



# PREQIN QUARTERLY UPDATE: HEDGE FUNDS Q2 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

In an ongoing environment of performance scrutiny, hedge funds have continued to post positive returns over Q2 2017. The Preqin All-Strategies Hedge Fund benchmark was above water in April, May and June, adding 1.56% over the quarter, and taking the year-to-date return to +4.86%, the highest return in the first six months of a year since 2009. In fact, the Preqin All-Strategies Hedge Fund benchmark has had a string of positive returns, having been in the red in only one month out of the past 15.

CTAs continue to have a mixed 2017: the Preqin All-CTA Strategies benchmark has been in negative territory as many times as it has been in positive. A loss of 1.04% in June compounded performance challenges, and returns across all CTAs stand at -0.56% as at June 2017. However, there are some signs for optimism among managers in this space. Investor appetite for these strategies has bounced back from Q1 2017. Last quarter we noted that, using data taken from Preqin's **Hedge Fund Online**, CTAs' share of total fund searches issued by investors fell from 25% in Q4 2016 to 7% in Q1 2017. However, as our Q2 update reveals (see page 11), 15% of all searches issued by institutions in Q2 2017 included managed futures/CTAs.

Using data taken from Preqin's **Hedge Fund Online** to assess fund launches by geographic focus, a trend for increased specialization within regions is emerging. In Q3 2016, funds with a global investment outlook represented 72% of all new launches; in Q2 2017 this has fallen to 56%. Across 2016 in general we noted an increase in the proportion of funds pursuing a global theme – perhaps in line with a year in which several macroeconomic geopolitical events drove the narrative. The reversal of this trend may reveal a change in the landscape of hedge funds, as managers look to pursue a more specialized geographic approach.

In this Q2 Quarterly Update, we look at the performance of the industry over the quarter, new funds launched, investor appetite and league tables of the largest fund managers and top performing funds 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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# H1 2017 ROUND-UP: WINNERS AND LOSERS

## GOING UP

### EMERGING MARKETS

Emerging markets, judged a winner in our Q1 2017 Quarterly Update, have continued their success in Q2 2017. Emerging markets-focused hedge funds generated positive returns for every month from January to June 2017, with a year-to-date return of +7.25%. In addition to existing products making strong gains in 2017 so far, fund managers also are seeing increased opportunity for new launches. Hedge funds that launched in Q2 2017 with a focus on emerging markets represented 7% of all fund launches in the quarter, compared with 6% in Q1 2017.



Emerging markets funds with a focus on Asia have generated the highest returns (+18.98%) of all emerging markets over the past 12 months.



Horizon Capital Management's Horizon Growth Fund generated the highest returns (+20.11%) of all emerging markets-focused funds in Q2 2017.

### UCITS

UCITS funds have had a successful start to the year in regards to performance: their year-to-date return (+3.60%) exceeds the benchmark's full-year return for the whole of 2014, 2015 and 2016. Fund managers are also seeing greater opportunity in the UCITS arena – these funds represented a significantly larger proportion (11%) of fund launches in Q2 2017 than in Q1 2017 (5%).



UCITS funds employing equity strategies generated the highest return (+10.31%) in the 12 months to June 2017.



The proportion of fund searches issued by investors on Preqin's **Hedge Fund Online** for UCITS funds increased from 14% in Q1 2017 to 15% in Q2 2017.

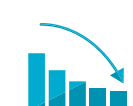
## GOING DOWN

### RELATIVE VALUE STRATEGIES

There was a significant reduction in the proportion of fund searches issued by investors for relative value arbitrage strategies. The strategy represented 5% of searches issued in Q2 2017, compared to 9% in Q1 2017. This is a significantly smaller proportion than in Q2 2016, when relative value strategies were sought by 13% of investors looking for new funds in the year ahead. This decreased appetite for the strategy could reflect wider performance concerns – relative value strategies have a year-to-date return of just +1.96%.



Relative value strategies accounted for 11% of fund launches in Q2 2017, down from 13% in Q1 2017.



The relative value strategies benchmark has the second lowest 12-month return (+5.53%) and the lowest annualized three-year return (+4.56%) across top-level strategies.

### MACRO STRATEGIES

The Preqin All-Macro Strategies Hedge Fund benchmark has delivered the lowest year-to-date return (+0.79%) among all top-level strategies. In fact, the benchmark has made losses in each month since February 2017. Despite the difficult performance environment for hedge funds pursuing a macro strategy, investors remain interested in these funds.



The proportion of investors with open mandates searching for macro strategies increased from 16% in Q1 2017 to 18% in Q2 2017.



Macro strategies have the lowest 12-month return (+3.62%) among all top-level strategies.

# PERFORMANCE UPDATE

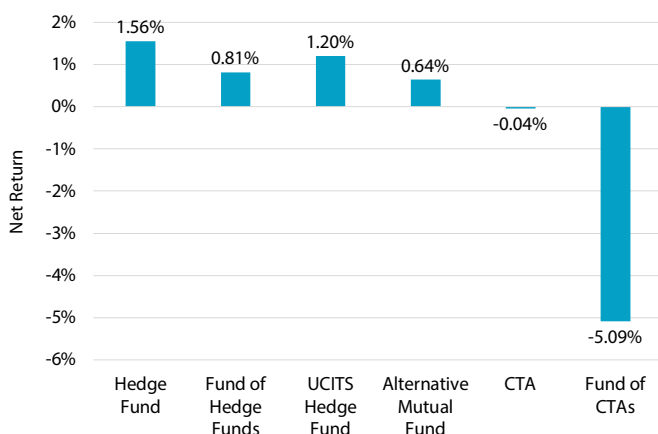
Following the strong start to 2017, hedge funds continued to deliver favourable performance in Q2 2017: the Prequin All-Strategies Hedge Fund benchmark returned +1.56% for the second quarter of the year (Fig. 1), rounding off its best H1 since 2009. The improved performance of hedge funds in 2017 has contributed to the 12-month return of the benchmark reaching +10.90% (Fig. 2). Furthermore, with a year-to-date return of +4.87%, hedge funds are on course to deliver the strongest end-of-year performance since 2013.

