

Rothstein Kass

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FOR IMMEDIATE RELEASE:

**HEDGE FUNDS EXPECT MORE FIRMS AND FUNDS IN 2008,
DECLINING U.S. ECONOMY
ACCORDING TO NEW SURVEY FROM ROTHSTEIN KASS**

***Nearly Two-Thirds of Senior Hedge Fund Managers Predict Declining U.S. Economy,
Over 90% Anticipate Significant Capital Inflows to the Industry***

New York, NY/Roseland, NJ – April 15, 2008 –Despite a negative outlook for the U.S. economy in 2008, hedge fund managers are expecting strong capital inflows, increased fund launches and fewer fund closings during the balance of 2008, according to the latest survey conducted by CPA firm Rothstein Kass. The CPA firm today released “Onward and Upward,” a report summarizing the findings of its most recent survey of U.S.-based hedge fund firms. The report was co-authored by Russ Alan Prince, a leading authority and counselor on private wealth, and Hannah Shaw Grove, a widely recognized expert on behaviors and finances of high-net-worth individuals. Interviews of surveyed senior partners were conducted in April of 2008.

“Building on the success of our initial survey of hedge fund trends in late 2007, we elected to again poll an extensive sampling of senior managers for their collective thoughts on hot-button issues facing the industry in 2008,” said Howard Altman, Co-Managing Principal of Rothstein Kass. “What we discovered is that while nearly two-thirds of respondents have a generally negative outlook for the U.S. economy, during the balance of 2008, the vast majority of senior hedge fund managers are unfazed by ongoing volatility. Over 90% of industry professionals indicated that they expect hedge funds to capture even more assets in 2008. Moreover, just under 75% of respondents suggested that more hedge funds will be launched in 2008 than in the prior year. Conversely, only approximately 25% predicted more fund closures.”

“Onward and Upward” is based on telephone interviews with 306 senior partners at U.S.-based hedge fund organizations. Results are segmented by assets under management and by economic outlook. Slightly more than half of the firms included in the study had total assets between \$100 and \$750 million, with the balance of firms reporting assets under management in excess of \$750 million. Some survey participants are existing or former clients of Rothstein Kass. Notable survey findings included:

- **Over 90% of participants expect that significant new money will flow into hedge funds**
- **Brand image rates as an important concern as nearly 90% of those polled suggested that marketing will become much more important to hedge fund success**
- **Staffing issues persist as nearly 75% of respondents indicated that it will be harder to attract and retain talented people**
- **Just below 75% of hedge fund senior partners polled expect more hedge funds to be launched in 2008 than in 2007**
- **Respondents are split regarding whether more hedge funds will become involved in private equity in 2008**
- **Just over 25% of senior partners believe that more hedge funds will close in 2008 than in 2007**
- **Only 1% of participants agree that hedge fund fees will be lowered in 2008**

“While the short-term forecast for the hedge fund industry is strong, our research also shows an awareness that challenges persist. Staffing issues will rate as an important concern, as nearly 75% of survey participants noted that it will be harder to attract and retain talented individuals,” added Mr. Altman. “Competition for investors is also likely to increase as more funds featuring diverse investment strategies continue to saturate the marketplace. In this environment, hedge funds will likely become more expensive to operate in 2008, a view that is shared by over 66% of survey respondents.”

“As trusted advisors to the industry for over 20 years, Rothstein Kass offers unparalleled access to the upper echelons of the hedge fund community. Working together on research initiatives has afforded us a unique opportunity to gain understanding into the perceptions and motivations of senior executives,” said Mr. Prince. “In evaluating the results of our latest outreach, we learned that hedge funds are becoming more sophisticated in their marketing approach, likely in response to growing interest from institutional investors. In the latest survey, nearly 90% of respondents recognized that marketing will become much more important to hedge fund success in 2008.”

About Howard Altman:

Howard Altman is a Co-Managing Principal and the Principal-in-Charge of financial services at Rothstein Kass. He has more than 30 years’ experience in the financial services arena, with particular emphasis on investment partnerships, offshore funds and broker-dealers. A specialist in issues related to hedge fund structures, operations and tax matters, he is recognized nationally for his knowledge of the hedge fund industry, the issues affecting it and prospective trends. He can be reached at (917) 438-3941 or haltman@rkco.com.

About Rothstein Kass:

Rothstein Kass provides audit, tax, accounting and consulting services to hedge funds, fund of funds, private equity funds, broker-dealers and registered investment advisors. The Firm is recognized nationally as a top service provider to the industry through its Financial Services Group. The Financial Services Group consults on a wide range of organization, operational and regulatory issues. The Firm also advises on fund structure, both inside and outside the US, compliance and financial reporting, as well as tax issues from a federal, state, local and international compliance perspective. Rothstein Kass has offices in New York, New Jersey, California, Colorado, Texas and the Cayman Islands.
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About the Authors:

Russ Alan Prince is the world's leading authority on private wealth, the author of 40 books on the topic, and a highly-sought counselor to families with significant global resources, and their advisors. He is co-author of *Fortune's Fortress: A Primer on Wealth Preservation for Hedge Fund Professionals*.
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Hannah Shaw Grove is a widely recognized author, columnist, speaker and an expert on the mindset, behaviors, concerns, preferences and finances of high-net-worth individuals. She is co-author of *Inside the Family Office: Managing the Fortune's of the Exceptionally Wealthy*.
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