



PREQIN SPECIAL REPORT: HEDGE FUNDS IN ASIA-PACIFIC

JULY 2017

FOREWORD

The Asia-Pacific hedge fund industry continues to evolve as regulatory change and increasing institutionalization of the sector exposes growing numbers of countries and investor types in the region to opportunities in hedge funds. Asia-Pacific is home to \$148bn in hedge fund AUM, which is distributed across 910 hedge funds and fund of hedge funds firms. Funds in the region tend to be both newer and smaller than those in the established regions of North America and Europe. In addition, the industry in the region has still yet to reach the share of wealth contributed by the wider economy in Asia-Pacific; as a result, there remains the potential for substantial growth in the future.

There has been encouraging performance recorded by Asia-Pacific-based funds over the past 12 months: hedge funds in the region have made gains of 10.70% over the past year to May 2017. Some countries have performed even better: managers based in India, for instance, have added 17.49% over the past 12 months (as at May 2017).

Asia-Pacific continues to expand in regards to both the number of investors actively investing in hedge funds as well as the size of their portfolios. There are 587 institutional investors from the region active in hedge funds, collectively investing an estimated \$202bn in the asset class. Among these are investors that have made their first investments since the start of 2016, including South Korea's National Pension Service.

In this **Preqin Special Report: Hedge Funds in Asia-Pacific**, we analyze the Asia-Pacific region in terms of its hedge fund activity as a whole, and take a closer look at the leading countries for hedge fund activity across the region. We examine the investor universe in the region and fund manager activity, and also provide information on leading investors and funds in each country.

We hope that you find this report useful and welcome any feedback you have. For more information, please visit www.preqin.com or contact info@peqin.com.

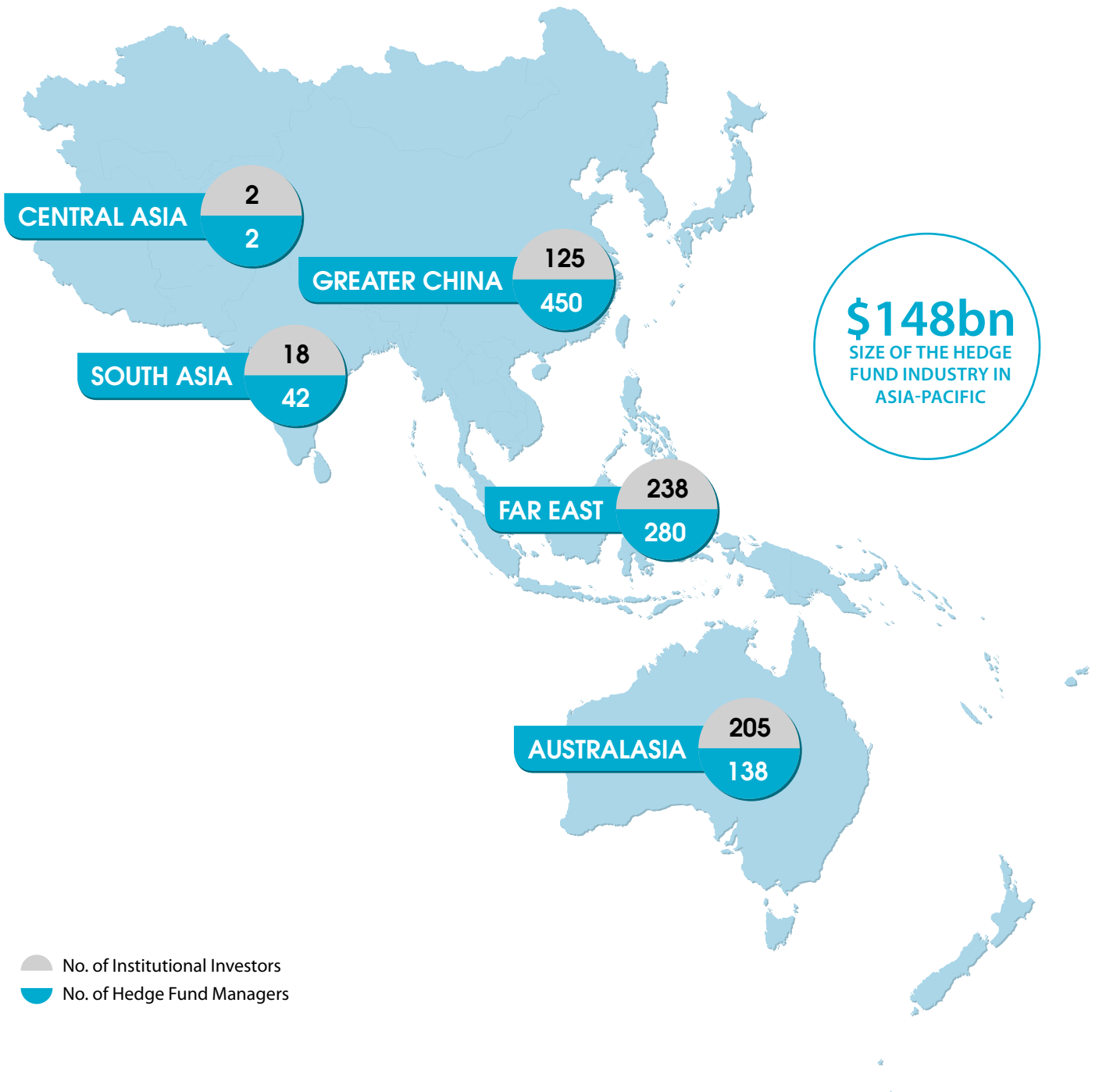
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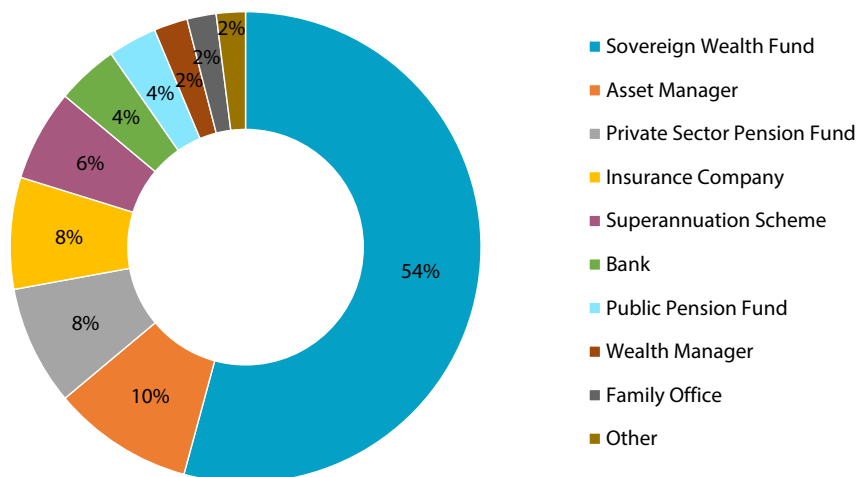
HEDGE FUNDS IN ASIA-PACIFIC

