

# Hedge Fund Conference

Winning Hedge Fund Assets in 2009

## GLOBAL DISTRIBUTION CHANNELS *COVERING THE WORLD*

Moderator: Cheryl King, Symphony Financial Partners

### Speakers

Rachel Minard, Cogo Wolf Asset Management

Chris Acito, InvestCorp

Drienne Benner, Cadogan Management

John Donohoe, Carne Group

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- Describe the structure of your organization
- State history, asset size, employee size, scope and your role within your Company

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## Rachel Minard: History and Structure

- Cogo Wolf Asset Management, LLC is a 14-year old boutique alternative investment firm, specializing in FoHFs and hybrid funds
- The firm is 100% owned by its three partners with 8 employees
- The flagship fund, Global Strategy Fund, has delivered 11.8% net CAR over 14-years and ranked over 3- and 5-years 8<sup>th</sup> out of 552 FoHFs (Bloomberg, 1/1/09)

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## Rachel Minard: History and Structure

- Cogo Wolf employs a top-down, thematic, macroeconomic view when constructing portfolios (GTAA)
- Cogo Wolf uses no leverage, offers full transparency, has never been in a “blow up” hedge fund nor has lost a single investor in its history
- Most recent fund launch Trimaran Liquidity Fund

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## Rachel Minard: History and Structure

- As President of the firm, my role is to run the firm including raising all assets, servicing all clients, managing the staff and building the firm through new fund launches and global strategic partnerships
- Within building the global brand and culture of the firm, I focus on building gravitas and strength around the Cogo Wolf brand, its Partners and funds



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## Chris Acito: History and Structure

- Founded in 1982 by Nemir Kirdar as a bridge between Gulf capital and Western investment opportunities
- Currently about \$14 billion, all in alternatives (Hedge Funds, Private Equity, Real Estate)

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## Chris Acito: History and Structure

- Hedge Funds =
  - fund of hedge funds
  - + customized multi-manager products
  - + single manager hedge funds (seeding)
- About 350 people globally (New York, London, Bahrain)
- Investcorp is a bank (aka permanent capital vehicle)

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## Drienne Benner: History and Structure

- Founded in 1994
- \$5.2 billion as of 12/31/08 (\$4.5 billion as of 1/1/09) in AUM
- Dedicated Fund of Hedge Fund Specialist





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## Drienne Benner: History and Structure

- 59 employees globally (New York, London, Tokyo) – Research emphasis
- Global Director of Marketing (marketing, sales and client service)



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## John Donohoe: About Carne

- Carne is a leading advisor to Alternative, Hedge, Traditional and Private Wealth Managers
- Located in six countries: Dublin, Cayman, Dubai, London, Luxembourg, Switzerland
- Consultants' specialised industry knowledge, experience and expertise, and multiple skill sets
- John Donohoe, CEO and Founder. Also advise clients such as BGI, Allianz, Santander, James Caird, GLG, Hermes, Credit Suisse

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## John Donohoe: About Carne

- Extensive mutual funds and alternative investment funds governance, operating, compliance, risk, project management and fund distribution experience
- Extensive Corporate Finance experience
- At forefront of product development and distribution
- Deliver practical solutions based on actual experience and expertise

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## John Donohoe: Carne clients



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- Discuss your business model and marketing strategy for 2009
- How has that evolved or changed from past strategies

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## Rachel Minard: Business Model & Marketing Strategy for 2009

- For 2009, Cogo Wolf will grow through strategic partnerships with global institutions, leveraging IBs and global distribution channels
- Geographical focus includes Japan, Europe, Korea, Scandinavia, Canada and the US

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## Rachel Minard: Business Model & Marketing Strategy for 2009

- Distribution channels include global institutions, US regional consultants, financial advisor/family office firms, endowments/foundations and opportunistically, smaller pension plans
- Partnerships include private banking white label funds, sub-advisory and separate accounts along with customized funds for various global government institutions and financial advisors

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## Chris Acito: Business Strategy for 2009

- Marketing strategy centers developing customized multi-manager mandates for larger institutional investors...
- ...and much of 2009 marketing will focus in the US (globally)

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## Chris Acito: Business Strategy for 2009

- Customized multi-manager approach also incorporates our Single Manager program
- De-emphasizing Europe
- De-emphasizing High Net Worth channels

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## Drienne Benner: Current Business Model

- Emphasis on core capabilities (flagship funds)
- Emphasis on core markets (institutional, pensions and consultant-driven mandates)



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## Drienne Benner: Current Business Model

- Regional focus remains North America, Europe and Asia (including Australia)
- Targeted direct calling and continued consultant support

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## John Donohoe: Business Strategy for 2009

Identify current trends in market and provide assistance:

- Growth in passive products e.g. ETF's
- Private Wealth Managers redefine business model and strategy
- Traditional managers face greatest risk
- Opportunity for Hedge Managers in middle ground: Absolute Return/ Enhanced FI etc
- Threat to Hedge Managers from increased regulation, political pressures, fee compression, sub-scale
- Investor demand for liquidity, transparency, risk control, custody, low leverage, disclosures
- Regulated products: UCITS III and QIF's/ SIF's
- Increased Governance

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## John Donohoe: Business Strategy for 2009

- Carve focused on Middle East and Switzerland
- Distribution Opportunities
- Mergers/ Alliances/ Acquisitions

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- Suggest how to access different markets around the globe from both personal and professional experience
- What are the challenges you have experienced

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## Rachel Minard: Access and Impact

- Having built the strategic marketing campaigns and platforms for 3 FoHF firms from scratch, one must start with a very clear vision of what the firm wants to accomplish in what time horizon with what resources.
- We believe there are tremendous opportunities for Cogo Wolf in Scandinavia, Europe, Canada and Asia right now and have successfully accessed these channels through introductory brokers (IBs) and strategic partnerships. US inroads through consultants and intermediaries.

