

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.

October 2014
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FEATURED PUBLICATION:

Preqin Investor Outlook: Alternative Assets, H2 2014



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Hedge Fund Spotlight

October 2014

Feature Article

Q3 2014 Round-Up: Winners and Losers

The third quarter of 2014 has proven to be one of mixed fortunes in the hedge fund and CTA industry. Previous 'losers' in recent months have taken the winning spots, as Q1 trends appear to be turned on their head. We take a look at which groups were the winners and losers in Q3.

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An increasing proportion of investors in hedge funds are based in Asia-Pacific. Who are these investors and which strategies are they targeting? We examine the hedge fund investor landscape within this dynamic region.

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You can download all the data in this month's Spotlight in Excel.

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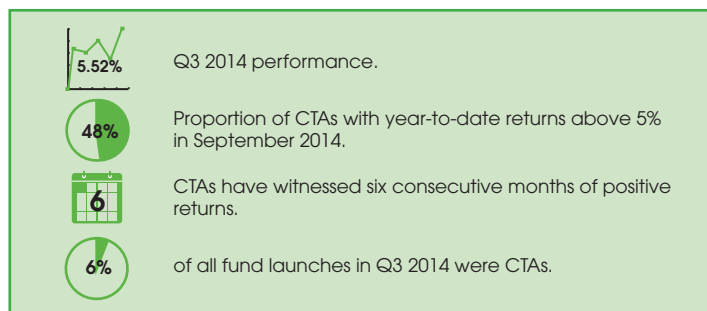
Q3 2014 Round-Up: Winners and Losers

The third quarter of 2014 has proven to be one of mixed fortunes in the hedge fund and CTA industry. Previous 'losers' in recent months have taken the winning spots, as Q1 trends appear to be turned on their head. [Selina Sy](#) takes a look at which groups were the winners and losers in the penultimate quarter of the year.

Winners

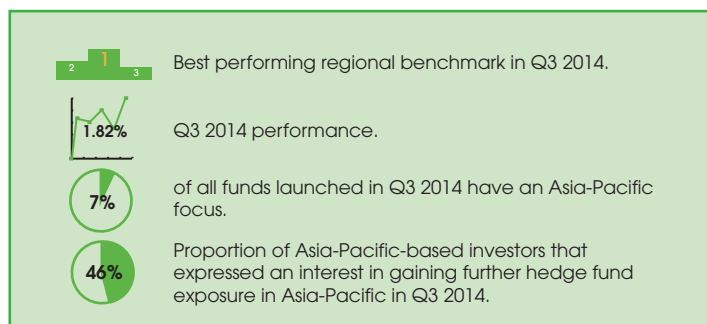
CTAs

In the first three months of 2014, CTAs posted returns in negative territory, and the strategy was identified as one of the losers for the quarter in Preqin's Q1 round-up. However, since then, the returns of CTAs have shown an upward trajectory, adding six consecutive months of gains to September, and posting 5.52% in Q3 2014. This makes it the top performing strategy for the quarter and is the strategy's best quarterly performance since Q4 2010. CTAs made up 6% of the total funds launched in the third quarter of the year, up five percentage points on Q2, and correlates with the revival of CTA performance. Should they continue to deliver strong performance as they have done in recent months, CTAs could very well be the biggest winners by year-end.



Asia-Pacific

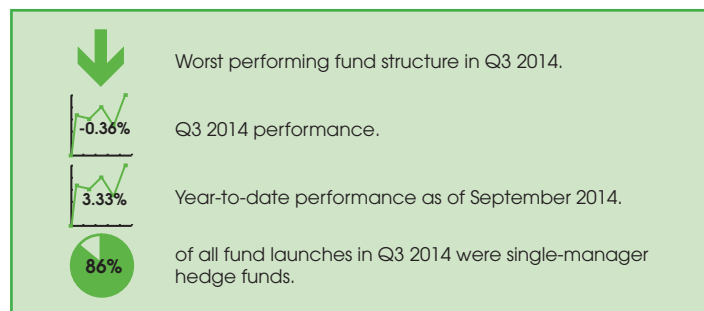
Hedge funds with a focus on Asia-Pacific had a shaky start to the year, with Q1 returns only just in positive territory. However, the Asia-Pacific benchmark had a streak of positive returns in the middle of the year, leading it to make gains above all other regional benchmarks, something even a September return of -0.34% could not dampen. The Asia-Pacific benchmark gained 1.82% for the quarter compared to the other Preqin regional benchmarks which failed to gain more than 1%. Despite a turbulent start to the year, hedge funds targeting Asia-Pacific are looking to recapture the same performance seen last year. Managers are also seeing opportunities to launch new funds in the region, with 7% of all new launches in Q3 2014 having an Asia-Pacific focus.



Losers

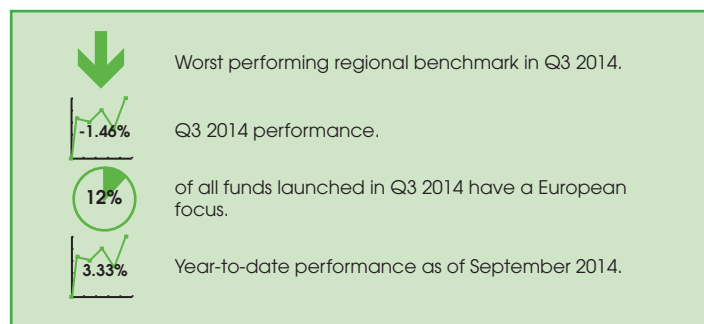
Hedge Funds

Hedge funds across all regions and strategies saw a volatile start to the year which continued all the way through September as the benchmark posted its worst month since June 2013. Following losses made in July and August, the All Hedge Funds benchmark was down 0.36% in Q3 2014. Despite this quarter of underperformance, there was an increase in the proportion of single-manager hedge funds launched this quarter (86%) compared to last quarter (63%), suggesting that despite short-term performance concerns, the longer term outlook is still largely positive for hedge funds. Moreover, the proportion of investors seeking investments through commingled single-manager hedge funds has increased and the structure was included in 86% of fund searches in the quarter.



Europe

In anticipation of the AIFMD, passed in July, Preqin surveyed 150 hedge fund managers to get their view on the challenges facing the industry. The majority reported that regulation would be the biggest concern; 59% of all respondents globally thought the directive would have a negative impact. However, perhaps more of a pressing concern for funds focusing on Europe has been the recent volatility in equity markets following political tensions in Ukraine and Russia, slowing growth across Europe and growing concerns about the German economy. Hedge funds focused on Europe have had a difficult quarter as a result, posting -1.46% in Q3. There was also a decrease in the proportion of hedge fund launches made up by Europe-based vehicles, falling from 25% in Q2 to 12% in Q3.





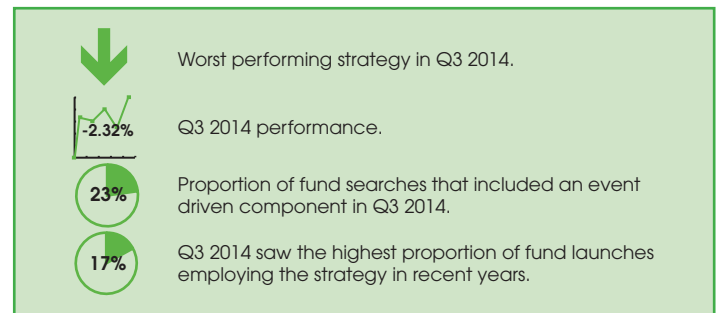
Macro Strategies

Performance at the start of the year was underwhelming for hedge funds pursuing macro strategies. We concluded that perhaps it was too early to signal a recovery despite seeing some signs of improvements over the first half of 2014. However, the benchmark was among the few that generated gains in Q3 2014, adding 0.53% over the quarter. Investors are also turning to macro strategies following recent volatility in equity markets; 28% of searches included a macro strategy component in Q3 2014 compared to 19% in the previous quarter. In addition, hedge fund managers are also identifying opportunities in the strategy; 13% of all funds launched this quarter utilize a macro strategy.



Event Driven

Event driven strategies dominated the previous winners and losers round-ups this year as the top performing strategy in the first half of 2014. However, Q3 2014 saw hedge funds employing this top-level strategy down 2.32%, making it the worst performing strategy benchmark during the quarter. Similarly, despite strong performance seen in 2013 to the first half of 2014, investor searches for this strategy declined from 31% of all searches in Q2 to 23% in Q3 as investors turned their attentions instead to macro strategies. However, it was good news for fund launches, with a record proportion of funds launched employing an event driven strategy, suggesting that fund managers at least are seeing opportunities in the strategy.



