

# Swiss family office launches own hedge fund

Tara Loader Wilkinson

GWM, the Geneva-based family office, has taken the unusual step of launching its own hedge fund in a bid to service a growing appetite for alternative assets among ultra high-net-worth clients.

The new Ucits III fund, 7H Absolute, launched last month with €50m (\$38m) under management and a growth target of €400m over three years. In the first month and half, the fund has returned 1.82%. GWM is thought to be the first wealth manager to launch its own hedge fund. Traditionally, family offices invest money on behalf of clients into hedge funds or funds of funds to gain exposure to the sector. Ucits funds are regulated funds that demand minimum levels of liquidity and diversification. The structure, which allows

funds to be marketed to retail investors, has gained in popularity with hedge fund managers as a way of diversifying their client base, and also with investors seeking the comfort that a regulated structure can offer. The 7H Absolute fund aims to deliver positive absolute returns irrespective of equity market conditions and will invest mainly in equities and equity-related instruments listed on European exchanges, according to a statement from the group. Simone Chelini and Pietropaolo Rinaldi are

managers of the fund - the duo co-founded and run the award-winning Unifortune Albatross Fund, which won the Italian Hedge Fund award and the Mondo Hedge Award in 2007. They were hired earlier this year to spearhead the move. A spokesman for GWM said the idea of launching its own fund came partly from the high level of hedge fund expertise at the firm, and partly due to demand from an increasingly sophisticated client base looking for low-risk exposure to alternative assets. Murat Ünal, an

analyst at Swiss consultancy Funds@Work, said the move was interesting and possibly the first of its kind. He added: "There is a move from the wealthy away from funds of hedge funds back to single hedge fund strategies as sophisticated investors prefer to select themselves and avoid double fees. This also allows them to also better measure their risks by demanding for example regular portfolio constituents to look through." He added that investors are prioritising value-for-money fees. He said:

"Pricing has become a great issue as investors are no longer willing to accept high fees for such strategies, only if the prerequisites are there that justify high fees. Even the calculation of performance fees is scrutinised more strongly making sure that interests are much more aligned." GWM, with €2bn under management, services around 30 wealthy families in Europe and Middle East. 7H Absolute charges a management fee of 1.5% with a performance fee of 20%.