Active Asia-Pacific-Based Hedge Fund Managers and Institutional Investors by Sub-Region:



No. of Institutional Investors
 No. of Hedge Fund Managers

Fig. 1: Capital-Weighted Breakdown of Institutional Investors in Asia-Pacific



Source: Preqin Hedge Fund Online

CAPITAL INVESTED IN HEDGE FUNDS BY ASIA-PACIFIC-BASED INSTITUTIONAL INVESTORS, 2013 - 2016

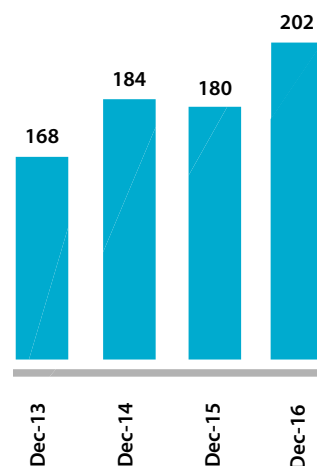
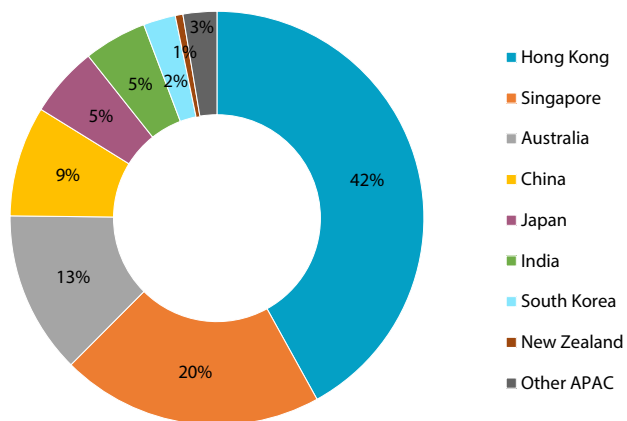
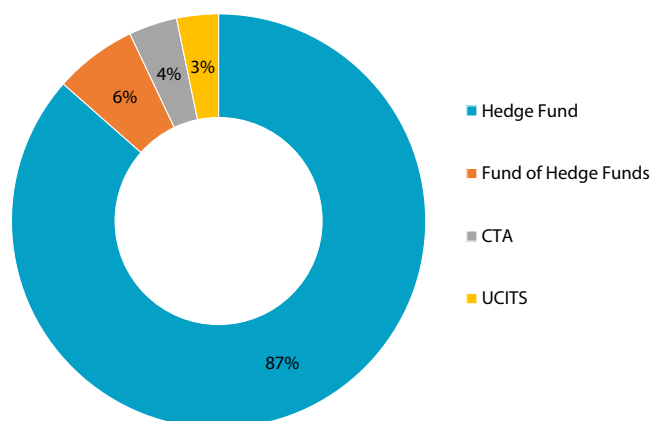


Fig. 2: Asia-Pacific Based Hedge Funds by Location



Source: Preqin Hedge Fund Online

Fig. 3: Asia-Pacific Based Hedge Funds by Type/Structure



Source: Preqin Hedge Fund Online

Fig. 4: Most Active Asia-Pacific Countries in the Hedge Fund Industry

Country	No. of Active Institutional Investors	Average Current Allocation to Hedge Funds (As a % of AUM)	No. of Hedge Fund Managers	Hedge Fund AUM (\$bn)
Hong Kong	92	13.9	368	63.2
Australia	185	7.5	124	29.6
China	27	9.7	80	18.9
Singapore	64	14.1	181	17.6
Japan	118	13.0	56	9.9
South Korea	44	3.7	28	5.6
India	17	5.3	40	1.2
New Zealand	19	8.1	9	-

Source: Preqin Hedge Fund Online



HONG KONG



368

Number of active Hong Kong-based hedge fund managers.



\$63bn

Size of Hong Kong's hedge fund industry.



92

Number of Hong Kong-based institutional investors active in hedge funds.



40%

of all Asia-Pacific fund managers are based in Hong Kong.



13.9%

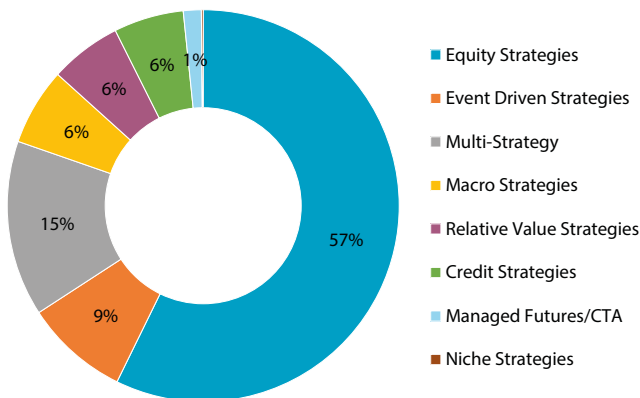
Average allocation to hedge funds of Hong Kong-based investors.



