

UK Hedge Fund Industry Booms Despite a Wider Slowdown in Europe

82 new hedge fund management groups have formed in the UK since 2012, compared with 37 in the rest of Europe

Data from Preqin's **Hedge Fund Analyst** shows that the majority of European hedge fund managers that have set up business over recent years have been in the UK. The UK is also the most prominent country in terms of hedge funds being launched in Europe, representing approximately 50% of all known European hedge fund launches in 2013 and 2014 YTD.

UK-based hedge fund managers have seen a net increase in assets under management (AUM) of around \$57bn between January 2013 and April 2014*, in contrast to hedge fund managers based in France, Spain and Germany which have seen a net decrease in assets over the same time period. Firms headquartered in the UK now account for \$423bn in hedge fund assets, more than 10 times the amount of assets managed in any single other European country.

Other Key Points:

- 2013 was the most prolific year for hedge fund manager launches in the UK to date, with 38 new groups setting up business over the course of the year.
- In contrast, the number of new firms coming into the market in the rest of Europe has fallen from a peak of 35 in 2006 to 17 in 2013.
- Despite the growth in the number of new firms entering the market, the total number of fund launches in Europe has fallen from a peak of 282 in 2010 to 181 in 2013.
- Although the UK has seen more hedge fund managers set up business in the country than in the rest of Europe the number of hedge fund launches in each region has remained similar. In 2013 there were 91 hedge funds launched by UK-based managers, compared to 90 hedge funds launched by managers based in the rest of Europe.
- Switzerland-based fund managers had the second highest growth in assets within Europe between January 2013 and April 2014, with these managers having a net increase in AUM of \$10bn.
- The UK far eclipses other countries in Europe in terms of total hedge fund AUM, with \$423bn, ahead of Sweden (\$34bn), Switzerland (\$31bn), France (\$20bn) and Netherlands (\$9bn).
- However it is a Sweden headquartered fund manager that has had the most success in fundraising a new vehicle: Brummer & Partners Canosa fund has accumulated over \$1bn in assets since its launch in March 2013.
- London is home to the bulk of the UK hedge fund industry with 90% of all UK hedge fund assets managed from the capital.

For more information and analysis, please see the attached factsheet.

Comment:

"Europe is experiencing a slowdown in terms of new hedge fund managers setting up business in contrast to North America, which has seen an increase in the number of new fund managers coming into market in recent years. This can be partially attributed to the AIFMD regulation within Europe, which is deterring some prospective new firms setting up a hedge fund business in the region. However, one country within Europe shows no signs of sluggishness – the UK. The UK has the most hedge fund managers and the highest assets under management in Europe and in contrast with the continent overall, new fund manager growth in the UK remains strong, with London acting as the nucleus for the UK hedge fund industry.

Since the beginning of 2012, the number of hedge fund manager launches in the UK has been more than double the number of launches in other countries in Europe. 2013 was a record year in terms of hedge fund manager launches in the UK, with 38 firms setting up business over the course of the year. The number of funds being set up by UK-based fund managers is also encouraging; there were 91 new hedge fund launches in the UK in 2013 compared to 90 new hedge fund launches by managers based elsewhere in Europe. Over the course of the rest of 2014 it will be interesting to see if UK continues to see increasing

volumes of new manager launches and if regulation and other hurdles continue to hinder start-ups in the rest of Europe.”

Amy Bensted, Head of Hedge Funds Products

* This figure is adjusted to account for Brevan Howard's relocation to Jersey in Q3 2013.

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:

