

HEDGE FUND SPOTLIGHT

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THE \$1BN CLUB: LARGEST HEDGE FUND MANAGERS



701

Collectively managing \$2.8tn in assets, the 701 members of the \$1bn Club account for 88% of industry capital. Just how influential is the \$1bn Club when it comes to investing in hedge funds?

[Find out more on page 2](#)

THE \$1BN CLUB: LARGEST INVESTORS IN HEDGE FUNDS



\$805bn

Despite many investors falling out of the \$1bn Club after reducing their exposure to hedge funds, this group has a combined allocation of \$805bn, a 5% increase from June 2016 figures.

[Find out more on page 5](#)



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THE \$1BN CLUB: LARGEST HEDGE FUND MANAGERS

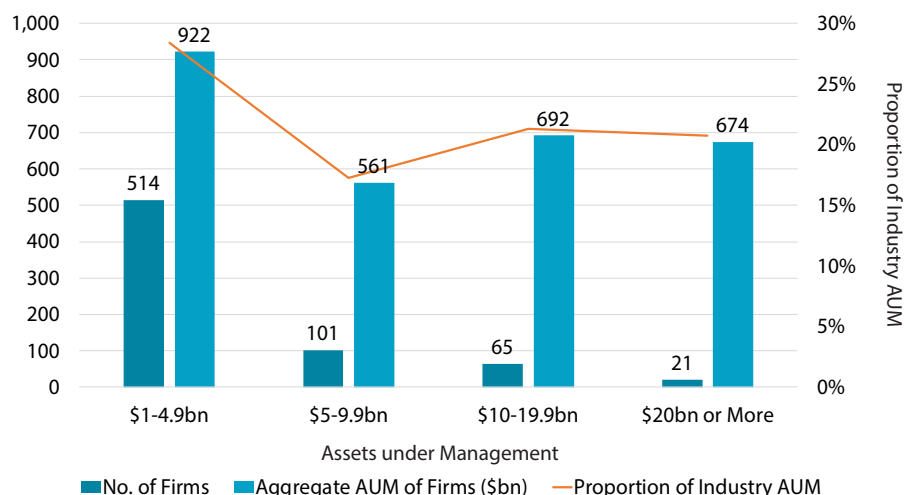
We take a look at the world's largest hedge fund managers – the “\$1bn Club” – covering those that have entered or left this exclusive members’ club in the past 12 months as well as providing an overview of these managers.

Over the course of 2016 there were outflows of \$110bn from hedge funds, following an extended period of disappointing performance which negatively affected investor sentiment towards the asset class. Even the largest managers felt the effects of investor redemptions – for instance, [Perry Capital](#), which managed \$15bn at its height, closed for business in 2016 after poor performance and investor redemptions. Despite difficulties in both raising and retaining investor capital, the assets under management (AUM) of the hedge fund industry grew due to improved performance in 2016. Although some of the largest managers have experienced difficulties over the past year, firms managing assets equalling or in excess of \$1bn also continued to accumulate assets over the year. In this article, we profile the 2017 \$1bn Club and how it has changed over the past 12 months.

THE \$1BN CLUB IN 2017

As seen in Fig. 1, there are currently 701 hedge fund managers with \$1bn or more in AUM, a net increase of 33 managers since our [May 2016 \\$1bn Club study](#). Collectively, this group manages \$2.8tn – a 4% increase from the previous study – accounting for 88% of all capital in the hedge fund sector.

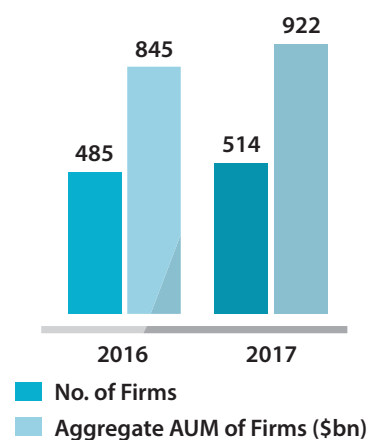
Fig. 1: Distribution of Assets under Management within the \$1bn Club



Source: Preqin Hedge Fund Online

The number of managers with AUM of \$20bn or more has decreased by two to 21 in the past year, while their aggregate AUM has increased by only \$2bn. Following the high-profile closures of [Perry Capital](#) and [Visium Asset Management](#), [Eton Park Capital Management](#) (which managed \$8.8bn at the time of our May 2016 study) is the latest big-name hedge fund manager to announce it is shutting down operations and returning capital to investors.

FIRMS WITH \$1-4.9BN IN AUM, 2016 vs. 2017



LOCATION OF \$1BN CLUB

North America is home to 496 fund managers with AUM of \$1bn or more;

Fig. 2: Top 10 Locations of \$1bn Club Managers

Manager Location	No. of Hedge Fund Managers	Aggregate AUM of Firms (\$bn)
New York	241	1,038
Connecticut	43	360
London	84	352
California	53	191
Massachusetts	34	172
Illinois	25	99
Hong Kong	28	56
Texas	16	51
New Jersey	13	44
Stockholm	5	35

Source: Preqin Hedge Fund Online

Fig. 3: Top 10 Hedge Fund Managers by Total Assets under Management

Manager	Location	Year Established	Assets under Management
Bridgewater Associates	US	1975	\$160.8bn as at 31-Dec-16
AQR Capital Management	US	1998	\$96.0bn as at 31-Dec-16
Man Group	UK	1983	\$54.9bn as at 31-Dec-16
Renaissance Technologies	US	1982	\$38.8bn as at 31-Dec-16
Millennium Management	US	1989	\$34.1bn as at 31-Dec-16
Standard Life Investments	UK	2006	\$34.0bn as at 31-Dec-16
Och-Ziff Capital Management	US	1994	\$33.5bn as at 01-Jan-17
Winton Capital Management	UK	1997	\$32.1bn as at 31-Dec-16
Baupost Group	US	1982	\$31.6bn as at 31-Dec-16
Elliott Management	US	1977	\$31.4bn as at 31-Dec-16

Source: Preqin Hedge Fund Online

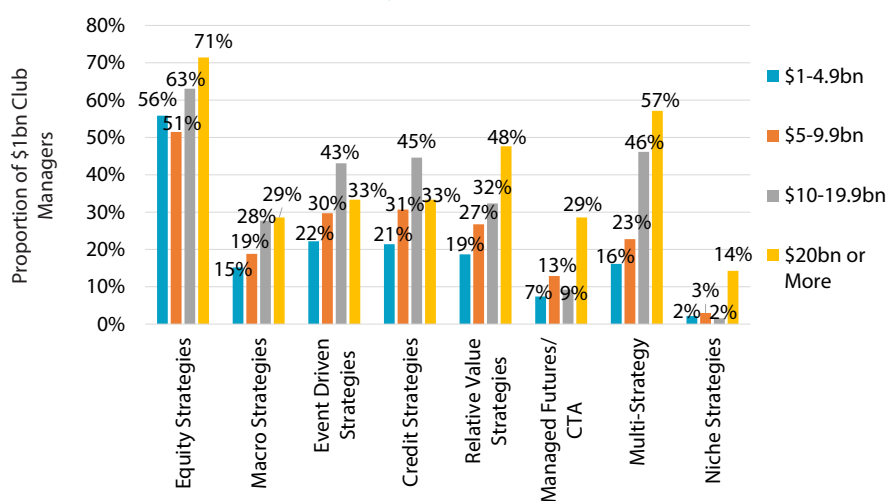
collectively, these firms account for 75% of the Club’s assets. The largest number (241) of managers are located in New York State (Fig. 2); these managers control a combined \$1tn. Connecticut is home to the third largest number (43) of managers behind California (53), and also represents the second largest aggregate AUM (\$360bn), which is primarily due to the likes of [Bridgewater Associates](#) and [AQR Capital Management](#) – the two largest hedge fund managers in the world – residing in the state (Fig. 3).

Europe-based managers are responsible for a fifth of assets managed by the \$1bn Club. London is at its centre – members in the British capital manage an aggregate \$352bn – while Stockholm is a newcomer to the top 10 cities in the \$1bn Club. Asia-Pacific-based managers (64) and managers based in regions beyond North America, Europe and Asia-Pacific (14) make up the remainder of the \$1bn Club, both growing by a net 13 and five managers respectively in the past year.

STRATEGIES OF \$1BN CLUB MANAGERS

The 701 managers in the \$1bn Club currently run a combined 5,007 active hedge fund vehicles – 34% of all active funds in the industry today. Fig. 4 breaks down the top-level strategies offered by \$1bn Club managers, of which equity strategies are the most prominent: over half (56%) of \$1bn Club managers employ an equity strategy, a reflection of the wider industry trend. Significant proportions of managers operating over \$20bn in assets offer each top-level strategy, with many offering multiple strategies, as providing a diverse product line-up is likely to attract a broad range of investors.

