

Content Includes:

Active Firms

Number of active private capital and hedge fund managers based in California has grown considerably since the turn of the millennium.

Assets under Management

Closed-end private capital fund managers have over half a trillion dollars in AUM, while hedge fund managers control over \$260bn.

Institutional Investors

Over three-quarters of investors based in California invest in at least one alternative asset class.

In Focus

Plus, detailed breakdowns of the Californian market across venture capital, private equity, hedge funds and real estate.

Preqin Special Report: Alternative Assets in California

September 2016



Venture Capital

Private Equity

Hedge Funds

Real Estate



Foreword

While most noted for its venture capital sector, the Californian alternatives industry is a growing and diverse marketplace. The number of active private capital* fund managers based in the region has more than trebled since the turn of the millennium, with 949 fund managers currently managing or raising vehicles. Furthermore, hedge fund managers are continuing to set up shop in California: 233 new hedge fund managers have been incepted since 2010, contributing to the launch of more than 750 new hedge funds.

It is not just the number of firms that have increased; the assets under management of the private capital industry have grown from \$177bn in 2000 to just over half a trillion dollars by the end of 2015, and when compounded with the \$268bn in total assets of California-based hedge fund managers, the state is one of the most prominent alternatives markets in the US.

Preqin is the alternative assets industry's leading source of data and intelligence. Our products and services are utilized by more than 40,000 professionals located in over 90 countries for a range of activities including investor relations, fundraising and marketing, and market research. We hope you find this report useful, and welcome any feedback you may have. For more information, please visit www.preqin.com or contact info@preqin.com.

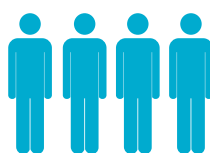
**Defined as private equity, venture capital and real estate firms that have raised a closed-end fund in the last decade.*

Key Facts



\$732bn

Combined assets under management of Californian hedge fund and private capital managers.



459

Total number of California-based institutional investors investing in at least one alternative asset class.



949

Number of active California-based private capital fund managers.



62%

Proportion of California-based institutional investors investing in hedge funds, above the 59% targeting private equity & venture capital and the 52% investing in real estate.

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The California Hedge Fund Association

Greetings from all of us at the California Hedge Fund Association (CHFA). Thanks to a new strategic partnership we have recently forged with Preqin, we are pleased to present this report regarding the continually changing dynamics of the alternative investment climate and industry in California.

As many of the readers of this Preqin special report may already know, CHFA was founded in 2010 by a group of people engaged in the hedge fund industry in California. The problem this group perceived in 2010 was what they deemed to be an over-concentration of hedge fund events and resources in the New York City/Connecticut and London areas and a dearth of such in California, notwithstanding the state's size and depth of manager talent, its many institutional investors and family offices, and many other strategic advantages including its highly educated workforce, its dynamic infrastructure and its status as one of the world's largest and most vibrant economies. The solution CHFA's founders came up with was to create a multi-faceted, non-profit industry service organization focused on bringing together, educating and empowering members of California's hedge fund industry.

Now, six years later, CHFA is the world's largest and most active regional hedge fund association serving over 1,000 members and producing, sponsoring or otherwise participating in over a dozen events and other activities throughout California annually. Yet despite CHFA's growth and success, the organization is not resting on its laurels. Instead, we will on 1 January 2017 re-brand as the California Alternative Funds Association (CAFA), so that in addition to fostering the hedge funds industry and servicing the 1,000s of professionals that work in the industry, we can serve the many other dynamic segments of the alternative investment industry including private equity funds, real estate funds, venture capital funds, liquid alternative funds, and other highly complementary financial services industries.

To this end, this comprehensive new Preqin report address the entire alternative asset management industry in California as opposed to simply hedge funds and serves as a key turning point for our organization as it moves into its seventh year of existence. We hope you find this Preqin report to be helpful and invite you to join and become more involved in CHFA, soon-to-be CAFA, by visiting www.calalts.org or www.preqin.com.

Sincerely,

Jason Gerlach & the CHFA/CAFA Team



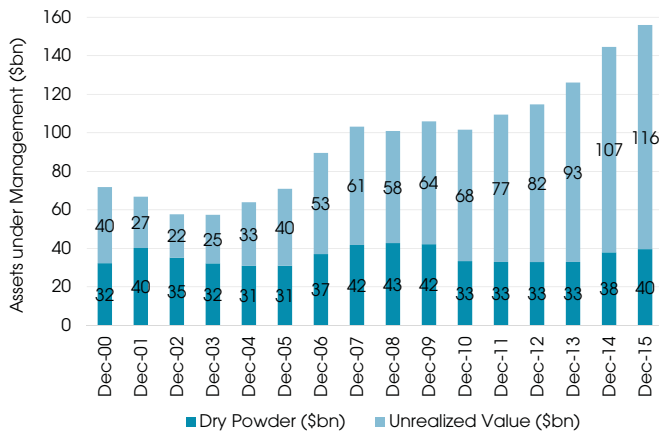
Jason Gerlach

Jason Gerlach co-founded the California Hedge Fund Association ("CHFA") in 2010 and has served as CHFA's President since 2013. In addition, Gerlach is the CEO and Managing Partner of Sunrise Capital Partners ("Sunrise"), a leader in alternative investing since 1980. In his role at Sunrise, Gerlach determines and drives Sunrise's overall business strategy and oversees Sunrise's day-to-day business operations and activities. Gerlach also serves on Sunrise's Management Committee. Prior to joining Sunrise, Gerlach was a Sunrise investor, a private businessperson and an attorney with Hale and Dorr LLP (now WilmerHale) in Boston and later Howard Rice Nemerovski Canady Falk & Rabkin (now Arnold & Porter LLP) in San Francisco. Gerlach holds a J.D. cum laude and a M.A. in Public Policy Analysis and Public Administration from the University of Wisconsin and a B.A. in Government from Cornell University. Gerlach has completed additional finance and business studies at The Wharton School and Harvard Business School.