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## Chris Acito: Target Market- US Large Institutions

- Opportunity: institutions will dominate flows and overall assets in 2009+
- Challenge: Capability to customize and support "assisted direct" investing
- Challenge: finding a sales team that is consultative in nature
- Challenge: operating platform to construct and maintain separate accounts (both feeder fund and underlying manager)
- Advantage: Single Managers



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## Chris Acito: Target Market- Gulf Investors

- Opportunity: large pool of liquidity
- Opportunity: underserved market (apart from largest SWFs)
- Challenge: market is smaller than is usually imagined
- Challenge: having the staying power, especially to reach beyond the 5-6 obvious names
- Challenge: not having a blue-chip name
- Advantage: Being local

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## Drienne Benner: Large Institutions- Public & Corporate Pensions and Consultant Relations

Direct – 5 sales/core-strategy specialists focus on largest plans

- Team responsible for full sales process from sourcing to client service
- Deeper portfolio knowledge – enables consultant and end-to-end sales/relationship model
- Both consultant relationships and direct calling

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## Drienne Benner: Large Institutions- Public & Corporate Pensions and Consultant Relations

Indirect – Leverage parent relationship

- Institutional and third party focus
- Large sales force of generalists – primarily for introductions
- Sales support infrastructure utilizes product specialists and additional distribution support.

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## John Donohoe: Distribution Outside US

Europe:

- Each market different
- Local presence: London/ Geneva
- Pensions- Consultants

Institutional- Direct access, distributors

HNW's- PWM, platforms

Retail- Banks, platforms

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## John Donohoe: Distribution Outside US

Europe continues:

- Distribution rules
- Leverage and liquidity are key concerns
- Size of UCITS market
- Hedge Funds establishing UCITS (Brevan Howard, Ferox, Blackrock, GLG)
- FoHF's suffering
- Concern over investing in US Hedge Fund structures
- Continental politicians demanding fund regulations

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## John Donohoe: Distribution Outside US

Middle East:

- Local presence/ contacts
- Many markets
- Family Offices
- “Swiss Access”
- Private Placement
- Large pool of assets- patience
- SWF: selective strategies
- Interest in UCITS

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## John Donohoe: Distribution Outside US

Asia:

- Select countries (Japan, HK, China, Singapore)
- Local presence v's local partnerships
- Public/ Institutional demand for UCITS
- Private Wealth Managers
- Importance of Singapore as a hub

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- Discuss any obstacles to success to marketing globally and offer some "words of wisdom" from your experiences over the years



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## Rachel Minard: Challenges and Commitments

- Obstacles to success in marketing globally: time, talent and resources
- Show commitment to a region by visiting several times over a period of time: local commitment, global expertise
- Have the tenacity and patience to understand the sales cycle
- Firm-wide financial commitment and at-home resources that maintains consistent momentum through the close
- Remain focused on the longer-term and be willing to stick it out

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## Rachel Minard- Words of Wisdom

- 1) Realistically evaluate your funds, resources, commitment and expectations
- 2) Ensure you have the financial support, firm-wide resources and infrastructure in place to pursue the marketing plan and course of action that's been identified
- 3) Manage firm-wide expectations right up front and show ongoing maintenance of these targets

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## Rachel Minard- Words of Wisdom

- 4) Ensure you have a concise, prove-able, value proposition for the firm and funds at the ready (DDQ, collateral materials, presentations) that all can articulate
- 5) Ensure you have done the proper peer-to-peer analysis, budgeting and the market recon to build an implementable marketing attack including PR, team growth and expectation management
- 6) Ensure you have a CRM and water-tight communications program in place support every aspect of the outreach program

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## Rachel Minard- Words of Wisdom

- 7) Create a Rev Gen plan and launch the attack: 90% follow up
- 8) Don't stop until the target is met. Don't compromise your standards. Don't get discouraged. Tell the truth.
- 9) Think differently: skate to where the puck is going to be.
- 10) Don't compare. Be an original.

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## Drienne Benner

- Understand where you fit. Know your culture, strengths and client suitability.
- Be local. “Speak the language” in every way.
- Position honestly. Be willing to walk away when not a good fit.
- Invest in resources to service your client base.

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## John Donohoe: Words of Wisdom

1. Understand each country: distribution challenges, product demand, key differentiator, fee levels and commissions, potential partners
2. Decide on key countries, client segments, channels, partners
3. Locals on the ground where possible (Sales, CRM)
4. Importance of pension consultants
5. Distribution regulations and potential changes e.g. FSA on advice
6. Market changes e.g. promotion of UCITS/ regulated products, hedge manager regulations

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## John Donohoe: Words of Wisdom

7. Performance + Correct Product + Distribution =  
Success

