

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.

June 2015
Volume 7 - Issue 5

FEATURED PUBLICATION:

2015 Preqin Investor Network
Global Alternatives Report



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Hedge Fund Spotlight

June 2015

Feature Article

Sovereign Wealth Funds Investing in Hedge Funds

Sovereign wealth funds, the secretive behemoths of the institutional investor universe, have been increasingly turning to alternative assets in recent years. In this exclusive extract from the [2015 Preqin Sovereign Wealth Fund Review](#), we take a closer look at the investments these sovereign entities make in hedge funds. [Page 2](#)

The Importance of Sovereign Wealth Funds

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CTAs as a Fixed Income Hedge

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Preqin Industry News

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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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Sovereign Wealth Fund Investors in Hedge Funds

Sovereign wealth funds, the secretive behemoths of the institutional investor universe, have been increasingly turning to alternative assets in recent years. In this exclusive extract from the [2015 Preqin Sovereign Wealth Fund Review](#), we take a closer look at the investments these sovereign entities make in hedge funds.

Although sovereign wealth funds are only small in number – constituting less than 1% of all investors in hedge funds – they represent a significant amount of capital invested in the asset class; approximately 11% of all capital invested in hedge funds by institutions comes from sovereign wealth funds. Sovereign wealth funds typically seek investments with a longer investment horizon compared with other institutions, as they have fewer short-term liabilities due to their common aim to manage and protect the wealth of an entire nation for generations. As a result, when sovereign entities make allocations to hedge funds they tend to stay invested in that fund for longer than other investors. Therefore, gaining investment from a sovereign wealth fund can be a game-changer for a hedge fund manager, both as a result of the large ticket sizes these investors have and the long-term nature of the investment.

In recent years, sovereign wealth funds have become increasingly active in the hedge fund space, with a steadily increasing allocation to the asset class: 33% of sovereign wealth funds currently have an allocation to hedge funds, increasing from 31% in 2013 (Fig. 1). Despite this, the asset class is still utilized by a small proportion of sovereign wealth funds compared to other alternative asset classes. Some sovereign wealth funds, such as National Development Fund of Iran (NDFI), deem hedge funds too risky for their conservative investment approach.

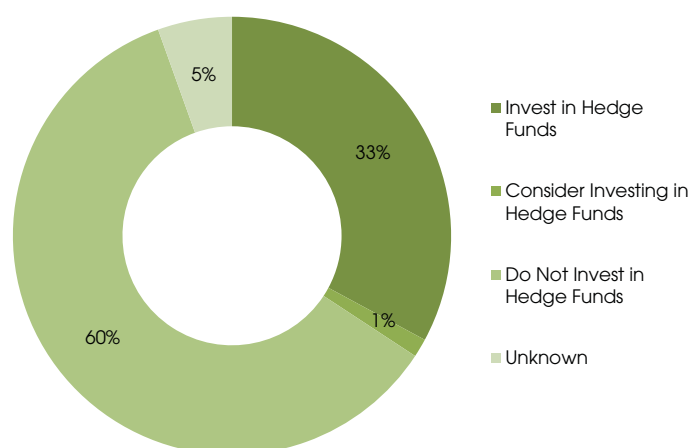
Sovereign Wealth Funds Investing in Hedge Funds – Location

Sovereign wealth funds located around the world invest in hedge funds, as shown in Fig. 2, but are prevalent in Asia (28%), North America (24%) and the Middle East (24%). Many sovereign wealth funds based in these regions have been investing in hedge funds for a number of years and have become increasingly familiar with the asset class. For example, Abu Dhabi Investment Authority (ADIA) made its maiden hedge fund investment in 1986, while Kuwait Investment Authority (KIA), Alaska Permanent Fund Corporation (APFC) and Alberta Investment Management Corporation (AIMCo) have all been investing in hedge funds for over a decade. These investors also tend to make significant hedge fund commitments when investing in the asset class, such as APFC and Texas Permanent School Fund State Board of Education (SBOE) which typically commit between \$300mn and \$1bn to new hedge funds.

Sovereign Wealth Funds Investing in Hedge Funds – Regional Preferences

The majority of sovereign wealth funds that invest in hedge funds do so across a variety of regions, largely due to the global mandates that many of these institutions operate, in order to gain exposure to overseas markets. As Fig. 3 demonstrates, 80% of all sovereign

Fig. 1: Proportion of Sovereign Wealth Funds Investing in Hedge Funds



Source: 2015 Preqin Sovereign Wealth Fund Review

wealth fund investors gain exposure to the hedge fund asset class globally, as a way of diversifying their hedge fund portfolios into a wide range of strategies and approaches across many regions.

Sixty-eight percent of sovereign wealth funds active in the hedge fund space invest specifically in North America-based hedge fund managers, in line with the region's dominance in the hedge fund industry. Containing a vast number of well-established managers, North America draws commitments from sovereign wealth funds around the globe as well as large sums of capital from investors based in the region. US-based Wyoming State Treasurer's Office is one such investor that will invest in hedge funds on a global scale, but has a specific preference for investing in hedge fund managers located in North America.

Forty-eight percent of sovereign wealth funds investing in hedge funds have a preference for Asia-based hedge fund managers. A large proportion of the sovereign wealth funds that are active in hedge funds are based in Asia; all of these sovereign funds have a preference for investing in local opportunities. China Investment Corporation (CIC) is one sovereign wealth fund that has a particular focus on hedge funds in Asia and emerging markets due to its ease of access and links to these regions.

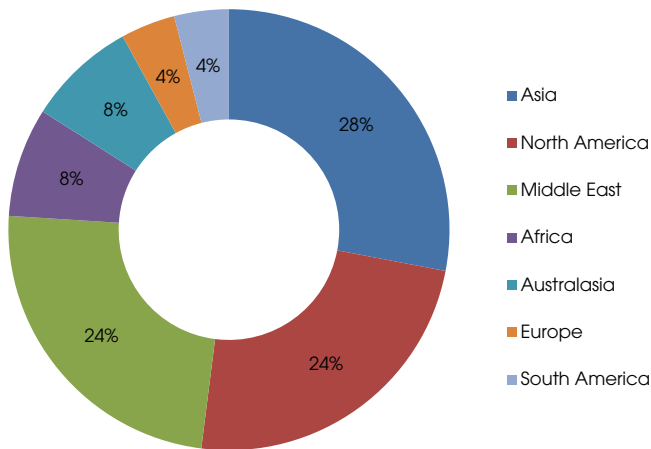
Sovereign Wealth Funds Investing in Hedge Funds – Strategy and Structural Preferences

Fig. 4 shows that the majority of sovereign wealth funds that invest in hedge funds are willing to invest in a wide range of hedge fund

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Fig. 2: Breakdown of Sovereign Wealth Funds Investing in Hedge Funds by Location

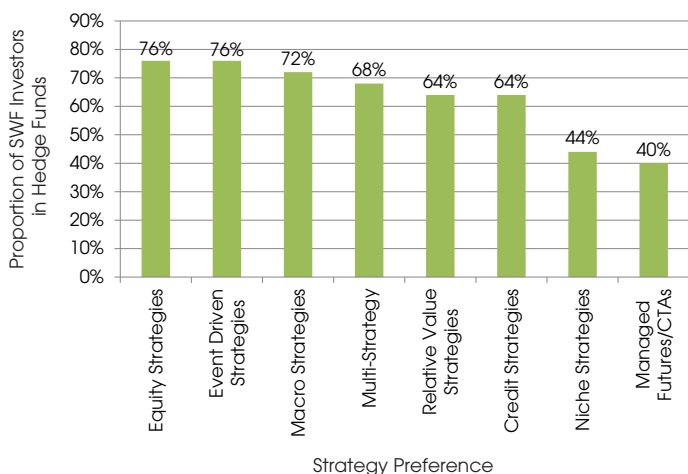


Source: 2015 Preqin Sovereign Wealth Fund Review

strategies in order to diversify their investment portfolios and meet their varying investment objectives. Equities strategies and event driven strategies are the most commonly used among sovereign wealth funds. CTAs/managed futures are less favoured: only four out of 10 sovereign wealth fund investors in hedge funds have a specific preference for such funds.