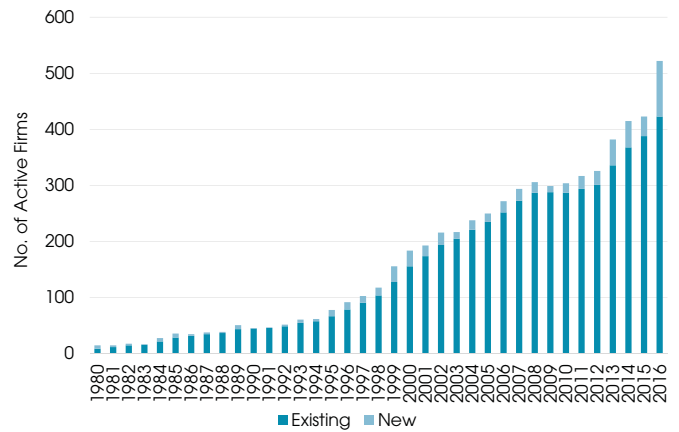
Venture Capital

Fig. 1: California-Based Venture Capital Assets under Management, 2000 - 2015



Source: Preqin Venture Capital Online

Fig. 2: Number of Active California-Based Venture Capital Firms over Time (By Vintage of First Fund Raised)



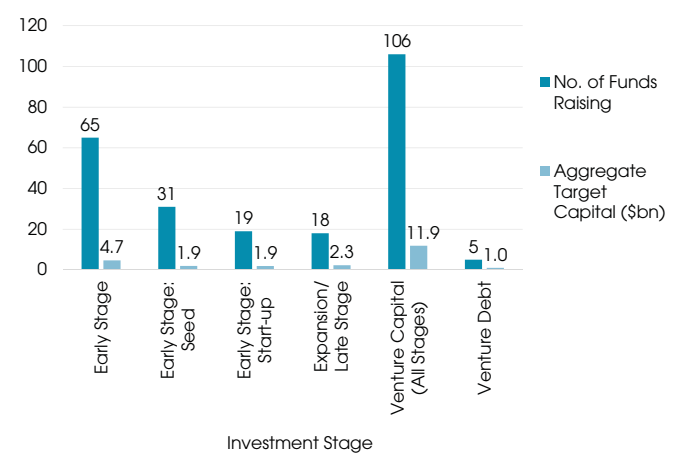
Source: Preqin

Fig. 3: California-Based Venture Capital Firms by Location



Source: Preqin Venture Capital Online

Fig. 4: California-Based Venture Capital Funds in Market by Investment Stage (As at 12 August 2016)



Source: Preqin Venture Capital Online

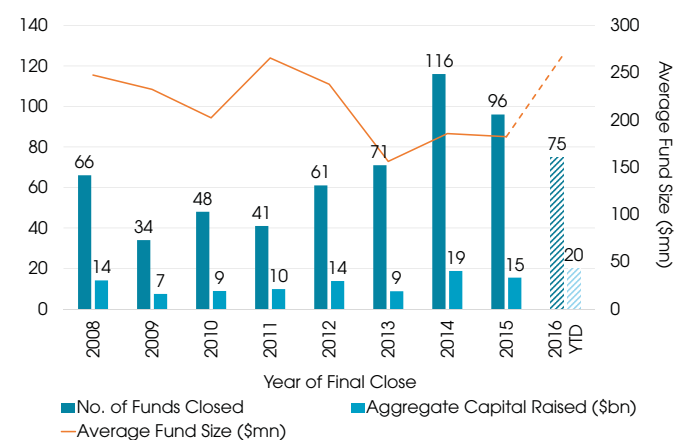
Fig. 5: Consistent Top Performing California-Based Venture Capital Firms

Firm	Overall No. of Funds with Quartile Ranking	No. of Funds in Top Quartile	No. of Funds in Second Quartile	Average Quartile Rank
Benchmark Capital	3	3	0	1.00
Charles River Ventures	4	4	0	1.00
Avalon Ventures	6	5	1	1.17
Sequoia Capital	5	4	1	1.20
BlueRun Ventures	3	2	1	1.33
Canaan Partners	3	2	1	1.33
GGV Capital	4	2	2	1.50
Kleiner Perkins Caufield & Byers	6	3	3	1.50
Storm Ventures	4	2	2	1.50

Source: Preqin Venture Capital Online

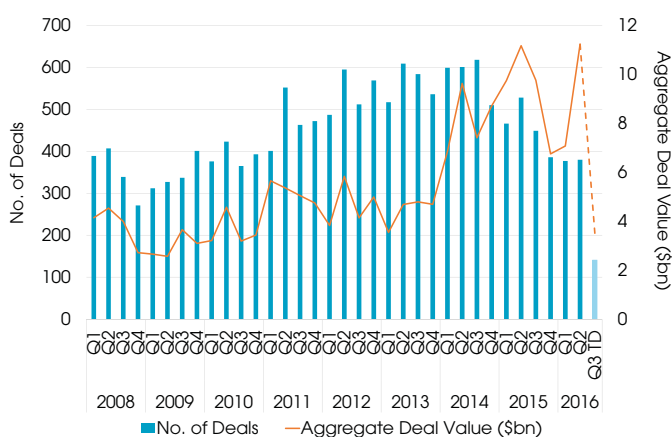


Fig. 6: Annual California-Based Venture Capital Fundraising, 2008 - 2016 YTD (As at 12 August 2016)



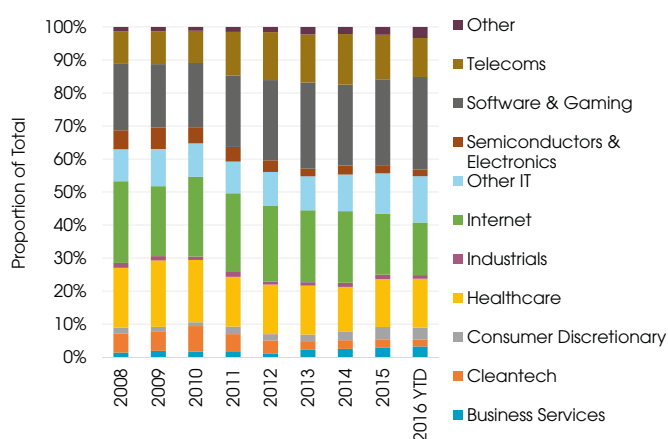
Source: Preqin Venture Capital Online

Fig. 7: Number and Aggregate Value of Californian Venture Capital Deals*, Q1 2008 - Q3 2016 TD (As at 15 August 2016)



