

Hedge Funds Capture Inflows, but Due-Diligence Obstacles Limit New Biz

By Lydia Tomkiw June 24, 2020

“While some investors are indeed rotating their allocations now, investing in a new manager is “the hard part right now,” says **Chris Cutler**, president of **Manager Analysis Services**. Doing due diligence on a well-known industry name is very different from looking at a new fund, he adds.

“It doesn’t mean it can’t be done,” he says. “People have to take a leap of faith to make those allocations, and they have to revisit how they conduct due diligence and there will be compromises if they really want to do it.”

And depending on the manager and opportunities in the market, it is something investors may decide to do.

“People were struggling with their hedge fund allocations for a little while... this coronavirus experience has reinforced the view they should be in hedge funds. It has been a relief for the hedge fund community from a business perspective,” Cutler says.