12.24%

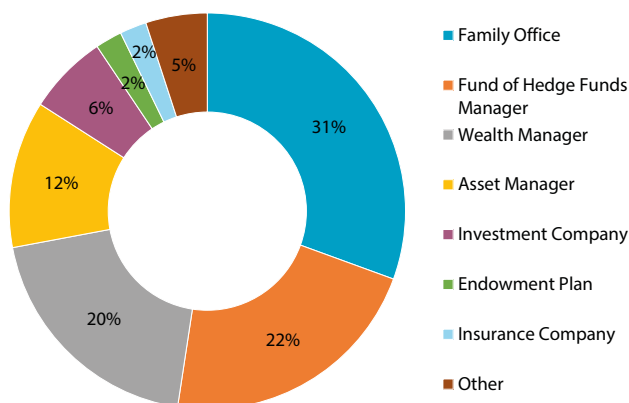
12-month return of all Hong Kong-based hedge funds (as at May 2017).

Fig. 5: Hong Kong-Based Hedge Funds by Top-Level Strategy



Source: Preqin Hedge Fund Online

Fig. 6: Hong Kong-Based Investors Active in Hedge Funds by Type



Source: Preqin Hedge Fund Online

Hong Kong, home to \$63bn of hedge fund AUM and 368 fund managers, is the centre of the hedge fund industry in Asia-Pacific. In fact it is the third largest country globally, in terms of hedge fund capital managed, behind the US and the UK. Hong Kong has been a long-established centre for hedge fund activity; for instance, the largest hedge fund manager in the country, Value Partners, was established in 1993 and today runs approximately \$15bn in AUM. Its Value Partners China A-Share Select Fund - Class A GBP Unhedged fund is the third best performing hedge fund in Hong Kong in the 12 months to May 2017, adding gains of 34.20% during that period. There are 92 institutions actively investing in hedge funds in Hong Kong; among them is Legacy Advisors, a family office with almost \$100mn invested in hedge funds, which is planning to make further investments over the rest of 2017 and early 2018.

Fig. 7: Notable Hong Kong-Based Institutional Investors in Hedge Funds

Investor	Current Allocation to HF (\$mn)
Hospital Authority Provident Fund Scheme	358
Legacy Advisors	96
Chinese University of Hong Kong Bursary	72

Source: Preqin Hedge Fund Online

Fig. 8: Largest Hong Kong-Based Hedge Fund Managers by AUM

Manager	Assets under Management
Value Partners	\$14.5bn as at 31 March 2017
PAG Absolute Returns	\$6.0bn as at 31 May 2017
Myriad Asset Management	\$4.0bn as at 31 March 2017

Source: Preqin Hedge Fund Online

AUSTRALIA



124

Number of active Australia-based hedge fund managers.



\$30bn

Size of Australia's hedge fund industry.



185

Number of Australia-based institutional investors active in hedge funds.



32%

of all Asia-Pacific institutional investors are based in Australia.



7.5%

Average allocation to hedge funds of Australia-based investors.

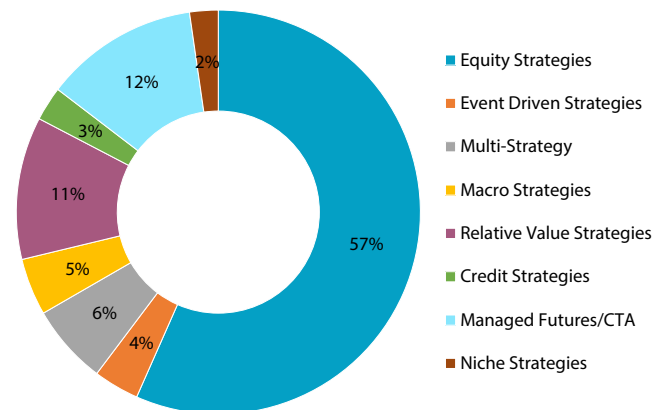


8.12%

12-month return of all Australia-based hedge funds (as at May 2017).

Australia, the world's 13th largest economy and home to 24 million people, hosts the largest number of institutional investors in Asia-Pacific active in hedge funds today. Preqin tracks 185 institutional investors within Australia with current portfolios of hedge funds. The largest of these, Future Fund, invests nearly \$15bn in the asset class. Although the largest investor is a sovereign wealth fund, superannuation schemes represent half of all of the active hedge fund investors in Australia tracked by Preqin. There is a large number of hedge fund managers to serve this active community of investors; Preqin tracks 124 fund managers in Australia, which collectively manage assets of approximately \$30bn. The largest of these, Platinum Asset Management, was established in 1994 and has assets of approximately \$18bn. Although much of these assets come from Australia-based investors, it also provides solutions to institutions in Europe and North America.

Fig. 9 Australia-Based Hedge Funds by Top-Level Strategy



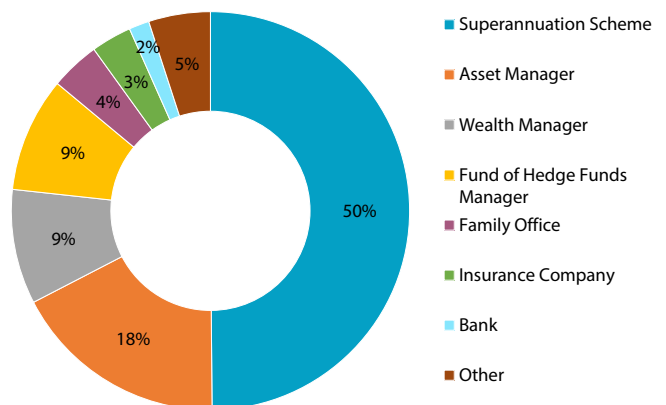
Source: Preqin Hedge Fund Online

Fig. 10: Notable Australia-Based Institutional Investors in Hedge Funds

Investor	Current Allocation to HF (\$mn)
Future Fund	14,888
Victorian Funds Management Corporation	2,105
MLC	1,818

Source: Preqin Hedge Fund Online

Fig. 12: Australia-Based Investors Active in Hedge Funds by Type



Source: Preqin Hedge Fund Online

Fig. 11: Largest Australia-Based Hedge Fund Managers by AUM

Manager	Assets under Management
Platinum Asset Management	\$17.8bn as at 31 May 2017
Ellerston Capital	\$3.9bn as at 31 May 2017
Macquarie Investment Management	\$3.1bn as at 31 March 2017

Source: Preqin Hedge Fund Online



CHINA



80

Number of active China-based hedge fund managers.



