

## Alternative Investment Fund Managers Skeptical about JOBS Act

**50% of hedge fund managers and 55% of private equity managers surveyed feel the Act will have no significant impact on the alternatives industry**

Preqin's recent survey of more than 150 private equity and hedge fund managers reveals that these firms have been slow to take advantage of the marketing opportunities presented by the JOBS Act, which allows them to advertise and perform general solicitations to showcase their funds to a larger number of potential investors. Only 4% of hedge fund managers and 5% of private equity managers surveyed said they have registered to market under the JOBS Act. Many alternative asset managers believe that the audience they target – for many firms, large accredited institutional investors – is better reached through traditional methods of connecting and building relationships rather than through mass marketing.

### Will Fund Managers Market Under the JOBS Act?

- Hedge fund managers are at least considering marketing under the JOBS Act in the future; 20% of hedge fund managers surveyed said they have discussed the possibility of advertising compared to just 3% of private equity managers.
- 77% of private equity fund managers and 63% of hedge fund managers stated to Preqin they will never, or not at this time, market under the JOBS Act.

### Barriers to Marketing Under the JOBS Act

- Managers cited a number of different obstacles preventing them from marketing funds under the JOBS Act. Both hedge fund and private equity fund managers cited additional cost as the main obstacle, with 42% of hedge fund managers naming this issue, and 24% of private equity firms.
- A notable 21% of hedge fund managers stated that they do not want to be the first to market, suggesting that more managers may be tempted into advertising if this step is taken by their competitors.
- Private equity fund managers see the other largest obstacles to marketing under the JOBS Act as potential conflict with the AIFMD (cited by 22% of private equity firms surveyed), increased scrutiny from the SEC (cited by 20%), and the negative perception of marketing (cited by 20%).

**For more information and analysis, please see the full report:**

[https://www.preqin.com/docs/reports/Preqin\\_Special\\_Report\\_JOBS\\_Act\\_Apr\\_14.pdf](https://www.preqin.com/docs/reports/Preqin_Special_Report_JOBS_Act_Apr_14.pdf)

### Comment:

“Preqin's survey of alternative investment managers shows that the uptake of the JOBS Act will be relatively low in the short term. The Act could provide some benefits to managers but these appear to be currently outweighed by a number of concerns, including increased scrutiny of regulators, the negative perception of marketing, and the additional costs that advertising would bring.

However, many fund managers are wary of being the first movers in this space, and with the first adverts already printed, we could see a shift in attitude in the future as alternative asset funds – in particular hedge funds – begin to think of new ways to attract a different audience to their vehicle. As the challenges of competing not only with other alternative asset managers, but also against the growing numbers of alternative mutual funds, continue to become more significant, we will see alternative investment managers think more broadly in how they market their funds. At this time, alternative asset managers are being rather conservative in their attitude towards direct marketing; however only time will tell how the industry will embrace the opportunities that JOBS has opened up for private funds and it will be interesting to see how this sector develops over the next five years.”

**Amy Bensted, Head of Hedge Fund Products - Preqin**

**Note to Editors:**

- Preqin is spelled without the letter 'U' after the 'Q', the company name being an amalgamation of the former name, Private Equity Intelligence.

**About Preqin:**

Preqin is the leading source of information for the alternative assets industry, providing data and analysis via online databases, publications and bespoke data requests.

Preqin has built a reputation in the alternative assets industry for providing the most comprehensive and extensive information possible. Leading alternative assets professionals from around the world rely on Preqin's services daily, and its data and statistics are regularly quoted by the financial press. For more information, please visit: [www.preqin.com](http://www.preqin.com)

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