

Content Includes:

Preqin Special Report: US Hedge Fund Industry The Leading Player in Hedge Funds

September 2013

Overview of the US Hedge Fund Universe

We examine the US hedge fund industry, including how US-based hedge funds have performed in recent years and which structures they are utilizing, as well as key data about investors based in the country.

Leading States in the US Hedge Fund Industry

We explore the top 10 states within the US hedge fund industry, including breakdowns of both investors and fund managers based in these key states.

League Tables

We look at the largest investors and fund managers in each of the top 10 states within the US hedge fund industry.





Foreword

The United States is the center of the hedge fund industry, with more hedge fund managers and investors by number than anywhere else in the world. Hedge funds have had a rocky few years globally, as the credit crisis hit performance and the fundraising environment became more difficult. However, the US has recovered faster and more strongly than other regions across the globe and is currently enjoying the fastest growth in terms of assets under management, having already added \$150bn in assets in 2013 so far.

The US is a key destination for those fund managers looking to pick up assets from institutional investors. Some of the largest and most prolific investors are based in the country, and these investors have stayed the course with hedge funds, despite performance concerns over the past few years. Institutional investors in the region recognize the value that hedge funds can add to their portfolio, particularly in providing strong risk-adjusted returns. We have seen a shift in how investors in the US view hedge funds since the mid-2000s – hedge funds are no longer the reserve of wealthy individuals, family offices and a select group of endowment plans. Institutional investors, in particular public and private sector pension funds, have begun to allocate significant sums to hedge funds to complement their traditional equity and fixed income portfolios, and we have seen investors using hedge funds as way to diversify their existing 60/40 model.

The US is home to 314 million people split across its 50 states. In every state of the US there are some institutional investors allocating capital to the asset class, and hedge fund managers are present in the majority of the US states. However, each state is unique in terms of its investor and fund composition, with each showing large variations based on local regulatory regimes and differing appetite from investors in the state. In this report we present a roadmap of hedge funds in the US, looking at 10 leading states in terms of hedge fund management and the key facts necessary to navigate the country when fundraising or looking for new investments. The findings of this report draw on Preqin's Hedge Fund Online service, which tracks over 8,500 hedge funds and over 2,700 investors based in the US.

Key Findings

55% of all institutional capital invested in hedge funds is accounted for by US-based institutional investors.

40% of US-based hedge funds are managed in New York.

73% is the proportion of total hedge fund industry assets under management accounted for by US-based hedge funds.

508 is the assets under management (in \$bn) of all US-based funds of hedge funds.

95% of US-based hedge fund industry assets under management is accounted for by the 10 leading states for hedge fund management examined in this report.

50% of capital invested in hedge funds by US-based institutions is from public and private pension schemes.

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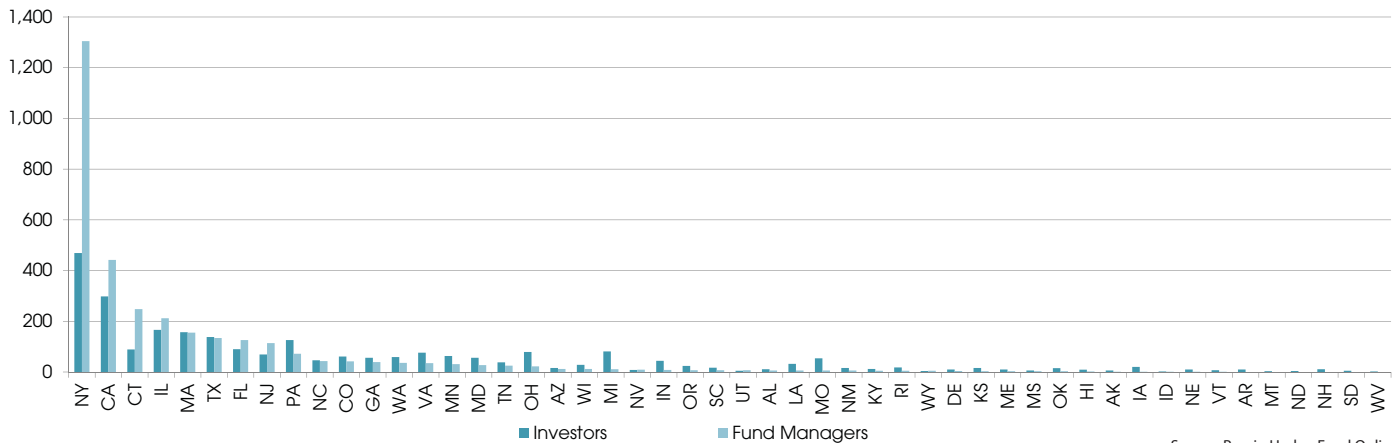
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The Center of the Hedge Fund Universe

Fig. 1: Number of US-Based Hedge Fund Managers and Hedge Fund Investors by State



Source: Preqin Hedge Fund Online

Since its inception in the 1949 by Australian born but US-residing Alfred Winslow-Jones, the hedge fund industry in the United States has become an established hub. With \$1.74tn managed by hedge fund firms based in the country as of 1st September 2013, the US is home to more than 70% of the total capital at work in hedge funds today.

There are over 8,500 hedge funds managed by firms based in the US, with 46 of the nation's 50 states having at least some hedge fund management activity (Fig. 1). From Alabama to Wyoming there are investors in all 50 states which make some use of hedge funds as part of their wider portfolios.

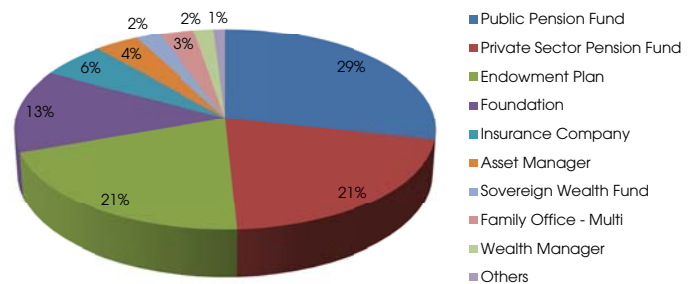
In this report we will take a closer look at the US hedge fund industry today. Using Preqin's database of 2,726 US-based institutional investors and 3,257 US-based fund managers, we will examine the 10 most influential states in the hedge fund industry in the US in closer detail, as well as looking at the overall importance of the US in the global hedge fund industry. The 10 most influential states were categorized based on both the number and capital allocations of investors and fund managers based in each state.

US-Based Hedge Fund Investors

US-based institutional investors account for 55% of all institutional capital invested in hedge funds today. The US is home to a wide variety of investors with exposure to hedge funds, from banks with trillions in assets under management but tiny allocations to hedge funds (following the fall-out of Dodd-Frank and the Volcker Rule), to small family offices with more than 80% of their assets invested in hedge funds. As Fig. 2 demonstrates, the largest proportion of capital, when discounting funds of hedge funds, is invested by public pension funds. When looked at in combination with their corporate sector counterparts, pension funds account for 50% of the non-fund of hedge funds capital invested in hedge funds by US-based institutions. Endowment plans and foundations comprise the remaining "big four" sources of capital for hedge funds looking to market in the US today.