Outlook

As the second half of the year unfolds, we are seeing a shift in which of the strategies and fund types are performing well compared to the start of the year, and indeed compared to trends we have witnessed in 2012 and 2013. July and September were in the red for the Preqin All Hedge Funds benchmark; however, CTA funds made gains during the same period and this led it to be named the top performing strategy for the first time in nearly four years. If this momentum continues, 2014 could be a favourable

year for CTAs, positive news for the sector, which has had a difficult recent history. Hedge funds targeting the Asia-Pacific region could also finish 2014 on a high as they endeavour to capture the same positive performance seen in the last half of 2013. Despite September marking the end of macro strategies' four-month positive performance streak, these funds have piqued the interest of investors over the third quarter of the year, as they seek to diversify into non-correlated assets.

Preqin Quarterly Update: Hedge Funds, Q3 2014

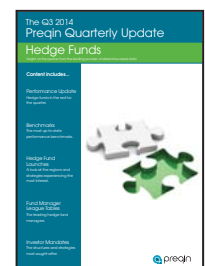
If you are interested in finding more information and statistics on the hedge fund industry in Q3 2014 please read our **Preqin Quarterly Update: Hedge Funds, Q3 2014**. This indispensable guide to the hedge fund industry covers:

▶ All leading fund benchmarks for Q3 2014

▶ The latest hedge fund searches and mandates issued by investors

▶ The latest hedge fund launches

▶ League tables of the largest hedge fund managers

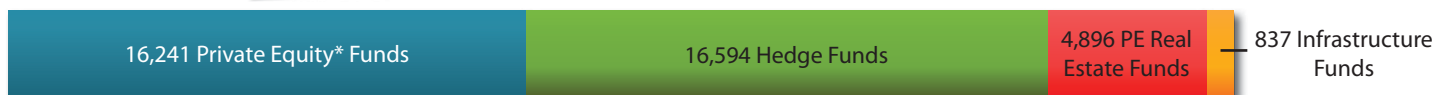


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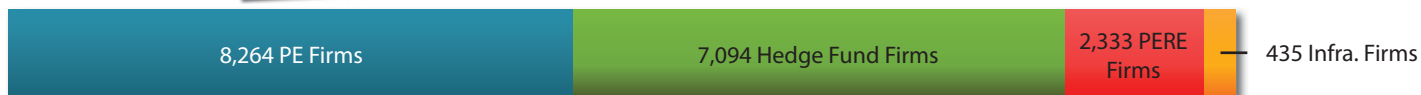
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Fund Coverage: **38,568** Funds



Firm Coverage: **18,126** Firms



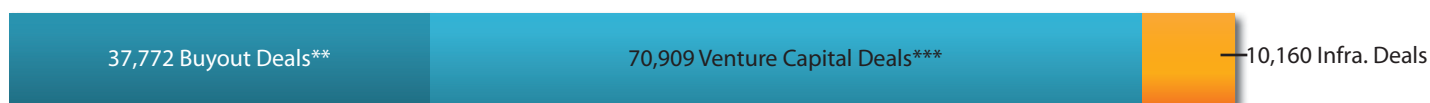
Performance Coverage: **17,576** Funds (IRR Data for 5,581 Funds and Cash Flow Data for 2,637 Funds)



Fundraising Coverage: **15,742** Funds Open for Investment/Launching Soon
Including 2,204 Closed-Ended Funds in Market and 340 Announced or Expected Funds



Deals Coverage: **118,841** Deals Covered; All New Deals Tracked



Investor Coverage: **12,284** Institutional Investors Monitored,
Including 8,585 Verified Active**** in Alternatives and 91,833 LP Commitments to Partnerships



Alternatives Investment Consultant Coverage: **485** Consultants Tracked

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

Best Contacts: Carefully Selected from Our Database of over **296,612** Active Contacts

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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.



Hedge Fund Institutional Investors Based in Asia-Pacific

An increasing proportion of investors in hedge funds are based in the Asia-Pacific region. Who are these investors and which strategies are they targeting? [Benson Tay](#) examines the hedge fund investor landscape within this dynamic region.

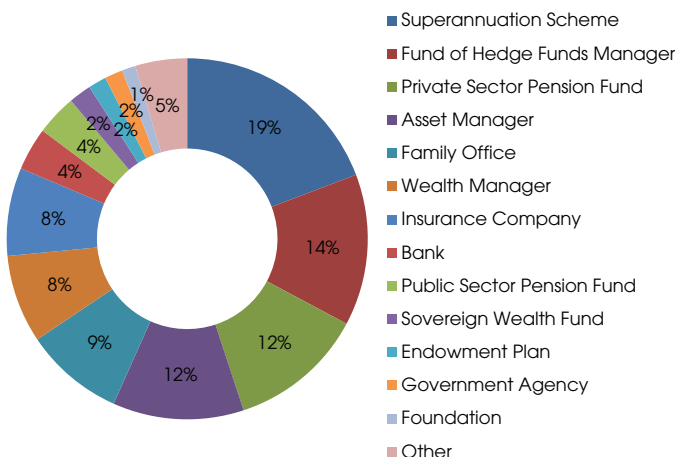
Asia-Pacific is home to just under two-thirds of the world's population and is a burgeoning region encompassing emerging, developing and advanced economies. Rapid growth has led to immense wealth generation that has contributed to a surplus of savings from countries in the region. Given this backdrop, institutional investors based in the region have been growing in prominence over recent years. Entrusted with vast amounts of capital, institutional investors from sovereign wealth funds to pension funds have the responsibility to preserve the value of their assets over varying economic conditions. As a result, an increasing number of institutional investors across the region are actively seeking allocations to hedge funds in search of diversification and risk-adjusted returns. These developments have allowed hedge fund managers to attract large amounts of capital from the region in spite of greater regulatory scrutiny.

Asia-Based Investors

Preqin's [Hedge Fund Investor Profiles](#) currently tracks 494 institutional investors in hedge funds based in the Asia-Pacific region; these investors are largely concentrated in the established financial centres of Australia (32%), Japan (24%), Hong Kong (13%) and Singapore (11%) (Fig. 1).

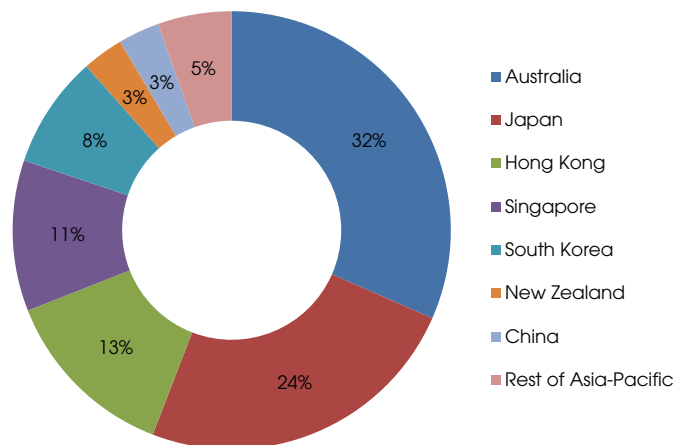
The major investor types in Asia-Pacific are found in the retirement fund sector. Superannuation schemes located in Australia and New Zealand are the most numerous, making up nearly one-fifth of the Asia-Pacific-based investor pool (Fig. 2). Private sector schemes, particularly those in Japan, are another important source of capital from Asia-Pacific, forming 12% of all investors in the region.

Fig. 2: Breakdown of Asia-Pacific-Based Hedge Fund Investors by Investor Type



Source: Preqin Hedge Fund Investor Profiles

Fig. 1: Breakdown of Institutional Investors Based in Asia-Pacific by Investor Location



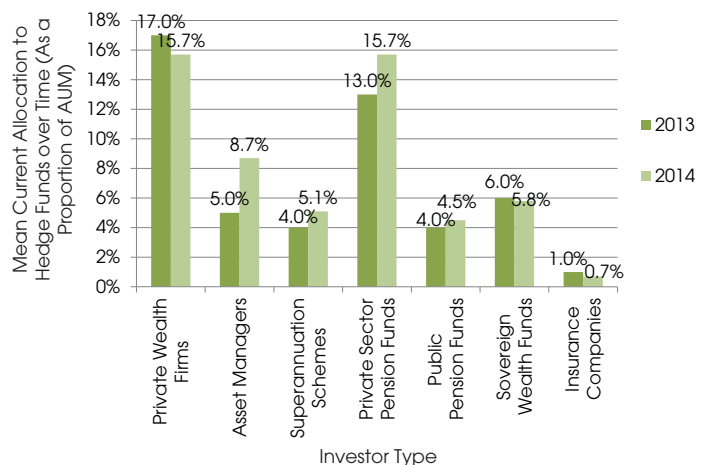
Source: Preqin Hedge Fund Investor Profiles

Investor Capital and Allocations

Preqin data indicates that there has been an increase in allocations made to the asset class since last year. Investors in this region allocate a significant amount towards hedge funds, making them an important source of capital for managers within the Asia-Pacific region, as well as globally.