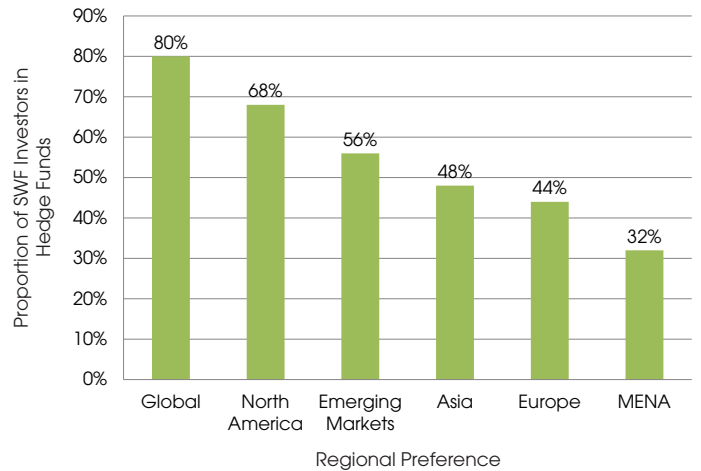
Fig. 5 shows that the majority (76%) of sovereign wealth funds aim to create diverse investment portfolios through a combination of direct investments and funds of hedge funds. Fig. 5 may also point towards the growing sophistication of sovereign wealth funds when it comes to creating portfolios of funds internally; 20% of sovereign wealth funds now solely utilize fund of hedge funds vehicles, a decline from 24% in 2013. However, a large proportion of sovereign wealth funds still seek the experience and diversification offered by multi-manager funds, despite the extra layer of fees. Just 4% of sovereign wealth funds active in the asset class invest solely through commingled direct investments.

Fig. 4: Strategy Preferences of Sovereign Wealth Funds Investing in Hedge Funds



Source: 2015 Preqin Sovereign Wealth Fund Review

Fig. 3: Regional Preferences of Sovereign Wealth Funds Investing in Hedge Funds



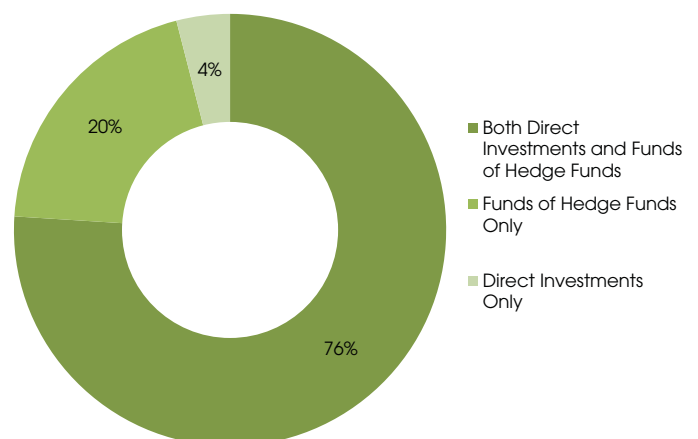
Source: 2015 Preqin Sovereign Wealth Fund Review

Thirty-six percent of sovereign wealth fund investors in hedge funds invest in hedge funds through managed account structures (Fig. 6). Given the size and influence of these entities, fund managers that can arrange managed accounts for sovereign wealth funds can be awarded significant sums of capital, which are then likely to remain invested in the fund for several years. In return, the sovereign wealth fund will gain full transparency regarding its investment as well as greater control over the investment; with extremely large and complex portfolios, this can help sovereign funds to gain a better understanding of their hedge fund exposure, as well as the potential to better align the hedge fund return stream to their long-term objectives.

Outlook

Given the nature of sovereign wealth funds and their specific long-term requirements from their investment portfolios, hedge funds are increasingly being used as part of many sovereign wealth funds' portfolios. Under times of economic stress and stock market volatility, hedge funds offer a favourable alternative in providing

Fig. 5: Breakdown of Structural Preferences of Sovereign Wealth Funds Investing in Hedge Funds



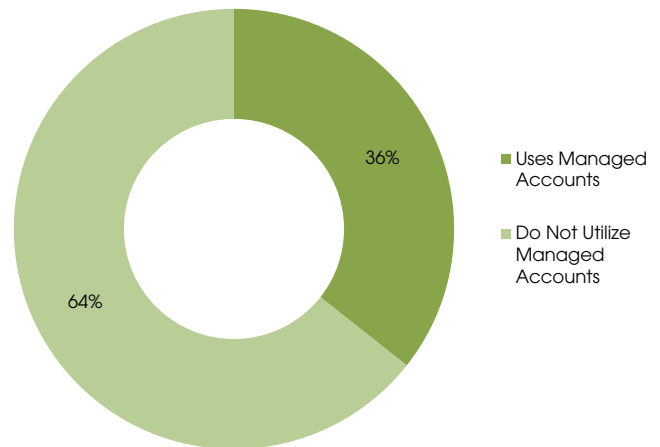
Source: 2015 Preqin Sovereign Wealth Fund Review

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uncorrelated returns to traditional markets and other asset classes through exposure to a range of unique approaches and opportunities worldwide. For some sovereign wealth funds, long-term preservation and growth of capital is an overriding objective. A lack of understanding about the industry can lead to a perceived idea of excess risk associated with hedge fund strategies, and the short-term liquidity offered by the asset class may not be a viable option for these investors. However, many sovereign wealth funds active in the hedge fund space are equipped with the experience and expertise to profit from the complex strategies and potential rewards offered by the asset class, and therefore hedge funds will remain an important asset class for sovereign wealth funds over the longer term.

Fig. 6: Proportion of Sovereign Wealth Funds Investing in Hedge Funds that Utilize Managed Accounts



Source: 2015 Preqin Sovereign Wealth Fund Review

The 2015 Preqin Sovereign Wealth Fund Review

This article is an extract from the **Preqin 2015 Sovereign Wealth Fund Review**, our largest and most comprehensive review of sovereign wealth funds and their investment activity yet, featuring detailed profiles for 73 sovereign wealth funds worldwide.