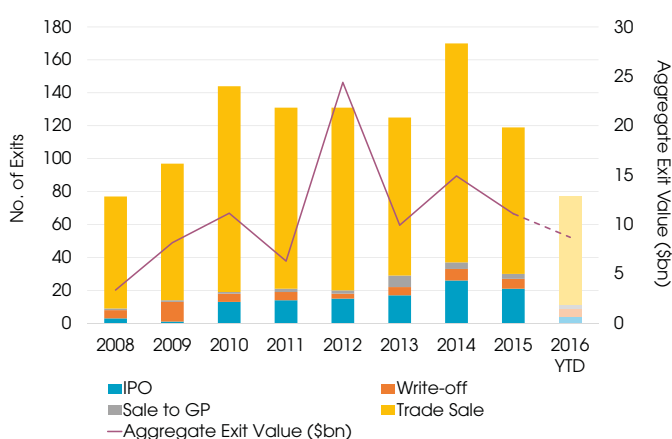
Source: Preqin Venture Capital Online

Fig. 8: Californian Venture Capital Deals* by Industry, 2008 - 2016 YTD (As at 15 August 2016)



Source: Preqin Venture Capital Online

Fig. 9: Californian Venture Capital Exits: Aggregate Value and Breakdown of Number by Type, 2008 - 2016 YTD (As at 15 August 2016)



Source: Preqin Venture Capital Online

Fig. 10: Five Largest Californian Venture Capital Deals* in 2016 YTD (As at 15 August 2016)

Portfolio Company	Deal Date	Stage	Deal Size (mn)	Investor(s)	Primary Industry
Uber Technologies, Inc.	Jun-16	Series G/Round 7	3,500 USD	Public Investment Fund, SBT Venture Capital	Telecoms
Snapchat, Inc.	May-16	Series F/Round 6	1,087 USD	Coatue Management, Fidelity Investments, General Atlantic, Glade Brook Capital Partners, Institutional Venture Partners, Lone Pine Capital, Sequoia Capital, T Rowe Price	Telecoms
Uber Technologies, Inc.	Aug-16	Unspecified Round	1,000 USD	Didi Chuxing	Telecoms
Lyft, Inc.	Jan-16	Series F/Round 6	752 USD	Alibaba Group, Didi Chuxing, General Motors, Janus Capital Group, Rakuten, Inc.	Telecoms
RocketSpace Inc.	Aug-16	Unspecified Round	336 USD	HNA Group	Business Services

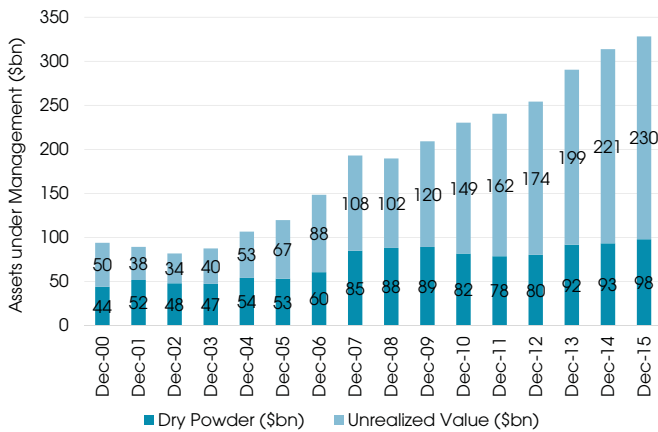
*Figures exclude add-ons, grants, mergers, secondary stock purchases and venture debt.

Source: Preqin Venture Capital Online



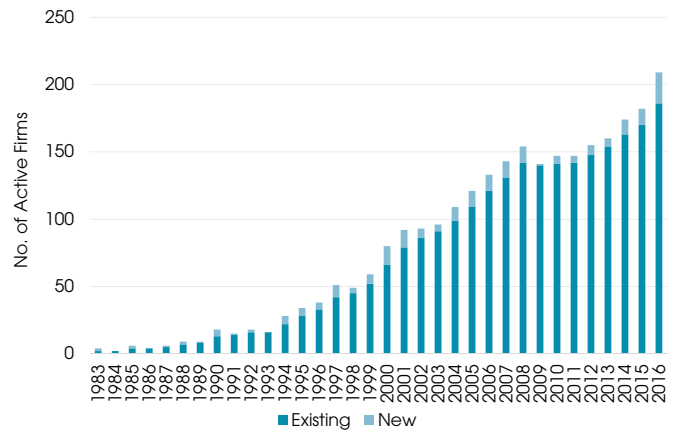
Private Equity

Fig. 11: California-Based Private Equity Assets under Management, 2000 - 2015



Source: Preqin Private Equity Online

Fig. 12: Number of Active California-Based Private Equity Firms over Time (By Vintage of First Fund Raised)



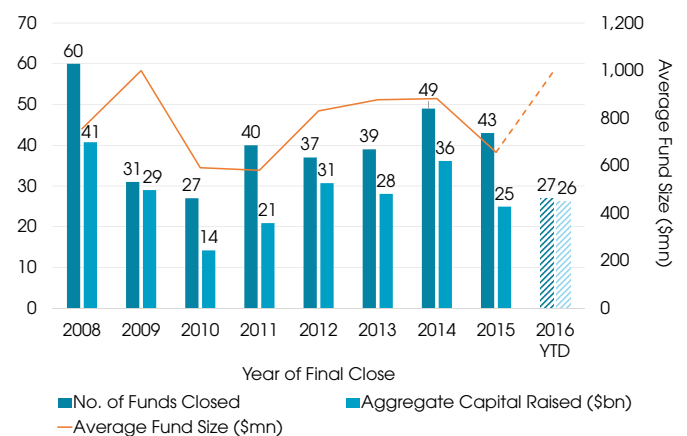
Source: Preqin

Fig. 13: California-Based Private Equity Firms by Location



Source: Preqin Private Equity Online

Fig. 14: Annual California-Based Private Equity Fundraising, 2008 - 2016 YTD (As at 12 August 2016)



