

HEDGE FUND SPOTLIGHT

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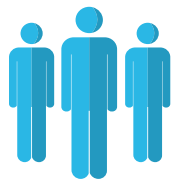
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THE \$1bn CLUB: LARGEST HEDGE FUND MANAGERS



Preqin's online platform contains detailed profiles of 745 hedge fund managers worldwide with \$1bn+ in AUM, a net increase of 44 managers since our May 2017 ' \$1bn Club' study. In light of this, we revisit the \$1bn Club to see how much can change in a year.

[Find out more on page 2](#)

THE \$1bn CLUB: LARGEST INVESTORS IN HEDGE FUNDS



We examine how this group of institutions that invest \$1bn or more in hedge funds has developed over the past year, focusing on new entrants to the Club and how their allocations to the asset class have changed.

[Find out more on page 6](#)



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THE \$1bn CLUB: LARGEST HEDGE FUND MANAGERS

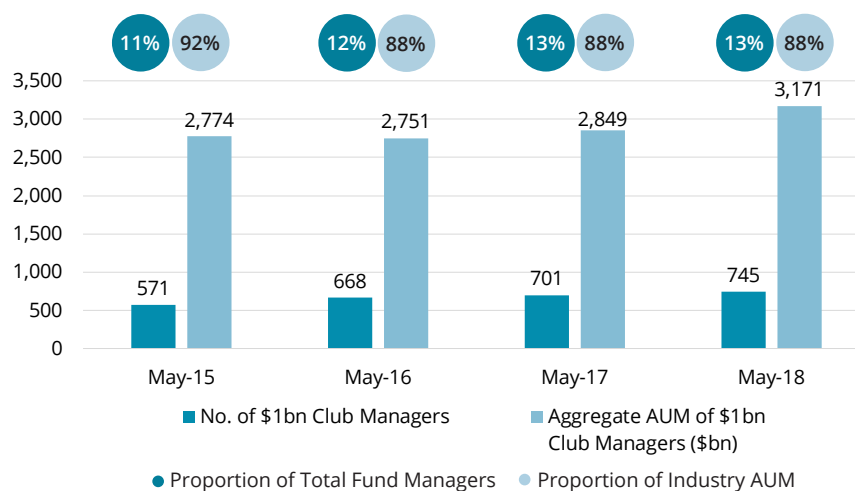
We take a look at the world's largest hedge fund managers, the '\$1bn Club', to ascertain the characteristics and influence of the Club and to see how it has evolved in the past 12 months.

In 2017 the hedge fund industry emerged from a challenging period, posting 12 consecutive months of positive performance and generating its highest annual return (+11.50%) since 2013 (+12.77%), an uptick from the disappointing returns in 2014 (+5.23%) and 2015 (+2.25%). Supported by a net inflow of \$61bn since the start of 2017, industry assets under management (AUM) have reached a record high of \$3.61tn as at March 2018. Assets managed by firms with at least \$1bn in AUM have also surged over the past year, driven by the combination of improved performance and a return to inflows. In this article, we examine the 2018 '\$1bn Club' and how it has changed over the past 12 months.

THE \$1bn CLUB IN 2018

Preqin's online platform contains detailed profiles of 745 hedge fund managers worldwide with \$1bn+ in AUM, a net increase of 44 managers since our [May 2017 \\$1bn Club study](#) (Fig. 1). Collectively, this group manages \$3.17tn – an 11% increase from the previous year – accounting for 88% of all industry AUM. The number of participants in and aggregate AUM of the \$1bn Club have increased by 30% and 14% respectively since May 2015.

Fig. 1: \$1bn Club Managers: Number and Aggregate Assets under Management, 2015 - 2018 YTD (As at May 2018)



Source: Preqin

In addition, the aggregate AUM of the 25 hedge fund managers raising assets of at least \$20bn rose 23% (+\$158bn) over the past year, and much of this growth was driven by new additions to the group. In our 2017 study, just 21 firms managed assets of \$20bn or more. In contrast, the 532 firms managing \$1-4.9bn only saw a 2% (+\$20bn) increase over the same period, despite a net growth of 18 new managers to this cohort.

LOCATION OF \$1bn CLUB

North America is home to 516 (69%) of managers with \$1bn+ in AUM, with these firms managing almost three-quarters (73%) of total \$1bn Club assets. Of the managers based in the region, nearly half (49%) are headquartered in New York and are collectively responsible for \$1.09tn (Fig. 2). The state also saw 12 firms enter the \$1bn Club over the past year, including [Westchester Capital Management](#), whose AUM rose from \$713mn to \$2.8bn (as at December 2017).

Fig. 2: Top Locations of \$1bn Club Managers by Aggregate Assets under Management

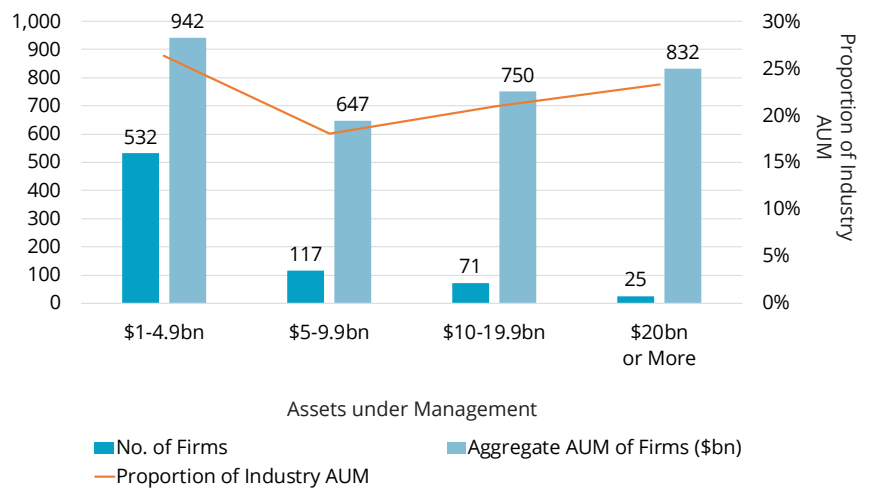
Location	No. of \$1bn Club Managers	Aggregate AUM of \$1bn Club Managers (\$bn)
New York	253	1,090
London	86	439
Connecticut	34	348
California	56	205
Massachusetts	39	192
Illinois	22	107
Hong Kong	35	81
Texas	18	67
New Jersey	14	51
Florida	12	36

Source: Preqin

Connecticut-based firms saw the highest number (9) of dropouts from the Club over the past year along with a \$12bn fall in combined AUM. Among this group is **Astenbeck Capital Management** (which managed \$2bn at the time of our May 2017 study), which reported it would be ceasing its operations in August 2017.

Europe-based managers account for a fifth of assets managed by the \$1bn Club. London remains at its centre, although the city has seen only two new entrants. When compared with our 2017 study, the aggregate AUM of London-based \$1bn+ firms has increased by \$87bn, the greatest amount of all \$1bn Club manager locations, with **Man Group's** total assets growing by 32% (+\$18bn) over this period.

Fig. 3: Distribution of \$1bn Club Managers' Assets under Management



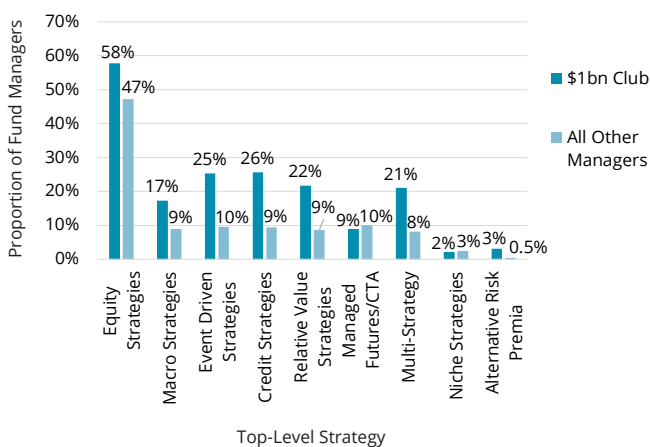
Source: Preqin

Fig. 4: Largest \$1bn Club Managers by Total Assets under Management

Manager	Headquarters	Year Established	Assets under Management
Bridgewater Associates	Connecticut, US	1975	\$163.0bn as at 31 March 2018
AQR Capital Management	Connecticut, US	1998	\$119.0bn as at 31 December 2017
Man Group	London, UK	1983	\$72.5bn as at 28 February 2018
Renaissance Technologies	New York, US	1982	\$58.0bn as at 31 March 2018
JP Morgan Asset Management	New York, US	1974	\$51.2bn as at 31 December 2017
Millennium Management	New York, US	1989	\$36.0bn as at 28 February 2018
Two Sigma Investments	New York, US	2002	\$35.4bn as at 30 June 2017
Elliott Management	New York, US	1977	\$35.0bn as at 31 December 2017
Och-Ziff Capital Management	New York, US	1994	\$33.3bn as at 28 February 2018
Aberdeen Standard Investments*	Edinburgh, UK	1998	\$32.8bn as at 31 December 2017

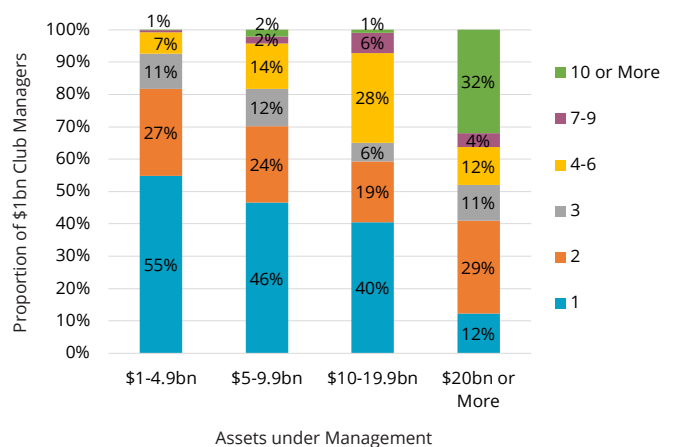
Source: Preqin

Fig. 5: Top-Level Strategies Offered by Hedge Fund Managers: \$1bn Club vs. All Other Managers



Source: Preqin

Fig. 6: \$1bn Club Managers by Assets under Management and Number of Core Strategies Offered



Source: Preqin

*Aberdeen Asset Management and Standard Life Investments completed their merger in Q3 2017 to form Standard Life Aberdeen. A new entity was formed to manage the group's investment business, Aberdeen Standard Investments.

