



# **PREQIN QUARTERLY UPDATE: HEDGE FUNDS Q1 2017**

Insight on the quarter from the leading provider of alternative assets data

## **Content includes:**

Winners and Losers  
Performance  
Top Performing Funds  
Largest Fund Managers  
Fund Launches  
Fund Searches



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# FOREWORD - Amy Bensted, Preqin

There has been much discussion over the past two years about the perceived underperformance of hedge funds, with two-thirds of the investors Preqin interviewed at the end of 2016 revealing that their hedge fund portfolios had failed to meet expectations over 2016. However, the industry has enjoyed a run of strong returns since March 2016, having made only one monthly loss during this time. As a result, the 12-month return of the Preqin All-Strategies Hedge Fund benchmark has gained 11.65%, comfortably above the return expectations of most institutional investors tracked by Preqin.

Despite the return to form of hedge funds in the past year, some institutional investors remain cautious when it comes to their hedge fund portfolios. As page 10 shows, there are fewer investors searching for funds across most strategies. In particular, fewer investors have indicated a preference for macro strategies and CTAs. CTAs – the only top-level hedge fund strategy to see any inflows in 2016, gaining net inflows of more than \$25bn in the year – may find fundraising more difficult in 2017 if this reduced appetite for CTAs continues into the rest of the year. CTAs have also had a disappointing start to 2017 in regards to performance: these funds have lost 0.30% over the course of Q1 2017, almost wiping out the small gains of 0.86% made in 2016.

In this Preqin Quarterly Update, we take a closer look at some of the winners and losers in the hedge fund sector in the first quarter of 2017. We have also introduced a new feature, top performing funds over the past 12 months, to highlight those funds that have been outperforming the market and delivering the highest returns to their investors. As well as this new content, we also look at the performance of the industry over the quarter, new funds launched, investor appetite and league tables of the largest fund managers in the hedge fund space. We hope you find this report useful and welcome any feedback you may have. For more information, please visit [www.preqin.com](http://www.preqin.com) or contact [info@preqin.com](mailto:info@preqin.com).

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## HEDGE FUND ONLINE

**Hedge Fund Online** is Preqin's flagship 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, making it a vital source of data and information for fund managers, investors, service providers and other professionals seeking to keep up to date with the latest developments in the industry.

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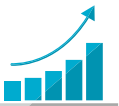
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# Q1 2017 WINNERS AND LOSERS

## GOING UP

### EVENT DRIVEN STRATEGIES



**17.72%**

Event driven strategies have generated the highest 12-month return (to 31 March 2017) of all top-level strategies.



Event driven strategies were the only top-level strategy to see growth in investor appetite in Q1 2017 compared to Q4 2017 (14% of all searches vs. 11%).

- Event driven strategies generated positive returns in each of the first three months of 2017.
- Event driven strategies generated the second highest Q1 return of all top-level hedge fund strategies (+3.74%).

### EMERGING MARKETS



**13.71%**

Emerging markets funds have outperformed developed markets (+ 9.94%) over the past 12 months.



Funds from outside North America, Europe and Asia-Pacific represented 12% of all funds launched in Q1 2017, up from 2% in Q4 2016

- Funds with a focus on Latin America have generated the highest returns of all emerging markets funds over the past 12 months (+19.45%).
- ASEAN Deep Value Fund - Class A has generated the highest return of all emerging markets-focused funds in Q1 2017 (+46.28%).

## GOING DOWN

### CTAs



**-0.30%**

The Preqin All-Strategies CTA benchmark was underwater in the first quarter of the year.



Just 7% of fund searches in Q1 2017 were for CTAs, down from 25% in the previous quarter.

- Despite performance difficulties, managers see more opportunities in the CTA space: 11% of funds launched in Q1 2017 were CTAs, up from 8% the previous quarter.
- Systematic CTAs had the worst start to the year, making losses of 0.54% (compared with gains of 0.12% for discretionary CTAs).

### FUNDS OF HEDGE FUNDS



No new fund of hedge funds vehicles were launched in Q1 2017.



Just 4% of investor searches initiated in Q1 2017 included a commingled fund of hedge funds.

- Despite a decline in investor appetite for funds of hedge funds, multi-managers remain active in 2017: 47% of fund searches were initiated by this group in the first quarter of the year.
- Funds of hedge funds have also had a successful start to the year in terms of performance, up 2.20% for Q1 2017.



# PERFORMANCE

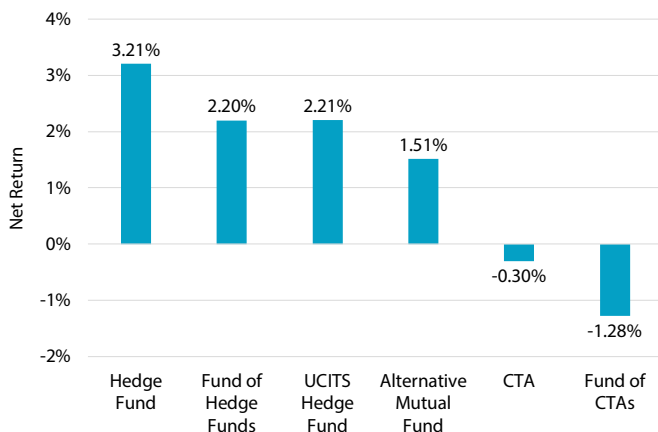
Hedge funds had a strong start to 2017: the Preqin All-Strategies hedge fund benchmark returned 3.21% for the first quarter of the year (Fig. 1), its best start to a year since 2013. The improved performance of the sector since Q2 2016 has led to the 12-month return of the benchmark reaching 11.65% (Fig. 2). All leading hedge fund strategies posted positive returns in the first quarter of the year, except CTAs, which lost 0.30%, compounding the losses of 0.40% and 1.86% in Q4 and Q3 2016 respectively.

