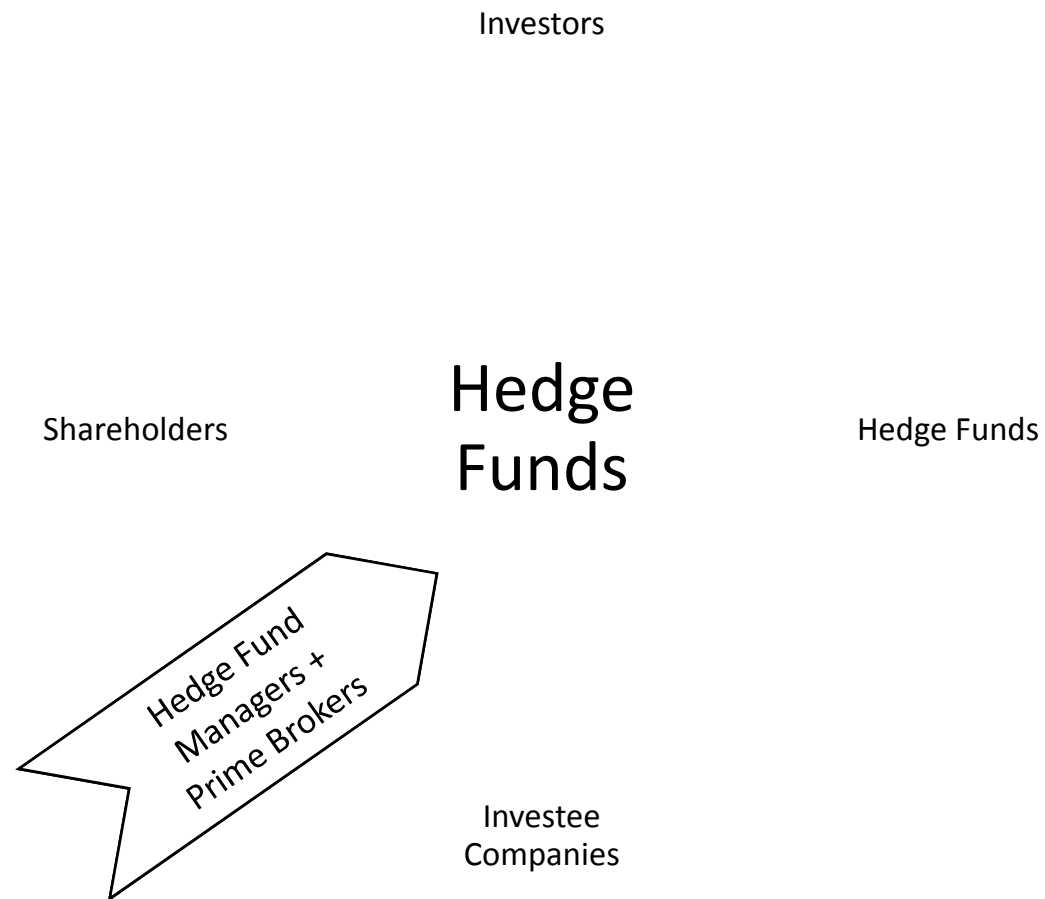


Hedge Funds

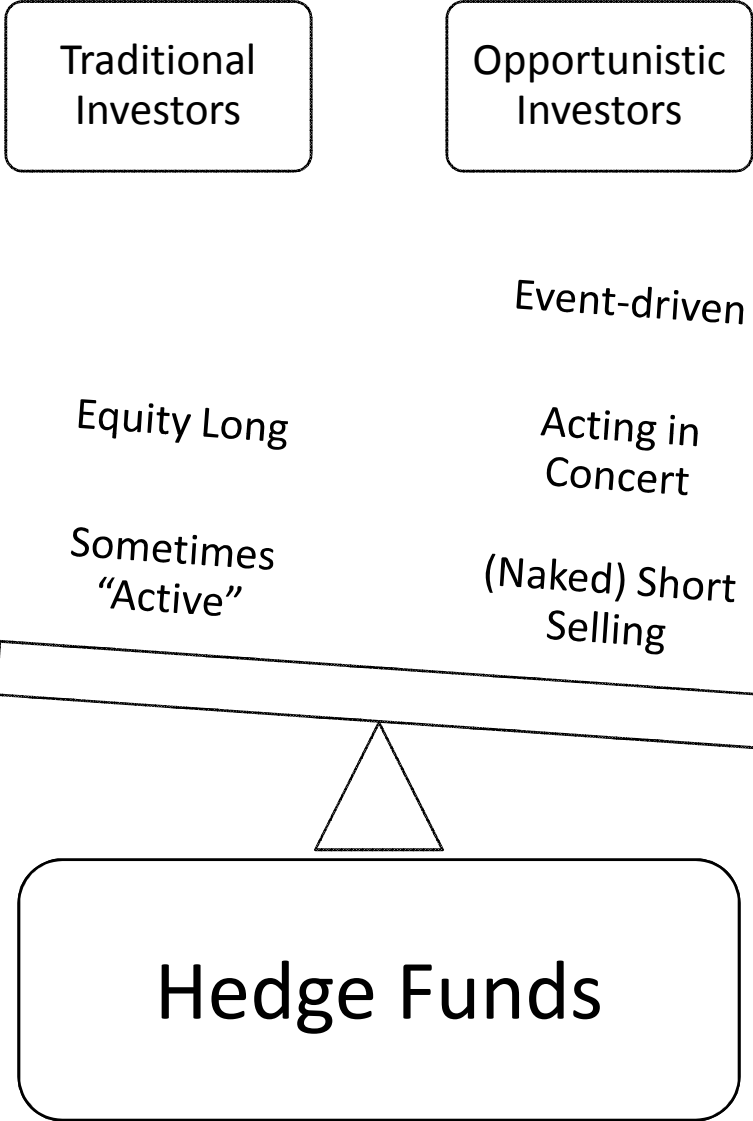
Erik P.M. Vermeulen

27 February 2009

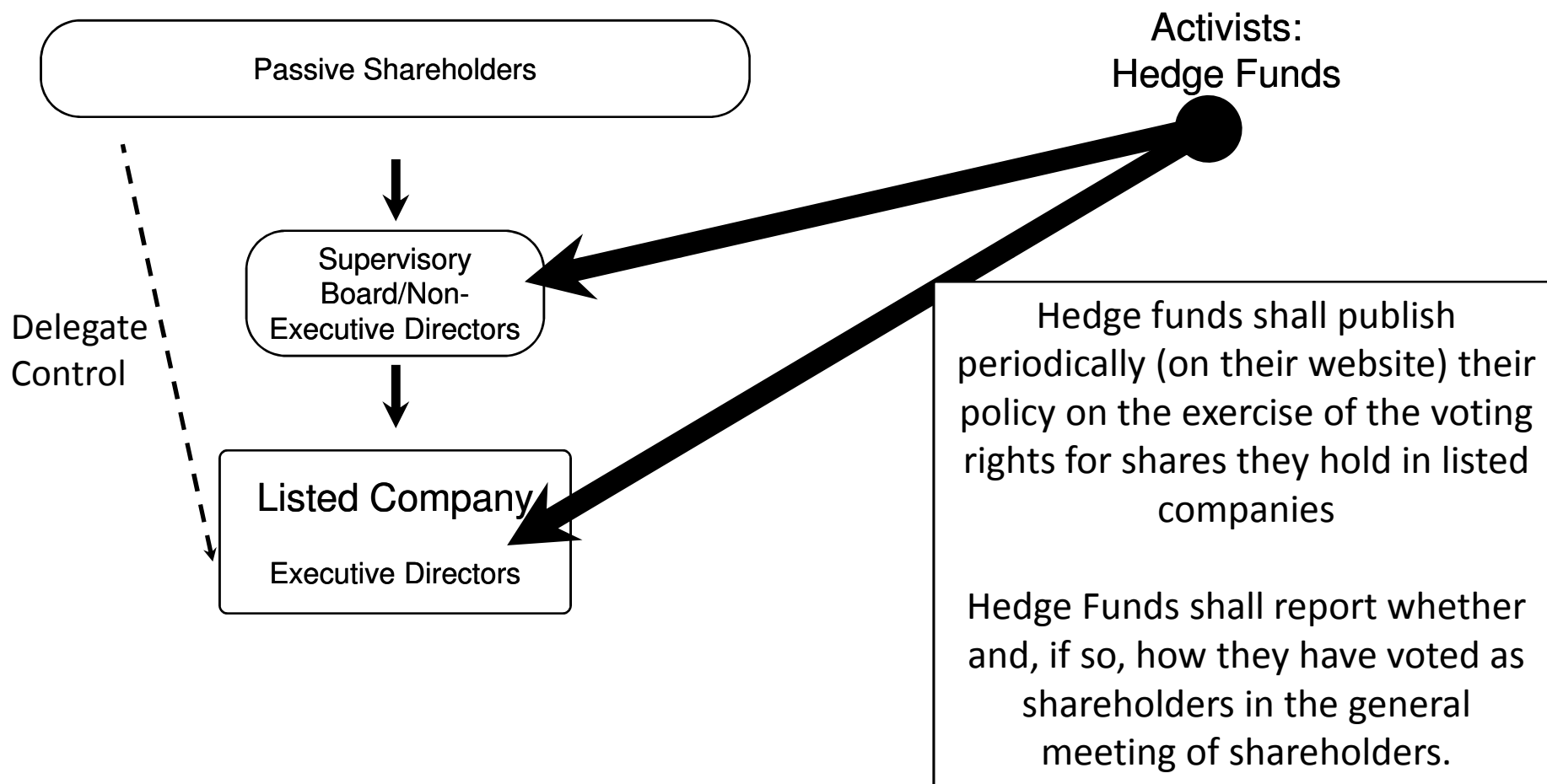
360° View of Hedge Funds Investments



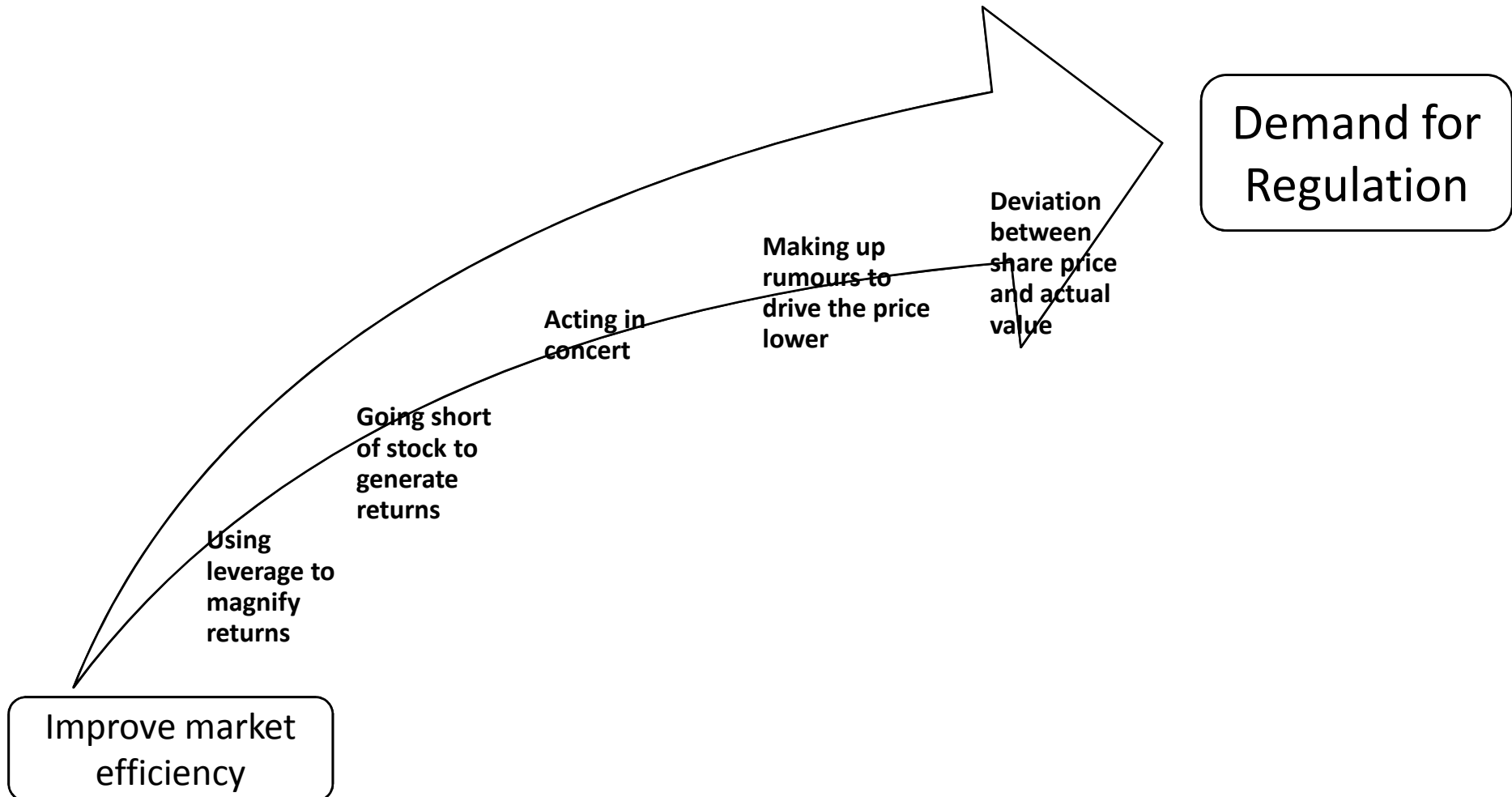
A Closer Look



Hedge Funds as Traditional Investors



