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GREENWICH ROUNDTABLE ANALYZES GLOBAL MACRO FOR RETURNS

Global macro and managed futures hedge fund strategies give managers the kind of investment leeway that can lead to volatility, but they are also an effective way for endowments to boost their returns, according to a report by the **Greenwich Roundtable**. "It's all about flexibility and the skill of the managers," said **Stephen McMenamin**, executive director. "The cios of endowments should not be afraid to allow their managers to venture into esoteric investments if the skill level is there." The roundtable is a Connecticut-based nonprofit alternative investment research and educational organization.

The report, *Best Practices in Hedge Fund Investing: Due Diligence for Global Macro and Managed Futures Strategies*, details the key points to look for when investing in the strategies, including the manager's research methods, whether a veteran hedge fund manager has sustained his "edge" with returns, the negative or positive impact of style drift, fee structure and the composition of the team. "It's not rocket science, but it's hard work," McMenamin said about investing in global macro. "There's no getting around this point. It's very labor intensive and research intensive."

For smaller endowments that do not have the staff to conduct proper research and due diligence, McMenamin recommended investing in funds of funds to make sure they get access to the best managers. "Pay the fee overlay," he said. "It's just worth it."

"The job of an endowment cio is to put together a portfolio of strategies that invest in very different things," McMenamin continued. This includes having exposure in the global market. "In the future we are not going to be able to stay within our borders and remain funded or help to grow the corpus," he said. "If you are hunting for returns or looking for alpha expect high volatility, but expect high returns. The world market is a very volatile place."