Fig. 4: Top-Level Strategies Offered by \$1bn Club Managers



Source: Preqin Hedge Fund Online

Over a quarter (26%) of the \$1bn Club offer event driven strategies, the second most utilized top-level strategy behind equity strategies. The Preqin All-Event Driven Strategies Hedge Fund benchmark posted returns of 12.80% in 2016, making it the leading top-level hedge fund strategy benchmark last year. Performance gains of funds within this group may have led to growth of capital as well as increased asset flows from investors. Relative value strategies are prevalent across \$20bn+ managers, with 48% of this exclusive club offering the strategy; AQR Capital Management, [Man Group](#) and [Renaissance Technologies](#) – all with AUM of more than \$20bn – have launched a fund employing relative value strategies over the past 12 months.

NEW ENTRANTS AND DROPOUTS

Preqin has noted 117 new entrants and 90 dropouts in the \$1-4.9bn AUM bracket. Within this group of new entrants are

hedge fund managers established in the past year, such as [Holocene Advisors](#) and [Sagewood Asset Management](#), as well as firms experiencing growth in AUM (Fig. 5). We have seen significant growth in the number of new entrants to the \$1bn Club from Asia-Pacific (the region represents 16% of new entrants in our 2017 study vs. 6% in 2016), behind only North America, which is home to the majority (64%) of new entrants to the \$1bn Club (Fig. 6). North America, however, also represents the majority (69%) of dropouts from the \$1bn Club. Similarly, Europe-based managers represent 15% of new entrants and 19% of dropouts.

Equity strategies are the most utilized by both new entrants to the \$1-4.9bn AUM bracket as well as dropouts (Fig. 7). However, coinciding with the strong performance of event driven and credit strategies over the past year, and the strong longer-term performance of relative

Fig. 5: Sample New Entrants to the \$1bn Club in 2017

Manager	Location	Year Established	Core Strategy	Assets under Management
Holocene Advisors	New York	2016	Long/Short Equity	\$1.5bn as at 01-Apr-17
Andurand Capital Management LLP	London	2013	Commodities	\$1.4bn as at 01-Mar-17
Sagewood Asset Management	New York	2016	Statistical Arbitrage	\$1.4bn as at 28-Feb-17
Quest Partners	New York	2001	Managed Futures/CTA	\$1.1bn as at 31-Mar-17
Zebra Capital Management	Connecticut	2001	Equity Market Neutral	\$1.1bn as at 31-Mar-17

Source: Preqin Hedge Fund Online

value strategies, significant proportions of new entrants offer these strategies.

FUND TERMS AND CONDITIONS OF THE \$1BN CLUB

Managers with over \$1bn in AUM on average charge higher management and performance fees than the rest of the industry (Fig. 8). However, with fees at the forefront of investor concerns in 2017 (see [Preqin Investor Outlook: Alternative Assets, H1 2017](#)), even the largest firms in the industry are paying closer attention to the terms and conditions associated with their funds. Among these are [Moore Capital Management](#) and [Winton Capital Management](#); the former decreased its fee for its [Moore Macro Managers Fund](#) from 3.00% to 2.50% and the latter reduced both the management and performance

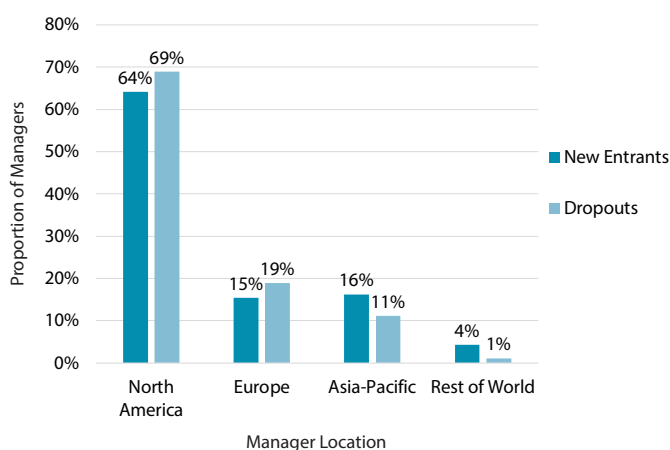
fees of its flagship funds from 1.00% and 20.00% to 0.90% and 16.00% respectively (see [Preqin Hedge Fund Spotlight: March 2017](#)).

THE OUTLOOK FOR THE \$1BN CLUB

\$1bn Club managers are very influential; this relatively small number of managers control the vast majority of AUM in the industry. Although investors of all sizes allocate capital to the \$1bn Club, the \$1bn Club members have not been immune to the difficult environment for hedge funds in recent years. We have seen some members close for business in light of poor performance and wide-scale redemptions, as well as having to adapt to meet changing client demands for favourable terms and conditions.

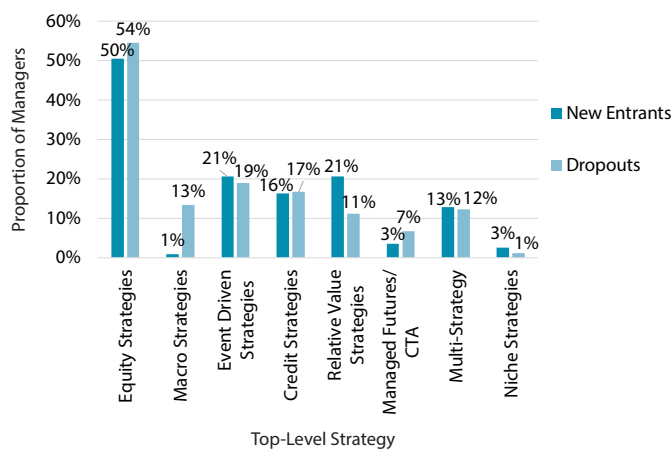
However, hedge funds seem to be turning a corner following a challenging 2016. Asset flows in the first quarter of this year have been positive, with the industry experiencing net inflows of \$20bn. Furthermore, the largest hedge funds have seen more inflows than outflows over Q1 2017: 43% of larger funds (\$1bn or more in size) attracted new capital compared to 39% that saw outflows. This renewed interest in hedge funds is driving the growth of the \$1bn Club and may help to combat industry-wide redemptions, as well as highlight the positive performance hedge funds have experienced since March 2016 and bolster the \$1bn Club's influence within the industry.

Fig. 6: \$1-4.9bn Managers: New Entrants vs. Dropouts over the Past 12 Months by Manager Location



Source: Preqin Hedge Fund Online

Fig. 7: \$1-4.9bn Managers: New Entrants vs. Dropouts over the Past 12 Months by Top-Level Strategy



Source: Preqin Hedge Fund Online

Fig. 8: Fund Terms and Conditions of \$1bn Club Managers vs. All Hedge Fund Managers

Assets under Management	Mean Management Fee (%)	Mean Performance Fee (%)	Mean Minimum Investment (\$mn)	Mean Lock-up Period (Months)	Median Redemption Frequency (Days)	Median Redemption Notice Period (Days)
Less than \$1bn	1.56	19.34	1.1	8.1	30	30
\$1bn Club	1.60	19.83	2.5	11.4	30	45
All Hedge Fund Managers	1.57	19.51	1.6	8.9	30	30

Source: Preqin Hedge Fund Online

THE \$1BN CLUB: LARGEST INVESTORS IN HEDGE FUNDS

We examine how this group of institutions that invest \$1bn or more in hedge funds has developed over the past year, focusing on new entrants to the Club and how their allocations to the asset class have changed.

Investor outflows dominated the narrative surrounding the hedge fund asset class in 2016. However, despite redemptions and withdrawals from notable institutions in recent years, the 242 investors profiled on Preqin's **Hedge Fund Online** that constitute the \$1bn Club – those that invest \$1bn or more in hedge funds – have become more prominent in the industry.

The \$1bn Club represents 24% of the combined allocation to hedge funds from institutional investors – in absolute terms this amounts to \$805bn, a 6% increase on June 2016 figures (Fig. 1). Furthermore, despite some prominent departures, the group has seen a net increase of eight investors over the past year, illustrating that investors continue to build significant portfolios of hedge funds despite headlines suggesting there has been widespread withdrawals from the asset class.

THE \$1BN CLUB IN 2017

As shown in Fig. 2, in the past year 36 institutions have entered the \$1bn Club while 28 have fallen out of the Club after reducing their exposure to hedge funds.