Most leading hedge fund strategies posted positive returns in the second quarter of the year, while CTAs and macro strategies suffered losses over the period. Despite positive monthly returns in April and May, a return of -1.04% in June led to CTAs losing 0.04% for the quarter overall (Fig. 3). Macro strategies posted a return of

-0.50% for the quarter, but still maintain a positive, albeit small, year-to-date return of 0.77%. Equity strategies and event driven strategies were leaders of the pack for the quarter, making gains of 2.12% and 1.80% respectively.

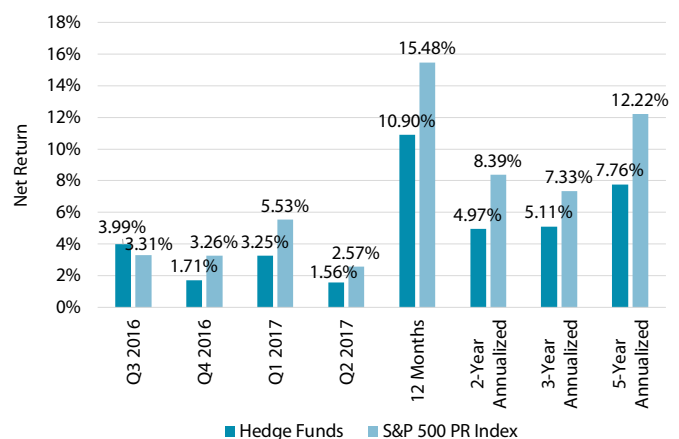
Following their success at the start of the year, funds with a focus on Asia-Pacific made the largest gains in Q2 2017 (Fig. 4). Activist funds were a key driver of performance in the region, delivering a return of +5.04% for the quarter and +9.89% year-to-date. Emerging markets-focused funds continue to outperform those with a focus on developed markets. In Q2 2017, funds focused on emerging markets returned +1.71% compared to +0.78% for funds focused on developed markets. Emerging markets-focused funds have delivered a significantly greater year-to-date return (+7.21%), than developed markets-focused funds (+2.87%).

Fig. 1: Performance of Hedge Funds in Q2 2017 by Structure\*



Source: Prequin Hedge Fund Online

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



Source: Prequin Hedge Fund Online

Fig. 3: Net Returns of Single-Manager Hedge Funds by Strategy\*

Apr-17	May-17	Jun-17	Q1 2017	Q2 2017
Event Driven Strategies 1.01%	CTAs 0.48%	Equity Strategies 0.91%	Equity Strategies 4.26%	Equity Strategies 2.12%
Equity Strategies 0.97%	Credit Strategies 0.44%	Multi-Strategy 0.51%	Multi-Strategy 3.26%	Event Driven Strategies 1.80%
Multi-Strategy 0.79%	Multi-Strategy 0.40%	Event Driven Strategies 0.48%	Event Driven Strategies 3.22%	Multi-Strategy 1.71%
Credit Strategies 0.54%	Event Driven Strategies 0.30%	Credit Strategies 0.26%	Credit Strategies 2.59%	Credit Strategies 1.24%
CTAs 0.53%	Equity Strategies 0.23%	Relative Value Strategies 0.23%	Relative Value Strategies 1.55%	Relative Value Strategies 0.30%
Relative Value Strategies 0.27%	Macro Strategies -0.06%	Macro Strategies -0.44%	Macro Strategies 1.28%	CTAs -0.04%
Macro Strategies 0.00%	Relative Value Strategies -0.20%	CTAs -1.04%	CTAs -0.53%	Macro Strategies -0.50%

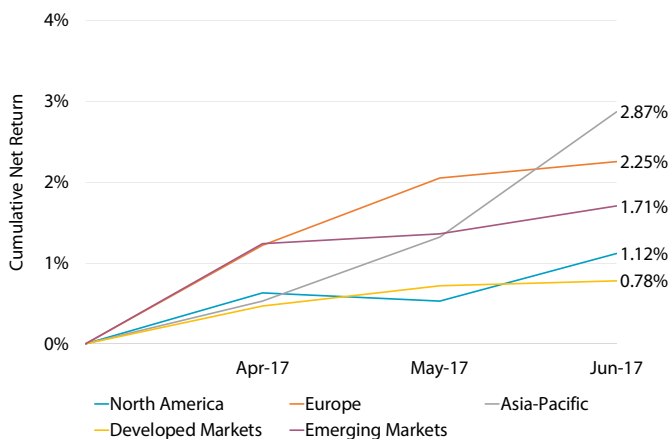
Source: Prequin Hedge Fund Online



The top performing sub-strategies are largely within the equity and event driven top-level strategy groups (Fig. 5). Sector-focused funds have delivered a net return of +20.98% over 12 months to June 2017. Similarly, underlying strategies within the CTA and macro strategies group make up the lower end of the sub-strategies performance chart. Commodities are bottom of the list and have the only negative return over 12 months to June 2017 (-3.30%). The wide dispersion (24.28%) in returns between the top and bottom performing sub-strategies demonstrates the importance of building a balanced portfolio.

