Hedge Funds: 2014 in Review

This month, we provide a round-up of Preqin’s Hedge Fund Spotlights and other Preqin hedge fund research reports published in 2014, to give an insight into the leading issues faced by the industry over the last 12 months.

Underwhelming Performance for Hedge Funds in 2014

- **3.90%**
  Returns generated by Preqin’s All Strategies benchmark for 2014 YTD (as of November), compared to 10.65% posted in 2013 for the same period.

- **47%**
  Proportion of fund managers that expected that the end of year performance figure would be between 5% and 6% for the end of the year.

- **18%**
  Proportion of hedge funds in November 2014 that met or exceeded the Preqin All Strategies benchmark generated for the same period last year (10.65%).

Subscribers to Preqin’s Hedge Fund Analyst can [click here](https://www.preqin.com) to view Preqin’s current industry benchmarks.

CTA’s Summer Revival Leads to the Best Year for the Strategy Since 2010

- **6**
  The number of months of consecutive gains generated by the CTA benchmark over the summer, from April 2014 to September 2014.

- **8.48%**
  Net return of the CTA benchmark for 2014 YTD (as of November) compared to -0.58% posted in the same period last year.

- **4.58**
  The percentage point lead over the main hedge fund benchmark for 2014 YTD (as of November).

[Click here](https://www.preqin.com) to view the ‘In Focus’ section on CTAs in the October 2014 issue of Hedge Fund Spotlight.

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Private Wealth Paves the Way for Industry Growth in H1 2014

Proportion of managers that noted an increase in their assets under management during the first half of the year.

Private wealth, such as high-net-worth individuals (59%), family offices (58%) and wealth managers (8%) accounted for the highest proportion of investors increasing inflows to hedge funds, according to fund managers (Fig. 1).

Proportion of fund managers that noticed an increase in capital from retail investors to hedge funds over H1 2014.

Fig. 1: Proportion of Hedge Fund Managers That Reported an Increase, No Change or Decrease in Capital Coming from Each Investor Group in H1 2014

Source: Preqin Fund Manager Survey, June 2014

Global Hedge Fund Managers Respond to the AIFMD

Fund managers cited regulation as one of the key challenges facing the hedge fund industry in H1 2014.

In June, 59% of fund managers surveyed worldwide believed that the AIFMD would have a negative impact on the industry.

Proportion of fund managers that believed that the cost of regulation was higher than expected.

Click here to view the Preqin Special Report: Hedge Fund Managers Respond to AIFMD – July 14.
Hedge Fund Investors Look Beyond High Returns

Investors stated that they look for uncorrelated, risk-adjusted returns over high returns from their hedge fund allocations (Fig. 2).

Two-thirds of investors seek annualized returns of 4-6%.

Proportion of investors that look for hedge funds to produce returns with lower volatility than equity markets.

Click here to view Preqin’s research report, Investing in Hedge Funds: All About Returns? - June 2014, to view the real drivers for institutional investor allocation to hedge funds.

Fig. 2: What Are Investors Looking for from Hedge Funds?

Fig. 3: Total Number of Active US-Based Public Pension Funds in Hedge Funds and Average Allocation Over Time, 2010 - 2014 YTD (As at 8 December 2014)

Growing Number of Activist Hedge Funds

Twenty-three activist hedge funds were launched in 2014, of the 576 activist funds currently in market tracked by Preqin.

The number of investors currently investing in activist hedge funds.

Return posted by the Activist Hedge Fund benchmark in 2014 YTD (as of November).

Click here to view the Preqin Special Report: Activist Hedge Funds - June 2014.
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CalPERS Announce Exit from the Hedge Fund Space

CalPERS’ departure from hedge funds led to concerns that this could result in a wider exodus.

The data, however, does not indicate this, as 46% of fund managers believe that this news will have no effect on industry assets under management.

The number of US-based pension funds has been on the rise in recent years, with allocations to the asset class also increasing (Fig. 3).

Click here to view the full survey results and commentary in November’s issue of Hedge Fund Spotlight, and here to view Preqin’s commentary on CalPERS’ withdrawal and allocations being made to hedge funds by US-based public pension funds in September.


The 2015 Preqin Global Hedge Fund Report is a must-have for anyone seeking to understand the latest developments in the hedge fund asset class. Containing detailed analysis on the industry in 2014, as well as league tables and predictions for the coming year, the report takes a look at performance, hedge fund managers, hedge fund investors, fundraising, service providers, and much more.

For more information on the upcoming report, or to pre-order your copy today, please visit:

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