\$19bn

Size of China's hedge fund industry.



27

Number of China-based institutional investors active in hedge funds.



3rd

China has the third highest AUM of all countries in Asia-Pacific.



9.7%

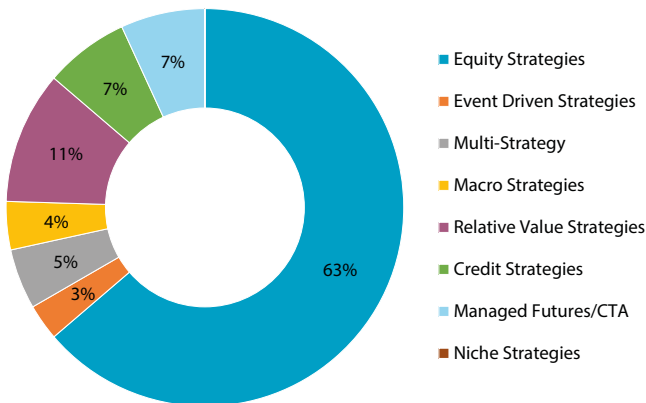
Average allocation to hedge funds of China-based investors.



12.70%

12-month return of all China-based hedge funds (as at May 2017).

Fig. 13: China-Based Hedge Funds by Top-Level Strategy

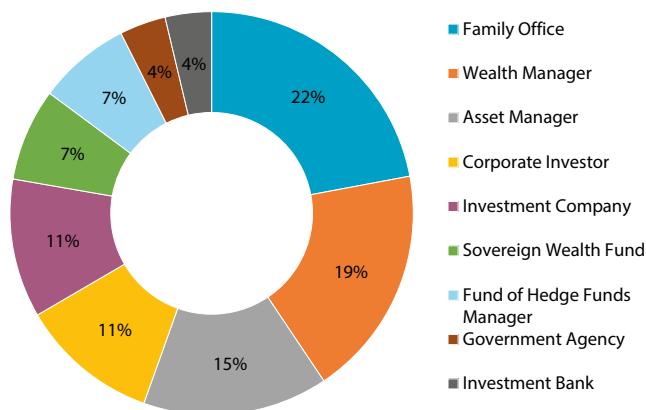


Source: Preqin Hedge Fund Online

China has the third largest hedge fund industry in Asia-Pacific; with assets of approximately \$19bn, only its special administrative region of Hong Kong and Australia exceed it in terms of hedge fund capital. As the regulatory environment within China continues to evolve, allowing more possibilities for hedge funds, it has the potential to eclipse both Hong Kong and Australia in the future. One of the largest fund managers in the country, Hillhouse Capital Management, manages almost \$18bn and was established in 2005.

The 27 China-based institutional investors tracked by Preqin investing in hedge funds allocate significant sums. Among these is China Investment Corporation which is estimated to invest \$31bn in hedge funds.

Fig. 14: China-Based Investors Active in Hedge Funds by Type



Source: Preqin Hedge Fund Online

Fig. 15: Notable China-Based Institutional Investors in Hedge Funds

Investor	Current Allocation to HF (\$mn)
China Investment Corporation	30,805*
CMBC Private Banking	1,972

*Estimated.

Source: Preqin Hedge Fund Online

Fig. 16: Largest China-Based Hedge Fund Managers by AUM

Manager	Assets under Management
Hillhouse Capital Management	\$17.8bn as at 31 December 2016
Splendor Capital Management	\$497mn as at 31 May 2017
CSV Capital Partners	\$184mn as at 31 May 2017

Source: Preqin Hedge Fund Online

SINGAPORE



181

Number of active Singapore-based hedge fund managers.



\$18bn

Size of Singapore's hedge fund industry.



64

Number of Singapore-based institutional investors active in hedge funds.



4th

Singapore has the fourth highest AUM of all countries in Asia-Pacific.



14.1%

Average allocation to hedge funds of Singapore-based investors.



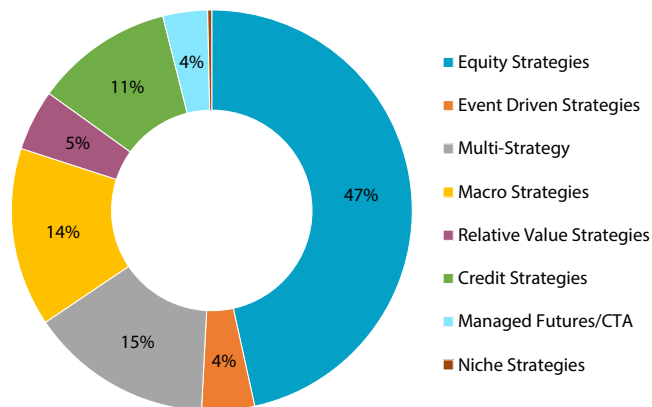
8.51%

12-month return of all Singapore-based hedge funds (as at May 2017).

Over 180 hedge fund managers, running assets approaching \$18bn, reside in Singapore. Among the largest of these is Graticule Asset Management Asia, which was originally part of the Liquid Markets Business of Fortress Investment Group (Fortress). It became independent of Fortress in January 2015, although Fortress continues to hold a significant minority equity stake in the firm. It has investors globally, including Texas Municipal Retirement System.

