

TAAAPs

Volume 1, Issue 2

The Market Maker

~ The TAAAPs Newsletter ~

UPCOMING EVENTS

April 30, 2009

Diversification in Alternative Investing

This educational event will focus on a number of the diverse asset classes in the alternative investment space. Investments in areas such as infrastructure, carbon credits, life settlements, wine and others can serve to have a great affect on investment portfolios and on the industries they touch.

Place: 11 Madison Ave. New York, NY.
Credit Suisse Building - Club Room

Time: 6pm

Fee: \$20; all proceeds go to offset costs

RSVP: to mkosara@taaaps.org

Social Calendar

Date: May 14

Time: 6pm

Place: Aretsky's Patroon Restaurant
160 E 46th Street, New York, NY

Email: mkosara@taaaps.org for more information

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Letter from the Editor

Matthew Kosara

HGK Asset Management, Inc.

Volatility continues its prevalence in the financial markets. With sound bites sending equity indices plunging or rocketing and the now ever lingering fear of fraud, whether by another Bernie Madoff or one of the dozen or so others that have been found out recently, investors are looking to protect their portfolios.

Protection comes in many forms. Just the simple act of *feeling* secure provides its own modicum of protection. Some suggest that now due diligence will become more rigorous than the blind faith previously given to some oversubscribed managers. Some have turned to the financial markets themselves for protection, either through further diversification or through new insurance products that have come about to hopefully give us that security. Further government regulation and oversight, burdensome though it may be, is applied, we're told, for our protection.

Any kind of variability lends itself to one of the prime tenets of prudent investing - diversification. By employing some alternative investment strategies, investors could ostensibly change some of the risks faced by their portfolios.

Along with diversifying investment holdings *with* alternative assets, there is also the premise of diversifying *within* alternative assets. Investments in long/short and global macro hedge strategies and LBO private equity strategies get the most attention and assets, but investing into other areas of the capital structure and in more disparate asset classes can benefit an investment scheme as well. This could provide investments into strategies given less press and thus the potential for more inefficiencies, along with the obvious benefit of different returns.

The Alliance of Alternative Asset Professionals ("TAAAPs") continues to keep its members and the public abreast of any of these changes we see around us. Later this month TAAAPs will be holding its second panel discussion, this one focused on diversifying a pool of alternative assets. We'll be speaking with a number of managers whose very different strategies provide disparate return profiles, some on assets somewhat outside the public eye (carbon credits and life settlements), some that have gained much notoriety by a government stimulus push lately (infrastructure) and others that you may not have thought of (wine).

Continue to stay in touch with TAAAPs as we bring you more speaker series, informative articles through the newsletter and (soon) website, and opportunities to network with others in this rapidly changing field.

What Effect Will the Stimulus Bill Have on Infrastructure Investment?

Michael Underhill

Capital Innovations, LLC

Of the recent \$787 billion Stimulus Bill, only \$98 billion was listed under the heading “transportation and infrastructure” and of that only about \$30 billion goes specifically to build and repair roads and bridges (approximately \$25 billion went to military and security spending). So, despite the headline number being rather large, the actual amount being spent is much more modest.

According to Capital Innovations’ analysis of the bill, about \$30 billion is being targeted specifically for roads and bridges, approximately \$10 billion is being spent on other transportation infrastructure and around \$20 billion is being spent on what we would consider other types of infrastructure for a grand total of infrastructure spending of only approximately \$60 billion out of the almost \$800 billion headline number.

What About the Bill?

The transportation sector seems to be the chief benefactor of the stimulus package of all of the various infrastructure sectors, which will directly benefit the economy as the stronger our roads and bridges are the more efficiently people and products can move to their intended destinations. This is obviously a good thing as the percent of our country’s GDP that has been spent on our nation’s infrastructure has been steadily declining for decades and a reversal in this trend would greatly benefit the quality of everyone’s lives as well as grease the gears of the economy.

In addition to roads and bridges, there are other infrastructure areas that if improved would make life run more smoothly. This includes access to reliable, cheap and clean electricity, obtaining a dependable source of clean water (which we take for granted, but dirty water is the single biggest cause of deaths for children under the age of 5 worldwide according to the UN and it is estimated that 80% of all sickness and disease in developing countries is caused by unsafe water and inadequate sanitation according to the World Health Organization), a better waste disposal system (both solid and liquid waste), more efficient hospitals, a more efficient criminal justice system and even a more efficient education system

Any room for private investing in there?

