

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 collates information from our **Hedge Fund Online** service.

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2016 Preqin Sovereign Wealth Fund Review

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May 2016



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This month, we take a look at the ‘\$1bn Club’, a group of the world’s largest hedge fund managers. In the 12 months since Preqin’s last \$1bn Club report, there have been significant changes to the make-up of the group, not least the 170 hedge fund managers entering the club.



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In this month’s lead article, Preqin examines the latest hedge fund asset flow data to Q1 2016 by strategy, recent fund performance, fund size and manager headquarters.



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\$1bn Club managers established in 2015 have the fourth highest average AUM of any year of establishment. With this being driven largely by high-profile spin-offs from established fund managers, we take a look at other recent spin-offs and high-profile launches in the industry.



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Upcoming hedge fund conferences around the world that Preqin will be attending in the near future.

Did you know...?



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.

Queen’s Award for Enterprise 2016

Preqin is proud to announce that it has been awarded a **Queen’s Award for Enterprise** in the category of International Trade. The award recognizes Preqin as an outstanding UK business, citing excellence in its field and sustained growth in its overseas business. Thank you to our customers for making this possible.



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Kindest regards,

The Preqin Team



The \$1bn Club: Largest Hedge Fund Managers

This month, [Janet Chambers](#) takes a look at the '\$1bn Club', a group of the world's largest hedge fund managers. In the 12 months since Preqin's last \$1bn Club report, there have been significant changes to the make-up of the group, not least the 170 hedge fund managers entering the club.

Following an underwhelming 2015 and a slow start to 2016 in terms of performance, hedge fund managers have experienced two consecutive quarters of net outflows to Q1 2016 (see page 6). However, one group of managers that continues to dominate the assets of the hedge fund industry is the \$1bn Club – hedge fund managers with at least \$1bn in assets under management (AUM). Established members of the club draw attention from institutional investors, with \$1bn Club managers experiencing strong success in raising capital. 2016 has seen new entrants to the \$1bn Club, including newer hedge fund managers that have shown strong credentials at previous firms, as well as more established

managers that have experienced a steady growth in AUM. This article looks at the current make-up of the \$1bn Club and how it has changed over the past year.

Preqin's [Hedge Fund Online](#) currently details 668 managers with at least \$1bn in AUM, with the club increasing by a net 98 members over the past year. The \$1bn Club accounts for 12% of all hedge fund managers, yet represents 88% of hedge fund industry assets. However, despite the increasing number of managers joining the \$1bn Club, the proportion of industry assets these firms represent has declined from 92% in 2015.

Inside the \$1bn Club

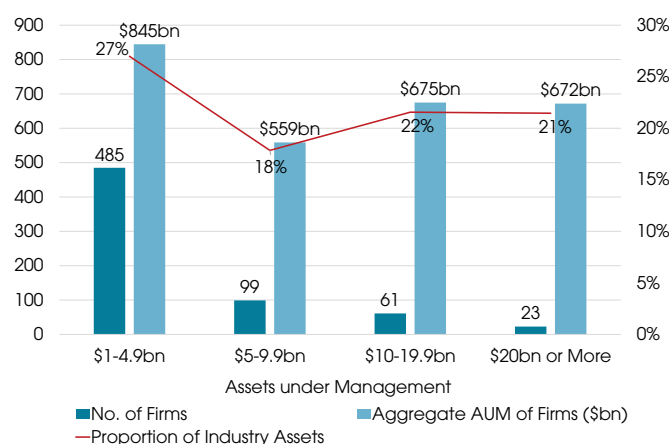
Managers with \$20bn or more in AUM have seen their assets decline by 15% since May 2015, implying that even the elite have not been immune to redemptions from institutional investors over the past 12 months. [Bridgewater Associates](#) maintains its position as the largest hedge fund manager in the world (Fig. 1); however, the AUM of Bridgewater Associates has fallen to \$146bn as of February 2016 – a decline of \$23bn from Q1 2015. Two systematic firms focused on statistical and mathematical modelling have entered the top 10 in 2016, [Renaissance Technologies](#) and [Two Sigma Investments](#).

Fig. 1: Top 10 Hedge Fund Managers by Total Assets under Management

Manager	Headquarters	Assets under Management
Bridgewater Associates	US	\$146.3bn (As at 29 February 2016)
AQR Capital Management	US	\$74.0bn (As at 30 September 2015)
Man Group	UK	\$53.1bn (As at 31 March 2016)
Och-Ziff Capital Management	US	\$42.0bn (As at 1 April 2016)
Standard Life Investments	UK	\$38.4bn (As at 31 December 2015)
Winton Capital Management Ltd.	UK	\$34.5bn (As at 31 March 2016)
Millennium Management	US	\$33.0bn (As at 1 March 2016)
Renaissance Technologies	US	\$32.3bn (As at 31 March 2016)
BlackRock Alternative Investors	US	\$31.0bn (As at 31 December 2015)
Two Sigma Investments	US	\$31.0bn (As at 31 December 2015)

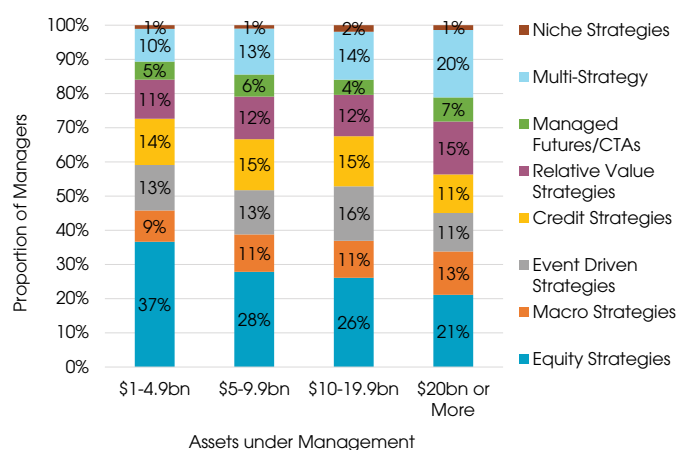
Source: Preqin Hedge Fund Online

Fig. 2: Distribution of Assets under Management within the \$1bn Club



Source: Preqin Hedge Fund Online

Fig. 3: \$1bn Club Managers by Strategy Employed



Source: Preqin Hedge Fund Online



As seen in Fig. 2, the largest proportion (27%) of industry assets are attributed to managers with total AUM of \$1-4.9bn. Over the past year, aggregate AUM of managers in the \$10-19.9bn bracket has surpassed that of managers with \$20bn or more in assets, standing at \$675bn and \$672bn respectively.

Structures and Strategies of \$1bn Club Managers

CTAs started 2016 strongly with the Preqin All-Strategies CTA benchmark showing positive Q1 returns and outperforming the Preqin All-Strategies Hedge Fund benchmark in January and February. However, managed futures/CTAs account for only a small proportion (5%) of the strategies offered by the \$1bn Club, with these funds most prevalent among managers in the \$20bn+ bracket (7%), as shown in Fig. 3.

Multi-strategy funds are most common among the largest managers in the \$1bn Club, with 20% of managers with

at least \$20bn in AUM employing the strategy. As these funds trade in multiple markets they are able to accumulate greater AUM without compromising their overall strategy and returns potential. Other strategies often do not have the potential to scale to such large sizes. In contrast, we see a more focused investment approach from the smallest managers, with only 10% employing a core multi-strategy approach.