Public pension funds represent the highest number of new entrants to the \$1bn Club and, with 57 representatives, form the largest group of investors in the Club. These institutions represent 28% of capital invested in hedge funds by the \$1bn Club, one percentage point higher than the 27% they represented in 2016. Public pension funds were the only investor type for which a greater proportion decreased their allocation to the asset class over the past year than increased or maintained it: 53% reduced their hedge fund exposure – including [New Jersey State Investment Council](#), which decided to effectively halve its hedge fund allocation. However, there have been significant increases in allocations for this investor type in the past year; [Missouri Local Government](#)

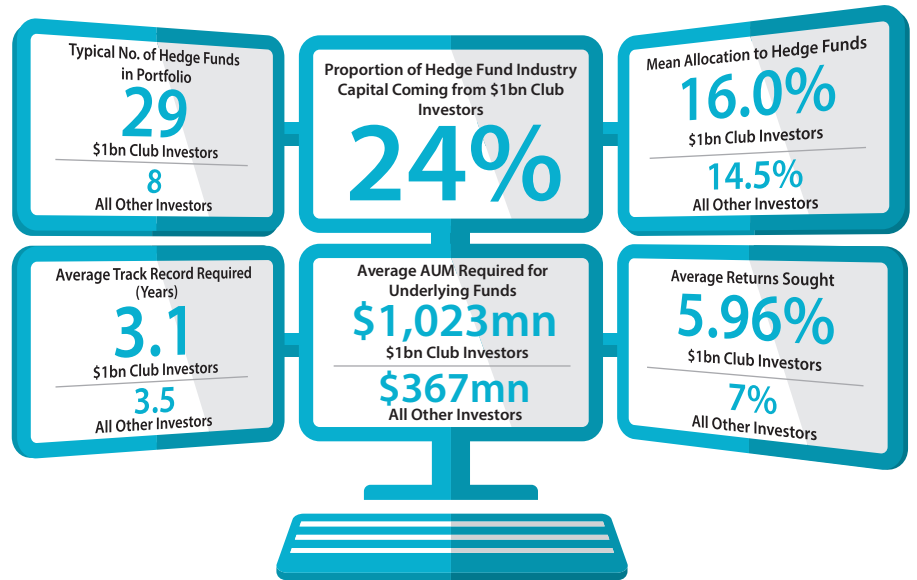
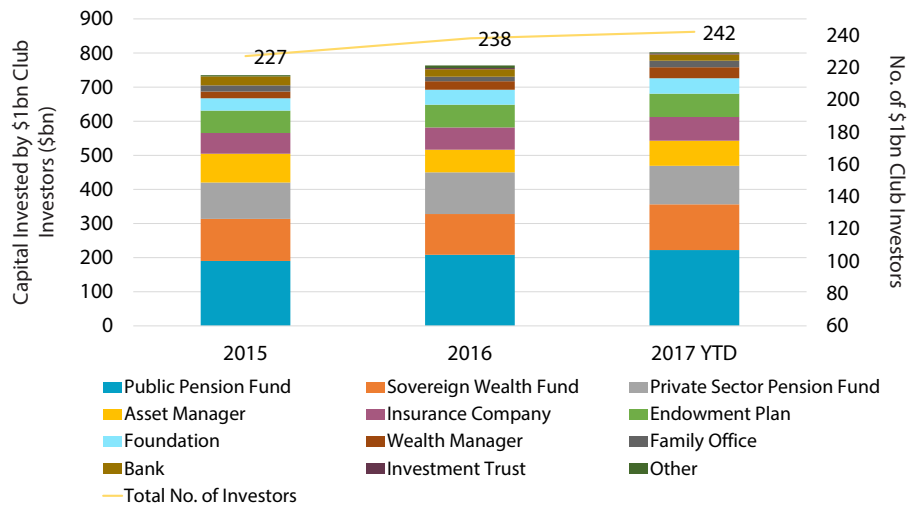


Fig. 1: \$1bn Club Investors: Number and Capital Invested by Investor Type, 2015 - 2017 YTD (As at May 2017)



Source: Preqin Hedge Fund Online

Employees Retirement System increased its allocation to hedge funds from 11.0% of total assets to 16.4%, taking its exposure to the asset class to \$1.1bn.

Eight **private sector pension funds** have fallen out of the \$1bn Club over the past year which, with only three entrants of this investor type, is the largest decline in participation within the Club. As a

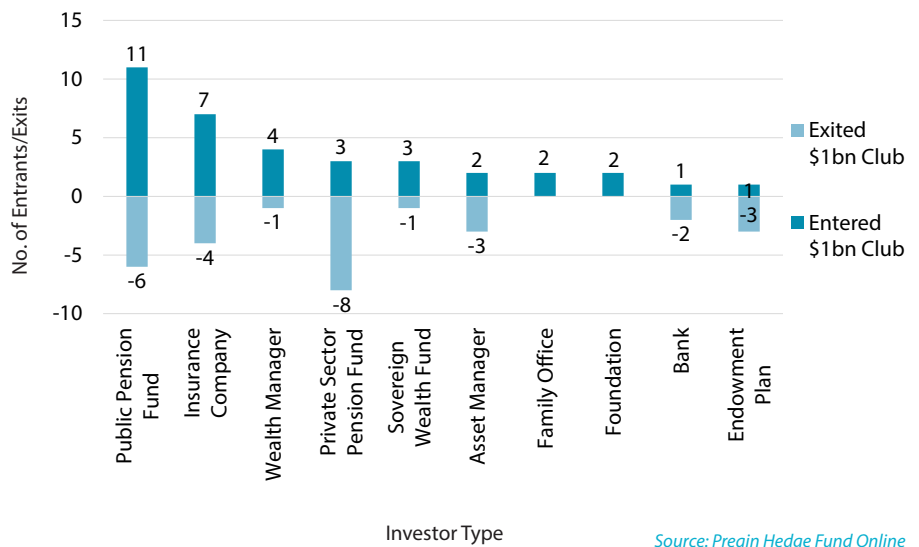
result, their share of capital allocated in both proportional and absolute terms has dropped two percentage points to represent 14% (\$113bn) of aggregate capital allocated to hedge funds by investors in the \$1bn Club. This is in contrast to their public counterparts: public pension funds recorded an overall increase in allocations in dollar terms and now represent \$222bn in capital invested.

Sovereign wealth funds are becoming increasingly important members of the \$1bn Club. With three new entrants and only one departure over the year, as well as some institutions ramping up their exposure, the capital share they represent within the Club has increased by one percentage point to 17% in 2017 (Fig. 3). With eight sovereign wealth funds currently in the \$1bn Club, the ramifications of the investment decisions of this small group of investors can significantly influence the industry.

This general trend of \$1bn Club investors maintaining or increasing their allocations to hedge funds over the past 12 months can be seen in Fig. 4. With the exception of banks, family offices and public pension funds, all investor types saw a greater proportion of investors maintain or increase their commitments to the asset class than reduce their allocations. North America is home to the largest number of \$1bn Club investors, with 171 of these institutions based in the region. Consequently, it represents the greatest proportion (61%) of capital invested in hedge funds by these \$1bn Club investors (Fig. 5).

Despite representing just 2% of \$1bn Club investors, institutions based outside North America, Europe and Asia represent one in every 10 dollars invested by the Club. This is due, in part, to the location of the largest investor in hedge funds, **Abu Dhabi Investment Authority** – this sovereign wealth fund invests an estimated \$59bn in the asset class, contributing nearly three-

Fig. 2: Number of Entrants to vs. Exits of \$1bn Club Investors over the Past 12 Months by Investor Type



Source: Preqin Hedge Fund Online

quarters of the capital invested by Rest of World-based \$1bn Club investors.

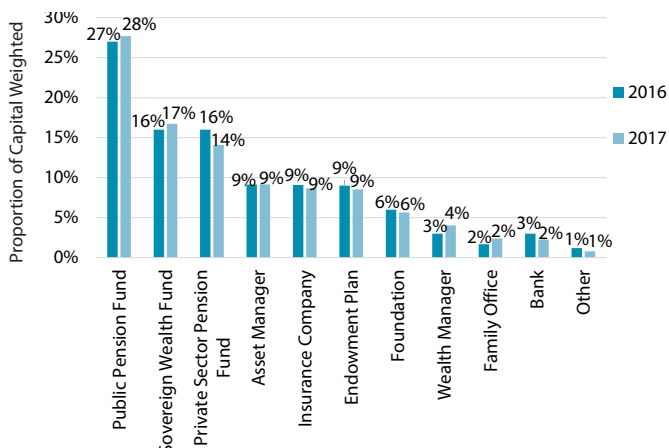
\$1BN CLUB VS. ALL OTHER INVESTORS

With average AUM in the Club significantly higher than that of all other institutional investors in hedge funds (\$62bn vs. \$12bn respectively), \$1bn Club investors have the resource and financial capability to build portfolios in-house. As a result, these investors are more likely to create portfolios of single-manager funds themselves, not necessarily needing to employ funds of hedge funds to do this on their behalf (Fig. 6). Institutions outside the \$1bn Club have a considerably greater preference for investing in the asset class through funds of hedge funds as they look to capitalize on the expertise offered by multi-managers. However, significant

proportions of both \$1bn Club investors and other investors also use both routes to market, as they look to diversify holdings and take advantage of the knowledge that these multi-managers may have in specific regions or sectors.