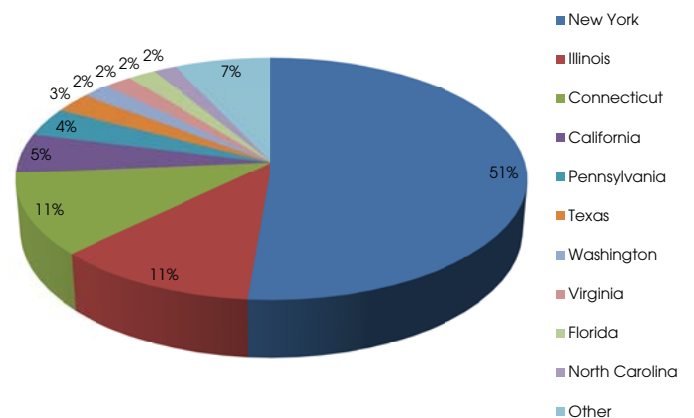
Funds of hedge funds headquartered in the US manage a total of \$508bn, 65% of the capital managed by funds of hedge funds globally today. By state, New York is home to over 50% of this

Fig. 2: Breakdown of Capital Invested in Hedge Funds by US-Based Institutional Investors by Investor Type (Excluding Funds of Hedge Funds)



Source: Preqin Hedge Fund Investor Profiles

Fig. 3: Breakdown of Assets under Management of US-Based Funds of Hedge Funds by Manager Location



Source: Preqin Hedge Fund Analyst



the US. Some notable funds of hedge funds, such as Grosvenor Capital Management and Mesiraw Advanced Strategies, are headquartered in Chicago.

US-Based Hedge Funds

US-based hedge fund managers represent \$1.74tn in assets under management, 73% of all capital managed by hedge funds globally. Direct funds dominate the US hedge fund landscape: two-thirds of the vehicles run by US-based firms are single-manager hedge funds, with a further 19% in the multi-manager space. CTAs form a small but significant 8% of US-based funds, and interestingly 5% of funds managed by US-based hedge fund firms are structured under the European UCITS regime. The UCITS regime is an EU scheme to regulate and passport funds across the EU; although these vehicles are primarily attractive to Europe-based investors, we have seen an increased uptake of funds that follow the directive over the past few years from retail or smaller investors within the US looking to access hedge fund strategies in a regulated and liquid way.

Performance of US-Based Hedge Funds

US-based hedge funds have enjoyed strong performance over the past 12 months, posting a net return of 13.54%, easily beating the global benchmark of 11.09%, and just falling short of the performance of Asia-Pacific hedge funds, which had an exceptionally strong start to 2013, largely down to a rally in Japan creating opportunities for hedge funds to trade off the interventions of Shinzo Abe and the so-called “Abenomics”.

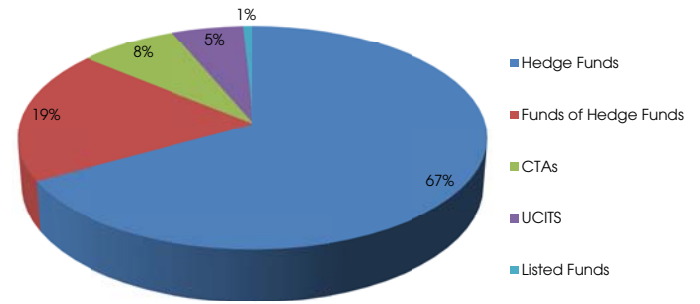
In fact, US-based hedge funds have outperformed the global benchmark on a three- and five-year annualized basis. With such consistent performance and the presence of the largest and most established funds on the globe, it is clear why investors both in the country and from overseas are attracted to hedge fund investment in the US.

Fig. 6: Top 10 Largest US States by Aggregate Allocation to Hedge Funds of Investors Based in the State (Excluding Funds of Hedge Funds)

State	Allocation to Hedge Funds (\$bn)
New York	74
California	61
Texas	40
Illinois	31
Massachusetts	25
Pennsylvania	23
Ohio	22
New Jersey	20
Michigan	18
Connecticut	15

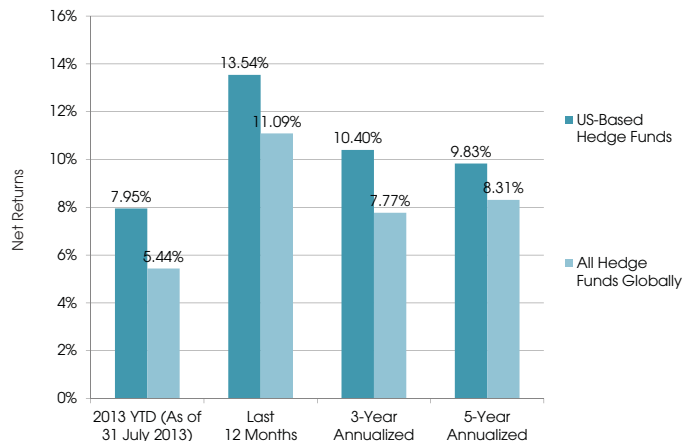
Source: Preqin Hedge Fund Investor Profiles

Fig. 4: Breakdown of US-Based Hedge Funds by Structure



Source: Preqin Hedge Fund Analyst

Fig. 5: Performance of US-Based Hedge Funds vs. All Hedge Funds Globally*



Source: Preqin Hedge Fund Analyst

*Performance data is as of 31 July 2013.

Fig. 7: Top 10 Largest US States by Aggregate Assets Managed by Hedge Funds Based in the State (Excluding Funds of Hedge Funds)

State	Assets under Management (\$bn)
New York	838
Connecticut	334
California	155
Massachusetts	128
Illinois	76
Texas	53
New Jersey	36
Minnesota	31
Florida	22
Pennsylvania	7

Source: Preqin Hedge Fund Analyst

Preqin’s US Hedge Fund Data: A Vital Tool

Preqin tracks in-depth data on the US hedge fund market. Access detailed profiles of over 8,500 hedge funds managed by US-based firms, and over 2,700 hedge fund investors based in the country.

Compare individual fund performance to benchmark averages for US-based hedge funds, including by strategy and fund structure, using Preqin’s fully customizable benchmarks. View fund-by-fund and industry-level performance data for over 6,700 vehicles, including over 1,200 managed by firms based in the US.

For more information on how Preqin’s hedge fund data can help you, please visit: www.preqin.com/hedge



New York

New York is undeniably the leading center for hedge funds in the US. Forty percent of the nation's hedge fund managers are headquartered within the state, the vast majority of which are located within Manhattan. There are also a high number of funds of hedge funds in the state, with 40% of the country's funds of funds headquartered in New York, representing over 50% of all the capital managed by multi-manager vehicles based in the US. As Fig. 8 shows, funds of funds form the largest proportion of investors in the state. There are also a significant number of foundations and endowment plans investing in hedge funds based in the state of New York.

However, there are just a handful of public pension funds in New York state making investments in hedge funds today; the largest of these is New York State Common Retirement Fund, which has been investing since 2003 and has over \$5.5bn invested in hedge funds. However the three New York City public pension funds for Employees, Policemen and Firemen have only begun allocating

to hedge funds in this decade and have already invested a total of \$2.2bn in the asset class. These three New York City public pension schemes are below their target exposure to hedge funds, which means we could see some significant inflows from these institutions over the next few years.