STRATEGIES OF \$1bn CLUB MANAGERS

Equity strategies are the most prominent among those offered by \$1bn Club managers (58%), reflecting the wider industry (Fig. 5). Credit and event driven strategies are also utilized by notable proportions of managers within the Club (26% and 25% respectively). **JP Morgan Asset Management, Man Group** and **Oaktree Capital Management** have each launched credit-focused hedge funds in the past 12 months.

The utilization of alternative risk premia strategies has gathered interest in recent years. Just 3% of the \$1bn Club offer alternative risk premia strategies, while less than 1% of managers with less than \$1bn in AUM utilize this strategy. However, such firms are poised for further growth in 2018: 31% of investors active in alternative risk premia plan to increase their allocation to the strategy over the next 12 months (as seen in the **2018 Preqin Global Hedge Fund Report**).

Within the \$1bn Club, the largest managers are more likely to have a diverse product offering, either through tactical acquisitions or by launching new products, in order to appeal to investors with differing appetites and preferences. Fig. 6 illustrates this, with 32% of managers with \$20bn or more in AUM running 10 or more strategies.

NEW ENTRANTS AND DROPOUTS

Preqin has noted 97 new entrants and 37 dropouts in the \$1-4.9bn AUM bracket over the past 12 months. Although there have been 20 fewer entrants to this AUM group compared to the previous year, there have also been 53 fewer departures, which reflects the improved environment for hedge funds in 2018 compared to 2017. North America accounts for the majority of new entrants (58%), as well as dropouts (62%), illustrative of the region's dominance within the hedge fund industry (Fig. 8).

Fund managers offering equity strategies represent the largest proportion of both new entrants and dropouts to the \$1-4.9bn AUM bracket in the past year (Fig. 9). In contrast with the previous year, a greater proportion of new entrants to the group offer macro strategies than dropouts, a trend explained by the strategy attracting significant inflows over 2017 (+\$19bn), compared to outflows of \$26bn and \$5.9bn in 2015 and 2016 respectively.

FUND TERMS AND CONDITIONS OF THE \$1bn CLUB

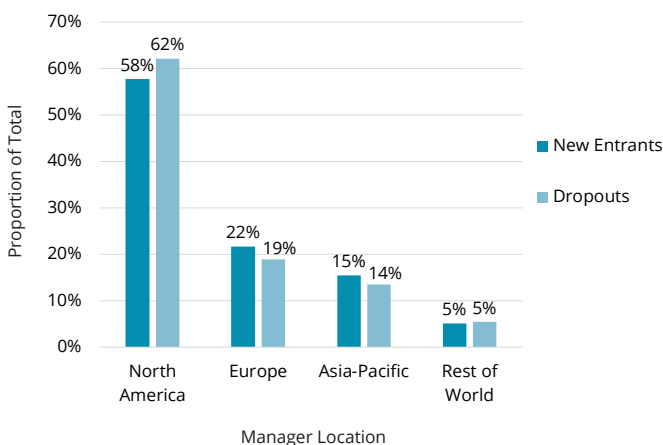
On average, managers with over \$1bn in AUM command higher performance fees than those with less than \$1bn (Fig. 10). However, the mean management fees commanded within the \$1bn Club have fallen since our May 2017 study from 1.60% to 1.52%, which is notably lower than the 1.60% average among managers with less than \$1bn. Average performance fees for \$1bn Club managers have also fallen over the same period from 19.83%

Fig. 7: Sample New Entrants to the \$1bn Club in 2018

Manager	Headquarters	Year Established	Top-Level Strategy Offered	Assets under Management
Ajeej Capital	Dubai, United Arab Emirates	2007	Equity Strategies	\$1.0bn as at 31 January 2018
Zeal Asset Management	Hong Kong	2009	Equity Strategies	\$1.5bn as at 28 February 2018
Incline Global Management	New York, US	2012	Equity Strategies	\$1.3bn as at 31 December 2017
Nordkinn Asset Management	Stockholm, Sweden	2012	Credit Strategies	\$1.3bn as at 31 March 2018
Greylock Capital Management	New York, US	1996	Event Driven Strategies	\$1.0bn as at 28 February 2018

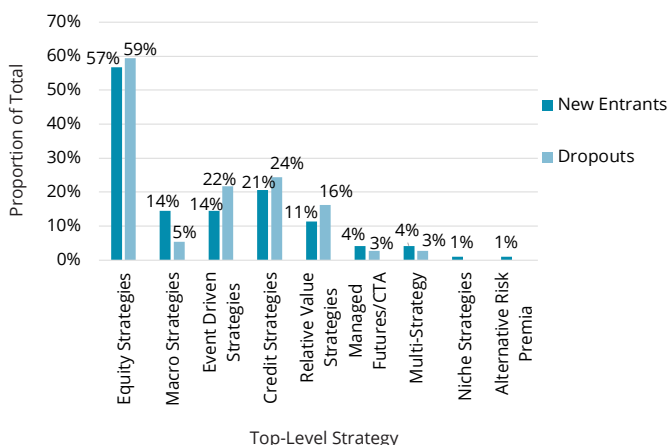
Source: Preqin

Fig. 8: \$1-4.9bn Hedge Fund Managers: New Entrants vs. Dropouts over the Past 12 Months by Manager Location



Source: Preqin

Fig. 9: \$1-4.9bn Hedge Fund Managers: New Entrants vs. Dropouts over the Past 12 Months by Top-Level Strategy Offered



Source: Preqin

to 19.31%. As with many firms across the industry, \$1bn Club managers have lowered fees and improved terms as a way of retaining capital and attracting new sources of funding. For example, [Apollo Global Management](#), which has an AUM figure of \$9.3bn, has reduced the performance fees charged for its long/short credit hedge fund [Apollo Credit Strategies Fund](#) from 20.00% to 18.00%.

OUTLOOK FOR THE \$1bn CLUB

While small in number relative to the global hedge fund manager universe, this exclusive group is mighty in influence and continues to control the majority of AUM in the industry. Despite an influx of investor

capital in 2017 (+\$44bn) and in 2018 (+\$16.9bn), \$1bn Club managers are not immune to pressure from investors over fee structures and are likely to continue striving towards a better alignment of fund terms with investors.

Furthermore, while recent years may have been characterized by relative poor performance and wide-scale redemptions, the \$1bn Club continues to evolve in the midst of a rapidly changing industry: the past year has seen growth in emerging sectors such as alternative risk premia as well as innovation in use of new technologies such as blockchain, artificial intelligence and machine learning

techniques. The \$1bn Club is looking to embrace all these technologies, as the hedge fund industry enters its next stages of evolution.

The \$1bn Club looks poised to sustain its dominance within the hedge fund industry. While some investors remain cautious towards hedge funds, many believe the equity cycle may be reaching its peak and, as a result, will look to position their portfolios more defensively in 2018. The role played by hedge fund managers within investor portfolios, particularly the largest ones, may therefore continue to grow in 2018 and beyond.

Fig. 10: Fund Terms and Conditions of \$1bn Club Managers vs. All Hedge Fund Managers

	Mean Management Fee (%)	Mean Performance Fee (%)	Mean Minimum Investment (\$mn)	Mean Lock-up (Months)	Median Redemption Frequency (Days)	Median Redemption Notice (Days)
Managers with Less than \$1bn	1.60	19.11	1.1	9.1	30	30
\$1bn Club Managers	1.52	19.31	2.8	13.3	90	45
All Hedge Fund Managers	1.58	19.16	1.6	10.4	30	45

Source: Preqin

PREQIN'S ONLINE PLATFORM

Preqin's online platform incorporates all of our hedge fund data, intelligence and functionality. Updated on a daily basis by teams of skilled research analysts based around the globe, the platform is a vital source of data and information for fund managers, investors, service providers and other professionals in the industry.

Search for detailed profiles on over 9,500 hedge fund managers around the world, view data on over 16,000 hedge funds that are currently raising capital or access industry benchmarks by strategy, regional focus, fund size and more.

For more information, please visit:

www.preqin.com/hedgefunds

THE \$1bn CLUB: LARGEST INVESTORS IN HEDGE FUNDS

We examine how this group of institutions that invest \$1bn or more in hedge funds has developed over the past year, focusing on new entrants to the Club and how their allocations to the asset class have changed.

The '1bn Club' of investors – those that invest \$1bn or more in hedge funds – has experienced growth over the years both in the number of participants and the amount of capital collectively invested in the asset class. The Club represents 25% of the combined allocation to hedge funds from institutional investors which, in absolute terms, amounts to \$889bn, an 11% increase from the May 2017 figure (Fig. 1).

