

Welcome to the latest edition of Hedge Fund Spotlight, the monthly newsletter from Preqin providing insights into the hedge fund industry, including information on investors, funds, performance and more. Hedge Fund Spotlight uses information from our online product Hedge Fund Online, which includes Hedge Fund Investor Profiles and Hedge Fund Analyst.

December 2014
Volume 6 - Issue 12

FEATURED PUBLICATION:

Preqin Investor Outlook:
Alternative Assets, H2 2014



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Hedge Fund Spotlight

December 2014



This month, as 2014 draws to a close, 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. Topics include:

- CalPERS' withdrawal of its exposure to hedge funds
- Hedge funds' underwhelming performance in 2014
- Summer revival made 2014 CTA funds' best year since 2010
- Global hedge fund managers' response to the AIFMD
- Growing number of activist hedge funds
- Private wealth paving the way for industry growth in H1 2014

Page 2

Conferences

Upcoming hedge fund conferences around the world.

Page 8



You can download all the data in this month's Spotlight in Excel. Wherever you see this symbol, the data is available for free download on Excel. Just click on the symbol and your download will begin automatically. You are welcome to use the data in any presentations you are preparing; please cite Preqin as the source.

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alternative assets. intelligent data.



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](#) 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](#) to view the 'In Focus' section on CTAs in the October 2014 issue of [Hedge Fund Spotlight](#).

Research Center Premium

To gain access to free data and analysis from Preqin's online products, including performance benchmarks, up-to-date charts and league tables and slide decks from recent Preqin presentations at conferences, register for our **Research Center Premium**.

For more information, please visit:

www.preqin.com/rcp



Private Wealth Paves the Way for Industry Growth in H1 2014

41%

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).

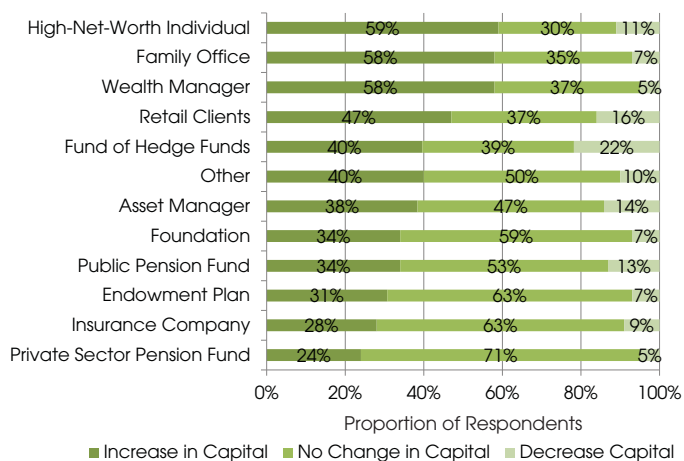
47%

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



[Click here](#) to take a look at the 'H2 2014 Fundraising in Review' article, featured in the August 2014 issue of *Hedge Fund Spotlight*.

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*

Subscriber Quicklink

Subscribers to Preqin's **Hedge Fund Investor Profiles** can click [here](#) to access 802 institutional private wealth firms investing or considering investing in hedge funds.

Profiles include detailed information on these investors' current fund searches and open mandates, current and target allocations to hedge funds, investment preferences, known commitments, key contact details and more.

If you are not yet a subscriber, and would like to find out more, please visit:

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Global Hedge Fund Managers Respond to the AIFMD

59%

Fund managers cited regulation as one of the 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.

58%

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%.

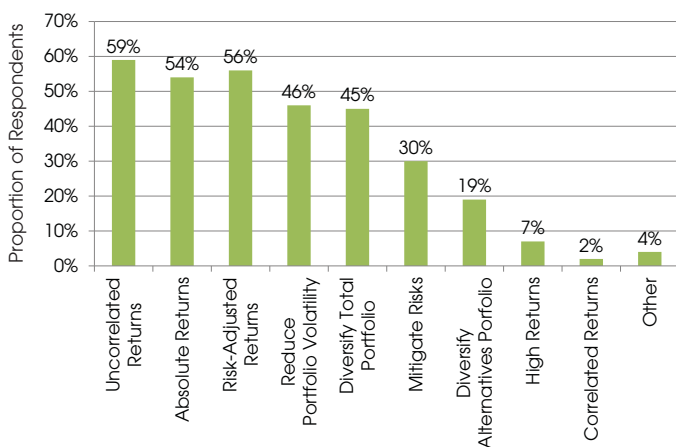


Proportion of investors that look for hedge funds to produce returns with lower volatility than equity markets.