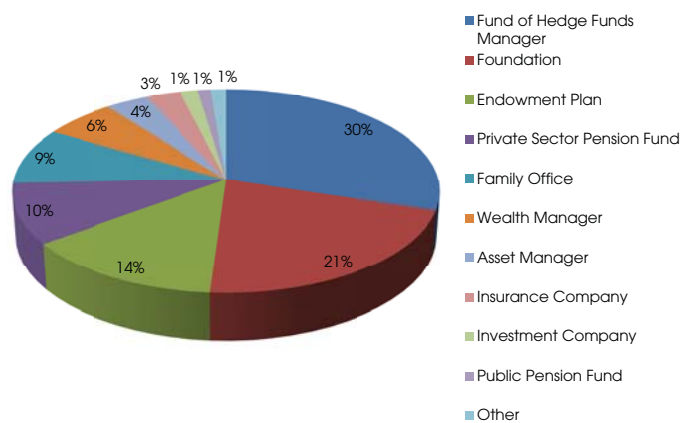
Explore the New York-Based Hedge Fund Industry

Access details of over 1,300 hedge fund managers based in New York state, including funds they manage that are currently open to investment, their track records, previous investments, known investors, and much more.

For more information, please visit:

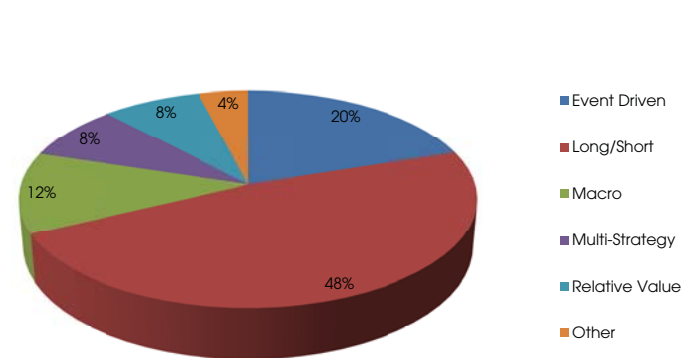
www.preqin.com/hfa

Fig. 8: Breakdown of New York-Based Hedge Fund Investors by Type



Source: Preqin Hedge Fund Investor Profiles

Fig. 9: Breakdown of New York-Based Hedge Funds by Strategy



Source: Preqin Hedge Fund Analyst

Fig. 10: Three Largest New York-Based Hedge Fund Managers by Assets under Management

Firm	Assets under Management (\$bn)
Och-Ziff Capital Management	35.6
BlackRock Proprietary Alpha Strategies	26.9
Renaissance Technologies	24.3

Source: Preqin Hedge Fund Analyst

Fig. 11: Three Largest New York-Based Hedge Fund Investors by Allocation to Hedge Funds (\$bn)

Investor	Allocation to Hedge Funds (\$bn)
AIG	7.0
GM Asset Management	6.1
New York State Common Retirement Fund	5.5

Source: Preqin Hedge Fund Investor Profiles

New York in Numbers

1.25 is the amount available to the New York City public pension plans for investment in hedge funds (in \$bn).

1988 is the year AIG made its first investment in hedge funds. It now has over \$6.9bn invested in the asset class.

13.2 is the mean assets under management of a New York-based investor (in \$bn), the largest average assets under management of any state in the US.

47 is the assets under management (in \$bn) of the largest fund of hedge funds in New York (and globally) – Blackstone Alternative Asset Management.

75 is the number of New York-based hedge fund managers located outside New York city.

7.56 is the net return (%) of New York based hedge funds in 2013 so far (as of 31 July).



California

California is the most populous state in the US and boasts the largest pension fund in the US, California Public Employees' Retirement System, with over \$262bn in assets under management. CalPERS is currently the largest non-fund of funds investor in the state, with \$5.3bn at work in the hedge fund industry today. California as a whole has a significant role in the hedge fund universe and is second only to New York in terms of both the number of investors and managers based in the state. Preqin's Hedge Fund Investor Profiles currently tracks almost 300 institutional investors in hedge funds based in California and Preqin's Hedge Fund Analyst tracks more than 400 active hedge fund managers headquartered in California.

Although there are a large number of management groups in California with assets in excess of \$1bn, just two of the hedge funds in the state, Farallon Capital Management and Canyon Partners, feature in the top 20 largest hedge fund managers in

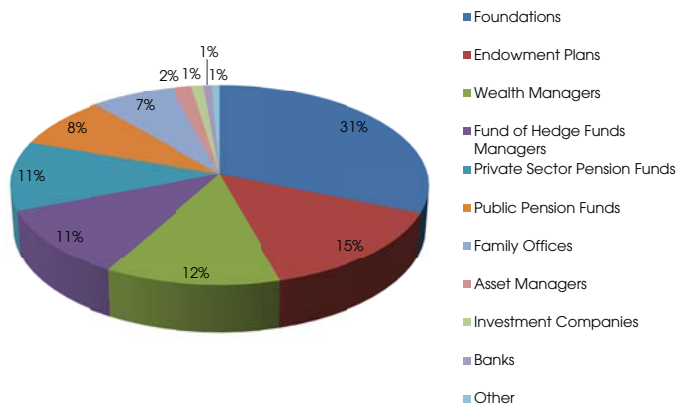
North America. This, coupled with the fact that 45% of California-based investors are under their target allocations to hedge funds, shows that there is room for further expansion on the West Coast.

Target California-Based Investors for Your Fund

Looking for new investors for your vehicle? Preqin's [Hedge Fund Investor Profiles](#) tracks in-depth information on over 290 investors based in California, 45% of which are below their target allocations to hedge funds. Access key contact information, investment preferences, planned commitments and much more.

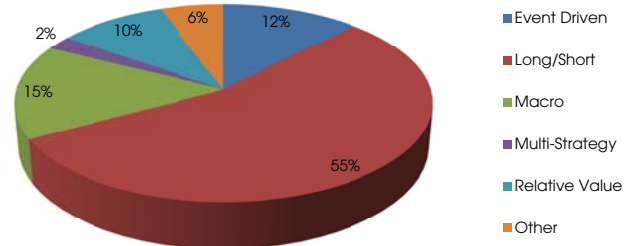
www.preqin.com/hfip

Fig. 12: Breakdown of California-Based Hedge Fund Investors by Type



Source: Preqin Hedge Fund Investor Profiles

Fig. 13: Breakdown of California-Based Hedge Funds by Strategy



Source: Preqin Hedge Fund Analyst

Fig. 14: Three Largest California-Based Hedge Fund Managers by Assets under Management

Firm	Assets under Management (\$bn)
Farallon Capital Management	18.4
Canyon Partners	16.1
Symphony Asset Management	13.0

Source: Preqin Hedge Fund Analyst

Fig. 15: Three Largest California-Based Hedge Fund Investors by Allocation to Hedge Funds (\$bn)

Investor	Allocation to Hedge Funds (\$bn)
California Public Employees' Retirement System (CalPERS)	5.3
Stanford Management Company	5.2
SunAmerica Financial Group	5.0

Source: Preqin Hedge Fund Investor Profiles

California in Numbers

15.3 is the mean hedge fund allocation of a California-based hedge fund investor (as a % of total assets under management).

210 is the median assets under management (in \$mn) of a California-based hedge fund manager.

28% is the proportion of California-based hedge funds managing over \$1bn in assets.

6.43 is the year-to-date performance (%) of California-based hedge funds.

6 years is the average track record of hedge funds managed by California-based managers.

29% is the proportion of hedge fund investors globally with an allocation to a California-based manager. 52% of investors in California have an investment in a fund in their own state.



Connecticut

Connecticut has the second largest hedge fund industry in the US, with total hedge fund assets in the state topping \$334bn. Although this is less than half of the hedge fund assets based in New York, Connecticut is the third leading center for hedge funds globally by assets under management, next to the UK. The proximity of New York, as well as a more favourable tax regime in the state compared to New York or New Jersey, makes Connecticut an attractive area for setting up a hedge fund business.