Produced in association with PwC, this year's edition has been fully updated, with more content than ever before. The Review contains exclusive information gained via direct contact with sovereign wealth funds and their advisors, plus valuable intelligence from filings, financial statements and hundreds of other data sources.

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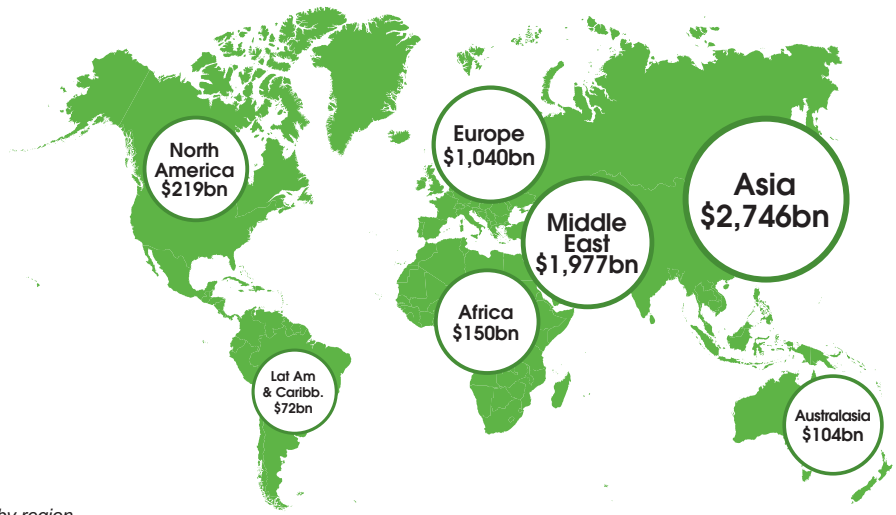
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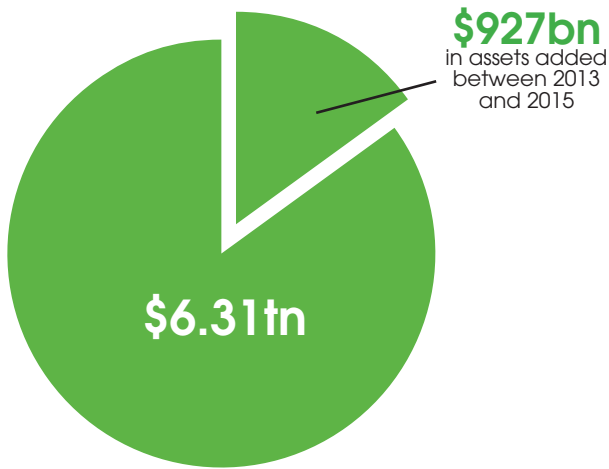
The Importance of Sovereign Wealth Funds

Sovereign Wealth Funds Have a Worldwide Presence*



*Figures denote total AUM by region.

Sovereign Wealth Funds Grow in Number and Capital



- 73** Number of sovereign wealth funds established worldwide.
- 11** Number of sovereign wealth funds established since 2010.
- 46** Number of countries that have at least one sovereign wealth fund.
- 71%** ↑ Proportion of sovereign wealth funds that either maintained or increased their assets between 2013 and 2015.

Sovereign Wealth Funds Are Becoming Increasingly Sophisticated

- 10 years** 48% of sovereign wealth funds have been in existence for over a decade.
- 52%** Proportion of sovereign wealth funds that utilize the services of an external manager.
- 70%** Proportion of sovereign wealth funds that invest in at least one alternative asset class.
- Real estate** and **infrastructure** are the most favoured alternative asset classes by sovereign wealth funds.

Sovereign Wealth Funds Invest to Aid National Policies and Stimulate Financial Markets

- 58%** Proportion of sovereign wealth funds that invest in economic infrastructure.
- 44%** Proportion of sovereign wealth funds that invest in social infrastructure.
- 86%** Proportion of sovereign wealth funds that invest in fixed income.
- 81%** Proportion of sovereign wealth funds that invest in public equities.



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CTAs as a Fixed Income Hedge

- Yoav Git, Head of Fixed Income, Man AHL

- Graham Robertson, Client Portfolio Manager, Man AHL



As trend followers, for the most part, the CTA industry promotes itself as having 'insurance-like' properties. Specifically, this refers to performance during crisis periods like the bursting of the dot-com bubble in the early noughties, or the credit crisis around 2008. During these periods, equities¹ were down 46% and 49% respectively while the Newedge CTA Index was up 33% and 14% respectively. What is implicit in this typical analysis is that 'crisis' is often defined in equity terms. During the same two periods, bonds² returned 25% and 13% respectively: there was no crisis in fixed income.

This begs the question, how do CTAs perform during a fixed income crisis? This is not a question originating just from intellectual curiosity. The Purple Book, which provides information on the UK pensions landscape, says that schemes now have larger exposure to fixed income than equity assets³. So the performance of CTAs during fixed income sell-offs should be a concern to these managers. Further, with many eurozone government bonds now trading with sub-zero yields, the question has become quite a timely one.

The reason the answer is not widely known stems from the fact that there has not been a sell-off in fixed income of anything like the magnitudes seen in equity markets over the period that many CTA managers such as ourselves have track records, namely around two decades. Fig. 1 shows this clearly through the strong clustering of fixed income returns to the right of the y axis, and few, if any, to the far left.

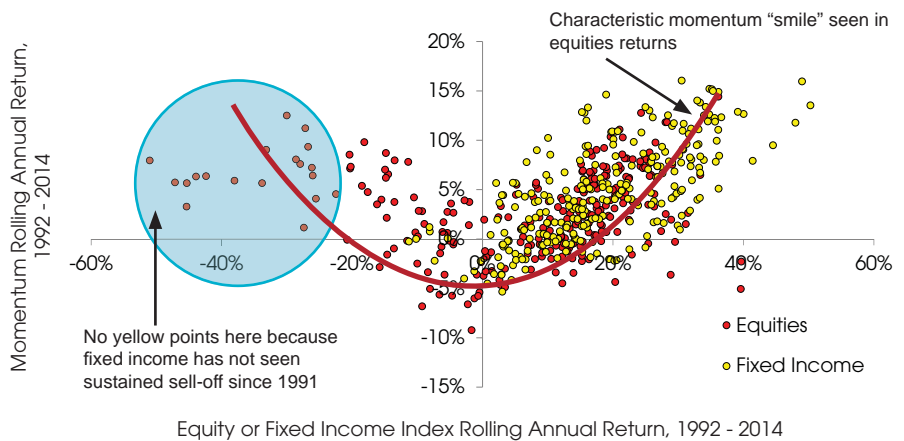
To see a strong fixed-income sell-off we revisit the US market in the 60s and 70s.

We can simulate the performance of a CTA by running a simple momentum algorithm over a synthetic futures contract constructed using US Treasury yield curve data from the Federal Reserve.

As we extend further back into the past, the range of rolling one-year periods exhibit a wider range of performance, in our case -20% to +30%. We plot our results by percentiles of these periods in Fig. 2.

The results are intuitive. As expected, returns of a long-only strategy increase monotonically as percentile return increases.