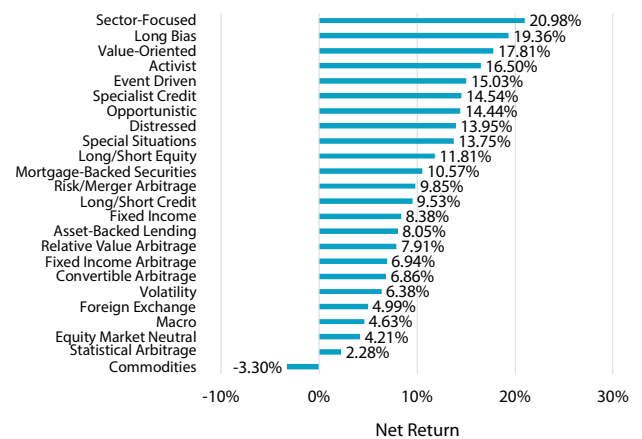
The rolling returns of hedge funds relative to the S&P 500 Index have been converging since early 2015, although hedge funds lag the public index as at June 2017 (+10.90% vs. +15.48%), as shown in Fig. 6. Following a significant uptick in mid-2015, the correlation between hedge funds and the S&P 500 Index has been steadily decreasing since that time (Fig. 7).

**Fig. 4: Cumulative Returns of Hedge Funds in Q2 2017 by Geographic Focus\***



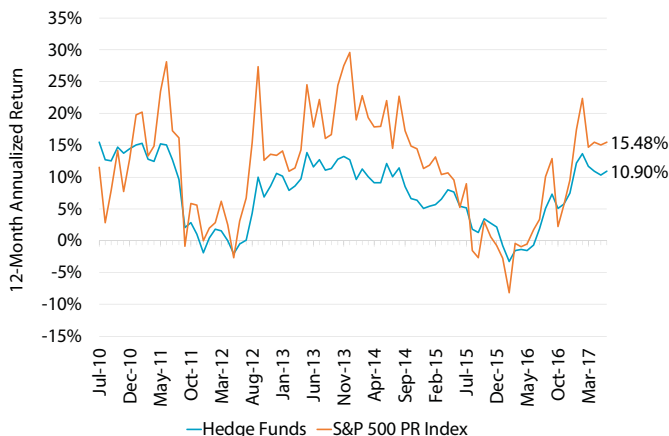
Source: Preqin Hedge Fund Online

**Fig. 5: Performance of Hedge Fund Sub-Strategies, July 2016 - June 2017\***



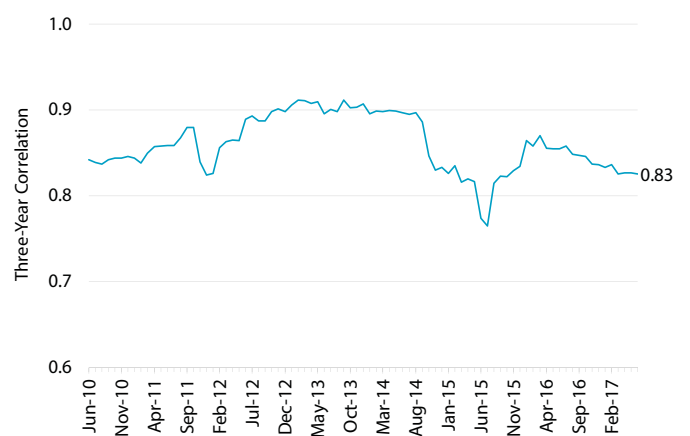
Source: Preqin Hedge Fund Online

**Fig. 6: Rolling Returns of Hedge Funds Relative to the S&P 500 PR Index, 2010 - 2017\***



Source: Preqin Hedge Fund Online

**Fig. 7: Rolling Correlation of Hedge Funds to the S&P 500 PR Index, 2010 - 2017**



Source: Preqin Hedge Fund Online

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



# TOP PERFORMING FUNDS

**Fig. 8: Net Returns of Top Performing Hedge Funds in the 12 Months to 30 June 2017**

Fund	Manager	Headquarters	Core Strategy	12-Month Return
Silver 8 Partners	Silver 8 Capital	US	Sector-Focused	269.06%
Global Advisors Bitcoin Investment Fund	Global Advisors	Jersey	Niche	149.09%
Loyola Capital Partners	Loyola Capital Management	US	Long Bias	127.14%
The Vilas Fund	Vilas Capital Management	US	Long/Short Equity	127.01%
Adaws Eagle Fund	Adaws Capital	US	Long/Short Equity	96.17%

Source: Preqin Hedge Fund Online

**Fig. 9: Net Returns of Top Performing Equity Strategies Hedge Funds in the 12 Months to 30 June 2017**

Fund	Manager	Headquarters	Core Strategy	12-Month Return
Silver 8 Partners	Silver 8 Capital	US	Sector-Focused	269.06%
Loyola Capital Partners	Loyola Capital Management	US	Long Bias	127.14%
The Vilas Fund	Vilas Capital Management	US	Long/Short Equity	127.01%
Adaws Eagle Fund	Adaws Capital	US	Long/Short Equity	96.17%
Left Brain Capital Appreciation Fund	Left Brain Capital Management	US	Long Bias	93.12%