As shown in Fig. 3, pension funds within Asia-Pacific have increased the amount they invest in hedge funds by sizeable sums over the course of the past 12 months. In particular, private sector pension funds have grown the size of their portfolios from 13.0% of their

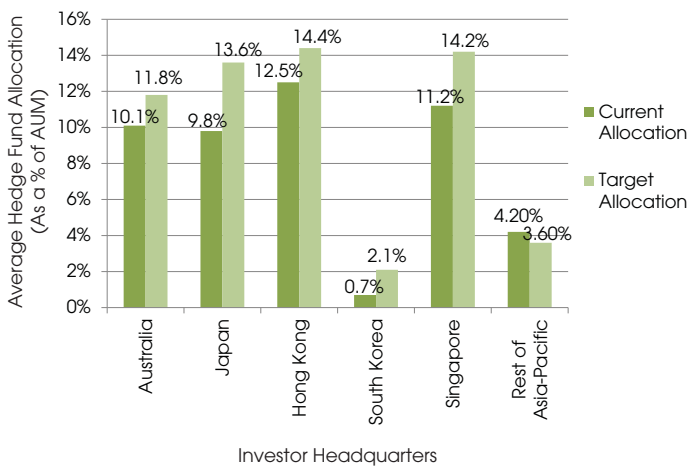
Fig. 3: Mean Current Allocation of Asia-Pacific-Based Investors to Hedge Funds By Investor Type, 2013 - 2014



Source: Preqin Hedge Fund Investor Profiles



Fig. 4: Average Current and Target Hedge Fund Allocations of Asia-Pacific-Based Investors by Investor Headquarters



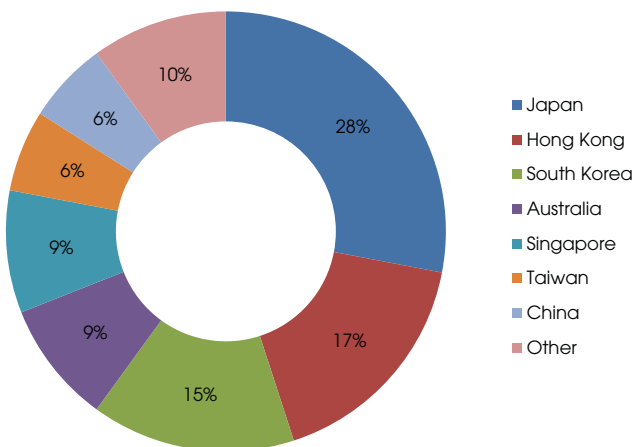
Source: Preqin Hedge Fund Investor Profiles

total assets on average in 2013, to 15.7% today. Superannuation schemes and public pension funds have shown similar trends.

Public and private sector pension funds in Asia-Pacific have the potential to grow their allocations to the asset class over the next 12 months even further; 25% and 18% respectively are under their targeted exposure to the asset class (Fig. 5).

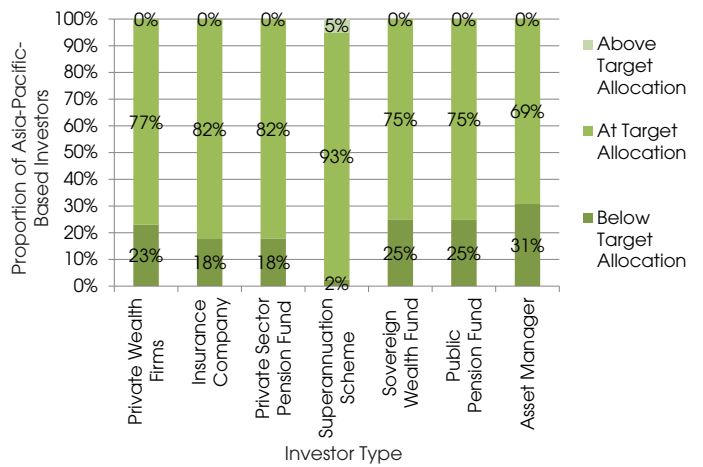
In contrast to pension schemes, private wealth firms (wealth managers and family offices) have shown a reduction in their average allocation to hedge funds over the past 12 months (Fig. 3). Despite this, private wealth firms remain one of the leading allocators in terms of the proportion of their assets invested in hedge funds, investing on average 15.7% of their total assets in the asset class. These private wealth investors have different investment mandates compared to other institutions, which typically operate under more stringent risk and allocation constraints. Although they have cut back on their investments in the past year, there is the potential for more inflows from these investors over the course of the year ahead; as shown in Fig. 5, 23% of private wealth funds are currently under their targeted exposure to the asset class, and therefore can make more capital available to invest in hedge funds.

Fig. 6: Breakdown of Fund Searches and Mandates Issued by Investor Headquarters



Source: Preqin Hedge Fund Investor Profiles

Fig. 5: Proportion of Asia-Pacific-Based Investors At, Above or Below Their Target Hedge Fund Allocations by Investor Type



Source: Preqin Hedge Fund Investor Profiles

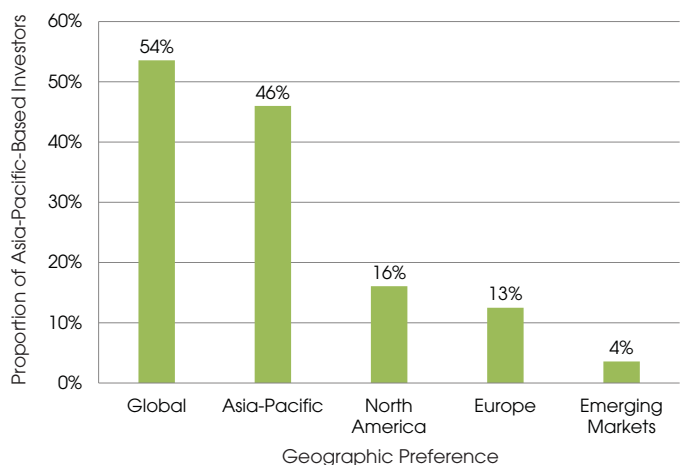
Fund Searches and Mandates

Data from Preqin's Fund Searches and Mandates online service shows that investors based in Japan are leading the way in terms of new investments sought in the year ahead by Asia-Pacific-based investors. Japan-based investors have already have amassed sizeable portfolios, investing on average over 9% of their assets in hedge funds with a targeted exposure of 13.6%. Significant numbers of investors from Japan look set to seek out new funds in the next 12 months to reach this target.

Next to Japan, Hong Kong is a leading source of potential new investment, with 17% of all Asia-Pacific-based investors searching for new funds based there. The bulk of these searches issued by investors in Hong Kong are from multi-family offices and fund of hedge funds managers. Hong Kong is a magnet for private wealth from China to seek exposure to the wider Asia-Pacific region, due its status as a regional financial hub.

The developed markets of Northeast Asia also look set to contribute substantial inflows towards hedge funds. Fig. 6 shows that investors based in South Korea form 15% of all investors in Asia-

Fig. 7: Geographic Preferences of Asia-Pacific-Based Investors in Hedge Funds



Source: Preqin Hedge Fund Investor Profiles



Pacific searching for new funds, with public pension funds in the country representing the primary investor type. Notably, [National Pension Service](#), the country's largest institutional investor, is considering making its first commitments to hedge funds, along with several other public pension funds. This is a reflection of the recent liberalization of the domestic hedge fund industry in South Korea.

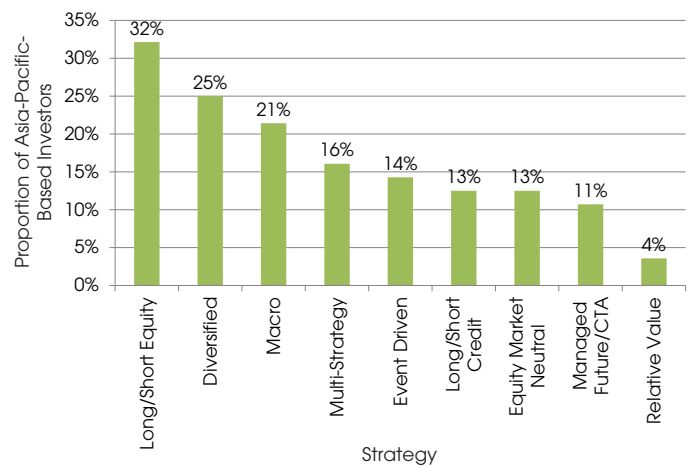
In terms of geographic preferences, more than half of investors from Asia-Pacific will look to invest globally over the coming year. Fig. 7 shows that many of them continue to maintain a healthy interest in their local region, with 46% of these investors expressing interest in gaining further hedge fund exposure in Asia-Pacific. However, there are notably few investors looking to invest in emerging markets, which is perhaps due to the recent outperformance of investments in developed markets, and the corresponding fear of possible destabilizing capital flows from emerging markets as the interest rate environment evolves over the next few years.

Fig. 8 shows the breakdown of the hedge fund strategies that investors from Asia-Pacific will be looking to invest in over the next 12 months. Long/short equity strategies, which showed strong performance in 2013 and make up a large proportion of funds managed from Asia-Pacific, is the most commonly sought strategy among these investors, with macro funds also leading strategy-specific investment searches.