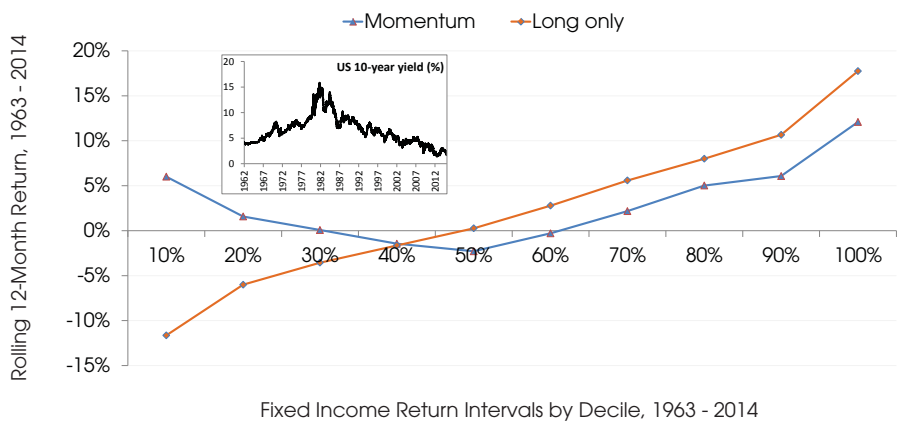
Fig. 1: Rolling Annual Returns, Sampled Monthly, 1992-2014*



Source: Man Group

*A range typical of the longest CTA manager track records. Equity index represented by MSCI World Net Total Return Index hedged to USD, Fixed Income by Citigroup World Government Bond Index hedged to USD, scaled by three. Momentum returns are from simulations.

Fig. 2: Average Annual Returns, Sampled Monthly, 1963-2014**



Source: Man Group

**The momentum strategy looks at returns of a synthesized 10-year US Treasury future over the previous year. If this number is positive, the momentum strategy goes long. If negative, it goes short.

The momentum strategy, on the other hand, shows the characteristic CTA 'smile' that is evident in Fig. 1. By choosing an extended timescale containing a range of fixed income environments, the characteristics of a fixed income momentum strategy are seen to be similar to those of an equity momentum strategy. This should come as no surprise; there is no long bias in the construction of a fixed income momentum signal. A momentum strategy on any asset class can be profitable when price moves are strong and sustained in either direction, but it struggles when moves are mid-range.

In summary, the track records of many CTA managers are not long enough to have seen sustained fixed income sell-offs, but there is good reason to believe that CTAs can profit in this environment.

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¹MSCI World Net Total Return Index hedged to USD

²Citigroup World Government Bond Index hedged to USD (Total return)

³http://www.pensionprotectionfund.org.uk/Documents/Library/Documents/purple_book_2014.pdf



Editor's View - Industry News

In our new monthly feature, 'More from Preqin' (see page 9), we highlight one of our most viewed blogs from the Preqin website which focuses on the activist hedge fund sector in 2015. With this in mind, here we take a closer look at some of the latest activist news this year.

Activist Activity in 2015

[Beaconfire LP](#) is the first hedge fund launched by the newly established Connecticut-based [Beaconfire Capital Management](#). The fund follows a value-oriented strategy, investing in equity and distressed debt. The fund may also work with the management of companies to improve their share values. The fund manager will seek to hold investments for three to five years, typically maintaining approximately eight to 10 positions.

In February 2015, [Boussard & Gavaudan](#) added a new share class to its BG Absolute Return vehicle, [BG Absolute Return - Boussard & Gavaudan Z Class USD](#), a UCITS-structured vehicle. The share class of the fund has returned 3.36% over the four months of its existence.

Investors searching for activist funds in 2015 include Switzerland-based [Geneva Partners](#). The firm has a bias towards the US market when investing; however, it is open to investing opportunistically with Europe-based managers and in particular UK-based funds.

In Other News from Around the Globe

Asia-Pacific: Twenty-four percent of the investor fund searches and mandates initiated in May 2015 on [Hedge Fund Investor Profiles](#) were made by Asia-Pacific-based investors (see page 15). Among those investors in the region searching for funds is Japan-based [Gibraltar Life Insurance](#), which is planning to increase its allocation to hedge funds over the next 12 months, targeting multi-strategy pooled funds of hedge funds for the move.

Europe: Our factsheet (page 13) summarizes our data coverage of Europe-based pension schemes. Among these is [Hotel Industry Employees Provident Fund](#). Recently, this private sector pension fund based in Cyprus, for employees in the hotel industry, told Preqin that it intends to increase its allocation to hedge funds from 11% to 15% in the coming months.

North America: Fund managers headquartered in the US continue to dominate the fund launch landscape in 2015. As our Chart of the Month shows, three-quarters of the funds launched this year have been by US-based fund managers. Included in this group is [8 Dragons China Opportunities Fund](#), a long/short equity hedge fund that focuses on companies domiciled in China and, to a lesser extent, other countries in the Asia-Pacific region. The fund's manager, Boston-based [Granite Point Capital](#), has invested in Chinese companies since 2004.

Hedge Fund Launches over Time by Region

Chart of the Month: Breakdown of Hedge Fund Launches over Time by Fund Manager Location



Source: 2015 Preqin Sovereign Wealth Fund Review

The Chart of the Month for June shows hedge fund launches over time based on the location of the fund manager headquarters. The chart shows that North America-based funds look set to form the greatest proportion of all hedge fund launches since 2000, a year in which 76% of funds launched were managed by North America-based firms.

Three-quarters of all funds launched so far this year (as at 31 May 2015) have been launched by North America-based firms, more than 10 percentage points higher than the proportion represented by the region in 2014. If this trend continues across the year, then this could signify the lowest level of Europe-based fund launches since 2001, and of Asia-Pacific-based launches since 2002.

Do you have any news you would like to share with the readers of Spotlight?

Perhaps you're about to launch a new fund, have implemented a new investment strategy, or are considering investments beyond your usual geographic focus?

Send your updates to spotlight@preqin.com and we will endeavour to publish them in the next issue.



More from Preqin: New Hedge Fund Research

In addition to our monthly Spotlight newsletters and publications, Preqin also publishes special reports and daily blogs covering all alternative asset classes. Read on to see what's new from Preqin this month in the hedge fund universe.

Preqin's Big Question

This is your chance to participate in Preqin's research. This month's question concerns the performance of the industry over the rest of the year. **With the Preqin All-Strategies Hedge Fund benchmark already exceeding the total return for 2014, where do you think it will end up come December?** For your chance to get involved in our forthcoming research please answer this question through the link below:

<https://www.surveymonkey.com/s/XTKYP2D>

Preqin always wants to know more about what matters to you, so if you have any suggestions for future research topics please email us at spotlight@preqin.com.