Despite the large proportion of fund managers concentrated in the state of Connecticut, there are relatively fewer investors; institutions based in the state invest only \$14.8bn in hedge funds (excluding funds of hedge funds). Although Connecticut has a relatively smaller population, at about 3.6mn people, it actually has the second largest per capita investment in hedge funds across the United States. There are a large number of funds of hedge funds as a result of the favourable conditions for fund management

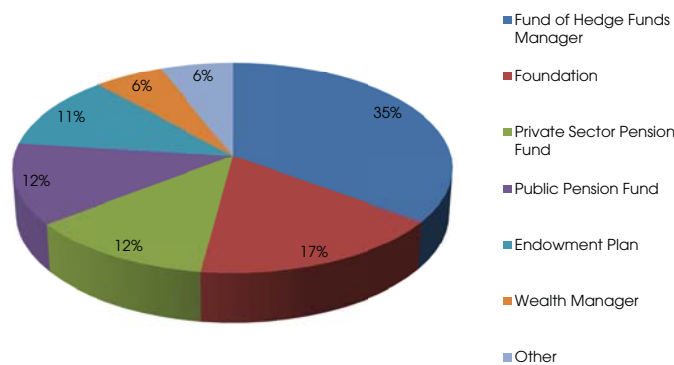
in the state. Foundations, pension funds and endowment plans make up the bulk of the remaining investors in the state.

Nearly 30% of funds in the state follow a macro strategy; the two largest hedge funds globally, Bridgewater All Weather and Bridgewater Pure Alpha, both macro funds, are managed by the Connecticut-headquartered Bridgewater, the largest hedge fund manager in the world today.

Preqin tracks detailed information on the hedge fund industry in Connecticut, including in-depth profiles of over 80 investors and 240 hedge fund managers based in the state. For more information on how Preqin's hedge fund data can help you, please visit:

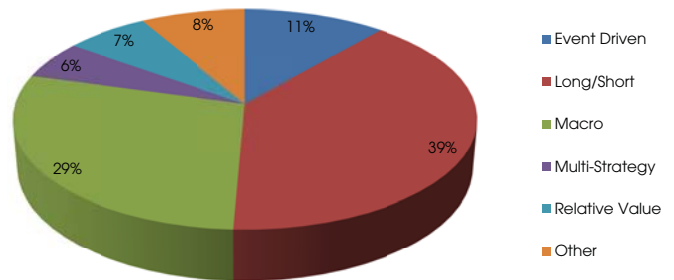
www.preqin.com/hedge

Fig. 16: Breakdown of Connecticut-Based Hedge Fund Investors by Type



Source: Preqin Hedge Fund Investor Profiles

Fig. 17: Breakdown of Connecticut-Based Hedge Funds by Strategy



Source: Preqin Hedge Fund Analyst

Fig. 18: Three Largest Connecticut-Based Hedge Fund Managers by Assets under Management

Firm	Assets under Management (\$bn)
Bridgewater Associates	151.5
AQR Capital Management	24.9
Viking Global Investors	18.2

Source: Preqin Hedge Fund Analyst

Fig. 19: Three Largest Connecticut-Based Hedge Fund Investors by Allocation to Hedge Funds (\$bn)

Investor	Allocation to Hedge Funds (\$bn)
Yale University Endowment	2.8
General Electric Pension Trust	2.7
GE Asset Management	2.4

Source: Preqin Hedge Fund Investor Profiles

Connecticut in Numbers

4,486 is the amount invested (in \$) in hedge funds per person living in Connecticut.

1.50 is the average management fee (%) of a Connecticut-based hedge fund.

56% is the proportion of Connecticut-based investors that have invested in hedge funds based in their home state.

7 years is the average track record of a Connecticut-based hedge fund.

70.1 is the size (in \$bn) of the largest fund in Connecticut (and globally), Bridgewater All Weather Strategy.

8.05 is the five-year annualized return (%) of a Connecticut-based hedge fund.



Massachusetts

Massachusetts is the fourth largest center of hedge fund management in the United States, with over 155 fund management groups based in the state, representing \$128bn in assets under management. Seventy-three percent of the fund managers in the state are based in the state capital, and the state's largest city, Boston.

There are also a significant number of public pension funds based in the state – 18% of US-based public pension funds that invest in hedge funds are based in the Bay State. However, the majority of these pension funds invest relatively small amounts of capital in the asset class, and invest via the state's Massachusetts Pension Reserves Investment Management Board (MassPRIM), due to local regulatory restrictions. Eighty-six percent of pension funds in the state have at least some exposure through MassPRIM. MassPRIM has undergone significant changes over the past few years, cutting back on fund of hedge funds exposure in favour

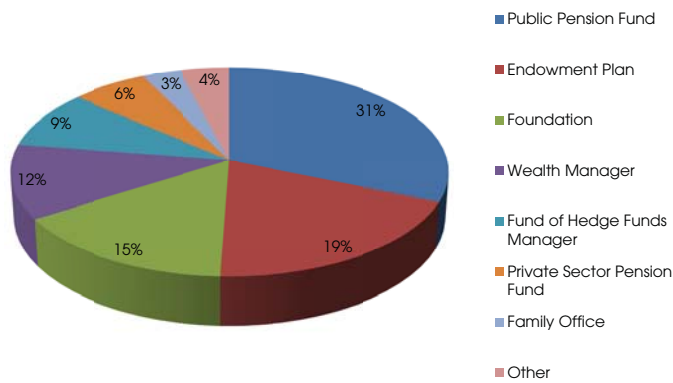
of a direct investment program and a single fund of hedge funds program managed by California-based PAAMCO. This has resulted in both a significant saving in fees as well as an improvement in the performance of the scheme.

Looking for new investors for your vehicle? Preqin can help.

Over 150 hedge fund investors are based in Massachusetts, including a significant number of institutional investors. Use the [Future Fund Searches and Mandates](#) tool on [Hedge Fund Investor Profiles](#) to pinpoint those institutions that are seeking hedge fund investments right now.

www.preqin.com/hfip

Fig. 20: Breakdown of Massachusetts-Based Hedge Fund Investors by Type



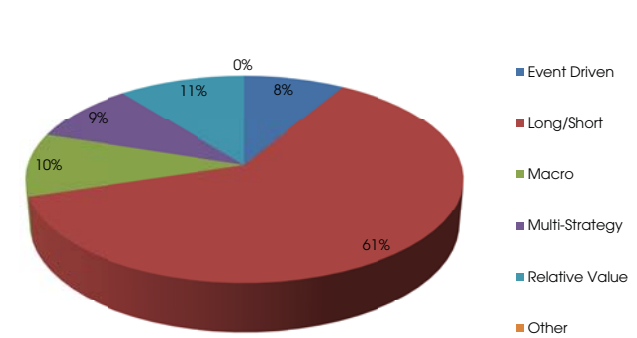
Source: Preqin Hedge Fund Investor Profiles

Fig. 22: Three Largest Massachusetts-Based Hedge Fund Managers by Assets under Management

Firm	Assets under Management (\$bn)
Baupost Group	28.1
Convexity Capital Management	14.5
Wellington Management	11.1

Source: Preqin Hedge Fund Analyst

Fig. 21: Breakdown of Massachusetts-Based Hedge Funds by Strategy



Source: Preqin Hedge Fund Analyst

Fig. 23: Three Largest Massachusetts-Based Hedge Fund by Allocation to Hedge Funds (\$bn)

Investor	Allocation to Hedge Funds (\$bn)
Harvard Management Company	4.9
Massachusetts Pension Reserves Investment Management Board (MPRIM)	4.2
MIT Investment Management Company	2.6

Source: Preqin Hedge Fund Investor Profiles

Massachusetts in Numbers

154 is the average allocation to hedge funds of a Massachusetts-based public pension fund (in \$mn).