Outlook

Over the past year, Prequin has seen more investors from Asia-Pacific making allocations to hedge funds, and these institutions are investing more money. With local regulatory changes over the years making it easier for these investors to allocate capital to hedge funds, as well as a rapidly growing local industry of fund managers, the region looks set for further growth in the years to come.

Fig. 8: Strategies Sought by Asia-Pacific-Based Hedge Fund Investors in 2014



Source: Prequin Hedge Fund Investor Profiles

Significant inflows to the asset class are expected to come from a wide variety of investors. From asset managers and private wealth firms looking to diversify the portfolios of the growing numbers of wealthy individuals and families in Asia-Pacific, through to retirement schemes turning to the asset class as a result of unfavourable demographic trends necessitating the need to look beyond traditional assets to meet their return thresholds.

As the region continues to mature and grow, there are clear opportunities for fund managers both within Asia-Pacific's borders and those beyond, with investors based in the region currently searching for funds on both a global and a local basis.

Subscriber Quicklink

Subscribers to Prequin's **Hedge Fund Investor Profiles** can click [here](#) to view detailed profiles for 494 Asia-Pacific-based investors currently investing in hedge funds. Profiles include assets under management, investment history, investors' preferences, future plans, searches and mandates and much more.

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Editor's View - Industry News

Selina Sy looks at the latest news in the hedge fund industry this month, including fund launches and investors in Asia-Pacific and the top performing funds targeting this region. We also look at hedge funds with a focus on emerging markets and the leading CTA funds this year.

Fund Launches in the Asia-Pacific Region

The [Sanchi Credit Value Fund](#) was launched in March this year and is the flagship fund of [Ocean Dial Asset Management Singapore](#). The \$56mn fund aims to generate absolute returns by implementing a research-driven, value-oriented strategy which exploits credit market dislocations and inefficiencies globally. The fund invests mainly in investment-grade bonds. Another fund recently launched in the region was the [Asia Dorset Fund](#) which invests predominantly in listed equities of small to mid-cap companies that have principal business activities in high growth Asian markets. The fund, which launched in August 2014, adopts a long/short strategy to optimize returns and to retain flexibility in various market conditions.

Fund Performance with a Focus on Asia-Pacific

Funds targeting the Asia-Pacific region have seen a streak of positive performance since May. [India Insight Value Fund](#) leads this benchmark posting 98.29% YTD as of September 2014. The fund was launched in February 2012 and is managed by [Fair Value Capital Management](#), which is based in New Delhi. Another fund leading the Asia-Pacific benchmark is the [Greyhound Asia Fund](#), which is up 32.34% YTD as of September 2014. The fund has \$14.8mn in assets under management and employs a long/short equity strategy in countries across the Asia-Pacific region.

Investor News in Asia-Pacific

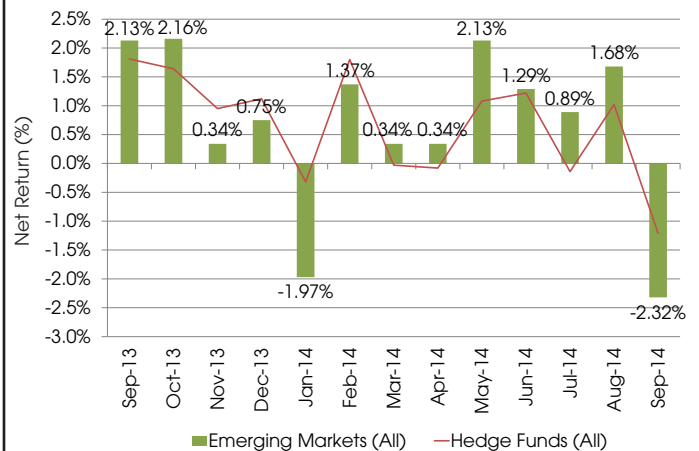
As investors in Asia-Pacific show an increase in activity within the hedge fund universe, Hong Kong-based fund of hedge funds manager [Persistent Asset Management](#) plans to commit additional capital to hedge funds. It will invest through commingled and managed account funds with a specific preference for equity long/short strategies employed on a global basis with a focus on the Asia-Pacific region. Likewise, [TransGlobe Life Insurance](#), based in Taiwan, has revealed plans to increase its exposure to hedge funds over the next 12 months. The insurance company manages TWD 721bn (approximately \$24bn) in assets and has a preference for long/short equity, event driven, global macro and fixed income strategies.

In Other News

Our 'In Focus' section covers the current CTA industry using data taken from Preqin's [Hedge Fund Analyst](#) and [Hedge Fund Investor Profiles](#). Based in Chile, [Lanin Partners](#) is a fund of hedge funds manager looking to invest in up to three new underlying hedge funds over the next 12 months. At this time, the firm is interested in managers employing managed futures/CTA and niche strategies. Meanwhile, [IQS Futures Fund](#) posted impressive performance in September with gains of 24.54% during the month, bringing its year-to-date to 66.65%. The fund utilizes the strategy that was employed in a proprietary account previously managed by [IQS Capital Management](#). It trades a diversified portfolio of outright futures contracts, including interest rates, currencies, energy and both hard and soft commodities, using an objective approach that employs a series of computer programs.

How are emerging markets-focused hedge funds faring so far this year?

Chart of the Month: Hedge Fund Performance: Emerging Markets vs. All Hedge Funds, September 2013 - September 2014



Source: Preqin Hedge Fund Analyst

Emerging markets had a tough time at the beginning of the year as the end of 2013 saw weak performance posted by emerging markets-focused hedge funds across the world. Indeed, Preqin interviewed 148 institutional investors in the February 2014 issue of **Hedge Fund Spotlight**, when only 17% thought that emerging markets would present the best opportunities in 2014, which highlighted the small proportion of investors with confidence in emerging markets after poor performance witnessed in the previous year. Despite a heavy loss in September, hedge funds targeting emerging markets have seen consecutive gains since February 2014, posting 3.65% YTD as of September 2014. This compares favourably to last year when the benchmark was up 2.99% for the same period. Emerging markets in Asia are the main contributors to the benchmark, gaining 11.79% YTD in September and illustrating the strong gains the region can produce. Looking towards the final quarter of the year, emerging market funds still have time to build on the momentum gained during the second half of the year in order to both restore investor confidence and recoup its losses by the beginning of next year.

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.



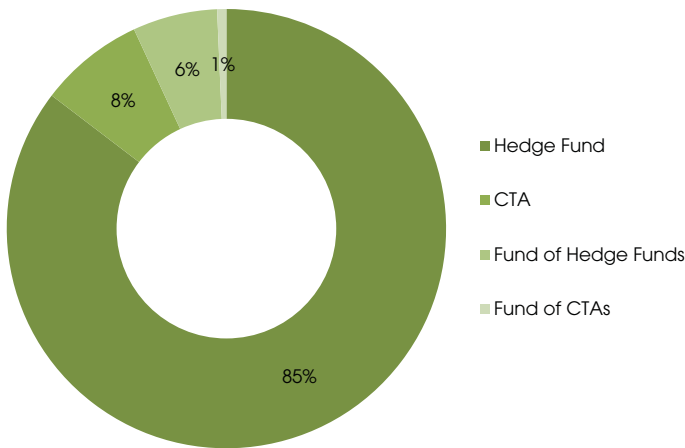
On the Network This Month: What Are Investors Searching For?

In this feature, we examine the activity of the investors on [Preqin Investor Network](#) to see which fund types, strategies and regions are of current interest to investors, as well as which institutional investor types have been proactively looking at funds in September.

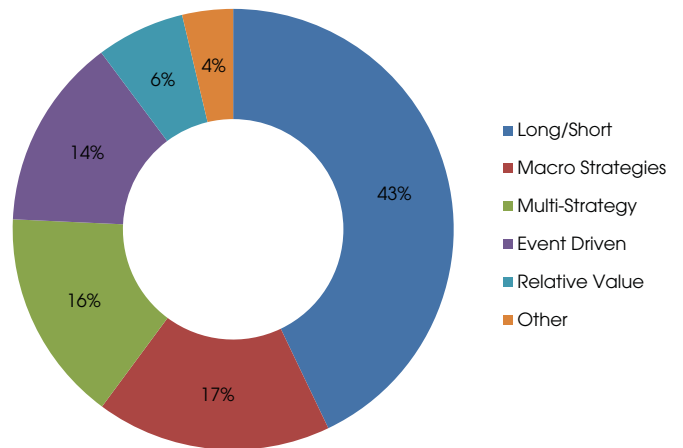
Preqin Investor Network is a unique system designed to help investors source and connect with alternative fund managers. Currently over 6,400 individuals at more than 3,400 institutional investor firms are using the Network to find and reach out to the 15,000 alternative investment funds open for investment. If you would like to find out more, please email: pin.info@preqin.com

Fig. 1: Breakdown of Hedge Funds Reviewed by Investors on Preqin Investor Network by Fund Type, September 2014

