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Hedge Funds Done Right

While we know advisors understand the benefits of liquid alternatives, we recognize there has been excessive “noise” over the past several years as every traditional and non-traditional mutual fund company has tried to enter the space. This makes selection very difficult for the advisor who is trying to assess many investments in multiple arenas for their client base. In order to simplify what we see from our seat, we scrutinized the evolution of the space and broke it into three versions:

Version 1.0: When liquid alternatives first emerged they fell into two distinct categories, multi-manager multi-strategy funds and quantitative funds. The common connection was lower quality sub-advisers, watered down portfolios, limited selection, and high fees.

Version 2.0: “Brand name” managers began to enter the space but were unwilling to offer strategies managed *pari passu* to their hedge funds, still leaving watered down portfolios. Fees remained high but were trending lower.

Single strategy funds started to emerge but overall fund selection remains limited.

Version 3.0: This is the convergence of traditional hedge fund strategies and mutual funds. *The only difference is the change in the wrapper.* These funds can either be strategies managed *pari passu* to existing hedge fund offerings or outright conversions of hedge funds into mutual funds with a moderation in fees.

We believe the “one-size-fits-all” approach will be replaced by specific solutions as the space evolves. As Version 3.0 becomes the standard, advisors will begin to look at liquid alternatives and traditional alternatives holistically in constructing the optimal portfolio for clients. It will no longer be one or the other, but a blend of both. The LP structure will be reserved for those strategies that are trading in illiquid securities, running high leverage or have a high degree of concentration.

For more information, please visit www.balterliquidalts.com



BALTER LIQUID ALTERNATIVES provides institutional hedge fund solutions within '40 Act mutual funds (liquid alternatives) as they were meant to be—at the intersection of LP vehicles (traditional alternatives) and mutual funds. Our roots are a deep research and due diligence boutique which allows us to partner on an exclusive basis with experienced hedge fund managers across all asset classes. Our key differentiators are capacity constrained strategies managed *pari passu* (side-by-side as a mirror portfolio) to the LP vehicle. No exceptions. No caveats. What you see is what you get.

Mutual fund investing is risky. Before investing, read the prospectus at www.balterliquidalts.com.