

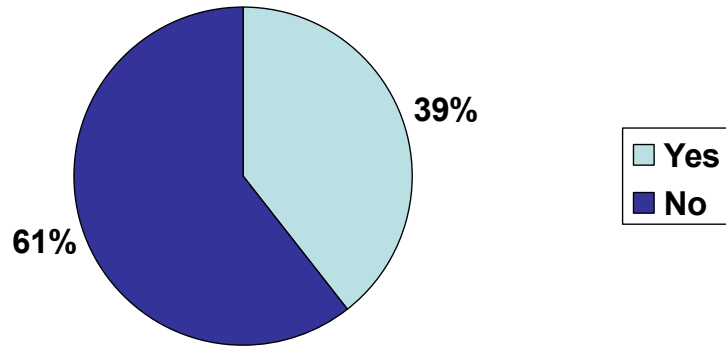


**Hedge Fund Institutional Forum
Institutional Investor Institute
Roundtable for Consultants & Institutional Investors**

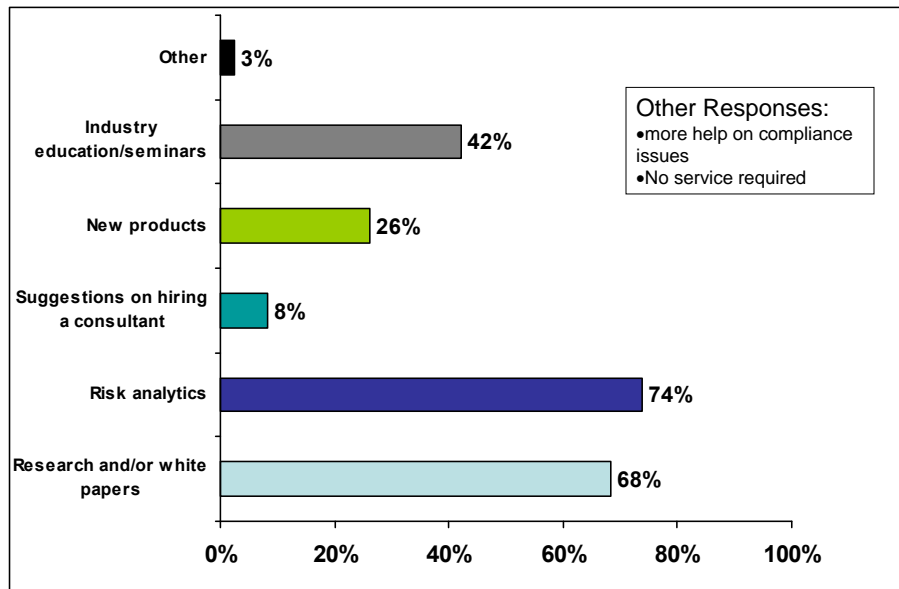
**October 19-21, 2009
The Four Seasons Hotel ♦ Chicago**

**Responses from
Institutional Investors**

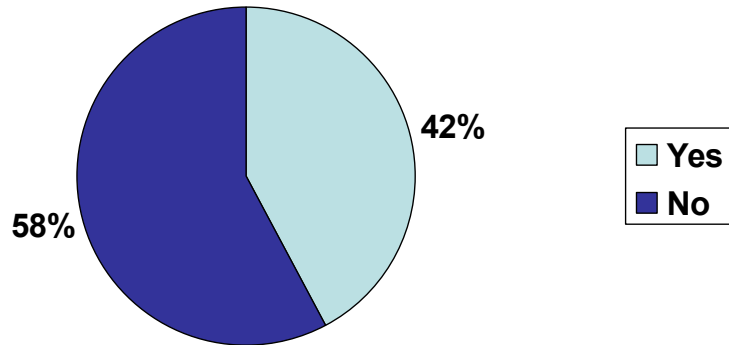
Have the services you require/desire from your money manager(s) changed in the past 12 months?



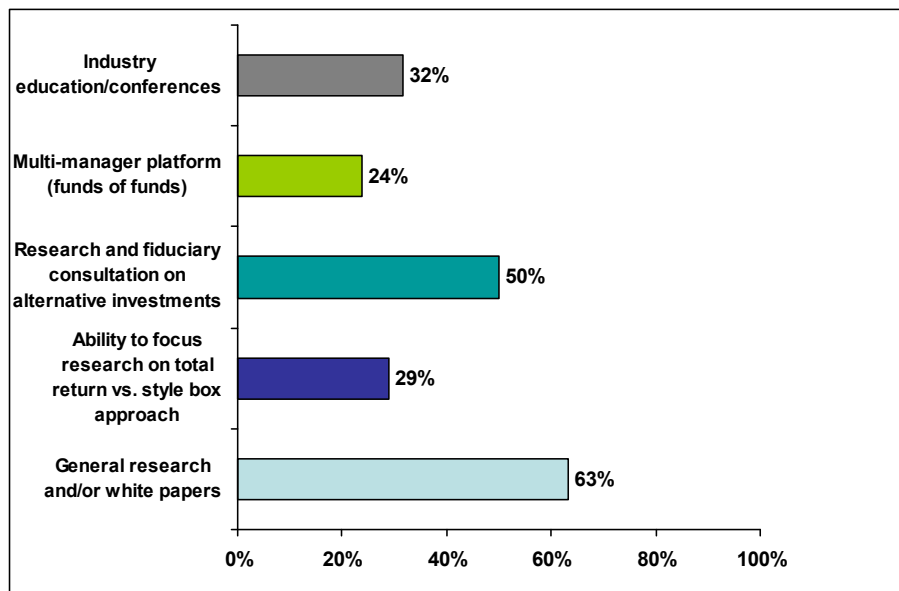
Which enhanced services from your money manager(s) would be valuable to you? (Choose all that apply):



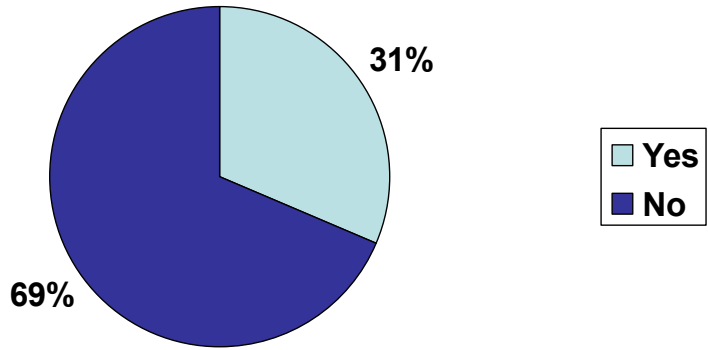
Have the services you require/desire from your consultant(s) changed in the past 12 months?



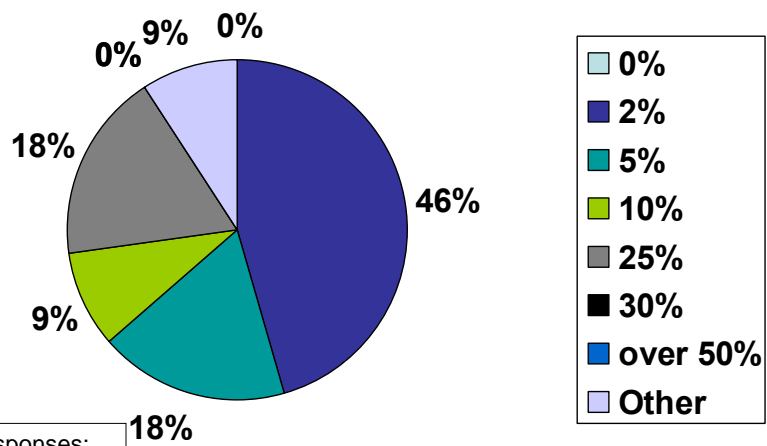
Which enhanced services from your consultant(s) would be valuable to you? (Choose all that apply):



Would you be willing to pay for these enhanced services above and beyond your traditional consultant fee?

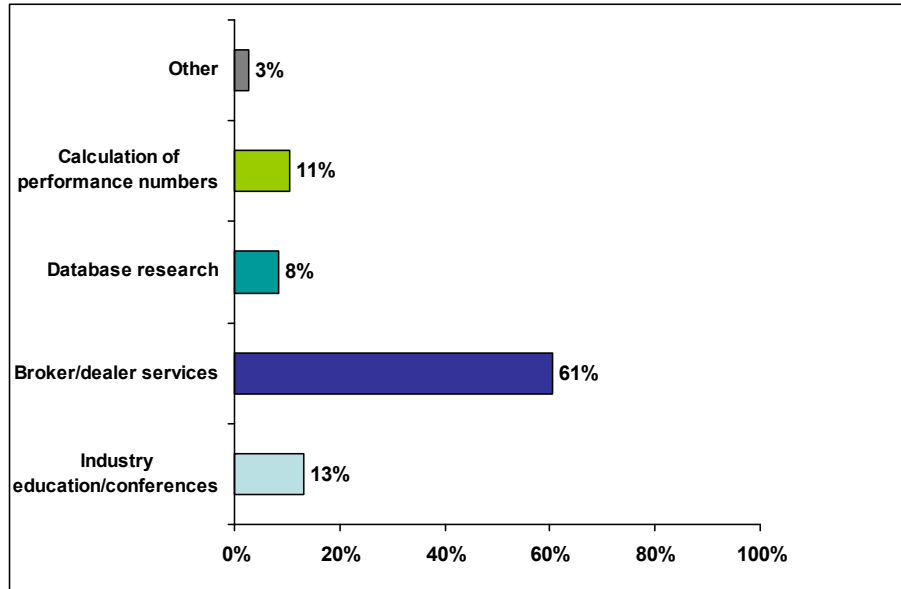


If yes, how much more of a percentage above current fees would you be willing to pay?

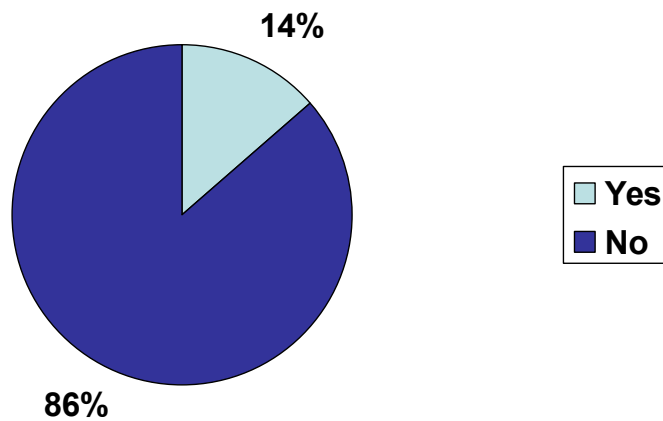


Other Responses:
• 1 to 5 bps

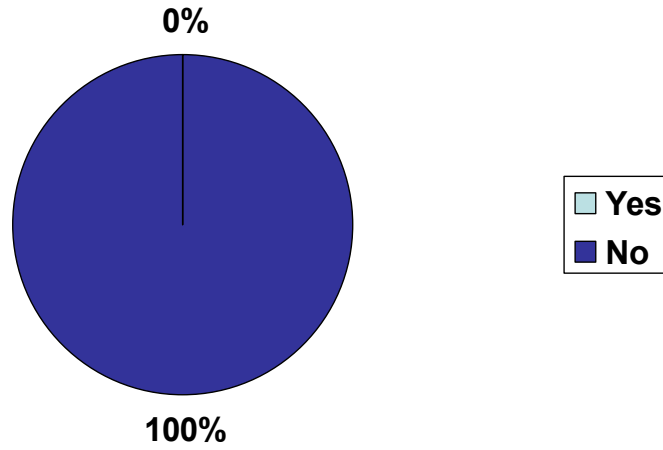
Which enhanced services from your consultant(s) would you no longer accept? (Choose all that apply):



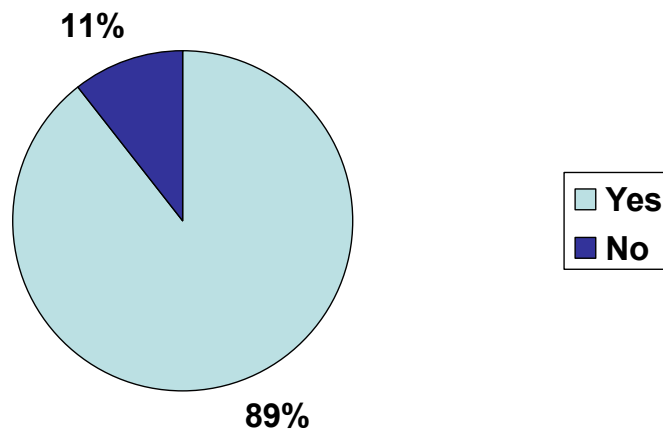
Would you be willing to pay a performance fee to your consultant for alternative investment advice?



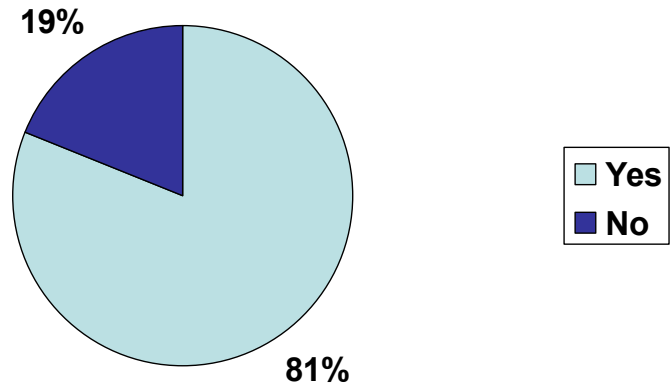
If not, do you expect this policy to change within the next 12 months?