Larger AUM provides scope to launch more hedge funds; as shown in Fig. 4, 13% of the largest hedge fund managers offer 10 or more core hedge fund strategies to institutional investors. Conversely, managers with fewer resources in the \$1bn Club typically offer lower numbers of hedge fund strategies, with just over half (51%) of hedge fund managers with \$1-4.9bn in AUM offering just one hedge fund strategy.

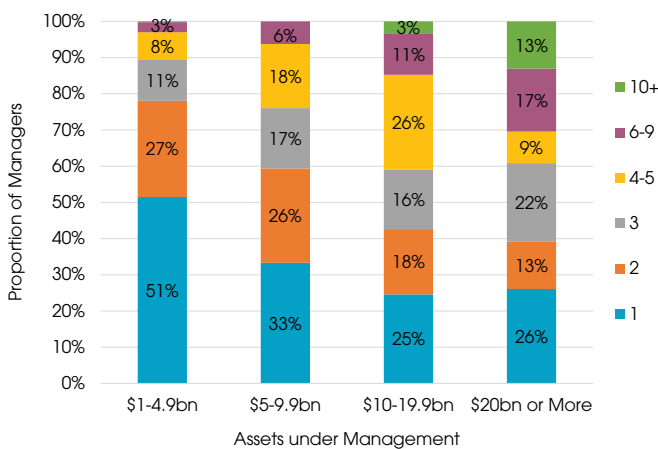
Hedge funds offered by the \$1bn Club most widely use a commingled fund structure; three-quarters of \$1bn Club managers offer this type of fund. The

\$1bn Club are also increasingly using alternative structures to launch new funds: UCITS structures accounted for 21% of all funds launched in 2015 by current \$1bn Club managers, compared with 15% in 2014. Nearly half (48%) of the UCITS funds launched by current \$1bn Club managers in 2015 were by North America-based firms, compared with 26% in 2014, which shows that North America-based managers see the potential in the European UCITS wrapper (Fig. 5).

Location of \$1bn Club

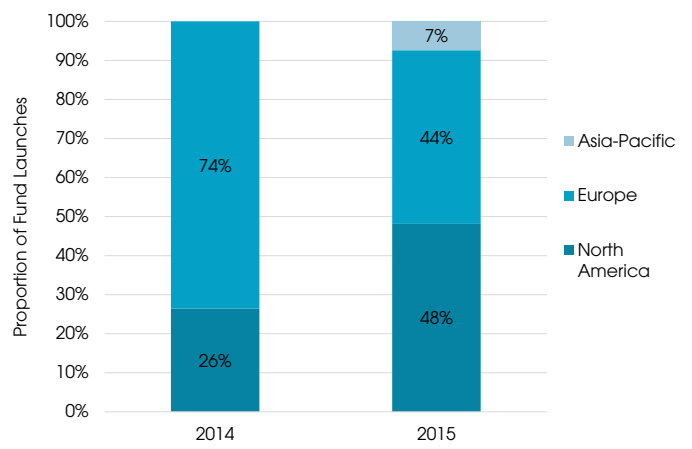
North America-based hedge fund managers dominate the \$1bn Club: 72% of the largest hedge fund managers globally hail from the region, up five percentage points from 2015. Currently, North America is home to 479 \$1bn Club managers, which hold just over \$2tn in total AUM, followed by Europe with 129 \$1bn Club managers managing \$605bn. Asia-Pacific (51) and Rest of World (9) make-up the remainder of the \$1bn Club, with managers located in these

Fig. 4: \$1bn Club Managers by Number of Core Strategies Offered



Source: Preqin Hedge Fund Online

Fig. 5: UCITS Launches by the 2016 \$1bn Club by Fund Manager Location, 2014 vs. 2015



Source: Preqin Hedge Fund Online

Fig. 6: Top 12 Locations of \$1bn Club Managers

Location	No. of Hedge Fund Managers	Total AUM (\$bn)
New York	236	985.6
London	82	389.6
Connecticut	42	313.2
Massachusetts	37	194.4
California	49	181.8
Illinois	25	99.9
New Jersey	15	45.1
Texas	14	44.4
Hong Kong	28	43.5
Paris	9	35.3
Minnesota	8	27.6
Singapore	7	21.4

Source: Preqin Hedge Fund Online



regions managing an aggregate \$102bn and \$21bn respectively.

New York remains the headquarters of choice for the \$1bn Club; 236 managers are currently based in the state (Fig. 6), an increase of 34 managers from 2015. However, the AUM of these managers has decreased to \$986bn in 2016 from just over \$1tn in 2015. As seen in Preqin's recent factsheet, Connecticut is home to some of the largest hedge fund managers in the world and is the second largest US state in terms of hedge fund AUM (\$313bn). Furthermore, 98% of all Connecticut-based hedge fund AUM is managed by 42 \$1bn Club managers. Representing Europe, London is the second most common headquarters of the \$1bn Club; 82 managers are headquartered in London, managing \$390bn in total assets. New entrants in this year's top 12 locations are Paris and Minnesota, with São Paulo and Florida dropping out from 2015.

New Entrants and Dropouts in the \$1-4.9bn Bracket

All the \$1bn Club members that appeared in Preqin's 2015 \$1bn Club report but not in this current edition have dropped out of the \$1-4.9bn bracket. Similarly, the vast majority of new entrants to the \$1bn Club in 2016 manage \$1-4.9bn in AUM. As shown in Fig. 7, North America represents 84% of all new entrants to the \$1-4.9bn bracket, while Europe-

(10%) and Asia-Pacific-based (6%) managers represent significantly smaller proportions. Forty-two percent of new entrants to the smallest bracket utilize equity strategies, compared to 46% of members that have dropped out of the club; event driven, credit and relative value strategies are employed more by new entrants than dropouts (Fig. 8).

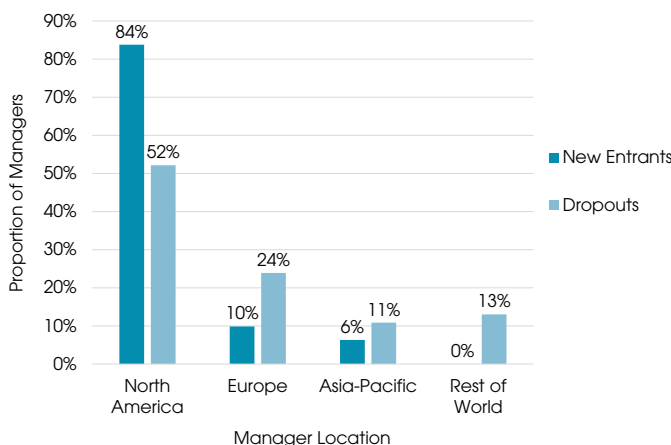
Five firms established in 2015 have already amassed assets of \$1bn or more. Three of the \$1bn Club firms established in 2015 are spin-offs: [Verde Asset Management](#), [Systematica Investments](#) and [Garda Capital Partners](#). In early 2015, BlueCrest Capital decided to spin out its systematic hedge fund business to launch Systematica Investments with \$8.5bn, pushing BlueCrest out of the \$20bn or more AUM bracket, before its conversion to a family office. Verde Asset Management spun off [Credit Suisse Hedging-Griffo](#) and Garda Capital Partners is a spinout of Black River Asset Management's relative value strategies hedge fund arm. The two remaining \$1bn Club entrants established in 2015 are from two well-known hedge fund firms. Scott Bessent launched [Key Square Group](#) following his time as George Soros' right-hand man, and former Eton Park Capital Management partner Isaac Corre launched [Governors Lane](#) in Q2 2015.

