

Hedge funds need 250 million USD AuM to pay their bills

Stockholm (HedgeNordic.com) A recent report by Citi Prime Finance examined business expenses involved in running a hedge fund, and to provide benchmarks for hedge fund executives as well as for investors conducting due diligence into how managers run their organisations.

The report, 2012 Hedge Fund Business Expense Survey, concluded that it takes at least USD250m in assets for a hedge fund to be self-sustaining on its management fees alone. The largest hedge fund firms incur significant additional costs due to complexity and size, according to the first global survey of the costs of establishing and managing a hedge fund business, Hedgeweek writes.

In Sweden, and the Nordic region of course hedge funds managing 250 million Dollars (approx. 1,7 billion Kronor) are the exception. The vast majority of managers most likely is well below the 100 million USD mark. (670 million SEK). We are not aware of any research or study done looking at these specifics for the regional hedge fund industry.

The survey captured data from funds based in North America, Europe and Asia and found that hedge fund manager expenditures on support personnel and third-party expenses totalled USD14.1bn in 2012. That represents the equivalent of 65 basis points of total industry assets. These expenses include marketing, investor relations, risk and compliance, operations and technology, and business management, but do not include compensation costs for investment management personnel.

Citi Prime Finance surveyed more than 80 hedge fund firms representing USD186bn in assets under management, 8.5 per cent of total industry assets.

To read this article in Swedish, please click here: [Hedgefonder behöver kapital på 250 miljoner USD](#)

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