389 is the average size of a Massachusetts-based hedge fund (in \$mn).

14.47 is the mean 12-month return (%) of a Massachusetts-based hedge fund (as of 31 July 2013).

13 is the number of Massachusetts-based hedge funds launched in the past 12 months.

9.20 is the trailing one-year return (%) of MassPRIM's hedge fund portfolio (as of 31 March 2013).

53% is the proportion of Massachusetts-based investors that invest in Massachusetts-based hedge fund managers.



Illinois is a significant center for funds of hedge funds in the US. Grosvenor Capital Management, Mesriow Advanced Strategies, and Aurora Investment Management, all managing over \$10bn on behalf of their clients are based, in the state.

Although by number foundations are the most common investors in hedge funds based in the state, the large number of private sector pension funds in Illinois represents the most significant amount of capital invested in the asset class from Illinois-based institutional investors. Chicago-headquartered Boeing Company Pension Fund is currently the leading hedge fund investor based out of Illinois and could be an even larger investor in years to come as it is currently under its 6% target allocation to the asset class.

There is a high density of fund managers based in Illinois, with 210 fund management companies based in the state, making Illinois the fourth largest state in terms of the number of fund managers. However, the size of the hedge fund industry in the state in

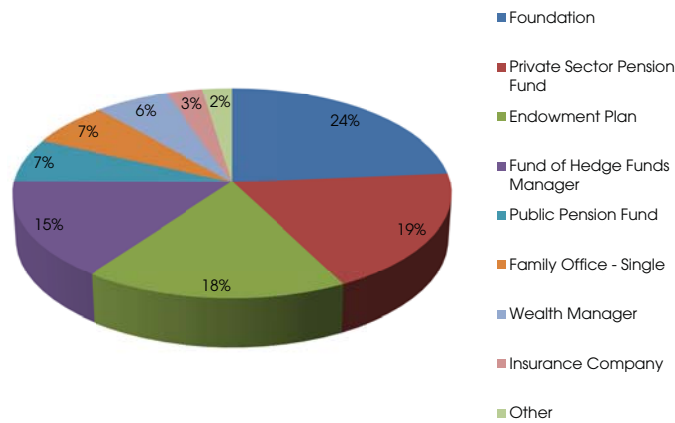
terms of capital managed by Illinois-based managers is relatively smaller. Single-manager hedge funds based in the state represent \$76bn in assets, the fifth largest in the US, and considerably lower than the \$128bn managed by funds based in Massachusetts, the fourth largest hedge fund industry in a state in terms of hedge fund assets.

Source New Investment Opportunities

Are you an accredited investor? Register for **free** for **Preqin Investor Network**, and access detailed information on all hedge funds open to investment, including those managed by firms based in Illinois. For more information, please visit:

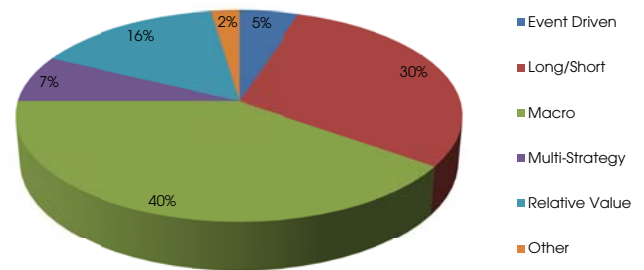
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Fig. 24: Breakdown of Illinois-Based Hedge Fund Investors by Type



Source: Preqin Hedge Fund Investor Profiles

Fig. 25: Breakdown of Illinois-Based Hedge Funds by Strategy



Source: Preqin Hedge Fund Analyst

Fig. 26: Three Largest Illinois-Based Hedge Fund Managers by Assets under Management

Firm	Assets under Management (\$bn)
Grosvenor Capital Management	22.6
Citadel Investment Group	14.0
Advisory Research	10.2

Source: Preqin Hedge Fund Analyst

Fig. 27: Three Largest Illinois-Based Hedge Fund Investors by Allocation to Hedge Funds (\$bn)

Investor	Allocation to Hedge Funds (\$bn)
Boeing Company Pension Fund	2.7
Teachers' Retirement System of the State of Illinois	2.2
CNA Financial	2.1

Source: Preqin Hedge Fund Investor Profiles

Illinois in Numbers

38% is the proportion of capital invested in hedge funds by Illinois-based investors that is accounted for by private sector pension funds.

39% is the proportion of Illinois-based investors that have invested in Illinois-headquartered hedge fund managers.

334 is the average size (in \$mn) of an Illinois-based single-manager hedge fund.

11.58 is the mean year-to-date return (%) of an Illinois-based hedge fund (as of 31 July 2013).

19 years is the track record of the state's largest fund, Kensington, managed by Citadel Investment Group.

2003 is the average year of first investment in hedge funds of an Illinois-based investor.



Texas

The importance of Texas in the list of the top 10 most influential states in hedge funds in this report is largely due to the hedge fund investors based in the state. Texas-based investors represent the third largest amount of capital invested in hedge funds across the 50 US states of any state, and three of the top 10 largest investors in the US are based in the Lone Star state. Although foundations represent 30% of the number of investors based in the state, the capital they invest in hedge funds represents just 7% of all hedge fund assets invested by Texas-based institutions. Instead, it is the endowment plans and public pension funds in Texas that allocate the largest sums to hedge funds, investing 30% and 44% of the capital invested in hedge funds by Texas-based institutions respectively. The state is also home to a sovereign wealth fund, the Texas Permanent School Fund State Board of Education, which currently invests just under \$4.4bn in hedge funds and has been allocating to the asset class since 2006.

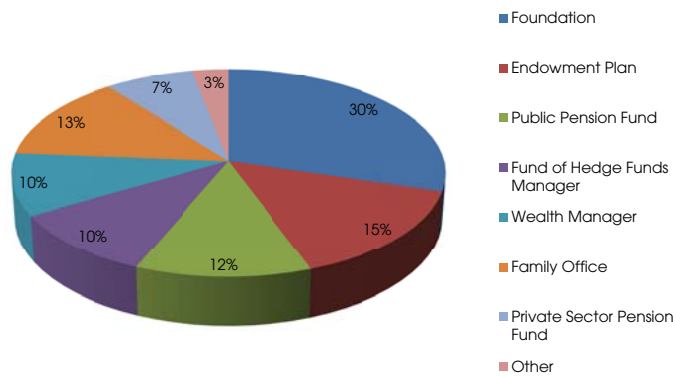
Just 28% of Texas-based investors have investments in hedge funds headquartered in their home state, with HBK Capital, Maverick Capital and Highside Capital Management, a \$600mn Dallas-based long/short equity fund manager, among the fund managers Texas-based investors most frequently invest with. Approximately half of the funds managed in Texas pursue a long/short strategy, including Highside Capital Management.

