executive Officer  
Centaurus Capital

  
**Jamil Baz**  
Chief Investment  
Strategist  
GLS Partners

  
**Philippe Malengas**  
President  
Cashberry  
Group and  
Principal Asset  
Management

  
**Svenja Zuber**  
Investment  
Manager for All  
Assets  
Julius Baer  
Pension Fund

  
**David Serra**  
Founder  
Alphabix

  
**Anthony Martin**  
Director  
IDS Capital

  
**Steven Ehlers**  
Managing Director  
Ferguson Partners  
Family Office

  
**Steven Bell**  
Director & Chief  
Economist  
GLS Partners

  
**Alessandro Mancini**  
Head of Allocation  
to Funds  
Palaeos

  
**Robert de Riva**  
Head of Investment  
Control  
APG Asset  
Management US

Post-Conference Workshop

"Raising Assets in a Challenging Environment"

All the tools you'll need to raise capital in today's climate

Book early to save fffs

[www.terrappinn.com/2010/zurich](http://www.terrappinn.com/2010/zurich)

Sponsors:

  
 Deutsche Bank

  
 BNP PARIBAS  
SECURITIES SERVICES

  
 PERTRAC Financial Solutions

Produced by:  
  
 terrappinn  
USE YOUR BRAIN

BOOK NOW! [online www.terrappinn.com/2010/zurich](http://www.terrappinn.com/2010/zurich) | [email bianca.gelderhuys@terrappinn.com](mailto:bianca.gelderhuys@terrappinn.com) | [phone +44 \(0\)20 7242 2374](tel:+44202072422374) | [fax +44 \(0\)20 7242 1508](tel:+44202072421508)

9 Hedge Fund Spotlight, November 2010

© 2010 Preqin Ltd. [www.preqin.com](http://www.preqin.com)

# Institutional Investor News

## Arizona Public Safety Personnel Retirement System searching for two new emerging market debt managers.

The USD 6.1 billion public pension fund is seeking two fund managers as part of its emerging market debt search. The pension fund has earmarked a total of USD 200 million for the investments, which is funded from its 20% fixed income allocation, and has already invested USD 70 million of the mandate with Franklin Templeton. This search comes after the fund revealed plans to invest in more risk-orientated hedge funds, in particular absolute return, portable alpha, GTAA, and credit strategies. The pension fund is advised by NEPC.

## State of Wisconsin Investment Board closer to making maiden hedge fund investment.

The board, which manages USD 78 billion, has revealed that it plans to allocate 5% of its total assets to hedge funds. Earlier in the year, SWIB announced that it initially intended to invest 2% of its total assets in around 15 absolute return managers. It expects to increase its allocation up to 5% slowly, with commitments to around 25 managers eventually. The investment board has not yet made any commitments to hedge fund managers, despite meeting Taconic Capital Advisors in October. Although still open to strategies, SWIB intends to invest directly in single manager funds. Cliffwater is advising the board on its strategy, investment policy and recommendations for managers.

## Dorset County Pension Fund to double fund of hedge funds investment.

The GBP 1.4 billion pension fund has increased its commitment to a fund of hedge funds managed by International Asset Management. The increase, which sees the pension fund double its investment in IAM, comes after Dorset County redeemed its investment in Pioneer Alternative Investments last year. The redemption was made due to concerns over the fund's 10% exposure to Madoff. At this time, the pension fund is happy with the performance of its two funds of hedge funds, and is not seeking new managers. Dorset is currently at its target allocation of 6% of total assets to hedge funds,

and does not expect this to increase in the foreseeable future. It will continue to invest in fund of funds structures as it does not have the resources to make direct investments.

## 47°N Capital Management looks to add macro, CTA, energy and multi-strategy managers.

The USD 250 million fund of hedge funds manager has revealed that it is seeking macro, CTA, energy and multi-strategy managers to add to its portfolio over the next 12 months. The group, which also manages a UCITS-compliant fund of funds, typically invests about USD 5-6 million in each hedge fund and will accept lock-ups up to a maximum of a year. It will invest in emerging managers and spin-off teams but will not provide seed capital. It does however require that a manager has a minimum of USD 50 million in assets under management.

## Hedge Funds Investment Management plans to add up to 25 new funds to its fund of hedge funds over the next 12 months.

The fund of hedge funds manager backed by Dr. Nick Dhandas's family office has revealed plans to invest in approximately 15-25 new hedge funds within the next 12 months. The London-based group seeks to add managers pursuing long/short equity, CTA, macro and emerging markets strategies. The group's primary focus is on emerging managers, but it will consider a range of other investment strategies. It invests in spin-off teams and will also consider seeding a fund.

## Euromobiliare Asset Management prepares to launch its first ever UCITS-compliant fund of hedge funds.

The EUR 200 million fund of hedge funds manager has revealed plans to launch a vehicle within the next 12 months that will fully conform to the UCITS framework. It plans to add approximately 12 new hedge fund managers that will all be UCITS compliant. It will look to add managers globally that pursue long/short equity strategies. When seeking new managers, the group typically requires that a manager can provide evidence of at least a three-year track record, in addition to a minimum of EUR 50 million in assets under

management. Further to its investments through its new launch, Euromobiliare plans to invest opportunistically through the other three funds of funds it manages. Any investments will be made both with new and existing managers, and the capital raised will determine how much it will allocate to the space.

## Kenmar prepares to launch two new funds of hedge funds.

The USD 1.6 billion fund of hedge funds manager has announced that it plans to launch two new funds of hedge funds. One of the new funds will be a Cayman-domiciled, CTA-focused fund of funds and the other will be a UCITS-compliant vehicle. It has already found managers for the new launches but may look to add more underlying managers once the funds have launched.

## Q Investments seeks new managers to seed.

The USD 2.5 billion Q Investments hedge fund seeding business has announced plans to actively hunt between five and ten managers running liquid strategies. The Texas-based firm is looking to target talented managers with the skills and capabilities to manage their own fund. The capital for such plans will come from its main multi-strategy hedge fund and will be used in various liquid strategies, including event-driven, credit, long/short equity and macro.

### Data Source:

#### Preqin Hedge Investor Profiles

Each month Spotlight provides a selection of the recent news on institutional investors in hedge funds

For more information please visit

[www.preqin.com/hedge](http://www.preqin.com/hedge)