Event driven strategies and equity strategies led the pack in regards to performance at the start of the year, making gains of 3.74% and 4.11% respectively (Fig. 3). At the other end of the spectrum, relative value strategies had a relatively slow start to

2017, posting just 1.24% over the quarter. However, relative value strategies have netted just one negative month of returns in the past 12 months (to March 2017): a small loss of 0.28% in June 2016.

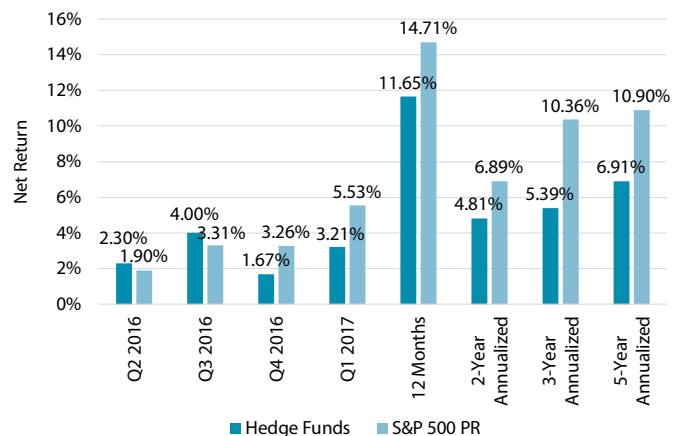
Funds with a focus on Asia-Pacific made the largest gains in Q1 2017 (Fig. 4). Despite a difficult March, when funds focused on emerging markets lost 0.54%, the performance of funds with a focus on emerging markets continues to outpace the returns of funds focused on developed markets. In Q1 2017, funds focused on emerging markets gained 4.45% compared to 2.13% generated by funds with a focus on developed markets. Similarly, in 2016 emerging markets funds outperformed developed markets funds (9.96% vs. 7.69% respectively).

Fig. 1: Performance of Hedge Funds in Q1 2017 by Structure\*



Source: Preqin Hedge Fund Online

Fig. 2: Performance of Hedge Funds vs. S&P 500 PR Index\*



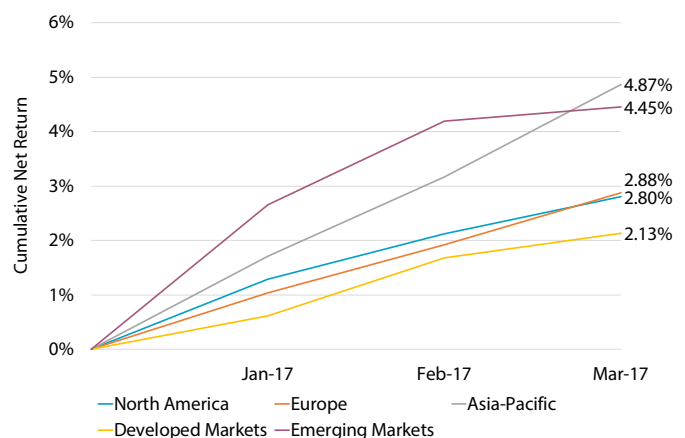
Source: Preqin Hedge Fund Online

Fig. 3: Single-Manager Hedge Fund Performance by Strategy\*

Jan-17	Feb-17	Mar-17	Q1 2017	Q4 2016
Equity Strategies 1.92%	Equity Strategies 1.21%	Equity Strategies 0.93%	Equity Strategies 4.11%	Event Driven 4.01%
Event Driven 1.81%	Event Driven 1.19%	Event Driven 0.71%	Event Driven 3.74%	Credit Strategies 2.06%
Multi-Strategy 1.17%	Multi-Strategy 0.99%	Credit Strategies 0.51%	Multi-Strategy 2.62%	Relative Value 1.74%
Credit Strategies 1.10%	Credit Strategies 0.89%	Multi-Strategy 0.44%	Credit Strategies 2.55%	Equity Strategies 1.40%
Relative Value 0.70%	Macro Strategies 0.72%	Macro Strategies 0.36%	Macro Strategies 1.62%	Multi-Strategy 1.23%
Macro Strategies 0.53%	CTAs 0.60%	Relative Value 0.32%	Relative Value 1.24%	Macro Strategies 0.72%
CTAs -0.77%	Relative Value 0.23%	CTAs -0.13%	CTAs -0.30%	CTAs -0.38%

Source: Preqin Hedge Fund Online

Fig. 4: Cumulative Returns of Hedge Funds in Q1 2017 by Geographic Focus\*



Source: Preqin Hedge Fund Online

\*Please note, all performance information includes preliminary data for March 2017 based upon returns reported to Preqin in early April 2017. Although stated trends and comparisons are not expected to alter significantly, final benchmark values are subject to change.