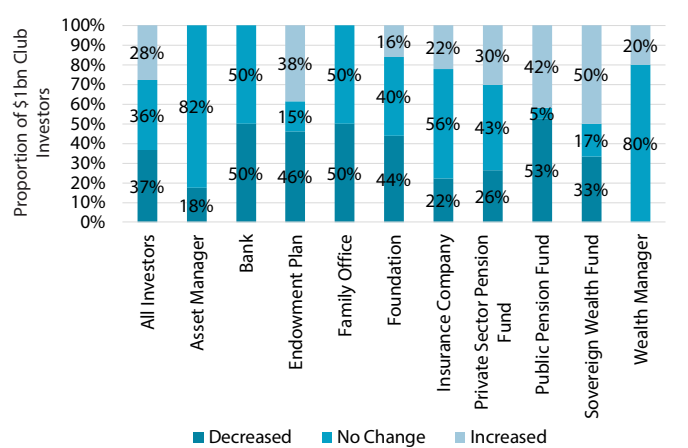
There are indications that the \$1bn Club has become more conservative in its approach to investment over the past 12 months: mean allocations have fallen from 16.8% to 16.0%; the number of funds they typically hold in portfolios has fallen from 33 to 29. In addition, the average AUM they seek in fund managers they invest with has increased from \$846mn to just over \$1bn. Conversely, smaller investors have kept the size of their portfolios the same and reduced their size requirements for fund managers from \$547mn to

Fig. 3: \$1bn Club Investors: Capital Weighted by Investor Type, 2016 vs. 2017



Source: Preqin Hedge Fund Online

Fig. 4: Changes to \$1bn Club Investors' Allocations over the Past 12 Months by Investor Type



Source: Preqin Hedge Fund Online

\$367mn. For hedge fund managers, this means that smaller investors are becoming more important as they are investing more capital in a similar number of funds. This is particularly pertinent to those firms with lower levels of assets whose capital-raising endeavours can now reach a greater number of institutions looking for value from their hedge fund portfolios.

OUTLOOK

The data shows that, overall, large institutions have not followed the high-profile example of CalPERS, NYCERS and Alaska Permanent Fund Corporation which are exiting the asset class. More institutions are gaining membership to the \$1bn Club and collectively investing a greater amount in hedge funds than seen in previous years. However, as exemplified by Employees' Retirement

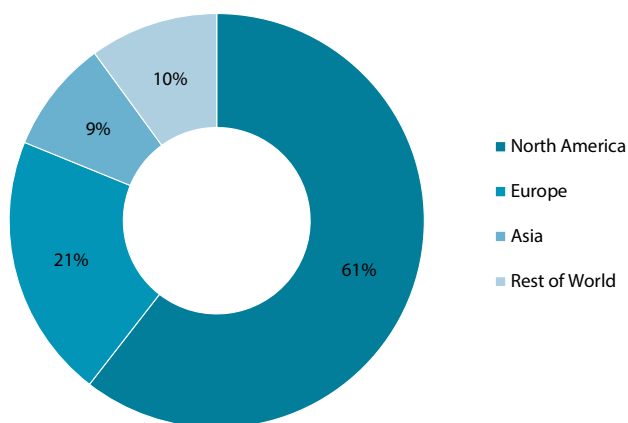
System of Rhode Island and New Jersey State Investment Council – which have both issued significant redemptions to their hedge fund portfolios – there are indications that some members of the \$1bn Club may be scaling back on hedge funds, reducing allocations (as a proportion of their total assets) and investing in fewer, but larger, vehicles.

However, despite representing less than 5% of investors tracked by Preqin on Hedge Fund Online, the \$1bn Club wields considerable influence in the industry. The disproportionate amount of capital they invest means that the Club has leverage to lobby hedge fund managers to improve the alignment of interests between the two parties, particularly at a time when fund terms and conditions have been thrust into the spotlight due to

the perceived underperformance of the asset class, with those issuing redemption notices often making clear calls for lower fees.

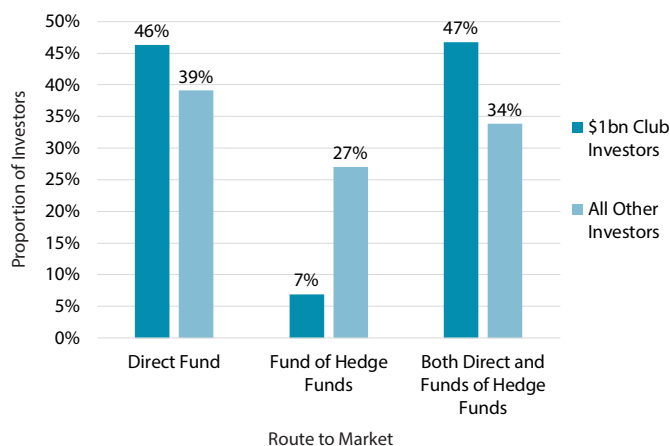
Encouragingly, there does not seem to have been a slowdown in the number of these \$1bn Club investors over the past year: Preqin currently tracks the largest number of investors in the \$1bn Club than ever before, investing the largest combined sum of capital for the group. With this vast amount of capital committed to the hedge fund industry as well as the growing influence these investors have within the asset class, it is likely the \$1bn Club will remain important and active in hedge funds in the long term.

Fig. 5: \$1bn Club Investors: Capital Weighted by Investor Location



Source: Preqin Hedge Fund Online

Fig. 6: Preferred Route to Market: \$1bn Club Investors vs. All Other Investors



Source: Preqin Hedge Fund Online

Fig. 7: Key Facts: \$1bn Club Investors vs. All Other Investors (As at May 2017)

	\$1bn Club Investors	All Other Investors
Mean Allocation to Hedge Funds	16.0%	14.5%
Typical No. of Hedge Funds in Portfolio	29	8
Average Track Record Required (Years)	3.1	3.5
Average AUM Required for Underlying Funds	\$1,023mn	\$367mn
Average Returns Sought	6.00%	7.00%

Source: Preqin Hedge Fund Online

PREQIN GLOBAL DATA COVERAGE

ALTERNATIVES COVERAGE	FIRMS	FUNDS	FUNDS OPEN TO INVESTMENT	INVESTORS MONITORED	FUNDS WITH PERFORMANCE	DEALS & EXITS
	26,814	48,519	18,793	14,280	25,057	275,463
INVESTOR COVERAGE	PRIVATE EQUITY* 6,500 Active Private Equity LPs	HEDGE FUNDS 5,158 Active Hedge Fund Investors	REAL ESTATE 5,668 Active Real Estate LPs	INFRASTRUCTURE 3,017 Active Infrastructure LPs	PRIVATE DEBT 2,616 Active Private Debt Investors	NATURAL RESOURCES 2,655 Active Natural Resources Investors
FUND COVERAGE	16,923 Private Equity Funds	23,896 Hedge Funds	6,387 PE Real Estate Funds	1,133 Infrastructure Funds	2,273 Private Debt Funds	1,634 Natural Resources Funds
FIRM COVERAGE	11,239 Private Equity Firms	8,894 Hedge Fund Firms	3,786 PE Real Estate Firms	507 Infrastructure Firms	1,459 Private Debt Firms	929 Natural Resources Firms
PERFORMANCE COVERAGE	5,803 Private Equity Funds	16,094 Hedge Funds	1,653 PE Real Estate Funds	228 Infrastructure Funds	798 Private Debt Funds	481 Natural Resources Funds
FUNDRAISING COVERAGE	1,924 Private Equity Funds	15,723 Hedge Funds	1,086 PE Real Estate Funds	290 Infrastructure Funds	295 Private Debt Funds	378 Natural Resources Funds
DEALS & EXITS COVERAGE	BUYOUT 79,753 Buyout Deals** and Exits	VENTURE CAPITAL 133,190 Venture Capital Deals*** and Exits		REAL ESTATE 35,474 Real Estate Deals	INFRASTRUCTURE 27,046 Infrastructure Deals	

Alternatives Investment Consultants Coverage:

555
Consultants Tracked

Funds Terms Coverage: Analysis Based on Data for Around

16,050
Funds

Best Contacts: Carefully Selected from our Database of over

392,367
Contacts



PLUS

Comprehensive coverage of:

- + Placement Agents
- + Fund Administrators
- + Law Firms
- + Debt Providers
- + Dry Powder
- + Compensation
- + Plus much more...