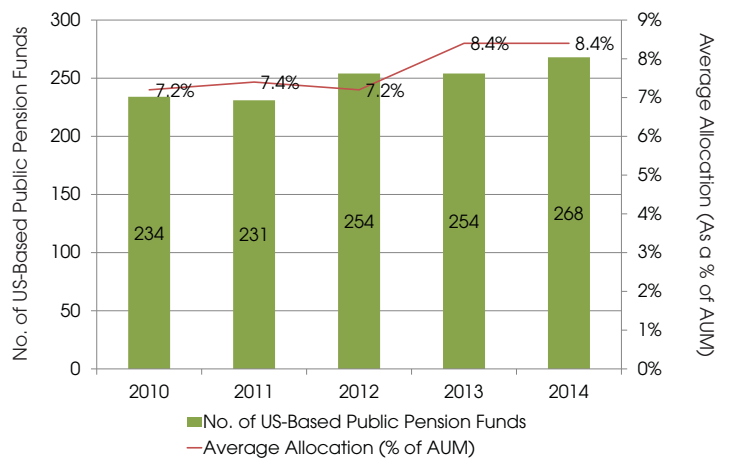
[Click here](#) to view Prequin's research report, *Investing in Hedge Funds: All About Returns? - June 2014*, to view the real drivers for institutional investor allocation to hedge funds.

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



Source: Prequin Investor Survey, April 2014

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)



Source: Prequin Hedge Fund Investor Profiles

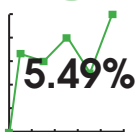
Growing Number of Activist Hedge Funds



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



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 Prequin Special Report: *Activist Hedge Funds - June 2014*.

3rd February: Investor Summit & Electronic Trading Workshop
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With Investors Driven Meetings

New York City, February 23, 2015

CATALYST CAP INTRO: L/S EQUITY | QUANT ALTERNATIVE INVESTING

Catalyst is a leading, independent, cap intro events producer

Catalyst Cap Intro Events are sector focused, investor driven events that host hand-picked investment managers and investors that are introduced to each other with a view to become investment partners.

This Catalyst Cap Intro Event focuses only on the **L/S Equity | Quant alternative investing** sectors.

Introductions are accomplished through private meetings which are arranged prior the events, in an investor driven fashion based on the merits of each investment manager and the requests made by the investors.



Catalyst Financial Partners has established itself as one of the leading, independent cap intro providers, with an investor events model showing a track record of resulting allocations.

We welcome you to contact us to discuss joining our cap intro event



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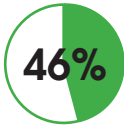
www.catalystforum.com



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 Prequin's commentary on CalPERS' withdrawal and allocations being made to hedge funds by US-based public pension funds in September.

The 2015 Prequin Global Hedge Fund Report - Available January 2015

The **2015 Prequin 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:

www.prequin.com/2015reports

Prequin Spotlight Newsletters

Prequin's free monthly Spotlight newsletters, with separate editions focusing on private equity, hedge funds, real estate and infrastructure, contain exclusive research and data taken from our industry-leading online services and publications.

The newsletters are currently received by around 60,000 industry professionals from around the world.

To access and search through our complete Spotlight archives, containing newsletters across all four asset classes, please visit:

www.prequin.com/newsletter

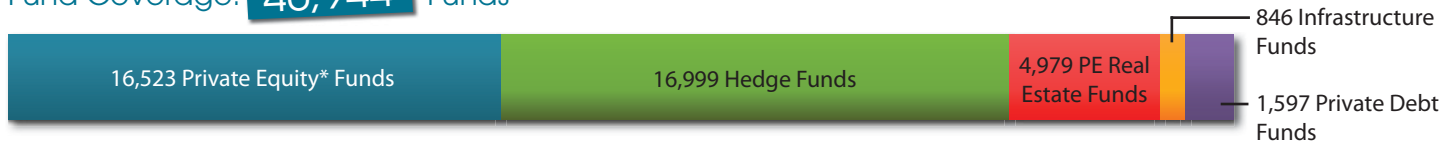
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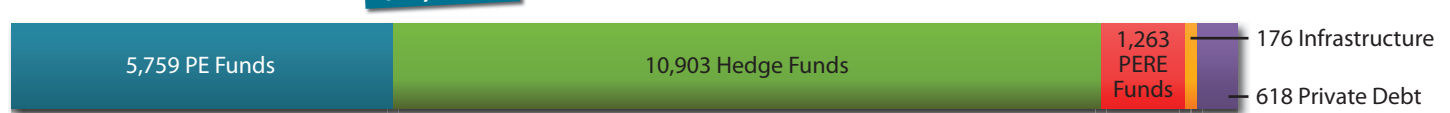
Fund Coverage: **40,944** Funds



Firm Coverage: **19,190** Firms

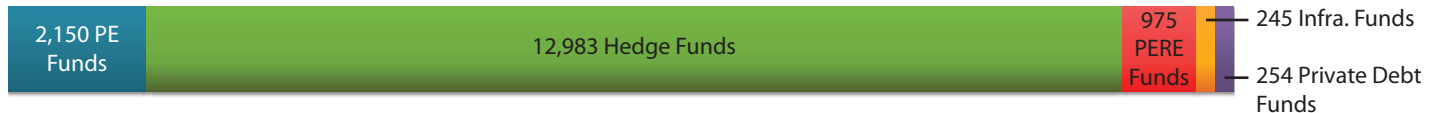


Performance Coverage: **18,719** Funds (IRR Data for 6,057 Funds and Cash Flow Data for 2,674 Funds)