Hedge Funds as Opportunistic Investors



Regulation

No Intention

Self-Regulation

Direct Regulation

Co-Regulation

Self-Regulation

	Alternative Investment Management Association (AIMA)	Hedge Fund Standards Board (HFSB)	Managed Funds Association (MFA)	President's Working Group (PWG)	International Organization of Security Commissions (IOSCO)
Reporting style (consistency, frequency, etc.)	+	+	+	o	
Valuation framework	+	+	o	o	+
Past returns	o	o	+	o	
Extreme risks		o			
Factor exposure				o	
Portfolio composition					
Leverage risk	o	o		o	
Liquidity risk	o	+		o	
Hedge fund structure (legal, management, etc.)	o	+	+	+	
Operational risk	+	+		+	

No
sufficient
guidance

Lack of
public
confidence

No
"complete"
disclosure

Industry
Guidelines

Direct Regulation

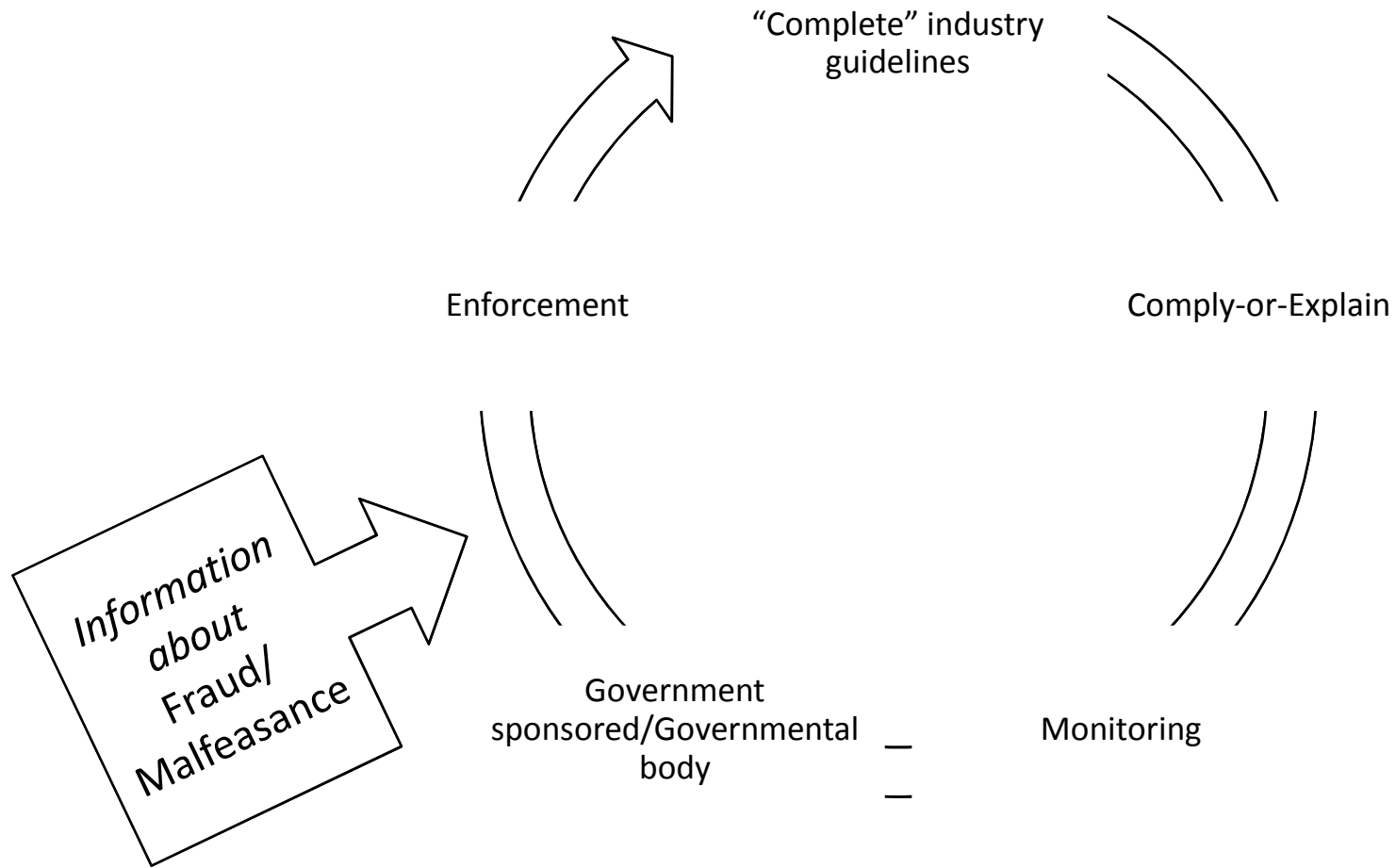
- Registration
- Transparency (annually)
- Conflict of Interest & Fiduciary Duties