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- + Global presence - New York, London, Singapore, San Francisco, Hong Kong and Manila
- + Depth and quality of data from direct contact methods
- + Unlimited data downloads
- + The most trusted name in alternative assets

*Private equity includes buyout, growth, venture capital, turnaround, private equity fund of funds, private equity secondaries, direct secondaries, balanced, hybrid, hybrid fund of funds, PIPE, co-investment and co-investment multi-manager funds.
**Buyout deals: Preqin tracks private equity-backed buyout deals globally, including LBOs, growth capital, public-to-private deals, and recapitalizations. Our coverage does not include private debt and mezzanine deals.
***Venture capital deals: Preqin tracks cash-for-equity investments by professional venture capital firms in companies globally across all venture capital stages, from seed to expansion phase. The deals figures provided by Preqin are based on announced venture capital rounds when the capital is committed to a company.



INDUSTRY NEWS

In this month's industry news, we take a look at recent fund and manager launches within Europe as well as institutional investors targeting Europe-focused funds.

RECENT EUROPE-BASED HEDGE FUND LAUNCHES

There have been 10 fund launches from Europe-based hedge fund managers in 2017 so far, including Paris-based **AXA Investment Managers'** launch of **AXA WF Premia Fund** in April, which takes a quantitative approach to gain exposure to a diversified set of premia strategies.

Also launched in April was Jersey-based **Brevan Howard Capital Management's** **Brevan Howard AH Master Fund**, a global macro hedge fund structured as a Cayman Islands master feeder with an onshore and offshore feeder fund.

NEW EUROPE-BASED FUND MANAGERS

Preqin's research team are constantly updating **Hedge Fund Online** with the latest hedge fund manager formations.

Europe has seen a number of new firms established in 2017 so far, including **Sandbar Asset Management**. The London-based firm was founded by former Millennium Capital Partners portfolio manager Michael Cowley and plans to pursue a global equity market neutral strategy.

Siencyn Capital, a Geneva-headquartered manager, was formed in Q1 2017 and aims to specialize in commodity arbitrage, drawn from the founders' expertise in both algorithmic futures trading and physical commodity markets.

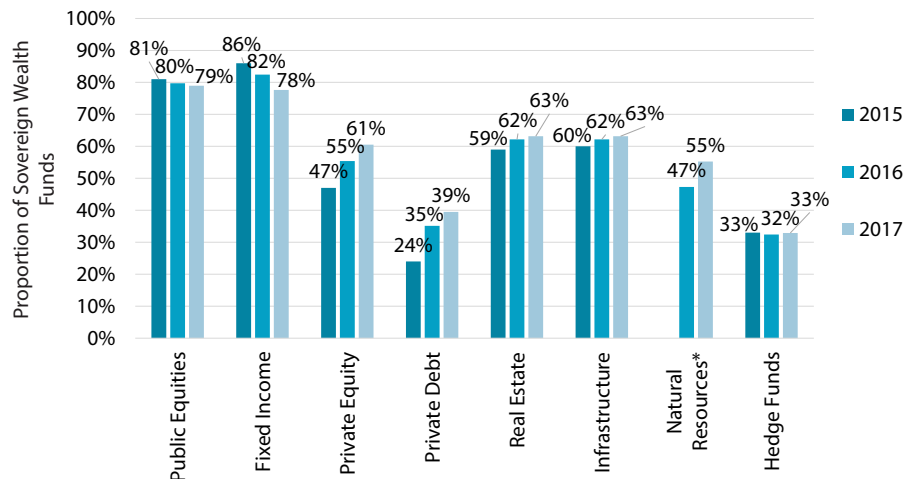
INVESTORS SEEKING EUROPE-FOCUSED HEDGE FUNDS

Zurich-based **4Finance** will invest a maximum of €5mn across 10 funds in the year ahead. As the wealth manager takes direction for its upcoming investments from its clients, it remains open to both direct investment in hedge funds as well

CHART OF THE MONTH



Sovereign Wealth Funds Investing in Each Asset Class, 2015 - 2017



Source: 2017 Preqin Sovereign Wealth Fund Review

*Please note: Preqin has only been collecting natural resources data since 2015.

The assets under management of sovereign wealth funds have continued to grow, reaching \$6.59tn worldwide as at March 2017. These large institutions invest across a wide range of asset classes, although only a third make investments in hedge funds, the smallest proportion among both traditional and alternative asset classes. However, sovereign wealth funds' allocations to hedge funds are significant, representing 12% of all institutional capital invested in the asset class globally.

For more information on sovereign wealth funds investing in hedge funds, please see the **2017 Preqin Sovereign Wealth Fund Review**, our largest and most comprehensive review of sovereign wealth funds and their investment activity yet.

as through multi-managers across any strategy and geography, although it does favour UCITS-structured vehicles.

Also active in Zurich over the next 12 months will be **Zurich Invest**. The asset manager, which currently allocates 7% of its total assets to funds of hedge funds, will look to increase its exposure to more liquid strategies, particularly insurance-linked funds of hedge funds focused on Asia, Europe and the US.

Outside Switzerland, Madrid-based asset manager **Mutuactivos** will exclusively be targeting Europe, investing €5-10mn across two or three vehicles,

with a particular preference for direct, commingled long/short equity funds that are UCITS compliant. Furthermore, Paris-based fund of funds manager **Europanel Research & Alternative Asset Management** expects to invest €50mn exclusively with Europe-based managers, spreading its commitment across five to 10 additional hedge funds.

It is not solely investors in Europe that are targeting Europe-focused funds: US-based family office **Edge Capital Partners** is considering investment in single-manager funds that provide exposure to credit strategies globally, specifically those targeting Europe or the US.

PERFORMANCE BENCHMARKS

Fig. 1: Summary of Preliminary April 2017 Performance Benchmarks (Net Return, %)*

	Apr-17	Mar-17	2017 YTD	12 Months
Hedge Funds	0.79	0.75	4.02	10.70
HF - Equity Strategies	1.09	1.09	5.35	12.60
HF - Event Driven Strategies	0.80	0.41	4.20	15.27
HF - Relative Value Strategies	-0.02	0.48	1.40	5.64
HF - Macro Strategies	-0.30	-0.08	0.83	4.69
HF - Multi-Strategies	0.83	0.75	3.80	9.00
HF - Credit Strategies	0.32	0.59	2.98	9.74
Activist	1.18	0.82	4.91	15.97
Volatility	0.49	0.38	2.16	6.80
Discretionary	1.09	0.84	4.72	12.45
Systematic	0.80	0.49	3.09	7.05
HF - North America	0.70	0.61	3.44	12.87
HF - Europe	1.38	0.95	4.31	9.01
HF - Asia-Pacific	0.87	1.40	5.53	9.68
HF - Developed Markets	0.15	0.38	2.25	9.00
HF - Emerging Markets	1.36	1.11	6.78	14.15
HF - Emerging (Less than \$100mn)	0.75	0.66	3.87	10.81
HF - Small (\$100-499mn)	0.77	0.75	3.95	11.00
HF - Medium (\$500-999mn)	0.59	0.76	3.55	11.29
HF - Large (\$1bn plus)	0.70	0.73	3.98	9.72
Funds of Hedge Funds	0.56	0.20	1.81	4.70
FOHF - Equity Strategies	0.86	1.05	4.36	7.70
FOHF - Multi-Strategy	0.49	0.31	2.23	5.02
Funds of CTAs	0.04	-1.46	-0.52	-3.73
FOHF - USD	0.48	0.50	2.65	5.80
FOHF - EUR	0.27	-0.51	-0.51	0.67
Alternative Mutual Funds	0.41	-0.19	2.02	4.58
UCITS	0.53	0.69	2.90	5.17
UCITS - Equity Strategies	0.70	1.26	4.76	7.52
UCITS - Relative Value Strategies	0.61	0.20	1.42	2.23
UCITS - Macro Strategies	-0.07	0.36	0.87	3.08
UCITS - USD	0.73	0.84	4.01	6.00
UCITS - EUR	0.40	0.58	2.36	4.40
CTAs	0.54	-0.40	-0.03	-0.79
Discretionary	2.10	0.21	1.57	6.86
Systematic	0.25	-0.68	-0.13	-2.32
CTA - USD	0.27	-0.53	-0.05	-1.29
CTA - EUR	1.66	-0.15	1.43	-0.71

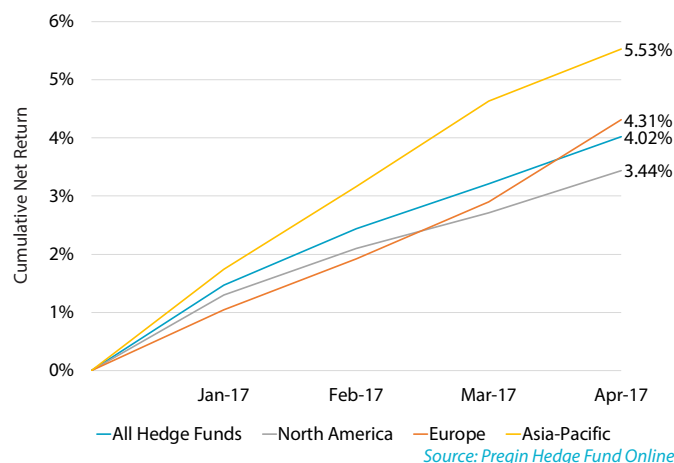
Source: Preqin Hedge Fund Online

*Please note, all performance information includes preliminary data for May 2017 based on net returns reported to Preqin in early April 2017. Although stated trends and comparisons are not expected to alter significantly, final benchmark values are subject to change.