Fundraising Coverage: **16,607** Funds Open for Investment/Launching Soon

Including 2,497 Closed-Ended Funds in Market and 372 Announced or Expected Funds



Deals Coverage: **124,353** Deals Covered; All New Deals Tracked



Investor Coverage: **12,488** Institutional Investors Monitored,

Including 8,787 Verified Active**** in Alternatives and 93,302 LP Commitments to Partnerships



Alternatives Investment Consultant Coverage: **490** Consultants Tracked

Fund Terms Coverage: Analysis Based on Data for Around **9,800** Funds

Best Contacts: Carefully Selected from Our Database of over **303,466** Active Contacts

Plus

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*Private Equity includes buyout, venture capital, distressed, growth, natural resources and mezzanine funds.

**Buyout deals: Preqin tracks private equity-backed buyout deals globally, including LBOs, growth capital, public-to-private deals, and recapitalizations. Our coverage does not include private debt and mezzanine deals.

***Venture capital deals: Preqin tracks cash-for-equity investments by professional venture capital firms in companies globally across all venture capital stages, from seed to expansion phase. The deals figures provided by Preqin are based on announced venture capital rounds when the capital is committed to a company.

****Preqin contacts investors directly to ensure their alternatives programs are active. We emphasize active investors, but clients can also view profiles for investors no longer investing or with programs on hold.



Conferences Spotlight

Conference	Dates	Location	Organizer	Discount
Hedge Answers LAUNCH Series	14 January 2015	Teleconference	HedgeAnswers	-
MFA Network 2015	26 - 28 January 2015	Miami, FL	MFA	-
alphascope 2015	4 - 5 February 2015	Geneva, Switzerland	ICBI	15% Discount - FKN2448PRQS
Catalyst Cap Intro: L/S Equity Quant Alternative Investing	23 February 2015	New York	Catalyst Financial Partners	-
Investment Consultants Forum	10 March 2015	New York	Opal Finance Group	-
Hedge Answers LAUNCH Series	11 March 2015	Teleconference	HedgeAnswers	-
Liquid Alternative Strategies West 2015	13 - 14 April 2015	San Francisco	IIR USA	-
Wealth Management Insights Summit	19 April 2015	Florida	Wealth Management Insights	-
Catalyst Cap Intro: Credit Fixed Income Alternative Investing	20 April 2015	New York	Catalyst Financial Partners	-
Hedge Answers LAUNCH Series	13 May 2015	Teleconference	HedgeAnswers	-
Catalyst Cap Intro: Growth Private Equity Fund Investing	18 May 2015	New York	Catalyst Financial Partners	-
Catalyst Cap Intro: Emerging Markets Alternative Investing	22 June 2015	New York	Catalyst Financial Partners	-

alphascope 2015

Date: 3 - 5 February 2015 **Information:** <http://www.alphascope-event.com/FKN2448PRQS>
Location: InterContinental, Geneva **Discount Code:** FKN2448PRQS
Organizer: ICBI

Uniting the latest research and business best-practise in quantitative and systematic investment with engaged networking and mind-opening guest speakers, this is the only event of its kind to combine a scientific approach to research and innovation with engaged networking between end investors and investment managers. Preqin members get a 15% discount - quote VIP code FKN2448PRQS.

Catalyst Cap Intro: L/S Equity | Quant Alternative Investing

Date: 23 February 2015 **Information:** <http://catalystforum.com/node/310>
Location: New York City
Organizer: Catalyst Financial

Catalyst Cap Intro Events are sector focused, investor driven events that host hand-picked investment managers and investors that are introduced to each other with a view to become investment partners.

This Catalyst Cap Intro Event focuses only on the L/S Equity and Quant investing sectors.



Catalyst Cap Intro: Credit | Fixed Income Alternative Investing

Date: 20 April 2015 **Information:** <http://catalystforum.com/node/311>
Location: New York City
Organizer: Catalyst Financial

Catalyst Cap Intro Events are sector focused, investor driven events that host hand-picked investment managers and investors that are introduced to each other with a view to become investment partners.

This Catalyst Cap Intro Event focuses only on the Credit and Fixed Income alternative investing sectors.

Catalyst Cap Intro: Growth Private Equity Fund Investing

Date: 18 May 2015 **Information:** <http://catalystforum.com/node/312>
Location: New York City
Organizer: Catalyst Financial

Catalyst Cap Intro Events are sector focused, investor driven events that host hand-picked investment managers and investors that are introduced to each other with a view to become investment partners.

This Catalyst Cap Intro Event focuses only on Private Equity Funds focusing on growth company investing.

Catalyst Cap Intro: Emerging Markets Alternative Investing

Date: 22 June 2015 **Information:** <http://catalystforum.com/node/313>
Location: New York City
Organizer: Catalyst Financial

Catalyst Cap Intro Events are sector focused, investor driven events that host hand-picked investment managers and investors that are introduced to each other with a view to become investment partners.

This Catalyst Cap Intro Event focuses only on the Emerging Markets alternative investing space.