Blog of the Month

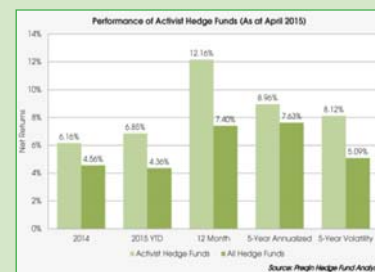
[Activist Hedge Funds Continue to Outperform in 2015 – June 2015](#)



Preqin currently tracks 519 activist hedge funds collectively managing over \$140bn in assets, an increase from the \$127bn as of December 2014. Activists take an approach to investment which is akin to that of private equity, an approach which typically involves a long time horizon. By engaging with management and participating in strategic decision making, they seek to maximize shareholder value, for example through operational improvements and financial restructuring. The anatomizing nature of the strategy generates headlines and can lead to distrust; activists have been known to depose CEOs of major corporations (notably Sotheby's, Microsoft and Procter & Gamble) and radically shake up management teams. So, while activist hedge funds can certainly catch the public's attention, do they also deliver returns for investors?

[Click here](#) to read the full blog by [Thomas Barker](#).

To view the full archive of the Preqin blog, please visit: www.preqin.com/blog



[The 2015 Preqin Investor Network Global Alternatives Report](#)

The **2015 Preqin Investor Network Global Alternatives Report**, aimed exclusively at institutional investors, offers the most comprehensive overview of the alternative assets industry available. Covering a wide range of topics, including asset allocation, fund selection, due diligence and routes to market, this report is an essential tool for any investor seeking to understand the latest developments in alternatives. The Report is available free of charge for subscribers to **Preqin Investor Network**; simply **login** or **sign up** to download your complimentary copy. If you are not a subscriber, and would like to obtain a copy of the report, please visit:

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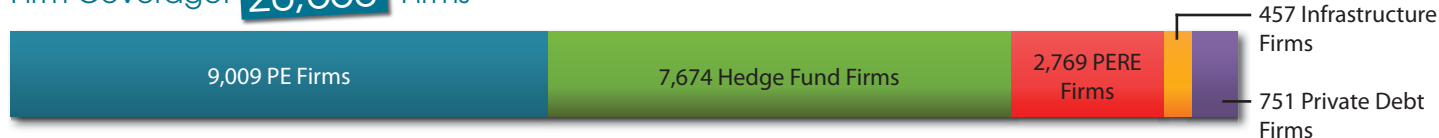


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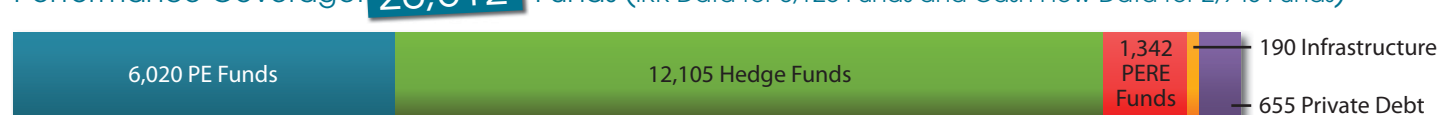
Fund Coverage: **43,452** Funds



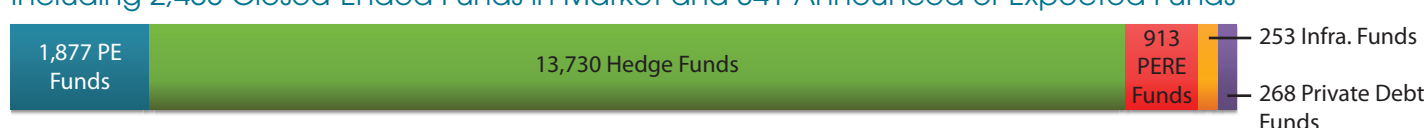
Firm Coverage: **20,660** Firms



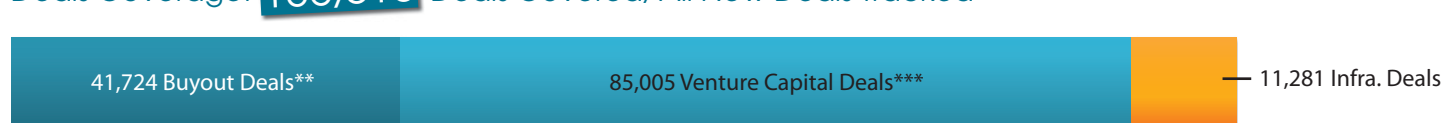
Performance Coverage: **20,312** Funds (IRR Data for 6,120 Funds and Cash Flow Data for 2,948 Funds)



Fundraising Coverage: **17,041** Funds Open for Investment/Launching Soon
Including 2,468 Closed-Ended Funds in Market and 341 Announced or Expected Funds



Deals Coverage: **138,010** Deals Covered; All New Deals Tracked



Investor Coverage: **13,123** Institutional Investors Monitored,
Including 9,223 Verified Active**** in Alternatives and 96,596 LP Commitments to Partnerships



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**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.



Preqin Performance Benchmarks

May 2015

Fig. 1: Summary of Preliminary May 2015 Performance Benchmarks (Net Return, %)*

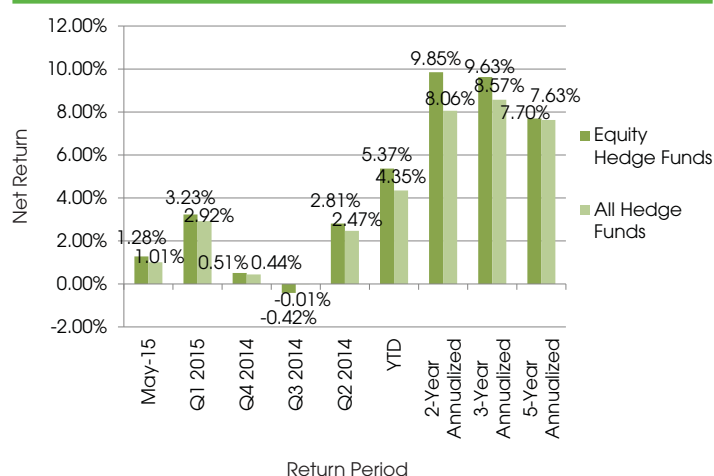
Benchmark Name	May-15	Apr-15	2015 YTD	12 Months
Hedge Funds	1.01	1.39	5.44	7.30
HF - Equity Strategies	1.28	2.06	6.79	8.78
HF - Event Driven Strategies	0.86	0.84	4.07	1.69
HF - Relative Value	0.88	0.78	3.85	5.73
HF - Macro Strategies	0.60	-0.01	3.97	7.25
HF - Multi-Strategy	0.72	1.43	5.90	8.68
HF - Credit Strategies	0.46	0.73	3.20	5.10
Activist	2.39	3.27	9.41	12.26
Volatility	1.06	0.45	3.46	4.01
Discretionary	1.35	1.27	6.10	8.11
Systematic	0.62	0.52	4.15	7.48
HF - North America	1.31	0.30	4.68	6.59
HF - Europe	0.73	0.21	5.01	4.25
HF - Asia-Pacific	1.64	5.23	11.03	17.14
HF - Developed Markets	1.43	-0.25	5.03	9.26
HF - Emerging Markets	0.20	3.03	5.56	6.54
HF - USD	1.03	1.67	5.47	6.86
HF - EUR	0.66	0.42	4.38	3.41
HF - GBP	0.26	0.73	4.34	3.18
HF - JPY	1.24	1.33	4.54	11.12
HF - BRL	-0.42	1.40	3.13	8.07
Funds of Hedge Funds	0.75	0.28	4.09	6.51
FOHF - Equity Strategies	0.93	1.01	5.60	8.39
FOHF - Macro Strategies	0.55	-0.18	3.55	6.09
FOHF - Multi-Strategy	0.77	0.03	3.75	6.05
Funds of CTAs	-1.20	-4.14	1.71	21.90
FOHF - USD	0.85	0.48	3.96	5.39
FOHF - EUR	0.56	0.21	4.03	5.47
Alternative Mutual Funds	1.23	-0.03	2.40	2.83
UCITS	1.37	0.91	5.57	5.79
UCITS - Equity Strategies	2.77	1.74	8.80	9.39
UCITS - Relative Value	0.09	0.62	2.26	1.95
UCITS - Macro Strategies	-0.17	-0.29	2.84	3.50
UCITS - USD	0.57	1.67	4.22	3.57
UCITS - EUR	1.77	0.43	6.49	7.14
CTAs	-0.07	-1.39	2.68	11.22
Discretionary	0.02	-0.43	1.96	-0.47
Systematic	-0.23	-1.80	3.16	13.34
CTA - USD	-0.03	-1.55	2.29	11.26
CTA - EUR	-0.65	-1.91	3.28	12.25