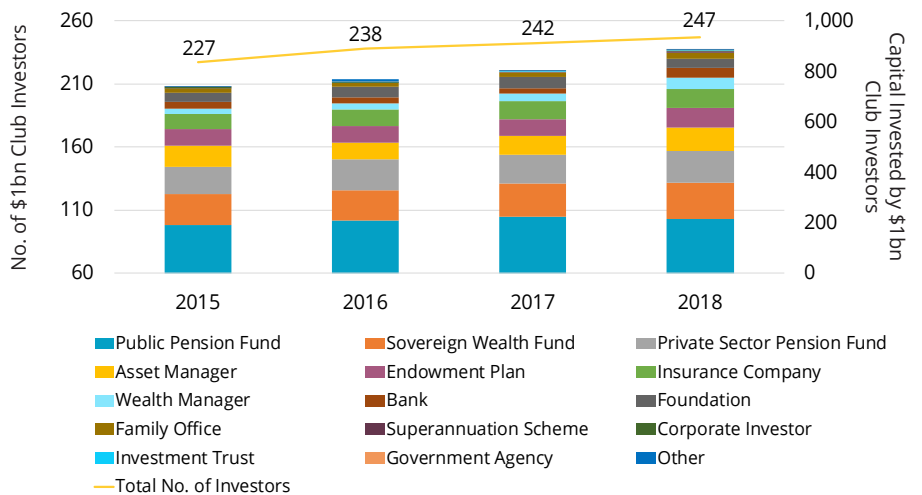
THE \$1bn CLUB IN 2018

Despite some prominent departures in recent years – [CalPERS](#), [NYCERS](#) and [Alaska Permanent Fund Corporation](#) to name a few – the Club has grown by a net five new members since our last study of this group in [May 2017](#); in the past year, 47 institutions have entered and 42 have fallen out of the Club after reducing their exposure to hedge funds (Fig. 2). Among the new entrants is London-based [John Lewis Partnership Pension Trust](#), which, in the past year, increased its allocation to hedge funds from 16% to 18% (as a proportion of total assets). This is split between an allocation with [Blackstone Alternative Asset Management](#), with the remainder invested in a mixture of CTAs and alternative risk premia funds focused on North America and Europe.

“Despite some prominent departures in recent years, the Club has grown by a net five new members since our last study in May 2017

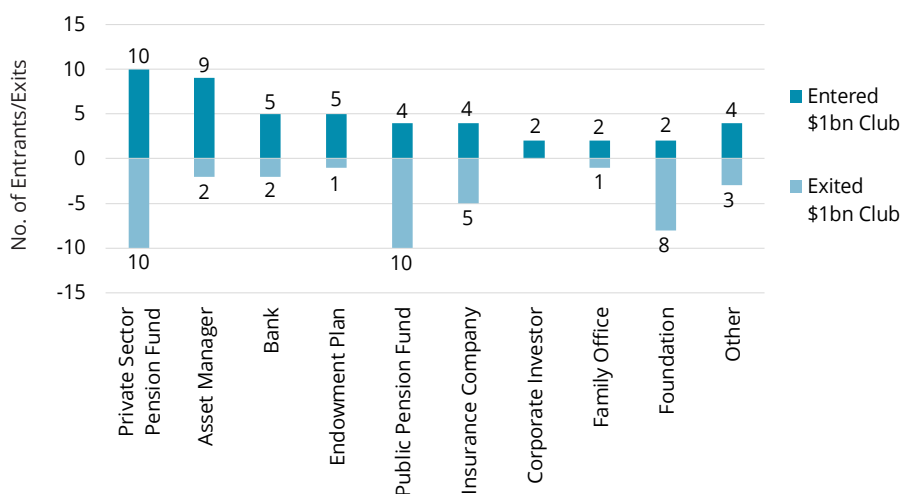
Private sector pension funds represent the most new entrants to the \$1bn Club and, with 57 representatives, form the largest group of investors in the Club. These institutions represent 14% of the capital

Fig. 1: \$1bn Club Investors: Number and Capital Invested in Hedge Funds by Investor Type, 2015 - 2018



Source: Preqin

Fig. 2: Number of Entrants vs. Exits of \$1bn Club Investors over the Past 12 Months by Investor Type



Source: Preqin

invested in hedge funds by the \$1bn Club, a proportion unchanged from one year ago, although their aggregate allocation in dollar terms has risen over this period from \$113bn to \$125bn. However, 10 such investors have also fallen out of the Club in 2018.

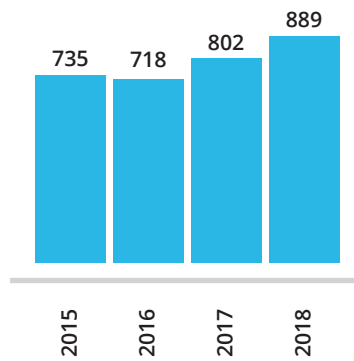
Equally, 10 public pension funds have fallen out of the \$1bn Club over the

past year, with only four new entrants. As a result, their share of aggregate capital allocated to hedge funds by \$1bn Club investors in proportional terms has dropped four percentage points to 24%, and to \$214bn in absolute terms. Contributing to this decline, [Orange County Employees' Retirement System](#) adopted a new asset allocation in January 2017 which effectively eliminated its 14%

absolute return allocation. Since then, it has liquidated hedge fund investments with firms such as **GMO** and **Aberdeen Standard Investments**.

Sovereign wealth funds remain key members of the \$1bn Club; while this group of institutions accounts for only 3% of all investors in the Club, it represents 16% (\$146bn) of aggregate capital invested in the asset class by \$1bn+ investors. While there have been no new entrants over the past year, there have also been no departures. Australia's **Future Fund**, which is known as an active and prolific investor in hedge funds and allocates 15.2% of its total assets to the asset class, increased its capital allocation from \$13.7bn in 2017 to \$16.2bn in 2018.

AGGREGATE CAPITAL INVESTED IN HEDGE FUNDS BY \$1bn CLUB INVESTORS (\$bn)

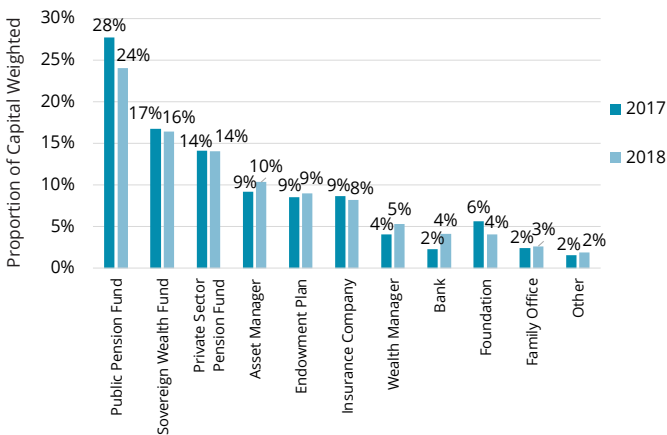


Over the past 12 months, 39% of investors in the Club decreased their allocation to hedge funds, with only 28% increasing it (Fig. 4). With the exception of insurance

companies, private sector pension funds and wealth managers, a greater proportion of each investor type decreased their exposure to the asset class than increased it.

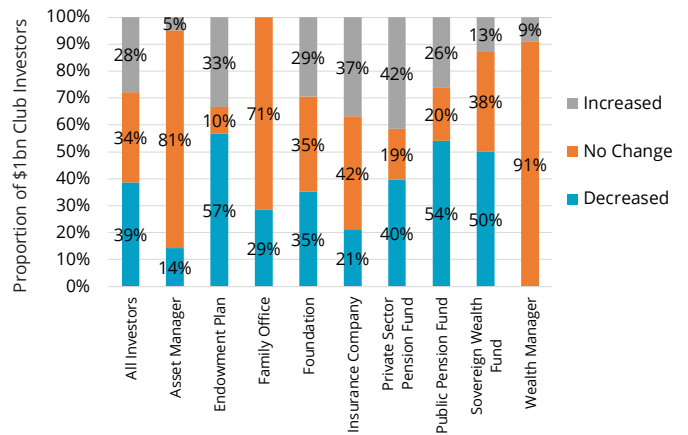
North America remains home to the majority of \$1bn Club investors, with 163 of these institutions based in the region, and also represents the majority (54%) of aggregate capital invested in hedge funds by the Club (Fig. 5). North America-based institutions' share of total capital invested in hedge funds has fallen by seven percentage points from the previous year and reflects both divestments and allocation reductions in the asset class: the region has seen 27 departures from the Club over the past year, compared with 18 new entrants (Fig. 6). By contrast, the proportion of aggregate

Fig. 3: \$1bn Club Investors: Capital Weighted by Investor Type, 2017 vs. 2018



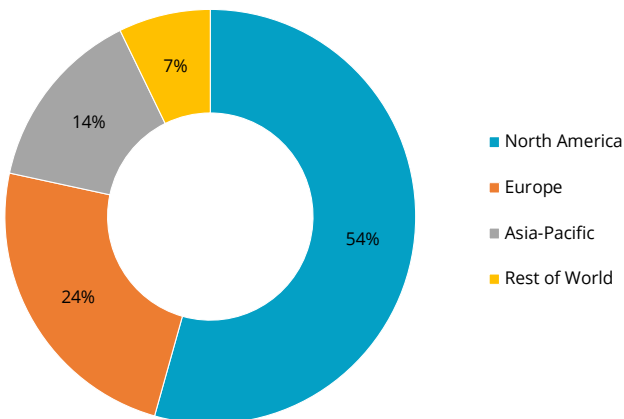
Source: Preqin

Fig. 4: How \$1bn Club Investors' Allocations to Hedge Funds Have Changed over the Past 12 Months by Investor Type



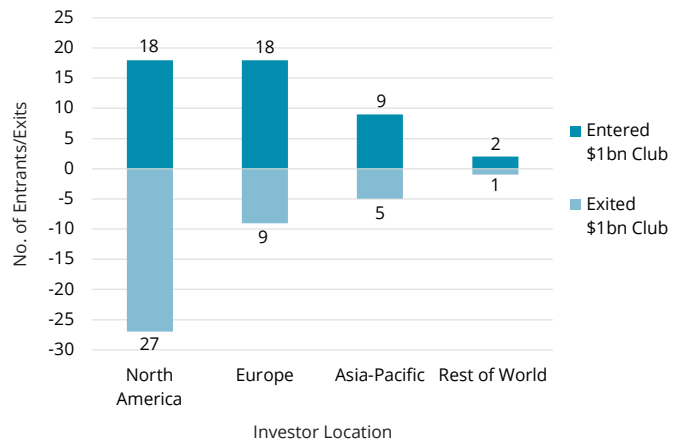
Source: Preqin

Fig. 5: \$1bn Club Investors: Capital Weighted by Investor Location



Source: Preqin

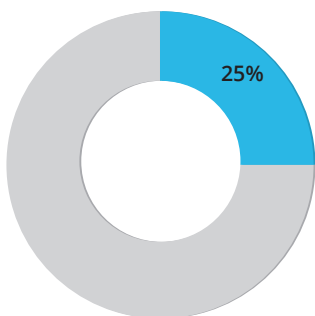
Fig. 6: Number of Entrants vs. Exits of \$1bn Club Investors over the Past 12 Months by Investor Location



Source: Preqin

capital invested by Europe-based investors within the Club has risen from 21% a year ago to 24%, with a net increase of nine participants in the exclusive group. The largest investor in the region, **APG – All Pensions Group**, increased its hedge fund allocation (in dollar terms) by 24% over the past 12 months. The Asia-Pacific region has also seen an overall net rise of four participants within the Club, including Melbourne-based **HOSTPLUS**, which has increased its hedge fund allocation from 4.1% to 4.9%. **Abu Dhabi Investment Authority** accounts for 62% of the capital invested by Rest of World-based \$1bn Club investors, with an estimated \$62bn invested in the asset class.