Source: Preqin Hedge Fund Online

**Fig. 10: Net Returns of Top Performing Macro Strategies Hedge Funds in the 12 Months to 30 June 2017**

Fund	Manager	Headquarters	Core Strategy	12-Month Return
SYW	SYW Capital Management	US	Macro	95.72%
Green Energy Metals Fund	Portal Capital	US	Commodities	81.66%
Warburton Global Fund	Warburton Investment Management	Australia	Macro	50.88%
Halcyon Power Investment Company - Series 1A - 11	SPRING	Russia	Commodities	45.22%
Bernett Diversified Global Fund	Bernett Capital Management	US	Macro	35.65%

Source: Preqin Hedge Fund Online

**Fig. 11: Net Returns of Top Performing Event Driven Strategies Hedge Funds in the 12 Months to 30 June 2017**

Fund	Manager	Headquarters	Core Strategy	12-Month Return
Rosalind Offshore Fund - Master Series	Rosalind Advisors	Canada	Event Driven	71.29%
Rosalind Capital Partners - Class A Master Series	Rosalind Advisors	Canada	Event Driven	69.26%
SFP Japan Special Opportunities Fund Ltd	Symphony Financial Partners	Japan	Event Driven	50.57%
MMCAP Canada Fund - Class I - CAD	MM Asset Management	Cayman Islands	Event Driven, Risk/Merger Arbitrage	45.62%
Marlin Fund	Masters Capital Management	US	Opportunistic	43.80%

Source: Preqin Hedge Fund Online

**Fig. 12: Net Returns of Top Performing Credit Strategies Hedge Funds in the 12 Months to 30 June 2017**

Fund	Manager	Headquarters	Core Strategy	12-Month Return
BK Opportunities Fund III	Oristan Ireland	UK	Specialist Credit	47.06%
Wasserstein Debt Opportunities Fund - Founder's Class	Wasserstein Debt Opportunities Management	US	Fixed Income	40.93%
Fair Oaks Income Fund - Ordinary Shares	Fair Oaks Capital	UK	Specialist Credit	36.12%
Prytania Athena Fund	Prytania Investment Advisors	UK	Specialist Credit	30.39%
Cheyne Total Return Credit Fund 2019 LP - TRCF 2019 I Income USD	Cheyne Capital Management	UK	Specialist Credit	29.76%

Source: Preqin Hedge Fund Online

**Fig. 13: Net Returns of Top Performing Relative Value Strategies Hedge Funds in the 12 Months to 30 June 2017**

Fund	Manager	Headquarters	Core Strategy	12-Month Return
Atlant EDGE	Atlant Fonder	Sweden	Equity Market Neutral	45.21%
RYJ Fund	RYJ Capital Management	US	Statistical Arbitrage	35.90%
Teak Hill Fund Ltd - Yen Class C-1	Credit Capital Investments	US	Relative Value Arbitrage	35.34%
Aleph One Isotropic Fund	Aleph One Fund Management Ltd	Cayman Islands	Statistical Arbitrage	33.85%
Apex Market Neutral Greater China Enhanced Fund	Apex Capital Management	US	Equity Market Neutral	28.46%

Source: Preqin Hedge Fund Online



**Fig. 14: Net Returns of Top Performing Multi-Strategy Hedge Funds in the 12 Months to 30 June 2017**

Fund	Manager	Headquarters	Core Strategy	12-Month Return
Vulpes Life Sciences Fund - Class A	Vulpes Investment Management	Singapore	Multi-Strategy	69.40%
Fujiwara Global Fund - JPY Class	Fujiwara Vietbridge Capital Advisors	Singapore	Multi-Strategy	54.04%
Mountaineer Master Fund	Mountaineer Partners Management	US	Multi-Strategy	35.21%
Quam China Focus Fund - Class D	Quam Asset Management	Hong Kong	Multi-Strategy	34.53%
Polo Norte FIM	Polo Capital Management	Brazil	Multi-Strategy	32.74%

Source: Preqin Hedge Fund Online

**Fig. 15: Net Returns of Top Performing CTAs in the 12 Months to 30 June 2017**

Fund	Manager	Headquarters	Core Strategy	12-Month Return
Global Alpha FX Strategy	Fortress Capital	US	Managed Futures/CTA	64.16%
ALPHA Z Futures Fund	Alpha Z Advisors LLC	US	Managed Futures/CTA	63.92%
Dutch Darlings Fund	Inmaxxa	Netherlands	Managed Futures/CTA	63.52%
Volpoint Fund, LP	Volpoint Capital	US	Managed Futures/CTA	63.30%
Triple M Program	Global Wealth Analytics	US	Managed Futures/CTA	49.29%

Source: Preqin Hedge Fund Online

**Fig. 16: Net Returns of Top Performing North America-Based Hedge Funds in the 12 Months to 30 June 2017**

Fund	Manager	Headquarters	Core Strategy	12-Month Return
Silver 8 Partners	Silver 8 Capital	US	Multi-Strategy, Sector-Focused	269.06%
Loyola Capital Partners	Loyola Capital Management	US	Long Bias	127.14%
The Vilas Fund	Vilas Capital Management	US	Long/Short Equity	127.01%
Adaws Eagle Fund	Adaws Capital	US	Long/Short Equity	96.17%
SYW	SYW Capital Management	US	Macro	95.72%

Source: Preqin Hedge Fund Online

**Fig. 17: Net Returns of Top Performing Europe-Based Hedge Funds in the 12 Months to 30 June 2017**

Fund	Manager	Headquarters	Core Strategy	12-Month Return
Global Advisors Bitcoin Investment Fund	Global Advisors	Jersey	Niche	149.09%
Algebris Global Financials Fund LP - F USD	Algebris Investments	UK	Long/Short Equity	53.09%
BK Opportunities Fund III	Oristan Ireland	UK	Specialist Credit	47.06%
Halcyon Power Investment Company - Series 1A - 11	SPRING	Russia	Commodities	45.22%
Atlant EDGE	Atlant Fonder	Sweden	Equity Market Neutral	45.21%