Fig. 2: Breakdown of Hedge Funds Reviewed by Investors on Preqin Investor Network by Core Strategy, September 2014



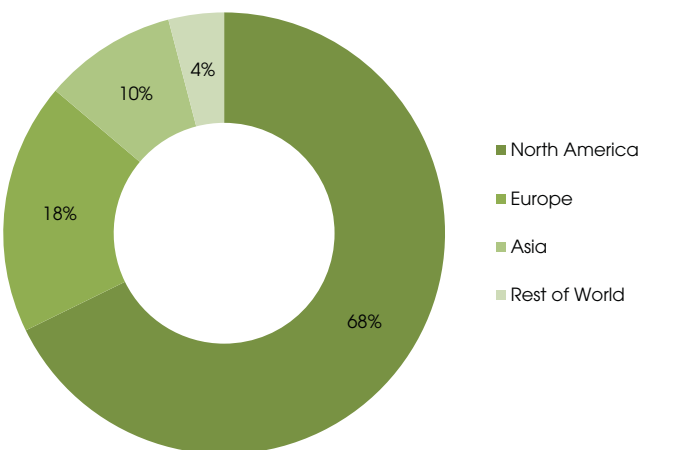
Source: Preqin Investor Network



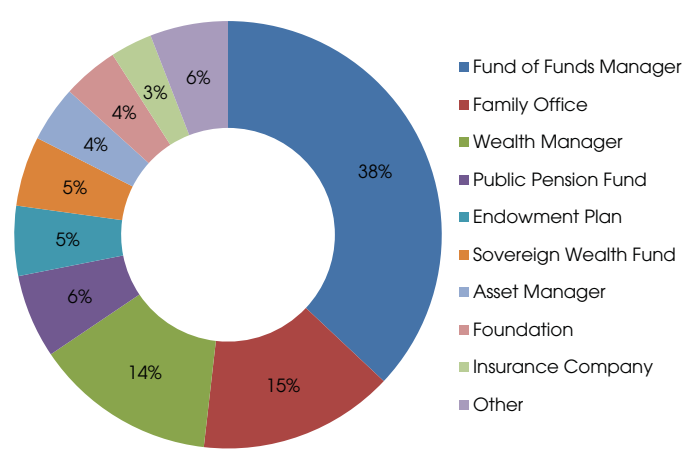
Source: Preqin Investor Network

Fig. 3: Breakdown of Hedge Funds Reviewed by Investors on Preqin Investor Network by Geographic Headquarters, September 2014

Fig. 4: Breakdown of Investors Searching for Hedge Funds on Preqin Investor Network by Type, September 2014



Source: Preqin Investor Network



Source: Preqin Investor Network

In Numbers: On the Network This Month

12,758 Total number of hedge funds currently available to review on Preqin Investor Network (as of 6 Oct 2014).

217 The number of hedge funds added to Preqin Investor Network in September 2014.

7 years The median track record of hedge funds viewed on Preqin Investor Network in September 2014.

\$1.79bn The average size of hedge funds reviewed on Preqin Investor Network in September 2014.



Preqin Performance Benchmarks September 2014

Preqin's preliminary benchmarks for September 2014.

Fig. 1: Summary of Preliminary September 2014 Performance Benchmarks (Net Return, %)*

	Sep-14	Aug-14	2014 YTD	12 Months
Hedge Funds (All Strategies and Regions)	-1.21	1.00	3.33	7.20
Long/Short	-2.06	1.39	2.99	7.62
Event Driven Strategies	-1.63	0.32	2.86	7.43
Relative Value	0.13	0.36	3.74	6.14
Macro Strategies	-0.03	0.54	2.46	4.56
Multi-Strategy	-0.06	0.74	4.20	7.28
Activist	-1.66	1.54	4.61	9.36
Volatility	-0.08	0.69	3.17	6.26
Discretionary	-0.93	1.24	4.14	9.40
Systematic	-0.68	1.07	2.12	5.43
North America	-1.72	1.39	4.11	9.08
Europe	-0.71	0.25	2.04	6.50
Asia-Pacific	-0.34	0.36	3.89	8.60
Developed Markets	0.37	0.74	4.78	7.99
Emerging Markets	-2.32	1.63	3.65	7.04
USD	-1.10	1.15	3.41	7.44
EUR	-0.20	0.36	1.78	4.48
GBP	0.08	0.15	-0.02	1.07
JPY	-0.17	0.48	2.19	7.64
BRL	-2.68	2.32	3.63	6.01
Funds of Hedge Funds (All Strategies and Regions)	-0.09	0.74	2.84	6.24
Long/Short	-0.84	1.07	2.16	6.25
Multi-Strategy	0.17	0.60	2.68	6.24
Funds of CTAs	8.72	3.92	9.91	16.17
USD	-0.62	0.75	2.14	5.74
EUR	1.47	0.67	2.91	6.20
UCITS Hedge Funds (All Strategies and Regions)	-0.84	0.79	1.60	4.28
Long/Short	-1.30	0.87	1.50	5.32
Relative Value	-0.05	0.23	0.93	1.89
Macro Strategies	-0.03	1.25	2.60	3.90
USD	-1.39	1.06	1.24	3.92
EUR	-0.42	0.62	1.59	4.09
CTAs (All Strategies and Regions)	2.96	2.28	7.13	9.60
Discretionary	3.31	1.67	6.63	7.36
Systematic	2.57	2.80	6.87	9.93
USD	3.23	2.55	7.60	10.37
EUR	1.40	2.28	4.71	7.42

* Please note, all performance information includes preliminary data for September 2014 based upon net returns reported to Preqin in early October 2014. Although stated trends and comparisons are not expected to alter significantly, final benchmark values are subject to change.

Source: Preqin Hedge Fund Analyst

Hedge funds had a disappointing September with the All Strategies benchmark posting a loss of 1.21% for the month to reduce year-to-date returns to 3.33% (Fig. 1). Relative value was one of the only positive strategies (+0.13%), while all long/short strategies were in the red after a disappointing month for public equity markets. Managed futures/CTAs represented the top performing strategy (+2.96%), making September the sixth consecutive positive month for the strategy, while macro strategies saw their four-month positive return streak come to an end (-0.03%).

Fig. 2 shows the performance of the main strategy categories in 2014. In the first quarter, event driven and long/short returned 2.74% and 1.49% respectively, while CTAs made a loss of 0.07%. However, the last quarter saw a reversal of fortune, with CTAs returning 5.52% in Q3 while both event driven and long/short strategies fell into the red, posting -2.32% and -0.87%. Relative value, multi-strategy and macro funds have made gains each quarter this year, with Q2 representing the peak period for these strategies.

Fig. 2: Net Returns of Single-Manager Funds by Strategy*

July 2014	August 2014	September 2014	Q3 2014	Q2 2014
CTAs 0.20%	CTAs 2.28%	CTAs 2.96%	CTAs 5.52%	Event Driven 2.49%
Multi-Strategy 0.20%	Long/Short 1.39%	Relative Value 0.13%	Multi-Strategy 0.88%	Long/Short 2.37%
Relative Value 0.11%	Multi-Strategy 0.74%	Macro Strategies -0.03%	Relative Value 0.60%	Multi-Strategy 2.36%
Macro Strategies 0.03%	Macro Strategies 0.54%	Multi-Strategy -0.06%	Macro Strategies 0.53%	Macro Strategies 1.80%
Long/Short -0.17%	Relative Value 0.36%	Event Driven -1.63%	Long/Short -0.87%	CTAs 1.60%
Event Driven -1.02%	Event Driven 0.32%	Long/Short -2.06%	Event Driven -2.32%	Relative Value 1.57%

Source: Preqin Hedge Fund Analyst

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November 13, 2014, Sheraton Toronto Centre, Toronto, ON, Canada

Topics confirmed include:

- Keynote address: How to develop the quant market in Canada
- Fundamental and quantitative investing – combining the best of both worlds
- Panel Debate: Family Offices and Private Banks – conflict or collaboration?
- Case study: Active quantitative investment strategies in a pension plan portfolio
- Keynote address: Understanding the proper use of derivatives

Speakers confirmed include:



Jay Vyas, Vice President and Head of Quantitative Investing, **Canada Pension Plan Investment Board**



Serguei Zernov, Principal, Quantitative Investments, **OMERS Capital Markets**



Greg Gipson, Head of Portfolio Management, Quantamental Investments, **BMO Asset Management**



Bruno Dupire, Head of Quantitative Research, **Bloomberg LP**

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Alternative Investing Summit

December 7-9, 2014 / Ritz-Carlton Laguna Niguel, Dana Point, CA

The Alternative Investing Summit will bring together trustees and representatives of institutions as well as money managers and consultants to explore the roles of alternative opportunities and strategies. Participants and delegates of this alternative investment conference will investigate a range of critical investment issues, including discussion of the risks and benefits of various asset classes and investment vehicles, examining means of cutting costs associated with implementation of absolute returns strategies, reviewing the future of commodities, and surveying the landscape of emerging international markets.