Outlook

With the number of managers exceeding \$1bn in AUM increasing, the \$1bn Club continues to control a substantial portion of the hedge fund industry's assets. Some new managers with an existing attractive pedigree have been able to obtain large capital commitments from day one, while more established firms have entered the club through asset growth. The differences between the largest and smallest \$1bn Club managers are still evident in 2016, with the largest managers able to offer more strategies to institutional investors, leading the \$1bn Club in CTA, macro and multi-strategy offerings. North America continues to be the hub of the \$1bn Club with New York as its beacon and London leading the way for those outside North America.

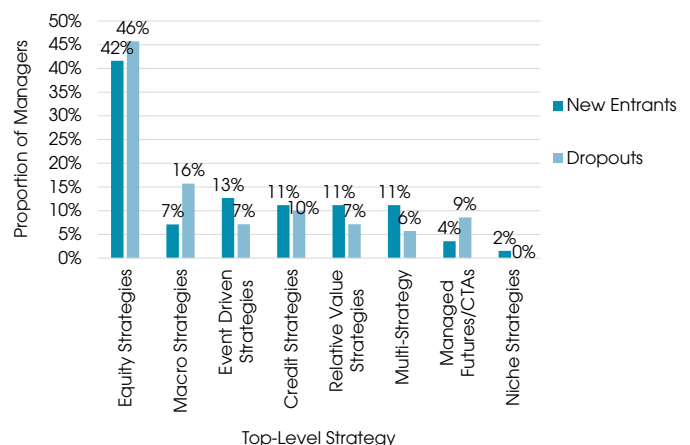
So far in 2016, we have seen some big-name hedge fund investors handing in redemption notices including NYCERS and MetLife; despite these large institutional investors withdrawing capital commitments from \$1bn Club managers, the largest hedge funds have still seen net inflows over Q1 2016 (see page 7). Relying on their experience and ability to produce risk-adjusted returns under all market conditions to distinguish themselves from the rest of the industry, the \$1bn Club will look to maintain and build on its leading position within the hedge fund industry.

Fig. 7: \$1-4.9bn Managers: New Entrants vs. Dropouts by Manager Location



Source: Preqin Hedge Fund Online

Fig. 8: \$1-4.9bn Managers: New Entrants vs. Dropouts by Top-Level Strategy



Source: Preqin Hedge Fund Online



Hedge Fund Asset Flows

In this month's lead article, Preqin examines the latest hedge fund asset flow data in Q1 2016 by strategy, recent fund performance, fund size and manager headquarters.

Despite disappointing returns during 2015, hedge funds still attracted a \$71.4bn net inflow of assets from investors over the course of the year, with the majority of the inflows occurring in H1 2015. Examining investor flows by strategy reveals a more detailed picture of investor sentiment towards the asset class.

Fig. 2 shows the breakdown of investors' allocation plans for 2016 by strategy and shows that 29% of respondents plan to allocate more capital to CTA funds; comparatively, only 5% plan to reduce allocations. Correspondingly, in Q1 2016, CTAs have seen the highest inflow of all strategies at \$13.7bn. However, when considering the number of CTAs that

received inflows (Fig. 3), this fell into the hands of a relatively small proportion (40%) of managers in this sector, with nearly half of all CTAs witnessing outflows in the first quarter of the year.

In contrast to investor plans for CTAs in 2016, nearly four times as many investors planned to reduce their exposure to credit strategies during the year than planned to increase their holdings in these strategies. In turn, this resulted in the largest outflow during the quarter: \$11.9bn was redeemed from credit strategies fund managers in Q1 2016.

Following the inflows of 2015, 2016 started with the industry experiencing a \$14.3bn net outflow of assets. Coupled

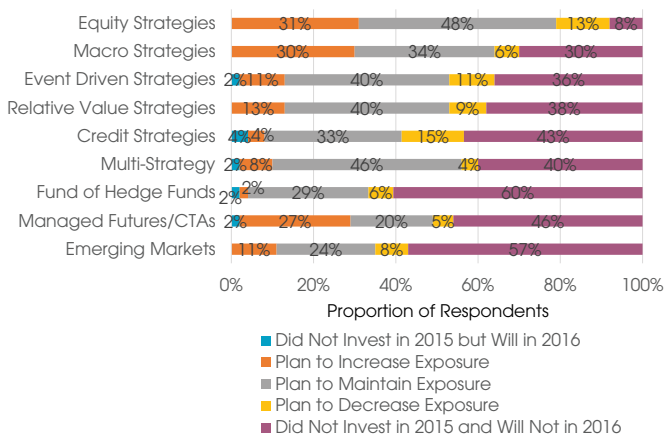
with the recent announcement by New York City Employees' Retirement System of its withdrawal from the asset class, it has been a disappointing start to the year for hedge fund managers. However, looking past the headline figures a more nuanced story emerges. Fig. 4 shows the proportion of funds receiving inflows in Q1 2016 in terms of their performance during 2015; this reveals a clear correlation between strong past performance and the likelihood of attracting new capital. With 53% of funds achieving a return of greater than 5.00% in 2015 also receiving investor inflows in the first quarter of 2016, it is clear that a strong track record in 2016 is an important consideration for investors when allocating capital to the industry today.

Fig. 1: Quarterly Asset Flows by Strategy, Q1 2015 - Q1 2016

	Q1 2015 Asset Flows (\$bn)	Q2 2015 Asset Flows (\$bn)	Q3 2015 Asset Flows (\$bn)	Q4 2015 Asset Flows (\$bn)	Q1 2016 Asset Flows (\$bn)	Q1 2016 AUM (\$bn)	Percentage Change in AUM from Q1 2016
CTAs	11.3	-4.8	16.7	1.4	13.7	241	7.8%
Credit Strategies	-3.7	15.1	-2.0	-5.1	-11.9	230	-4.8%
Equity Strategies	29.6	28.8	-1.7	3.6	-9.7	786	-2.6%
Event Driven Strategies	-1.6	12.3	-1.8	-10.7	-2.8	161	-2.5%
Macro Strategies	-3.4	-14.0	-11.2	2.8	-6.4	923	0.4%
Multi-Strategy	12.2	5.2	7.8	2.4	12.8	443	2.9%
Niche Strategies	-0.1	-0.6	1.4	0.6	-1.5	13	-12.4%
Relative Value Strategies	-15.3	5.6	-5.3	-3.8	-8.7	334	-2.9%
Total Industry	28.8	47.5	3.9	-8.9	-14.3	3,130	-0.5%