Although the bill does not specifically lay out how the infrastructure money is to be spent it also does not *Continued on Page 4*

Insurance Remedies to Protect Against Hedge Fund Fraud

Scott Davidoff & Nathan Sewell

William Gallagher Associates & Protean Investment Risks

Fraud is a dirty word, but like other dirty words it is much used. Sadly we have seen not only the faceless corporations of the world being exposed to fraud in recent months but a surge in frauds that effect each and every one of us in some way. Madoff has become as synonymous with fraud against individuals as Charles Ponzi himself! A bit like the phrase “sub-prime” or acronym “CDO”, Madoff has become and will continue to be part of everyday language - plucked from relative obscurity outside of the investment arena, into the popping flashes of the world’s media. Even his obvious discomfort would give barely a crumb of comfort to the thousands who lost their savings or retirement funds; this goes also for the lengthy period in jail that he will face. Sadly he won’t be the last; most experts believe there is more to come and US regulators fear a “rampant Ponzimonium” and are investigating hundreds of possible scams. Fraud will always be a part of life; to quote Cohen & Felon 1979, *Fraud like other crime, can best be explained by three factors: a supply of motivated offenders, the availability of suitable targets and the absence of capable guardians.*

The lack of investor confidence and fear of being defrauded will have a significant effect on asset allocations to the alternative asset space. So what can be done? Certainly the investment industry has been stung into some kind of action by these events. Perhaps due diligence will actually become a universally diligent process rather than just another piece of jargon, as it palpably has been. Investors, particularly individuals or families should press those who have control and/or responsibility for their money to be transparent and open about where it is and how it is invested. They should also seek confirmation that there is some kind of independent basis of valuing those assets invested. While confidence in the regulators is not at an all time high, the move to greater regulation should help in the long term. One such legislative measure proposed is The Hedge Fund Transparency Act, which will effectively require hedge funds, private equity funds and all private investment companies to register with the SEC should they manage assets of \$50 million or more. This past week’s Group of 20 Summit meeting in London, highlighted the seriousness of world governments to regulate financial market participants by making a key topic on the agenda the global regulation of financial markets and enhanced hedge fund regulation. In the near term, investors in hedge funds can take immediate action to protect their investments with fraud insurance. Depending on the terms of the fraud policy [which vary from insurer to insurer], the policy should protect an investor against fraudulent acts of the investment managers [of hedge funds] including the stealing of investors’ funds by the investment manager with some policies offering enhanced coverage including intentional misrepresentation of the Net Asset Value Statements. While it is important to understand what these type of policies protect against, it is also vital to understand where their coverage ends. A breach of a fiduciary duty or negligence on the part of the investment manager is excluded under fraud policies and should be addressed with the corporate directors and officers/ errors and omissions policy for which an investor should inquire about when making an investment in a fund. Ultimately, fraud insurance may be the only way to be completely certain that you are protected.

Nathan Sewell, Managing Director, Protean Investment Risks. Protean specializes in the provision of insurance solutions to the investment community. Protean has developed an innovative insurance product which provides fraud protection to individuals and corporations investing in the hedge fund sector.

Scott Davidoff, Account Executive, William Gallagher Associates. William Gallagher Associates is a leading insurance broker to financial institutions. Scott works with hedge funds, investment advisors, private equity firms and other financial institutions to address enterprise wide risk exposures through the use of insurance products.

TAAAPs

Diversification within Alternative Investments Panel Discussion

April 30, 2009

Diversification within Alternative Investments

This educational event will focus on diversifying an alternative investment portfolio through the inclusion of various products. Investments in areas such as infrastructure, carbon credits, life settlements, wine and others can serve to have a great affect on investment portfolios and on the industries they touch.

Moderator: **Damian Sassower**, Finch Asset Management

Panelist: **Brian Fischer**, Capital Innovations, LLC

Panelist: **Brian Mota**, The Wine Trust

Panelist: **Jeffrey Koslowski**, Indigo Asset Management

Panelist: **Suhas Kundapoor**, Greenwich Equity

Panelist: **Jay Womack**, Eden Global Fund

Place: 11 Madison Ave. New York, NY

Credit Suisse Building - Club Room

Time: 6:00pm, light refreshments; **6:30-7:30pm**, panel discussion; **7:30-8:00pm** Q&A

Fee: \$20 @ the door; all proceeds go to offset costs

RSVP: To mkosara@taaaps.org

The Alliance of Alternative Asset Professionals (TAAAPs)

In these changing times, it is critical to stay ahead of the learning curve and we hope to provide you with the information and tools to do so.

