

US-Based Hedge Fund Assets Surpass \$2.50tn

AUM reaches \$2.58tn as of March 2018, 72% of global industry assets

The US remains the focus of the global hedge fund industry, with almost three out of every four dollars in the asset class held by a US-based fund. Total hedge fund assets managed within the US reached \$2.57tn in December 2017, up from \$2.37tn a year prior – an increase of 8%. This came after US-based hedge funds recorded a ‘perfect’ performance year in 2017, with 12 months of net positive returns. Indications in 2018 are for sustained growth despite lacklustre performance – at the end of March 2018 the industry in the US held \$2.58tn in assets under management.

The US is also home to 62% of all institutions actively investing in hedge funds, and collectively these investors had \$1.15tn invested in the asset class as of December 2017. This is a slight increase from \$1.14tn seen in December 2016, even as some high-profile redemptions mean some of the largest institutions have become less involved in the asset class. In fact, most investor types have invested more capital in hedge funds over recent years, with only sovereign wealth funds, insurance companies and asset managers reducing their aggregate allocations.

For more information and analysis, see the full *Preqin Special Report: Hedge Funds in the US* here: <http://docs.preqin.com/reports/Preqin-Special-Report-Hedge-Funds-in-the-US-July-2018.pdf>

Key US Hedge Fund Industry Facts:

- **Total assets held by US-based hedge funds grew from \$2.37tn in December 2016 to \$2.57tn at the end of 2017.** Over the first quarter of 2018 assets in the US grew further to \$2.58tn as of the end of March.
- This represents **72% of global industry assets (\$2.63tn)**. New York state alone holds \$1.24tn, 34% of the global total.
- **The US is home to 62% of all active hedge fund managers, and the same proportion of institutional investors** active in the asset class.
- **US-based investors have an aggregate \$1.15tn invested in hedge funds** as of the end of 2017, up slightly from \$1.14tn a year prior.
- **Public pensions remain the largest allocators, with \$302bn invested in hedge funds.** Despite high-profile redemptions taking effect, this total has risen year-on-year since 2013.
- In fact, **almost all investor types in the US have invested increasing amounts of capital in hedge funds** over recent years. Only sovereign wealth funds, insurance companies and asset managers have seen their total allocations fall.

Amy Bensted, Head of Hedge Funds:

“The US is at the centre of the hedge fund industry, home to more fund managers, more investors and more capital than any other region by a wide margin. Although the bulk of industry AUM is held by fund managers based in New York, participation in the industry is widespread: every state has at least one active institutional investor in hedge funds, and 48 out of 50 states are home to at least one hedge fund manager.

There are vastly different hedge fund industries from state to state – from New York, which is home to over half of those managers with \$1bn or more in AUM, to Connecticut, which has the largest fund manager in the world, and Texas, home to the largest single allocator to hedge funds in the US. With so much of the industry located in the US, the development of the industry here is likely to dictate growth across the globe.”

Preqin is the leading source of information for the alternative assets industry, providing insight and analysis gathered by its global teams of dedicated researchers. Founded in 2003, the company is a frequent source of intelligence used in the global financial press, through its online databases, regular publications and bespoke data requests.

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