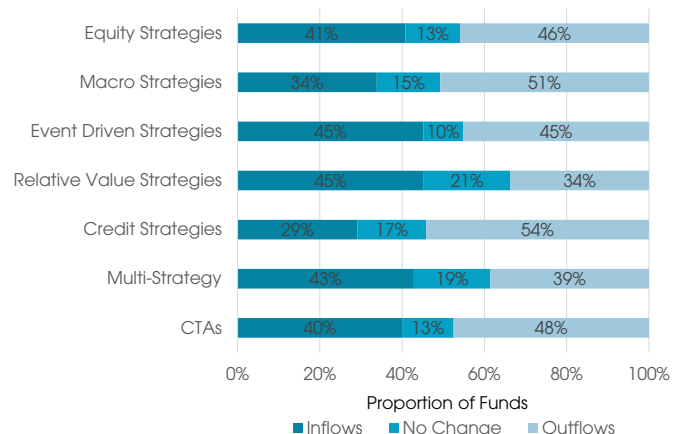
Source: Preqin Hedge Fund Online

Fig. 2: Investors' Allocation Plans for 2016 by Strategy



Source: Preqin Hedge Fund Online

Fig. 3: Asset Flows over Q1 2016 by Core Strategy



Source: Preqin Hedge Fund Online

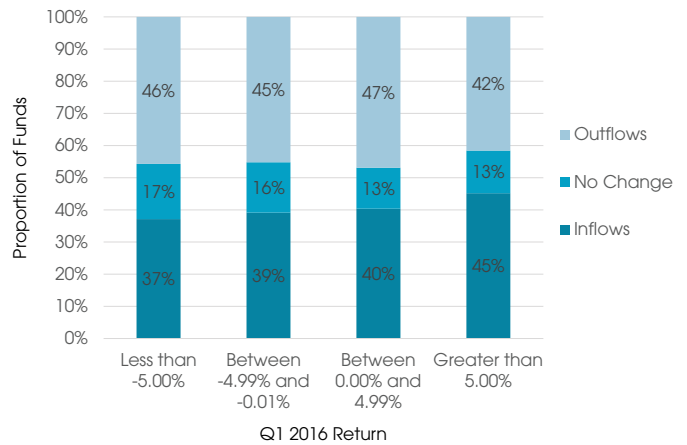


Fig. 4: Asset Flows over Q1 2016 by 2015 Performance



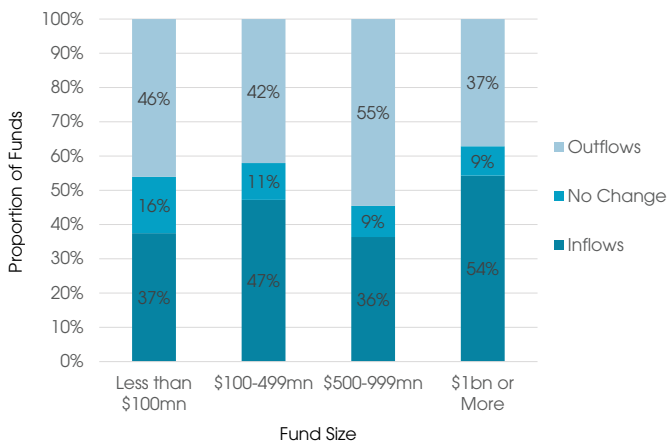
Source: Preqin Hedge Fund Online

Fig. 5: Asset Flows over Q1 2016 by Q1 2016 Performance



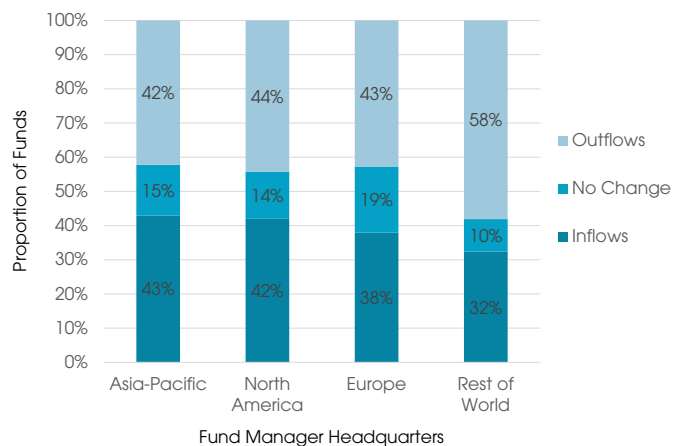
Source: Preqin Hedge Fund Online

Fig. 6: Asset Flows over Q1 2016 by Fund Size



Source: Preqin Hedge Fund Online

Fig. 7: Asset Flows over Q1 2016 by Fund Manager Headquarters



Source: Preqin Hedge Fund Online

Preqin Hedge Fund Online: The Leading Source of Intelligence on the Hedge Fund Industry

Hedge Fund Online is Preqin's award-winning hedge fund information resource, incorporating all of our hedge fund data, intelligence and functionality, providing you with the most comprehensive coverage of the asset class available.

Hedge Fund Online is updated on a daily basis by teams of skilled research analysts based around the globe, providing extremely reliable data and information for fund managers, investors, service providers and a host of other professionals with an interest in the industry.

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FUND COVERAGE 	19,372 Private Equity Funds	20,501 Hedge Funds	5,679 PE Real Estate Funds	1,023 Infrastructure Funds	1,988 Private Debt Funds	1,520 Natural Resources Funds
FIRM COVERAGE 	9,948 Private Equity Firms	8,266 Hedge Fund Firms	3,329 PE Real Estate Firms	491 Infrastructure Firms	936 Private Debt Firms	801 Natural Resources Firms
PERFORMANCE COVERAGE 	6,248 Private Equity Funds	13,530 Hedge Funds	1,460 PE Real Estate Funds	208 Infrastructure Funds	731 Private Debt Funds	399 Natural Resources Funds
FUNDRAISING COVERAGE 	2,249 Private Equity Funds	14,746 Hedge Funds	995 PE Real Estate Funds	284 Infrastructure Funds	267 Private Debt Funds	252 Natural Resources Funds
DEALS COVERAGE 	BUYOUT 46,639 + 20,725 Buyout Deals** Exits	VENTURE CAPITAL 100,339 + 11,264 Venture Deals*** Exits	INFRASTRUCTURE 12,243 Infrastructure Deals			

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WINNER





Preqin Industry News

Five managers established in 2015 have already amassed \$1bn or more in AUM. With this being driven largely by high-profile spin-offs from established fund managers, [Chris Beales](#) takes a look at other recent spin-offs and high-profile launches in the industry.

Cider Mill Investments

April 2016 saw Connecticut-based [Cider Mill Investments](#), founded by former Shumway Capital executive Tom Wilcox, officially begin trading with approximately \$150mn in assets. Wilcox's Cider Mill Investments follows the path of other hedge funds launched by previous Shumway Capital executives, such as [March Altus](#), [Glade Brook Capital](#) and [Blumar Capital Management](#).

[Cider Mill Fund](#) intends to invest opportunistically across all global equity sectors, adopting a fundamental bottom-up approach while applying a top-down view to analyze potential risks and opportunities. The fund aims to outperform the S&P 500 Index and the MSCI World Index over the long term with similar or less volatility.