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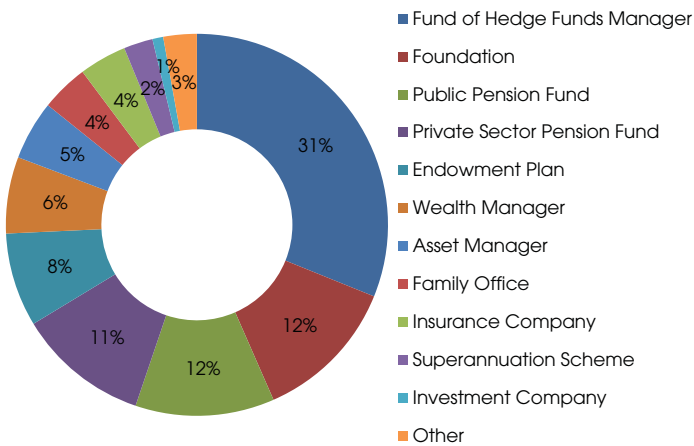
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In Focus: Investors in CTA Funds

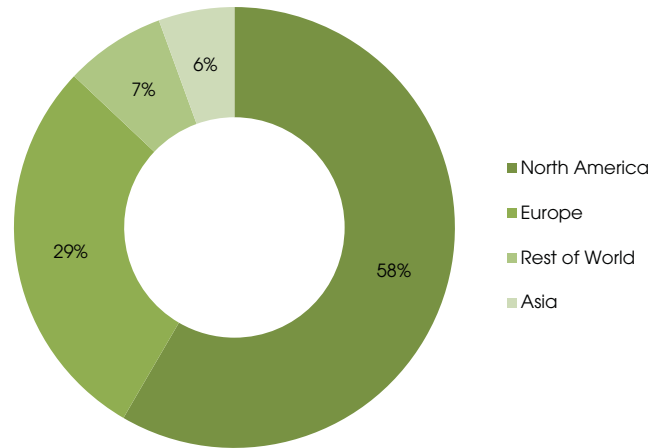
We look at the breakdown of the types of investor with an appetite for CTA funds and how this appetite has increased since 2008.

Fig. 1: Breakdown of Investors with a Preference for CTA Funds by Investor Type



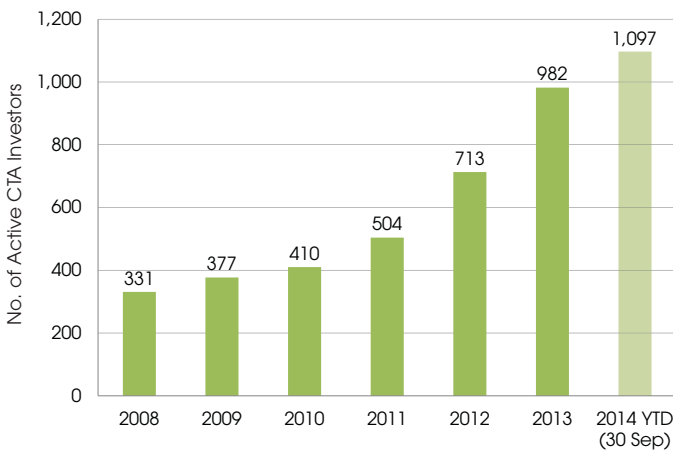
Source: Preqin Hedge Fund Investor Profiles

Fig. 2: Breakdown of Investors with a Preference for CTA Funds by Investor Location



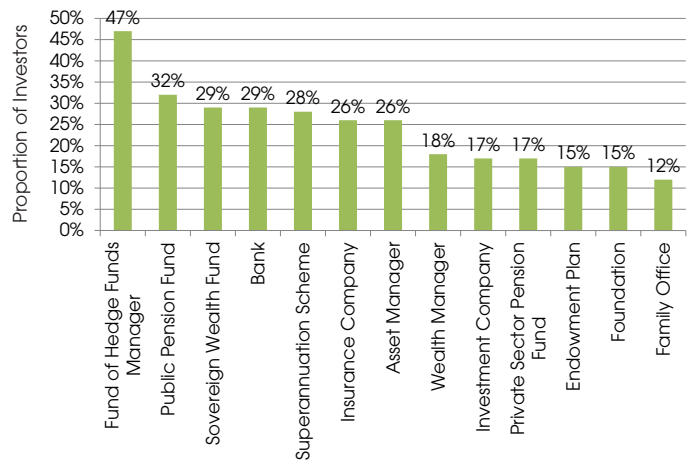
Source: Preqin Hedge Fund Investor Profiles

Fig. 3: Institutional Investors Actively Investing in CTA Funds, 2008 - 2014 YTD (As at 30 September 2014)



Source: Preqin Hedge Fund Investor Profiles

Fig. 4: Proportion of Institutional Investors with a Preference for CTA Funds by Investor Type



Source: Preqin Hedge Fund Investor Profiles

Fig. 5: Five Leading CTA Funds by Number of Commitments from Institutional Investors

Fund	Fund Manager	Location
BlueTrend Fund Ltd	BlueCrest Capital	UK
CCP Quantitative Fund	Cantab Capital Partners	UK
Graham Global Investment Fund	Graham Capital Management	US
Gresham Tangible Asset Program	Gresham Investment Management	US
Lynx (Bermuda)	Brummer & Partners	Sweden

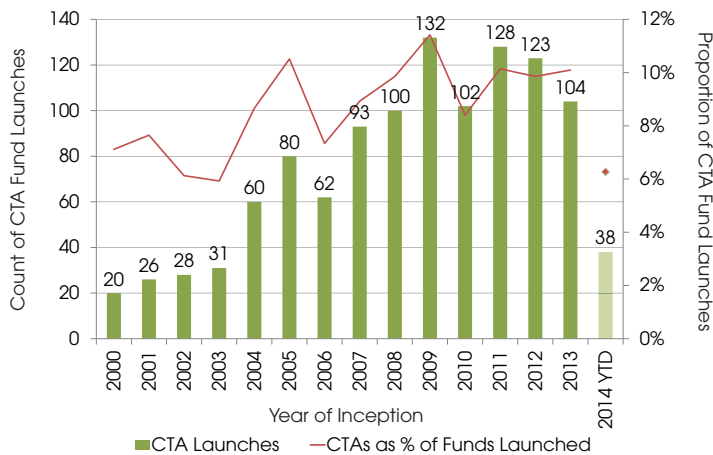
Source: Preqin Hedge Fund Investor Profiles



In Focus: CTA Fund Launches

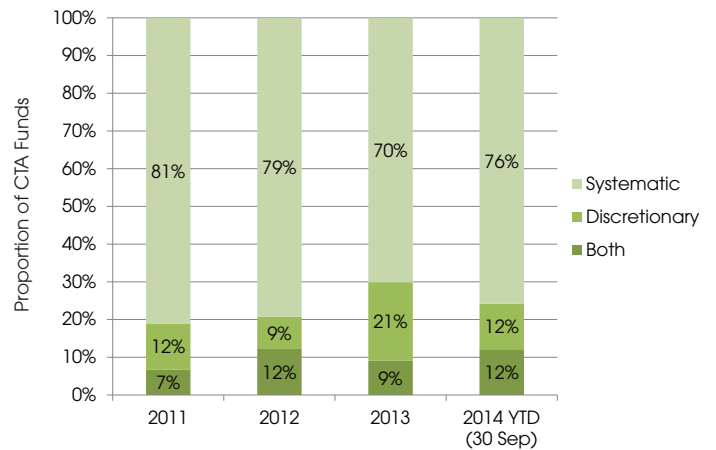
We look at the latest data surrounding CTA fund launches and provide a breakdown of their trading preferences.

Fig. 1: CTA Fund Launches by Total Count and Proportion, 2000 - 2014 YTD (As at 30 September 2014)



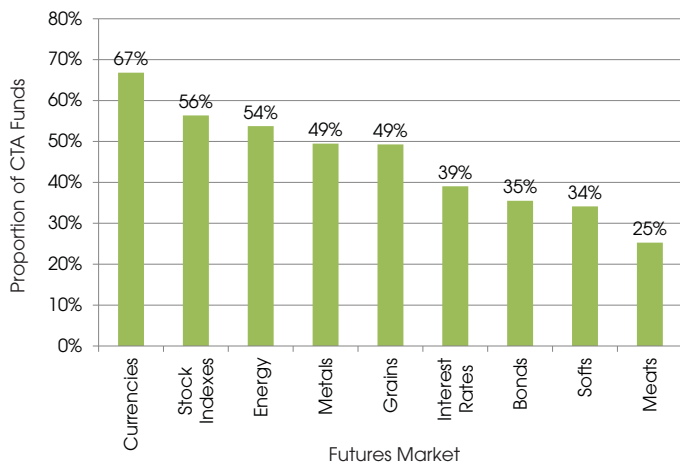
Source: Preqin Hedge Fund Analyst

Fig. 2: Breakdown of Trading Methodology Employed by CTA Funds, 2011 - 2014 YTD (As at 30 September 2014)



Source: Preqin Hedge Fund Analyst

Fig. 3: Top Futures Markets Traded by CTA Funds



Source: Preqin Hedge Fund Analyst

Subscriber Quicklink

Subscribers to Preqin's **Hedge Fund Analyst** can click [here](#) to access profiles for 1,101 active CTA funds.