* Please note, all performance information includes preliminary data for May 2015 based upon net returns reported to Preqin in early June 2015. Although stated trends and comparisons are not expected to alter significantly, final benchmark values are subject to change.

Source: Preqin Hedge Fund Analyst

May 2015 saw hedge funds continue their run of uninterrupted positive returns for the year, with the Preqin All-Strategies Hedge Fund benchmark up 1.01%. While all top-level strategies generated positive returns for investors this month, equity strategies continue to hold their title as the top performing strategy for the second consecutive month, generating 1.28% for May. As shown in Fig. 2, the benchmark's five-year annualized figure stands at 8.89% versus 8.47% for all hedge funds. Performance across all regions has been strong, with developed markets bouncing back from a disappointing April (-0.23%), posting returns of 1.43%. Europe continued its positive performance, bringing the benchmark's YTD figure to 5.20%. However, Asia-Pacific remains the best performing region of 2015 (+11.40%) despite being the only region to post lower returns than that of April (+5.23%). Although still in positive territory (+2.68% for 2015 YTD), CTAs posted negative returns for the second consecutive month, generating a disappointing -0.16% for May. This is the first time since August 2013 when the benchmark has posted two consecutive months of negative returns.

Fig. 2: Performance of Equity Strategies Hedge Funds (As at 31 May 2015)



Source: Preqin Hedge Fund Analyst

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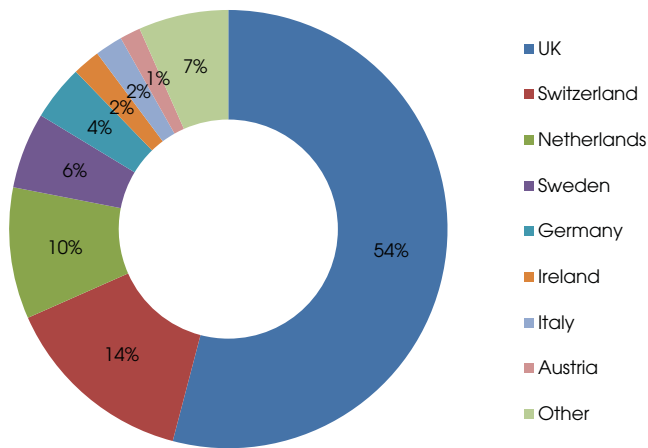
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In Focus: Europe-Based Private Sector Pension Funds

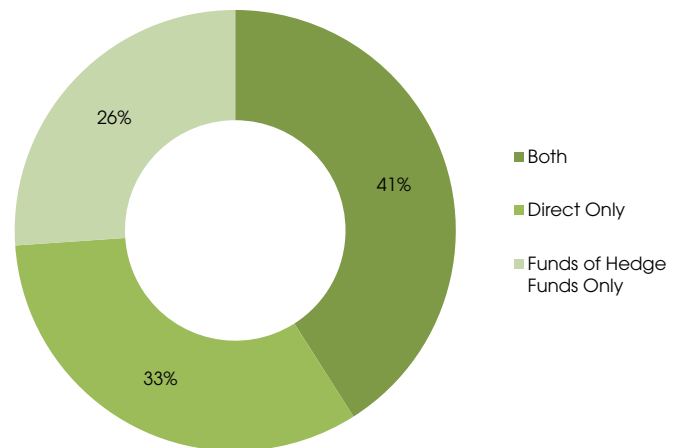
We provide a breakdown of Preqin’s latest data on Europe-based private sector pension funds investing in hedge funds.

Fig. 1: Breakdown of Europe-Based Private Sector Pension Funds Investing in Hedge Funds by Location



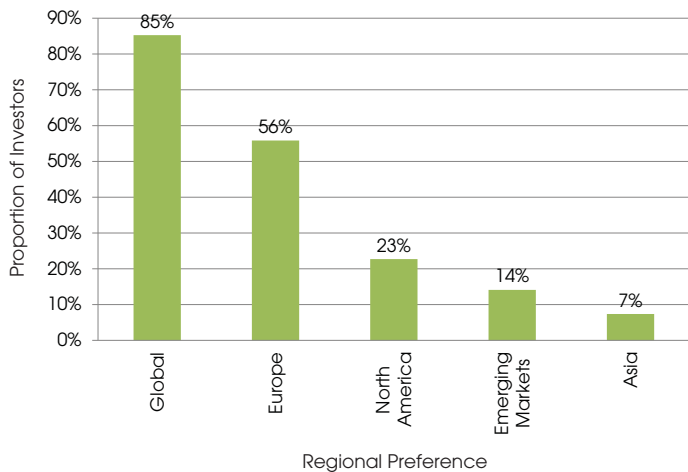
Source: Preqin Hedge Fund Investor Profiles

Fig. 2: Structural Preferences of Europe-Based Private Sector Pension Funds Investing in Hedge Funds



Source: Preqin Hedge Fund Investor Profiles

Fig. 3: Regional Preferences of Europe-Based Private Sector Pension Funds Investing in Hedge Funds



Source: Preqin Hedge Fund Investor Profiles

Fig. 4: Top 10 Europe-Based Private Sector Pension Funds by Allocation to Hedge Funds

Investor	Location	Allocation to Hedge Funds (\$bn)
BT Pension Scheme	UK	7.2
Barclays Pension Fund	UK	3.9
Universities Superannuation Scheme	UK	2.6
HBOS Final Salary Pension Scheme	UK	2.6
Royal Bank of Scotland Group Pension Fund	UK	1.7
ASGA Pensionskasse	Switzerland	1.4
Lloyds Banking Group Pension Schemes	UK	1.4
Pension Fund for the Dutch Construction Industry	Netherlands	1.4
Co-operative Group Pension Scheme	UK	1.3
Novartis Pension Fund	Switzerland	1.2

Source: Preqin Hedge Fund Investor Profiles

Subscriber Quicklink

Subscribers to Preqin’s **Hedge Fund Investor Profiles** can click [here](#) to access detailed profiles for 196 Europe-based private sector pension funds currently investing or considering investing in hedge funds. Detailed investor profiles include information on previous and current firm and fund investments, asset allocation, hedge fund investment preferences, key contact details and more.