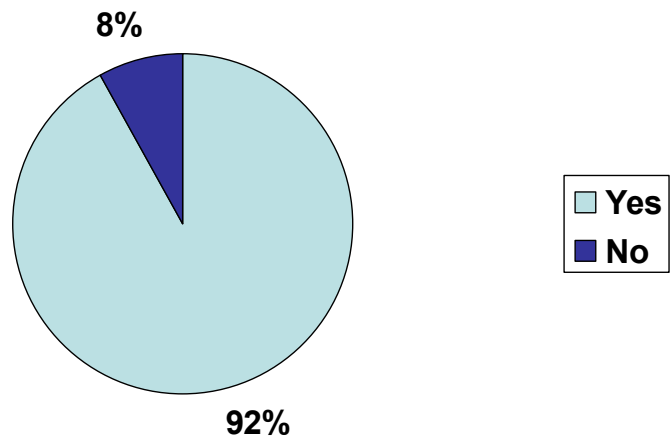
Do you have a policy regarding acceptance of meals or gifts from, or attendance at forums given by consultants and/or money managers?



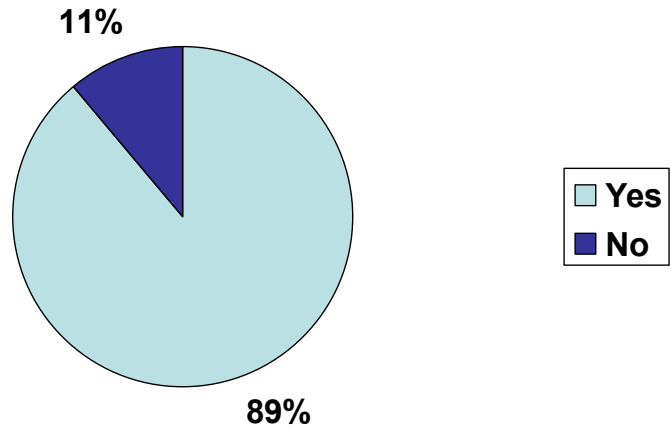
Do you ask your consultant if the firm is registered with the SEC or a state securities regulator as an investment adviser and, if so, do you get all the disclosures?



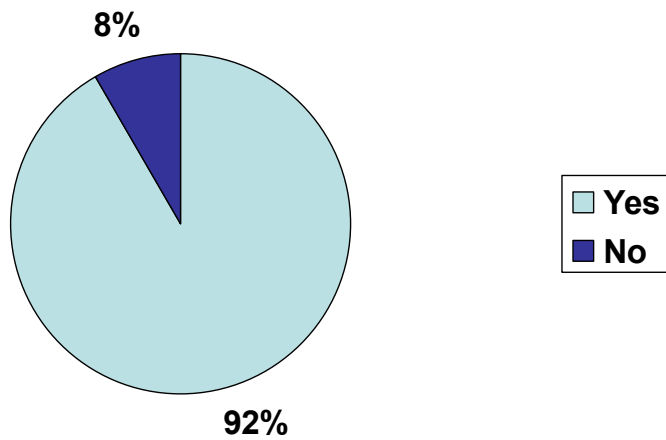
Do you ask if your consultant has other relationships with money managers that they recommend? (i.e. payment for recommendations, underwriting special events, access to research, etc.)



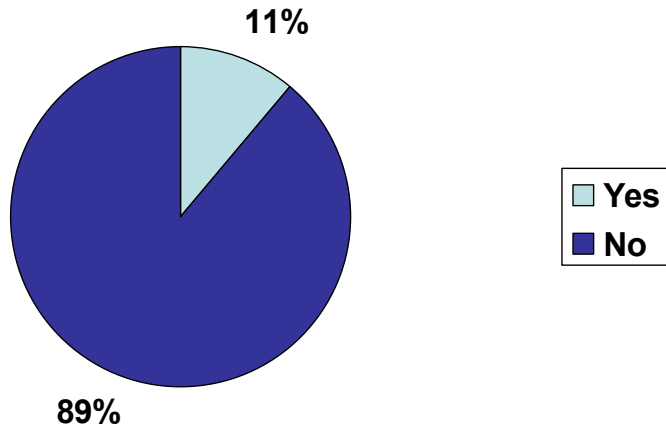
Do you find out if your consultant(s) receive payment from money managers they recommend?



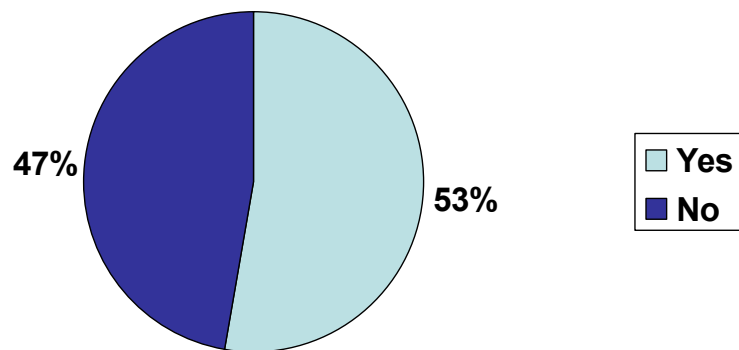
Do you determine if your consultant has any policies or procedures to address potential conflicts of interest or to prevent these payments or relationships from being problematic?



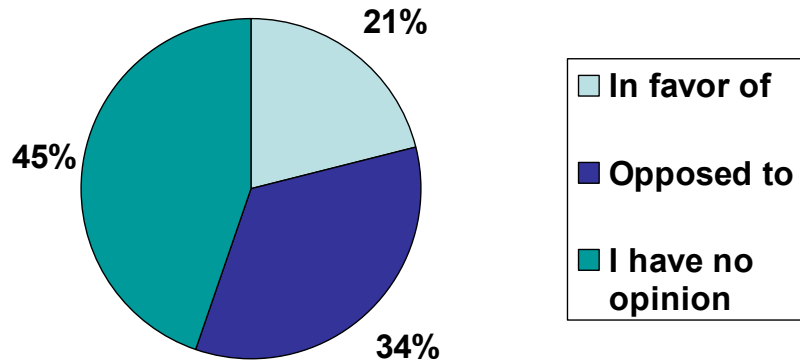
Do you allow your consultants' fees to be paid in soft dollars?



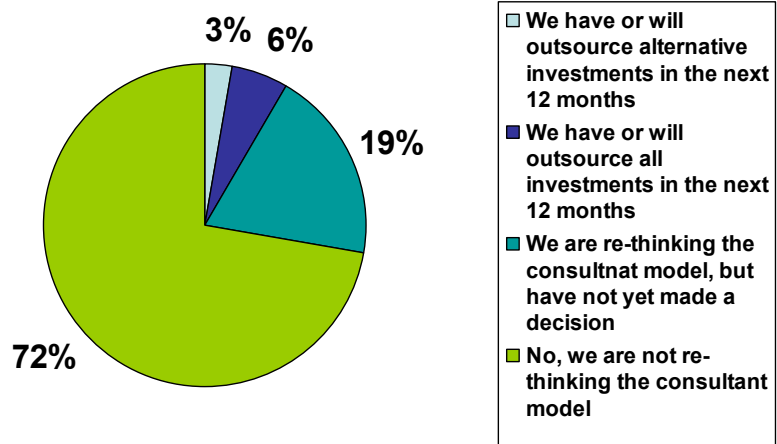
Is your consultant a fiduciary under ERISA of your plan?



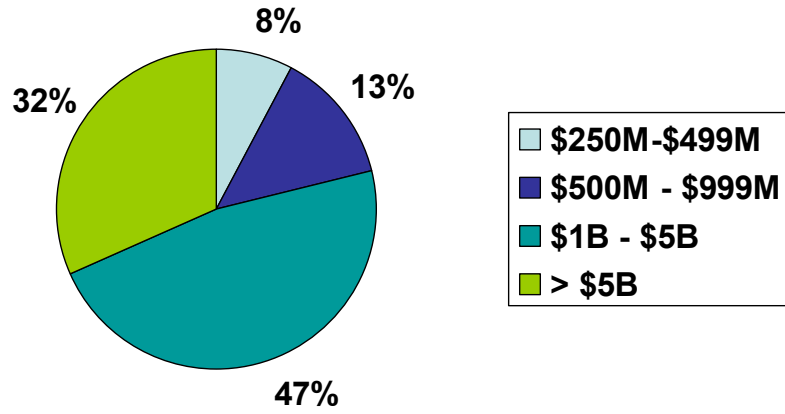
What is your position on the "master manager" or "strategic partner" concept in which asset managers are given more freedom and responsibility to achieve returns?



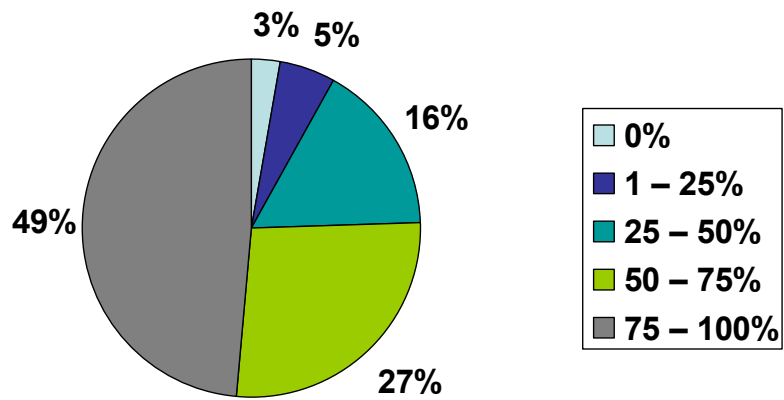
Are you re-thinking the consultant model?

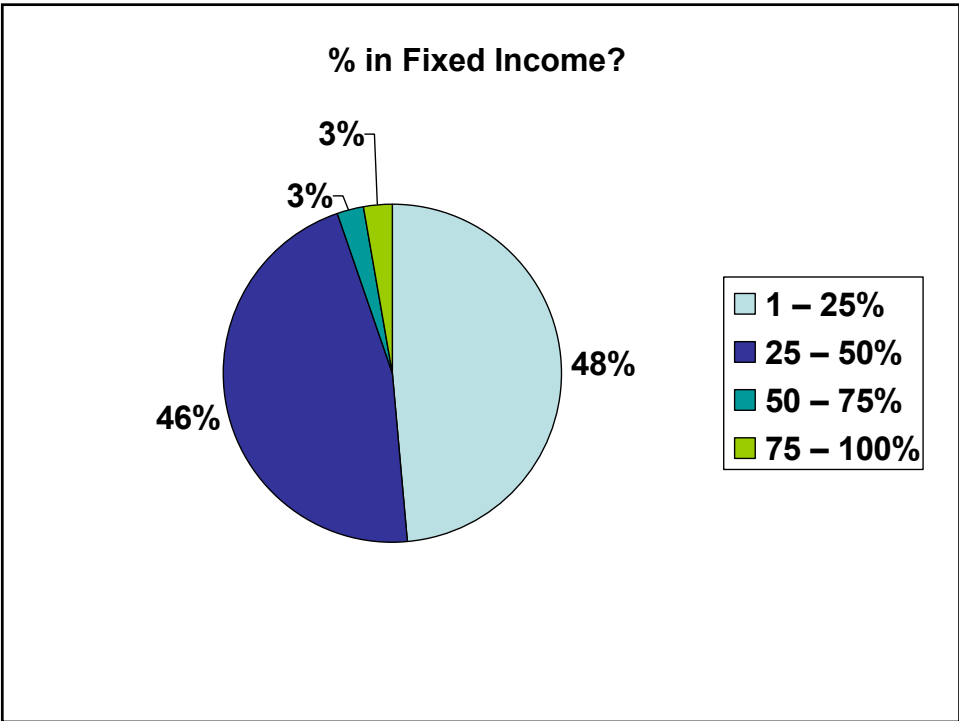
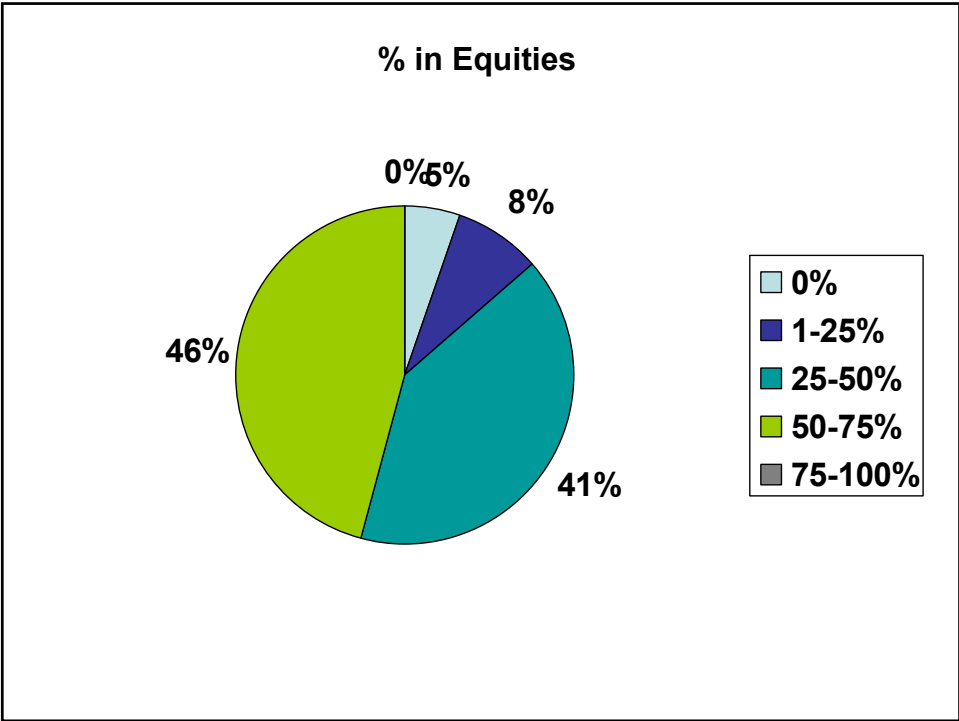


