



The Five Future Themes of the Hedge Fund Industry

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- BPC is an independent solutions provider for alternative investments
- Specialised in alternative investments, especially fund-of-hedge funds (“FOHF”) as well as in hedge fund investment structures
- Founded in 1999 and authorized and regulated by the FSA since 2001
- Formed as an Investment Management Company in November 2006
 - BAsE Fund of Fund (Luxemburg SICAV)
 - Platform Manager (German institutional investor)
- Offices in London and Zurich with three directors, seven specialists and a well known expert team
- Assets placed and advised upon: USD 850M+



The Majority of Alternative Asset Growth Will Come From Traditional Management Firms

- Establishment of “Alternative Beta” and 130/30 products will garner significant assets because they offer:
 - *Well known brands*
 - *Significant transparency*
 - *Lower fees*



Hedge Funds Will Become Less, Not More, Transparent

- Reaching, and maintaining, an edge will continue to become more difficult.
In this environment, confidentiality will become paramount
- Activists cannot reveal their targets until they have fully invested



Volatility Will Continue To Fall, “Combustibility” Will Rise

- The Market’s historical pattern of releasing tension has been constrained by alternative investment managers
- Normal patterns of rising and falling markets will be replaced by long periods of relative calm, with punctuated periods of significant swings
- Tail events will become much more pronounced



Massive Consolidation Will Reduce Hedge Fund Industry By Thousands

- Hedge funds now need to be very big in order to support significant business, regulatory issues
- Small managers cannot afford to attract talent, run business, raise capital
- Capital no longer thrown at small managers by hedge fund of funds due to asset growth slowdown, overhead costs and blow-up risks
- Industry of the future will be “barbelled”: small managers who have no intention of growing a business and very large managers (the new “active investment managers”)



***Fund of Funds Concept Will Not Be Threatened By
Multi-Strategy Managers, But Their Business Model Will Be***

- Many large fund of funds invest in large hedge fund managers and multi-strategy managers because of the need to invest large sums of capital
- Multi-strategy managers currently invest in the “core” areas and do so cheaper and more dynamically than FoFs
- Will force fund of funds to focus on niche-oriented, hard to access managers where they can continue to provide value. However, also means they will be much smaller