Source: Preqin Private Equity Online

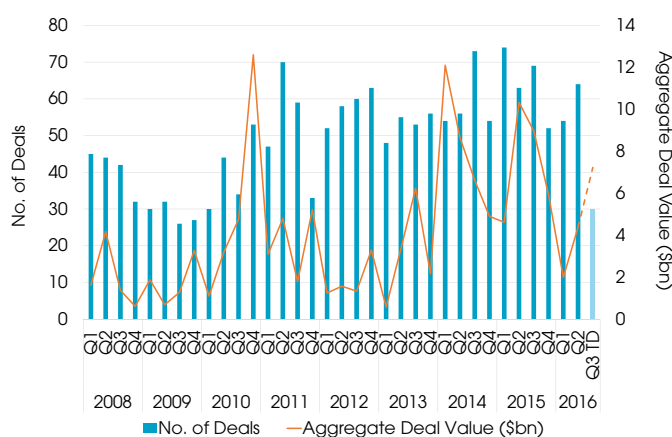
Fig. 15: Consistent Top Performing California-Based Private Equity Firms

Firm	Primary Strategy	Overall No. of Funds with Quartile Ranking	No. of Funds in Top Quartile	No. of Funds in Second Quartile	Average Quartile Rank
Industry Ventures	Fund of Funds	5	5	0	1.00
Weathergace Capital	Fund of Funds	4	4	0	1.00
Industrial Growth Partners	Buyout	3	2	1	1.33
Platinum Equity	Buyout	3	2	1	1.33
Vista Equity Partners	Buyout	5	4	0	1.40
Seidler Equity Partners	Buyout	4	3	0	1.50

Source: Preqin Private Equity Online

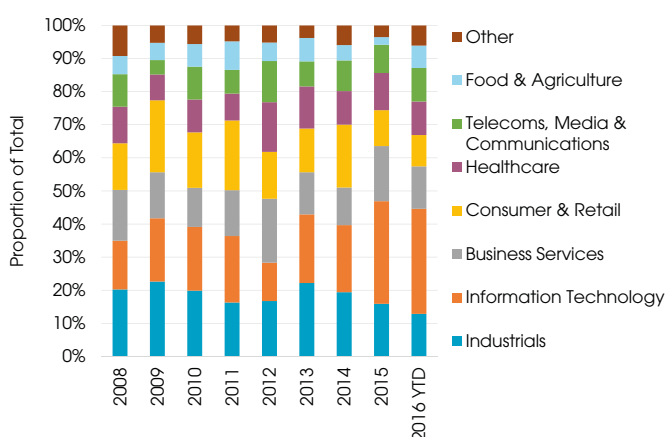


Fig. 16: Number and Aggregate Value of Californian Private Equity-Backed Buyout Deals, Q1 2008 - Q3 2016 TD (As at 15 August 2016)



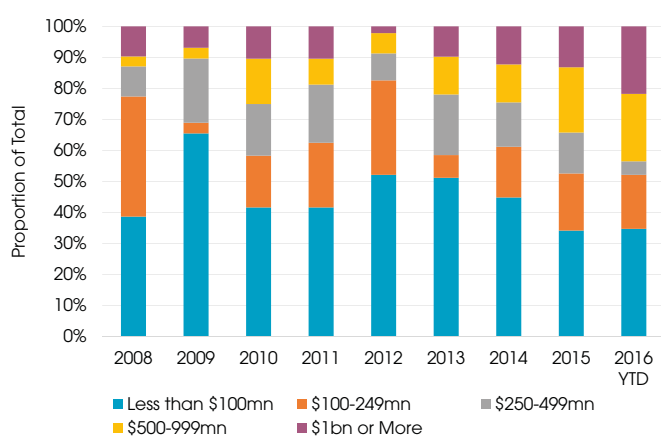
Source: Preqin Private Equity Online

Fig. 17: Californian Private Equity-Backed Buyout Deals by Industry, 2008 - 2016 YTD (As at 15 August 2016)



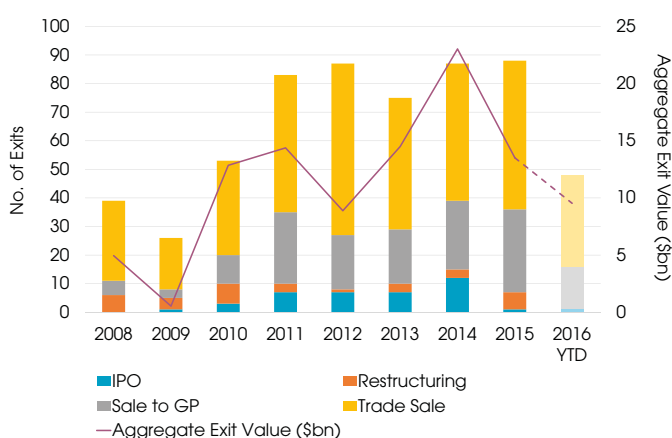
Source: Preqin Private Equity Online

Fig. 18: Californian Private Equity-Backed Buyout Deals by Size, 2008 - 2016 YTD (As at 15 August 2016)



Source: Preqin Private Equity Online

Fig. 19: Californian Private Equity-Backed Buyout Exits: Aggregate Value and Breakdown of Number by Type, 2008 - 2016 YTD (As at 15 August 2016)



Source: Preqin Private Equity Online

Fig. 20: Five Largest Californian Private Equity-Backed Buyout Deals in 2016 YTD (As at 15 August 2016)

Portfolio Company	Investment Type	Deal Date	Deal Size (mn)	Deal Status	Investor(s)	Bought from/ Exiting Company	Primary Industry
Epicor Software	Buyout	Jul-16	3,300 USD	Announced	KKR	Apax Partners	Software
Polycom, Inc.	Public-to-Private	Jul-16	2,000 USD	Announced	Siris Capital	-	Communications
Marketo	Public-to-Private	May-16	1,790 USD	Announced	Vista Equity Partners	-	Software
J.D. Power and Associates	Buyout	Apr-16	1,100 USD	Announced	XIO Group	McGraw Hill Financial	Marketing
VXI Global Solutions	Buyout	Aug-16	1,000 USD	Announced	Carlyle Group	Bain Capital	Outsourcing