Hedge funds continued their positive run during April 2017, with the benchmark finishing positive for the sixth consecutive month, up 0.79%. Equity strategies remain the top performing top-level strategy, generating 1.09% to raise the benchmark to 5.35% year-to-date. Similarly, activist hedge funds remain the best performing trading methodology, outperforming volatility, discretionary and systematic vehicles this month, this year and over the past 12 months.

Fig. 2 shows Europe-focused hedge funds performed particularly well during April 2017, with a rally across European markets and France's CAC 40 peaking at a post-financial-crisis high on the back of the first-round French presidential election results. April 2017 saw Europe-focused hedge funds (+1.38%) outperform all other top-level regional benchmarks for the month, driving the Preqin Europe Hedge Fund benchmark above the Preqin All-Strategies Hedge Fund benchmark for the first time this year.

Fig. 2: Cumulative Returns of Hedge Funds in 2017 YTD by Geographic Focus (As at May 2017)



Source: Preqin Hedge Fund Online

EUROPE-BASED HEDGE FUND LAUNCHES

We take a look at Europe-based hedge fund launches and liquidations over time, the structure and strategy of launches, as well as the location of managers launching Europe-domiciled vehicles.

Fig. 1: Europe-Based Fund Launches by Structure, 2007 - 2017 YTD (As at May 2017)

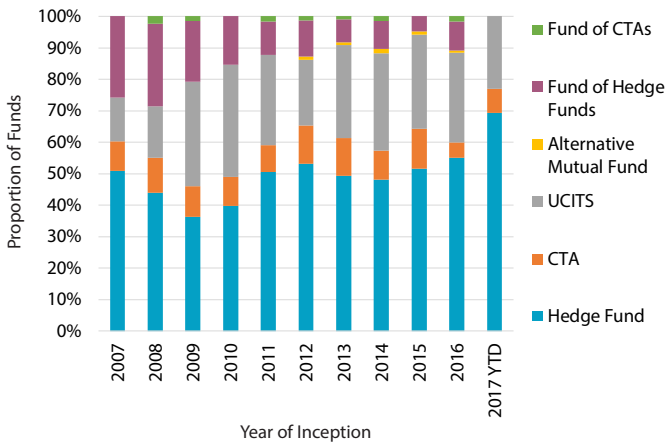


Fig. 2: Europe-Based Single-Manager Hedge Fund Launches vs. Liquidations, 2007 - 2017 YTD (As at May 2017)

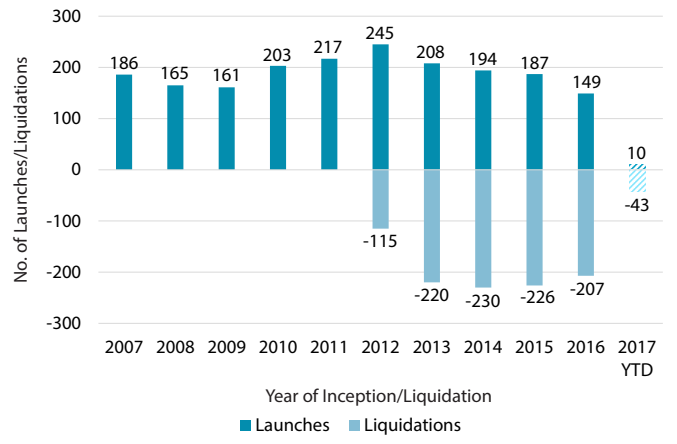


Fig. 3: Europe-Domiciled Hedge Funds Launched by Europe-Based Managers vs. Non-Europe-Based Managers, 2007 - 2017 YTD (As at May 2017)

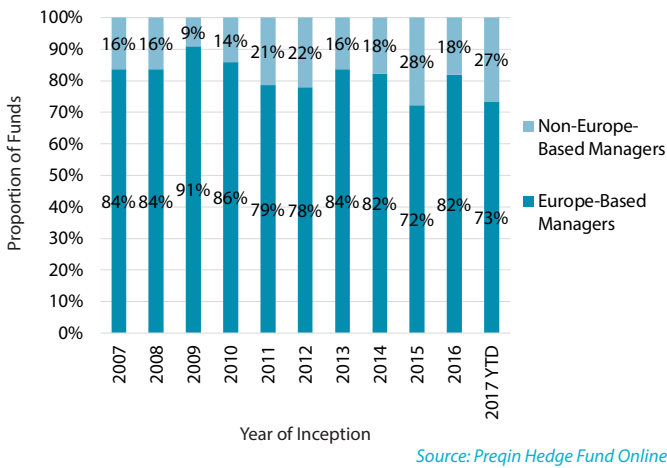


Fig. 4: Europe-Based Hedge Fund Launches by Top-Level Strategy, 2007 - 2017 YTD (As at May 2017)

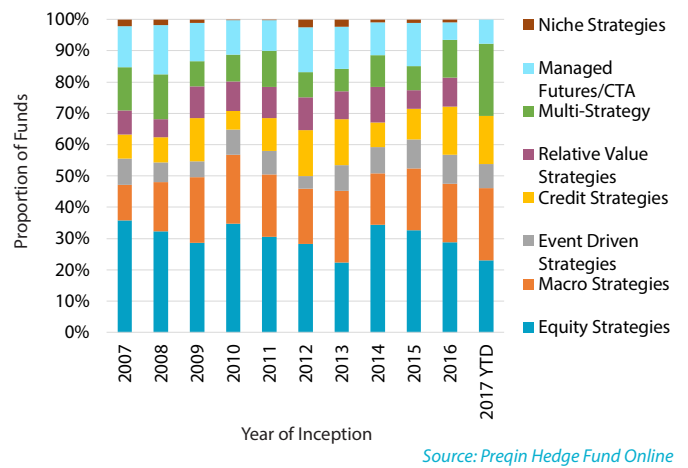


Fig. 5: Sample Europe-Based Hedge Fund Launches in 2017 YTD (As at May 2017)

Fund	Manager	Manager Location	Fund Type	Core Strategy	Inception Date
Ivaldi Avalon	Ivaldi Capital	UK	Hedge Fund	Long/Short Equity	Feb-17
Savernake FX Fund	Savernake Capital	Guernsey	Hedge Fund	Foreign Exchange	Feb-17
ADG Systematic Macro UCITS Fund	ADG Capital Management LLP	UK	UCITS	Macro	Feb-17
Fidentis Tordesillas SICAV - European Financial Opportunities	Fidentiis Gestion	Spain	UCITS	Fixed Income, Long Bias	Mar-17
Ronit Global Opportunities UCITS	Ronit Capital	UK	UCITS	Long/Short Equity	Apr-17

Source: Prequin Hedge Fund Online

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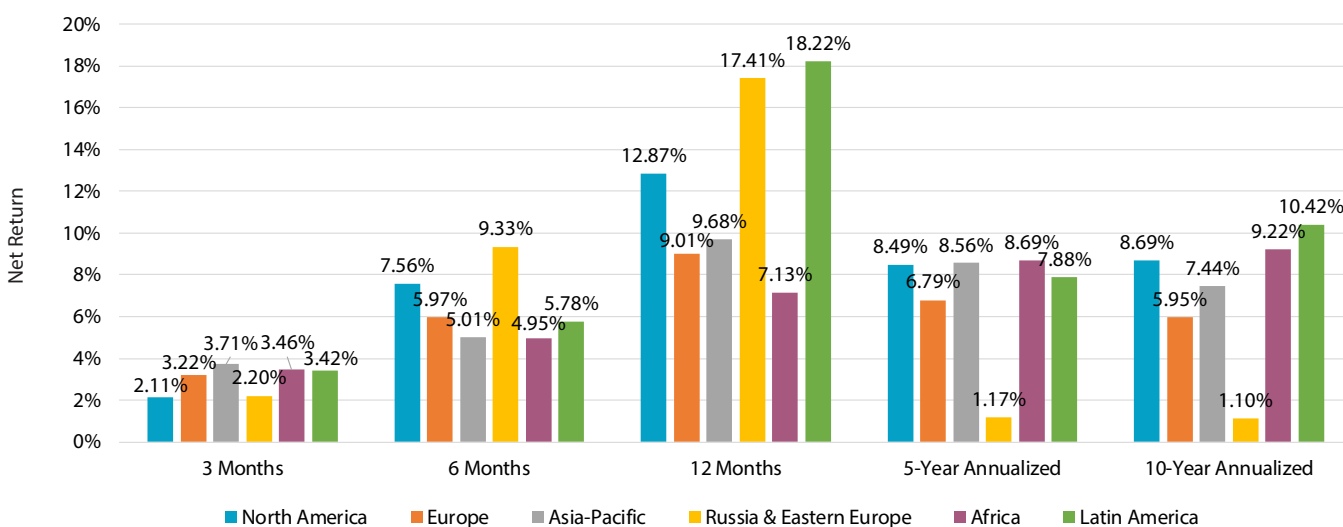


PERFORMANCE BY GEOGRAPHIC FOCUS

We analyze hedge fund performance by geographic focus, including the top performing funds over the past 12 months.