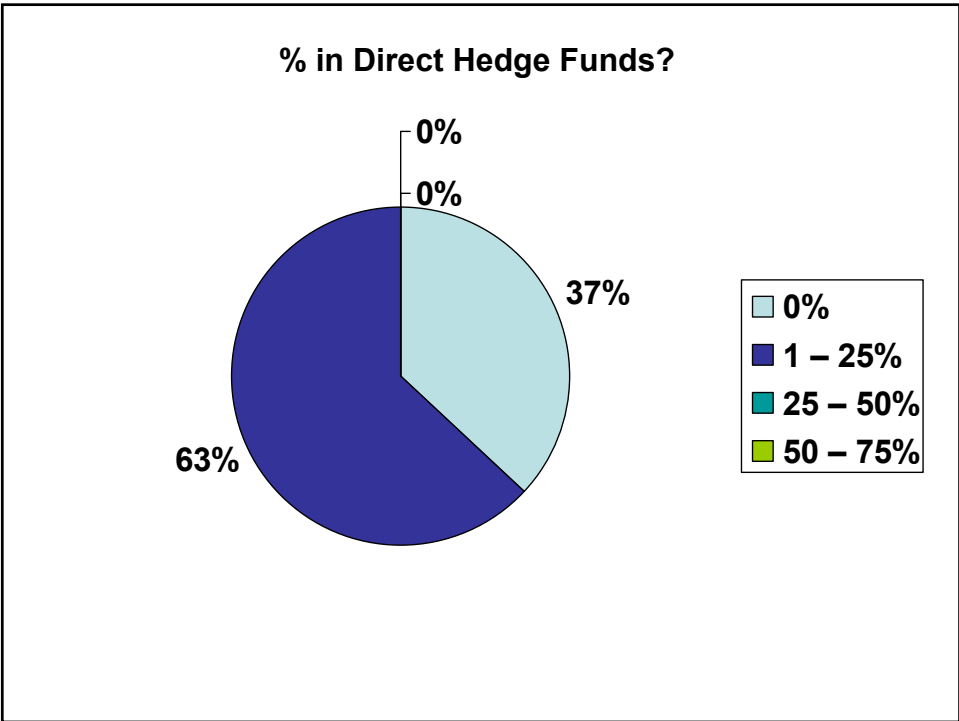
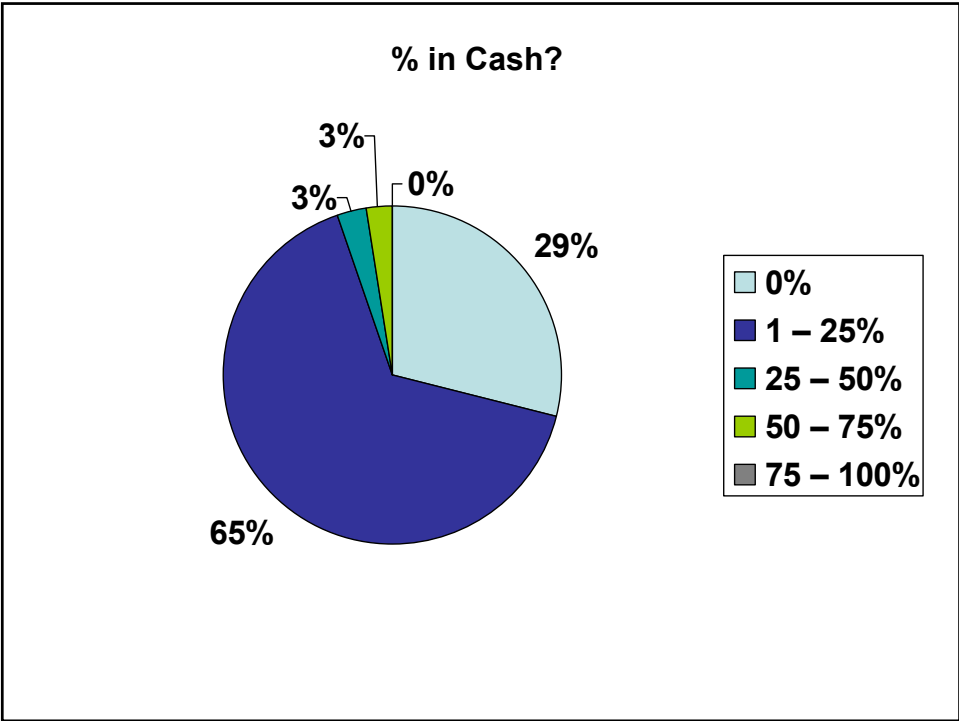
What are your assets under management?



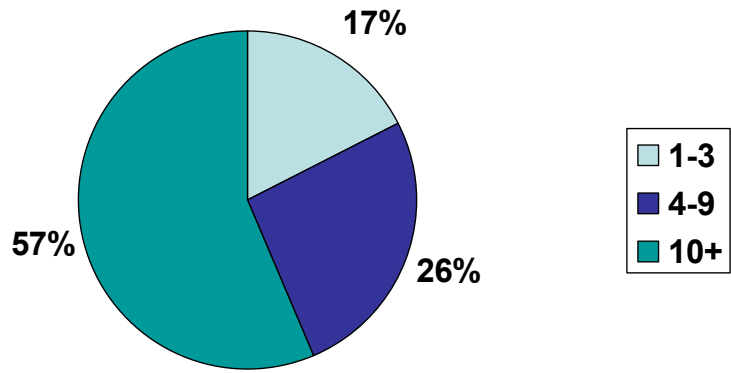
% in Long Only Strategies?



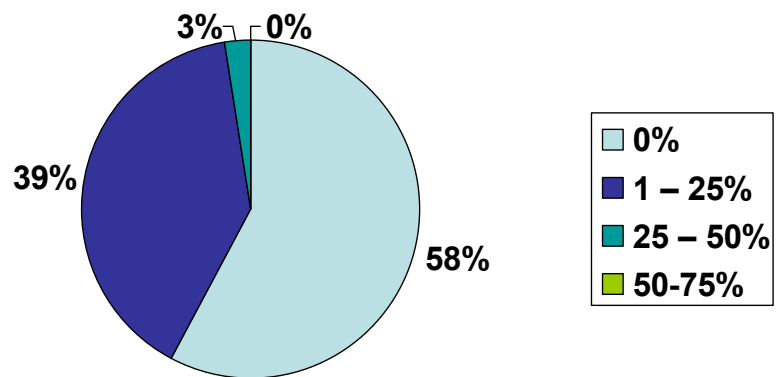




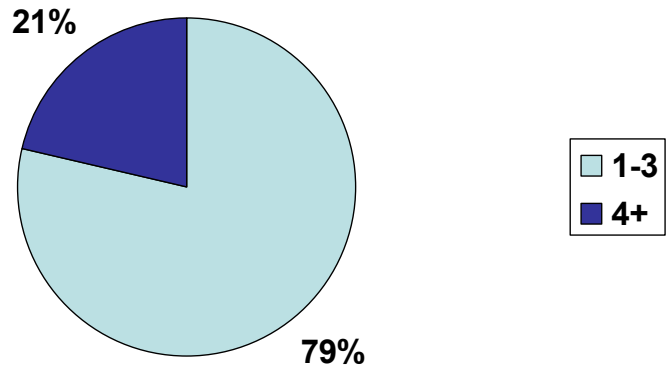
If you invest in direct hedge funds, how many are you currently in?



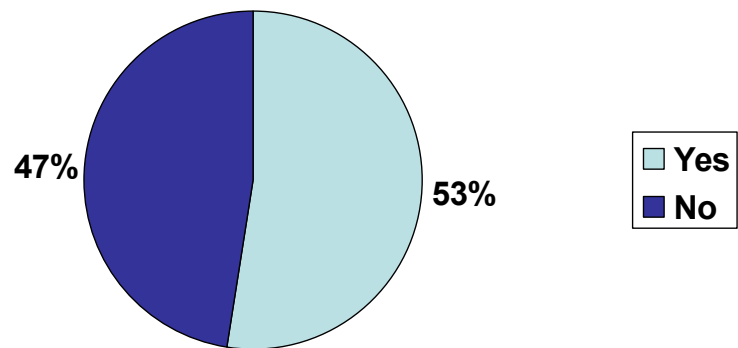
% in Fund of Funds?



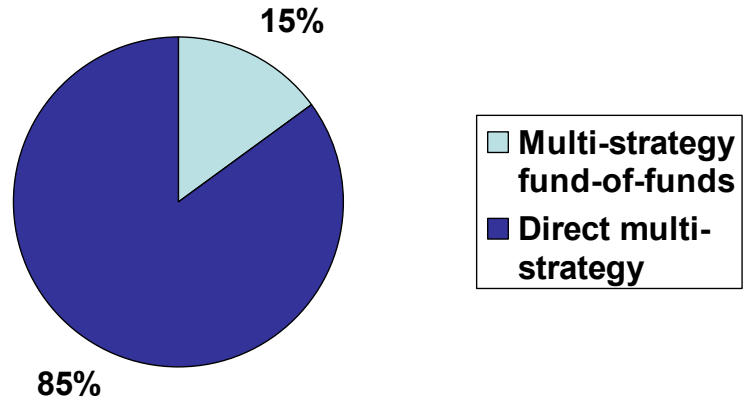
If you invest in fund-of-funds, how many are you currently in?



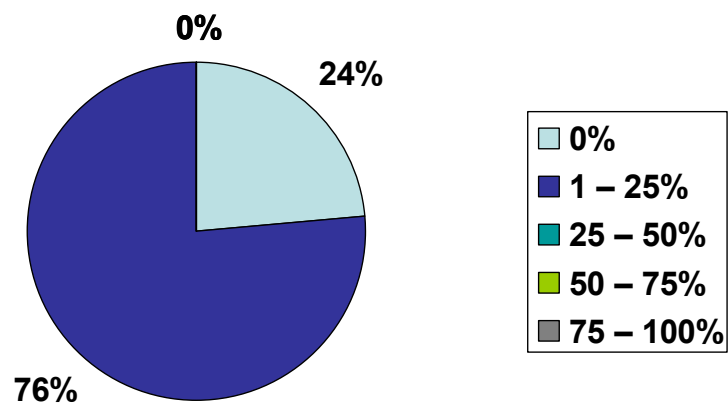
Do you use a multi-strategy hedge fund in your portfolio?



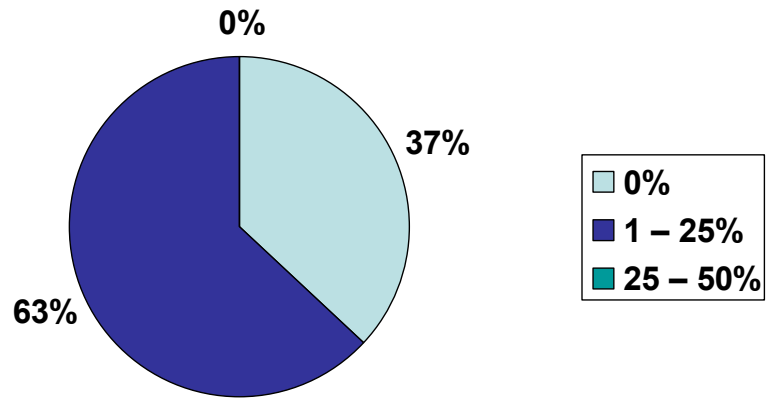
If "Yes" to the above question, what vehicle do you have:



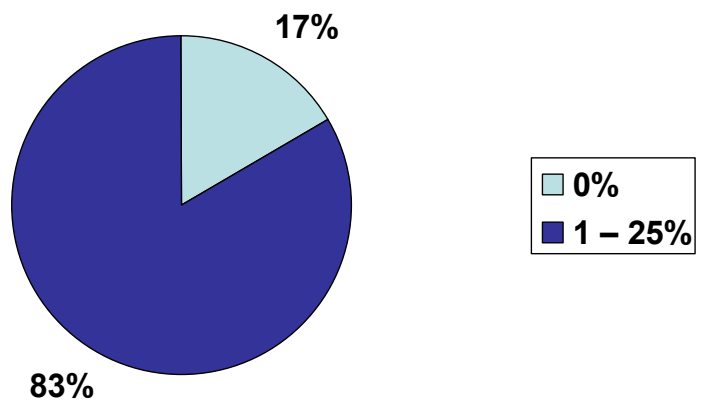
% in Domestic Private Equity?