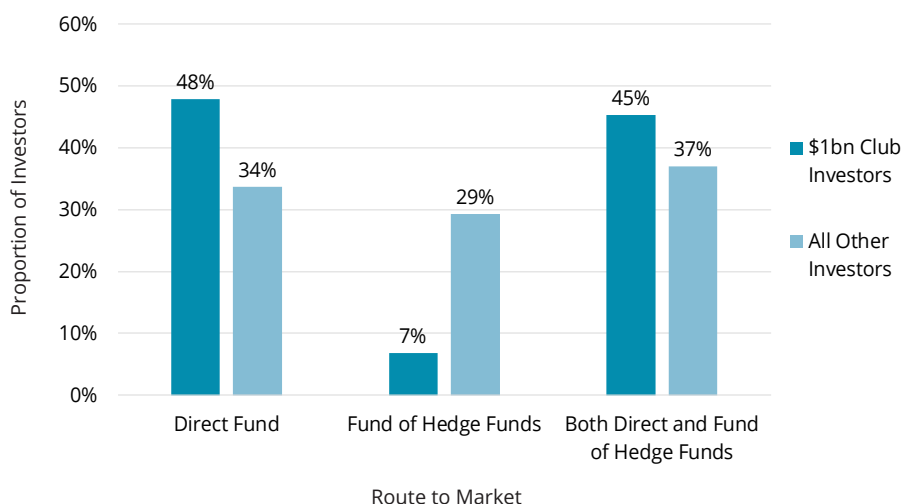
PROPORTION OF HEDGE FUND INDUSTRY CAPITAL COMING FROM \$1bn CLUB INVESTORS



\$1bn CLUB vs. ALL OTHER INVESTORS

Institutional investors in hedge funds that fall within the \$1bn Club have average assets under management (AUM) of \$82bn, compared to just \$5.1bn for all other investors in the asset class. As a result, \$1bn Club investors possess the resource and financial capability to perform the necessary due diligence and construct portfolios in house. Almost half (48%) of investors within the Club gain exposure to hedge funds solely through single managers, while 45% also look to utilize funds of hedge funds as a way of diversifying their portfolios

Fig. 7: Preferred Route to Market: \$1bn Club Investors vs. All Other Investors



Source: Preqin

and recognizing the in-depth knowledge offered by multi-managers in particular sectors or regions (Fig. 7).

Despite an improved environment for hedge funds, the \$1bn Club continues to take a cautious approach to investment. Mean allocations, which stood at 16.8% in 2016, have fallen once again from 16.0% in 2017 to 15.2% in 2018. In addition, the average AUM sought by the \$1bn Club has fallen from \$1.0bn in 2017 to \$842mn, an indication that the largest investors are looking down the size spectrum and becoming less conservative than they were a year ago. By contrast, the average AUM required among all other investors has risen from \$367mn to \$465mn, with this group remaining an important part of the capital-raising process for hedge fund managers with lower levels of assets.

OUTLOOK

Although just 247 investors allocate \$1bn or more to hedge funds, the total capital that the \$1bn Club invests represents a quarter of all the capital at work in hedge funds today.

Despite forming just 5% of all investors in hedge funds tracked on Preqin’s online platform, the \$1bn Club continues to exert significant influence within the hedge fund community. The vast amount of capital invested by these institutions provides them with the means to challenge firms and negotiate on fees, which will, in turn, improve the alignment of interests between the two parties. While the returns generated by hedge fund managers have improved over the past 18 months, possessing such power will prove useful should volatility levels increase and result in underperformance across the industry, as previously seen in H2 2015.

Encouragingly, the signs in 2018 are positive: while the number of participants within the Club is steadily rising, their exposure to hedge funds has collectively grown by almost \$87bn over the past 12 months. With no indication of slowing down, the \$1bn Club is likely to remain important and highly influential in the hedge fund industry in the long term.

Fig. 8: Key Facts: \$1bn Club Investors vs. All Other Investors

	\$1bn Club Investors	All Other Investors
Mean Allocation to Hedge Funds	15.2%	14.6%
Typical No. of Hedge Funds in Portfolio	29	8
Average Track Record Required (Years)	3.3	3.6
Average AUM Required for Underlying Funds	\$842mn	\$465mn
Average Returns Sought	5.86%	6.83%

Source: Preqin

INDUSTRY NEWS

In this month's Industry News, we take a look at recent fund launches and new fund managers within the US as well as fund searches issued by US-based investors.

RECENT US-BASED HEDGE FUND LAUNCHES

There have been 108 new US-based hedge funds launched so far in 2018, including [Sachem Cove Special Opportunities Fund](#), the maiden fund of New York-based [Sachem Cove Partners](#), established this year. The vehicle deploys a special situations strategy, investing in uranium and nuclear fuel companies.

Also launched in 2018 was Maryland-based [Cicero Capital Partners' CCP Strategic Alpha Fund](#), an alternative risk premia-focused vehicle that looks to take both long and short positions in volatility products, such as ETF/ETNs, options and futures.

NEW US-BASED FUND MANAGERS

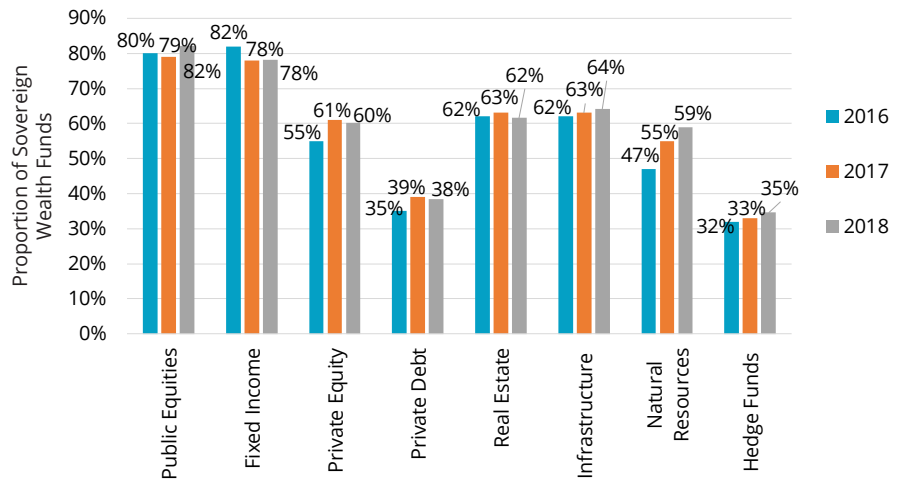
Since the start of 2018, a total of 12 hedge fund managers have been established in the US, of which seven are headquartered in New York. Among this group is [Curiam Capital](#), a private investment firm specializing in litigation finance. The firm was established by Owen Cyrulnik and Ross Wallin, both former Partners at litigation boutique Grais & Ellsworth, who oversee the underwriting, due diligence and monitoring of all litigation that Curiam evaluates and finances. The firm is partially seeded by [BlueCrest Capital Management](#).

Among the hedge fund managers launched outside New York is [Arturo Capital](#), a hedge fund devoted to the research of emerging blockchain protocols (and other distributed ledgers) and an actively managed blockchain asset portfolio that was founded in the same year.

CHART OF THE MONTH



Sovereign Wealth Funds Investing in Each Asset Class, 2016 - 2018



Source: The 2018 Preqin Sovereign Wealth Fund Review

The assets under management of sovereign wealth funds (SWFs) has continued to grow, reaching \$7.45tn worldwide as at March 2018. These large institutions invest across a wide range of asset classes, with just over a third (35%) making investments in hedge funds, the smallest proportion across both traditional and alternative asset classes. However, SWF allocations to hedge funds are significant, representing 12% of all institutional capital invested in the asset class globally. Furthermore, the mean current allocation of this group of investors has risen from 6.2% of total assets in 2015 to 8.2% in 2017, highlighting their importance as a major source of institutional capital for hedge funds in the long term.

For more information on SWFs investing in hedge funds, please see [The 2018 Preqin Sovereign Wealth Fund Review](#), our largest and most comprehensive review of SWFs and their investment activity yet.

US-BASED INVESTOR SEARCHES ISSUED IN 2018 YTD

Preqin's online platform currently tracks 119 investors seeking new investments in hedge funds over the coming year, of which almost a third (30%) are US-based. New York-based fund of hedge funds manager [Optima Fund Management](#) will look to invest in 5-10 hedge funds over the next 12 months with a focus on increasing its exposure to Europe- and Southeast Asia-based managers. The investor typically invests \$1-50mn per hedge fund.

[San Antonio Fire and Police Pension Fund](#) is also looking to add to its hedge fund portfolio in 2018. The public pension fund will target single-manager vehicles that focus on macro strategies, solely utilizing new managers in its portfolio.

[MD Sass Investor Services](#), a New York-based investment company, is planning to invest \$10-25mn across up to five funds over the next 12 months, using only managers with which it has not previously worked. It will focus on quantitative artificial intelligence and machine learning techniques.

