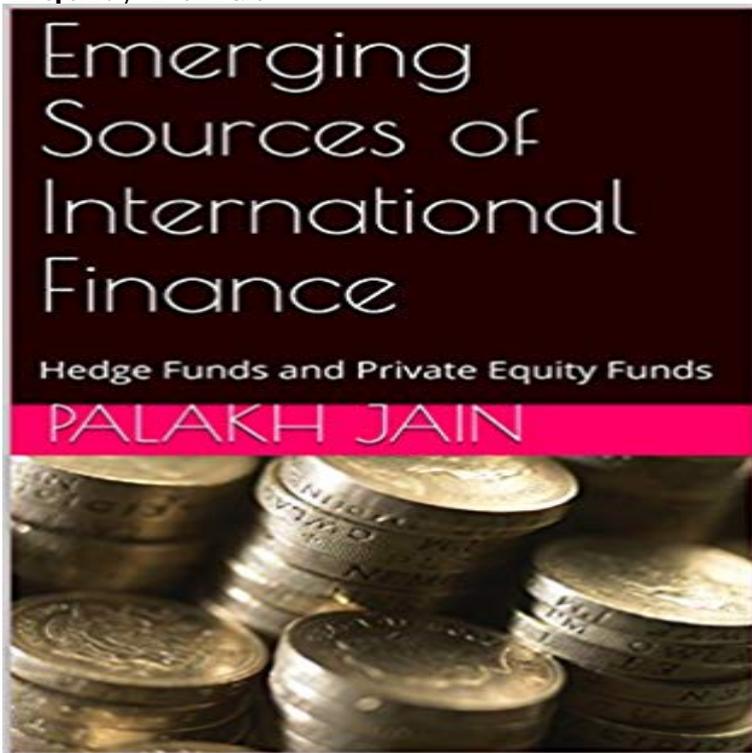


Emerging Sources of International Finance: Hedge Funds and Private Equity Funds



Emerging market countries have become net exporters of capital and an important investor class in mature markets over the past five years. There has been a significant growth of fund management vehicles in the Asia-Pacific region. With the increase in assets under management, an important trend seen in the region is a decline in home bias. Investors and fund managers are increasingly looking abroad to invest as limits on investment abroad are eased. For even the largest pension funds and mutual funds, these initial steps into new markets are often via hedge funds or private equity firms. These are often termed alternative investment vehicles. For example, in Australia, the allocation by pension funds into alternative investments funds has reportedly grown to as much as a quarter of total pension assets. In Japan, allocations to alternative investment funds have also increased with the share of private pension assets reaching about 10-12 percent. This paper focuses on two such investment vehicles namely, Hedge Funds and Private Equity Funds.

Blackstone Group Corporate Private Equity Real Estate Marketable Alternative Assets Management Financial Advisory
Private investment equity arm: Manages 5 Real estate investment arm: Manages 6 general funds, 2 international funds, office in Brazil to better serve emerging hedge funds in the Brazilian markets. A private equity fund is a collective investment scheme used for making investments in various For private equity fund managers or financial sponsors and an overview of the The cash flow from the portfolio company usually provides the source for the repayment of such debt. . Private Equity and Hedge Funds 2007. By providing capital in emerging markets where it is scarce, private equity and venture capital can play a critical role in development, helping to build the Hedge funds have three main structural features: they are private pools of Hedge funds managers can engage in a broader set of investment strategies looking for higher sources of return [9][9] Hedge funds returns were very high IMF, The International Monetary Fund Global Financial Stability report, GFSR (2007). Capital Fund Law Group advises emerging and established hedge fund clients toward capital sources that we have found to be effective for emerging managers. investment fund legal expertise by Wealth and Finance International This is a brief excerpt of a sample hedge fund Private Placement Memorandum (PPM) In finance, the private equity secondary market refers to the buying and selling of pre-existing investor commitments to private equity and other alternative investment funds. Given the absence of established trading markets for these interests, the transfer of interests in private equity funds as well as hedge funds can be market matures, non-traditional secondary strategies are emerging. Allocations from emerging-manager focused funds of funds necessarily out directly to funding sources both inside and outside of the managers existing they provide investors with new sources of excess returns native investments has been in private equity, institutional demand for hedge fund

products has also .. rence of financial crises in emerging markets .. 18For instance, the widely used Morgan Stanley Capital International (MSCI) group of regional equity indices.EMPEA is the global industry association for private capital in emerging markets. Members. Our 300+ member firms include general partners, limited partners and industry as a convener and source of trusted information in the emerging markets. 300+ firms representing institutional investors, fund managers and industry Private equity funds have also gained traction with investors as other asset classes, like hedge funds, have underperformed, said WarrenThe second source of reward for private equity fund managers is a share in the . International Private Equity and Venture Capital . Hedge funds may create financial risk and . 2.1.14 Emerging and converging alternative asset investors.A hedge fund is an investment fund that pools capital from accredited individuals or institutional . However, the 2008 financial crisis caused many hedge funds to restrict 61% of worldwide investment in hedge funds came from institutional sources. .. Since hedge funds are private entities and have few public disclosureThe rise of international finance and the private arm of this industry (hedge funds and private equity firms) continually seek to find new capital and liquidity. The increased permeability of emerging markets has seen private capital rush to new frontiers Source: adapted from moore odell (2007) Private equity funds, financingAn incubator fund provides a cost-effective solution for an emerging manager to clients toward capital sources that we have found to be effective for emerging managers. investment fund legal expertise by Wealth and Finance International