

THE BRAZILIAN INVESTOR MARKET FOR INTERNATIONAL HEDGE FUNDS - SUMMARY

BY ROBERT L. WOOD JR.

MARCH 2014

Brazilian investor interest in diversifying internationally has continued to gain momentum in the past six months but remains focused on long-only products. This strong preference is a logical response in light of their recent investment experience but more importantly given the performance of the offshore financial markets in the past two and a half years. At the heart of the appeal of these products has been the bull market in US equities and historically low rates and spreads in global fixed income products.

This exceptional period in fact makes a strong case for diversification away from complete reliance on long only investments in favor of increasing exposure to actively managed vehicles that afford portfolio managers greater flexibility and the tools to adjust to and, in fact, profit from shifts in the markets. Whether or not the markets are fully valued is a discussion that elicits almost as many opinions as participants. What does seem clear, however, is that it is highly unlikely that valuations will climb indefinitely.

Though Brazilians were active alternative investors prior to the 2008-2009 Financial Crisis, they have had little contact with this segment of the industry in the past six years. Not only have there been numerous changes to the industry during this period but the turnover in managers has been greater than ever. The fact that hedge funds are largely unfettered by official oversight in the management of their funds makes the entire selection and due diligence process of utmost importance. This combination of limited recent exposure and the complexity of the undertaking argue strongly for the assistance of professionals that are experienced and that have remained active in and engaged with the alternative investment markets.

Contact us to request the full version of this white paper.

ABOUT RISK ADVISORS INC.



ROBERT L. WOOD JR.

Robert leads the Asset Allocation practice. In the last twelve years, he has built a successful track record marketing Hedge Funds primarily in the United States and Brazil. His initial engagement in alternatives marketing was with the Far Hills that represented

funds across the spectrum of strategies. Subsequently, he represented Vega Asset Management that focused primarily on Macro and later the Galleon Group with its array of Long/Short Equity investment vehicles. Earlier in his career, Robert was a senior corporate and investment banker in Latin America with Chase Manhattan Bank and AIG. He has lived and worked for extended periods of time in Brazil and has developed a special expertise on that country's alternative investment industry. Robert is fluent in Spanish and Portuguese and holds an MA in International Relations from the Johns Hopkins' School for Advanced International Studies and a BA from Duke University.



SANJAY R. BHARWANI

Sanjay founded Risk Advisors Inc. to bring together markets professionals, risk management experts, and technologists to serve clients in capital markets. He actively consults with clients on risk management and technology

related projects, and advises startup ventures focused on new ideas for the financial services industry. Previously, Sanjay was the Chief Information Officer at M. Safra & Co., a multi-strategy hedge fund focused on global macro and systematic trading strategies. Earlier in his career he focused on emerging markets debt at EXIS Consulting, a boutique capital markets advisory firm, and derivative valuations at Reval, a risk solutions provider. Sanjay received his MBA from the Wharton School at the University of Pennsylvania, and a Bachelors of Commerce from the University of Mumbai.

RISK ADVISORS INC. is a consulting firm that understands the dynamics of capital markets and the inherent challenges in implementing a cohesive investing, trading, and risk management practice across the enterprise. We offer deep industry knowledge, a rigorous process framework, and technology expertise to provide practical solutions for clients across the investing landscape.