Source: Preqin Hedge Fund Online

**Fig. 18: Net Returns of Top Performing Asia-Pacific-Based Hedge Funds in the 12 Months to 30 June 2017**

Fund	Manager	Headquarters	Core Strategy	12-Month Return
Kingsferry Classic Value Fund I - Class A	Kingsferry Capital	China	Value-Oriented	88.18%
Vulpes Life Sciences Fund - Class A	Vulpes Investment Management	Singapore	Multi-Strategy	69.40%
ASEAN Deep Value Fund - Class A	ASEAN Investment Management	Hong Kong	Long Bias	68.25%
Fujiwara Global Fund - JPY Class	Fujiwara Vietbridge Capital Advisors	Singapore	Multi-Strategy	54.04%
CSV China Opportunities Fund	CSV Capital Partners	China	Long Bias, Long/Short Equity	52.57%

Source: Preqin Hedge Fund Online

**Fig. 19: Net Returns of Top Performing Rest of World-Based Hedge Funds in the 12 Months to 30 June 2017**

Fund	Manager	Headquarters	Core Strategy	12-Month Return
Alaska Black FIC FIA	Alaska Asset Management	Brazil	Value-Oriented	57.44%
India Insight Value Fund	Fair Value Capital Management	Mauritius	Value-Oriented	33.85%
Horizon Growth Fund	Horizon Capital Management	Uruguay	Long Bias	32.95%
Polo Norte FIM	Polo Capital Management	Brazil	Multi-Strategy	32.74%
SPX Raptor Feeder	SPX Capital	Brazil	Macro	31.82%

Source: Preqin Hedge Fund Online

# PERFORMANCE BENCHMARKS

Fig. 20: Summary of Q2 2017 Performance Benchmarks (Net Return, %)\*

Benchmark Name	Apr-17	May-17	Jun-17	Q2 2017	12 Months	3-Year Annualized
<b>Hedge Fund</b>	<b>0.77</b>	<b>0.21</b>	<b>0.57</b>	<b>1.56</b>	<b>10.90</b>	<b>5.11</b>
HF - Equity Strategies	0.97	0.23	0.91	2.12	13.62	5.23
HF - Event Driven Strategies	1.01	0.30	0.48	1.80	14.11	4.66
HF - Relative Value Strategies	0.27	-0.20	0.23	0.30	5.53	4.56
HF - Macro Strategies	0.00	-0.06	-0.44	-0.50	3.62	4.86
HF - Multi-Strategy	0.79	0.40	0.51	1.71	9.58	5.47
HF - Credit Strategies	0.54	0.44	0.26	1.24	9.60	5.03
Activist	1.08	0.54	0.73	2.37	16.50	6.59
Volatility	0.63	0.48	0.23	1.35	6.38	5.56
Discretionary	0.94	0.29	0.95	2.19	13.28	5.55
Systematic	0.72	0.13	-0.22	0.63	6.20	5.50
HF - North America	0.63	-0.10	0.59	1.12	12.41	5.01
HF - Europe	1.22	0.82	0.20	2.25	11.29	4.87
HF - Asia-Pacific	0.53	0.79	1.53	2.87	12.02	6.99
HF - Developed Markets	0.47	0.25	0.06	0.78	9.20	5.66
HF - Emerging Markets	1.24	0.12	0.34	1.71	12.84	6.39
HF - USD	0.75	0.25	0.84	1.86	11.52	4.58
HF - EUR	0.57	0.19	0.06	0.83	6.84	2.03
HF - GBP	0.56	0.52	0.71	1.80	7.06	2.42
HF - JPY	-0.29	1.47	0.41	1.59	12.48	6.02
HF - BRL	0.52	-0.79	1.26	0.99	16.71	12.73
HF - Emerging (Less than \$100mn)	0.65	-0.09	0.42	0.97	10.51	4.66
HF - Small (\$100-499mn)	0.83	0.25	0.65	1.74	11.60	5.23
HF - Medium (\$500-999mn)	0.92	0.76	1.02	2.72	12.67	4.96
HF - Large (\$1bn or More)	0.89	0.86	-0.13	1.62	9.89	4.45
<b>Fund of Hedge Funds</b>	<b>0.55</b>	<b>0.20</b>	<b>0.06</b>	<b>0.81</b>	<b>5.05</b>	<b>1.57</b>
FOHF - Equity Strategies	0.94	0.59	0.38	1.92	8.79	2.65
FOHF - Multi-Strategy	0.49	0.16	0.00	0.64	5.34	1.59
Funds of CTAs	-0.19	-0.33	-4.59	-5.09	-10.29	0.44
FOHF - USD	0.54	0.34	0.16	1.05	6.34	1.43
FOHF - EUR	0.43	0.02	-0.25	0.19	1.46	-0.28
<b>Alternative Mutual Fund</b>	<b>0.42</b>	<b>-0.02</b>	<b>0.24</b>	<b>0.64</b>	<b>4.12</b>	<b>1.05</b>
<b>UCITS</b>	<b>0.66</b>	<b>0.49</b>	<b>0.05</b>	<b>1.20</b>	<b>6.42</b>	<b>2.14</b>
UCITS - Equity Strategies	1.05	0.81	0.27	2.15	10.31	3.19
UCITS - Relative Value Strategies	0.19	0.15	0.15	0.49	1.87	0.99
UCITS - Macro Strategies	0.14	0.20	-0.22	0.12	3.95	1.34
UCITS - USD	0.90	0.86	0.46	2.24	8.25	1.67
UCITS - EUR	0.54	0.25	-0.12	0.67	5.16	2.02
<b>CTA</b>	<b>0.53</b>	<b>0.48</b>	<b>-1.04</b>	<b>-0.04</b>	<b>-2.64</b>	<b>3.21</b>
Discretionary	1.38	-0.29	1.36	2.46	3.11	1.84
Systematic	0.33	0.86	-1.57	-0.39	-4.11	3.04
CTA - USD	0.45	0.44	-1.10	-0.22	-3.06	3.08
CTA - EUR	0.75	0.83	-2.61	-1.08	-2.70	2.65

