

US Hedge Fund Industry Holds \$2.2tn in Assets

3,170 hedge fund managers and 3,209 active institutional investors located in US

The US is the dominant component of the global hedge fund community, accounting for 72% of the approximately \$3.1tn of global assets under management (AUM), as of 30th June 2016. Although other regions are emerging as regards hedge fund activity, the US is home to 3,170 of the 5,092 (62%) institutional investors active in hedge funds, and 3,209 of the 5,377 (60%) active hedge fund managers tracked by Preqin.

The US hedge fund industry has also seen strong growth in recent years, increasing by \$13bn in the first half of 2016 – despite global outflows – and by \$138bn since the start of 2015. Moreover, in Preqin's recent survey of over 270 hedge fund managers, notably more US-based managers reported an increase (26%) in the proportion of their AUM allocated by investors than reported a decrease (4%), depicting a positive outlook for the US hedge fund industry.

Most Active US States in the Hedge Fund Industry

State	Investors		Fund Managers			
	No. of Active Institutional Investors	Average Current Allocation to HF (%)	No. of Active FoHF Managers	FoHF Manager AUM (\$bn)	No. of Hedge Fund Managers	Industry Size (\$bn)
New York	544	17.1%	145	291	1,177	1,112
Connecticut	101	14.5%	27	72	207	334
California	341	14.4%	35	28	465	230
Massachusetts	206	11.0%	22	27	169	213
Illinois	183	11.8%	25	49	175	107
Texas	150	14.6%	18	14	182	56
New Jersey	77	18.8%	7	1	121	55
Florida	125	13.6%	15	11	139	39
Minnesota	63	14.6%	1	1	31	29
Virginia	92	14.3%	6	6	46	25
Pennsylvania	154	13.8%	14	27	79	18

Source: Preqin Hedge Fund Online

Key US Hedge Funds Industry Facts:

- **Fund Terms:** Hedge funds located in Pennsylvania charge the lowest average performance fee (17.54%) of the top 10 most active US states, with funds based in Virginia charging the highest average fee of 20.00%. Massachusetts-based vehicles charge the lowest mean management fee, at 1.25%, while those located in Illinois have the highest fee of any state (1.58%), on par with New York-based funds (1.57%).
- **Fund Performance:** Hedge funds based in Texas have generated 3-year annualized performance of 8.96%, the highest of any of the top 10 US states, while Virginia-based vehicles have recorded returns of 8.13%. Hedge funds in Illinois, Connecticut and Massachusetts have fared less well over the same period, with annualized returns of 2.54%, 2.80% and 2.88% respectively.
- **New York:** Over one-third (37%) of US-based fund managers are based in New York, and collectively these firms hold \$1.1tn worth of assets – 36% of global industry AUM. Furthermore, New York represents nearly half (46%) of US-based funds inception since 2009.
- **Investors by State:** New York has the most active institutional investors (544) of any state in the US, while California are second in the list with 341 investors located in the state. The 77 New Jersey-based investors have an average current allocation to the hedge fund industry of 18.8%, by the far the highest of any state.

To access further information and analysis, please see the full report:

<https://www.preqin.com/docs/reports/Preqin-Special-Report-Hedge-Funds-in-the-US-October-2016.pdf>

Note to Editors:

- Preqin is spelled without the letter 'U' after the 'Q', the company name being an amalgamation of the former name, Private Equity Intelligence.

About Preqin:

Preqin is the leading source of information for the alternative assets industry, providing data and analysis via online databases, publications and bespoke data requests.

Preqin has built a reputation in the alternative assets industry for providing the most comprehensive and extensive information possible. Leading alternative assets professionals from around the world rely on Preqin's services daily, and its data and statistics are regularly quoted by the financial press. For more information, please visit: www.preqin.com

For more information, please contact: Amy Bensted +44 (0)20 3207 0230 or abensted@preqin.com

For general press enquiries, please contact: William Clarke +44 (0)20 3207 0265 or press@preqin.com