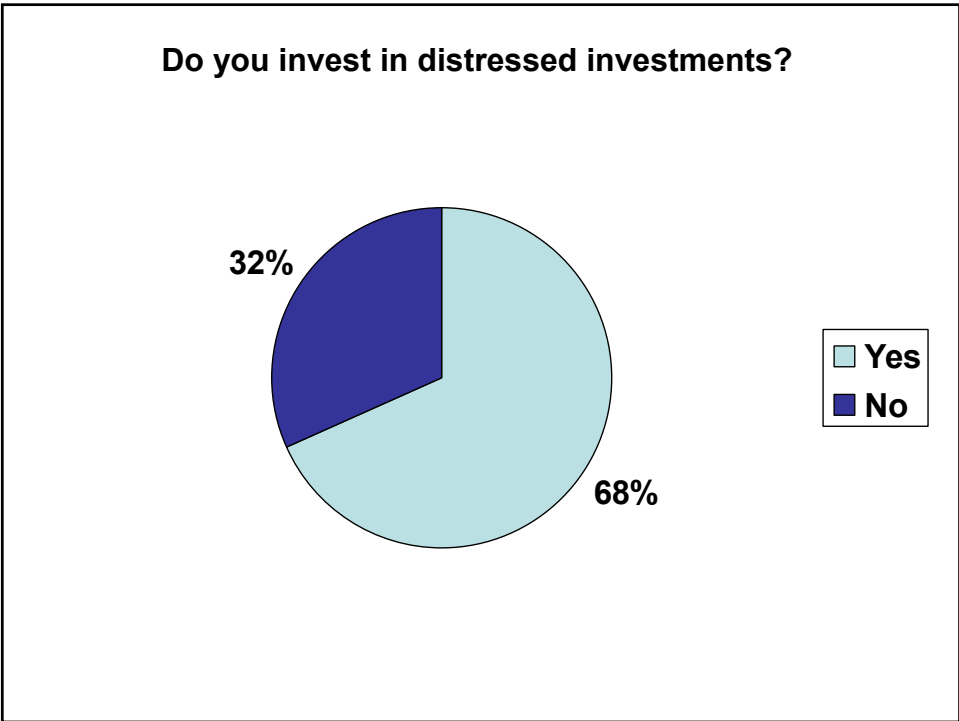
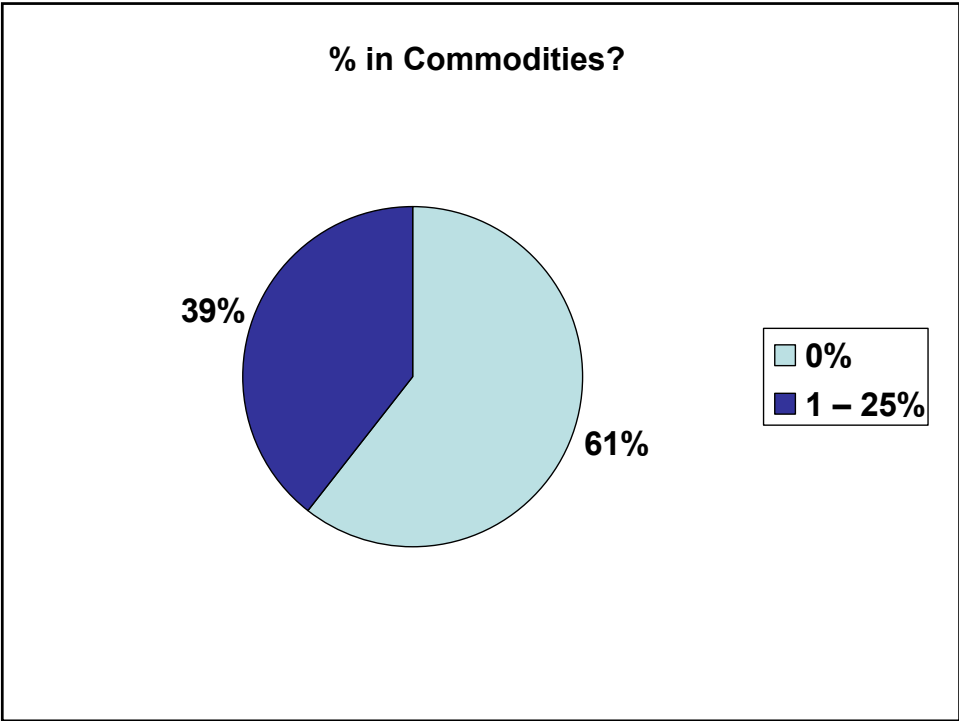


% in International Private Equity?

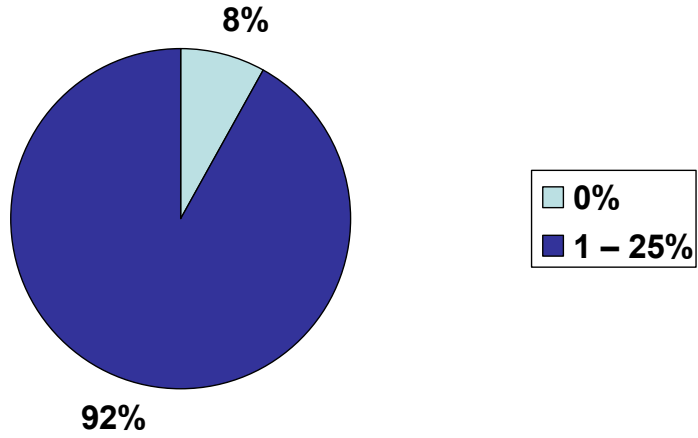


% in Real Estate?

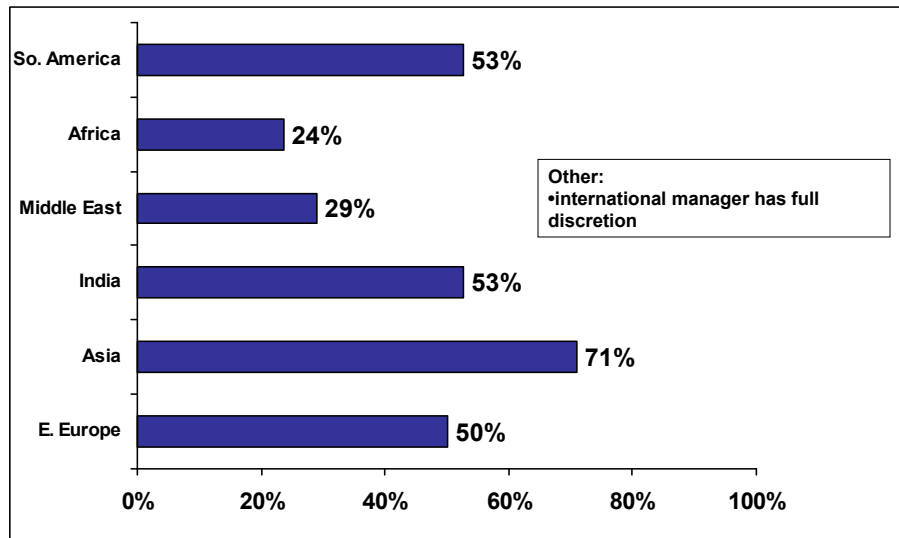




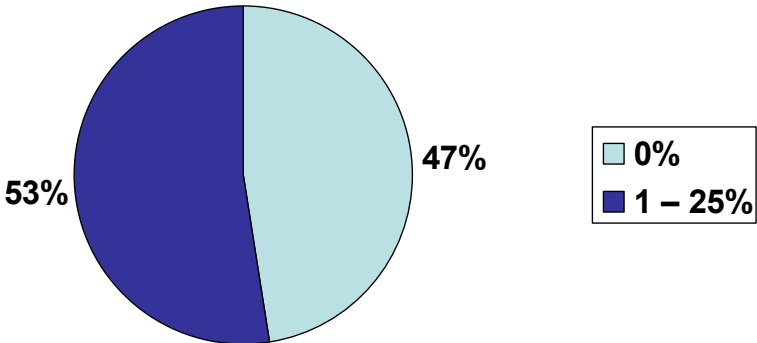
% in Emerging Markets?



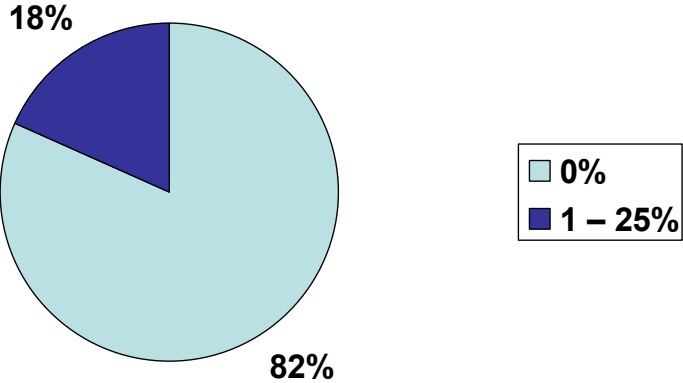
Which international markets do you invest in (Choose all that apply):



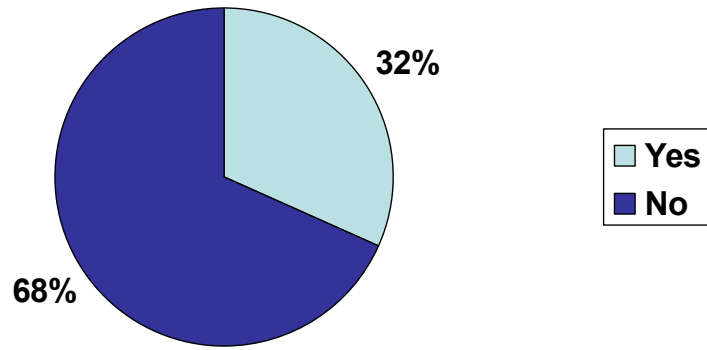
% in Energy Investments?



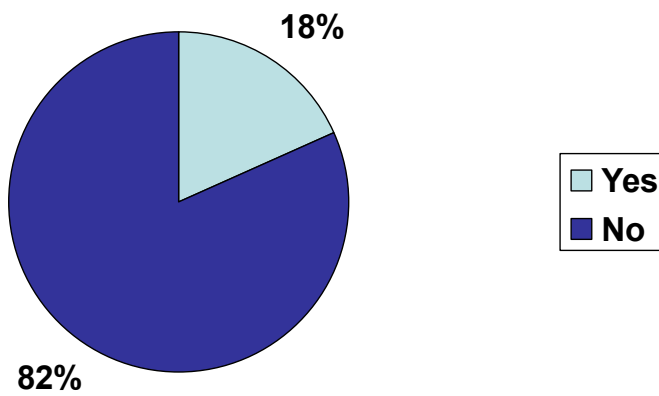
% in Infrastructure?



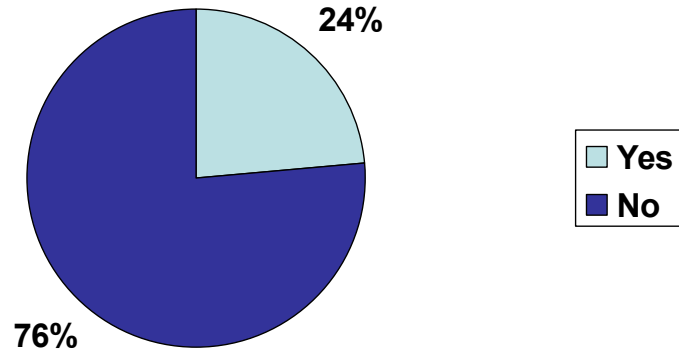
Use of Portable Alpha Strategies?



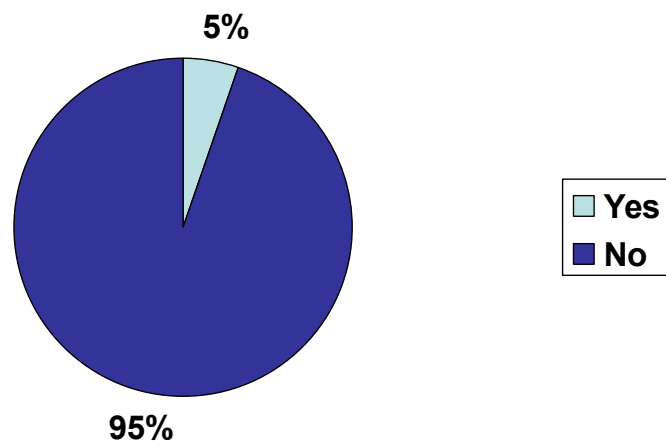
Use of Net Long Strategies (e.g., 130/30s)?



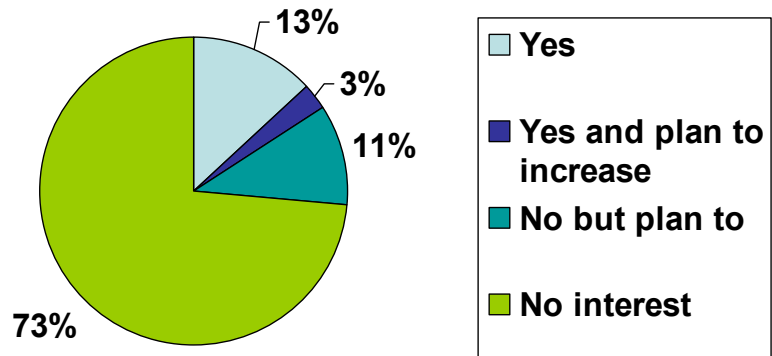
Use of LDI strategies?