Source: Preqin Private Equity Online

Source new investors for funds

Identify new investment opportunities

Conduct competitor and market analysis

Find potential deal opportunities

Develop new business



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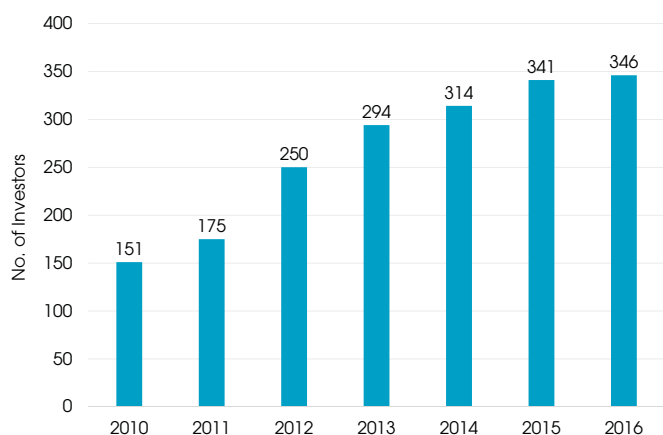
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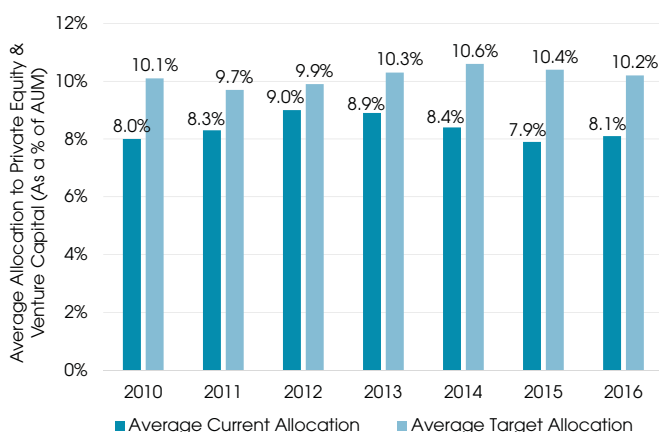
Private Equity & Venture Capital Investors

Fig. 21: California-Based Private Equity & Venture Capital Investors over Time, 2010 - 2016



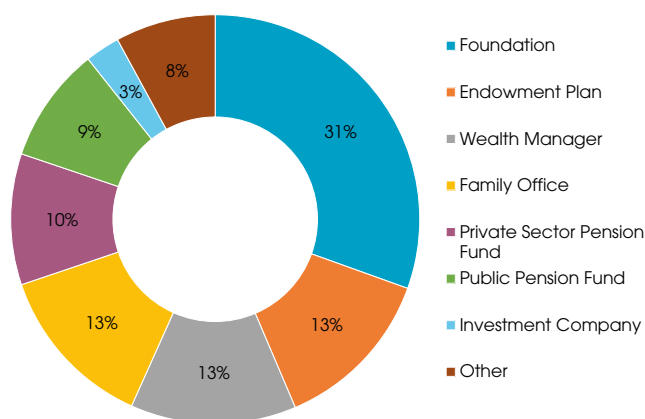
Source: Preqin Private Equity Online

Fig. 22: California-Based Investors' Current and Target Allocations to Private Equity & Venture Capital, 2010 - 2016



Source: Preqin Private Equity Online

Fig. 23: California-Based Private Equity & Venture Capital Investors by Type



Source: Preqin Private Equity Online

Fig. 24: California-Based Private Equity & Venture Capital Investors by Location



Source: Preqin Private Equity Online

Fig. 25: Five Largest California-Based Investors in Private Equity & Venture Capital by Current Allocation

Investor	Type	Headquarters	Current Allocation to Private Equity & Venture Capital (\$bn)
California Public Employees' Retirement System (CalPERS)	Public Pension Fund	Sacramento	26.1
California State Teachers' Retirement System (CalSTRS)	Public Pension Fund	Sacramento	16.8
Stanford Management Company	Endowment Plan	Stanford	5.2
Wells Fargo Bank	Bank	San Francisco	4.9
CTC myCFO	Family Office	Palo Alto	4.8

Source: Preqin Private Equity Online



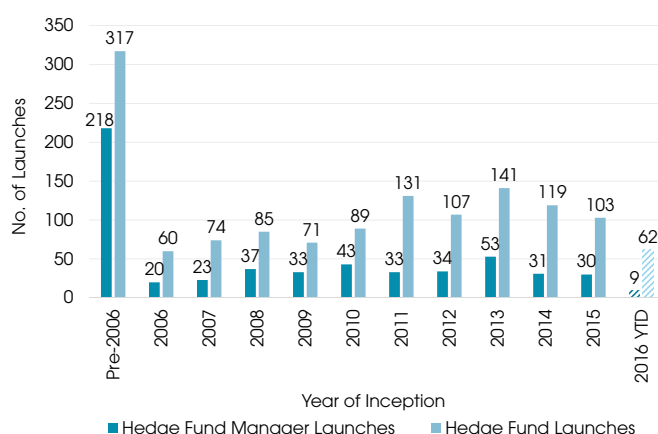
Hedge Funds

Fig. 26: Top 10 US States by Hedge Fund Assets under Management (As at June 2016)

State	Assets under Management (\$bn)
New York	1,561
Connecticut	526
California	268
Massachusetts	219
Illinois	106
Texas	81
New Jersey	68
Florida	66
Minnesota	37
Georgia	32

Source: Preqin Hedge Fund Online

Fig. 27: Number of California-Based Hedge Fund Manager and Hedge Fund Launches by Year of Inception (As at 10 August 2016)



