

Actionable Ideas for the Power to Optimize Your Trades

Tip 9: What's Important to Growth Hedge Funds?

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Ms. Caliendo: As the hedge fund industry looks to improve performance, not all are approaching this challenge in the same way. Growth, or mid-tier funds, tend to have very different priorities than smaller emerging funds or their larger, more established counterparts.

To help address important industry trends, Bank of America Merrill Lynch asked growth funds which topics they are most interested in as they seek to reach the next level. The top three answers were: operating model, broker vote, and talent and culture. This is consistent with the response our PB Consulting team has seen.

As growth funds look for ways to manage costs and streamline functions, operating issues such as outsourcing have seemingly become more important. Outsourcing can help funds transition to a more variable cost model, with the ability to adjust to performance. Growth funds appear committed to improving their broker vote, and consolidating brokers where needed. Some are even taking a holistic view of their wallet spend, exploring the idea of combining commission and financing wallets. Finally, talent management appears to be a clear priority as funds look to attract young talent and retain high performing staff in tough times.

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