

**INVESTMENT EUROPE**  
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**REAL ASSET INVESTORS LOOK TO HEDGE FUNDS FOR SUPPLY-ADVISOR**

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Placement agents and research companies are reporting that real asset and private equity investors are looking to raise additional capital and may deploy up to \$200bn prior to the end of 2013.

Gamma Finance, a London-based independent adviser to the alternative investment sector, says some of the beneficiaries of this increased activity may indirectly be investors in the hedge funds that have experienced low liquidity in the post-crisis years.

Gamma Finance has been awarded advisory mandates of \$500m by clients seeking to optimise exits from a diverse range of lower-liquidity assets, including real estate and private equity positions.



Founder Florian de Sigy (pictured) said that since the launch of Gamma Finance's Real Assets Advisory business in 2011 he had seen "steady growth" of interest both from hedge funds managing lower liquidity investments and specialist investors with appetite for the real assets held in such investment vehicles.

"Private equity funds in particular recognise this as a new source of assets that are not available through their usual channels," he added.

"In the pre-crisis environment of significant capital in-flows into the hedge fund sector, the beneficiaries of these flows needed to put this new money to work, and that often meant seeking alpha in longer dated and less liquid investment opportunities. For example, a number of credit hedge funds started private lending facilities directly to companies, activities sometimes referred to as 'shadow banking'."

Ben Keefe, director and head of advisory for Gamma Finance, said these private market financing activities often provided a return profile uncorrelated with the equity markets - highly sought after in an environment when the hedge fund market's correlation to the equity markets was increasing, and managers were seeking a differentiated return profile.

"These hedge funds were specialist credit investors and the risks were mitigated through ensuring that the loans were adequately collateralised."