Case Equity Partners

[Case Equity Partners](#) is a Hong Kong-based investment manager focused on global event driven investments. The firm aims to provide investors with long-term risk-adjusted returns. It was founded in 2012 by Michael Wegener to initially run an event driven strategy as a family office. In March 2016, the firm launched its debut event driven hedge fund vehicle available to external investors. Prior to founding Case Equity Partners, Wegener was a vice president at Deutsche Bank.

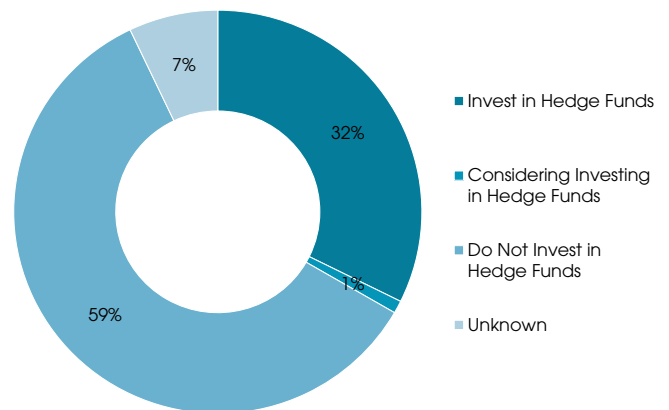
[Case Equity Partners Opportunities Fund](#) is an event driven hedge fund investing across global equity markets. The fund seeks long-term risk-adjusted return following a value-plus catalyst investment style. Core strategies utilized by the fund include merger arbitrage and special situations. The investment team employs a fundamental research-driven approach, with a focus on activist-driven and complex situations that the team believes has a positive risk/reward proposition.

Social Capital PEP Management

[Social Capital PEP Management](#), an affiliate of venture capital firm Social Capital, was founded in 2016. The firm is led by CEO Chamath Palihapitiya, a former Facebook executive. The firm provides discretionary investment advisory services to private investment funds pursuing long/short equity strategies to invest in public markets. The firm may also provide services to separately managed accounts.

Chart of the Month

Sovereign Wealth Funds Investing in Hedge Funds



Source: 2016 Preqin Sovereign Wealth Fund Review

According to the recently launched **2016 Preqin Sovereign Wealth Fund Review**, 32% of sovereign wealth funds currently invest in hedge funds globally, a slight decrease from 33% 12 months ago. Such investors are unique in their position as long-term allocators to the asset class, and with large amounts of capital at their disposal. Many sovereign wealth funds active in the hedge fund industry are equipped with the experience and expertise necessary to profit from the complex strategies and potential rewards offered by hedge funds.

Beijing-based [China Investment Corporation \(CIC\)](#) is one such sovereign wealth fund that plans to be active in the hedge fund industry in the next 12 months, looking to make new investments opportunistically. The sovereign wealth fund is location agnostic and open to most strategies. CIC was founded in 2007 by the Chinese Government with \$200bn in capital, and has grown to become one of the largest sovereign wealth funds in the world.

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.



Performance Benchmarks

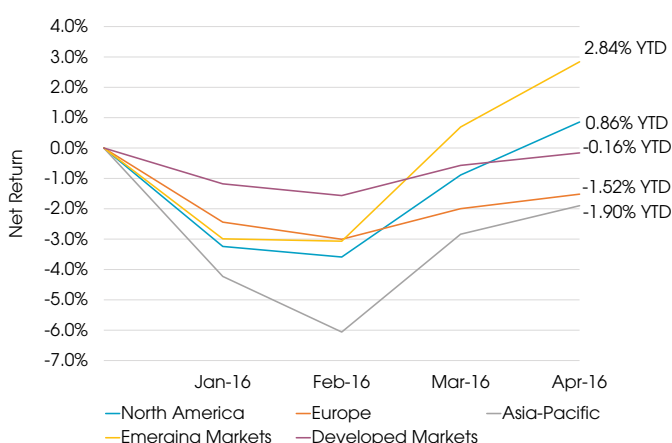
Fig. 1: Summary of Preliminary April 2016 Performance Benchmarks (Net Return, %)*

Benchmark Name	Apr-16	Mar-16	2016 YTD	12 Months
Hedge Funds	1.43	2.41	0.67	-1.77
HF - Equity Strategies	1.72	3.37	0.00	-4.62
HF - Event Driven Strategies	1.49	2.87	0.82	-3.15
HF - Relative Value Strategies	0.58	1.13	0.11	2.05
HF - Macro Strategies	1.13	0.01	2.36	2.03
HF - Multi-Strategy	0.84	1.34	0.84	0.13
HF - Credit Strategies	1.48	1.96	1.61	0.93
Activist	0.84	3.44	-0.81	-3.96
Volatility	0.25	0.40	1.04	3.82
Discretionary	1.70	2.65	0.15	-2.45
Systematic	0.37	1.10	0.87	2.62
HF - North America	1.76	2.80	0.86	-2.05
HF - Europe	0.48	1.04	-1.52	-0.63
HF - Asia-Pacific	1.04	3.43	-1.90	-3.86
HF - Developed Markets	0.42	1.01	-0.16	0.08
HF - Emerging Markets	2.10	3.88	2.84	-0.84
HF - USD	1.30	2.62	0.40	-3.16
HF - EUR	0.61	0.52	-1.49	-2.68
HF - GBP	0.40	0.61	-0.07	-1.37
HF - JPY	-1.16	1.86	-4.57	0.71
HF - BRL	3.39	2.94	8.78	12.61
HF - Emerging (Less than \$100mn)	1.72	2.68	1.37	-1.22
HF - Small (\$100-499mn)	0.91	2.26	-0.56	-2.64
HF - Medium (\$500-999mn)	0.96	1.53	-0.78	-2.52
HF - Large (\$1bn plus)	0.32	1.10	-1.81	-3.85
Funds of Hedge Funds	0.56	0.61	-2.42	-4.58
FOHF - Equity Strategies	0.87	1.87	-3.06	-6.13
FOHF - Multi-Strategy	0.36	0.15	-2.47	-4.28
FOHF - USD	0.63	0.76	-2.66	-5.36
FOHF - EUR	-0.01	0.28	-3.52	-5.91
Alternative Mutual Funds	1.12	1.85	0.63	-3.16
UCITS	0.28	1.49	-1.49	-4.46
UCITS - Equity Strategies	0.18	2.07	-2.71	-6.12
UCITS - Relative Value Strategies	0.37	0.97	-0.25	-0.85
UCITS - Macro Strategies	0.49	0.50	-1.19	-5.32
UCITS - USD	0.53	2.25	-1.16	-5.67
UCITS - EUR	0.09	1.17	-1.78	-4.24
CTAs	0.12	-1.11	1.67	-1.29
Discretionary	0.94	-0.88	0.19	-0.01
Systematic	-0.31	-1.04	2.20	-2.02
CTA - USD	0.14	-1.15	2.00	-0.98
CTA - EUR	-1.70	-2.30	-1.77	-4.35

*Please note, all performance information includes preliminary data for April 2016 based upon net returns reported to Preqin in early May 2016. Although stated trends and comparisons are not expected to alter significantly, final benchmark values are subject to change.