In-Depth Data on Texas-Based Investors

Preqin tracks detailed information on over 130 investors based in Texas, For more information, please visit:

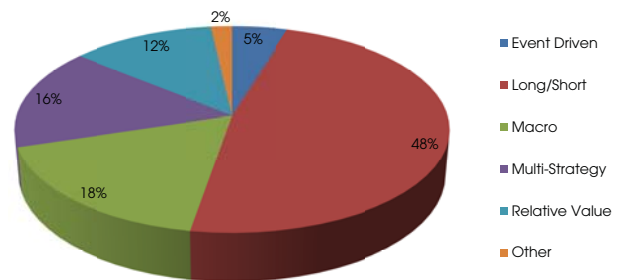
www.preqin.com/hfp

Fig. 28: Breakdown of Texas-Based Hedge Fund Investors by Type



Source: Preqin Hedge Fund Investor Profiles

Fig. 29: Breakdown of Texas-Based Hedge Funds by Strategy



Source: Preqin Hedge Fund Analyst

Fig. 30: Three Largest Texas-Based Hedge Fund Managers by Assets under Management

Firm	Assets under Management (\$bn)
Highland Capital Management	18.0
HBK Capital Management	13.9
Maverick Capital	13.5

Source: Preqin Hedge Fund Analyst

Fig. 31: Three Largest Texas-Based Hedge Fund Investors by Allocation to Hedge Funds (\$bn)

Investor	Allocation to Hedge Funds (\$bn)
Teacher Retirement System of Texas	9.7
University of Texas Investment Management Company	7.9
Texas County & District Retirement System	5.3

Source: Preqin Hedge Fund Investor Profiles

Texas in Numbers

77% is the proportion of Texas-based hedge fund capital managed by the leading five fund managers in the state.

14.8 is the mean current allocation of a Texas-based institutional investor (as a % of assets under management).

16.1 is the mean target allocation of a Texas-based institutional investor (as a % of assets under management).

6.5 is the size (in \$bn) of the state's largest hedge fund, HBK Master Fund.

15.31 is the annualized since inception return (%) of a Texas-based hedge fund.

134 is the number of hedge fund managers based in Texas.



New Jersey

The proximity of New Jersey to two established centers of hedge fund management in the US, New York and Connecticut, has led to more funds setting up business in the state, although the Garden State has yet to gain the traction, or the assets, of funds based in New York and Connecticut. There are 114 hedge fund management groups based in New Jersey, managing a combined \$36bn. There is a diverse fund management sector in the state, with New Jersey-headquartered macro funds just outweighing long/short funds based in the state in terms of number. The largest New Jersey-based hedge fund, Blenheim Fund, was established in 1990 by Blenheim Capital Management.

New Jersey-based investors are also relatively diverse, with foundations leading in terms of numbers, followed by fairly similar numbers of private sector pension funds, endowment plans and funds of hedge funds. Although there is just one public pension fund based in the state, it is a significant one. Since its first investments

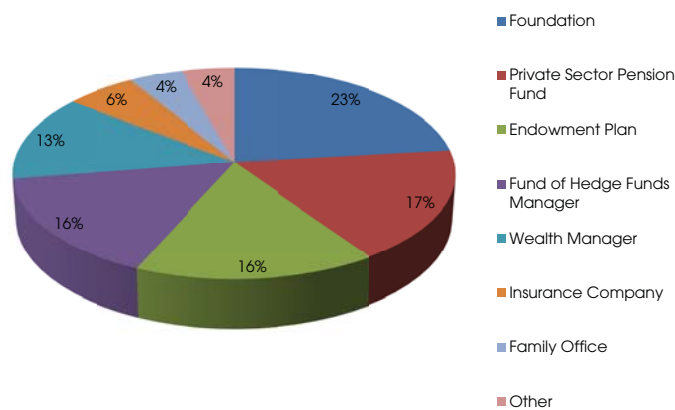
in hedge funds in 2006, New Jersey State Investment Council has amassed a portfolio of over 40 hedge funds, and invests over 10% of its assets in the asset class. This makes New Jersey State Investment Council the second largest investor in hedge funds in the US, second only to Teacher Retirement System of Texas.

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Fig. 32: Breakdown of New Jersey-Based Hedge Fund Investors by Type



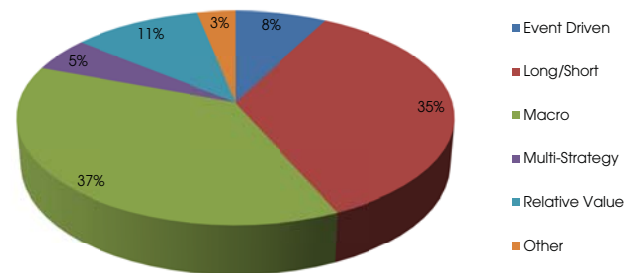
Source: Preqin Hedge Fund Investor Profiles

Fig. 34: Three Largest New Jersey-Based Hedge Fund Managers by Assets under Management

Firm	Assets under Management (\$bn)
Appaloosa Management	14.4
Caxton Associates	7.3
Onex Credit Partners	2.8

Source: Preqin Hedge Fund Analyst

Fig. 33: Breakdown of New Jersey-Based Hedge Funds by Strategy



Source: Preqin Hedge Fund Analyst

Fig. 35: Three Largest New Jersey-Based Hedge Fund Investors by Allocation to Hedge Funds (\$bn)

Investor	Allocation to Hedge Funds (\$bn)
New Jersey State Investment Council	7.9
Princeton University Investment Company (Princo)	3.3
Robert Wood Johnson Foundation	2.5

Source: Preqin Hedge Fund Investor Profiles

New Jersey in Numbers

1998 is the mean year of first investment of a New Jersey-based investor, the earliest across the US.

28% is the average target allocation of a New Jersey-based investor (as a proportion of AUM), the largest across the US.

12 is the number of New Jersey-based hedge funds launched in 2013 (as of 31 August).

263 is the average size (in \$mn) of a New Jersey-based hedge fund.

20% is the proportion of hedge funds based in New Jersey pursuing a managed futures strategy.

8.25 is the mean net return (%) of a New Jersey-based hedge fund in 2013 so far (as of 31 July 2013).

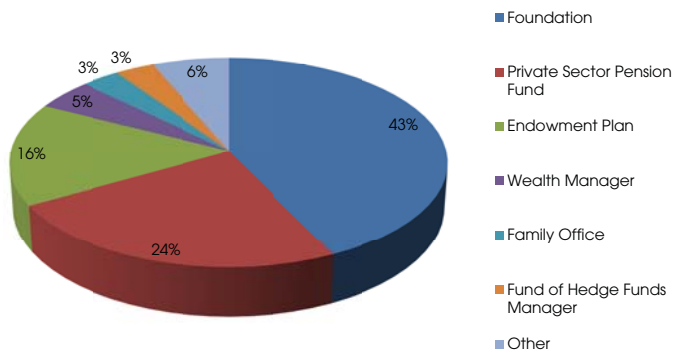


Minnesota

Minnesota represents a relatively small proportion of the hedge fund industry compared to other states we have examined in this report, but its presence in the influential hedge fund state list is a result of the presence of some large fund groups based in the state. The hedge fund industry in the North Star state is diversified. Relative value funds form 28% of the funds managed in Minnesota, the highest density of this strategy across the US. The largest of these relative value funds, Pine River Fixed Income Master Fund, is managed by leading Minnesota-based hedge fund manager, Pine River Capital Management, which is headquartered in Minnetonka and was established in 2002.

The investor universe in Minnesota is dominated by foundations and private sector pension funds; together, they represent 91% of all capital invested in hedge funds by investors in the state.

Fig. 36: Breakdown of Minnesota-Based Hedge Fund Investors by Type



Source: Preqin Hedge Fund Investor Profiles

Fig. 38: Three Largest Minnesota-Based Hedge Fund Managers by Assets under Management

Firm	Assets under Management (\$bn)
Pine River Capital Management	13.6
Black River Asset Management	6.0
Wayzata Investment Partners	5.0

Source: Preqin Hedge Fund Analyst

The largest investor in the state, Mayo Clinic, invests 25% of its assets under management in hedge funds; this represents around \$2.5bn in capital invested.