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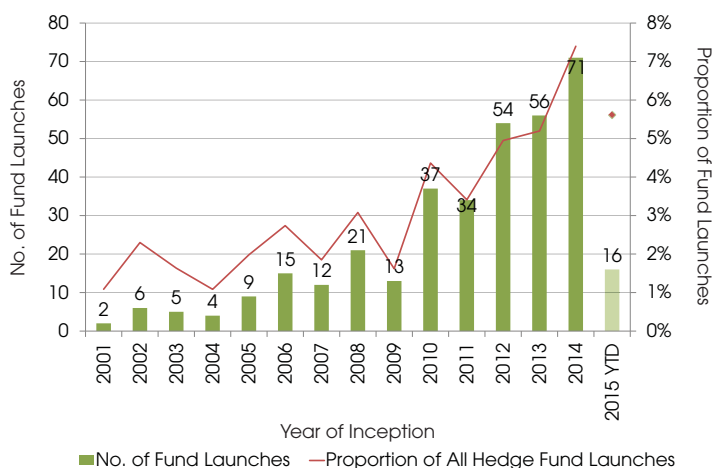
www.preqin.com/hfip



In Focus: Alternative Mutual Funds

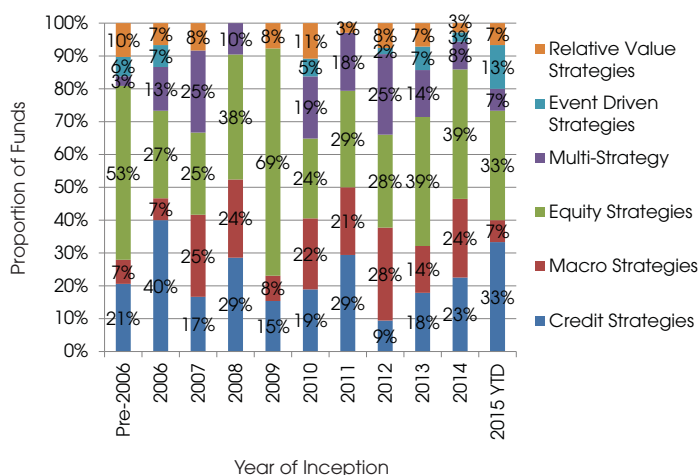
We take a look at the latest data for alternative mutual funds, including number of fund launches, strategies offered, instruments traded and assets under management.

Fig. 1: Number and Proportion of Alternative Mutual Fund Launches by Year of Inception (As at 15 June 2015)



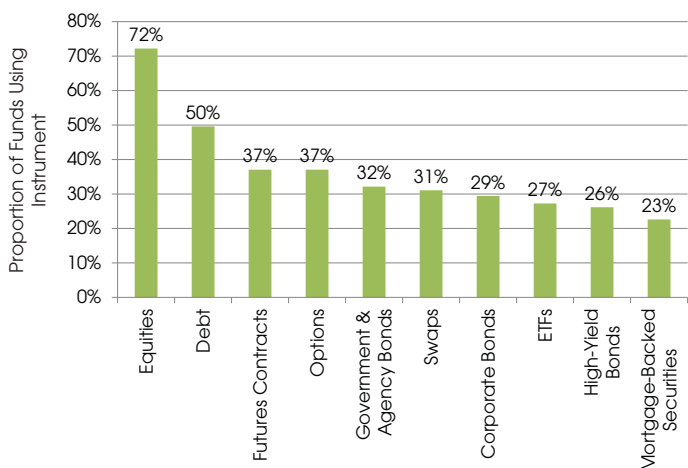
Source: Preqin Hedge Fund Analyst

Fig. 2: Breakdown of Strategies Offered by Alternative Mutual Funds by Year of Inception (As at 15 June 2015)



Source: Preqin Hedge Fund Analyst

Fig. 3: Top 10 Instruments Traded by Alternative Mutual Funds



Source: Preqin Hedge Fund Analyst

Subscriber Quicklink

Subscribers to Preqin's **Hedge Fund Analyst** can click [here](#) to view detailed profiles for 16 alternative mutual funds launched in 2015 so far.

Detailed profiles include information on strategy, geographic and investment focus, related funds and share classes, fund manager details, key contact details and more.

For more information, or to arrange a demonstration, please visit:

www.preqin.com/hfa

Fig. 4: Five Largest Alternative Mutual Funds in Market by Assets under Management

Fund	Firm	Headquarters Location	Inception Date	Fund AUM (\$mn)	Core Strategy
BlackRock Strategic Income Opportunities Fund	BlackRock Alternative Investors	US	5-Feb-08	29,300	Long/Short Credit
GS Strategic Income Fund	Goldman Sachs Asset Management	US	30-Jun-10	22,311	Long/Short Credit
J.P. Morgan Strategic Income Opportunities Fund	J.P. Morgan Asset Management	US	10-Oct-08	21,500	Long/Short Credit
AQR Managed Futures Strategy Fund	AQR Capital Management	US	5-Jan-10	8,334	Managed Futures/CTA
Gateway Fund	Natixis Global Asset Management	France	7-Dec-77	8,148	Long/Short Equity

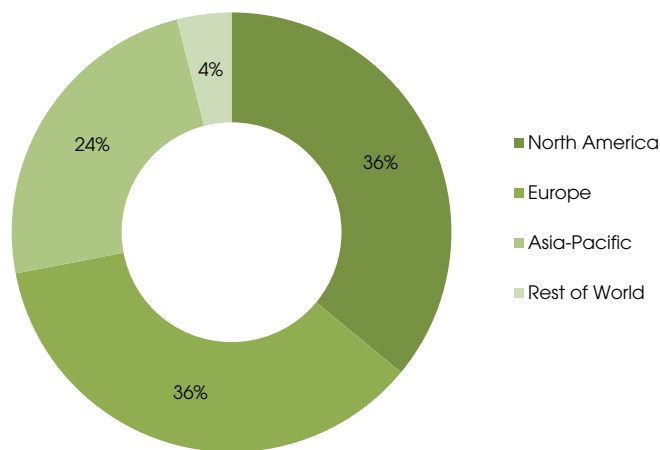
Source: Preqin Hedge Fund Analyst



Fund Searches and Mandates

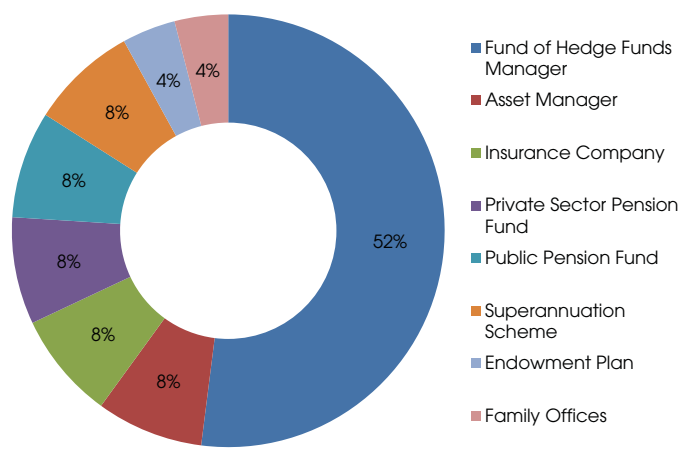
We look at the strategies and regions hedge fund investors plan to target in the year ahead, as well as which investors are planning new investments.