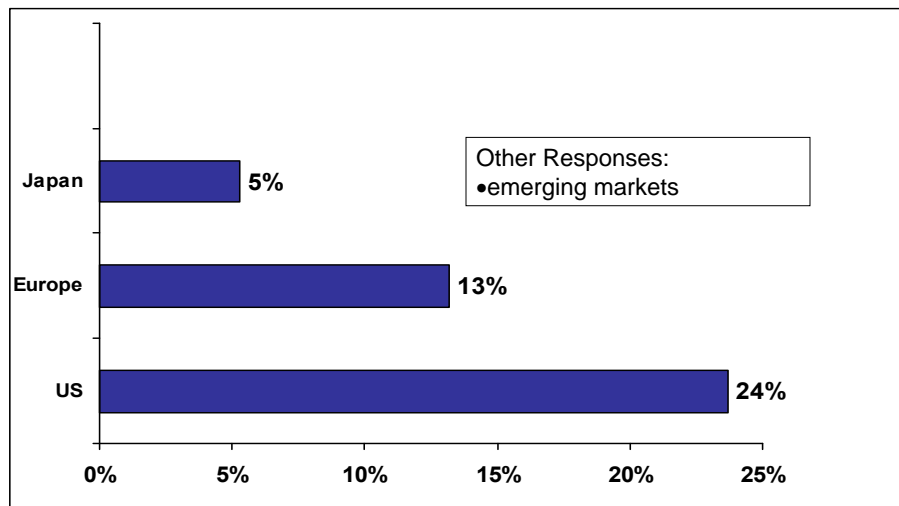
Socially responsible (ESG) investing?



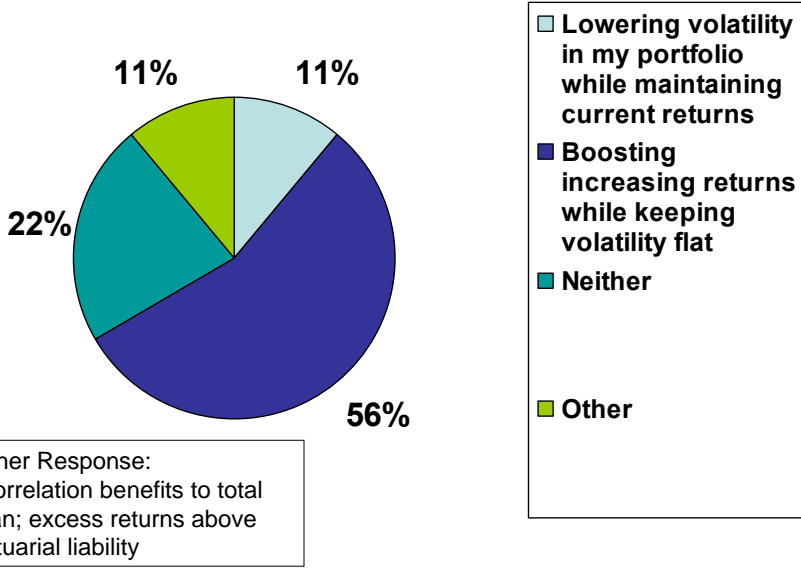
Does your organization currently participate in, or plan to participate in, shareholder activism via investing in activist funds?



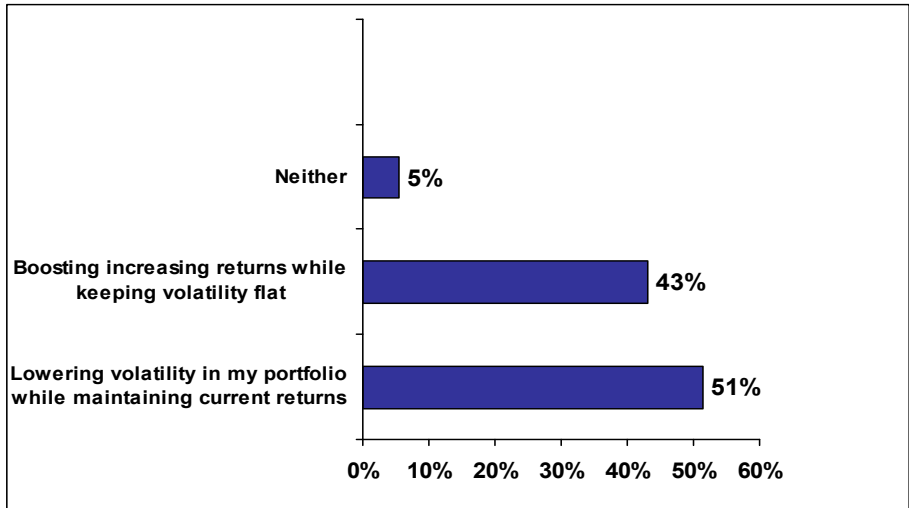
If yes, what is (will be) your regional focus: (choose all that apply)



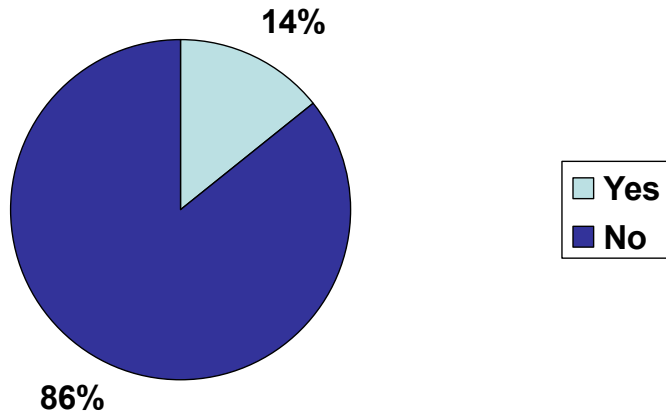
Do you base allocation on:



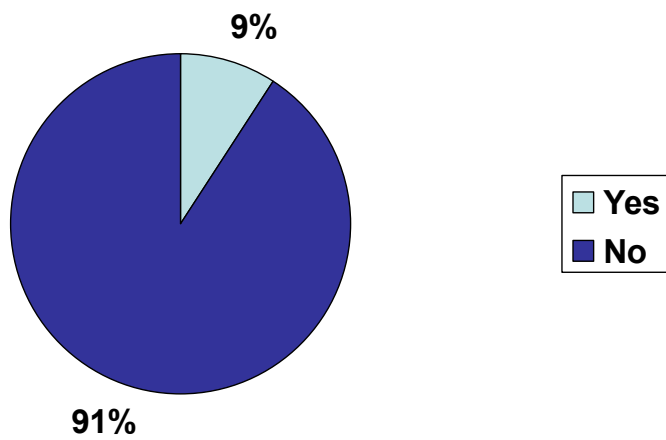
Which is more important?:



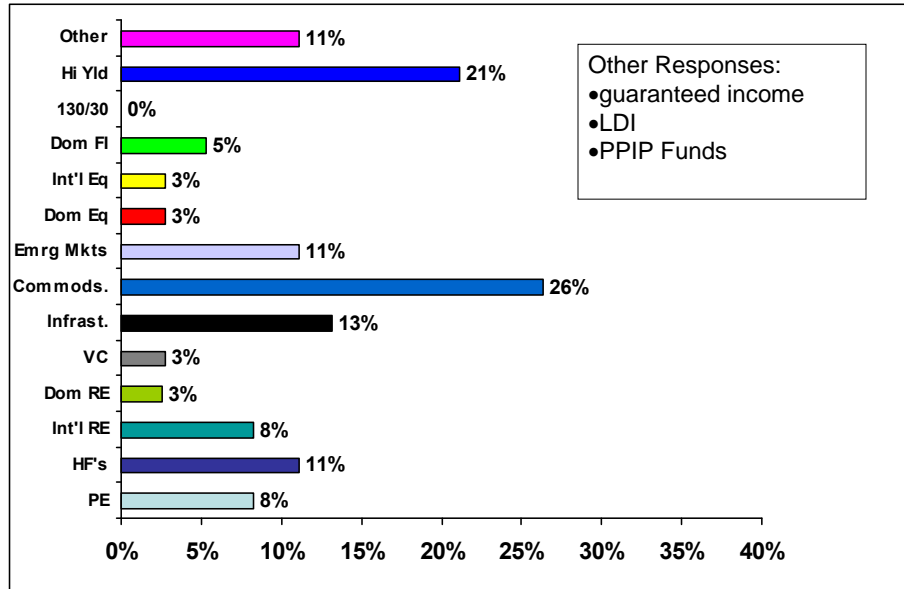
Do you currently outsource your alternatives portfolio?



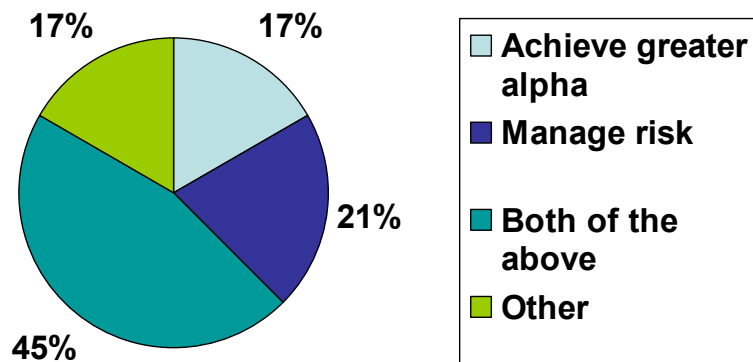
Are you considering outsourcing your alternatives portfolio?



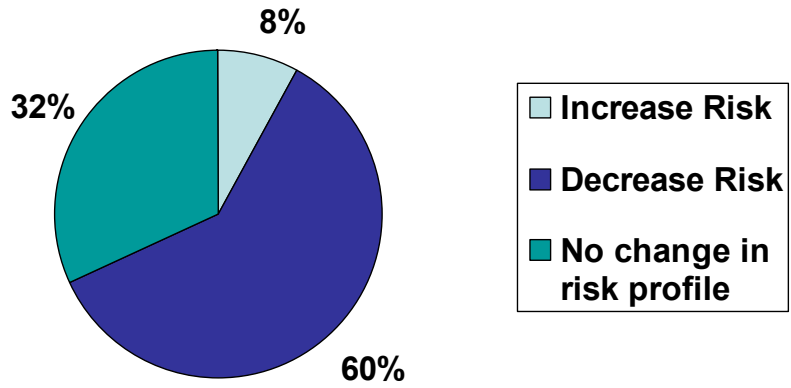
What new investment strategies are you planning to introduce in the next 12 months?



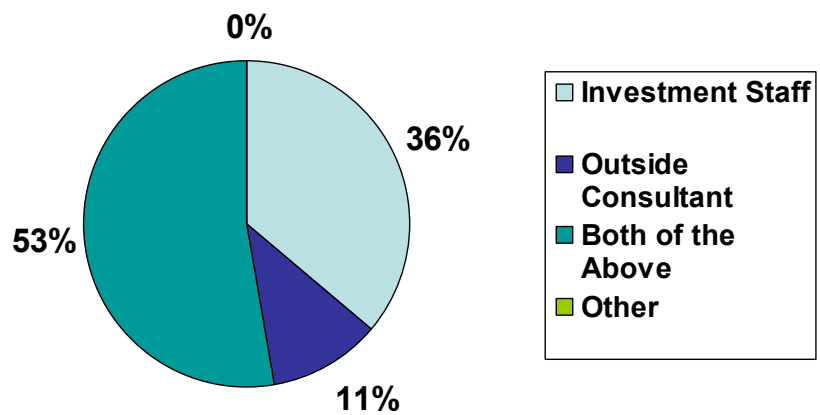
Are you introducing these new strategies to:



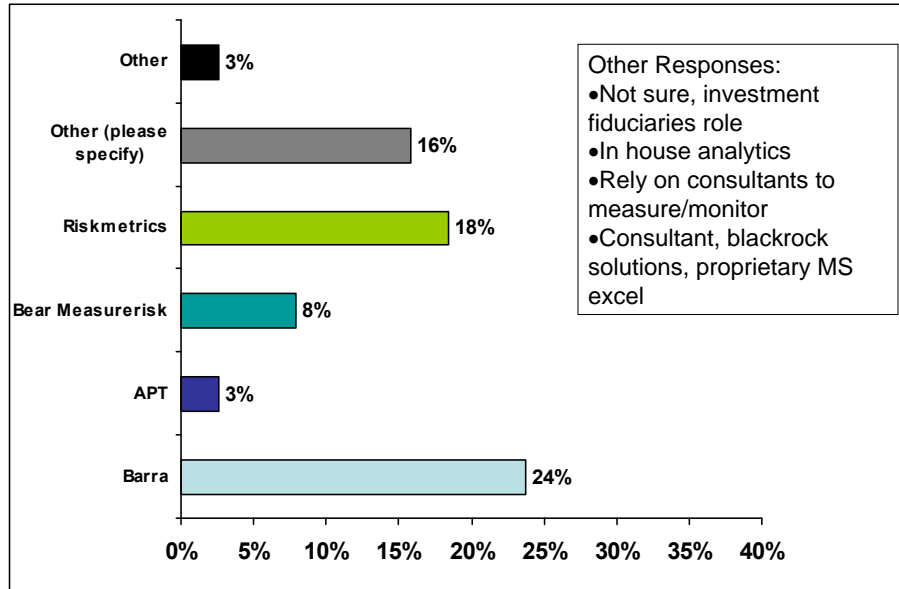
How will these strategies impact your risk profile?



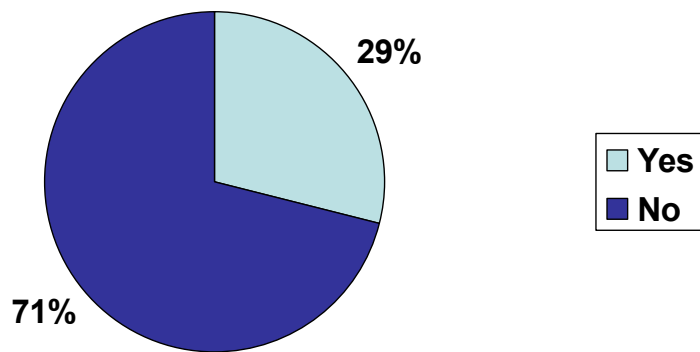
Who is responsible for implementing and monitoring your risk program?