NORTH AMERICA		EUROPE		ASIA-PACIFIC	
RETURN (%)		RETURN (%)		RETURN (%)	
Apr-17	0.70	Apr-17	1.38	Apr-17	0.87
2017 YTD	3.44	2017 YTD	4.31	2017 YTD	5.53
3 Months	2.11	3 Months	3.22	3 Months	3.71
6 Months	7.56	6 Months	5.97	6 Months	5.01
12 Months	12.87	12 Months	9.01	12 Months	9.68
5-Year Annualized	8.49	5-Year Annualized	6.79	5-Year Annualized	8.56
10-Year Annualized	8.69	10-Year Annualized	5.95	10-Year Annualized	7.44
Top Performer over Past 12 Months	Adaws Eagle Fund (Adaws Capital) 151.37%	Top Performer over Past 12 Months	Teleios Global Opportunities Fund, Ltd (Teleios Capital Partners) 31.64%	Top Performer over Past 12 Months	Atyant Capital India Fund-I (Atyant Capital) 76.00%

Fig. 1: Performance of Hedge Funds by Geographic Focus (As at May 2017)



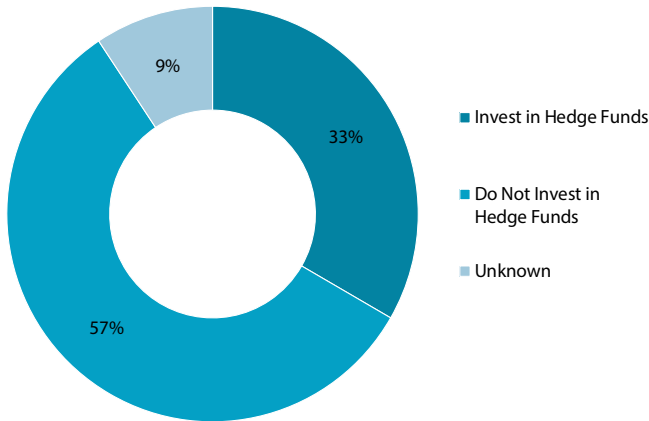
Source: Preqin Hedge Fund Online

RUSSIA & EASTERN EUROPE		AFRICA		LATIN AMERICA	
RETURN (%)		RETURN (%)		RETURN (%)	
Apr-17	1.54	Apr-17	2.33	Apr-17	0.77
2017 YTD	4.53	2017 YTD	4.46	2017 YTD	6.88
3 Months	2.20	3 Months	3.46	3 Months	3.42
6 Months	9.33	6 Months	4.95	6 Months	5.78
12 Months	17.41	12 Months	7.13	12 Months	18.22
5-Year Annualized	1.17	5-Year Annualized	8.69	5-Year Annualized	7.88
10-Year Annualized	1.10	10-Year Annualized	9.22	10-Year Annualized	10.42
Top Performer over Past 12 Months	Specialised Russian Growth Fund (SPRING) 36.50%	Top Performer over Past 12 Months	Kaizen Strategic Opportunities Fund (Kaizen Asset Management) 8.63%	Top Performer over Past 12 Months	FAMA Brazil Cayman Feeder Fund (FAMA Investimentos) 33.14%

SOVEREIGN WEALTH FUNDS

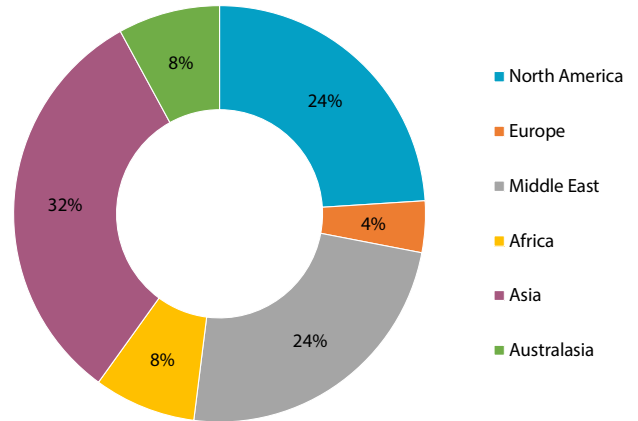
Following the release of the **2017 Preqin Sovereign Wealth Fund Review**, we examine the hedge fund investment preferences of these large, influential investors.

Fig. 1: Sovereign Wealth Funds Investing in Hedge Funds



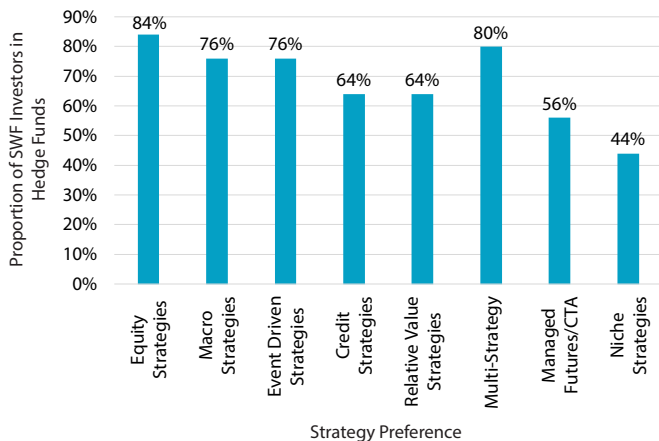
Source: 2017 Preqin Sovereign Wealth Fund Review

Fig. 2: Sovereign Wealth Funds Investing in Hedge Funds by Location



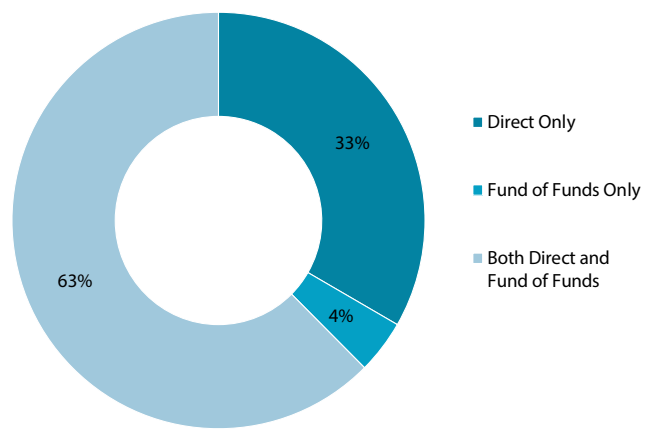
Source: 2017 Preqin Sovereign Wealth Fund Review

Fig. 3: Strategy Preferences of Sovereign Wealth Funds Investing in Hedge Funds



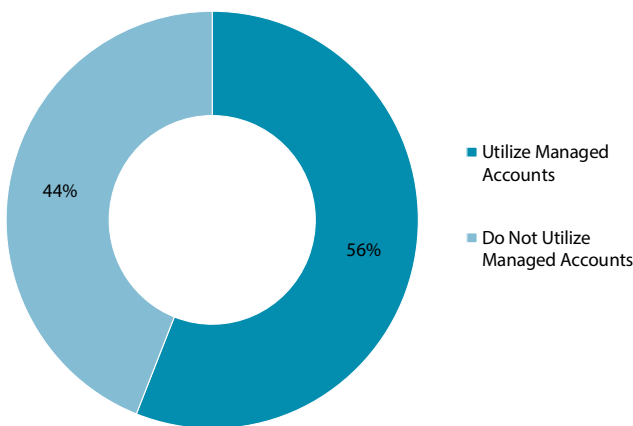
Source: 2017 Preqin Sovereign Wealth Fund Review

Fig. 4: Structural Preferences of Sovereign Wealth Funds Investing in Hedge Funds