Source: Preqin Hedge Fund Online

Fig. 2: Performance of Hedge Funds by Geographic Focus (As at 30 April 2016)



Source: Preqin Hedge Fund Online

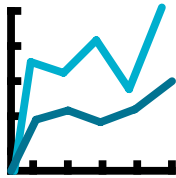
April proved to be a positive month across all top-level strategies and regions, with the Preqin All-Strategies Hedge Fund benchmark returning 1.43% for the month. Equity strategies were the top performers for a second consecutive month, generating a return of 1.72% in April following 3.37% in March, undoing the losses of early 2016 to sit at 0.00% at the end of April. Macro strategies funds maintained their position as the only top-level hedge fund strategy to generate positive performance in every month of 2016.

Emerging markets continued their run of positive returns, posting 2.10% in April, significantly outperforming all other regions for the month. This recent outperformance is further highlighted when considering the year-to-date returns of North America (+0.86%) and Europe-focused (-1.52%) hedge funds compared with the 2.84% returned by emerging markets-focused funds (Fig. 2). For a detailed analysis of the hedge fund industry in Latin America, please see page 11.



In Focus: Latin America

Here we provide an overview of the Latin American hedge fund industry at present, including fund managers, investors and performance.



+9.72%

2016 YTD performance of Latin America-focused hedge funds, compared with 0.67% for all hedge funds (As at April 2016).



100

Number of Latin America-focused hedge funds tracked on Preqin's [Hedge Fund Online](#).



5.75%

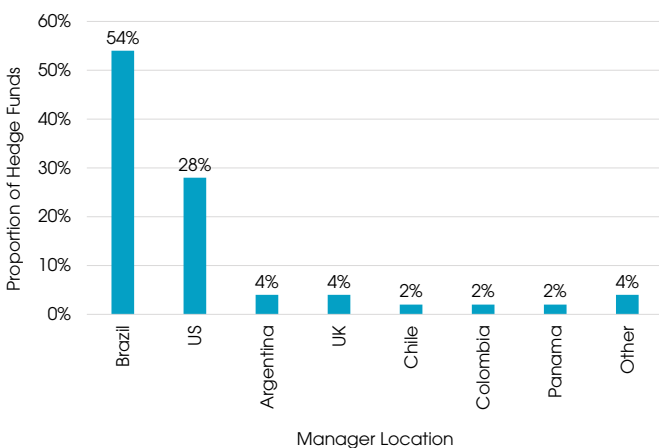
Three-year volatility of Latin America-focused funds, compared with 4.23% for all hedge funds.



183

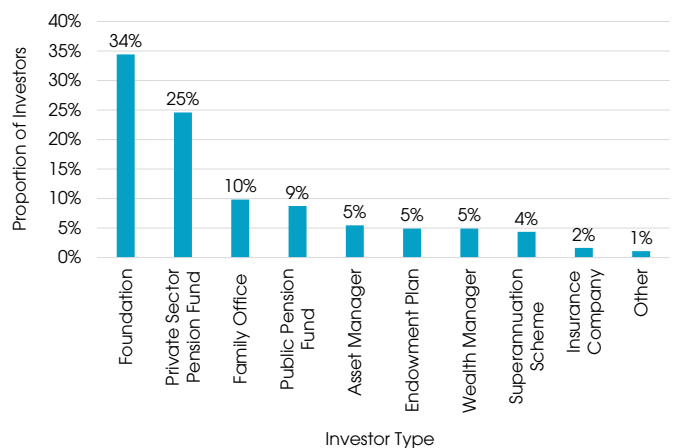
Number of hedge fund investors with a preference for Latin America profiled on [Hedge Fund Online](#).

Fig. 1: Latin America-Focused Hedge Funds by Manager Location



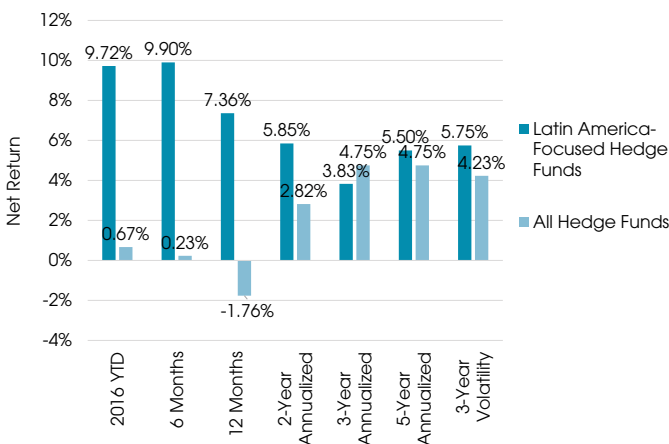
Source: Preqin Hedge Fund Online

Fig. 2: Hedge Fund Investors with a Preference for Latin America by Type



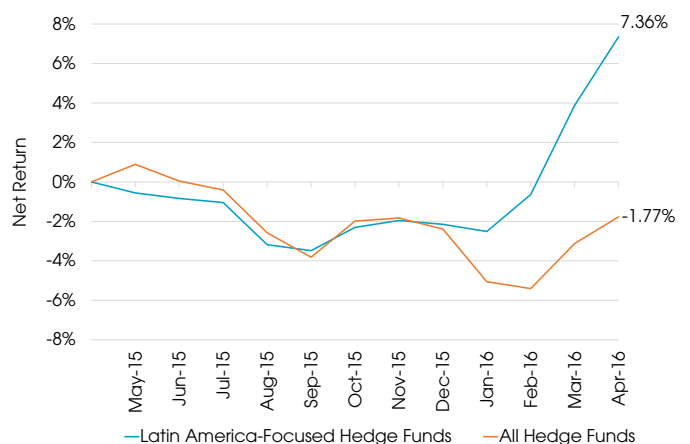
Source: Preqin Hedge Fund Online

Fig. 3: Performance of Latin America-Focused Hedge Funds vs. All Hedge Funds (As at 30 April 2016)



Source: Preqin Hedge Fund Online

Fig. 4: Cumulative Net Returns of Latin America-Focused Hedge Funds vs. All Hedge Funds, 12 Months to April 2016

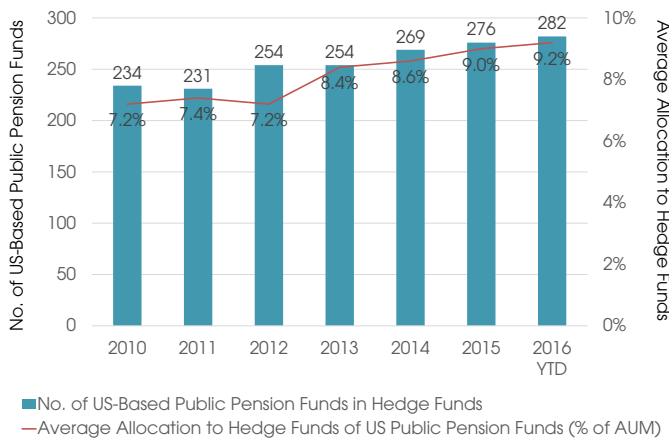


Source: Preqin Hedge Fund Online



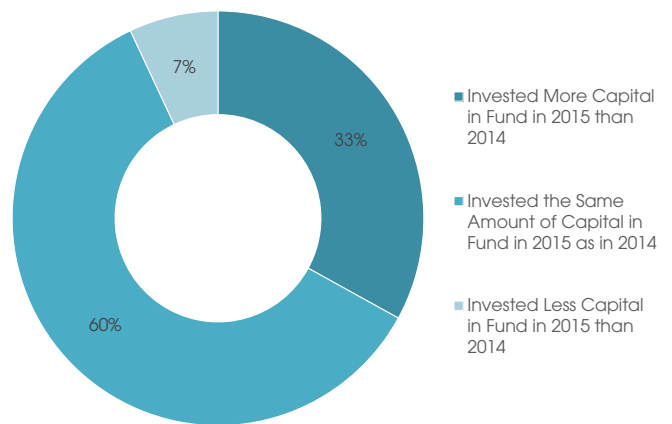
New York City Employees' Retirement System Departs Hedge Funds: US Public Pension Funds Update