Profiles include details on funds' investment focuses including geographic and strategic preferences, fund overview, terms and conditions, fund manager details and more.

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Fig. 4: Notable CTA Launches in 2014

Fund Name	Firm Name	Firm Country	Inception Date	CTA Strategy	Commodities Traded
World Monetary and Agriculture Program (Low Volatility)	Dunn Capital Management	US	01-Feb-2014	Systematic - Trend Following	Currencies, Energy, Grains, Interest Rates, Metals
Helium	80 Capital	UK	13-Feb-2014	Systematic - Pattern Recognition	Bonds, Currencies, Energy, Grains, Metals, Softs, Stock Indexes
EMC Alpha Plus Program	EMC Capital Advisors	US	01-May-2014	Systematic - Macro, Trend Following	Bonds, Currencies, Energy, Grains, Metals, Softs, Stock Indexes
Martin Fund One Institutional	Martin Fund Management	US	01-Feb-2014	Systematic - Arbitrage	Softs
R-Cap Trading Commodity Fund	R-Cap Trade	UK	01-Sep-2014	Discretionary and Systematic - Multi-Strategy	Currencies, Energy, Metals, Softs

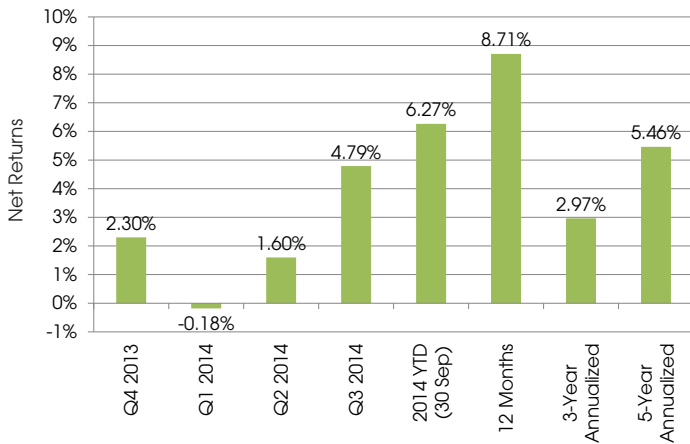
Source: Preqin Hedge Fund Analyst



In Focus: CTA Performance

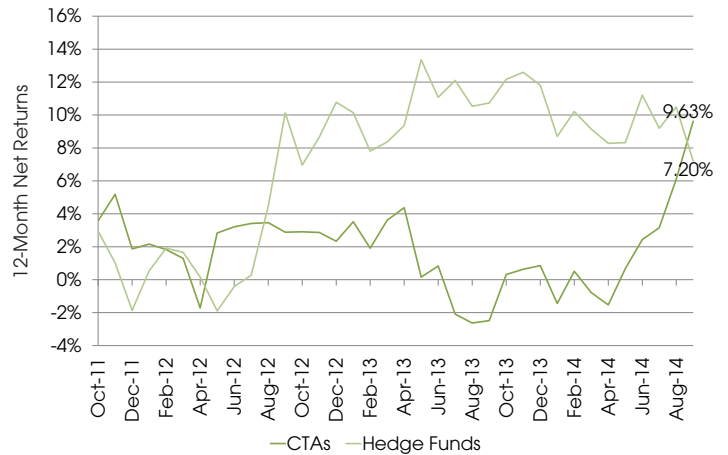
We provide a round-up of the latest performance statistics for CTA funds over the long term and short term, including their performance against hedge funds and volatility against S&P 500.

Fig. 1: Performance of CTA Hedge Funds in 2014 YTD (As at 30 September 2014)



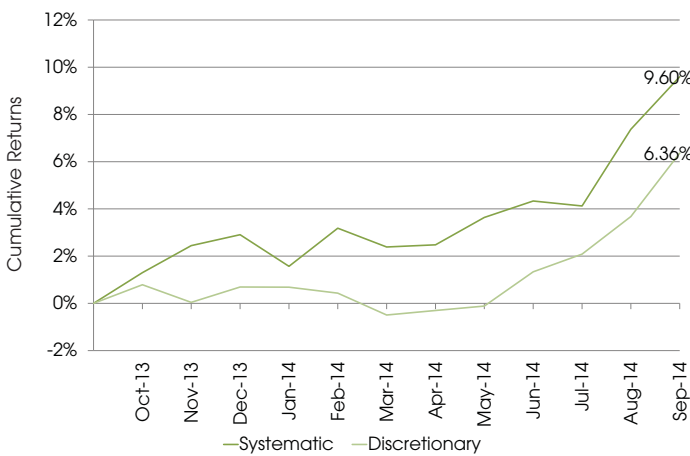
Source: Preqin Hedge Fund Analyst

Fig. 2: Rolling Returns of CTAs and Hedge Funds, October 2011 - September 2014



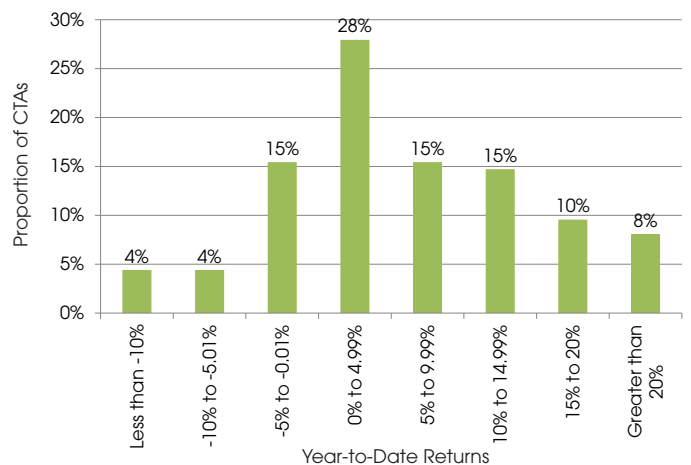
Source: Preqin Hedge Fund Analyst

Fig. 3: Cumulative Performance of Systematic and Discretionary CTAs, October 2013 - September 2014



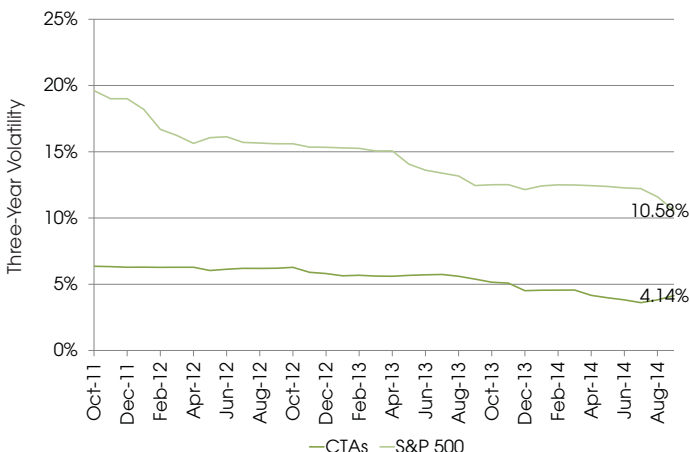
Source: Preqin Hedge Fund Analyst

Fig. 4: Distribution of CTA Returns in 2014 YTD (As at 30 September 2014)



Source: Preqin Hedge Fund Analyst

Fig. 5: Rolling Three-Year Volatility of CTAs, October 2011 - September 2014



Source: Preqin Hedge Fund Analyst

In Numbers: CTA Performance



Returns posted by CTAs in Q3 2014 - their best quarter since Q4 2010.



Percentage point difference between CTA performance in September 2014 YTD compared to the same period last year.



Proportion of CTAs with year-to-date returns above 5%.



The three-year volatility of CTA returns for the last 23 months.



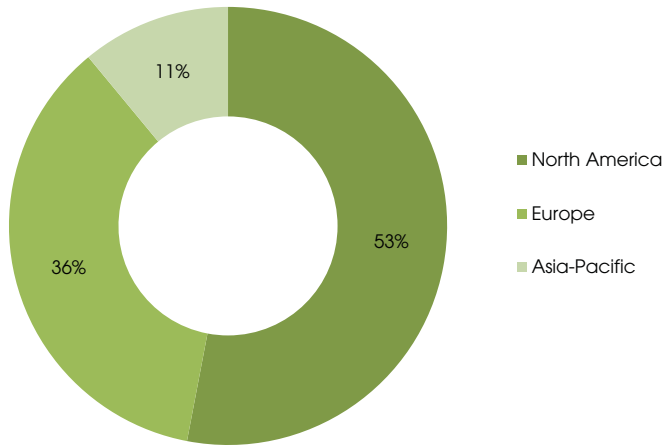
Correlation of CTAs to the S&P 500 during down periods over the last five years.



