



Inflection Strategic Opportunities Fund

7 Minute Study on How to Manage
A Hedge Fund Portfolio

Trevor S. Giles CMA CFA
VP Investments / CCO

The Plan

- Market Access
- Hedge Fund Selection
- Investment Research
- Operations Research
- Resources Required

Market Access

- Minimum investment of most hedge funds is \$ 1 million USD
- Assume 10 – 20 funds
- \$ 10 - 20 million minimum
- \$ 100 - 200 million client portfolio required if hedge funds are 10% allocation

Hedge Fund Selection



- 25,000 funds
- 11+ strategy categories
- AUM up to \$ 25 billion +
- Single Strategy / Multi Strategy
- Many competitors in same category
- Capital allocation fixed or flexible

Investment Research

- Performance
- Beta and Alpha Characteristics
- Are they actually hedging?
- Manager capabilities
- Terms / Gates / Lock ups
- Investment cycle fit
- Return / unit risk

Operations Research

- Cash management
- Experienced staff
- Systems
- Service providers
- Background checks
- Registrations
- “Hit by a Bus” plan

Resources Required

- Hedge fund databases and analytical software
- Staff with experience
- Ability to judge manager skill set
- **Time**

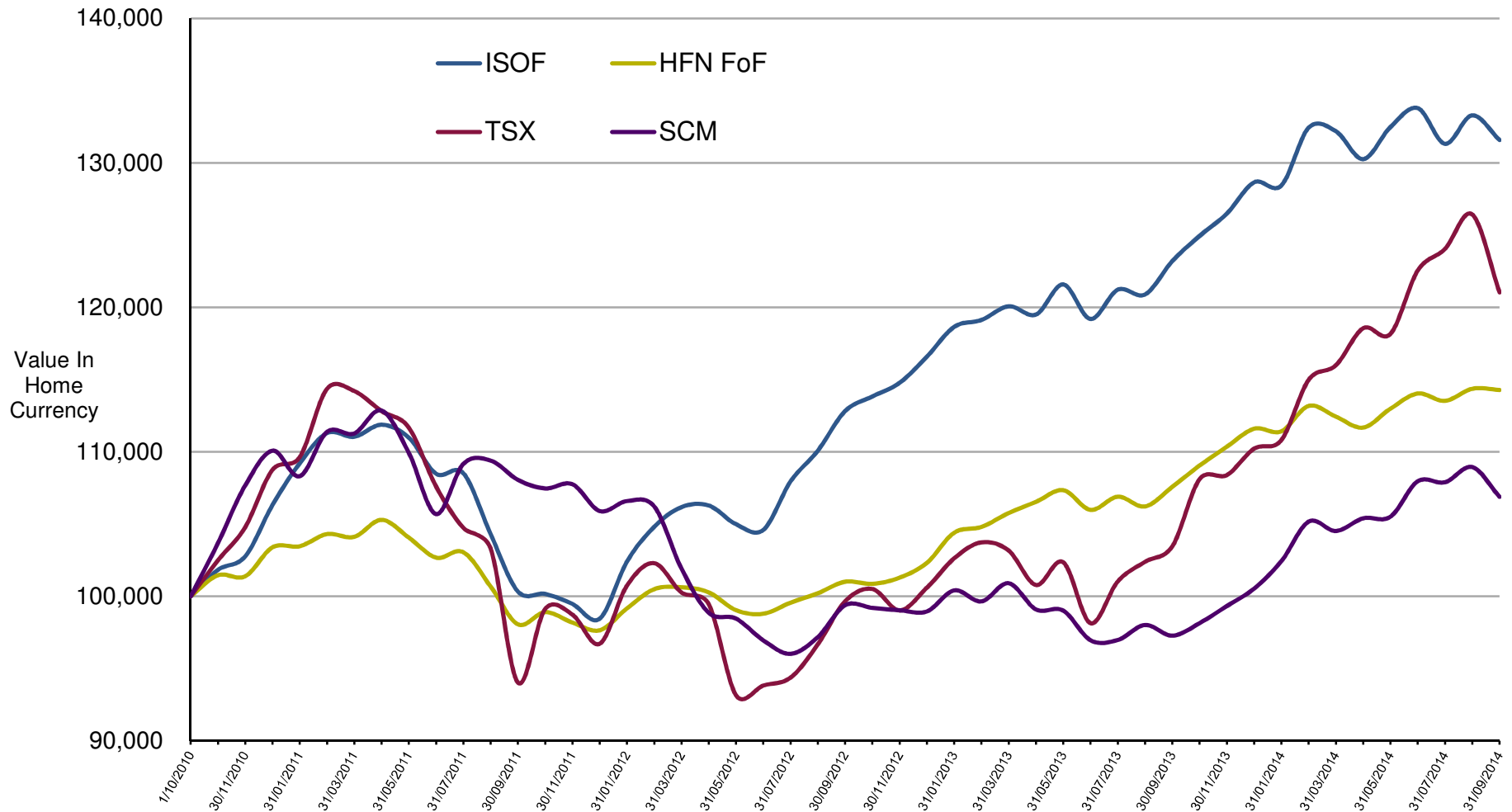
Or...Consider ISOF

- Minimum \$100,000 USD
- Diversified portfolio (~20 Funds)
- Opportunistic allocations
- Experienced management
- Tax efficient

ISOF - Performance



Growth of \$ 100,000 Inception to September 2014



The Fine Print

INFLECTION
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