Fig. 1: Total Number of Active US-Based Public Pension Funds in Hedge Funds and Average Allocation, 2010 - 2016 YTD (As at 20 April 2016)



Source: Preqin Hedge Fund Online

Fig. 2: Hedge Fund Managers that Reported US Public Pension Funds Had Invested More, Less or the Same Amount of Capital in Their Funds in 2015



Source: Preqin Hedge Fund Manager Interviews, December 2015



26%

Proportion of hedge fund managers that have at least one US-based public pension fund among their investors.



\$310bn

Amount of capital invested in hedge funds by US-based public pension funds.



6

Number of US-based public pension funds that are considering their first investment in hedge funds.

Comment:

In September 2014 the decision made by CalPERS to exit the hedge fund asset class dominated the headlines of the financial press. At that time we noted that this did not signal the start of widespread redemptions by US public pension funds from the hedge fund sector. Fast forward 19 months and trustees of another notable US public institution – New York City Employees' Retirement System (NYCERS) – have voted to unwind their portfolio of hedge funds. The pension fund, which has been investing in hedge funds since 2010 and invested nearly \$1.5bn in the asset class, cited concerns over performance as one of the reasons for the disinvestment. As our 2016 Preqin Global Hedge Fund Report revealed, there are currently quite widespread levels of dissatisfaction with hedge fund performance – approximately one-third of institutional investors that participated in our end of 2015 survey reported to Preqin that their hedge fund portfolio had failed to live up to expectations.

With this in mind, we took another look at the current state of the hedge fund industry and appetite among US-based public pension funds for these funds to see if there are wider signs of further outflows from these investors. Our findings, as shown in Figs. 1-4, reveal that public retirement systems in the US look set to remain committed to the asset class. In fact, there are more US-based public pension funds investing in hedge funds than ever and these pension funds are dedicating ever-growing portions of their portfolios to investment in the asset class (Fig. 1). Public pension funds from across the US have current investments in hedge funds (Fig. 4), and combined, these funds invest more than \$300bn in the asset class – nearly 10% of all the capital at work in hedge funds today.

Amy Bensted, Head of Hedge Fund Products

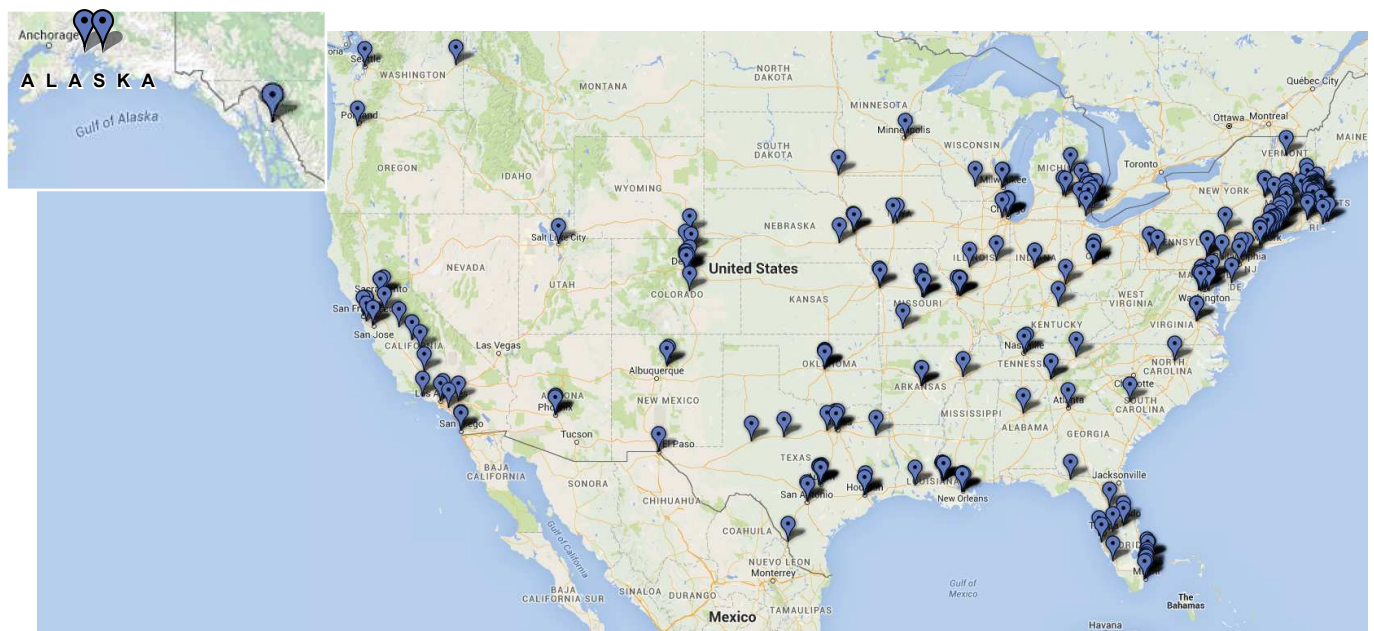


Fig. 3: Five Largest US Public Pension Funds by Current Allocation to Hedge Funds

Investor	City	State	Assets under Management (\$mn)	Current Allocation to HF (\$mn)
Teacher Retirement System of Texas	Austin	TX	125,327	14,983
Ohio Public Employees' Retirement System	Columbus	OH	90,000	13,158
Florida State Board of Administration	Tallahassee	FL	176,000	10,416
New Jersey State Investment Council	Trenton	NJ	69,602	8,840
New York State Common Retirement Fund	Albany	NY	184,502	8,389

Source: Preqin Hedge Fund Online

Fig. 4: Locations of US-Based Public Pension Funds Investing in Hedge Funds



© 2016 Google Maps

Source: Hedge Fund Online

Research Center Premium

Preqin's **Research Center Premium** is a **free** online service offered by Preqin that provides access to a wide range of data and tools, including:

- Up-to-date charts and league tables powered by live data from Preqin's online products
- Fund performance benchmarking tools
- Slide decks from recent Preqin presentations at conferences

For more information, or to register for **free** access, please visit:

