

How to judge investments in hedge funds - a Dutch case of a 320 million Euro branch investment

At the end of the year 2007 Van Oortmerssen organisatie-advies has been approached to execute a due diligence process, through which a selection out of two proposals from two major Dutch Banks had to be judged by our client.

Important factor in this process is, that our client is an organization representing the interests of both employers and employees in a sector of around 20.000 enterprises in the Netherlands.

The diligence process was developed by us through tailor-made judgement of criteria on behalf of those two interest-groups. A due diligence methodology has been developed in cooperation with Simmons & Simmons international lawyers, corporate finance advisors of an investor group.

After the approval of the approach, the next step in our due diligence process was to analyse underlying assets, reporting procedures, built in protection systems and profit drivers in order to generate sustainable investment results (targeted double digits > 10 % return on investment with standard deviation < 1,2).

Market environment is still extremely volatile at this moment which is both essential for generating profit in hedge funds and vulnerable.

Our role in this process is to objectivate selection criteria and above all, to function as a safeguard by monitoring and control risk/return parameters once the choice has been made.

The due diligence process has just been started and the outcome could even imply a broader selection of funds or negative advise from objectively stated criteria.



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