Source: Preqin Hedge Fund Online

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





# FUND LAUNCHES

**P**reqin's **Hedge Fund Online** features details on 100 hedge funds that were launched in Q2 2017. Single-manager hedge funds accounted for 74% of launches, a 10 percentage point decrease from 84% in Q1 2017 (Fig. 21). This was, however, offset by an increase in UCITS launches: UCITS-compliant hedge funds made up 11% of new launches in Q2, an increase from 5% of launches in the previous quarter.

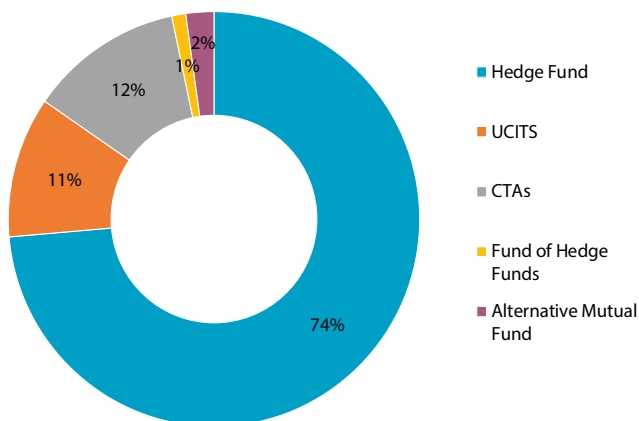
North America-based hedge funds represented the majority (71%) of new launches in Q2 2017, while Europe's share of launches increased from 16% in Q1 2017 to 22% in Q2 (Fig. 22). This can be partly attributed to the increase in UCITS launches, a fund type primarily utilized by Europe-based fund managers. The proportion of total fund launches that were based in Asia-Pacific also increased, rising to 7% from 3% in Q1 2017.

As in previous quarters, the majority (56%) of newly launched funds in Q2 focused their investments globally (Fig. 23). While just

2% of funds launched in Q1 2017 have an Asia-Pacific focus, 5% of funds launched in Q2 2017 are targeting investment in the region. More emerging markets-focused funds were also launched this quarter, with their share increasing from 6% of fund launches in Q1 to 7% in Q2 2017.

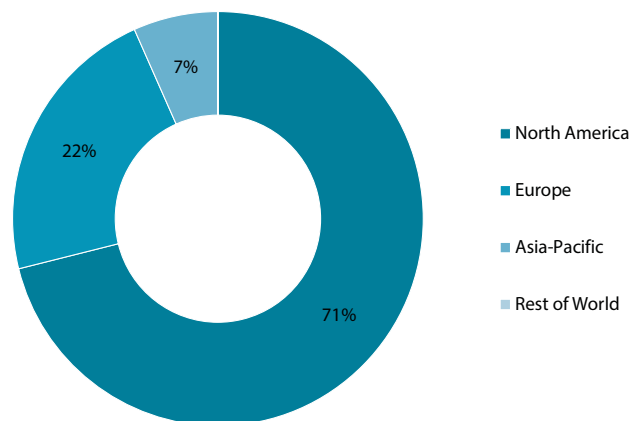
Despite a relatively weak 2017 YTD return of -0.56%, the proportion of fund launches pursuing managed futures/CTAs significantly increased during the quarter, with 15% of newly launched vehicles employing the strategy (Fig. 24). This corresponds with a significant increase in investor searches for managed futures/CTAs on Preqin's **Hedge Fund Online** database (see page 11). With volatile macroeconomic events occurring across the US and EU, CTAs could be increasingly favoured by investors looking to build a portfolio with downside protection and the ability to generate alpha in an uncertain economic climate.