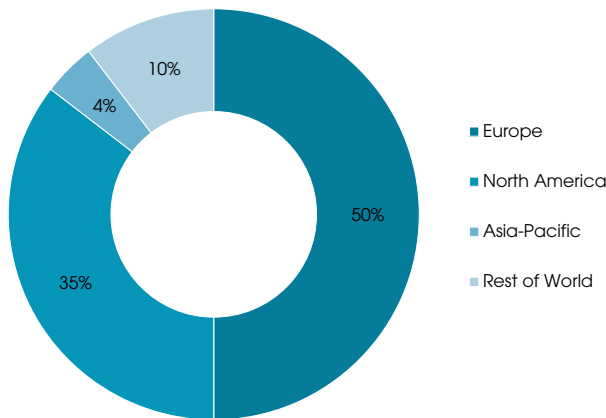
www.preqin.com/rcp



Fund Searches and Mandates

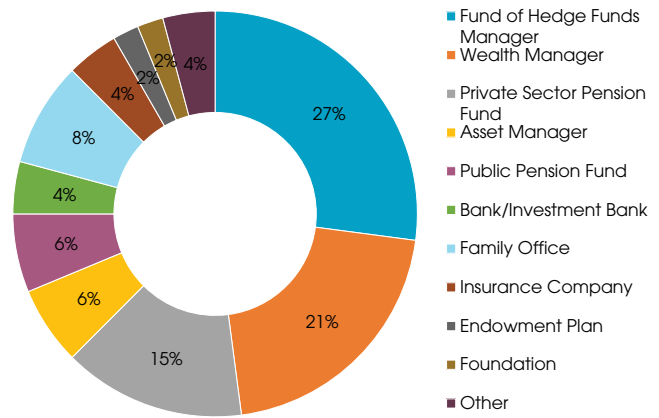
We look at the strategies and regions hedge fund investors plan to target in the year ahead, as well as which investors are planning new investments.

Fig. 1: Hedge Fund Searches Issued by Investor Location, April 2016



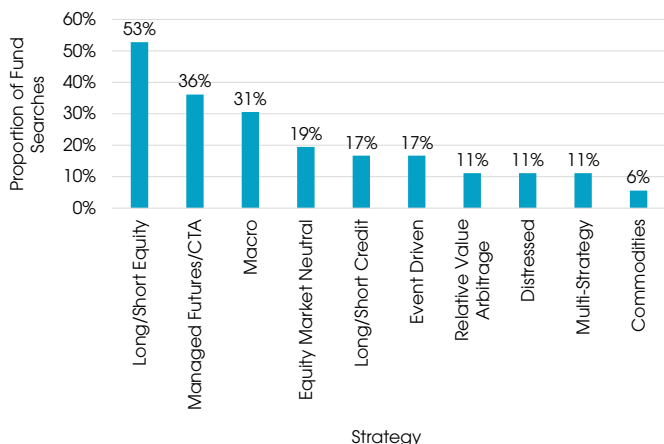
Source: Preqin Hedge Fund Online

Fig. 2: Hedge Fund Searches Issued by Investor Type, April 2016



Source: Preqin Hedge Fund Online

Fig. 3: Hedge Fund Searches Issued by Strategy, April 2016



Source: Preqin Hedge Fund Online

Subscriber Quicklink:

Subscribers can click [here](#) to view detailed profiles of 377 institutional investors in hedge funds searching for new investments via the **Fund Searches and Mandates** feature on Preqin's **Hedge Fund Online**.

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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www.preqin.com/hfo

Fig. 4: Examples of Fund Searches Issued in April 2016

Investor	Type	Location	Fund Search Details
Persimmon Capital Management	Fund of Hedge Funds Manager	US	Persimmon Capital Management expects to invest between \$2mn and \$5mn in one or two new hedge funds over the next 12 months, primarily targeting long/short credit funds. Generally, it will only invest in managers that have at least a three-year track record and hold at least \$500mn in assets under management.
Finnish State Pension Fund	Public Pension Fund	Finland	Finnish State Pension Fund will allocate up to \$500mn to invest directly in hedge funds over the next year. It has a focus on European opportunities, particularly in its native Scandinavia, although it will also look to invest in Asia.
Swaen Capital	Asset Manager	Singapore	Swaen Capital plans to invest directly in single-manager hedge funds in the next 12 months, with a preference for managed futures/CTA strategies, although it will also consider long/short equity funds.

Source: Preqin Hedge Fund Online



Conferences Spotlight

Conference	Dates	Location	Organizer	Preqin Speaker	Discount Code
European Family Office Investment Forum	1 - 2 June 2016	Amsterdam	Opal Finance Group	–	–
Quant Invest 2016	1 - 2 June 2016	Munich	Terrapinn	–	–
ILPA Exhibitor Showcase	2 June 2016	Chicago, IL	ILPA	–	–
Private Wealth Management Summit	5 - 7 June 2016	Palm Beach, FL	marcus evans Summits	–	–
The FundForum	6 - 8 June 2016	Berlin	Informa	Amy Bensted	15% Discount - FKN2454PNWB
GAIM	20 - 22 June 2016	Amsterdam	ICBI	–	–
GAIM Ops Amsterdam	20 - 21 June 2016	Amsterdam	ICBI	–	–
MFA Forum	21 June 2016	Chicago, IL	MFA	Amy Bensted	–
Family Office & Private Wealth Management Forum	18 - 20 July 2016	Newport, RI	Opal Finance Group	–	–
Alternative Investment Consultants Summit	21 July 2016	Old Greenwich, CT	Investment Management Institute	–	–
Australian Investors Summit	12 - 13 September 2016	Melbourne	marcus evans Summits	–	–
FundForum Africa	14 - 16 September 2016	London	Informa	–	15% Discount - FKP2429PNWB
CTA Expo Chicago	15 September 2016	Chicago, IL	CTA Expo	Amy Bensted	–
Cap Intro: L/S Equity Event Driven Investing	19 September 2016	New York	Catalyst Financial Partners	–	–
Alpha Hedge West	25 - 27 September 2016	San Francisco, CA	IMN	–	10% Discount - PQ10
DACH Elite Summit	25 - 27 September 2016	Frankfurt	marcus evans Summits	–	–
Global Investors Summit	3 - 5 October 2016	Montreux	marcus evans Summits	–	–
Cap Intro: Credit Fixed Income Alternative Investing	17 October 2016	New York	Catalyst Financial Partners	–	–
European CLO Summit	17 - 18 October 2016	Monaco	Opal Finance Group	–	–
MFA Outlook	20 - 21 October 2016	New York	MFA	–	–

Access Free Conference Slide Decks and Presentations

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All of the conference presentations given by Preqin speakers, which feature charts and league tables from Preqin's online products, can be viewed and downloaded from Preqin's **Research Center Premium**, for free.

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www.preqin.com/rcp



GAIM Ops Amsterdam

Date: 20 - 21 June 2016
Information: <http://www.icbi-events.com/FKN2456APREQSPT>
Location: Hotel Okura, Amsterdam
Organizer: Informa

GAIM Ops Amsterdam, Europe’s leading event connecting the C-level Hedge Fund Operations, Due Diligence and Compliance community is back for its 8th year! Attend to join your peers and exchange approaches to your operations and compliance challenges. £100 Discount for Readers - use code: FKN2456APREQSPT

10th Summer Annual Alternative Investment Consultants Summit

Date: 21 July 2016
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.



Investment Management Institute



10th Annual Alternative Investment Consultants Summit

Date: July 21, 2016
Location: Hyatt Regency Greenwich
 1800 E. Putnam Avenue, Old Greenwich, CT
www.investmentmanagementinstitute.com
 Discount Code: IMI165

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.