

# Q3 2016 Hedge Fund Asset Flows

Despite further improvement in returns over Q3 (see [Preqin Quarterly Update: Hedge Funds, Q3 2016](#)), the hedge fund industry could not stem the outflows seen over Q2 and as shown in Fig. 1, actually surpassed that level, with \$32.5bn in outflows occurring in Q3 2016, 1.6x the amount recorded in Q2. Furthermore, inflows seen over full-year 2015 (\$71.4bn) have been nearly wiped out, with \$66.7bn in outflows witnessed in the industry over 2016 so far.

Most of the net outflow of capital in Q3 was from multi-strategy funds and relative value vehicles, which lost \$25.0bn and \$16.4bn respectively over the quarter. Both strategies have been the worst performing top-level strategies up to the end of Q3 2016, with relative value strategies returning 3.06% and multi-strategy funds generating 4.28%. While most other strategies saw very little change in assets under management

over the quarter, CTAs negated some of the outflows from the industry and gained \$10.5bn in Q3.

While posting some of the strongest returns in 2016 and over Q3, both equity and event driven strategies saw outflows of \$2.2bn and \$0.6bn respectively, although these figures are much lower than corresponding Q1 and Q2 figures.

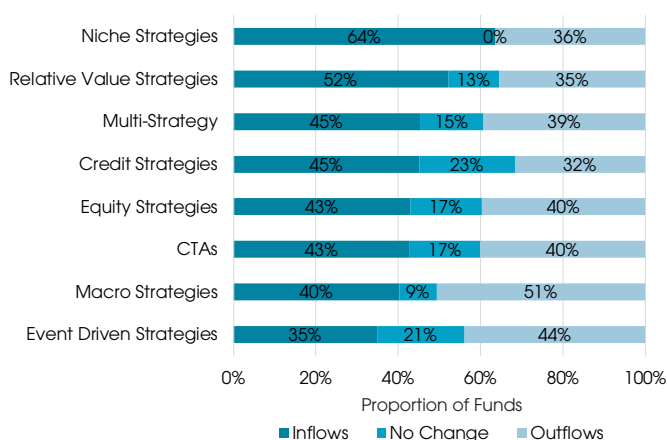
Fig. 5 shows the correlation between strong past performance and the likelihood of attracting new capital. With 55% of funds achieving a return of more than 5.00% in 2015 also receiving a large proportion of inflows in Q2 2016, track records are a prominent consideration for investors when allocating capital to the industry today. This is also evident when examining H1 2016 performance: 52% of funds that generated 5.00% or more over the first half of 2016 gained inflows (Fig. 6).

Fig. 1: Asset Flows\* by Strategy, 2015 - Q3 2016

Strategy	2015 Asset Flows (\$bn)	Q1 2016 Asset Flows (\$bn)	Q2 2016 Asset Flows (\$bn)	Q3 2016 Asset Flows (\$bn)	2016 YTD Asset Flows (\$bn)	Q3 2016 AUM (\$bn)	Percentage Change in AUM over 2016
CTAs	24.6	13.7	2.9	10.5	27.1	253	13.5%
Credit Strategies	4.2	-11.9	-14.3	2.0	-24.2	235	-2.8%
Equity Strategies	60.3	-9.7	-15.6	-2.2	-27.4	831	2.9%
Event Driven Strategies	-1.8	-2.8	3.4	-0.6	0.1	174	5.2%
Macro Strategies	-25.8	-6.4	-4.9	-1.2	-12.5	959	4.3%
Multi-Strategy	27.5	12.8	-1.6	-25.0	-13.8	429	-0.4%
Niche Strategies	1.3	-1.5	-0.2	0.3	-1.4	13	-7.7%
Relative Value Strategies	-18.8	-8.7	10.4	-16.4	-14.6	343	-0.3%
<b>Total Industry</b>	<b>71.4</b>	<b>-14.3</b>	<b>-19.9</b>	<b>-32.5</b>	<b>-66.7</b>	<b>3,236</b>	<b>2.9%</b>