PERFORMANCE BENCHMARKS

SINGLE-MANAGER

HEDGE FUNDS

	Apr-18	Mar-18	2018 YTD	12 Months	12M Trend
Hedge Funds	0.91	-0.71	1.11	8.07	
HF - Event Driven Strategies	1.19	-0.94	1.48	7.29	
HF - Equity Strategies	0.79	-1.00	0.70	9.74	
HF - Multi-Strategy	0.74	-0.67	1.46	8.42	
HF - Relative Value	0.51	-0.18	0.98	3.60	
HF - Macro Strategies	0.49	-0.48	1.07	4.37	
HF - Credit Strategies	0.45	0.19	1.87	5.92	
Activist	1.54	-1.12	1.05	8.09	
Volatility	1.12	-0.23	0.70	7.17	
Discretionary	1.02	-0.78	1.46	9.01	
Systematic	0.47	-0.36	0.65	5.61	
HF - Europe	1.65	-0.88	1.33	5.52	
HF - North America	1.04	-0.40	1.33	6.97	
HF - Developed Markets	0.29	-0.52	0.75	6.29	
HF - Asia-Pacific	0.26	-1.37	0.03	12.10	
HF - Emerging Markets	-0.20	-0.43	1.48	9.67	
HF - GBP	0.98	-0.85	0.29	3.92	
HF - USD	0.66	-0.63	0.95	8.30	
HF - EUR	0.58	-1.07	0.02	2.24	
HF - BRL	0.43	0.15	4.04	12.47	
HF - JPY	-0.39	-1.55	-1.87	7.69	
HF - Medium*	1.23	-0.48	2.41	8.86	
HF - Emerging*	0.94	-0.85	0.60	7.67	
HF - Small*	0.49	-0.58	1.50	8.60	
HF - Large*	0.43	-0.21	1.29	6.74	

Source: Preqin

MULTI-MANAGER HEDGE FUNDS

	Apr-18	Mar-18	2018 YTD	12 Months	12M Trend
Funds of Hedge Funds	0.28	-0.52	0.39	4.13	
FOHF - Multi-Strategy	0.29	-0.46	0.42	3.57	
FOHF - Equity Strategies	0.26	-0.95	0.10	6.08	
FOHF - USD	0.22	-0.39	0.73	5.08	
FOHF - EUR	0.08	-0.76	-0.32	1.80	
Funds of CTAs	0.41	0.35	-0.84	-0.25	

Source: Preqin

LIQUID ALTERNATIVES

	Apr-18	Mar-18	2018 YTD	12 Months	12M Trend
Alternative Mutual Funds	-0.09	-0.53	-0.79	3.33	
UCITS	0.00	-0.72	-0.43	2.86	
UCITS - Macro Strategies	0.57	-0.43	0.48	1.72	
UCITS - Equity Strategies	0.55	-1.04	0.28	6.22	
UCITS - Relative Value	-0.31	0.06	-0.35	0.51	
UCITS - EUR	0.22	-0.73	-0.46	1.67	
UCITS - USD	-0.30	-0.59	0.08	5.79	

Source: Preqin

CTAs

	Apr-18	Mar-18	2018 YTD	12 Months	12M Trend
CTAs	0.76	-0.67	-2.14	0.95	
Discretionary	1.89	-0.03	-0.33	-0.06	
Systematic	0.49	-0.64	-2.33	1.52	
CTA - EUR	0.78	-0.52	-3.55	1.48	
CTA - USD	0.67	-0.63	-2.01	1.22	

Source: Preqin

- Hedge funds have recovered from the negative performance at the end of Q1 2018, with the Preqin All-Strategies Hedge Fund benchmark returning **0.91%** in April.
- All top-level strategies generated positive returns in April. Event driven strategies led the pack with gains of **1.19%**, bringing the year-to-date return of the strategy to **1.48%**.
- Both CTAs and funds of hedge funds had a positive start to Q2 2018, generating returns of **0.76%** and **0.28%**, respectively.
- Liquid alternatives struggled in comparison to other products, with UCITS (**+0.00%**) and alternative mutual funds (**-0.09%**) both failing to generate a positive return for the third consecutive month.
- Hedge funds focused on Europe (**+1.65%**) performed particularly well, outperforming North America-focused funds (**+1.04%**), and produced the benchmark's best monthly return since 2016.

PREQIN'S HEDGE FUND DATA

Preqin's **online platform** is the leading source of intelligence on the hedge fund industry, and contains performance information for over 16,000 hedge funds across all leading strategies and geographies.

For more information, or to arrange a demonstration, please visit:

www.preqin.com/hedgefunds

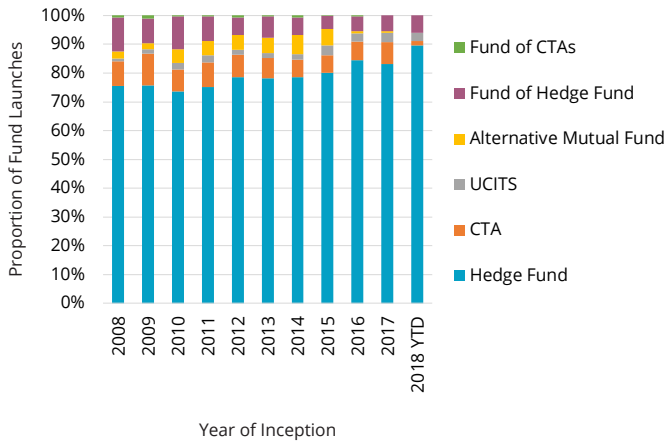
Please note, all performance information includes preliminary data for April 2018 based on net returns reported to Preqin in early May 2018. Although stated trends and comparisons are not expected to alter significantly, final benchmark values are subject to change.

*Preqin fund size classifications: Emerging (less than \$100mn); Small (\$100-499mn); Medium (\$500-999mn); Large (\$1bn plus).

NORTH AMERICA-BASED HEDGE FUND LAUNCHES

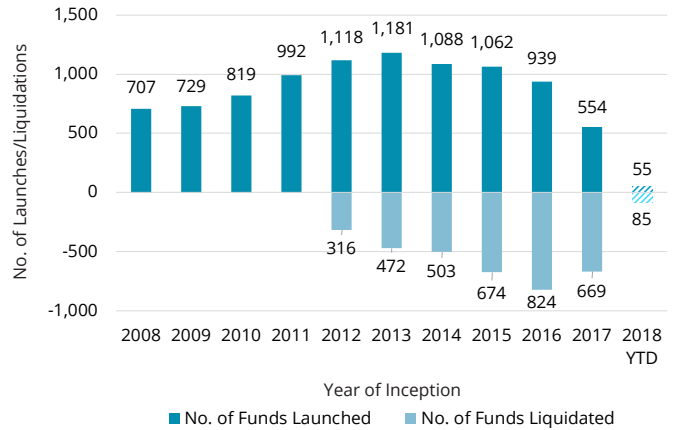
We take a look at North America-based hedge fund launches and liquidations over time, the structure and strategy of these launches, as well as the location of managers launching North America-domiciled vehicles.

Fig. 1: North America-Based Hedge Fund Launches by Structure, 2008 - 2018 YTD (As at April 2018)



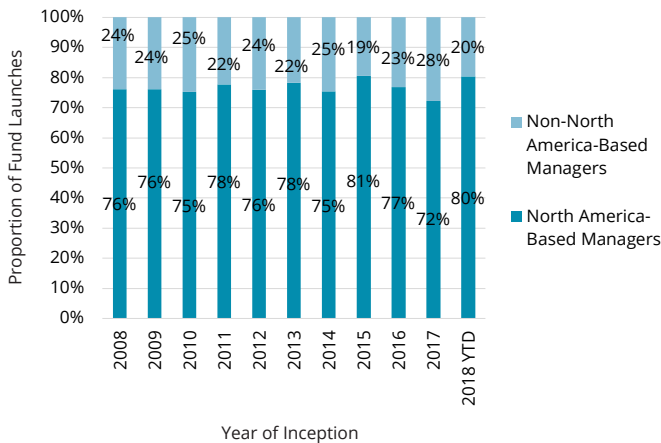
Source: Preqin

Fig. 2: North America-Based Single-Manager Hedge Fund Launches vs. Liquidations, 2008 - 2018 YTD (As at April 2018)



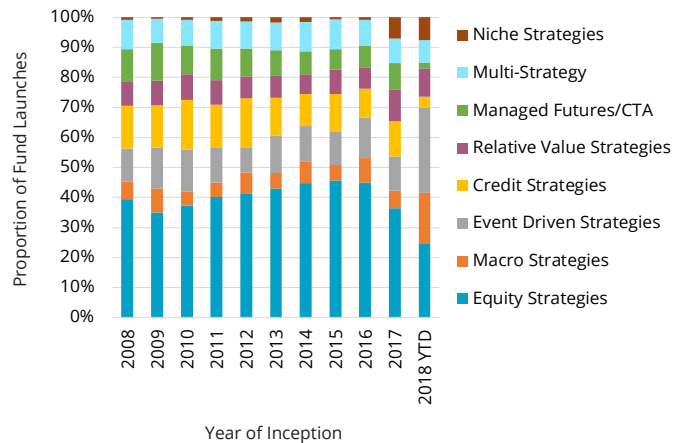
Source: Preqin

Fig. 3: North America-Domiciled Hedge Fund Launches, 2008 - 2018 YTD (As at April 2018)



Source: Preqin

Fig. 4: North America-Based Hedge Fund Launches by Top-Level Strategy, 2008 - 2018 YTD (As at April 2018)



Source: Preqin

Fig. 5: Sample North America-Based Hedge Fund Launches in 2018 YTD (As at April 2018)

Fund	Manager	Headquarters	Fund Structure	Core Strategy	Inception Date
3iQ Global Cryptoasset Fund	3iQ	Toronto	Hedge Fund	Cryptocurrency	Apr-18
CCP Strategic Alpha Fund	Cicero Capital Partners	Maryland	Hedge Fund	Alternative Risk Premia	Apr-18
Edendale Partners	Edendale Capital	California	Hedge Fund	Long/Short Equity	Mar-18
Trystero Master Fund	Fox Capital Management	Massachusetts	Hedge Fund	Macro	Jan-18
Islet Master Fund	Islet Capital	New York	Hedge Fund	Event Driven	Jan-18

