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## **Curiosity Killed the Cat – Addressable Market for Hedge Fund and Alternative Information**

By Alan Snyder

Do 14.5 million people care about hedge funds, alternatives and niche investments?

We wondered what the true addressable market is for these investments. Who is interested in them and how many might that be? At least, we sought to understand who “could be or should be” engaged.

Unfiltered for overlap, the answer is 14.5 million. However, filtering by potential interest level reduces that number to 630,000, still a tidy group. We divided the market into three categories:

### **Investment Professionals and Companies**

- Wealth Managers and Advisors
  - Registered Investment Advisors (RIAs) and Chartered Investment Counselors (CICs)
  - Certified Investment Management Analysts (CIMAs)
  - Private banking and portfolio managers
- Financial Planners and Advisors
  - Certified Financial Planners (CFPs)
  - Chartered Financial Consultants (ChFCs)
- Fund Managers
  - Hedge funds/certified hedge fund professionals
  - Private equity funds
- Institutional Investors

### **Individual and Private Investors**

- Individuals/households
- Family offices
- Charitable and educational entities

### **Educational**

- Faculty
- Graduate students
- Undergraduate students

From this rough cut, we dug deep to size the respective audiences (see the attachment labelled “Data Sources”). Disappointingly, and contrary to what we had hoped, we did not find some nifty piece of research giving us the answer we sought. Damn, back to the digging.

The attached table, “Market Analysis”, reflects the qualitative haircuts we made by cohort, rough justice indeed. Nevertheless, this approximation was eye-opening about the potentially large numbers of individuals who might have more than a passing interest in hedge funds and alternatives.

Translating from people to dollars is a next consideration. If any of our patient readers have seen more reasoned research, we hope you will share it.

In the meanwhile, we wish all a happy summer with kids, family, friends and a great novel.

**MARKET ANALYSIS**

**INVESTMENT PROFESSIONALS**

Target Audience	Description of Target Audience	Gross Target	Percentage of Interest	Subtotal	Percentage Possible	Potential Audience	Notes
Investment Professionals (individuals)	Wealth Managers, RIAs, Advisors, Portfolio Managers	450,000	70%	315,000	30%	94,500	Estimate 70% of these professionals will be interested and of that 70%, 30% might act.
Investment Professionals (companies)	Wealth Managers, RIAs, Advisors	32,735	70%	22,915	30%	6,874	70% of these firms may look at alternatives of various types and one person in 30% of these might act.
Hedge/PE Funds (individuals)	Hedge fund and private equity managers	1,000,000	70%	700,000	30%	210,000	Estimate 70% of these professionals will be interested and of that 70%, 30% might act.
Hedge/PE Funds (companies)	Hedge fund and private equity managers	18,000	70%	12,600	30%	3,780	70% of these firms do business in alternatives; at least one person in 30% of these might act.
Institutional (individuals)	Investment bankers, asset managers, B-Ds, Pension Plans, FoFs, LPs, LLCs	100,000	50%	50,000	30%	15,000	Of the total employees at these firms, estimate 50% are back office, administrative and non-investment; expect 30% of the remaining 50% of investment professionals might act.
<b>TOTAL</b>		<b>1,600,735</b>				<b>330,154</b>	

**INDIVIDUALS/PRIVATE INVESTORS**

Target Audience	Description of Target Audience	Gross Target	Percentage of Interest	Subtotal	Percentage Possible	Potential Audience	Notes
Individuals/ Households (individuals)	Individuals and households with over \$1 million net worth	10,400,000	10%	1,040,000	15%	156,000	Estimate that only 10% of individuals with a net worth above \$1 million will be sufficiently engaged in alternatives; expect 15% of that 10% to have a deeper interest.
Family Offices (companies)	Single and Multiple Family Offices	5,500			20%	1,100	Many are small and traditionally focused but assume one person in 20% of these offices might act.
Charitable Entities (entities)	Endowments and Foundations with over \$1 million in assets	158,606	25%	39,652	30%	11,895	Of the total non-profits, 25% have over \$10 million in assets (smaller ones generally will not look at alternatives); one person in 30% of those entities may act.
<b>TOTAL</b>		<b>10,564,106</b>				<b>168,995</b>	

STUDENTS/EDUCATORS							
Target Audience	Description of Target Audience	Gross Target	Percentage of Interest	Subtotal	Percentage Possible	Potential Audience	Notes
Faculty (individuals)	Post-secondary educators in the US, including teaching assistants in related fields	150,000			20%	30,000	This was difficult to calculate. Used the total number of students in related fields and obtained a percentage of total students in all fields. Then multiplied that percentage against the total post-secondary faculty employed; assume 20% of those educators to teach curriculum that may relate to alternatives.
Students (individuals)	Graduate students in related fields	528,454			10%	52,845	Took the number of Masters and PhDs awarded in related fields and multiplied by the roughly 2 and 3 years (respectively) it takes to earn those degrees to arrive at the total number of students studying those related fields; assume 10% might act.
Students (individuals)	Undergraduate students in related fields	1,619,000			3%	48,570	As above, calculated the total students that might be interested using the number of degrees awarded and multiplied by the typical 4 years it takes to earn an undergraduate degree; as undergraduates have generally not yet specialized, 3% might act.
<b>TOTAL</b>		<b>2,297,454</b>				<b>131,415</b>	

TOTALS							
Target Audience	Description of Target Audience	Gross Target	Percentage of Interest	Subtotal	Percentage Possible	Potential Audience	Notes
INVESTMENT PROFESSIONALS		1,600,735				330,154	
PRIVATE INVESTORS		10,564,106				168,995	
STUDENTS/ EDUCATORS		2,297,454				131,415	
		<b>14,462,295</b>				<b>630,565</b>	

## DATA SOURCES

The information presented in the table has been collected and estimated from the following sources:

### Investment Professionals and Companies

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## DATA SOURCES

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