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## **SCRUTINY OF HEDGE FUNDS OPERATIONAL RISK TO INTENSIFY IN 2007**

### **Investor, Regulatory Demands to Spur Outsourcing of Non-Investment Functions**

#### **Third Party Administration to Become the Norm in US**

SAN FRANCISCO, January 8, 2007 – Operational scrutiny of hedge funds will continue to intensify this year due to demands from investors and regulators, according to Conifer Securities, a leading provider of business and operations solutions to hedge fund managers, family offices, foundations and endowments.

Conifer identified investors' growing requests for separately managed accounts as one area in particular that will require those managers to have a more robust and complex back office capability.

"Evolving investor and regulatory demands have made managing a hedge fund business a lot more complicated," said Philip Stapleton, President and CEO of Conifer Securities. "As managers want to, and need to, spend their time managing assets, the outsourcing of non-investment functions will proliferate in 2007."

Conifer also noted that demands for independent pricing and more transparency are forcing managers to use third party administrators, a practice that has long been the standard in Europe and is now becoming the norm in the US.

"With more funds competing for assets from a much more discerning investor base, operational integrity is becoming just as important as performance," added Jack McDonald, Executive Vice President.

#### **About Conifer Securities, LLC:**

Conifer Securities, LLC is a leading service provider that offers comprehensive middle- and back-office services to its clients including global fund accounting and administration, trade operations, execution, executive office space, compliance, corporate accounting and business infrastructure. Conifer's comprehensive platform of business and operations solutions appeals to both start-up and established managers by allowing them to focus exclusively on running the investment operations of their business. Headquartered in San Francisco and with offices in New York, Boston and the British Virgin Islands, Conifer has been in business for more than 17 years. For more information, please visit [www.conifersecurities.com](http://www.conifersecurities.com).

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