# TOP PERFORMING FUNDS

**Fig. 5: Net Returns of Top Performing Hedge Funds in the 12 Months to 31 March 2017**

Fund	Manager	Headquarters	Core Strategy	12-Month Return
Rosalind Offshore Fund - Master Series	Rosalind Advisors	Canada	Event Driven	129.78%
Rosalind Capital Partners - Class A Master Series	Rosalind Advisors	Canada	Event Driven	126.48%
Adaws Eagle Fund	Adaws Capital	US	Long/Short Equity	108.64%
Teraz Fund	Spartan Fund Management	Canada	Long/Short Equity	99.35%
Armistice Capital Fund	Armistice Capital	US	Long/Short Equity	92.56%

Source: Preqin Hedge Fund Online

**Fig. 6: Net Returns of Top Performing Equity Strategies Hedge Funds in the 12 Months to 31 March 2017**

Fund Name	Fund Manager	Headquarters	Core Strategy	12-Month Return
Adaws Eagle Fund	Adaws Capital	US	Long/Short Equity	108.64%
Teraz Fund	Spartan Fund Management	Canada	Long/Short Equity	99.35%
Armistice Capital Fund	Armistice Capital	US	Long/Short Equity	92.56%
Front Street Canadian Energy Resource Fund - Series F	Front Street Capital	Canada	Long/Short Equity	84.16%
Atyant Capital India Fund-I	Atyant Capital	US	Value-Oriented	78.04%

Source: Preqin Hedge Fund Online

**Fig. 7: Net Returns of Top Performing Macro Strategies Hedge Funds in the 12 Months to 31 March 2017**

Fund	Manager	Headquarters	Core Strategy	12-Month Return
Zafiro Capital Commodities Trading Fund	Zafiro Capital	Switzerland	Commodities	89.24%
SYW	SYW Capital Management	US	Macro	72.29%
Brasil Capital FIC FIA	Brasil Capital	Brazil	Macro	39.67%
SPX Raptor Feeder	SPX Capital	Brazil	Macro	39.20%
Brasil Capital II FIC FIA	Brasil Capital	Brazil	Macro	38.54%

Source: Preqin Hedge Fund Online

**Fig. 8: Net Returns of Top Performing Event Driven Strategies Hedge Funds in the 12 Months to 31 March 2017**

Fund	Manager	Headquarters	Core Strategy	12-Month Return
Rosalind Offshore Fund - Master Series	Rosalind Advisors	Canada	Event Driven	129.78%
Rosalind Capital Partners - Class A Master Series	Rosalind Advisors	Canada	Event Driven	126.48%
Rosseau Fund	Rosseau Asset Management	Canada	Event Driven	88.18%
Primevestfund - Class A	Primevest Capital Corp	Canada	Special Situations	60.73%
MMCAP Canada Fund - Class I - CAD	MM Asset Management	Cayman Islands	Event Driven	48.21%

Source: Preqin Hedge Fund Online

**Fig. 9: Net Returns of Top Performing Credit Strategies Hedge Funds in the 12 Months to 31 March 2017**

Fund	Manager	Headquarters	Core Strategy	12-Month Return
Serica Credit Balanced Fund	Serica Partners Asia	Hong Kong	Long/Short Credit	32.61%
Kayne Anderson Infrastructure Income Fund, L.P.	Kayne Anderson Capital Advisors	US	Fixed Income	31.31%
Chatham Asset High Yield Master Fund	Chatham Asset Management	US	Long/Short Credit	27.64%
Whitebox Credit Partners, L.P.	Whitebox Advisors LLC	US	Long/Short Credit	23.60%
PTAM Enhanced Structured Credit Fund	Performance Trust Asset Management	US	Mortgage-Backed Strategies	19.62%

Source: Preqin Hedge Fund Online

**Fig. 10: Net Returns of Top Performing Relative Value Strategies Hedge Funds in the 12 Months to 31 March 2017**

Fund	Manager	Headquarters	Core Strategy	12-Month Return
RYJ Fund	RYJ Capital Management	US	Statistical Arbitrage	36.89%
Gondor Partners, LP	Gondor Capital Management	US	Equity Market Neutral	28.99%
Malta Market Neutral Fund	Maltese Capital Management	US	Equity Market Neutral	25.22%
Wolverine Flagship Fund Trading Limited	Wolverine Asset Management	US	Capital Structure Arbitrage	18.59%
Bresser Plus Hedge Fund	Bresser Asset Management	Brazil	Relative Value Arbitrage	18.12%

Source: Preqin Hedge Fund Online

Fig. 11: Net Returns of Top Performing Multi-Strategy Hedge Funds in the 12 Months to 31 March 2017