Regulation

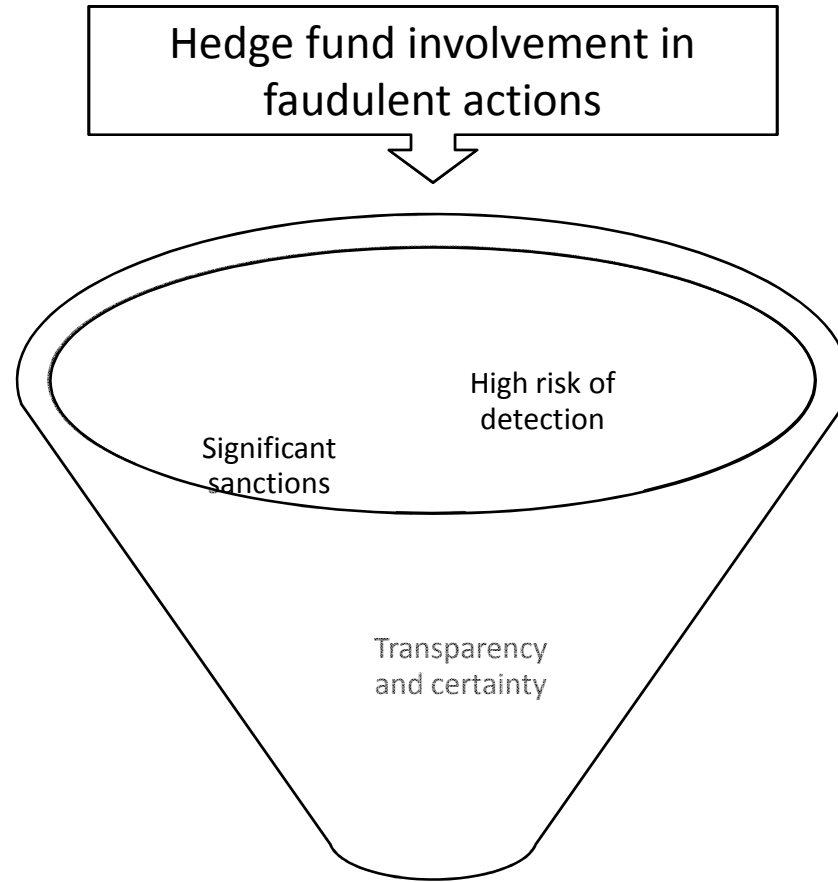
Costs

- Will it matter?
- Difficult to process information
- Difficult to observe

Co-Regulation



Adopting a Leniency Policy



Offer
Leniency/Investigato
ry Tool

Thank You!

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