What types of financial tools are you using to measure and monitor risk?

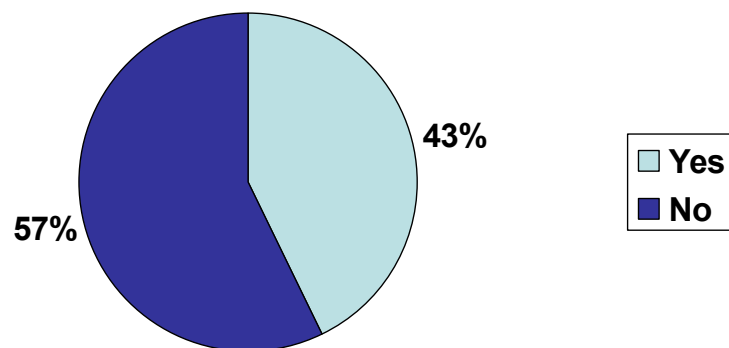


Do you think the risks inherent in investing in alternatives and non - U.S. investments outweigh the benefits?

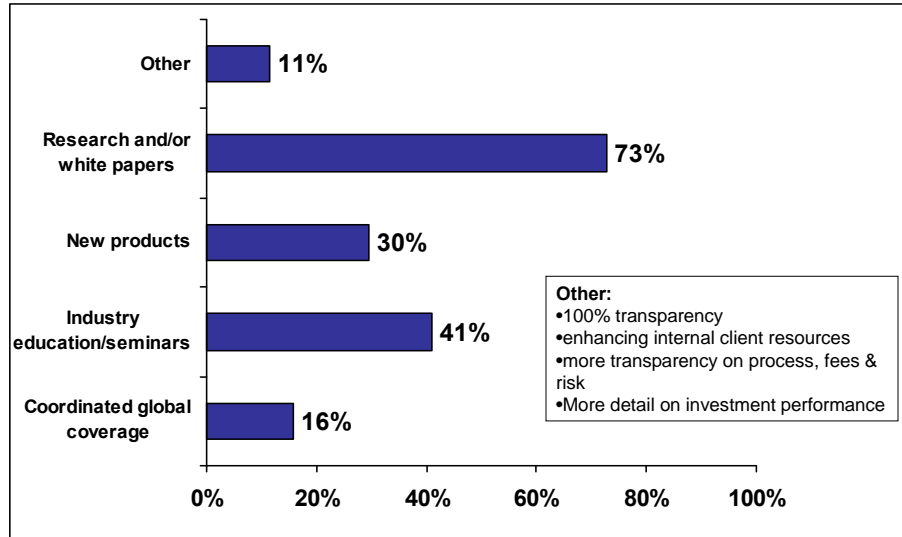


Responses from Investment Consultants

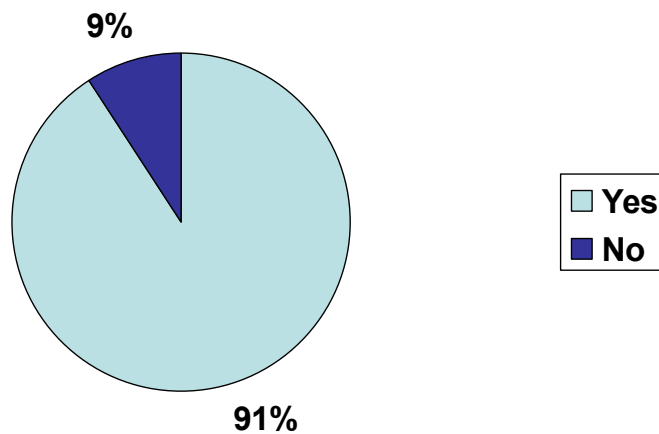
Have the services investors require/desire from their consultant(s)
changed in the last 12 months?



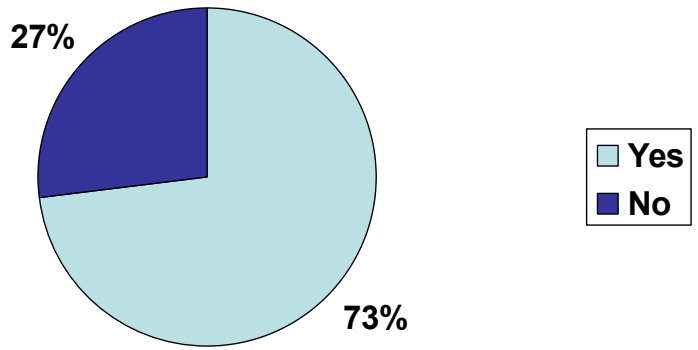
Which enhanced services from money managers would be valuable to consultants? (Choose all that apply):



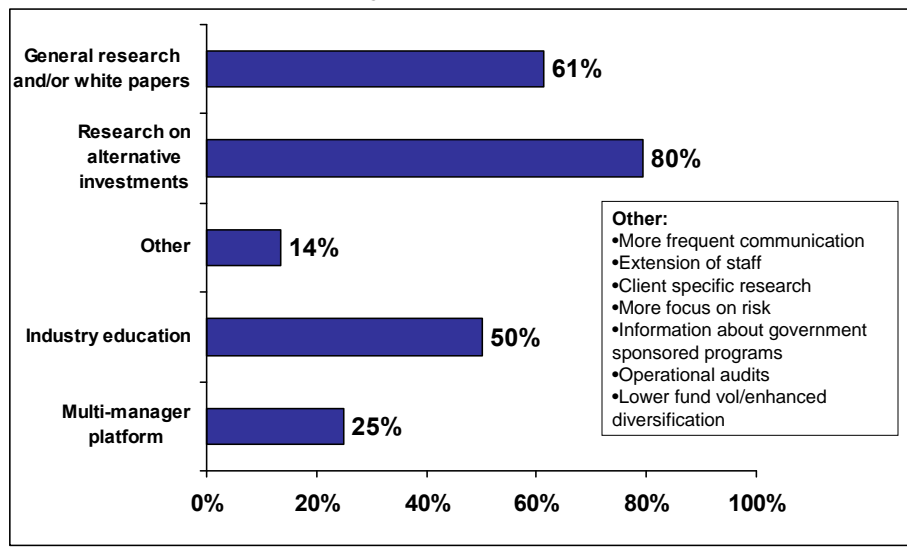
Do consultants have a policy regarding acceptance of meals, attendance at educational forums, or gifts from money managers?



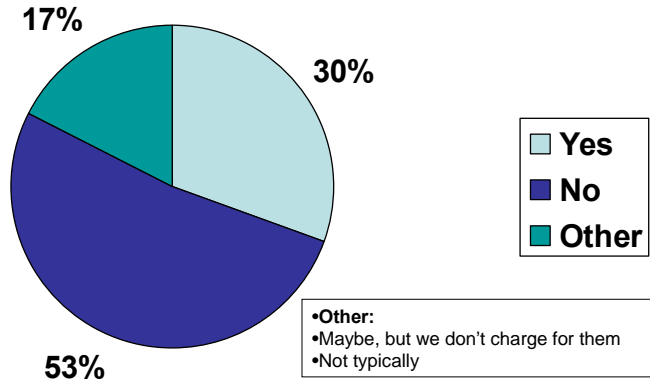
Have institutional investors changed the services they require/desire of consultants in the past 12 months?



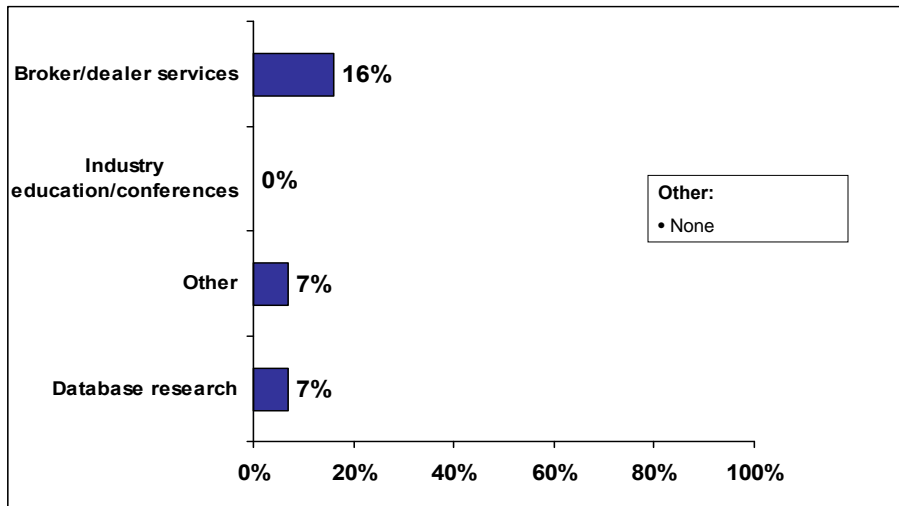
Which enhanced services from consultants are being requested by investors? (Check off as many as are applicable):



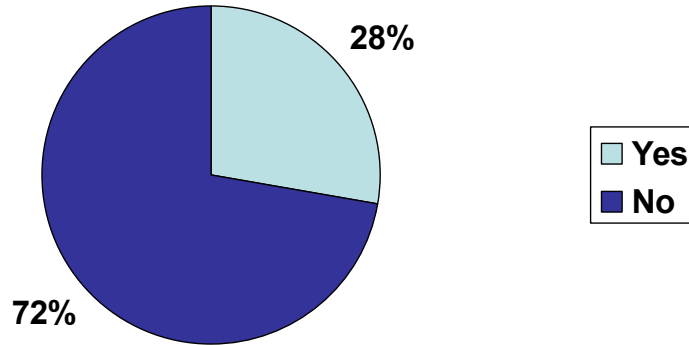
According to consultants, are institutional investors willing to pay for these enhanced services above and beyond the traditional consultant fee?



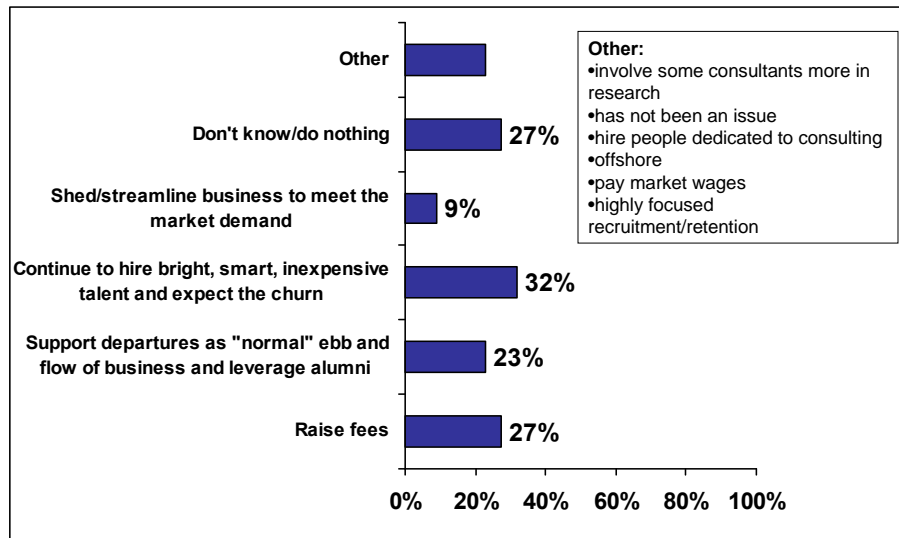
Which enhanced services from consultants would investors no longer accept? (Choose all that apply):



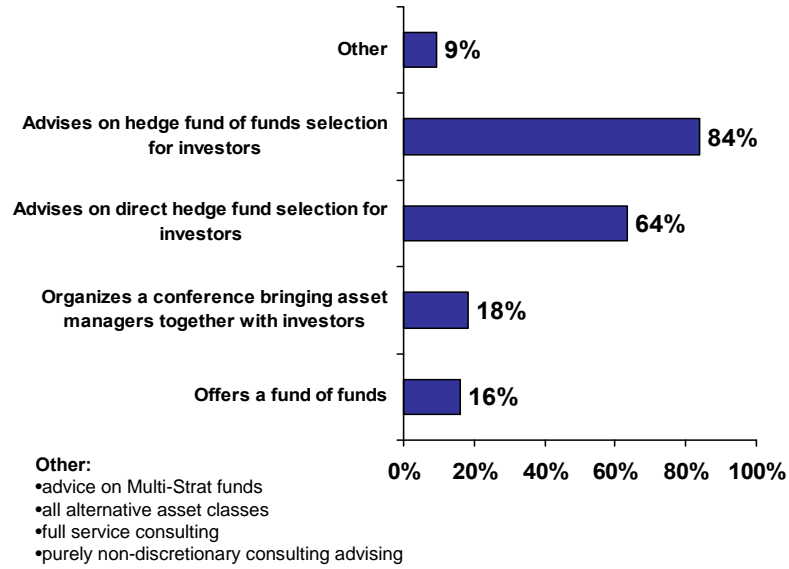
According to consultants, institutional investors are willing to pay a performance fee to their firm for alternative investment advice?