Our mission is to provide:

- Real Time Insight into Current Market Conditions in the Financial Services Industry;
- A Forum for Well Qualified and Experienced Professionals the Opportunity to Engage in Discourse on the Financial Services Industry, Its Current and Future Development;
- Education on the Regulatory Environment, Policy and Trends in the Convergent Alternate Asset Space to the Financial Services Community.”

Come meet other members of the alternative asset community. Attendees span the spectrum of attorneys, accountants, asset managers, investors, consultants, prime brokers, third-party marketers and more. If you'd like to meet people in the business and stay abreast of changes in this rapidly evolving field become a member of TAAAPs.

For membership information contact TAAAPs President, Paul J. Marino, at pmarino@taaaps.org

Life Settlements: A New Collateral

David Mickelson & Simon Leach
Mickelson Capital

As the financial industry scrambles to restructure itself after the crisis of the last few months, life settlements are emerging as a new collateral tool.

Life settlements are an asset that provides an absolute return (the death benefit) that is the contractual commitment of A-rated institutions. Well designed portfolios based on these assets offer stable, secure and strong returns. A new breed of insurance-linked financial instruments are being developed that take advantage of life settlement portfolios as collateral.

Security of Principle Critical To Getting Investments Flowing

Speaking at the World Economic Forum on March 9th, 2009 Stephen Schwarzman CEO of Blackstone Equity Group stated that 40 – 45 percent of the world's wealth had been wiped out in the last 5 quarters. It is a simple fact that we are in a different risk tolerance environment and investors require greater protection of their capital.

As can be seen in figure (1), apart from a brief dip in the disastrous 4th quarter of 2008, life settlements have delivered an almost unbelievably steady return. Even with the events of Q4 2008, life settlements were positive for the year.

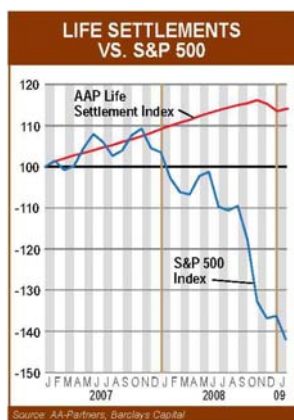


Figure 1— Source

What Drives The Outstanding Returns Of Life Settlements?

The fundamental drivers of the stability and returns life settlements offer is relatively easy to understand and demonstrate another powerful plus for this asset class in allaying investors concerns. The driving factors in the performance of life settlements are:

1. **Institutional Grade-** Underlying asset (life insurance policy death benefit) a commitment from an A rated (or better) rated financial institution.
2. **Absolute Return-** The death benefit pay out is a contractually agreed upon fixed amount.
3. **Non-Correlated-** Interest rates, market cycles, economic environment, political environment, none have any material impact on this investment.
4. **Strong IRR.** Historically, life settlements have provided double digit returns.

What are Some of the Risks?

Obviously there are also risks to life settlement investments. Fortunately these risks can be clearly identified and managed via good portfolio design and a high level of experienced due diligence. When considering life settlement investments there are essentially three primary risk factors that must be controlled.

1. **Longevity Risk-** The investor has the responsibility to pay premium expense. Obviously should an insured live beyond life expectancy this increases investment expense.
2. **Policy Recission-** Should issues be found with the validity of the life insurance contract the carrier may rescind the policy.
3. **Liquidity-** Life settlements are a substantial capital commitment and early liquidity options may either not be available or be extremely impactful.

Continued on the following page

Infrastructure (continued from page 2)

make any mention of combining with private capital in order to leverage their investment to get more projects completed. One might have to assume that there will be no public participation in these projects.

If this is the case, then private infrastructure investors may worry that they might be “crowded out” of the infrastructure market. According the U.S. Society of Civil Engineers, the U.S. needs to spend \$2.2 trillion over the next five years just to repair the roads and bridges we currently have, making no mention of how much it would cost to expand our current capacity or spend on other forms of infrastructure. Given how great the need for infrastructure spending is, the proposed amount seems to barely scratch the surface. Given this environment, private capital is in no danger of being crowded out anytime soon.

