
Hedge fund sector to benefit from slowdown

By ARTHUR MACDONALD

MANAMA: The economic downturn has presented the hedge fund industry with opportunities during the recovery.

That is one of the conclusions of a report on the industry by Capintro Partners, an alternative investment firm specialising in attracting global fund managers to the Middle East market.

The study indicates that the severe tests of last year led to structural changes in the industry giving way to attractive opportunities for hedge funds.

The report makes a compelling case for having hedge funds as a strategic long-term investment within a diversified portfolio.

The report points out that assets in the industry have substantially declined due to investor redemptions, weak performance and flight to quality.

The reduction in assets allows for a substantial positive performance due to reduced competition among hedge fund managers within the same strategy.

"Hedge funds have historically outperformed post crises and have performed well preserving capital throughout historical crisis events," the report said.

"In order to attract new assets, managers are offering investors various incentives that may include access to closed funds, higher levels of liquidity, greater transparency and reduced fees."

"It's important for investors to realise that the current environment presents substantial opportunities for hedge fund managers and in turn for them," said Capintro Partners chief executive officer Mahmoud Al Khawaja.

"Our objective is to help uncover these opportunities, specifically in the aftermath of the events of 2008 and the massive de-leveraging that took place within the financial system."