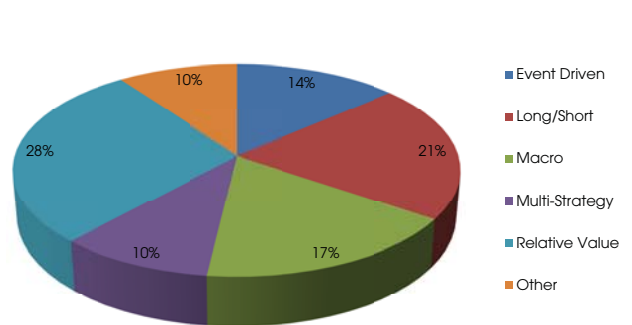
In-Depth Data on the Hedge Fund Industry in Minnesota

Preqin's Hedge Fund Analyst features detailed information on the influential hedge fund managers based in Minnesota, including key contact information, performance track records, known investors, and much more.

For more information, please visit:

www.preqin.com/hfa

Fig. 37: Breakdown of Minnesota-Based Hedge Funds by Strategy



Source: Preqin Hedge Fund Analyst

Fig. 39: Three Largest Minnesota-Based Hedge Fund Investors by Allocation to Hedge Funds (\$bn)

Investor	Allocation to Hedge Funds (\$bn)
Mayo Clinic	2.5
3M Pension Plan	1.4
Mayo Pension Plan	1.4

Source: Preqin Hedge Fund Investor Profiles

Minnesota in Numbers

2000 is the mean year of first investment by a Minnesota-based investor.

9 is the mean number of funds in a Minnesota-based investor's portfolio.

6 years is the average track record of a Minnesota-based hedge fund.

339 is the average size (in \$mn) of a Minnesota-based hedge fund.

13.70 is the average net return (%) of a Minnesota-based hedge fund in 2012.

19.96 is the mean performance fee (%) of a Minnesota-based hedge fund.



Pennsylvania

Pennsylvania is the sixth largest state in terms of both the number of hedge fund investors and the capital they invest in the asset class. Foundations and endowment plans combined represent nearly 50% of all of the investors in the state; however, the combined hedge fund allocations of the 12 public pension funds in Pennsylvania account for 38% of all assets invested in hedge funds by investors based in the Keystone State. The largest of these, Pennsylvania Public School Employees' Retirement System, invests nearly \$6bn in hedge funds and is the third largest public retirement fund investor in the US.

The fund management sector in the state is still relatively small; just 72 hedge fund management groups are headquartered in Pennsylvania. A large proportion of these funds pursue traditional long/short strategies; however, the largest hedge fund in the state

is a fund of CTAs, Tewksbury Investment Fund, which is managed by Stevens Capital Management

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Fig. 40: Breakdown of Pennsylvania-Based Hedge Fund Investors by Type

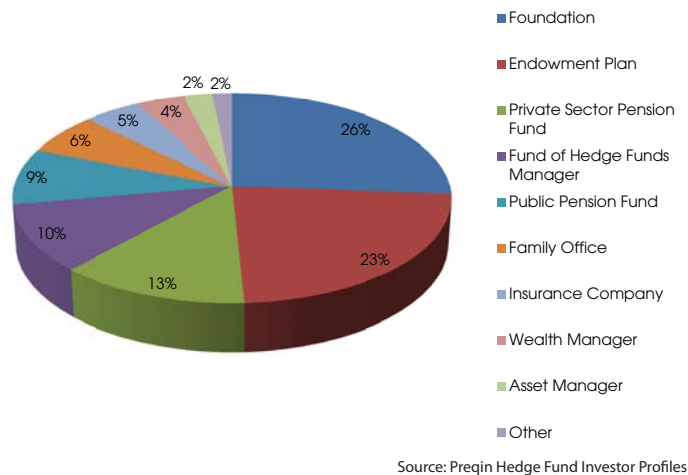


Fig. 42: Three Largest Pennsylvania-Based Hedge Fund Managers by Assets under Management

Firm	Assets under Management (\$bn)
Turner Investments	1.9
Mount Lucas Management	1.5
Four Corners Capital Management	1.4

Source: Preqin Hedge Fund Analyst

Fig. 41: Breakdown of Pennsylvania-Based Hedge Funds by Strategy

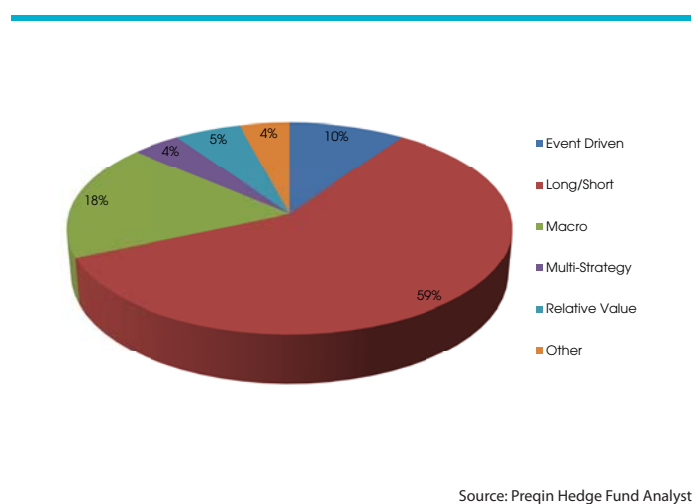


Fig. 43: Three Largest Pennsylvania-Based Hedge Fund Investors by Allocation to Hedge Funds (\$bn)

Investor	Allocation to Hedge Funds (\$bn)
Pennsylvania Public School Employees' Retirement System	6.0
Veritable	2.5
Pennsylvania State Employees' Retirement System	2.2

Source: Preqin Hedge Fund Investor Profiles

Pennsylvania in Numbers

2004 is the mean year of first hedge fund investment of a Pennsylvania-based investor.

13% is the proportion of Pennsylvania-based investors that invest with Pennsylvania-based hedge fund managers.

18% is the proportion of Pennsylvania-based hedge fund managers located in Philadelphia.

131 is the average size (in \$mn) of a Pennsylvania-based single-manager hedge fund.

6.14 is the annualized three-year return (%) of a Pennsylvania-based hedge fund manager.

280 is the average amount invested in hedge funds (in \$mn) by a Pennsylvania-based investor.



Florida

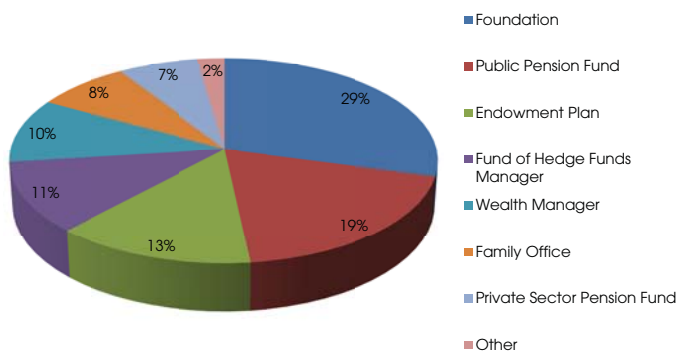
The hedge fund industry in Florida has typically been categorized by the significant number of wealthy individuals and private families based in the state investing in the asset class. Institutional investment in hedge funds by the state is still relatively small, and is dominated by smaller investors making modest investments in the asset class. Foundations lead the way, both in terms of the number of investors and the capital they invest, representing 29% and 31% respectively. Public pension funds account for 28% of the capital invested in hedge funds by Florida-based institutional investors. With many investors only having made their first investment over the last seven years, more recently than investors based in other US states, there is potential for institutional investment in the state to grow further over the years to come.