Capital Innovations believes that once everyone observes the benefits that come from the increase in infrastructure spending, that the demand for capital will only increase. Since states will remain constrained with their budgets (states are typically responsible to the lions' share of paying for infrastructure) and since the national government will reach its limit with this round of spending, it is reasonable to assume that state and federal governments will seek other sources of capital for further infrastructure enhancements, which will begin a virtuous cycle of successful projects creating even more demand for capital.

Continued on the following page

Infrastructure (continued from page 4)

Public & Private Partnerships

Public and private partnerships, otherwise known as P3, can play a significant role in the infrastructure of our country much like it has in many other countries around the world. Many people in the U.S. are unaware of the P3 concept, but there is a long institutional history of P3 in other regions of the world. Governments like the P3 concept as it is a way for them to attract capital for their pet projects without having to tax their constituents. The P3 investors have traditionally provided this much needed capital and they are interested in investing in any area that can provide long-term steady and predictable rates of return. The concept is amazingly simple, offer investors a decent rate of return on their money, and in return, they will make their investment capital available.

The original impetus for P3 overseas was not unlike the times we find ourselves in currently. Initially privatizations of formerly public assets on a large scale were stimulated in other countries by unprecedented local economic events. For example, in Australia the State of Victoria went bankrupt in the early 1990's. The new state premier, Jeff Kennett, privatized infrastructure assets in order to: raise money through fees and taxes; run the assets better; and keep the assets off the books.

As of the beginning of 2009, only 26 states currently have legislation that allows for P3 types of arrangements. Unfortunately, of these 26 states, in some states (not all) although the stated goal of the legislation was to create an environment to foster P3 relationships, the laws fail to reach their mark. Hopefully the numbers of states that currently have P3 legislation will increase in the near future and the laws will be crafted to truly foster a partnership relationship between state governments and private capital.

What now? (AKA Summary)

Only time will tell on how much stimulus the bill will actually provide and on how much of our nation's infrastructure will be improved upon and upgraded. If the capital allocated with this bill is combined with private capital, the initial tax dollars spent can be leveraged to greatly enhance both the economic stimulus as well as the infrastructure upgrade. This will in turn employ more citizens and set the table for future economic growth as an economy can only put as much meat on its bones as its skeletal infrastructure will allow.

Michael Underhill is the President of Capital Innovations, LLC. Capital Innovations, LLC invests in infrastructure investments to create customized separate accounts, specialized fund of funds and co-investment vehicles.

This is an excerpt, to read the entire article, contact mkosara@taaaps.org

Life Settlements (continued from page 4)

Portfolio Design Concepts

Diversification- As with virtually any investment diversification is an essential risk mitigation strategy. A strong portfolio policies with varied fundamental profiles (life expectancies, carrier, expense and cash flows, face values).

Managing Longevity Risk – The primary requirement is to develop a portfolio that has enough policies to reflect the actuarial life expectancy calculations. The total expense of a life settlement is a function of (A) the acquisition cost and (B) the premium expense to maintain the policy until maturity. Investors use independent life expectancy projections to estimate this but individual cases can vary from that average.

This life expectancy variability works both ways and is used to advantage in managing the portfolio cash flows. In a well designed portfolio proceeds from early maturing policies will cover premium expenses within a few years. This significantly reduces the capital reserve needed to maintain the portfolio.

Managing Premium Expense - A key driver of whether a policy is an attractive investment opportunity is that an investor is able to pay the minimum (cost of insurance) premium schedule through the life expectancy, not the much higher level premium that an insured may pay. Because the return is absolute and premium expense can be accurately modeled, the portfolio manager can easily calculate the appropriate purchase price. Minimum premium payments also provides for optimum early cash flow from the portfolio.

Quality Of Policies Owned – Aggregating life settlements is an unavoidably labor intensive process. It takes extensive due diligence at both the legal and business level to ensure a policy is a sound investment prospect. To identify 100 strong policies it is likely that you will need to perform due diligence on twice that amount.

The key aspects to the due diligence process are establishing current life expectancy of the insured and medical history. Detailed legal review of the contracts and documentation to establish no issues exist that may result in rescission. One of the primary concerns and contentious issues with a policy is the requirement of "Insurable Interest". Reviewing the policy documentation to uncover any potential issues that could violate insurable interest standards is critical for each policy in a portfolio.

When well designed and managed the cash flows of a portfolio are such that majority of capital will still be available for the primary investment objective. Structures are obviously highly variable based on individual products and investment needs. To fully collateralize principle the amount of death benefit is typically around 20% - 30% greater than the principle being collateralized and approximately 30% of the death benefit value is reserved to service the portfolio.