GIC, \$350bn the sovereign wealth fund, is among the 10 largest investors in hedge funds globally. It currently invests upwards of \$10.5bn in hedge funds, with one of its most recent investments in newly founded Singapore-based Lauro Asset Management. There are a further 63 institutions in Singapore that actively invest in hedge funds.

Fig. 17: Singapore-Based Hedge Funds by Top-Level Strategy



Source: Preqin Hedge Fund Online

Fig. 18: Notable Singapore-Based Institutional Investors in Hedge Funds

Investor	Current Allocation to HF (\$mn)
GIC	10,500
Leonie Hill Capital	1,380
NUS Endowment Fund	794

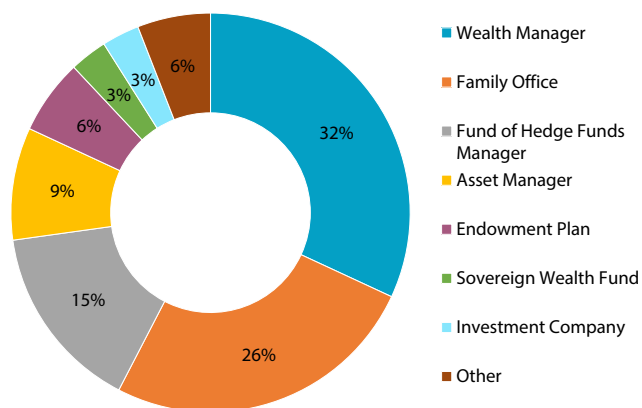
Source: Preqin Hedge Fund Online

Fig. 19: Largest Singapore-Based Hedge Fund Managers by AUM

Manager	Assets under Management
Dymon Asia Capital	\$5.7bn as at 30 April 2017
Graticule Asset Management Asia	\$4.6bn as at 31 May 2017
Quantedge Capital	\$1.3bn as at 31 May 2017

Source: Preqin Hedge Fund Online

Fig. 20: Singapore-Based Investors Active in Hedge Funds by Type



Source: Preqin Hedge Fund Online



JAPAN



56

Number of active Japan-based hedge fund managers.



\$9.9bn

Size of Japan's hedge fund industry.



118

Number of Japan-based institutional investors active in hedge funds.



2nd

Japan has the second largest number of institutional investors in Asia-Pacific.



13.0%

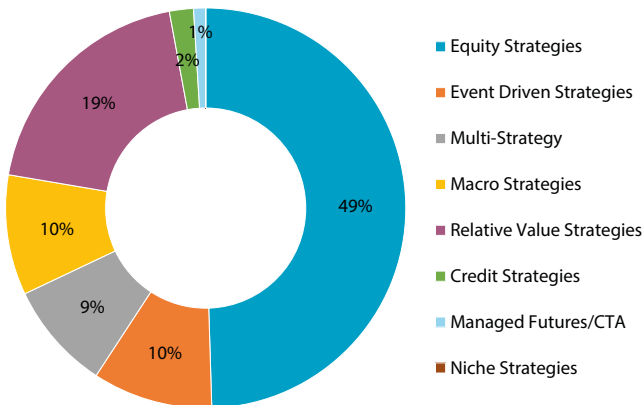
Average allocation to hedge funds of Japan-based investors.



10.47%

12-month return of all Japan-based hedge funds (as at May 2017).

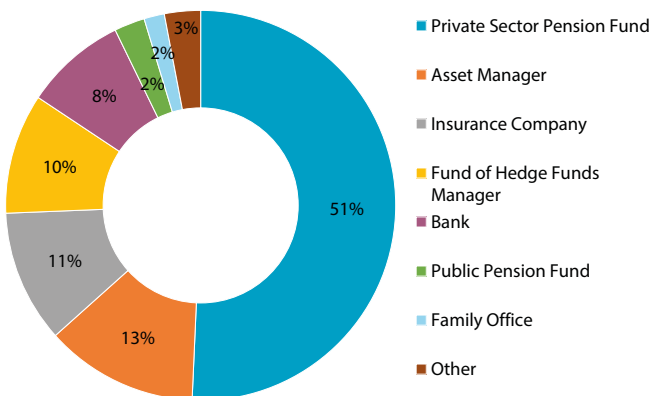
Fig. 21: Japan-Based Hedge Funds by Top-Level Strategy



Source: Preqin Hedge Fund Online

With 118 institutions actively investing in hedge funds from within Japan's shores, it is only Australia from Asia-Pacific that has more investors with hedge fund portfolios. Despite having such a large captive audience of hedge fund investors, there are only 57 hedge fund managers in the country, collectively running approximately \$10bn. In contrast, Japan's institutional investors active in hedge funds invest significant sums in the asset class; Preqin estimates these investors collectively represent 22% of all the capital invested by institutions across the entire Asia-Pacific region. Among these is Tokyo-based Pension Fund Association which invests more than \$4bn in hedge funds.

Fig. 22: Japan-Based Investors Active in Hedge Funds by Type



Source: Preqin Hedge Fund Online

Fig. 23: Notable Japan-Based Institutional Investors in Hedge Funds

Investor	Current Allocation to HF (\$mn)
Pension Fund Association	4,226
Japan Post Bank	4,209
Dai-ichi Life Insurance	2,999

Source: Preqin Hedge Fund Online

Fig. 24: Largest Japan-Based Hedge Fund Managers by AUM

Manager	Assets under Management
GCI Asset Management	\$1.2bn as at 31 May 2017
Symphony Financial Partners	\$1.0bn as at 31 May 2017
United Managers Japan	\$596mn as at 30 November 2016

Source: Preqin Hedge Fund Online

SOUTH KOREA



28

Number of active South Korea-based hedge fund managers.



\$5.6bn

Size of South Korea's hedge fund industry.



44

Number of South Korea-based institutional investors active in hedge funds.



2016

National Pension Service made its first investment in 2016.