Fig. 1: Breakdown of Hedge Fund Searches Issued by Investor Location, May 2015



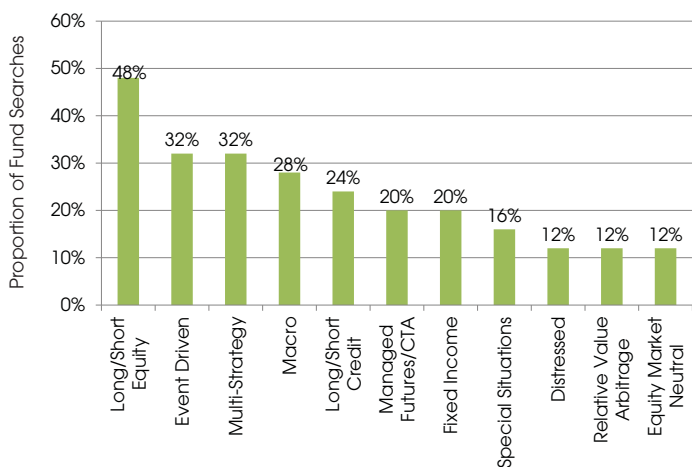
Source: Preqin Hedge Fund Investor Profiles

Fig. 2: Breakdown of Hedge Fund Searches Issued by Investor Type, May 2015



Source: Preqin Hedge Fund Investor Profiles

Fig. 3: Hedge Fund Searches Issued by Strategy, May 2015



Source: Preqin Hedge Fund Investor Profiles

Subscriber Quicklink

Subscribers can click [here](#) to view detailed profiles of 352 institutional investors in hedge funds searching for new investments via the **Fund Searches and Mandates** feature on Preqin's **Hedge Fund Investor Profiles**.

Preqin tracks the future investment plans of investors in hedge funds, allowing subscribers to source investors actively seeking to invest capital in new hedge fund investments.

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Fig. 4: Examples of Fund Searches Issued in May 2015

Investor	Investor Type	Location	Fund Search Details
Tages Capital	Fund of Hedge Funds Manager	UK	Tages Capital estimates that it will invest in as many as 10 new funds over the next 12 months, considering both UCITS and commingled direct structures for these investments. It is considering increasing its exposure towards Europe-focused event driven strategies in particular.
StatewideSuper	Superannuation Scheme	Australia	StatewideSuper is looking to make new investments in two or three hedge funds over the next 12 months. For its forthcoming investment, it is looking to invest globally in long/short equity and opportunistic funds focusing on Australia and Asia.
City of New Orleans Employees' Retirement System	Public Pension Fund	US	City of New Orleans Employees' Retirement System is looking to add a new hedge fund investment to its portfolio in the next 12 months. The pension fund plans to allocate \$20mn to a new manager. It will only consider proposals from opportunistic credit hedge funds and other credit-focused vehicles. When committing to funds, the pension fund will not seed funds, nor invest in emerging managers nor spin-off teams.

Source: Preqin Hedge Fund Investor Profiles



Conferences Spotlight

Conference	Dates	Location	Organizer	Discount Code
FundForum International 2015	29 June - 2 July 2015	Monaco	ICBI	£100 reader offer for Preqin
Hedge Fund Startup Forum Asia	8 July 2015	Hong Kong	Informa	-
9th Summer Annual Alternative Investment Consultants Summit	9 July 2015	Old Greenwich, CT	Investment Management Institute (IMI)	Quote Preqin - \$300 Discount off the registration fee
Family Office & Private Wealth Management Forum	20 - 22 July 2015	Newport, RI	Opal Finance Group	-
CTA Expo Chicago	17 September 2015	Chicago	CTA Expo	-
Cap Intro: L/S Equity Event Driven Alternative Investing	21 September 2015	New York	Catalyst Financial Partners	-
21st Annual Alpha Hedge West Conference	27 - 29 September 2015	San Francisco, CA	IMN	-
Quant Invest 2015	29 - 30 September 2015	London	Terrapinn	-
UCITS & AIFMD Conference London 2015	30 September - 1 October 2015	London	Informa	15% Discount - FKW52964PQ
World Commodities Week 2015	21 - 22 October 2015	London	Terrapinn	-
Hedge Fund Startup Forum Zurich	22 October 2015	Zurich	Informa	-
Cap Intro: Credit Fixed Income Alternative Investing	26 October 2015	New York	Catalyst Financial Partners	-
Family Office & Private Wealth Management Forum – West	28 - 30 October 2015	Napa, CA	Opal Finance Group	-
The 7th Annual Women's Alternative Investment Summit (WAIS)	5 November 2015	New York	Falk Marques Group	-
Middle Eastern Family Office Symposium	11 - 12 November 2015	Dubai	Opal Finance Group	-
Quant World Canada 2015	12 November 2015	Toronto, ON	Terrapinn	-
Endowment & Foundations Forum	16 - 18 November 2015	Boston, MA	Opal Finance Group	-
Wealth Management Americas	18 - 19 November 2015	Miami, FL	Terrapinn	-
America's Family Office Forum	18 - 19 November 2015	Miami, FL	Terrapinn	-
Alternative Investing Summit	9 - 11 December 2015	Dana Point, CA	Opal Finance Group	-
Emerging Manager Forum	10 December 2015	Miami, FL	CTA Expo	-
Cap Intro: Private Equity Fund Investing	14 December 2015	New York	Catalyst Financial Partners	-

Hedge Fund Startup Forum Asia

Date: 8 July 2015

Information: <http://www.iirbcfinance.com/FKW52883PSPOT>

Location: Hong Kong, Asia

Organizer: IIR Finance Events

Hedge Fund Startup Forum Asia 2015 - The forum for the next generation of hedge fund managers. Gain all the information you need to start your hedge fund at the leading Hedge Fund Startup Conference!



Alternative Investment Consultants Summit

Date: 9 July 2015 **Information:** www.investmentmanagementinstitute.com
Location: The Hyatt Regency Greenwich
Organizer: Investment Management Institute

Hear from institutional investors, consultants and family offices on developing new business opportunities, plus getting into searches. Learn the keys to building relationships and trust to gain the edge on other managers

Catalyst Cap Intro: L/S Equity | Event Driven Investing

Date: 21 September 2015 **Information:** <http://catalystforum.com/node/339>
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 Event Driven investing sectors.

UCITS & AIFMD London 2015

Date: 30 September - 2 October 2015 **Information:** <http://www.iirbcfinance.com/FKW52964PQL>
Location: Central London **Discount Code:** FKW52964PQ
Organizer: IBC Conferences

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