This is an excerpt, to read the entire article, contact mkosara@taaaps.org

David Mickelson is the President of Mickelson Capital.

President's Corner

Paul J. Marino, Esq.
Marino & Associates, PC

Water water everywhere but nary a drop to drink......this is the rhyme of the ancient mariner...*money money everywhere but not a drop to invest...*...this is the rhyme of the ancient fund manager. The former is dying of thirst and is surrounded by water he cannot drink it. The latter is surrounded by dry powder but he cannot invest it; the irony is thick—except if you just plunked down \$250,000.00 and your family vacation for fund documents, marketing, and various sundry items and your fund cannot get up off the ground.

And so we say goodbye to the first quarter of 2009 and anxiously await the end of the second because according to most prognosticators of all things economic, the broader markets are supposed to begin trending upward as are the economic indicators that will undoubtedly (hopefully) (maybe) show that the malaise is over; I anxiously await its arrival <sic>.

Recently, while accompanying some clients on trips to meet with consultants and pension funds a few things occurred to me: 1. that there seems to be a disconnect between what the pension funds now expect and what pooled investment funds (hedge/private equity) are offering; 2. which there is no magic bullet strategy to guaranty funding (although, a long track record of success and built-in redundancies help) if the fund's strategy involves a black box or some type of proprietary trading strategy the likelihood of funding success is minimal.

The first point is that the likelihood of funding without full transparency, governance safe guards and a defined (*i.e.*, written) process and procedures is slim. Further to that point, even if one complies with acceptable corporate governance and has a superlative track record, currently, there is no guarantee of funding (not that there ever was). There seems to be a reluctance on the part of many pension, endowment and family offices (to a lesser extent) to dip a toe in the water at this point because everyone is trying to figure out what is an acceptable level of transparency so as to avoid being madoff'd by a fund manager.

The second point is as anecdotal of an observation as it is factual (let's face it, both points are anecdotal); it seems that there is a retrenchment of thinking regarding "next generation best-in-breed" type quantitative strategies—in other words we'll fund what we understand—and it would help if there was a coupon, dividend attached to it. The foregoing is especially accurate when speaking about pension and other benefit and welfare funds that actually have to hit an actuarial bogey in order to pay benefits to its members. While this not to say that hyper complex trading strategies are totally out of favor; they're not. The idea, however, that a fund manager could show up with a strategy that involves a lot of letters from the Greek alphabet is likely not going to pass muster. That is not to say that an esoteric

strategy will not get funded; in fact many such strategies are now being considered (see, volatility trading when used as a risk management tool, certain quantitative formulas based on market indices or baskets of the overall market).

For example, hard money and asset backed lending are two strategies that have found favor with investors (not that they are being funded in spades but at least they are under review for consideration). Investors seem to relish the "coupon" aspect of the private bank/lending strategies and appreciate the low risk top of the cap chart security.

Other strategies such as carbon credits (based upon the immediate market arbitrage and political and social popularity of "green energy"), distressed debt (the name is often a misnomer because the underlying companies are generally performing and paying obligations), infrastructure (another political darling and for some pension funds—especially Taft/Hartley funds, a great way to invest and promote jobs), opportunistic funds (which seems to be a pseudonym for distressed debt funds) and to a lesser extent (especially for domestic investors) life settlements (the purchasing of life insurance contracts on healthy senior citizens in the secondary and tertiary markets).

There seems to be a reluctance on the part of many pension, endowment and family offices...to dip a toe in the water at this point because everyone is waiting for the proverbial other shoe to drop.

Excepting carbon credits, each of the strategies mentioned share one common theme; that is, they have the potential to provide a coupon style payment.

As for carbon credits, as long as Al Gore promotes polar bears in swimming trunks the market remains inefficient and the spreads wide this strategy will remain popular.

The strive for a dividend or bond style coupon payable on a quarterly, semi-annual or annual basis together with an expectation of a modest

capital gain does not mean that institutional investors have turned away from high alpha strategies; quite the contrary, those strategies are still well sought after but for the time being (*time* being the operative word) the portfolios of institutional investors seem to resemble those held by widows and orphans more than alpha seeking investors.

The aforementioned investment strategies are referred to as alternative; however they are anything but alternative. Special opportunity (a/k/a distressed debt) has been around since there have been recessions, depressions, downturns, down cycles (or whatever is today's "politically acceptable" phrase to describe a market meltdown); asset back and hard money lending has been around since Phil Rizzuto was hawking ads for the Money Store; and infrastructure projects much to the surprise of many were historically private sector projects; each now offer plus returns to investors with limited downside. It would appear that these so-called alternatives are traditional then they appear.