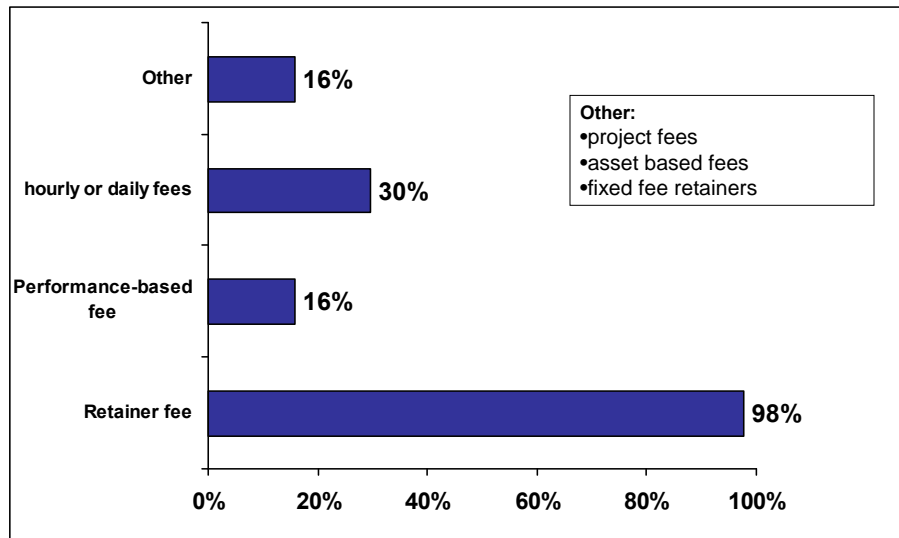
Consultants are grappling with the ability to attract and retain research talent, particularly on the alternative products side, by: (Choose all that apply):



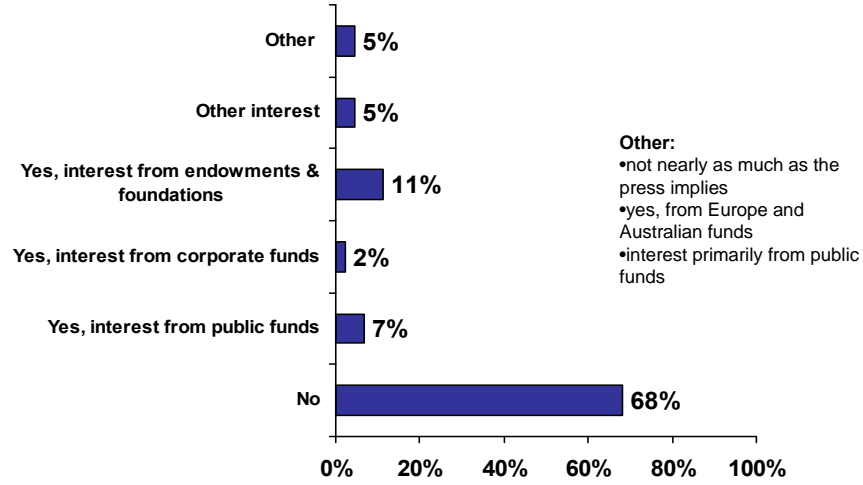
Consultants are offering the following services: (Choose all that apply):



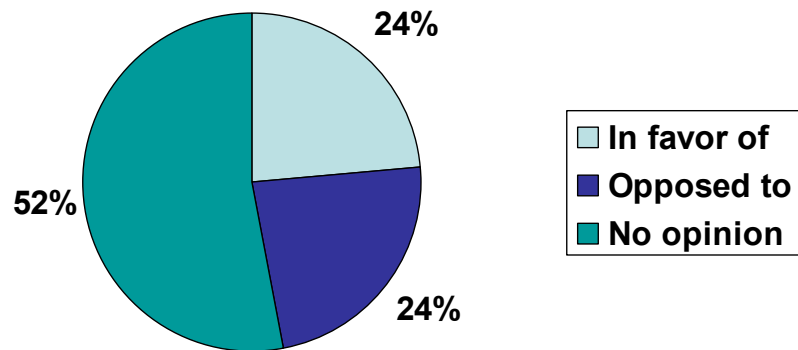
Consulting firms charge: (Choose all that apply):

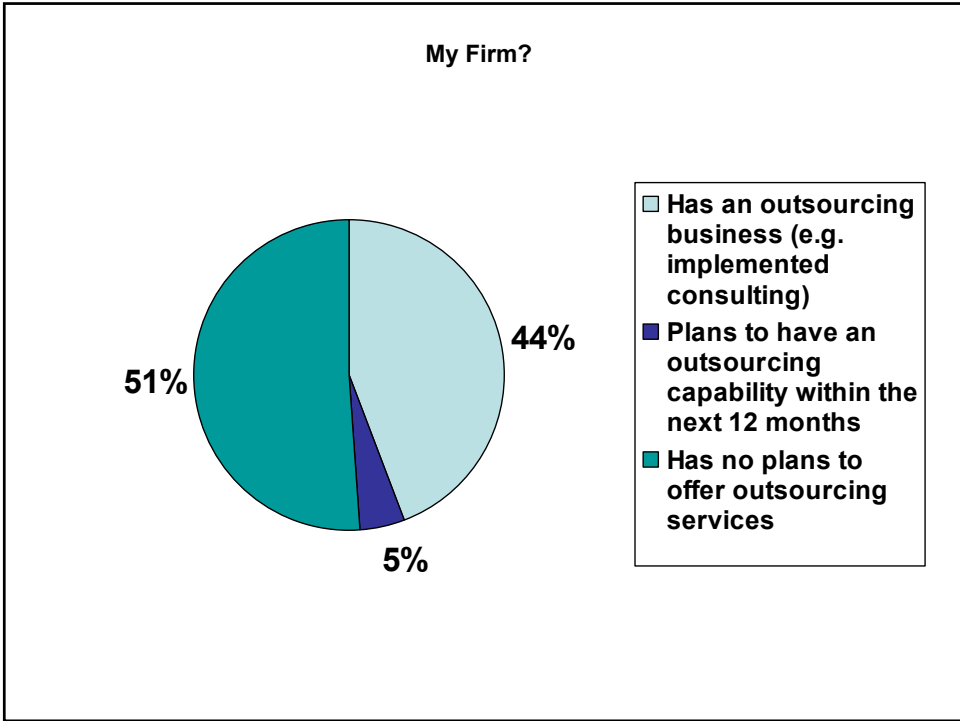


Do consultant's clients have an increased interest in shareholder activist funds? (Choose all that apply):



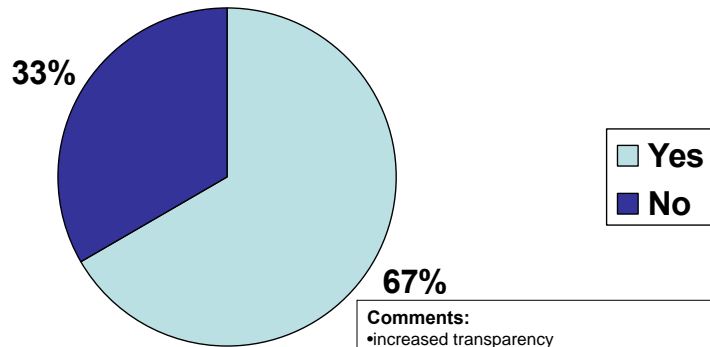
Consultant's position on the "master manager" or "strategic partner" concept in which asset managers are given more freedom and responsibility to achieve returns?





Responses from
Hedge Fund/FOF Managers

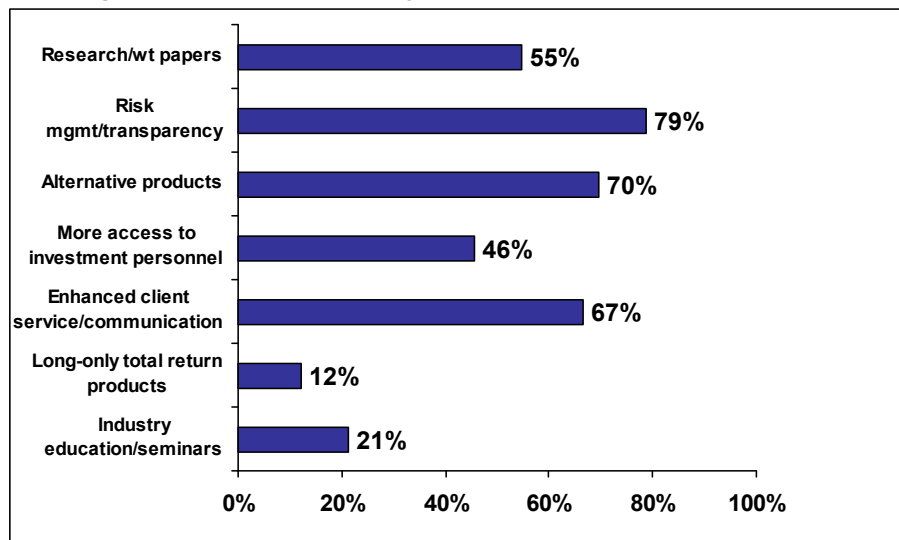
As a money manager, has your relationship with consulting firms changed in the past 12 months?



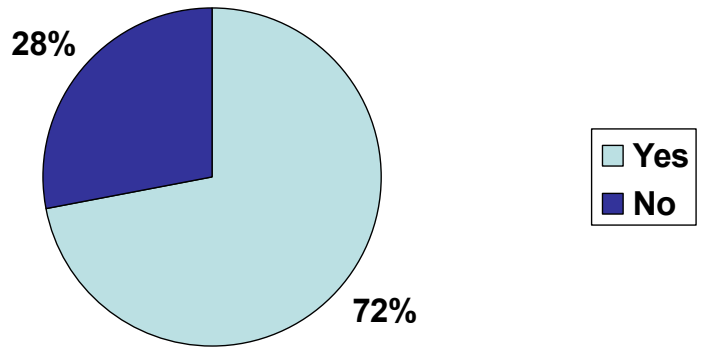
Comments:

- increased transparency
- considering change
- more consultative
- more interaction than before meltdown
- positive

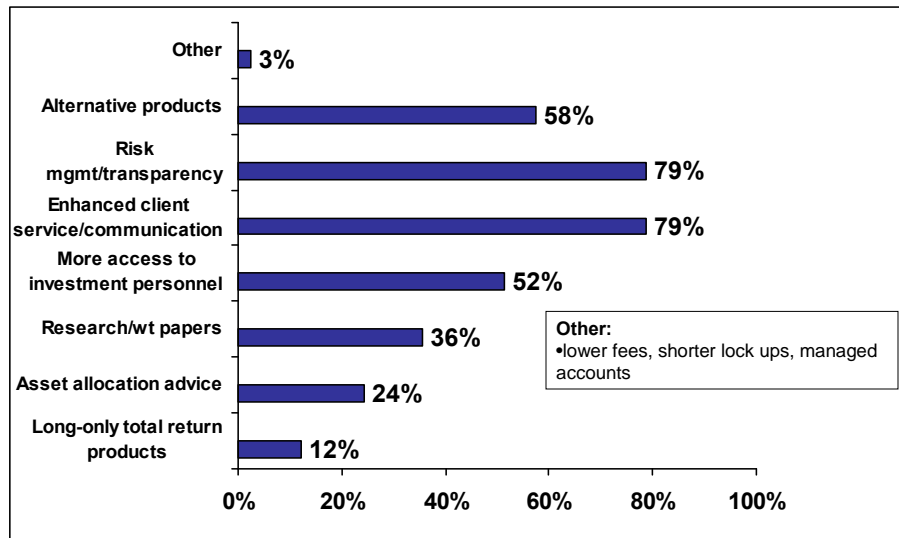
Which enhanced services do consultants require/desire from money managers? (Choose all that apply):



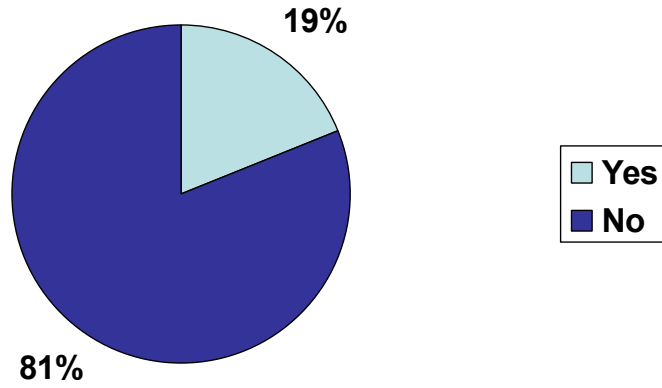
As a money manager, do you believe that relationships with clients have changed in the past 12 months?



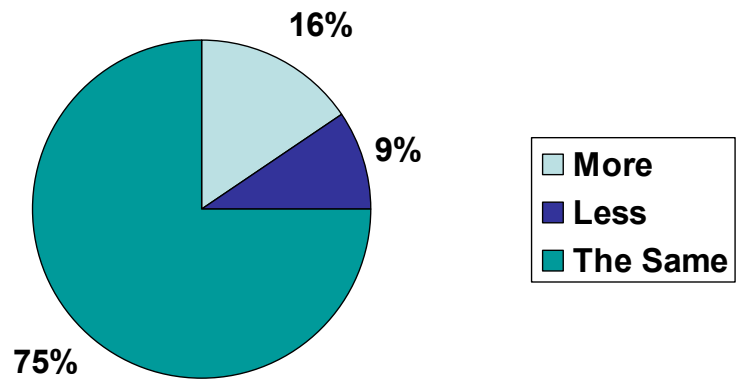
Which enhanced services do institutional clients require/desire from money managers? (Choose all that apply):



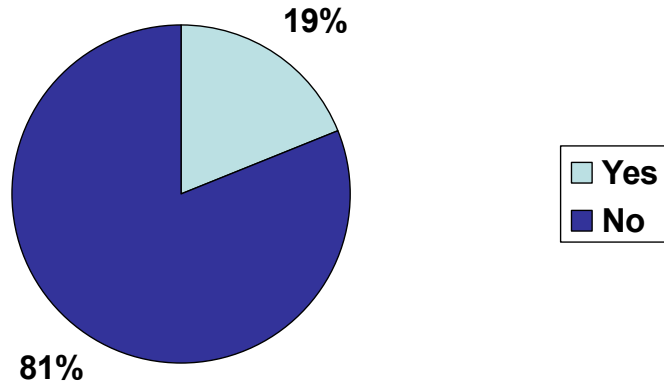
As a money manager, do you worry that regulatory changes will negatively impact your relationships with consultants?



