SMU-BNP plan hedge fund centre

It will collaborate with London Business School in research, education

By MATTHEW PHAN

SINGAPORE Management University and the French bank BNP Paribas are setting up Asia’s first centre for hedge fund research and education, in support of the burgeoning industry in Singapore, which has seen assets under management rise to over US$7 billion.

Set up in collaboration with the London Business School, host of the world’s only such centre, the one in Singapore will have an endowment of $1.4 million for the first three years.

“Whatever one’s feeling toward hedge funds, the phenomenal growth of the industry cannot be ignored,” said Ong Chong Tee, deputy managing director of the Monetary Authority of Singapore.

Hedge funds manage some US$1.2 trillion worth of assets globally, twice the level five years ago, and with another US$250 billion projected to be poured in over the next five years, Mr Ong said. Due to hedge funds’ active-trading strategies, their activities involve a disproportionately large chunk of trading volume in capital markets.

“Whether as an investor looking for higher returns, a shareholder affected by corporate activism, or prime broker or counter party, or as central banker and regulator, there is a heightened desire for stakeholders to demystify hedge funds and understand their strategies,” Mr Ong said.

Singapore has more than 100 hedge fund managers, up from a handful five years ago, and assets under management here are worth over US$7 billion, while in Hong Kong, there are about 150 hedge funds with assets under management of over US$16 billion, according to Melvyn Teo, assistant professor of finance at SMU and director of the Hedge Fund Centre.

The centre will undertake academic research in the hedge fund area and disseminate findings via a statistical digest, as well as organising seminars and an annual conference, which will be open by invitation with no attendance fees, Mr Ong said.

The centre will hold three-day executive education courses, with coursework drawn from the London Business School but adapted to Asia, said Annie Koh, dean of executive education at SMU. Further, undergraduates can be involved in the research and may seek attachments at hedge funds through the centre.