Email Paul J. Marino, esq., President of TAAAPs at pmarino@taaaps.org.

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Alternative Investments: Expertise is Everything

Matthew Kosara
HGK Asset Management, Inc.

During these crazy times, we've been meeting with many investors and listening intently to what others have to say, just to try to get a bead on what the feeling is out there right now.

There are a number of overarching themes to the discourse. *Fear*, of fraud, of further market loss, even of reprisal from investors and beneficiaries. *Distrust*, by investors in some of their fund managers, of the prior due diligence process, of regulators (pretty much anybody to whom a modicum of blame can stick). *Hesitancy*, to make any new commitments, to make large moves out of previous investments.

But try not to get too down, it isn't all sour news. For fund managers, there is a good amount of capital sitting on the sidelines that does need to be put to work. The timing of this may be suspect, but it won't sit in money market funds eternally. For investors, the question arises as to how to put this money to work once they feel comfortable enough with the markets to begin making moves. The old paradigm (to play it fast and loose with the term *old*) of the external advisor seems suspect to investors that have been burned, but still require expert advice to make any moves.

Irrespective of either a positive or the negative view on our current position, it can be seen that there are changes a-happening in not only the alternative asset space, but clearly within the greater capital markets. It can be said that the pendulum has shifted, of late, from the fund managers back to investors.

That shift was at the heart of a panel discussion recently with some trustees and investment officers from a few of the largest state and municipal pension plans in the country. Fund terms, as well as structure and process, all seem to be in flux.

Some of the panels major points:

- Lower management fees and better align interest,
- More focus on operational due diligence and manager service providers,
- Move from funds of funds to managed accounts,
- Need for more transparency

No Fee, No More

As the balance starts to shift, the needs of investors, and the weight they can throw behind them, take a place of increasing prominence. Investors with capital to put to work are increasingly seeking concessions from fund managers who previously might have been able to turn away a potential investor that would make demands of them. Now new managers, as well as the established old guard, are acquiescing.

Investors are seeking to lower fees paid to their managers in any way they can. Some are seeking a further back-end loading of fees for managers. The management fees are being reduced (previously in the 1-2% range) to the 0.5-1.5% range. They argue that in times of lean returns, when performance for many funds turns out to have been correlated to the greater markets after all, that saving those 50 to 100 basis points can go a ways to increasing net returns and aligning the interests of manager and investor. Many also make the point that high fees were justified when managers were using many turns of leverage on their strategies. Now, as leverage the world over has dried up, the thought is that managers should not continue to be compensated based on previous goals and conditions.

As these investors review further investment in the alternative asset space there is also a change in their own diligence and review process. Two years ago a fund manager's operations were of little consequence compared to investment process and track record, and who your service providers were was a check box on a due diligence questionnaire. Now the steps for a fund's operational processes, as well as the viability and experience of their service providers (i.e. auditor, outside administrators, prime brokers, etc.), are paramount.

Fund of Funds vs. Advisor

A lot of the concern comes down to control. A cookie cutter fund structure, at least for these largest of investor, seems a thing of the past. Many of these plans are much more interested in the transparency and control offered by separately managed accounts. By the use of these structures the belief is that they can increase the visibility the investors have, decrease fees, further align interest, eliminate and not pay for redundancies they may have with existing staff, and further customize portfolios directly to their need.

This desire for further control, together with some of that distrust after many investors were burned by the Bernie Madoff and other scandals, leads these investors to question the use of the fund of funds model at all.

This desire for further control, together with some of that distrust after many investors were burned by the Bernie Madoff and other scandals, leads these investors to question the use of the fund of funds model at all. By eliminating that layer, they say, they will clearly save on fees and would have more of a hand in the creation of their investment vehicles. In the same breath, though, is an admission that many of even the largest funds don't have the staff or the acumen to properly and effectively manage a pool of alternative investments.

It truly does take a focused approach and good amount of experience to manage many of the more complex strategies on the market today. While it may be enticing from the perspective of saving money and so doing right by your underlying beneficiaries, there is still a place (a necessary, and perhaps fiduciary, place) for experienced expert advisors.

Email Matthew Kosara, Editor of The Market Maker, at mkosara@taaaps.org.