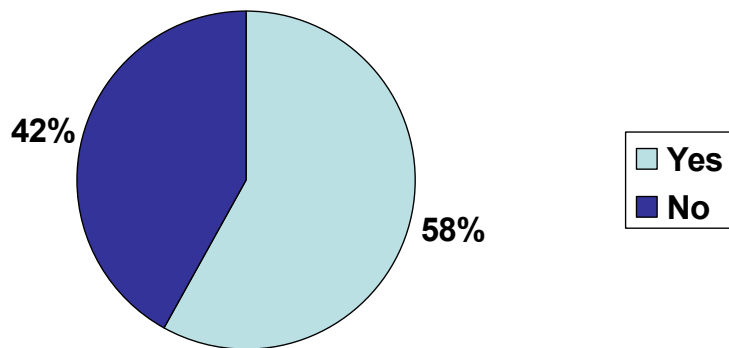
As a money manager, do you believe your firm will be competing more or less with consulting firms (e.g. funds of funds) in the next 12 months?



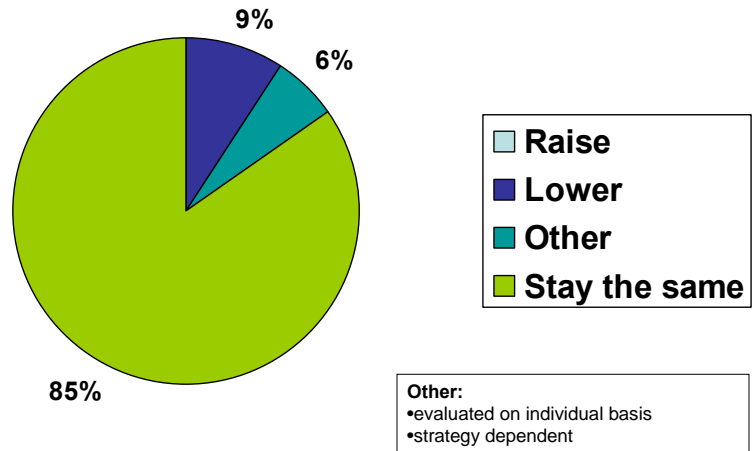
Given that some consultants and institutional investors can no longer accept gifts or entertainment – as a money manager are you worried about gaining/maintaining access to these constituent groups?



As a money manager are you finding that global consulting firms are demanding coordinated global coverage?

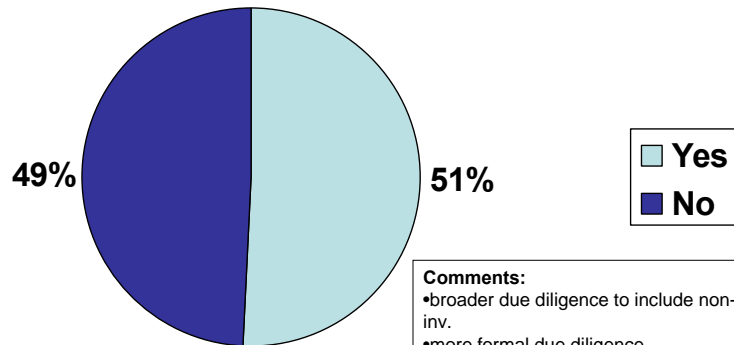


As a money manager does your firm plan to raise or lower fees to remain competitive?



Responses from
Asset Managers

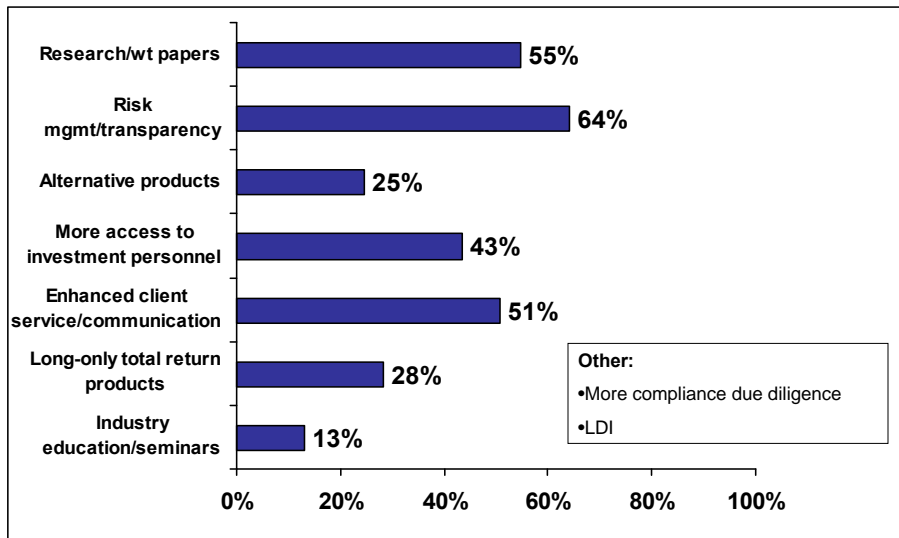
As a money manager, has your relationship with consulting firms changed in the past 12 months?



Comments:

- broader due diligence to include non-inv.
- more formal due diligence
- generally improved
- more collaborative and open to new ideas
- consultants are accepting less meetings
- more emphasis on shared client relations

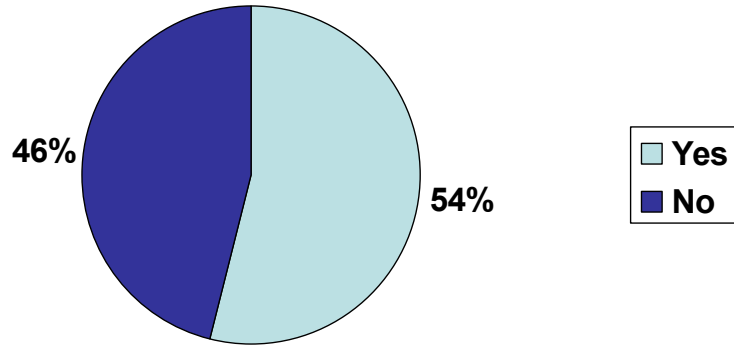
Which enhanced services do consultants require/desire from money managers? (Choose all that apply):



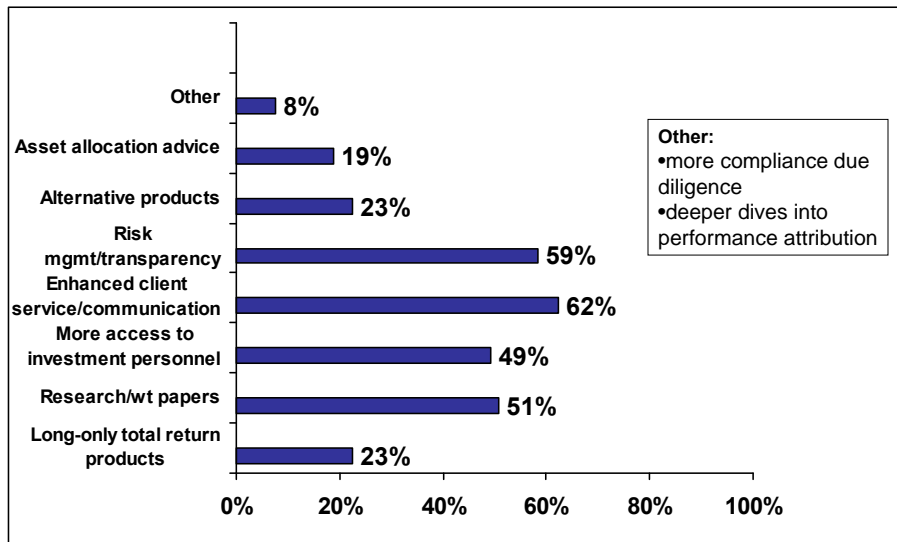
Other:

- More compliance due diligence
- LDI

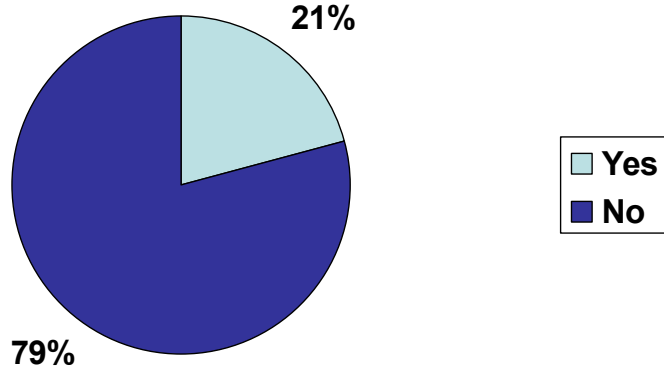
As a money manager, do you believe that relationships with clients have changed in the past 12 months?



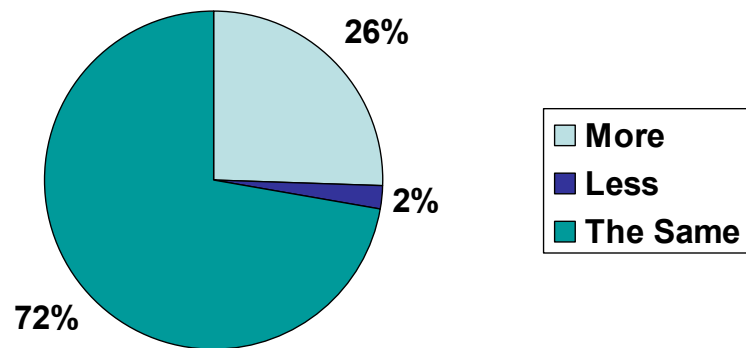
Which enhanced services do institutional clients require/desire from money managers? (Choose all that apply):



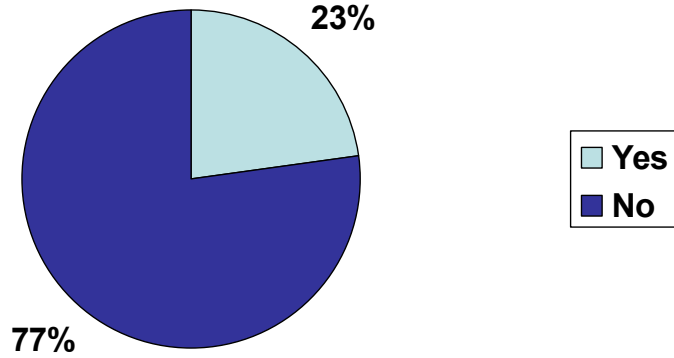
As a money manager, do you worry that regulatory changes will negatively impact your relationships with consultants?



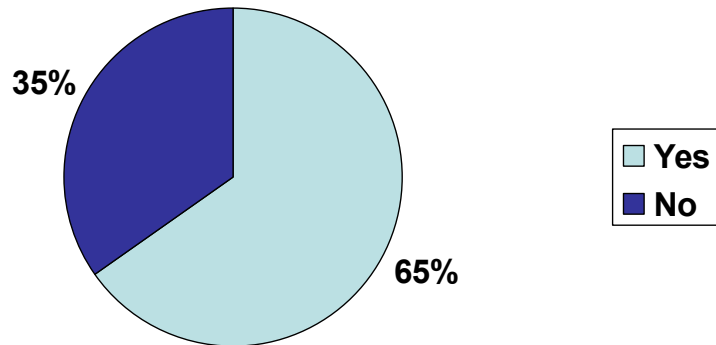
As a money manager, do you believe your firm will be competing more or less with consulting firms (e.g. funds of funds) in the next 12 months?



Given that some consultants and institutional investors can no longer accept gifts or entertainment – as a money manager are you worried about gaining/maintaining access to these constituent groups?

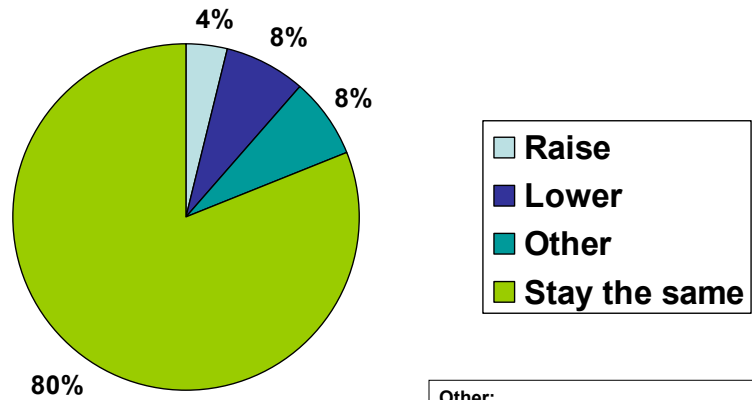


As a money manager are you finding that global consulting firms are demanding coordinated global coverage?



Comment Response:
•consultants share notes globally well

As a money manager does your firm plan to raise or lower fees to remain competitive?



Other:

- lower where necessary/same where possible
- depends on the circumstance
- our are already low by industry norms
- Creating lower cost vehicles