
EXECUTIVE SUMMARY – ALBOURNE

OVERVIEW

- Albourne is the dominant hedge fund advisory firm in the world and is now developing a closely aligned private equity advisory service.
- Albourne's clients have more than US\$ 200bn allocated to over 1,500 hedge funds.
- Albourne's clients include: Caisse de dépôt et placement du Québec, Hermes Investment Management Limited, The Teacher Retirement System of Texas, The Regents of the University of California and University of Texas Investment Management Company (UTIMCO)
- Albourne was established in March '94 and employs over 186 staff.
- Albourne is independent and non-conflicted.
- Albourne has been twice honoured with The Queen's Award for Enterprise: International Trade 2006 and 2009 for the company's outstanding achievement for advice to investors in hedge funds.

SERVICES PROVIDED

Manager Selection: Albourne's clients have immediate searchable access to research reports on 1,827 funds (called *core.concepts*). The most recent *core.concepts* incorporate a fund rating and provide a conviction score. Albourne's analysts are currently meeting with over 1,000 funds p.a.

Due Diligence: Albourne's clients have immediate searchable access to its library of over 5,000 due diligence documents that have been written on over 2,000 funds (1,861 rated). Albourne is committed to produce and continuously update the 10 component reports for 710 *On-going Due Diligence funds ("ODD")*. Albourne intends to increase this number of *ODD* funds in line with client demand.

Risk Management: Albourne produces detailed monthly risk reports at both the fund and portfolio level for each of its client's portfolios. Residual market and style exposures are monitored for significance and are used to produce VAR and scenario-based worst case estimates. Each fund's marginal risk contribution and implied required rate of return are calculated and tracked.

Strategy Research: Albourne analyses the underlying markets on a regular basis to assess the conduciveness of the environment for each hedge fund strategy. Each month Albourne summarizes per strategy hedge fund feedback on the drivers of value (*core.comment*). Insights from these two sources lead to Albourne's *Quarterly Strategy Forecasts*.

Portfolio construction/transition: Albourne seeks to understand and ensure alignment between the client's investment context; investment objective; investment mandate and benchmark. Albourne summarizes its advice to suit this context and to convey the firm's clear conviction.

FEES

Albourne's Standard Fee is US\$ 240,000 per annum.

Albourne's Universal Access Fee is US\$ 400,000 per annum.



The two levels of service differ according to the “bandwidth” of Due Diligence that the client can access.

The Standard Fee allows a client to access Due Diligence reports on up to 25 existing funds on the Platform. Further Due Diligence on existing funds may be purchased at US\$ 4,000 per annum. To commission new Due Diligence on a fund that is not on the Platform, there is a charge of US\$ 8,000.

Universal Access (UA) makes all existing Due Diligence research available to clients. Commissioned reports still cost US\$ 8,000, but this is fully rebated once two (non-UA) Albourne clients choose subsequently to access these reports.

CONTACT DETAILS

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PRIVATE EQUITY

Albourne also offers a private equity advisory service which is working closely alongside the existing service and team.

- Teams based in London, San Francisco, Hong Kong and Seoul
- Clients based in Europe, US and Japan
- Providing advice on portfolio construction, manager selection & due diligence. Portfolio monitoring services will follow.

The fee structure for private equity will develop over time but is on a Universal Access basis only.

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