Fund Searches and Mandates

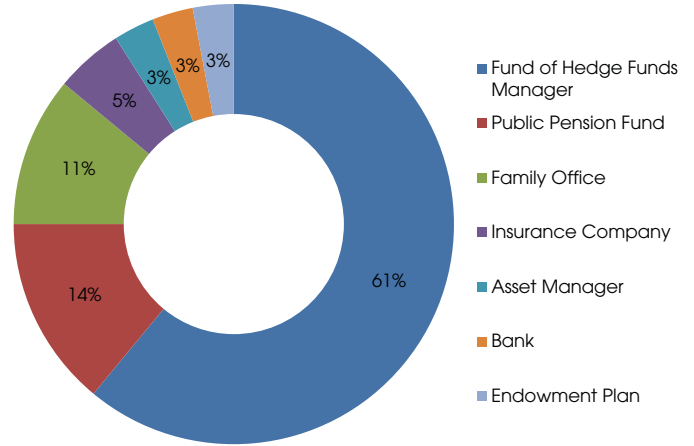
We look at the strategies and regions hedge fund investors plan to target in the year ahead, as well as which investors are planning new investments.

Fig. 1: Breakdown of Hedge Fund Searches Issued by Investor Location, September 2014



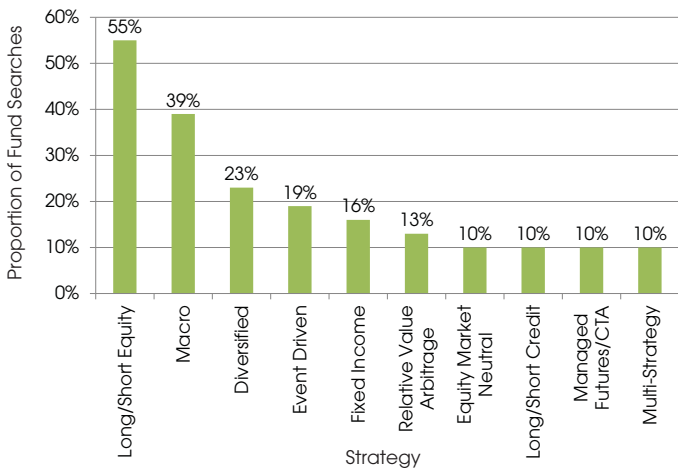
Source: Preqin Hedge Fund Investor Profiles

Fig. 2: Breakdown of Hedge Fund Searches Issued by Investor Type, September 2014



Source: Preqin Hedge Fund Investor Profiles

Fig. 3: Hedge Fund Searches Issued by Strategy, September 2014



Source: Preqin Hedge Fund Investor Profiles

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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 September 2014

Investor	Investor Type	Location	Fund Search Details
NewAlpha Asset Management	Fund of Hedge Funds Manager	US	NewAlpha Asset Management expects to invest in up to six new early-stage hedge funds over the coming year. The firm will be looking closely at investment opportunities in the US and Asian markets. It is particularly interested in managers that employ equity market neutral, event driven, long/short equity and global macro strategies.
Bucknell University Endowment	Endowment Plan	US	The \$730mn endowment plan is looking to invest between \$10mn and \$15mn in at least one hedge fund in the next 12 months. It is interested in investing globally with a focus on long/short equity and multi-strategy funds. It will not invest in spin-off teams and it looks for a minimum three-year track record when investing in managers.
JMCR Partners	Family Office	Greater China	JMCR Partners is planning to make 10 new hedge fund commitments in the next 12 months. It has a preference for new managers based in Asia, Europe and the US. It is likely to invest in commingled single-manager funds and commingled funds of hedge funds with strategies such as arbitrage and multi-strategy. It accepts soft lock-ups of up to one year.

Source: Preqin Hedge Fund Investor Profiles



Conferences Spotlight

Conference	Dates	Location	Organizer	Preqin Speaker	Discount Code
Catalyst Cap Intro: Credit Fixed Income Alternative Investing	27 October 2014	New York	Catalyst Financial Partners	-	-
Alternative Asset Summit	28 - 30 October 2014	Las Vegas	Alternative Assets	-	15% Discount - Preqin15
GAIM Ops West Coast 2014	3 - 5 November 2014	Palm Springs, CA	IIR	-	-
6th Annual Women's Alternative Investment Summit (WAIS)	6 - 7 November 2014	New York	Falk Marques Group	-	-
Hedge Answers LAUNCH Series	12 November 2014	Teleconference	HedgeAnswers	-	-
Quant World Canada 2014	13 November 2014	Toronto, Canada	Terrapinn	-	-
Endowment & Foundation Forum	17 - 19 November 2014	Boston, MA	Opal Finance Group	-	-
Alternative Investing Summit	7 - 9 December 2014	Dana Point, CA	Opal Finance Group	-	-
Catalyst Cap Intro: Emerging Markets Macro Alternative Investing	8 December 2014	New York	Catalyst Financial Partners	-	-
Emerging Manager Forum	9 December 2014	Miami, FL	CTA Expo	-	-
MFA Network	26 - 28 January 2015	Miami, FL	MFA	-	-
Hedge Answers LAUNCH Series	14 January 2015	Teleconference	HedgeAnswers	-	-
IKS 2014 Global Hedge Fund Summit	1 February 2015	Seoul, South Korea	IK Summit Co.	Amy Bensted	-
Hedge Answers LAUNCH Series	11 March 2015	Teleconference	HedgeAnswers	-	-
Hedge Answers LAUNCH Series	13 May 2015	Teleconference	HedgeAnswers	-	-

Catalyst Cap Intro: Credit | Fixed Income Alternative Investing

Date: 27 October 2014

Information: <http://catalystforum.com/node/301>

Location: New York

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. Introductions are accomplished through private meetings which are arranged prior to the events, in an investor driven fashion. Investors constitute predominantly single and multi-family offices, endowment and foundations, and their advisors, located on the US East Coast corridor, but also internationally.



Alternative Asset Summit

Date: 28 - 30 October 2014 **Information:** www.AlternativeAssetSummit.com
Location: Ceasars Palace - Las Vegas **Discount Code:** 15% Discount - Preqin15
Organizer: Alternative Assets

Come Join Institutional Investors, Family Offices, Hedge Funds and Alternative Asset Managers at the Alternative Asset Summit 2014.

GAIM Ops West Coast 2014

Date: 3 - 5 November 2014 **Information:** www.gaimopsireland.com
Location: Ritz- Carlton Rancho Mirage, Palm Springs, CA
Organizer: IIR USA

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6th Annual Women's Alternative Investment Summit

Date: 6 - 7 November 2014 **Information:** www.WomensAlternativeInvestmentSummit.com
Location: The Pierre, New York City
Organizer: Falk Marques Group

The 6th Annual Women's Alternative Investment Summit (November 6 - 7, 2014 at The Pierre, New York City). More than 400 of the top women in private equity and alternative investments - GPs, LPs, and advisors to the industry - will gather in New York for this timely, indispensable industry conference.

Quant World Canada 2014

Date: 13 November 2014 **Information:** http://www.terrapinn.com/conference/quant-world-canada/index.stm?utm_source=OP&utm_medium=listing&utm_campaign=OP
Location: Toronto, Canada
Organizer: Terrapinn

Quant World Canada 2014 is the leading event for traders and investors reviewing quantitative techniques and strategies. This is where Canada's leading pensions, quant funds, algorithmic traders, and exchanges are looking for new strategies and technologies.



Endowment & Foundation Forum

Date: 17 - 19 November 2014

Information: www.opalgroup.net/trk/effc1405.html

Location: Boston Marriott Long Wharf,
Boston MA

Organizer: Opal Finance Group

The 16th Annual Endowment and Foundation Forum will provide a forum for free exchange of ideas concerning portfolio planning and investment strategies. Rather than focusing on a particular investment style, this endowment and foundation conference will tackle issues that are most germane to nation's endowments and charitable foundations by examining critical investment topics, as well as need to align fiscal strategy with goals of a particular organization. Participants and delegates will speak on a range of issues, including necessity for non-profit governance for endowments, means of capturing alpha in a portfolio, methods of choosing money managers, and problems of ethics and liability in fiduciary planning, as well as addressing pros and cons of investing in equity, fixed income, alternative, and real estate products. By targeting industry sector, guest speakers and participants can gain a greater understanding of how organizations can utilize and dovetail with particular investment strategies.

Catalyst Cap Intro: Emerging Markets | Macro Alternative Investing

Date: 8 December 2014

Information: www.catalystforum.com

Location: New York City

Organizer: Catalyst Financial Partners

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 | Macro alternative investing space. 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. If a manager has not enough interest, they may cancel their participation, with full refund of fees. Investors are pre-screened and pre-qualified prior the events, by questionnaires and talks. Investors constitute predominantly single and multi-family offices, endowment and foundations, and their advisors, located on the US East Coast corridor, but also internationally.

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