

‘\$1bn Club’ Managers Hold 88% of all Hedge Fund Capital

The 668 firms with at least \$1bn in assets under management (AUM) now control \$2.75tn out of the total \$3.13tn held by the hedge fund industry*

Preqin's latest research into the hedge fund industry finds that the ‘\$1bn Club’ of firms holding at least \$1bn in assets has grown by 98 firms over the past year, and now accounts for 12% of all hedge fund managers. The proportion of total industry assets held by these funds has declined from 92% in 2015 to 88% in 2016; \$1bn Club firms now manage \$2.75tn in total AUM, down from \$2.78tn at the end of Q1 2015. However, in the same period total hedge fund industry assets have fallen from \$3.16tn to \$3.13tn, following challenging market conditions, the conversion of some large funds to family offices, and high-profile redemptions from some investors.

Other \$1bn Hedge Fund Club Facts:

- **Distribution of Assets:** Since 2015, the aggregate AUM of managers in the \$10-19.9bn bracket has surpassed managers controlling over \$20bn in assets, **with these firms holding \$675bn and \$672bn, respectively.** Firms with \$1-4.9bn in AUM manage 27% of total industry assets, the largest proportion of any fund size.
- **Asset Flows:** **The majority (54%) of hedge funds with \$1bn or more in assets saw net inflows through Q1 2016,** the highest proportion of any fund size. Nine percent of funds with over \$1bn in AUM saw no change in assets while 37% saw losses through the quarter.
- **Strategies Employed:** Multi-strategy funds are most common among the largest firms of the \$1bn Club; **20% of managers with over \$20bn in AUM employ multiple strategies** compared to 10% holding \$1-4.9bn. The largest proportion of assets is invested in equity strategies and the smallest in niche strategies and CTAs.
- **Firms by Location:** **North America is home to 479 \$1bn Club managers, holding just over \$2tn in assets** while Europe contains 129 members managing \$605bn. Asia-Pacific and Rest of World make up the remainder of the Club, with 60 firms in these regions controlling an aggregate \$123bn.
- **New Launches:** **Five firms established in 2015 have already amassed assets of \$1bn or more,** three of which are spinoffs from existing hedge fund managers. Systematica Investments launched out of BlueCrest Capital in perhaps the most notable spin-off, taking BlueCrest out of the \$20bn or more bracket before its conversion to a family office.

To access further information and analysis, please see the report below:

<https://www.preqin.com/docs/newsletters/hf/Preqin-Hedge-Fund-Spotlight-May-2016.pdf>

Comment:

“With the number of managers exceeding \$1bn in AUM increasing, the \$1bn Club continues to control a substantial proportion of the hedge fund industry’s assets. Newly established firms that can demonstrate a strong pedigree at other \$1bn Club firms have entered the Club by obtaining large capital commitments from day one, while more established firms have gained access through asset growth.

Although the assets managed by the \$1bn Club have declined since Preqin’s last update a year ago, the largest hedge funds saw net inflows through Q1 2016, despite big-name hedge fund investors, such as NYCERS, handing in redemptions through the quarter. With investors looking to invest in the largest funds and those with a proven track record through several market cycles, the \$1bn Club will look to maintain and built on its leading position within the hedge fund industry in 2016.”

Amy Bensted – Head of Hedge Fund Products, Preqin

**The \$3.13tn in total hedge fund industry assets is Preqin’s latest estimate as of the end of Q1 2016. This is based on fund manager asset levels submitted directly from fund managers, and also estimates for a number of firms that have not submitted their latest asset values.*

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Note to Editors:

- Preqin is spelled without the letter 'U' after the 'Q', the company name being an amalgamation of the former name, Private Equity Intelligence.

About Preqin:

Preqin is the leading source of information for the alternative assets industry, providing data and analysis via online databases, publications and bespoke data requests.

Preqin has built a reputation in the alternative assets industry for providing the most comprehensive and extensive information possible. Leading alternative assets professionals from around the world rely on Preqin's services daily, and its data and statistics are regularly quoted by the financial press. For more information, please visit: www.preqin.com

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