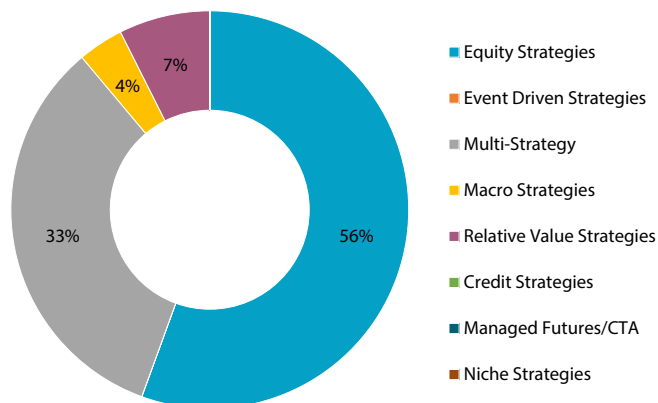


3.7%

Average allocation to hedge funds of South Korea-based investors.

Many institutional investors in South Korea have only begun investing hedge funds relatively recently as compared to other investors across Asia-Pacific. The mean year of first investment in hedge funds of the 44 investors in South Korea tracked by Preqin is 2013; in comparison, the average investor began its hedge fund program in 2006 and 2004 in Australia and Japan respectively. Recent investors from South Korea include National Pension Service, which made its first investment in 2016 when it hired Blackrock and Grosvenor Capital Management to run customized funds of hedge funds on its behalf. On average, South Korea-based investors allocate around 4% of their total assets to investments in hedge funds; however, given many are in the early stages of building out these portfolios, there is potential for further inflows. For instance, its neighbours in Japan dedicate an average of 13% of their investment portfolios to hedge funds.

Fig. 25: South Korea-Based Hedge Funds by Top-Level Strategy



Source: Preqin Hedge Fund Online

Fig. 26: Notable South Korea-Based Institutional Investors in Hedge Funds

Investor	Current Allocation to HF (\$mn)
Korea Investment Corporation	4,210
National Pension Service	996
Korea Post Savings	572

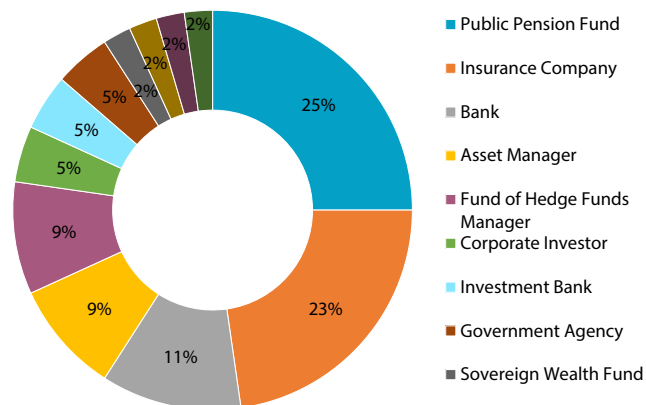
Source: Preqin Hedge Fund Online

Fig. 27: Largest South Korea-Based Hedge Fund Managers by AUM

Manager	Assets under Management
ANDA Asset Management	\$1.9bn as at 30 April 2017
SPARX Asset Management Korea	\$1.3bn as at 31 May 2017
QUAD Investment Management	\$800mn as at 31 May 2017

Source: Preqin Hedge Fund Online

Fig. 28: South Korea-Based Investors Active in Hedge Funds by Type



Source: Preqin Hedge Fund Online

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INDIA



40

Number of active India-based hedge fund managers.



\$1.2bn

Size of India's hedge fund industry.



17

Number of India-based institutional investors active in hedge funds.



5.3%

Average allocation to hedge funds of India-based investors.



17.49%

12-month return of all India-based hedge funds (as at May 2017).



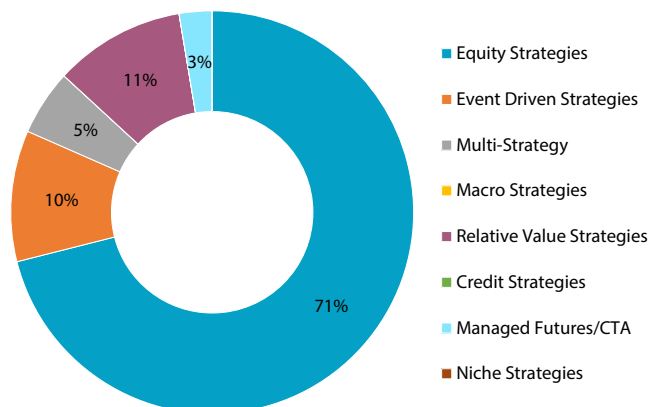
51.66%

Redart Focus Fund was the top performing fund in the 12 months to May 2017.

The Indian hedge fund industry is relatively small, with 41 managers collectively controlling \$1.2bn in capital. The largest India-based hedge fund manager tracked by Prequin is Malabar Investment Advisors, established in 2008. Its Malabar India Fund is one of the top performing India-based hedge funds in the 12 months to May 2017, having added gains of 31.93% over this timeframe. The fund pursues an equity strategy, a common theme among India-based hedge funds – 71% of all hedge funds in India also pursue an equity strategy.

More than half of all of the institutional investors tracked by Prequin in India fall into the category of institutional private wealth; family offices and wealth managers collectively represent almost 60% of all investors in the country tracked by Prequin.