The hedge fund industry in Florida is the ninth largest in the US; 126 hedge fund managers are based in the state, representing

\$22bn in assets under management. The fund management industry in Florida has grown to cater for the high-net-worth and private wealth sectors in the Sunshine State. Today, just a handful of these managers have gained institutional investment from investors in the state, with the institutions in Florida largely placing their investment in the larger firms managed out of New York and Connecticut.

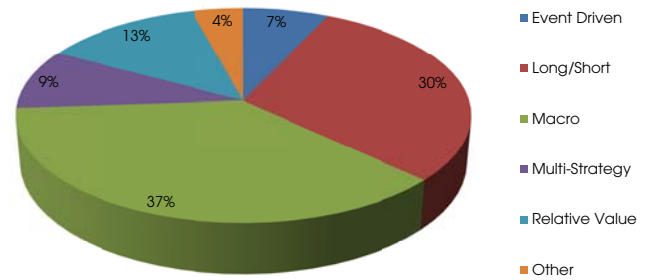
The hedge fund industry in Florida is diversified across the various hedge fund strategies. Macro strategies and long/short funds together account for two-thirds of the funds in the state. As the investor universe diversifies over years to come we could see some of the more niche strategies gaining in numbers to tap into evolving investor appetite.

Fig. 44: Breakdown of Florida-Based Hedge Fund Investors by Type



Source: Preqin Hedge Fund Investor Profiles

Fig. 45: Breakdown of Florida-Based Hedge Funds by Strategy



Source: Preqin Hedge Fund Analyst

Fig. 46: Three Largest Florida-Based Hedge Fund Managers by Assets under Management

Firm	Assets under Management (\$bn)
ESL Investments	6.7
Bayview Asset Management	3.9
III Offshore Advisors	2.2

Source: Preqin Hedge Fund Analyst

Fig. 47: Three Largest Florida-Based Hedge Fund Investors by Allocation to Hedge Funds (\$mn)

Investor	Allocation to Hedge Funds (\$mn)
Florida State Board of Administration	809
University of Florida Investment Corporation	594
International Paper Company Pension Fund (US)	492

Source: Preqin Hedge Fund Investor Profiles

Florida in Numbers

5% is the proportion of Florida-based institutional investors that have invested with a Florida-based hedge fund manager.

104 is the average allocation (in \$mn) of a Florida-based public pension fund. The mean allocation of all other US-based public pension funds is \$656mn.

1.7 is the size (in \$bn) of Florida's largest hedge fund, III Select Credit Fund Ltd. - Type C.

12.81 is the average net return (%) of a Florida-based hedge fund in 2012.

22.50 is the average performance fee (%) of a Florida-based hedge fund.

89 is the number of institutional investors in hedge funds based in Florida.



Other States

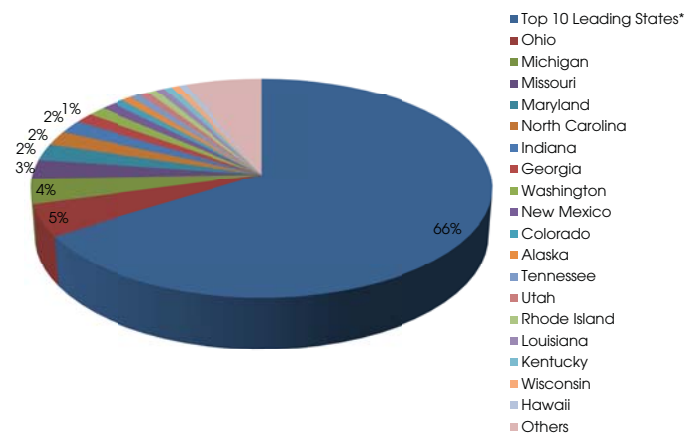
The top 10 US states outlined in this report account for 95% of the assets managed by US-based hedge fund managers. The most significant of the remaining states in terms of fund management, Virginia, is home to several hedge fund management groups with over \$1bn in assets under management.

Forty-seven percent of the total hedge fund capital invested by US institutions is invested by allocators in these remaining states. Perhaps the most significant group of investors in these states are public pension funds, with 35% of the capital invested by these institutions accounted for by the 122 public pension funds found in these remaining states. The largest of these is the Ohio Public Employees' Retirement System. The pension fund has been investing heavily in hedge funds in recent years, and has hired managers such as New York-based JANA Partners and California-headquartered Beach Point Capital so far in 2013. Ohio as a state has the seventh largest allocation to hedge funds across the US (see section 1). Other large investors in this state include State Teachers' Retirement System of Ohio and Nationwide Insurance.

Endowment plans are another significant investor group in US states not included in the top 10. University endowment plans, which were early adopters of hedge funds, have built up significant allocations to hedge funds over the years and 19% of the capital invested by these remaining US states comes from endowment pools. The largest endowment plan investing in hedge funds in these remaining states is Hawaii-based Kamehameha Schools, which invests 27% of its \$9.4bn in assets under management in hedge funds.

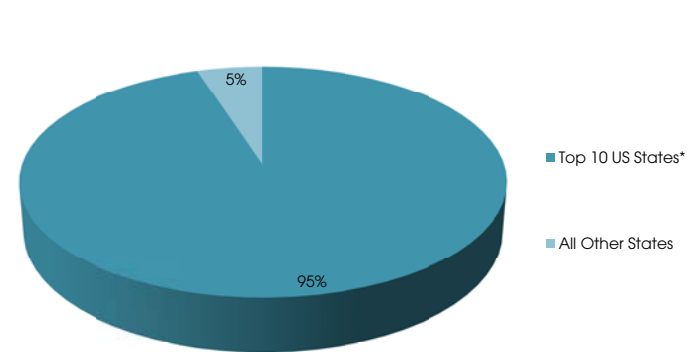
There are three sovereign wealth funds to be found in these remaining US states, which together account for nearly \$5bn in capital invested in hedge funds. The largest of these, the \$46bn Alaska Permanent Fund Corporation, has been investing in the asset class for nearly 10 years.

Fig. 46: Breakdown of Aggregate Capital Committed to Hedge Funds by US-Based Investors by Investor Location



Source: Preqin Hedge Fund Investor Profiles

Fig. 47: Breakdown of US-Based Hedge Fund Assets under Management by Manager Location



Source: Preqin Hedge Fund Analyst

*The top 10 leading states are those explored in this report, and include NY, CA, CT, MA, IL, TX, NJ, MN, PA, and FL.

Other US States in Numbers

8.5 is the assets under management (in \$bn) of the largest fund of hedge funds manager in these other states, Rock Creek Group.

364 is the number of hedge fund and fund of hedge funds managers based in these other states.

318 is the number of foundations investing in hedge funds based in these other states.

10% is the proportion of hedge fund management companies in these other states based in Atlanta, Georgia.

2001 is the average year of first investment of institutional investors based in Tennessee.

350 is the mean allocation to hedge funds (in \$mn) of an Ohio-based institutional investor.

13.72 is the mean 12-month cumulative return (%) of a hedge fund managed by a firm based in these other states (as of 31 July 2013).

171 is the average size (in \$mn) of a fund managed by a firm based in these other states.



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London
EC4R 9AF

Tel: +44 (0)20 7645 8888
Fax: +44 (0)87 0330 5892

Singapore:

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#11-02
Singapore 049246

Tel: +65 6305 2200
Fax: +65 6491 5365

San Francisco:

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Tel: +1 415 635 3580
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