



Article Side

Hedge funds business model under considerable pressure by [Ashleyjohn](#)

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Hedge fund industry has been under pressure from all directions for last couple of years. The entire business model is under intense focus. Investors are asking questions about the ability of the managers to deliver consistent results. They are closely looking at the 2 and 20 charges that are paid to the fund managers as fee. On the one hand, there is intense pressure to provide good performance, whereas on the other end, their sources of information and ideas are getting more and more ineffective. This dilution could be due to a stricter vigilance by the regulators on research practices of the investment banks, or reducing research infrastructure in the sell side community. This is often leading the funds having to deploy larger buy-side research operations with their own companies. The research teams often use the help of outsourced financial research companies to augment their coverage and establish a highly effective approach that greatly enhance their analytical muscle.

Gaurav Gupta, Executive Director at Decimal Point Analytics, a research consulting company that provides research solutions to Global Hedge Fund industry, said that managers need to move towards a model which includes an optimal internal engine that generates unique investment ideas. Hedge funds have to show how deep their research operation really is. Dependence on ideas/research provided by brokers is hardly going to convince investors that the hedge fund manager can make a difference.

Decimal Point Analytics creates solutions that help establish a deeper and wider research operation. Some of the operations include running specific research processes such as daily summaries, financial modeling, and any other such processes that is otherwise not possible for the senior analyst to cover on their own. These solutions often involve deploying technology for automated operation and manual processes to ensure stable and consistent results. This is a very useful research service for Hedge Funds.

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