

Hedge Fund Investors' Billion Dollar Club Sees Ranks Grow

247 investors with the largest commitments to hedge funds now allocate \$889bn in total – a quarter of all capital in the asset class

The collective sum of capital invested into hedge funds by the Billion Dollar Club, those institutions investing \$1bn or more in hedge funds, has grown to \$889bn as of May 2018, a quarter of all capital in the asset class today. This is an 11% increase from the \$802bn recorded in May 2017, although the average allocation to hedge funds from Billion Dollar Club investors has fallen from 16.0% at that time to 15.2% in 2018. The number of investors with \$1bn or more invested in hedge funds has grown by five over the past year, with 47 new entrants joining the Club and 42 investors leaving it. Private sector pension funds are now the most numerous members of the Billion Dollar Club, overtaking public pension funds.

For more information and analysis, see the full *May Hedge Fund Spotlight* here:

<http://docs.preqin.com/newsletters/hf/Preqin-Hedge-Fund-Spotlight-May-2018.pdf>

Key Billion Dollar Club Hedge Fund Investors Facts:

- There are **247 investors that invest \$1bn or more in hedge funds** as of May 2018. Over the course of the past year, 47 institutions have entered and 42 have left the Billion Dollar Club.
- Collectively, the Billion Dollar Club allocates \$889bn to the asset class, an 11% increase from the \$802bn in allocations recorded in April 2017. **This represents 25% of total hedge fund AUM.**
- **Private sector pension funds account for the greatest number of new entrants** to the Club (10), and with 57 representatives form the largest group of investors in the Club.
- By region, **Europe accounts for the greatest number of entrants into the Club** (18) over the past 12 months, while North America saw the greatest number of investors which exited the Club (27).
- Although total allocated capital rose, the **mean allocations of Billion Dollar Club members continue to fall** – down from 16.8% in 2016 to 16.0% in 2017, and to 15.2% in 2018.
- Although **sovereign wealth funds account for just 3% of all investors in the Billion Dollar Club**, they represent 16% (\$146bn) of aggregate capital invested by the Club.
- **Despite an improved environment for hedge funds, the Club has seen departures of prominent investors over recent years**, including investors like CalPERS, NYCERS and Alaska Permanent Fund Corporation.

Amy Bensted, Head of Hedge Fund Products:

“While small in number, the Billion Dollar Club of the largest institutional investors in hedge funds exerts huge influence on the industry. The 247 members of the Club invest one out of every four dollars in the asset class, and cumulatively represent nearly \$900bn in total invested capital. This is up by more than 10% in the past year, even as the average allocation has fallen, demonstrating the size of these investors.

However, the past 12 months have seen a greater level of turnover than in previous years. The total number of Club members grew by five, but 42 institutions left their ranks, up from 28 in the previous 12 months. In fact, more Billion Dollar Club members have reduced their allocations over the past year than have increased them. Despite this, they remain extremely influential investors, and are likely to drive sentiment in the asset class in the months ahead.”

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