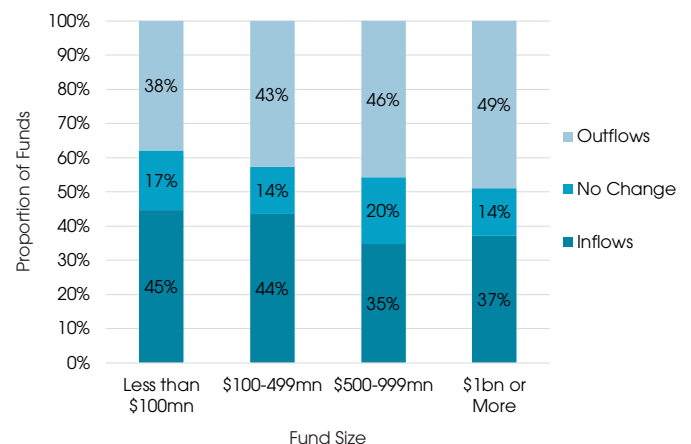
Source: Preqin Hedge Fund Online

Fig. 2: Asset Flows\* over Q3 2016 by Core Strategy



Source: Preqin Hedge Fund Online

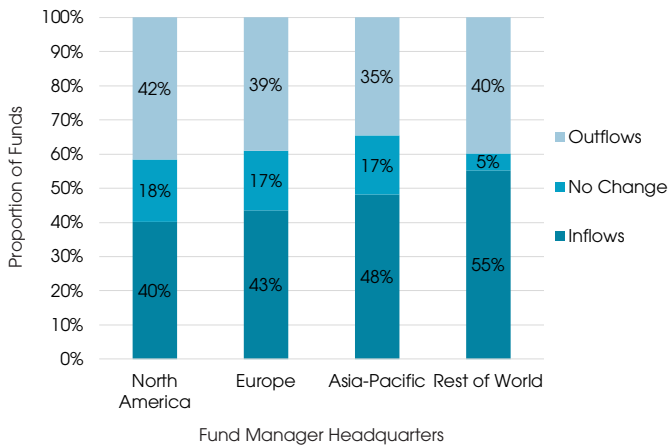
Fig. 3: Asset Flows\* over Q3 2016 by Fund Size



Source: Preqin Hedge Fund Online

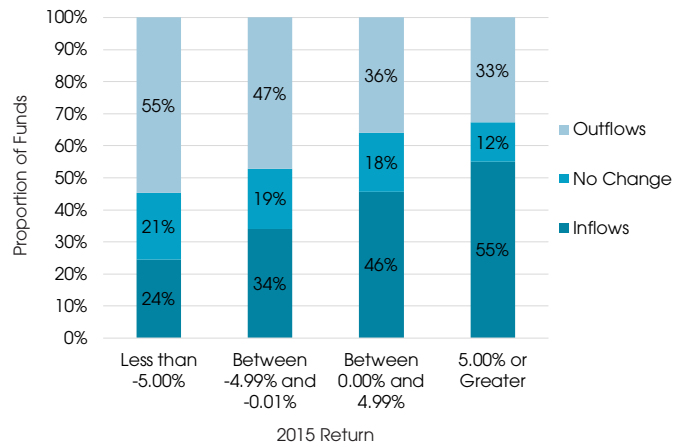
\*Preqin estimates industry asset flows from performance and asset growth information for over 14,000 hedge fund track records. Flows are estimated based on a sample of funds with available size and performance data and scaled up based on the proportion of represented capital by strategy, headquarters location and fund classification.

**Fig. 4: Asset Flows\* over Q3 2016 by Fund Manager Headquarters**



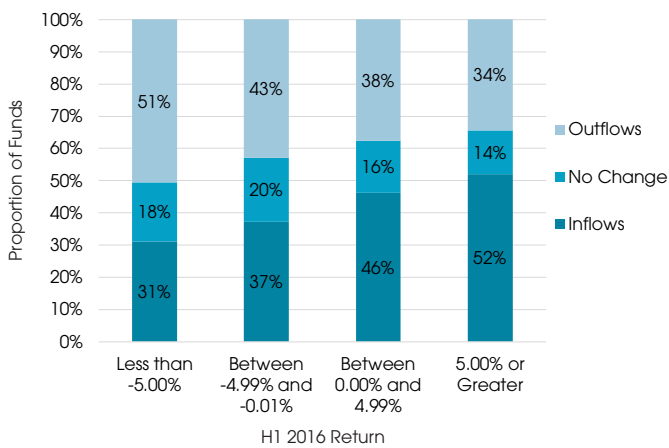
Source: Preqin Hedge Fund Online

**Fig. 5: Asset Flows\* over Q3 2016 by 2015 Performance**



Source: Preqin Hedge Fund Online

**Fig. 6: Asset Flows\* over Q3 2016 by H1 2016 Performance**



Source: Preqin Hedge Fund Online

**Preqin Hedge Fund Online: The Leading Source of Intelligence on the Hedge Fund Industry**

**Hedge Fund Online** is Preqin's award-winning 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, providing extremely reliable data and information for fund managers, investors, service providers and a host of other professionals with an interest in the industry.

Arrange a demo to explore Preqin's **Hedge Fund Online**:

[www.preqin.com/demo](http://www.preqin.com/demo)

\*Preqin estimates industry asset flows from performance and asset growth information for over 14,000 hedge fund track records. Flows are estimated based on a sample of funds with available size and performance data and scaled up based on the proportion of represented capital by strategy, headquarters location and fund classification.