

# DEDICATED MANAGED ACCOUNTS: MADE TO MEASURE FOR SMART INVESTORS

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In the past, investors were really left to their own to take on many non-core functions if they wanted to use Managed Accounts. The Race for Assets Survey points to three areas as to why we're seeing a greater increase in Managed Accounts:

1. Fees
2. Governance
3. And transparency

On the fees side, 84% of respondents indicated that they were seeking lower fees. Managed Accounts are one of the most effective ways at helping investors reduce their fees and take control of expenses. The segregated nature of the fund, the ability to customize and the ability to take on control of certain expenses means that investors are now empowered to actually reduce the fees that they pay. What this leads to is not just lower fees, but better alignment of fees among the investor and the manager. In this way, when high fees are paid out, it is because of strong performance.

Governance was another key area of focus for survey participants. Managed Accounts are very effective in improving the governance of hedge fund investments. The role of the manager is really limited to the investment functions, and those non-investment functions are now handled by the investor or other third parties. In this way, you have proper segregation of duties between the investment manager and the investor, really greatly enhancing the governance structure.

Transparency is another area of renewed focus for investors. Most investors and hedge funds receive, at best, a monthly report, often, in many cases, with a lag. Managed Accounts provides them with the proper transparency that they need. In many cases, that means daily performance, daily access to key exposures, and other risk information. By using Managed Accounts, investors are able to access the proper transparency required when investing in hedge funds.



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