



Industry Professionals serving as non-executive directors to Alternative Funds

Wear the Fox Hat

This edition of IPAF's newsletter comes from Caroline Hoare, one of the founders of IPAF. She asks you to consider the value of a good hat.....



My mother wisely told me “if you spend £10 on a hat and hate it and never wear it, then that’s a complete waste of £10. Worse, it takes up space in your wardrobe and causes you guilt and angst every time you look at it, until you eventually take it to the charity shop. But if you spend £100 on a hat and love it and wear it 10 times, then that’s very good value for money. And every time you wear it, you will feel good”.

In other words: you always regret your economies.

Would you honestly dream of shopping in Poundland for your spouse’s birthday present? “Buy one, get one free” offers are unlikely to arouse feelings of gratitude and affection in your loved one.

But apparently it’s fine to do this in the world of choosing directors for your fund. In fact – even worse than BOGOF - we at IPAF have even come across a “I don’t expect to pay my (Cayman) management company director at all – his/her reward will be to be considered for a seat on the Fund board”.

This is addressed to all investors out there: when you are doing your due diligence, don’t just check the directors are independent: **ask what their fees are**. How much attention to detail and corporate governance do you expect to get if you are paying your director *less for a day’s work* than you pay your lawyers for *an hour*? Are you saying that you want directors to be one eighth (or even one tenth, if the lawyer works a 10 hour day) the calibre of your lawyers? Surely not!

We have come a long way since the minutes for board meetings were written in advance and “my mate from the golf club will do a great job on your board”, but it seems some funds still need to get the message - and they will only get that message if the investors demand it.

And if any PM or COO is still reading this, take note: investor due diligence now sometimes extends to speaking to fund directors about the fund and the investment manager. The questions can be searching and detailed and I don’t doubt this practice is a trend that will gather momentum. You’re not running a charity, so why do some of

you expect your directors to dedicate themselves to your cause for a paltry sum? If the labourer is not worthy of his/her hire, then get a new labourer (or watch your prospective investors melt away).

My Henley, Ascot, fur and wedding hats were all good investments and have not only stood the test of time, but have also been much admired. Buy yourself a quality titfer and join the cool crowd.

Millinery advice is not currently included in IPAF's fees: prices on application.

About Caroline Hoare

Caroline is resident in the UK and is a lawyer and former hedge fund CEO. Caroline was called to the Bar of England and Wales in 1978 and was a member of Chambers in Gray's Inn, where she focused on corporate and commercial law. Caroline joined GNI Ltd, the futures and options broking arm of the Gerrard Group, in 1994. She subsequently became a director of GNI Fund Management Ltd, the Group's alternative funds business, before joining the hedge fund GLC Ltd as its CEO in 2001. Caroline held this position for some 10 years, as well as serving on the board of the company. Caroline is one of the founders and a director of IPAF (UK) Ltd and also has a limited number of independent non-executive directorships. In 2010 she was named as one of the Top 50 Leading Women in Hedge Funds (the Hedge Fund Journal in association with PwC) as well as one of the 100 Influential Women in Finance working in European financial markets (Financial News).

About IPAF

IPAF provides Industry Professionals – independent, knowledgeable and experienced people - as non-executive directors to Alternative Funds. IPAF is run from London with a panel of 16 directors across 9 jurisdictions: Cayman, Luxembourg, Ireland, Switzerland, the Channel Islands, Malta, Bermuda, Barbados and the UK. All the IPAF directors are independent of each other and no additional fee is charged by IPAF to a fund that selects a member of its panel: the fund only pays the director's fees. For more information please telephone 020 7340 6316 or email info@ipafgroup.com.

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