Fund	Manager	Headquarters	Core Strategy	12-Month Return
Catalyst/SMH Total Return Income Fund - Class I	Catalyst Funds	US	Multi-Strategy	37.66%
Whitebox Relative Value Partners, L.P.	Whitebox Advisors LLC	US	Multi-Strategy	32.88%
Ewing Morris Opportunities Fund LP	Ewing Morris & Co. Investment Partners	Canada	Multi-Strategy	22.14%
Whitebox Multi-Strategy Fund LP	Whitebox Advisors LLC	US	Multi-Strategy	20.81%
Wexford Offshore Spectrum Fund - Class C	Wexford Capital LP	US	Multi-Strategy	18.88%

Source: Preqin Hedge Fund Online

Fig. 12: Net Returns of Top Performing CTAs in the 12 Months to 31 March 2017

Fund	Manager	Headquarters	Core Strategy	12-Month Return
ALPHA Z Futures Fund LLC	Alpha Z Advisors LLC	US	Managed Futures/CTA	71.28%
DeltaHedge VIXVOX Program	DeltaHedge	Italy	Managed Futures/CTA	56.36%
FX Momentum	Hallenborg & Sandström Fund Management	Sweden	Managed Futures/CTA	51.43%
Dutch Darlings Fund	Inmaxxa	Netherlands	Managed Futures/CTA	47.03%
Navajo	White Indian Trading Company	US	Managed Futures/CTA	42.24%

Source: Preqin Hedge Fund Online

Fig. 13: Net Returns of Top Performing North America-Based Hedge Funds in the 12 Months to 31 March 2017

Fund	Manager	Headquarters	Core Strategy	12-Month Return
Rosalind Offshore Fund - Master Series	Rosalind Advisors	Canada	Event Driven	129.78%
Rosalind Capital Partners - Class A Master Series	Rosalind Advisors	Canada	Event Driven	126.48%
Adaws Eagle Fund	Adaws Capital	US	Long/Short Equity	108.64%
Teraz Fund	Spartan Fund Management	Canada	Long/Short Equity	99.35%
Armistice Capital Fund	Armistice Capital	US	Long/Short Equity	92.56%

Source: Preqin Hedge Fund Online

Fig. 14: Net Returns of Top Performing Europe-Based Hedge Funds in the 12 Months to 31 March 2017

Fund	Manager	Headquarters	Core Strategy	12-Month Return
Global Advisors Bitcoin Investment Fund	Global Advisors	Jersey	Niche	97.18%
Zafiro Capital Commodities Trading Fund	Zafiro Capital	Switzerland	Commodities	89.24%
Teleios Global Opportunities Fund, LP	Teleios Capital Partners	Switzerland	Event Driven	28.09%
Melqart Opportunities Fund	Melqart Asset Management	UK	Event Driven	26.78%
Northglen Aggressive SP	Slater Investments	UK	Long Bias	25.37%

Source: Preqin Hedge Fund Online

Fig. 15: Net Returns of Top Performing Asia-Pacific-Based Hedge Funds in the 12 Months to 31 March 2017

Fund	Manager	Headquarters	Core Strategy	12-Month Return
Redart Focus Fund	Redart Capital	India	Long/Short Equity, Value-Oriented	47.44%
ASEAN Deep Value Fund - Class A	ASEAN Investment Management	Hong Kong	Long Bias	37.31%
Attunga Power & Enviro Fund	Attunga Capital	Australia	Niche	32.64%
Serica Credit Balanced Fund	Serica Partners Asia	Hong Kong	Long/Short Credit	32.61%
AFC Asia Frontier Fund - CHF-B	Asia Frontier Capital	Hong Kong	Long Bias	31.56%

Source: Preqin Hedge Fund Online

Fig. 16: Net Returns of Top Performing Rest of World-Based Hedge Funds in the 12 Months to 31 March 2017

Fund	Manager	Headquarters	Core Strategy	12-Month Return
FAMA Brazil Cayman Feeder Fund	FAMA Investimentos	Brazil	Long Bias, Value-Oriented	44.04%
SPX Raptor Feeder	SPX Capital	Brazil	Macro	39.20%
Brasil Capital FIC FIA	Brasil Capital	Brazil	Macro	39.67%
Oceana Selection FIA	Oceana Investimentos	Brazil	Value-Oriented	37.96%
Oceana Valor FIA	Oceana Investimentos	Brazil	Value-Oriented	37.84%