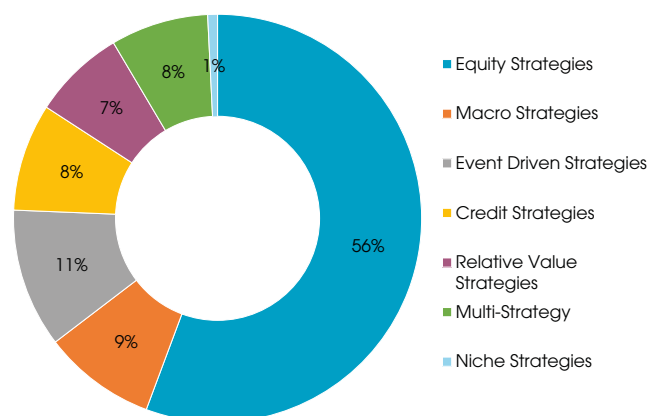
Source: Preqin Hedge Fund Online

Fig. 28: California-Based Hedge Fund Managers by Location



Source: Preqin Hedge Fund Online

Fig. 29: Active California-Based Hedge Funds by Top-Level Strategy



Source: Preqin Hedge Fund Online

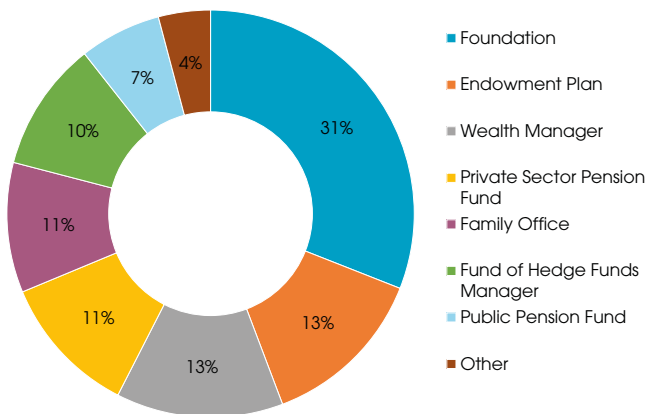
Fig. 30: Five Largest California-Based Hedge Fund Managers by Assets under Management

Firm	Year Established	Location	Assets under Management
Canyon Partners	1990	Los Angeles	\$19.0bn as at 31 December 2015
Farallon Capital Management	1986	San Francisco	\$18.9bn as at 30 June 2015
Symphony Asset Management	1994	San Francisco	\$17.5bn as at 30 June 2016
ValueAct Capital	2000	San Francisco	\$17.4bn as at 29 February 2016
PIMCO	1971	Newport Beach	\$16.3bn as at 31 March 2016

Source: Preqin Hedge Fund Online



Fig. 31: California-Based Hedge Fund Investors by Type



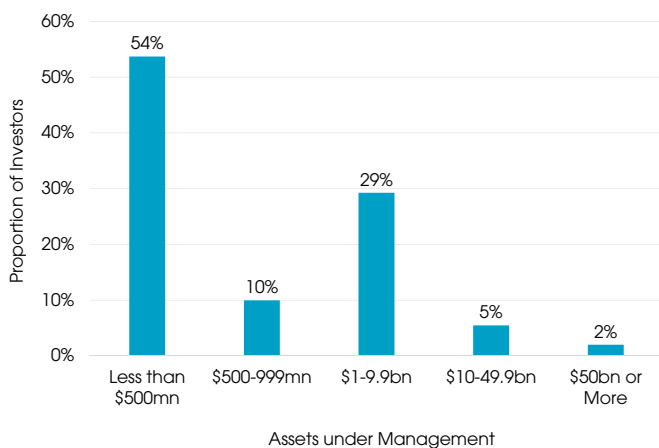
Source: Preqin Hedge Fund Online

Fig. 32: California-Based Hedge Fund Investors by Location



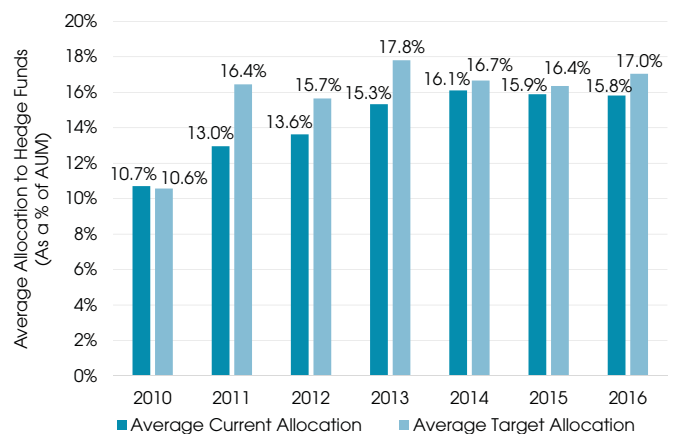
Source: Preqin Hedge Fund Online

Fig. 33: California-Based Hedge Fund Investors by Assets under Management



Source: Preqin Hedge Fund Online

Fig. 34: California-Based Investors' Current and Target Allocations to Hedge Funds, 2010 - 2016



Source: Preqin Hedge Fund Online

Fig. 35: Five Largest California-Based Investors in Hedge Funds by Current Allocation

Investor	Type	Headquarters	Current Allocation to Hedge Funds (\$bn)
Regents of the University of California	Public Pension Fund	Oakland	10.6
CTC myCFO	Multi Family Office	Palo Alto	4.8
Stanford Management Company	Endowment Plan	Stanford	4.2
California State Teachers' Retirement System (CalSTRS)	Public Pension Fund	Sacramento	3.2
Intel Corporation Pension Plans	Private Sector Pension Fund	Santa Clara	2.7

Source: Preqin Hedge Fund Online

Source new investors

View performance of individual funds

Customize performance benchmarks to meet your needs

Access profiles for over 20,500 hedge funds

Conduct market research and competitor analysis



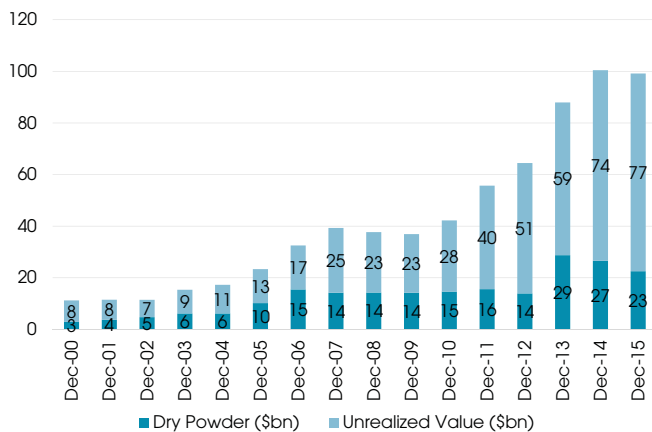
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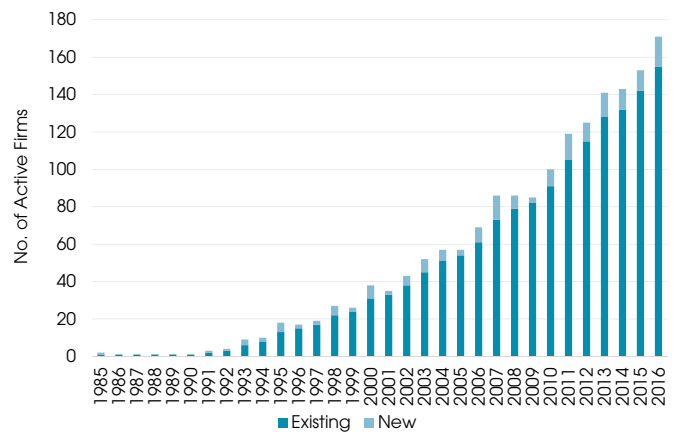
Real Estate

