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Tiger 21 stalks alternative investments

By Aaron Siegel

March 26, 2007 NEW YORK — Members of a high-net-worth investor group are moving away from public equity.

Tiger 21, a 118-member peer-based investment group that requires each member to have more than $10 million in investible assets, slashed its average exposure to public equities to 29.7% last year, from 37% in 2005. Members are shifting their portfolios toward private equity, hedge funds and other types of alternative-investment vehicles.

Tiger 21's members have $7 billion in assets under management.

Slightly less than 28% of its members' portfolios contain real estate — of which 16.1% is in investment real estate — another 15.6% is invested in fixed income, 8.8% private equity, 9.6% alternative investments and 9% left in cash. Allocation to real estate was 21.6%, while 4.5% was invested in alternatives in 2005.

"Private equity has more value in an illiquid form," said Michael Sonnenfeldt, founder of New York-based Tiger 21.

"Our members have a general sense of long-term optimism, based on America's traditional capacity to create value but are deeply concerned about the risks of terrorism and America's competitiveness," he added.

In the long term, the group is expressing increasing concern over the growth of the Chinese and Indian economies, quality-of-life issues and the value of the dollar, Mr. Sonnenfeldt said.

The group, which was founded in 1999, has offices in San Diego, San Francisco, Los Angeles, Palm Beach and Miami, and charges a membership fee of $25,000 per year.