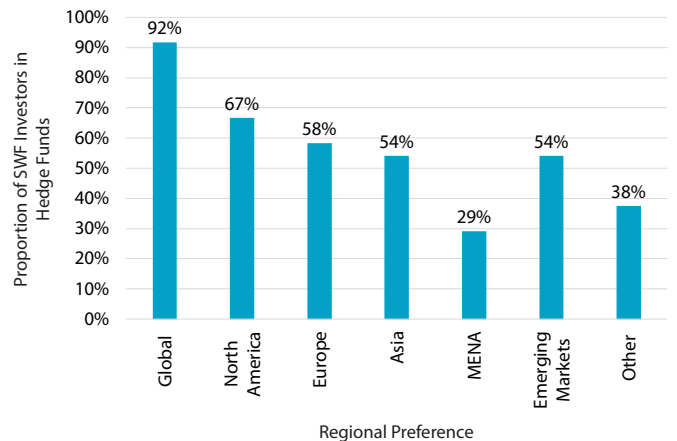
Source: 2017 Preqin Sovereign Wealth Fund Review

Fig. 5: Sovereign Wealth Funds Investing in Hedge Funds that Utilize Managed Accounts



Source: 2017 Preqin Sovereign Wealth Fund Review

Fig. 6: Regional Preferences of Sovereign Wealth Funds Investing in Hedge Funds

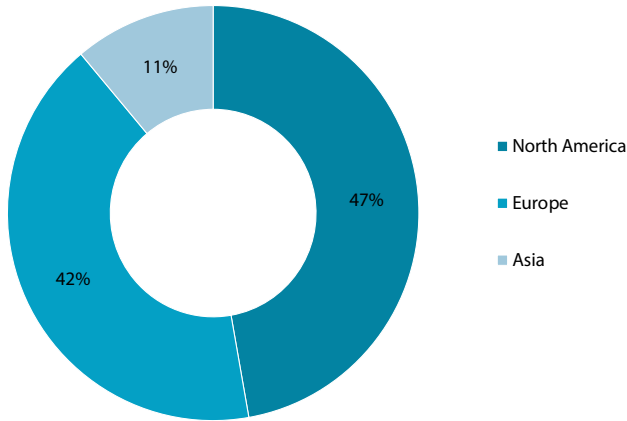


Source: 2017 Preqin Sovereign Wealth Fund Review

FUND SEARCHES AND MANDATES

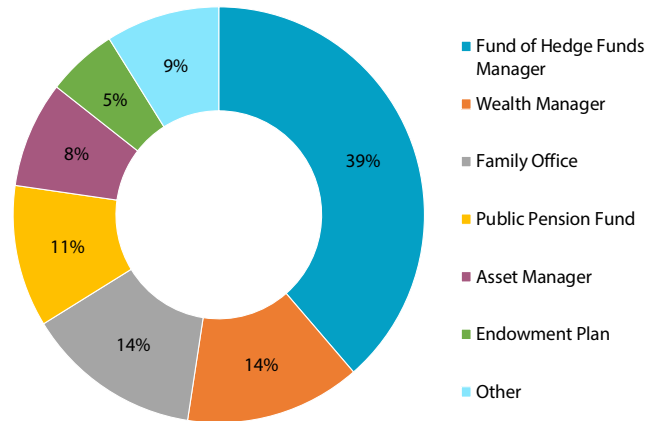
We analyze the fund searches and mandates issued by hedge fund investors in April 2017.

Fig. 1: Hedge Fund Searches Issued by Investor Location, April 2017



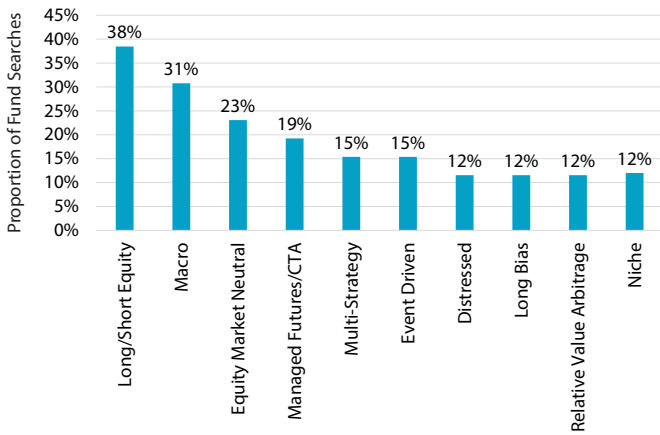
Source: Preqin Hedge Fund Online

Fig. 2: Hedge Fund Searches Issued by Investor Type, April 2017



Source: Preqin Hedge Fund Online

Fig. 3: Hedge Fund Searches Issued by Strategy, April 2017



Source: Preqin Hedge Fund Online

DATA SOURCE:

Subscribers to Hedge Fund Online can click [here](#) to view detailed profiles of 392 institutional investors in hedge funds actively searching for new investments via the Fund Searches and Mandates feature on Preqin's Hedge Fund Online.

Preqin tracks the future investment plans of investors in hedge funds, allowing subscribers to source investors actively seeking to invest capital in new hedge fund investments.

Not yet a subscriber? For more information, or to arrange a demonstration, please visit: www.preqin.com/hedge

Fig. 4: Sample Hedge Fund Searches Issued in April 2017

Investor	Type	Location	Fund Search Details
Feri Trust	Asset Manager	Germany	Feri Trust is planning to invest in two or three new hedge funds over the next 12 months. It may, in addition, re-allocate capital among existing fund managers. The firm focuses on single-manager funds globally, and has a preference for long/short equity, sector-focused and distressed strategies. When investing in hedge funds it prefers to do so via separate accounts or UCITS-compliant funds.
Edmond de Rothschild (Suisse)	Fund of Hedge Funds Manager	Switzerland	The fund of hedge funds plans to make fresh investments in between 15 and 20 funds over the coming year, allocating an additional \$200-300mn to these funds. It is searching for CTAs and macro, equity market neutral and quantitative investment strategies.
Banca Credinvest	Bank	Switzerland	The Swiss bank plans to add three to five new funds to its portfolio over the next 12 months. It is searching for long/short equity, macro, event driven and relative value strategies. Although Banca Credinvest has no geographic bias for these investments, it will only invest in hedge funds under the UCITS structure.

Source: Preqin Hedge Fund Online

CONFERENCES

JUNE 2017

Conference	Dates	Location	Organizer	Preqin Speaker	Discount Code
Private Wealth Management Summit 2017	4 - 6 June 2017	Orlando, FL	marcus evans Summits	-	-
GAIM	5 - 7 June 2017	London	KNect365	Amy Bensted	10% Discount - FKN2499PRQEM
Elite Summit 2017	7 - 9 June 2017	Montreux	marcus evans Summits	-	-
AIMA Japan Annual Forum 2017	8 June 2017	Tokyo	AIMA	-	-
FundForum International	12 - 14 June 2017	Berlin	KNect365	Amy Bensted	10% Discount - FKN2489PQEM2
Cap Intro: Multi-Fund fintech Platforms Alternative Investing	19 June 2017	New York	Catalyst Financial Partners	-	-
MFA Forum	20 June 2017	Chicago, IL	MFA	Amy Bensted	-
Preqin Breakfast Seminar: The European Hedge Fund Industry a Year After Brexit	22 June 2017	London	Preqin	-	-
ALPHA China Forum	24 June 2017	Shanghai	The Investor Talks	-	-

JULY 2017

Conference	Dates	Location	Organizer	Preqin Speaker	Discount Code
Family Office & Private Wealth Management Forum 2017	24 - 26 July 2017	Newport, RI	Opal Financial Group	-	-

SEPTEMBER 2017

Conference	Dates	Location	Organizer	Preqin Speaker	Discount Code
Total Alts 2017	7 - 8 September 2017	San Francisco	IMN	-	-
AIMA Australia Annual Forum 2017	12 September 2017	Sydney	AIMA	-	-
CTA Expo Chicago	14 September 2017	Chicago	CTA Expo	Amy Bensted	-
Cap Intro: L/S Equity Event Driven Alternative Investing	18 September 2017	New York	Catalyst Financial Partners	-	-
Ai CEO Institutional Investment Summit 2017	18 September 2017	New York	Africa Investor	-	-
AIMA Canada Investor Forum 2017	25 September 2017	Montréal	AIMA	-	-
Channel Islands Funds Forum 2017	27 September 2017	Jersey	BL Global	Amy Bensted Tom Carr	-

OCTOBER 2017

Conference	Dates	Location	Organizer	Preqin Speaker	Discount Code
Cap Intro: Credit Fixed Income Alternative Investing	16 October 2017	New York	Catalyst Financial Partners	-	-
C4K Investors Conference	18 - 19 October 2017	Toronto	Capitalize for Kids	-	-
MFA Outlook	19 - 20 October 2017	New York	MFA	-	-
Family Office & Private Wealth Forum – West	25 - 27 October 2017	Napa, CA	Opal Financial Group	-	-

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