Source: Preqin Hedge Fund Online



# PERFORMANCE BENCHMARKS

Fig. 17: Summary of Q1 2017 Performance Benchmarks (Net Return, %)\*

Benchmark Name	Jan-17	Feb-17	Mar-17	Q1 2017	12 Months	3-Year Annualized
<b>Hedge Fund</b>	<b>1.46</b>	<b>1.00</b>	<b>0.72</b>	<b>3.21</b>	<b>11.65</b>	<b>5.39</b>
HF - Equity Strategies	1.92	1.21	0.93	4.11	13.42	5.34
HF - Event Driven Strategies	1.81	1.19	0.71	3.74	17.72	5.40
HF - Relative Value Strategies	0.70	0.23	0.32	1.24	5.95	5.04
HF - Macro Strategies	0.53	0.72	0.36	1.62	6.98	5.52
HF - Multi-Strategy	1.17	0.99	0.44	2.62	9.15	5.19
HF - Credit Strategies	1.10	0.89	0.51	2.55	10.83	5.45
Activist	1.65	1.39	0.95	4.00	16.74	7.59
Volatility	0.90	0.47	1.87	3.26	8.89	6.27
Discretionary	1.51	1.19	0.95	3.69	13.67	5.73
Systematic	0.88	0.87	0.90	2.68	6.75	5.88
HF - North America	1.29	0.82	0.67	2.80	14.57	5.74
HF - Europe	1.04	0.87	0.94	2.88	8.14	3.98
HF - Asia-Pacific	1.73	1.43	1.65	4.87	10.01	6.94
HF - Developed Markets	0.58	1.06	0.44	2.13	9.94	6.34
HF - Emerging Markets	2.66	1.49	0.25	4.45	13.71	6.75
HF - USD	1.75	1.09	0.77	3.65	12.23	4.88
HF - EUR	0.53	0.73	0.34	1.61	5.48	1.70
HF - GBP	1.10	0.93	1.51	3.58	6.02	1.77
HF - BRL	2.64	1.77	0.46	4.93	19.55	13.28
HF - Emerging (Less than \$100mn)	1.46	1.02	0.77	3.28	12.01	5.15
HF - Small (\$100-499mn)	1.40	0.97	0.51	2.91	11.14	5.18
HF - Medium (\$500-999mn)	1.05	0.98	0.88	2.97	11.58	4.86
HF - Large (\$1bn or More)	1.37	1.13	0.82	3.35	10.00	4.99
<b>Fund of Hedge Funds</b>	<b>0.77</b>	<b>0.75</b>	<b>0.68</b>	<b>2.20</b>	<b>4.97</b>	<b>2.01</b>
FOHF - Equity Strategies	1.41	1.07	1.26	3.79	7.51	2.59
FOHF - Multi-Strategy	0.68	0.73	0.45	1.87	4.25	1.81
FOHF - USD	0.92	0.74	0.73	2.40	5.81	1.64
<b>Alternative Mutual Fund</b>	<b>0.89</b>	<b>0.91</b>	<b>-0.30</b>	<b>1.51</b>	<b>4.84</b>	<b>1.60</b>
<b>UCITS</b>	<b>0.75</b>	<b>0.85</b>	<b>0.60</b>	<b>2.21</b>	<b>4.85</b>	<b>1.89</b>
UCITS - Equity Strategies	1.54	1.14	1.24	3.97	6.93	2.71
UCITS - Relative Value Strategies	0.38	0.25	0.31	0.95	2.15	0.74
UCITS - Macro Strategies	-0.18	0.73	-0.09	0.47	3.46	1.33
UCITS - USD	1.23	1.04	0.69	2.99	5.56	1.24
UCITS - EUR	0.48	0.81	0.49	1.79	3.98	1.92
<b>CTA</b>	<b>-0.77</b>	<b>0.60</b>	<b>-0.13</b>	<b>-0.30</b>	<b>-1.08</b>	<b>3.93</b>
Discretionary	-0.83	0.42	0.48	0.12	6.18	2.00
Systematic	-0.84	1.02	-0.70	-0.54	-3.28	3.61
CTA - USD	-0.64	0.79	-0.17	-0.02	-1.46	3.82
CTA - EUR	-1.11	0.88	-0.10	-0.34	-4.01	3.74

Source: Preqin Hedge Fund Online

\*Please note, all performance information includes preliminary data for March 2017 based upon returns reported to Preqin in early April 2017. Although stated trends and comparisons are not expected to alter significantly, final benchmark values are subject to change.

# LARGEST FUND MANAGERS

Fig. 18: Largest Hedge Fund Managers by Assets under Management

Manager	Location	Year Established	Assets under Management
Bridgewater Associates	US	1975	\$160.8bn as at 31 December 2016
AQR Capital Management	US	1998	\$96.0bn as at 31 December 2016
Man Group	UK	1983	\$54.9bn as at 31 December 2016
Renaissance Technologies	US	1982	\$38.8bn as at 31 December 2016
Millennium Management	US	1989	\$34.1bn as at 31 December 2016
Standard Life Investments	UK	2006	\$34.0bn as at 31 December 2016
Och-Ziff Capital Management	US	1994	\$33.5bn as at 1 January 2017
Winton Capital Management	UK	1997	\$32.1bn as at 31 December 2016
Baupost Group	US	1982	\$31.6bn as at 31 December 2016
Elliott Management	US	1977	\$31.4bn as at 31 December 2016
Viking Global Investors	US	1999	\$30.2bn as at 31 December 2016
Two Sigma Investments	US	2001	\$27.6bn as at 30 June 2016
Adage Capital Management	US	2001	\$27.5bn as at 31 December 2016
BlackRock Alternative Investors	US	2005	\$27.0bn as at 31 December 2016
Marshall Wace	UK	1997	\$27.0bn as at 31 December 2016
Citadel Advisors	US	1990	\$26.0bn as at 31 December 2016
D.E. Shaw & Co.	US	1988	\$26.0bn as at 1 January 2017
Davidson Kempner Capital Management	US	1990	\$26.0bn as at 31 December 2016
Farallon Capital Management	US	1986	\$22.0bn as at 31 December 2016
GAM	UK	1983	\$19.8bn as at 31 December 2016

