



Investing in Hedge Funds: All About Returns?

Preqin's report, [Investing in Hedge Funds: All About Returns?](#), looks at why investors are allocating their capital to hedge funds, what they seek from the funds they invest in and how they assess the success of their portfolio. Here we present an executive summary of our findings.

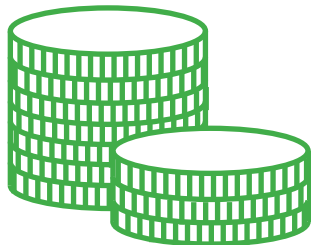
The report offers a valuable insight into the mindset and goals of institutional investors who decide to add hedge fund allocations to their portfolios. Our findings demonstrate that the frequent, broad comparisons of hedge fund performance to standard market indices, such as the S&P 500, are generally viewed as irrelevant by the institutions making the investments and judging their success. Rather, the survey responses point to reduced volatility, diversification of risk premia, and absolute returns as the leading objectives of the global institutional investors making hedge fund allocations.

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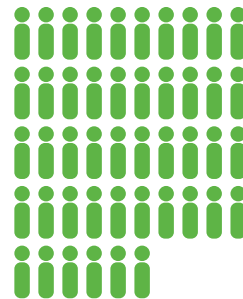
Click [here](#) to download our latest report which is based on the results of a survey of over 100 investors conducted in April this year, with these investors representing more than \$13tn in assets under management.



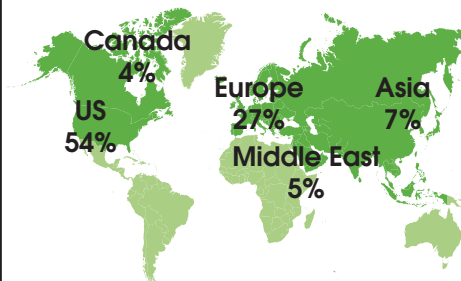
Who Is Investing in Hedge Funds?



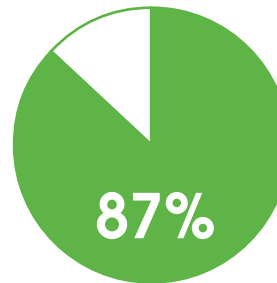
65%
of hedge fund industry capital comes from institutional investors



4,600+
institutional investors allocate capital to hedge funds

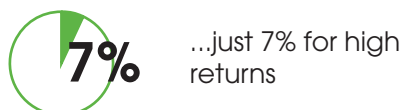
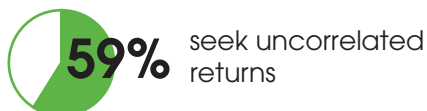


Proportion of industry capital invested by institutions by regional HQ



87%
of investors are maintaining or increasing their allocations in the next 12 months

What Are Investors Looking for From Hedge Funds?



How Are Hedge Funds Performing?

84%
of investors feel return expectations have been **met or exceeded** in the past 12 months.

80%
of investors believe portfolio risk would **increase** if they ceased investing in hedge funds

How Do Investors Benchmark Returns?

1/5
S&P 500 and other public indices are commonly seen as irrelevant – just a fifth compare hedge funds to these benchmarks.

Investors are commonly using strategy-specific hedge fund indices to measure portfolio performance.