Fig. 36: California-Based Closed-End Private Real Estate Assets under Management, 2000 - 2015



Source: Preqin Real Estate Online

Fig. 37: Number of Active California-Based Closed-End Private Real Estate Firms over Time (By Vintage of First Fund Raised)



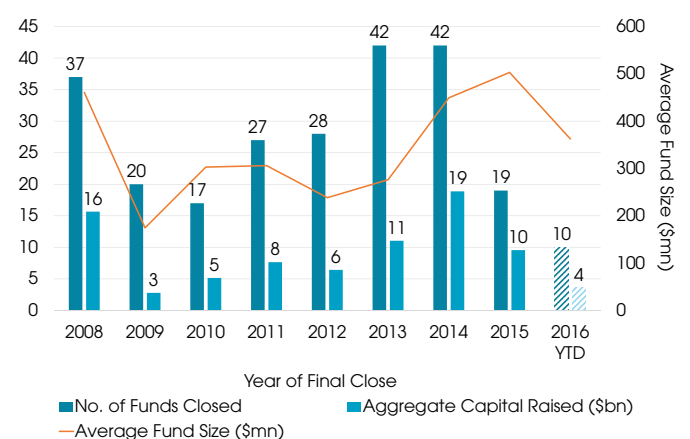
Source: Preqin Real Estate Online

Fig. 38: California-Based Real Estate Firms by Location



Source: Preqin Real Estate Online

Fig. 39: Annual California-Based Closed-End Private Real Estate Fundraising, 2008 - 2016 YTD (As at 10 August 2016)



Source: Preqin Real Estate Online

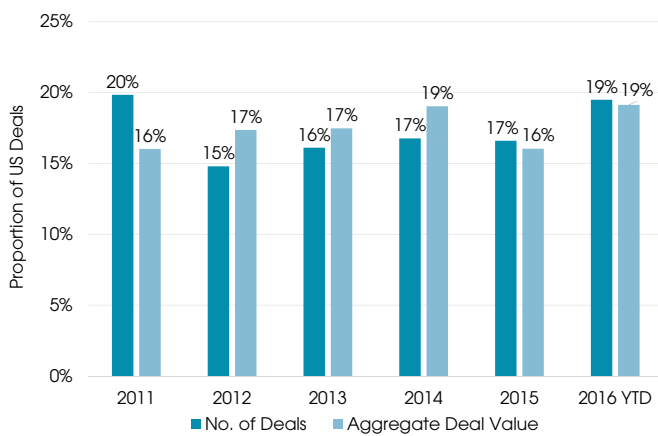
Fig. 40: Consistent Top Performing California-Based Closed-End Private Real Estate Firms

Firm	Overall No. of Funds with Quartile Ranking	No. of Funds in Top Quartile	No. of Funds in Second Quartile	Average Quartile Rank
Carmel Partners	4	4	0	1.00
FPA Multifamily	4	4	0	1.00
Embarcadero Capital Partners	4	3	1	1.25
DivcoWest	3	2	1	1.33
Redwood-Kairos Real Estate Partners	3	2	1	1.33
HG Capital	8	6	0	1.63
Virtú Investments	3	1	2	1.67
Buchanan Street Partners	4	2	0	2.00
Industry Capital	3	1	1	2.00

Source: Preqin Real Estate Online

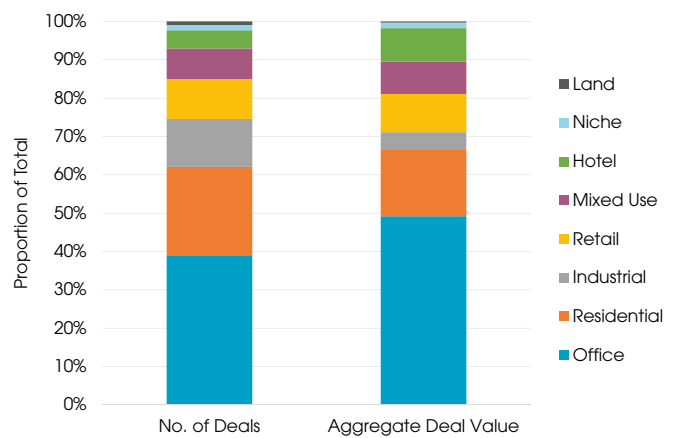


Fig. 41: Californian Private Equity Real Estate Deals as a Proportion of US Private Equity Real Estate Deals, 2011 - 2016 YTD (As at 10 August 2016)



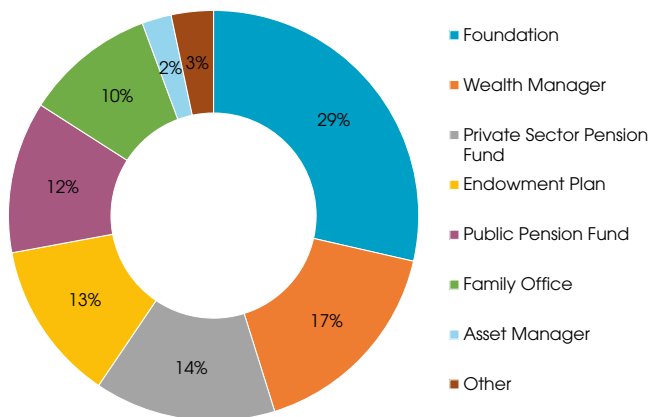
Source: Preqin Real Estate Online

Fig. 42: Californian Private Equity Real Estate Deals by Primary Asset Type, 2011 - 2016 YTD (As at 10 August 2016)