Source: Preqin

ALTERNATIVES COVERAGE	FIRMS	FUNDS	FUNDS OPEN TO INVESTMENT	INVESTORS MONITORED	FUNDS WITH PERFORMANCE	DEALS & EXITS
	32,361	59,834	21,155	16,329	28,268	337,605

	PRIVATE EQUITY*	HEDGE FUNDS	REAL ESTATE	INFRASTRUCTURE	PRIVATE DEBT	NATURAL RESOURCES
INVESTOR COVERAGE	7,241 Active Private Equity LPs	5,450 Active Hedge Fund Investors	6,459 Active Real Estate LPs	3,419 Active Infrastructure LPs	3,320 Active Private Debt Investors	3,373 Active Natural Resources Investors

FUND COVERAGE	20,346 Private Equity Funds	26,264 Hedge Funds	7,257 PE Real Estate Funds	1,326 Infrastructure Funds	2,612 Private Debt Funds	2,029 Natural Resources Funds
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FIRM COVERAGE	14,522 Private Equity Firms	9,522 Hedge Fund Firms	5,001 PE Real Estate Firms	556 Infrastructure Firms	1,666 Private Debt Firms	1,064 Natural Resources Firms
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PERFORMANCE COVERAGE	6,133 Private Equity Funds	18,539 Hedge Funds	1,869 PE Real Estate Funds	272 Infrastructure Funds	880 Private Debt Funds	575 Natural Resources Funds
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FUNDRAISING COVERAGE	2,685 Private Equity Funds	16,384 Hedge Funds	1,288 PE Real Estate Funds	181 Infrastructure Funds	363 Private Debt Funds	254 Natural Resources Funds
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DEALS & EXITS COVERAGE	BUYOUT	VENTURE CAPITAL	REAL ESTATE	INFRASTRUCTURE	PRIVATE DEBT
	87,897 Buyout Deals and Exits	159,336 Venture Capital Deals and Exits	54,478 Real Estate Deals	27,836 Infrastructure Deals	8,058 Private Debt Deals

Alternatives Investment Consultants Coverage:
566
Consultants Tracked

Funds Terms Coverage: Analysis Based on Data for Around
17,916
Funds

Best Contacts: Carefully Selected from our Database of over
457,604
Contacts



PLUS

Comprehensive coverage of:

- + Placement Agents
- + Dry Powder
- + Fund Administrators
- + Compensation
- + Law Firms
- + Plus much more...
- + Debt Providers



THE PREQIN DIFFERENCE

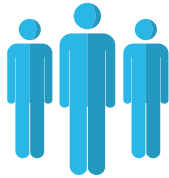
- + Over 390 research, support and development staff
- + Global presence - New York, London, Singapore, San Francisco, Hong Kong, Manila and Guangzhou
- + Depth and quality of data from direct contact methods
- + Unlimited data downloads
- + The most trusted name in alternative assets

*Private equity includes buyout, growth, venture capital, turnaround, private equity fund of funds, private equity secondaries, direct secondaries, balanced, hybrid, hybrid fund of funds, PIPE, co-investment and co-investment multi-manager funds.



IN FOCUS: LATIN AMERICA

We examine hedge funds investing in Latin America by type, manager location and performance.



291

Number of hedge fund investors that indicate a preference for Latin America.



176

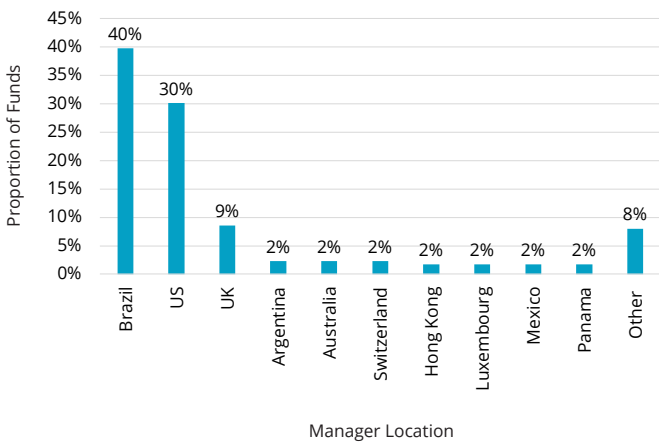
Number of hedge fund managers that offer a Latin America-focused fund.



445

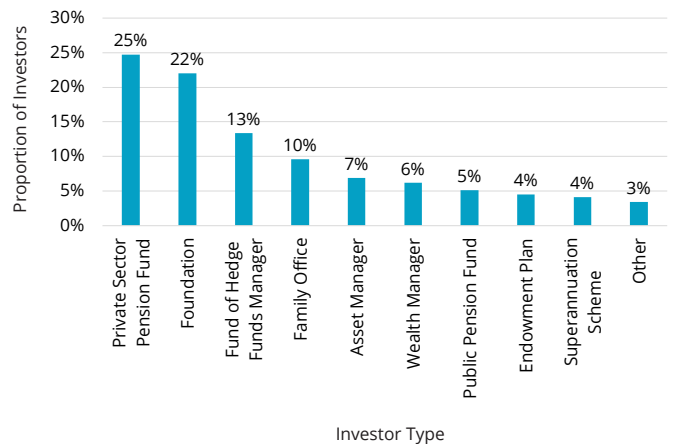
Number of active hedge funds that are targeting Latin America.

Fig. 1: Latin America-Focused Hedge Funds by Manager Location



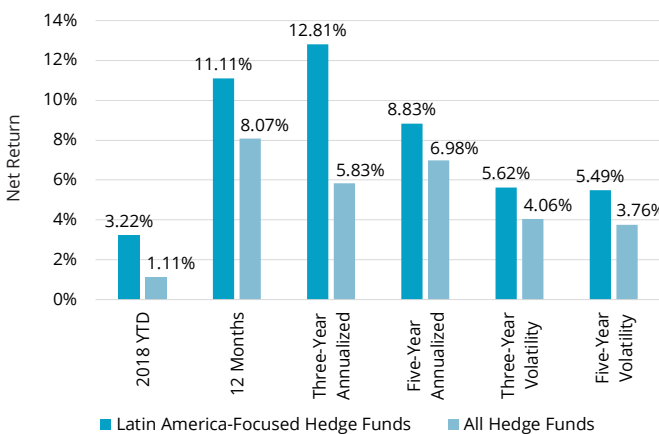
Source: Preqin

Fig. 2: Hedge Fund Investors with a Preference for Latin America by Type



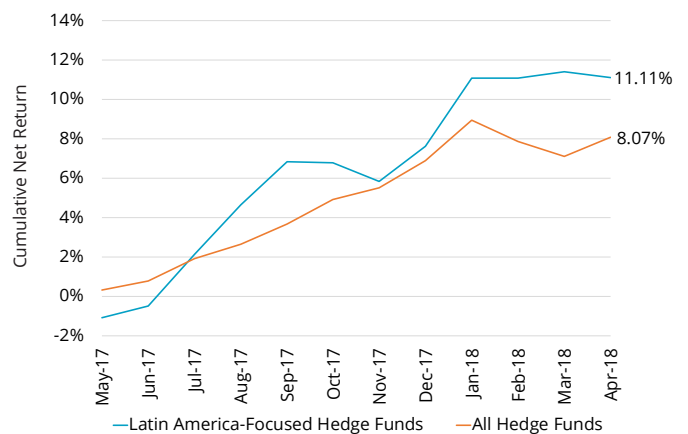
Source: Preqin

Fig. 3: Performance of Latin America-Focused Hedge Funds vs. All Hedge Funds (As at April 2018)



Source: Preqin

Fig. 4: 12-Month Cumulative Net Return of Latin America-Focused Hedge Funds vs. All Hedge Funds (As at April 2018)



Source: Preqin

EMERGING MARKETS STRATEGIES

In this exclusive extract from the **2018 Prequin Global Hedge Fund Report**, we highlight the key statistics surrounding emerging markets strategies including fund launches, performance and distribution of returns.

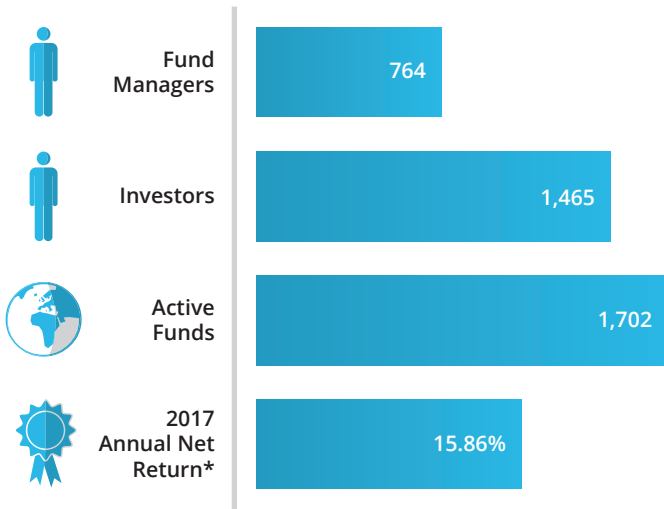


Fig. 1: Emerging Markets Strategies Fund Launches by Year of Inception, 2000 - 2017**