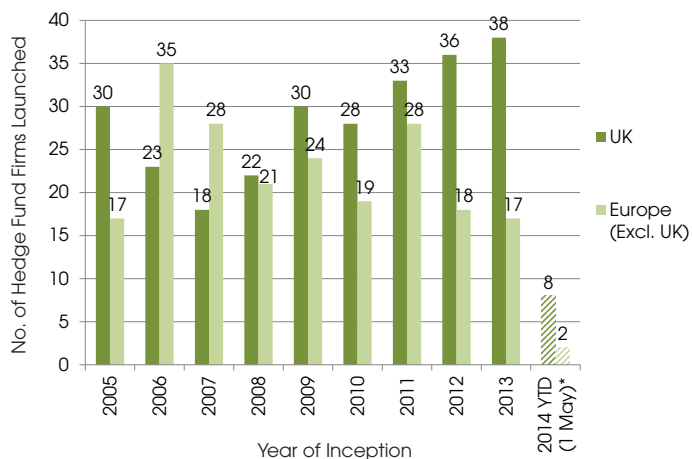
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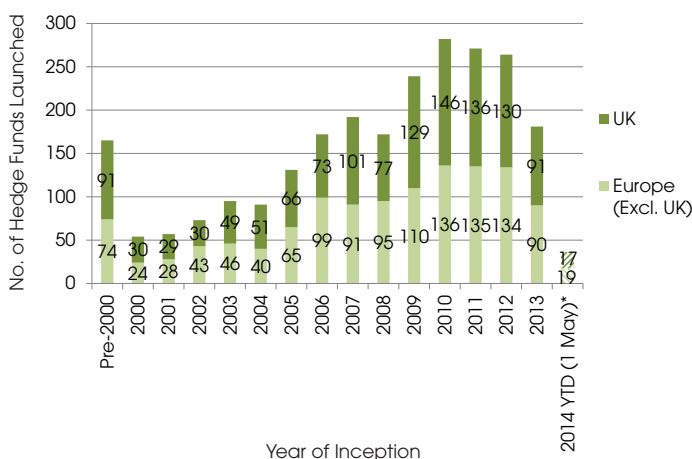
Europe vs. UK Hedge Fund Industries - May 2014

Fig. 1: UK- and Rest of Europe-Based Hedge Fund Firm Launches by Year of Inception, 2005 - 2014 YTD (As at 1 May 2014)



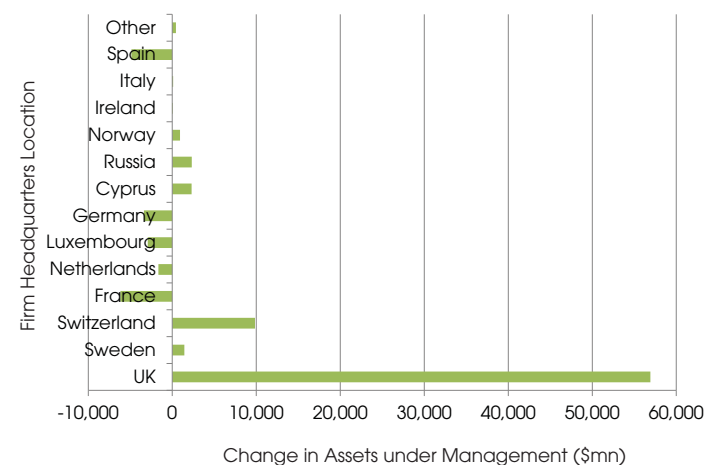
Source: Preqin Hedge Fund Analyst

Fig. 2: UK- and Rest of Europe-Based Hedge Fund Launches by Year of Inception, Pre-2000 - 2014 YTD (As of 1 May 2014)



Source: Preqin Hedge Fund Analyst

Fig. 3: Change in Hedge Fund Assets under Management by Country (by Firm Headquarters), January 2013 - April 2014



Source: Preqin Hedge Fund Analyst

*This is known number of launches; final numbers are likely to increase significantly as more information comes to light later in 2014.

Fig. 4: Largest European Hedge Fund Launches in 2013 (By Current Assets under Management (AUM) in \$mn)

Fund	Firm	Firm Location	Inception Date	AUM (\$mn)	AUM Date	Core Strategies
Canosa	Brummer & Partners	Sweden	01-May-13	1,030	31-Mar-14	Macro
CCP Core Macro Fund	Cantab Capital Partners	UK	01-Jan-13	560	31-Mar-14	Managed Futures/CTA
SEB Credit Multi Strategy Fund	SEB Asset Management	Luxembourg	09-Jul-13	537	31-Mar-14	Multi-Strategy
MBAM Active Enhanced Master Fund	Marble Bar Asset Management	UK	01-Jul-13	535	28-Feb-14	Long/Short Equity
GAIA Avoca Credit Fund	Avoca Capital	Ireland	06-Nov-13	335	28-Feb-14	Long/Short Credit

Source: Preqin Hedge Fund Analyst

Fig. 5: Top 5 European Locations by Hedge Fund Assets under Management

Firm Headquarters Location	AUM (As of 1 May 2014) (\$mn)
UK	422,982
Jersey	40,717
Sweden	33,883
Switzerland	30,768
France	19,623

Source: Preqin Hedge Fund Analyst

Looking for more hedge fund data? Preqin can help.

Preqin's hedge fund products and services provide a complete 360 degree view of the hedge fund industry, including institutional investors' plans for hedge fund investments, fund performance, fund strategies, fund managers, fund terms and service providers.

If you have any specific questions or requests, please don't hesitate in touch with our press team at:

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