**Fig. 21: Hedge Fund Launches in Q2 2017 by Structure**



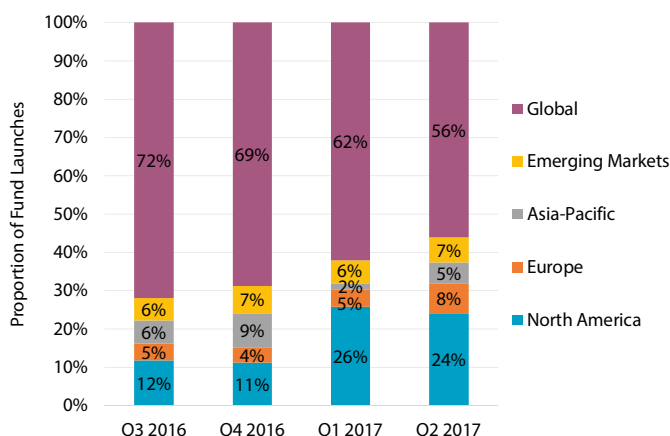
Source: Preqin Hedge Fund Online

**Fig. 22: Hedge Fund Launches in Q2 2017 by Manager Location**



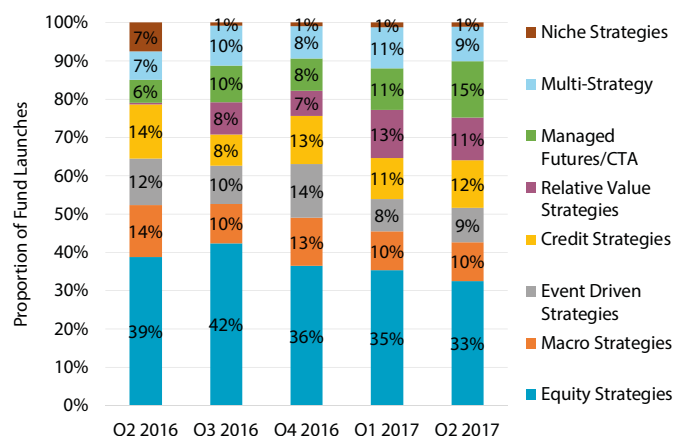
Source: Preqin Hedge Fund Online

**Fig. 23: Hedge Fund Launches by Geographic Focus, Q3 2016 - Q2 2017**



Source: Preqin Hedge Fund Online

**Fig. 24: Hedge Fund Launches by Core Strategy, Q3 2016 - Q2 2017**



Source: Preqin Hedge Fund Online

# LARGEST FUND MANAGERS

Fig. 25: Largest Hedge Fund Managers by Assets under Management

Manager	Location	Year Established	Assets under Management
Bridgewater Associates	US	1975	\$165.8bn as at 31 March 2017
AQR Capital Management	US	1998	\$96.0bn as at 31 December 2016
Man Group	UK	1983	\$57.2bn as at 31 March 2017
Renaissance Technologies	US	1982	\$44.9bn as at 31 March 2017
Millennium Management	US	1989	\$34.8bn as at 31 March 2017
Standard Life Investments	UK	1998	\$33.1bn as at 31 March 2017
Och-Ziff Capital Management	US	1994	\$31.9bn as at 1 April 2017
Winton Capital Management	UK	1997	\$31.7bn as at 31 March 2017
Elliott Management	US	1977	\$31.4bn as at 31 December 2016
Two Sigma Investments	US	2002	\$30.4bn as at 1 January 2017
Baupost Group	US	1982	\$30.0bn as at 31 January 2017
Adage Capital Management	US	2001	\$27.7bn as at 31 December 2016
Davidson Kempner Capital Management	US	1990	\$27.1bn as at 31 March 2017
Citadel Advisors	US	1990	\$27.0bn as at 31 March 2017
BlackRock Alternative Investors	US	2005	\$26.8bn as at 31 March 2017
Marshall Wace	UK	1997	\$26.6bn as at 3 April 2017
D.E. Shaw & Co.	US	1988	\$26.0bn as at 1 January 2017
Farallon Capital Management	US	1986	\$22.8bn as at 31 January 2017
Viking Global Investors	US	1999	\$19.9bn as at 31 March 2017
GAM	UK	1983	\$19.8bn as at 31 December 2016

Source: Preqin Hedge Fund Online

Fig. 26: Largest Fund of Hedge Funds Managers by Assets under Management

Manager	Location	Year Established	Assets under Management
Blackstone Alternative Asset Management	US	1990	\$73.0bn as at 31 March 2017
UBS Hedge Fund Solutions	US	2000	\$33.6bn as at 31 March 2017
Goldman Sachs Asset Management	US	1997	\$27.4bn as at 31 March 2017
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	\$24.4bn as at 31 March 2017
Morgan Stanley Alternative Investment Partners	US	2000	\$23.0bn as at 31 March 2017
BlackRock Alternative Advisors	US	1995	\$22.4bn as at 31 March 2017
Man FRM	UK	1991	\$14.5bn as at 31 March 2017
J.P. Morgan Alternative Asset Management	US	1995	\$13.1bn as at 31 March 2017
Rock Creek Group	US	2002	\$11.6bn as at 31 March 2017
SkyBridge Capital	US	2005	\$10.9bn as at 31 March 2017
Aetos Capital	US	1998	\$10.7bn as at 31 March 2017
LGT Capital Partners	Switzerland	1994	\$10.6bn as at 31 March 2017
Credit Suisse Alternative Funds Solutions	UK	1998	\$10.5bn as at 30 June 2016
Aberdeen Asset Management	US	2001	\$10.2bn as at 31 March 2017
Mesirow Advanced Strategies	US	1983	\$10.0bn as at 31 March 2017
PAAMCO	US	2000	\$10.0bn as at 31 March 2017
KKR Prisma	US	2004	\$9.7bn as at 31 March 2017
Pictet Alternative Advisors SA	Switzerland	1991	\$9.6bn as at 31 March 2017
K2 Advisors	US	1994	\$9.0bn as at 31 March 2017

Source: Preqin Hedge Fund Online



# FUND SEARCHES

During Q2 2017, Preqin added 152 new investor fund searches to the Fund Searches and Mandates feature on **Hedge Fund Online**. The largest proportion (49%) of investors issuing fund searches were based in North America, followed by Europe (32%, Fig. 27). Asia-Pacific-based investors have accounted for a greater proportion (14%) of searches in Q2 2017, up from 9% of searches in Q1 2017.

