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MEDIA SEE HEDGE FUND MANAGERS SMARTER THAN MUTUAL FUNDS

New Survey Also Shows Hedge Funds Face PR Challenges in Fees, Growth, Blow-Ups

NEW YORK, JULY 5, 2005 – Financial journalists overwhelmingly believe that hedge fund managers are smarter about the markets than their mutual fund counterparts, though there is growing sentiment that hedge funds are charging too much and growing too fast.

Those are three key findings from the just-released Walek & Associates 2005 Hedge Fund Media Survey, which polled journalists to uncover their ideas and insights into the fast-growing hedge fund industry.

“Though hedge fund managers enjoy tremendous PR benefits by the percentage that they are smarter about the markets, they face an uphill battle when it comes to their fees, the belief that the industry is growing too fast, and that blow-up’s are on the horizon,” said Thomas Walek, President of Walek & Associates.

“We also found growing PR challenges for hedge funds including an increasing belief among journalists that hedge funds are growing too fast, that fees are too high and that a large hedge fund blow-up is on the horizon. Though in each case, these remain minority opinions,” Walek said.

Key findings of the survey include:

- Media coverage of hedge funds has exploded in the last three years.
- The number of journalists who think the hedge fund industry is growing too fast has increased to 47%, from 32% in 2002.
- A majority of journalists now believe hedge funds exacerbate stock market swings.

- 61% of journalists think new US regulations of hedge funds will help protect investors.
- More journalists think hedge fund expenses are too high (41%) and fewer believe fund-of-funds are better investments than single manager funds (42%).
- 100% of journalists surveyed think hedge fund managers are smarter about the markets than mutual fund managers.
- While the media used the words “hedge funds” and “blow-up” together in articles two or three times as often today as they did three years ago, the percentage who expect a major hedge fund blow-up declined.

Complete results of the Walek 2005 Hedge Fund Media Survey are available at <http://www.walek.com/speech.html>

Methodology

Walek & Associates' Global Capital 2005 Hedge Fund Media Survey questioned 30 professional journalists in June 2005. Respondents represented a mix of journalists from newswires, newspapers, business periodicals, newsletters and Internet-based media serving institutional investors, high-net-worth investors, retail investors and intermediaries.

Interviews were conducted via telephone during which 16 questions were asked and responses recorded on an anonymous basis. Total responses to each question were compiled and percentages calculated. Not all journalists answered all questions and some questions allowed multiple answers. Percentages are based on total number of responses to each question.

About Walek & Associates

Walek & Associates is an independent public relations agency serving financial, corporate and technology clients in the U.S. and internationally through offices and affiliates in New York, Chicago and London. The firm helps clients achieve marketing objectives by delivering industry knowledge, a culture of client service and a focus on results. Services include brand development, positioning, media relations, investor relations, speaking tours, product launches, spokesperson preparation, research, and crisis preparation & management.