Fig. 29: India-Based Hedge Funds by Top-Level Strategy



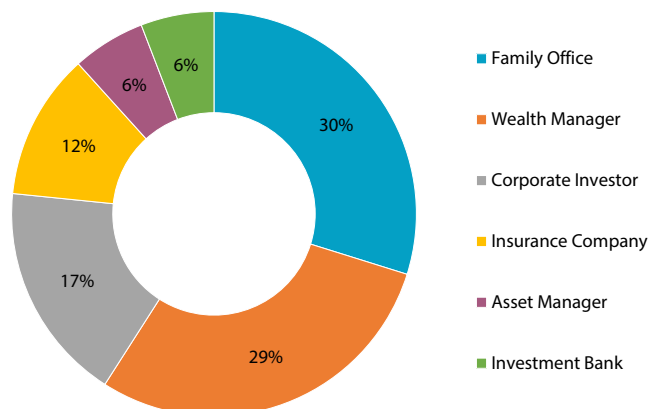
Source: Prequin Hedge Fund Online

Fig. 30: Notable India-Based Institutional Investors in Hedge Funds

Investor	Current Allocation to HF (\$mn)
IIFL Capital	300
Client Associates	200

Source: Prequin Hedge Fund Online

Fig. 32: India-Based Investors Active in Hedge Funds by Type



Source: Prequin Hedge Fund Online

Fig. 31: Largest India-Based Hedge Fund Managers by AUM

Manager	Assets under Management
Malabar Investment Advisors	\$374mn as at 31 May 2017
Infina Finance	\$300mn as at 31 May 2017
Right Horizons Financial Services	\$103mn as at 30 April 2017

Source: Prequin Hedge Fund Online



NEW ZEALAND



9

Number of active New Zealand-based hedge fund managers.



19

Number of New Zealand-based institutional investors active in hedge funds.



8.1%

Average allocation to hedge funds of New Zealand-based investors.



\$748mn

New Zealand Superannuation Fund is among the largest hedge fund investors in New Zealand.



8.12%

12-month return of all New Zealand-based hedge funds (as at May 2017).

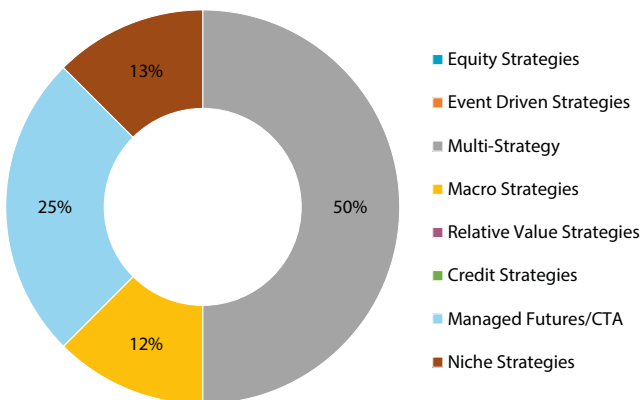
Fig. 33: Notable New Zealand-Based Institutional Investors in Hedge Funds

Investor	Current Allocation to HF (\$mn)
New Zealand Superannuation Fund	748
Foundation North	194

Source: Preqin Hedge Fund Online

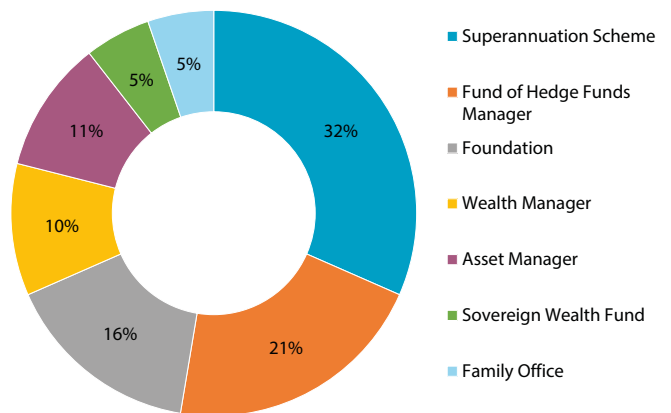
Although relatively small, New Zealand remains an important part of the hedge fund landscape. Superannuation schemes represent approximately a third of the investors based in the country. Among these is Foundry Asset Management, an Auckland-based asset manager that is looking to invest in hedge funds in the next 12 months. One of the largest investors in the region is the sovereign wealth fund New Zealand Superannuation Fund, which invests \$748mn.

Fig. 34: New Zealand-Based Hedge Funds by Top-Level Strategy



Source: Preqin Hedge Fund Online

Fig. 35: New Zealand-Based Investors Active in Hedge Funds by Type



Source: Preqin Hedge Fund Online

REST OF ASIA-PACIFIC



24

Number of active hedge fund managers based in Rest of Asia-Pacific.



\$1.8bn

Size of the hedge fund industry in Rest of Asia-Pacific.



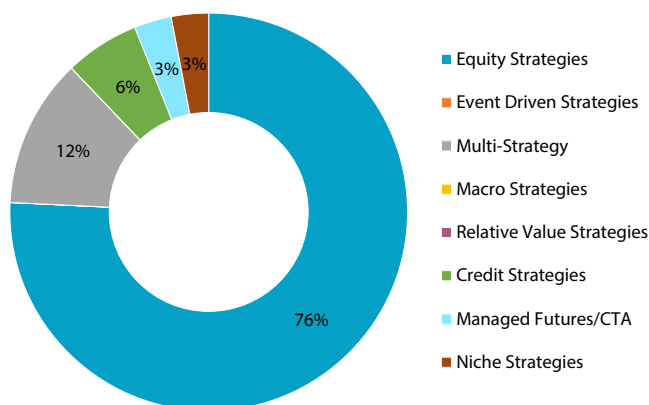
10.97%

12-month return of all Rest of Asia-Pacific-based hedge funds (as at May 2017).

