

Finance & Stock Market News

Hedgebay premium trade is first in almost 2 years

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LONDON, March 25 (Reuters) - Hedgebay, the secondary market for stakes in hedge funds, has seen a deal struck at a premium for the first time in almost two years, in a further sign of [investor](#) backing for top managers after the credit crisis.

The firm said in a statement that one trade took place at 102 percent of [net asset value](#) (NAV), suggesting one investor was particularly keen to access a fund they expected to perform well.

Hedgebay was set up to allow investors access to top-rated hedge [funds](#) closed to new money by buying another client's stake. But since 2008 it has seen cut-price deals as the credit crisis curbed demand and forced some investors to sell, even at steep discounts.

'The first premium trade in quite some time is a highly significant event for the industry,' said Hedgebay co-founder Elias Tueta.

'It shows that investors are not just confident about buying hedge-fund assets. They are now willing to pay over NAV to secure the most sought-after funds.'

Investors pulled a net \$330 billion from [hedge funds](#) over the year to June 2009, according to Hedge Fund Research, but returns of 20 percent in last year's soaring markets have encouraged some clients to return.

Almost all hedge funds opened their doors to new clients during the credit crisis, but investors are again finding it difficult to invest with the best managers, who have attracted big flows of money due to their strong performance and are wary of endangering performance by trying to run too much money.

Hedgebay also said the average price of trades rose to 91.4 percent of NAV in February.

'(This) is not far off the sort of average we were seeing before the downturn,' said Tueta.

However, the lowest trade was at 32 percent of NAV, as funds continue to try and offload highly illiquid assets.

(To read the Reuters Funds Blog click on <http://blogs.reuters.com/fundshub>; for the Global Investing Blog click on <http://blogs.reuters.com/globalinvesting/>)

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