

Published on FierceFinance (<http://www.fiercefinance.com>)

More on the marriage of hedge funds and mutual funds

By Jim Kim

Created Dec 7 2010 - 10:50am

We've noted [the rise of a new group of hedge funds](#) [1], so called hedged mutual funds, or hedge fund mutual funds, or hedge-type mutual funds. All refer to mutual funds that employ various hedge fund strategies in a bid to attract assets and enhance performance. These funds are all the rage at the moment.

Many hedge fund firms see it as a great way to tap the retail base, as the products are eminently marketable and conform to the 1940s statutes. In some ways, you could say they combine the best of both worlds. Goldman Sachs recently advised wealthy clients to add exposure in this category.

"We're at the very early stages of a multitrillion-dollar wave that's going to wash over the long-only asset-management industry," one expert tells *MarketWatch*. The industry is already seeing more companies--hedge fund companies and mutual fund companies--add these products to their offering list.

Some academic research highlights an interesting issue: which hedge-style mutual funds fare better, those started by hedge fund companies or those started by mutual fund companies? Vikas Agarwal, a professor at Georgia State University, has found that hedge-style mutual funds run by hedge fund managers [tend to be more successful than hedged funds run by managers with long-only experience](#) [2].

So, apparently if you start with a hedge fund mentality, you gain an edge over those who have to acquire and integrate it. We're definitely seeing more mutual funds hiring hedge fund managers as subadvisors.

For more:

- here's the *MarketWatch* [article](#) [3]

Related Articles:

[Ready for 'hedge fund mutual funds'?](#) [4]

[Hedge funds aim to cash in on insider trading probe](#) [5]

[Insider trading scandal has mutual funds nervous](#) [6]

[A twist in the mutual funds vs. hedge funds debate](#) [7]

Source URL:

<http://www.fiercefinance.com/story/more-marriage-hedge-funds-and-mutual-funds/2010-12-07>

Links:

[1] <http://www.fiercefinance.com/story/ready-hedge-fund-mutual-funds/2010-11-30>

[2] <http://allaboutalpha.com/blog/2007/01/22/hedge-funds-for-retail-investors-an-examination-of-hedged-mutual-funds/>

[3] <http://www.marketwatch.com/story/here-come-hedged-mutual-funds-2010-11-10>

[4] <http://www.fiercefinance.com/story/ready-hedge-fund-mutual-funds/2010-11-30>

[5] <http://www.fiercefinance.com/story/some-hedge-funds-aim-cash-insider-trading-probe/2010-12-06>

[6] <http://www.fiercefinance.com/story/insider-trading-scandal-has-mutual-funds-nervous/2010-11-29>

[7] <http://www.fiercefinance.com/story/twist-mutual-funds-vs-hedge-funds-debate/2010-03-22>