

For Immediate Release

24 May 2002

Ray Soudah, Founder of MilleniumAssociates stresses the risks of Hedge Funds to Wealth Managers.

Ray Soudah, Founder of MilleniumAssociates, specialising in independent M&A advice for the Wealth Management Industry recently spoke at the Complinet 'Hedge Funds: strategies and issues for private banks and wealth managers' conference held at the London Capital Club.

Mr Soudah detailed in his presentation what bankers should know about their risks with specific reference to Hedge Funds. He announced that clients are primarily sophisticated investors; but increasingly they are seeking normal (historical) returns during a difficult investment period. He clearly defined the benefits of hedge funds indicating that the hedge fund market is exploding worldwide; challenging the capacity of experienced managers and estimated that the hedge fund market could reach 1 trillion Euro by the end of 2002 and continue to grow at 20% per annum.

On a more negative note Mr Soudah emphasised the considerable risk factors associated with hedge funds:

- Highly complex trading strategies
- Managers have high or complete discretion with vague written strategies
- Very little regulatory oversight
- Usually structured in international/offshore banking centres
- Extremely low transparency for investors as not to give away investment strategy (e.g. forget fancy client reports)
- Long lock-up period for initial investment plus conditions to redeem shares
- Usually employ high leverage to generate higher returns

He added that the market is very fragmented with about half the funds representing only 10% of total assets, making it very difficult to select the best performing managers.

'It appears that the top 20 managers only have a fraction of the global market share.'

He stated that Hedge Fund meltdown will become an increasingly common occurrence and inevitable regulation will force protection for small/medium sized investors, increased expenses and reduced returns.

Ray Soudah concluded his presentation stating that:

'The fact will remain, however, that if hedge funds are not in-house, then a lack of transparency will continue to leave private bankers not knowing the true long-term performance and viability of any specific hedge fund.'

Please find enclosed a copy of the presentation and Ray Soudah would be happy to talk about the issues.

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Note to Editors

MilleniumAssociates AG is headquartered in Switzerland, the heart of the Wealth Management Industry. The firm specialises in advising on Merger and Acquisitions and strategy consulting with emphasis on private banking, family offices, asset/fund management and other Wealth Management businesses including life insurance. As a Swiss-based corporation, MilleniumAssociates AG is not part of an integrated investment house and the firm is therefore uniquely positioned to offer independent pure advice in order to maximise shareholder value for its clients.

Members of the team of experienced specialists have managed in the past, amongst other important deals, the acquisition of **Global Asset Management** with about CHF 20 billion assets under management, by UBS AG, the sale of **Brundage, Story & Rose LLC**, a manager for HNWI with CHF 74.5 billion AuM, to Bessemer Trust, and the sale of **Forum Capital Markets** to First Union Corporation, and have participated in the acquisition of **Brinson Partners** by former Swiss Bank Corporation. In the fourth quarter 2000, MilleniumAssociates advised Credit Suisse on the purchase of **JO Hambro Investment Management**, a premier UK investment manager and hedge fund manager for high net worth individuals, with assets under management of circa CHF 4 billion. In the family office segment, the firm in mid-2001 advised on the deal between Chicago-based **Frye-Louis Capital Management**, Inc. and Swiss-based Credit Suisse, resulting in the latter's acquisition of a strategic HNWI business platform and CHF 2.5 billion in private client portfolios in the USA.

MilleniumAssociates' fully dedicated team of specialists are involved in numerous active Wealth Management advisory projects with assignments supporting clients with expanding global strategies as well as those seeking to determine their ideal strategic options including partnerships and alliances. The firm recently stated that it intended to donate at least one percent of annual gross profits to charity.

For further information call:

Ray Soudah, Founder
MilleniumAssociates AG

Tel: (+41) 41 720 47 47

Website: www.MilleniumAssociates.com

Issued by:

David Hardy/Victoria Watney
Binns & Co.

Tel: +44 20 7786 9600