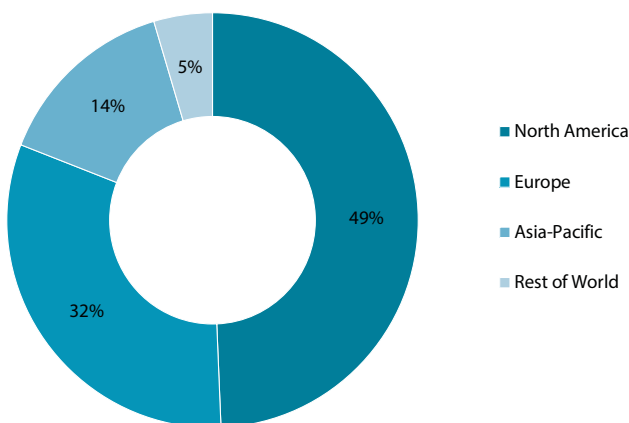
Long/short equity remains the most sought-after strategy, as targeted by almost a third (32%) of active investors, representing a small decrease from 33% in Q1 (Fig. 28).

Despite the 12-month return of CTAs falling behind most other leading benchmarks, there has been a rebound in searches for these strategies since Q1 2017. CTAs accounted for 15% of fund

searches in Q2, compared with 7% in Q1. Additionally, having finished Q1 as one of the poorer performing strategies, demand for relative value arbitrage strategies weakened: the strategy represented just 5% of searches in Q2, down from 9% in Q1.

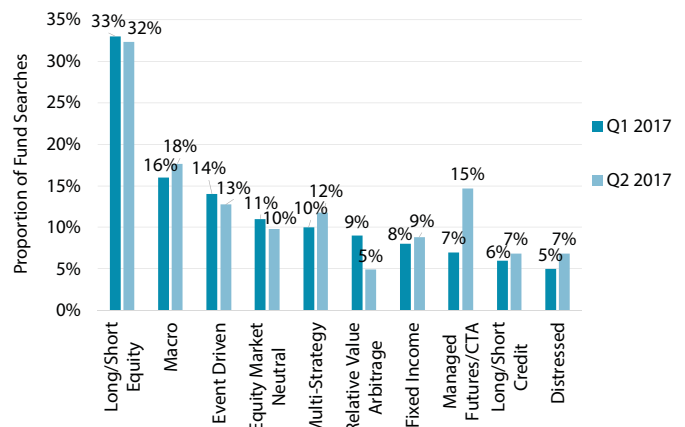
The majority (88%) of searches issued by institutional investors in Q2 2017 were for commingled direct hedge fund vehicles, while the proportion of searches issued for managed accounts has increased substantially from 6% of searches in Q1 to 13% in Q2 (Fig. 29). As demonstrated by Fig. 30, fund of hedge funds managers made up the largest proportion (47%) of investors initiating searches during Q2. Private wealth institutions continued to feature heavily, with family offices and wealth managers together representing 21% of fund searches. Pension funds represented 13% of investors issuing searches.

Fig. 27: Hedge Fund Searches Issued in Q2 2017 by Investor Location



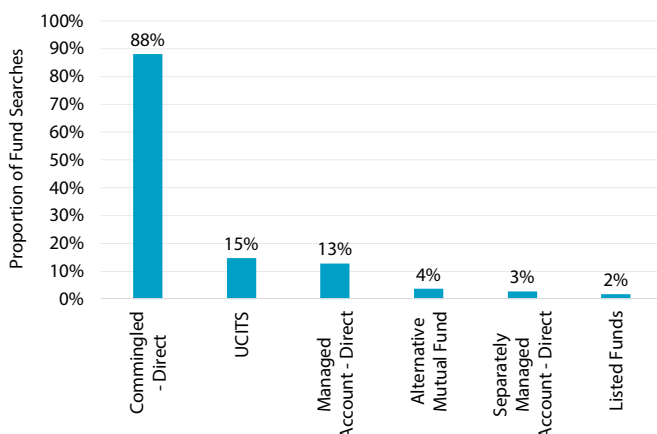
Source: Preqin Hedge Fund Online

Fig. 28: Hedge Fund Strategies Sought by Investors over the Next 12 Months, Searches Issued in Q1 2017 vs. Q2 2017



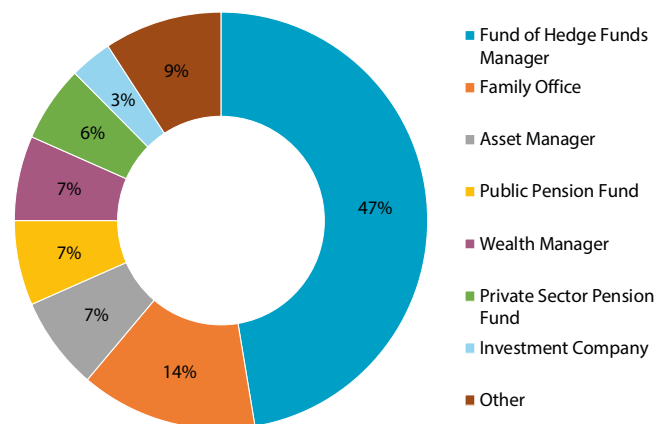
Source: Preqin Hedge Fund Online

Fig. 29: Hedge Fund Structures Sought by Investors over the Next 12 Months, Searches Issued in Q2 2017



Source: Preqin Hedge Fund Online

Fig. 30: Hedge Fund Searches Issued in Q2 2017 by Investor Type



Source: Preqin Hedge Fund Online



## HEDGE FUND ONLINE

With global coverage and detailed information on all aspects of the hedge fund asset class, Preqin's industry-leading **Hedge Fund Online** service keeps you up-to-date on all the latest developments in the hedge fund universe.

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