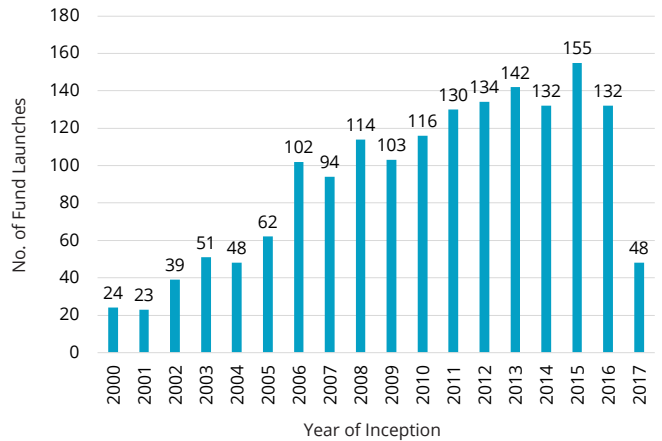


Fig. 2: Performance of Emerging Markets Strategies Funds (As at December 2017)*

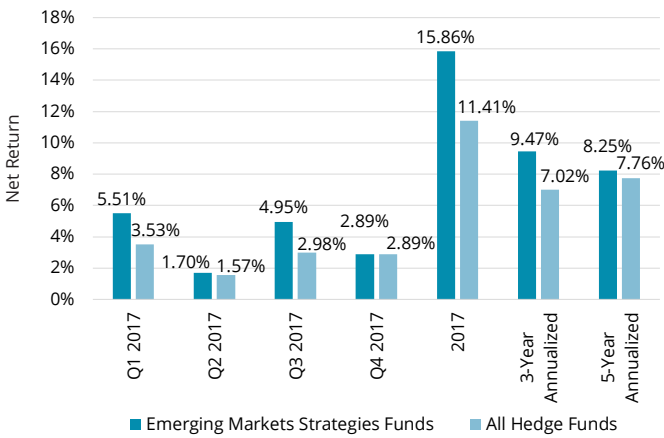


Fig. 3: Distribution of Emerging Markets Strategies Fund Returns, 2016 vs. 2017*

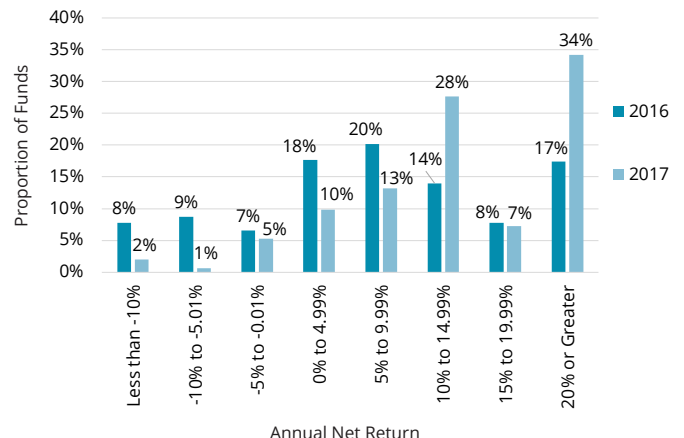


Fig. 4: Performance of Emerging Markets Strategies Funds by Geographic Focus (As at December 2017)*

Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017	3-Year Annualized	3-Year Volatility
Asia 8.94%	Asia 4.93%	Latin America 7.71%	Asia 7.19%	Asia 28.67%	Latin America 12.68%	Africa 3.93%
Latin America 6.58%	Middle East & Israel 2.77%	Russia & Eastern Europe 5.99%	Africa 2.39%	Latin America 15.58%	Asia 11.40%	Latin America 5.94%
Middle East & Israel 5.04%	Russia & Eastern Europe 0.75%	Asia 5.01%	Russia & Eastern Europe 1.84%	Russia & Eastern Europe 12.44%	Russia & Eastern Europe 9.30%	Middle East & Israel 6.81%
Russia & Eastern Europe 3.39%	Africa 0.51%	Africa 2.92%	Middle East & Israel 1.22%	Middle East & Israel 9.83%	Middle East & Israel 6.15%	Russia & Eastern Europe 8.30%
Africa 1.52%	Latin America 0.04%	Middle East & Israel 0.52%	Latin America 0.64%	Africa 7.54%	Africa 5.18%	Asia 9.73%

*Please note, all performance information includes preliminary data for December 2017 based on net returns reported to Prequin in early January 2018. Although stated trends and comparisons are not expected to alter significantly, final benchmark values are subject to change.
 **The number of fund launches in 2017 is likely to grow as more data becomes available.

REASONS TO CONTRIBUTE DATA

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incoming leads from industry professionals seeing your profile

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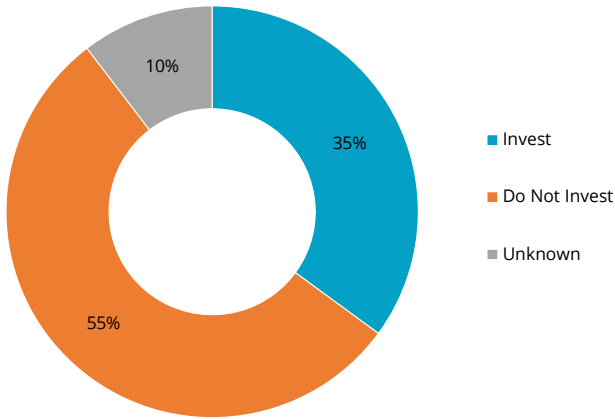
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SOVEREIGN WEALTH FUNDS INVESTING IN HEDGE FUNDS

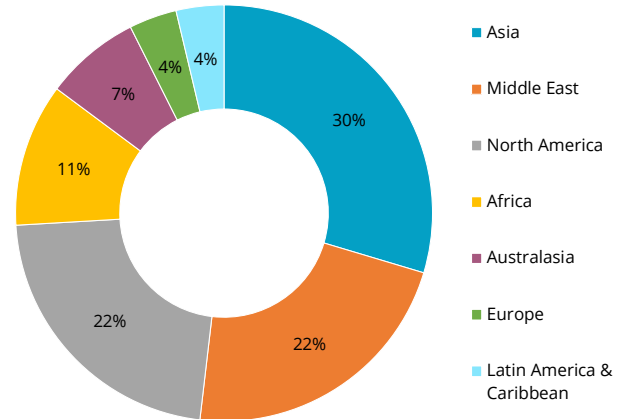
Following the release of *The 2018 Preqin Sovereign Wealth Fund Review*, we examine the hedge fund investment preferences of these large and influential investors.

Fig. 1: Sovereign Wealth Funds Investing in Hedge Funds



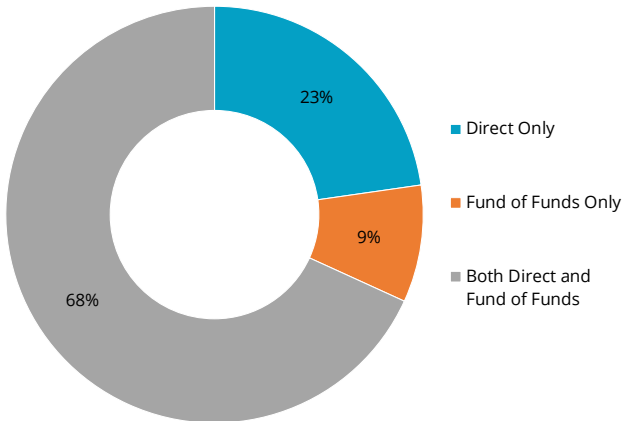
Source: *The 2018 Preqin Sovereign Wealth Fund Review*

Fig. 2: Sovereign Wealth Funds Investing in Hedge Funds by Location



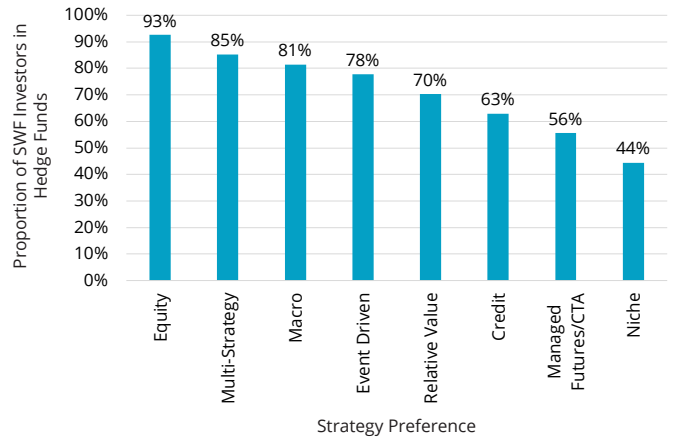
Source: *The 2018 Preqin Sovereign Wealth Fund Review*

Fig. 3: Structural Preferences of Sovereign Wealth Funds Investing in Hedge Funds



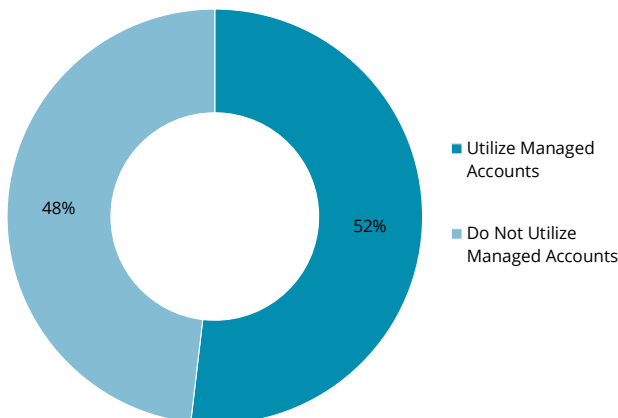
Source: *The 2018 Preqin Sovereign Wealth Fund Review*

Fig. 4: Strategy Preferences of Sovereign Wealth Funds Investing in Hedge Funds



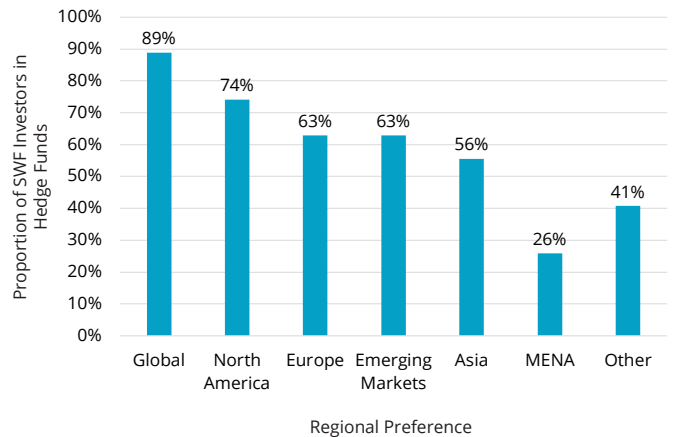
Source: *The 2018 Preqin Sovereign Wealth Fund Review*