The rest of the countries in Asia-Pacific not covered in this report are emerging as destinations for hedge fund investment. Taiwan and Malaysia are perhaps the most prominent countries within this group, in regards to hedge fund activity; combined, these represent 48% of all investors from Rest of Asia-Pacific. Among these is Taiwan-headquartered Cathay Life

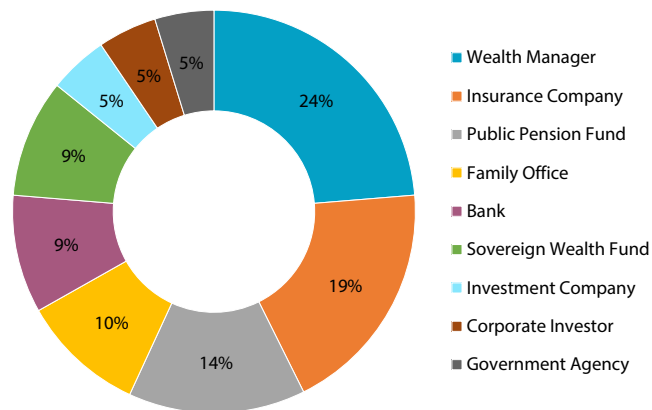
Insurance, which invests nearly \$1bn in hedge funds. Also in Taiwan is UG Investment Advisers, which was established in 1998 and runs approximately \$1.2bn in AUM. Its UG Greater China Multi-Strategy Fund - Class A has added gains of 22.44% over the 12 months to May 2017.

Fig. 36: Rest of Asia-Pacific-Based Hedge Funds by Top-Level Strategy



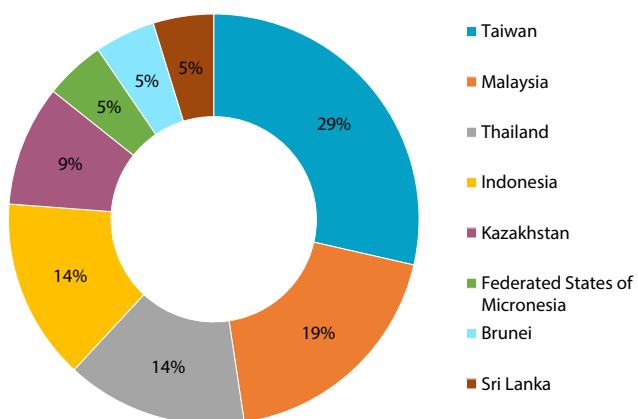
Source: Preqin Hedge Fund Online

Fig. 37: Rest of Asia-Pacific-Based Investors Active in Hedge Funds by Type



Source: Preqin Hedge Fund Online

Fig. 38: Rest of Asia-Pacific-Based Investors Active in Hedge Funds by Type



Source: Preqin Hedge Fund Online

Fig. 39: Notable Rest of Asia-Pacific-Based Institutional Investors in Hedge Funds

Investor	Current Allocation to HF (\$mn)
Cathay Life Insurance	924
Thailand Government Pension Fund	771
Bangkok Bank	101

Source: Preqin Hedge Fund Online

Preqin Mobile

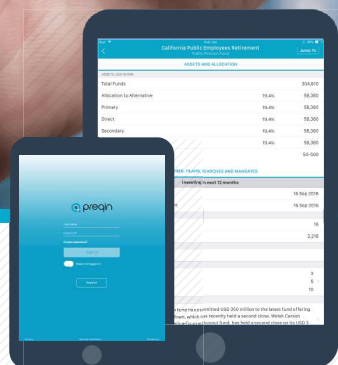
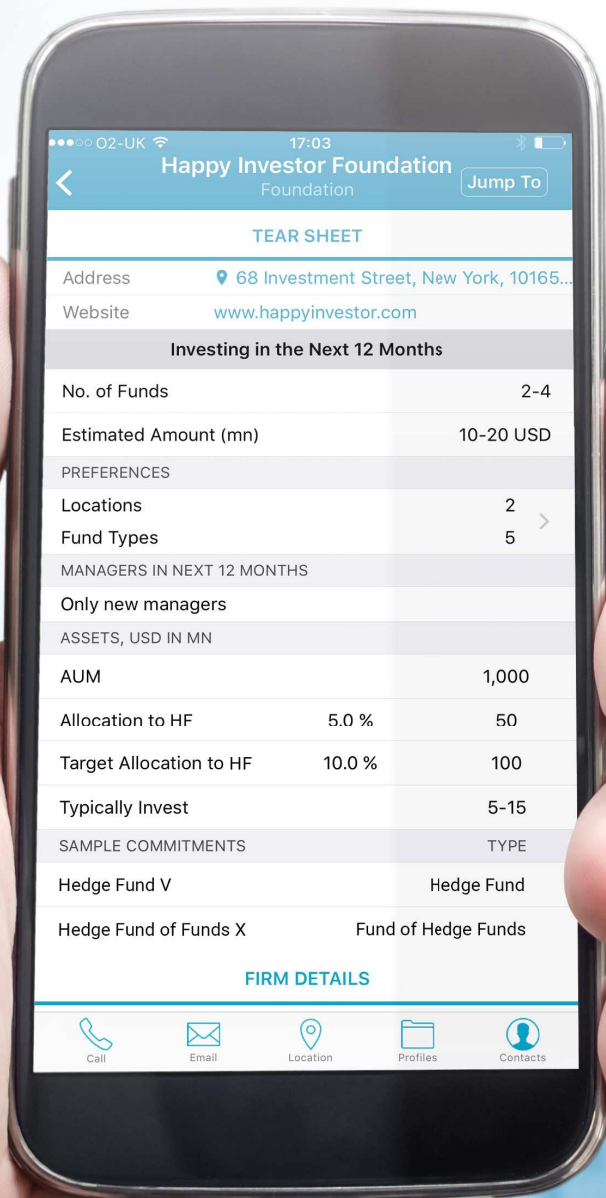
For Investment Professionals on the Go

Private Equity ■ Real Estate ■ Hedge Funds

- ✓ Quickly prepare for meetings with investors or managers while on the road
- ✓ Easily access key investor or manager info during internal meetings
- ✓ Swiftly find key investor and manager information when putting together presentations

Key Datasets:

- **Investors:**
Assets, allocations, fund portfolios, typical investment amounts, future plans and more
- **Fund Managers:**
Strategies, funds, fund terms, performance, known investors and more



alternative assets. intelligent data.



PREQIN SPECIAL REPORT: HEDGE FUNDS IN ASIA-PACIFIC

JULY 2017

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Alternative Assets Data & Intelligence

Preqin provides information, products and services to fund managers, investors, consultants and service providers across six main areas:

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