Source: Preqin Hedge Fund Online

Fig. 19: Largest Fund of Hedge Funds Managers by Assets under Management

Manager	Location	Year Established	Assets under Management
Blackstone Alternative Asset Management	US	1990	\$71.0bn as at 31 December 2016
UBS Hedge Fund Solutions	US	2000	\$33.6bn as at 31 December 2016
Goldman Sachs Asset Management	US	1997	\$27.4bn as at 30 June 2016
HSBC Alternative Investments	UK	1994	\$26.1bn as at 31 December 2016
Grosvenor Capital Management	US	1971	\$25.9bn as at 31 December 2016
EnTrustPermal	US	1971	\$25.2bn as at 31 December 2016
Morgan Stanley Alternative Investment Partners	US	2000	\$22.3bn as at 31 December 2016
BlackRock Alternative Advisors	US	1995	\$21.7bn as at 31 December 2016
J.P. Morgan Alternative Asset Management	US	1995	\$13.1bn as at 31 December 2016
Man FRM	UK	1991	\$12.8bn as at 31 December 2016
Rock Creek Group	US	2002	\$11.7bn as at 30 September 2016
SkyBridge Capital	US	2005	\$10.9bn as at 31 December 2016
Aberdeen Asset Management	UK	1998	\$10.7bn as at 31 December 2016
LGT Capital Partners	Switzerland	1994	\$10.7bn as at 31 December 2016
Aetos Capital	US	2001	\$10.5bn as at 31 December 2016
Mesirow Advanced Strategies	US	1983	\$10.5bn as at 31 December 2016
Credit Suisse Alternative Funds Solutions	US	1998	\$10.3bn as at 31 December 2016
PAAMCO	US	2000	\$10.0bn as at 31 December 2016
KKR Prisma	US	2004	\$10.0bn as at 31 December 2016
K2 Advisors	US	1994	\$9.8bn as at 31 December 2016

Source: Preqin Hedge Fund Online





# FUND LAUNCHES IN Q1 2017

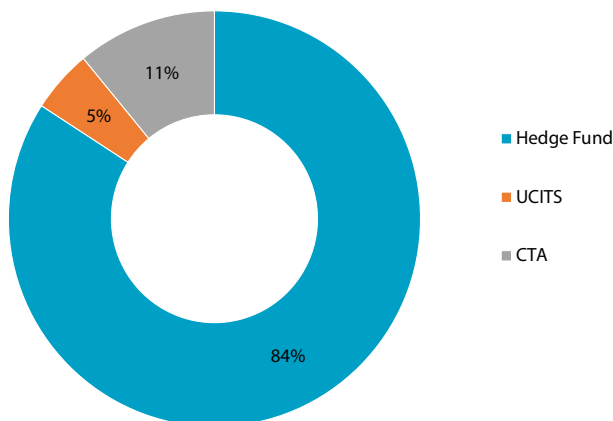
The first quarter of 2017 saw 82 hedge fund launches, with single-manager funds accounting for 84% of that figure (Fig. 20). Preqin's **Q4 Hedge Fund Asset Flows** report showed that CTAs were the only strategy that saw inflows of capital throughout 2016 (+\$26bn). Fund managers, in turn, have seen more opportunity in the space, as CTAs account for an increasing proportion of launches (from 8% in Q4 2016 to 11% in Q1 2017).

North America-based managers represented the majority (68%) of hedge fund launches in Q1 2017, while Europe-based funds accounted for 16% (Fig. 21). Funds focused on emerging markets have enjoyed strong performance in the past 12 months (+13.71% to March 2017), and fund managers continue to see opportunities, with managers based outside North America, Europe and Asia-Pacific representing 12% of new fund launches in Q1 2017, up from 2% in Q4 2016.

There has been significant growth in the proportion of launches focusing on Europe (9% in Q4 2016 vs. 21% in Q1 2017). Following the Brexit decision and subsequent triggering of Article 50, other significant geopolitical events in Europe in 2017 are creating opportunities for fund managers to generate strong returns in 2017.

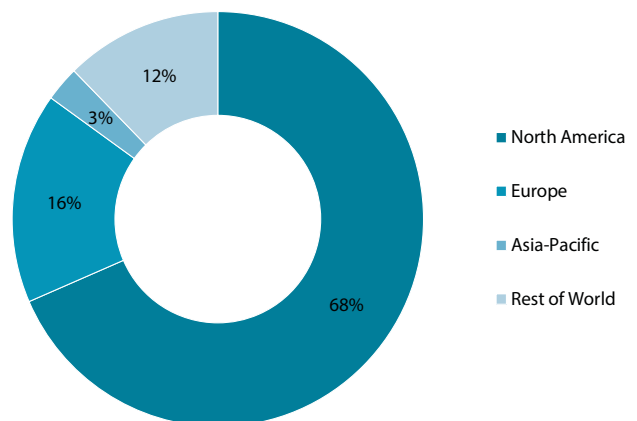
Relative value strategies have seen a significant increase in launches for the quarter to represent 13%, nearly double the proportion from Q4 2016 (7%), as increased volatility across global markets is perhaps creating more opportunities for arbitrage strategies (Fig. 23). In contrast, the first quarter of 2017 has seen the smallest proportion of event driven strategies since Q3 2012 at 7%.