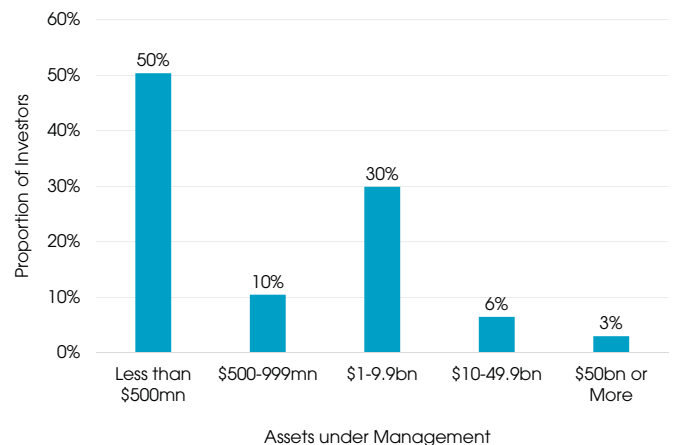
Source: Preqin Real Estate Online

Fig. 43: California-Based Institutional Real Estate Investors by Type



Source: Preqin Real Estate Online

Fig. 44: California-Based Real Estate Investors by Assets under Management

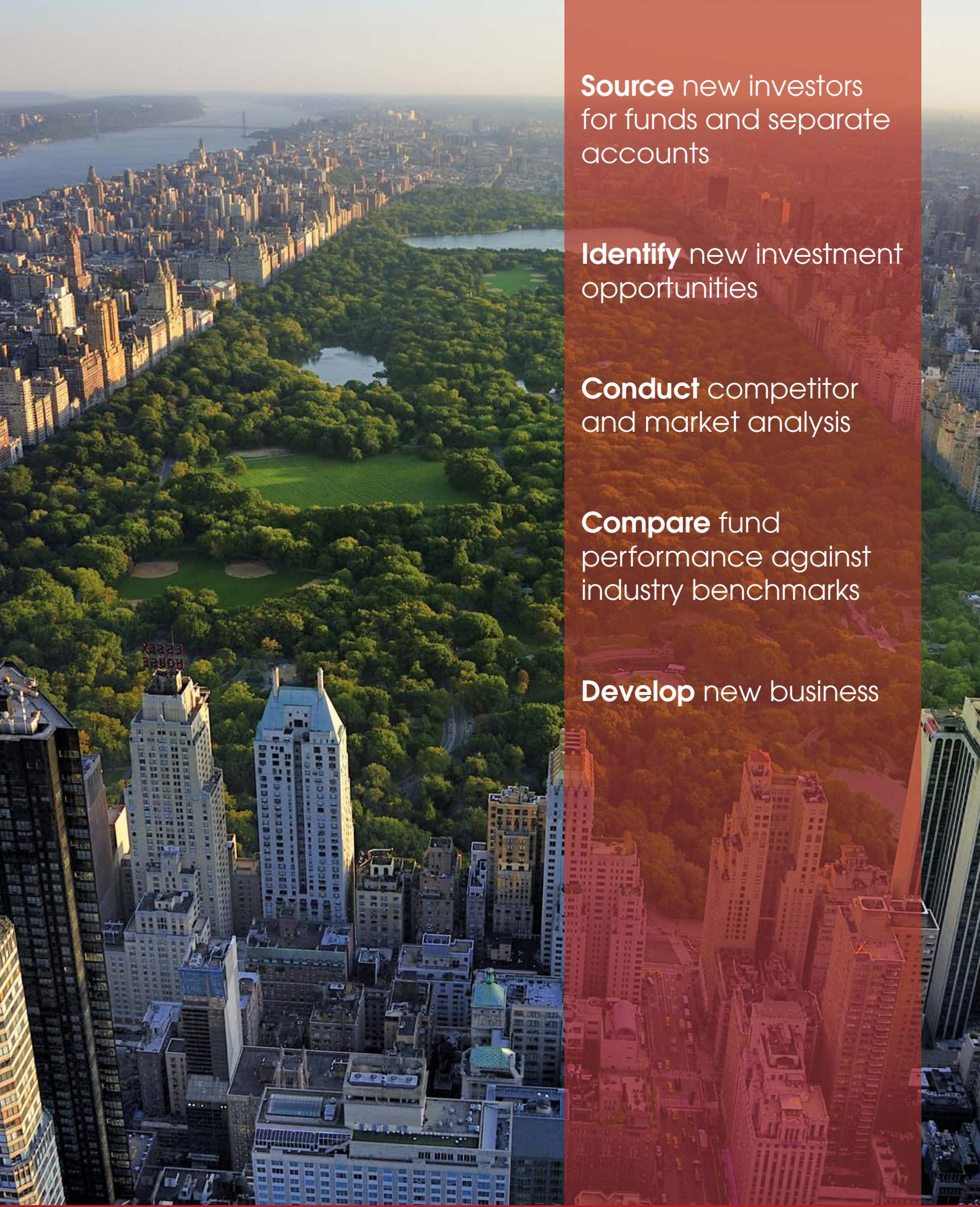


Source: Preqin Real Estate Online

Fig. 45: Five Largest California-Based Investors in Real Estate by Current Allocation

Investor	Type	Headquarters	Current Allocation to Real Estate (\$bn)
California Public Employees' Retirement System (CalPERS)	Public Pension Fund	Sacramento	27.3
California State Teachers' Retirement System (CalSTRS)	Public Pension Fund	Sacramento	26.0
Pacific Life Insurance Company	Insurance Company	Newport Beach	10.7
Los Angeles County Employees' Retirement Association	Public Pension Fund	Pasadena	5.5
Stanford Management Company	Endowment Plan	Stanford	4.9

Source: Preqin Real Estate Online



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for funds and separate
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Identify new investment
opportunities

Conduct competitor
and market analysis

Compare fund
performance against
industry benchmarks

Develop new business

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alternative assets. intelligent data.

A wide-angle photograph of the Golden Gate Bridge in San Francisco, California. The bridge's iconic orange-red towers and suspension cables are prominent against a clear blue sky. The bridge spans a body of water, with the city skyline visible in the distance.

Preqin Special Report: Alternative Assets in California

September 2016

Preqin: Global Data and Intelligence

With global coverage and detailed information on all aspects of alternative assets, Preqin's industry-leading online services keep you up-to-date on all the latest developments in the alternative assets industry.

Source new investors for funds and co-investments

Find the most relevant investors, with access to detailed profiles for over 9,600 institutional investors actively investing in alternatives, including current fund searches and mandates, direct contact information and sample investments.

Identify potential fund investment opportunities

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