



## How the super rich are changing their investment strategies

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A new survey from United States-based wealth organisation Tiger 21 has highlighted a big switch in the investment strategy of rich entrepreneurs, who are dumping alternative investments such as hedge funds for the relative safety of cash and fixed income investments.

Tiger 21 is a wealth peering organisation based in New York. It has more than 160 members, each of which have investible assets of more than \$10 million. Members meet in groups of 10 to 12 to discuss wealth management and lifestyle issues.

Tiger 21 has been tracking the structure of its members' portfolio for around three years, and this year's survey shows a sharp swing away from the alternative asset classes, which is dominated by hedge funds.

Members' overall portfolio allocation for hedge funds has fallen from 11% to less than 3% in the last 12 months. Shares remain the cornerstone of most members' portfolios, with an allocation of 30.5%, compared with 31% last year. Members' allocation in real estate assets has fallen from 27% to 23%.

Not surprisingly, members have shifted sharply towards the relative safe havens of fixed interest and cash investment, with the allocation to fixed interest increasing 2.3% to 18% during 2008. The cash portfolio remains relatively steady at around 12%.

Tiger 21 co-founder and chairman Michael Sonnenfeldt says it has been a difficult year for the group's members.

"These are unprecedented times. Some of our members are experiencing their first losses since they started investing after selling their company. In general, our members' portfolios are down 10% to 30%."

He describes the move against hedge funds – which has helped turbo-charge the returns of wealthy investors in recent years – as "the single biggest shift in our members' asset allocations since we began tracking this data".