Fig. 20: Hedge Fund Launches in Q1 2017 by Structure



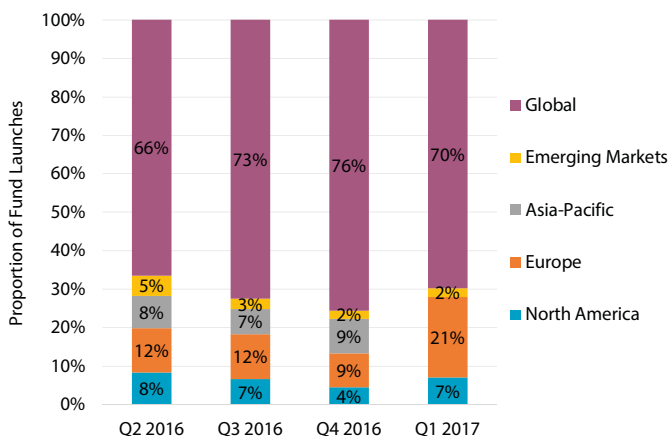
Source: Preqin Hedge Fund Online

Fig. 21: Hedge Fund Launches in Q1 2017 by Manager Location



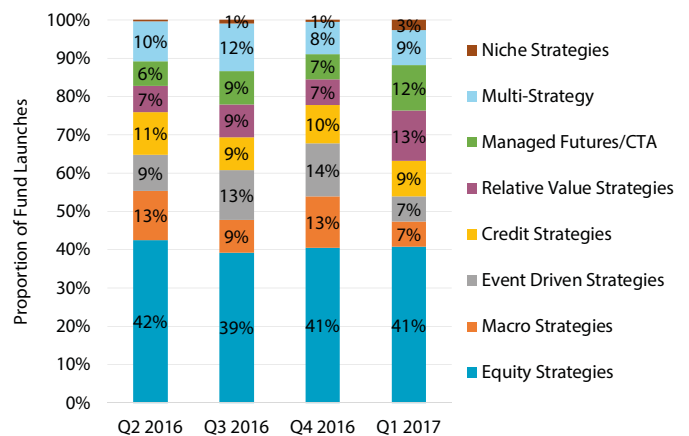
Source: Preqin Hedge Fund Online

Fig. 22: Hedge Fund Launches by Geographic Focus, Q2 2016 - Q1 2017



Source: Preqin Hedge Fund Online

Fig. 23: Hedge Fund Launches by Core Strategy, Q2 2016 - Q1 2017



Source: Preqin Hedge Fund Online

# FUND SEARCHES IN Q1 2017

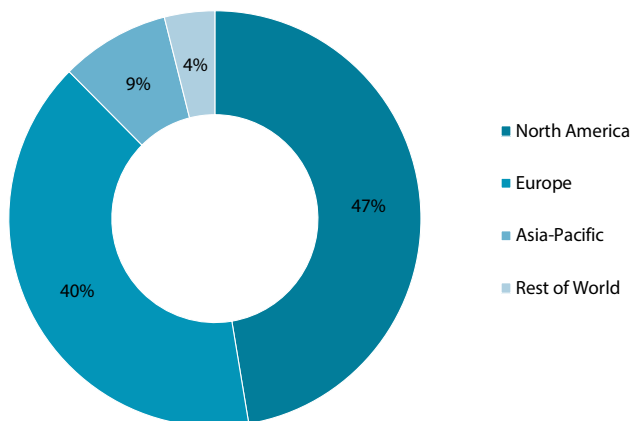
**P**reqin added 152 new investor fund searches to the Fund Searches and Mandates feature on **Hedge Fund Online** during Q1 2017. The largest proportion (47%) of investors issuing fund searches in the quarter were based in North America, followed by investors based in Europe (40%, Fig. 24).

Long/short equity remains the most sought-after strategy by hedge fund investors, as targeted by a third of active investors (Fig. 25); however, this has declined by eight percentage points since Q4 2016. The 12-month return of macro strategies and CTAs has fallen behind most other leading benchmarks (see page 7); this may have led to the drop in their share of fund searches issued from Q4 2016. Conversely, having ended 2016 as one of the top performing strategies over the course of the year, demand for

event driven strategies funds has risen: the strategy represented 14% of investor searches initiated in Q1 2017, up from 10% in Q3 2016.

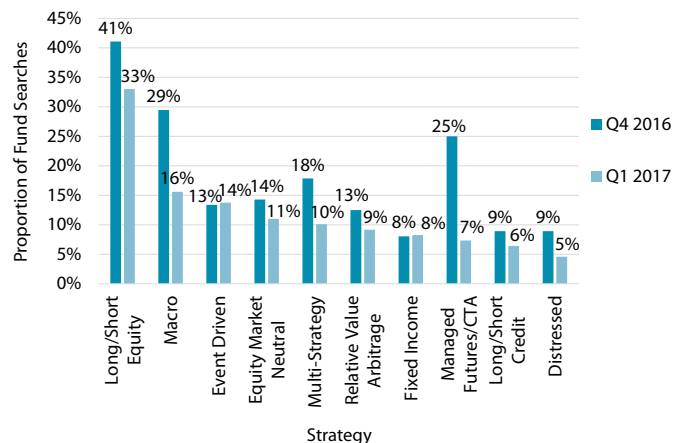
The majority (83%) of searches issued by institutional investors in Q1 2017 were for commingled direct hedge fund vehicles (Fig. 26). As demonstrated by Fig. 27, fund of hedge funds managers made up the largest proportion (47%) of investors initiating searches during Q1 2017. Private wealth institutions continued to feature heavily, with family offices and wealth managers together representing 25% of fund searches.

**Fig. 24: Hedge Fund Searches Issued in Q1 2017 by Investor Location**



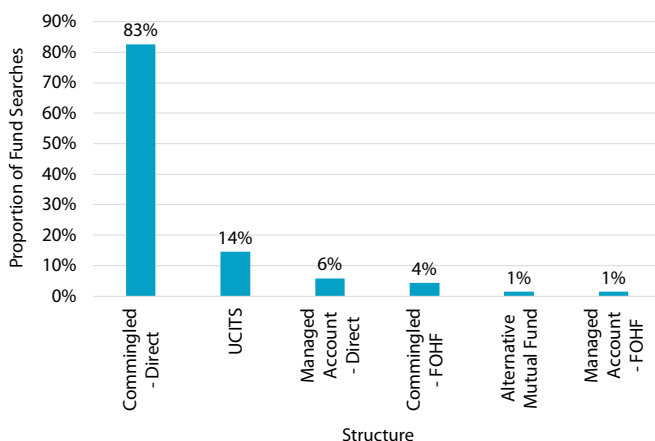
Source: Preqin Hedge Fund Online

**Fig. 25: Hedge Fund Strategies Sought by Investors over the Next 12 Months, Searches Issued in Q4 2016 vs. Q1 2017**



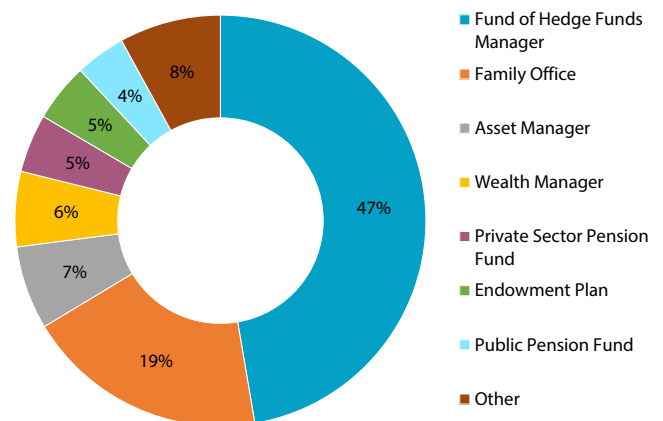
Source: Preqin Hedge Fund Online

**Fig. 26: Hedge Fund Structures Sought by Investors over the Next 12 Months, Searches Issued in Q1 2017**



Source: Preqin Hedge Fund Online

**Fig. 27: Hedge Fund Searches Issued in Q1 2017 by Investor Type**



Source: Preqin Hedge Fund Online

# HOW PREQIN CAN HELP YOU FUNDRAISE IN 2017

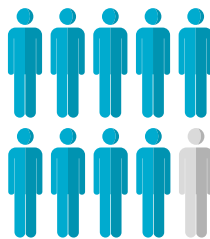
Although there are more institutional investors than ever currently investing in hedge funds – over 5,100 globally – fundraising in 2017 is undoubtedly challenging. The net outflows of \$110bn seen in 2016 look set to continue in 2017: twice as many investors plan to reduce their exposure to hedge funds over the coming year than plan to increase it.

Despite this, there are opportunities to grow your fund over the course of 2017 – with industry-leading data and tools, Preqin will help you in finding those investors looking for new hedge funds today.

## PREQIN IS HELPING RAISE CAPITAL FOR HEDGE FUNDS TODAY



**6,000**  
investment professionals in  
**90+**  
countries use Preqin's data.

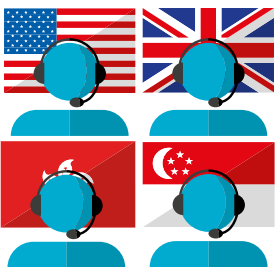


**9**  
out of the top  
**10**  
hedge funds that saw the largest  
inflows in 2016 rely on Preqin data.



**2.5x**  
Preqin clients raised more than twice  
as much capital in 2016 than all  
other funds\*.

## HOW PREQIN HELPS TO RAISE CAPITAL FOR HEDGE FUNDS



We have  
**250**  
multilingual research analysts based in the US,  
London, Hong Kong and Singapore.

Each month our team have thousands of  
conversations with investors to find out more  
about their alternative investments.



With researchers on the ground, Preqin is the  
first to find out the latest hedge fund searches  
among the  
**5,100+**  
institutions tracked by Preqin globally.



Our fully searchable database allows you to  
target those investors interested in your fund  
and to find contact details for more than  
**12,000**  
key decision makers at these institutions.

\*Of the firms that saw inflows in 2016, Preqin clients, on average, raised \$116mn compared to \$48mn for all other funds.





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alternative assets. intelligent data.