Fig. 5: Sovereign Wealth Funds Investing in Hedge Funds that Utilize Managed Accounts



Source: *The 2018 Preqin Sovereign Wealth Fund Review*

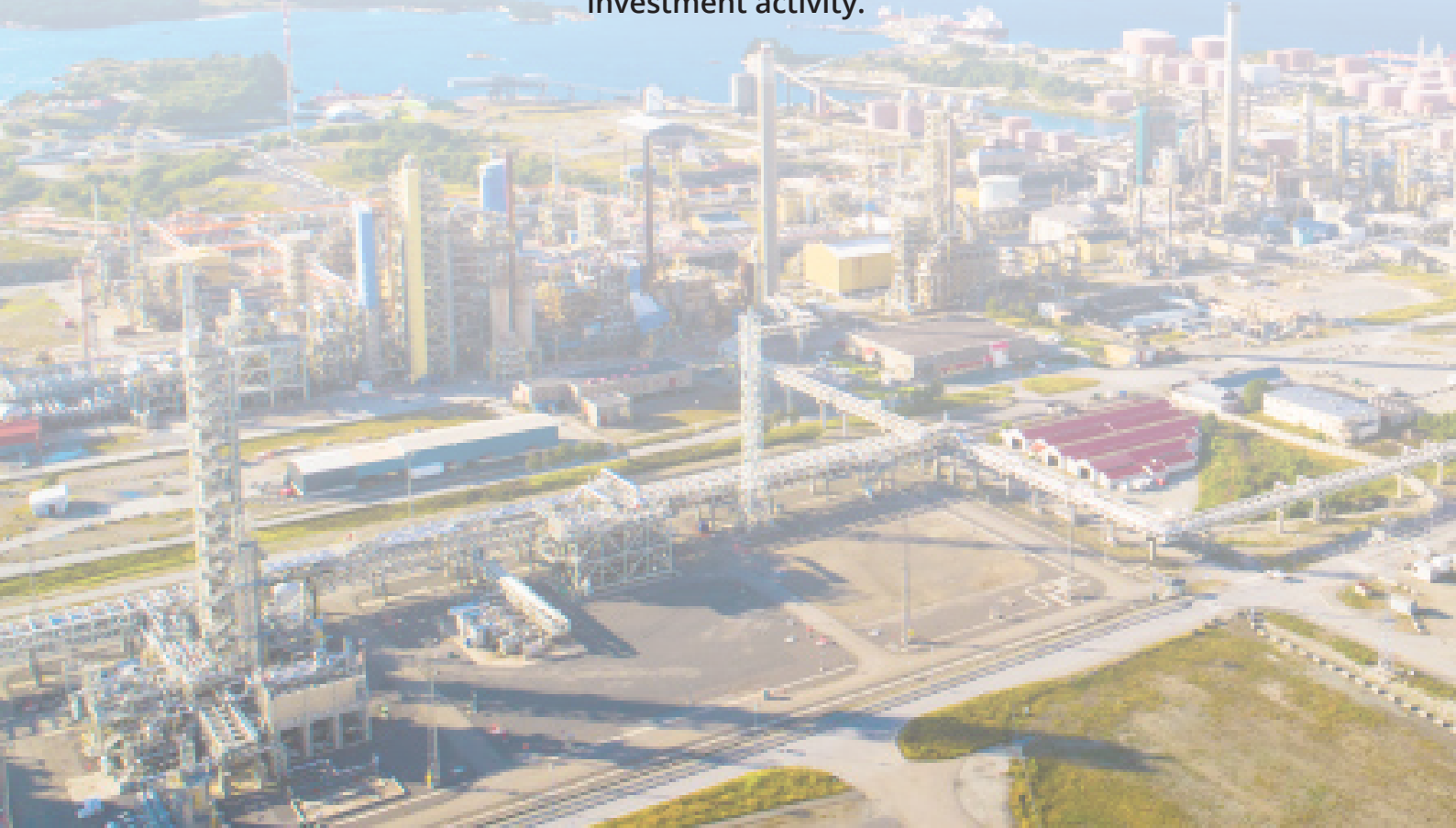
Fig. 6: Regional Preferences of Sovereign Wealth Funds Investing in Hedge Funds



Source: *The 2018 Preqin Sovereign Wealth Fund Review*

THE 2018 PREQIN SOVEREIGN WEALTH FUND REVIEW

The indispensable, comprehensive guide to sovereign wealth funds and their investment activity.



VIEW

detailed profiles for 76 sovereign wealth funds located around the world

EXAMINE

in-depth analysis on key trends in SWF activity by asset class and region

IDENTIFY

key SWF contacts and their contact information

Produced in association with PwC, the Review contains exclusive information gained via direct communication with sovereign wealth funds and their advisors, plus valuable intelligence from filings, financial statements and hundreds of other data sources.

For more information or to purchase the book, please visit:

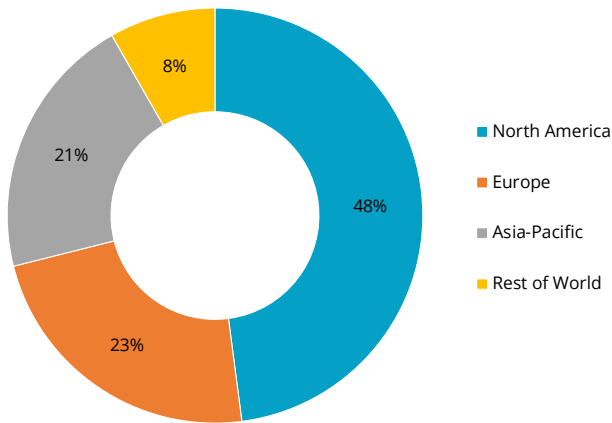
www.preqin.com/swf



FUND SEARCHES AND MANDATES

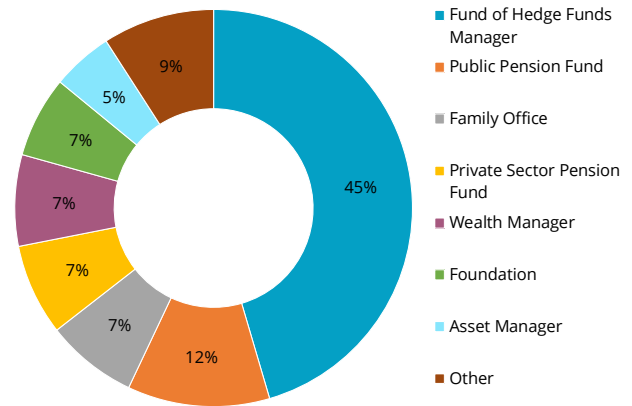
We take a look at hedge fund searches issued in April 2018, breaking them down by investor location and type, and provide sample fund searches.

Fig. 1: Hedge Fund Searches Issued in April 2018 by Investor Location



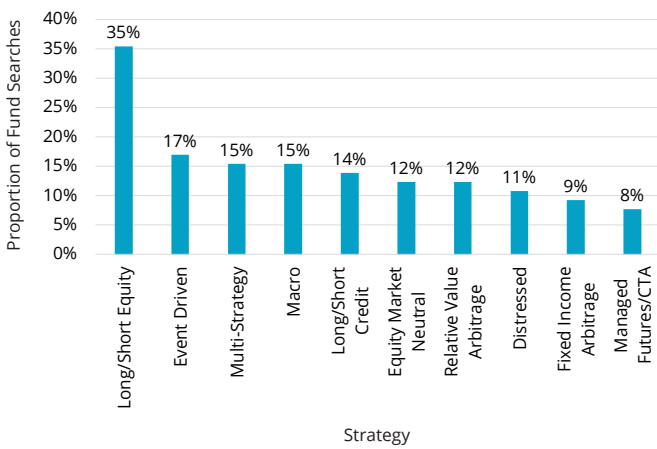
Source: Preqin

Fig. 2: Hedge Fund Searches Issued in April 2018 by Investor Type



Source: Preqin

Fig. 3: Hedge Fund Searches Issued in April 2018 by Strategy



Source: Preqin

DATA SOURCE:

Subscribers to Preqin's online platform can click [here](#) to view detailed profiles of 367 institutional investors in hedge funds actively searching for new investments.

Preqin tracks the future investment plans of investors in hedge funds, allowing subscribers to source investors actively seeking to invest capital in new hedge fund investments.

Not yet a subscriber? For more information, or to arrange a demonstration, please visit:

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Fig. 4: Sample Investor Fund Searches Issued in April 2018

Investor	Type	Location	Investment Plans for the Next 12 Months
Aktia Asset Management	Asset Manager	Finland	Looking to invest £50mn across five hedge fund managers over the next 12 months, primarily investing with managers with which it has not previously worked, as well as existing managers in its portfolio. It will target long/short credit, managed futures/CTA, equity market neutral and relative value strategies with a global reach but will focus primarily on North America and Europe.
Signet Capital Management	Fund of Hedge Funds Manager	UK	Plans to invest \$50mn across 5-10 hedge fund managers and will solely use new managers with which it has not previously invested. The fund of hedge funds manager will target event driven and risk/merger arbitrage strategies with a global reach.
Spokane Employees' Retirement System	Public Pension Fund	US	Will invest around \$10mn per hedge fund on an opportunistic basis over the course of 2018. The public pension fund will target long/short credit and opportunistic credit strategies with a global reach.

Source: Preqin

CONFERENCES

MAY 2018

Conference	Dates	Location	Organizer	Preqin Speaker	Discount Code
AIMA Japan Forum 2018	24 May 2018	Tokyo	AIMA	Marian Rajanathan	-
ASK 2018 Hedge Fund & Multi Asset Summit	30 May 2018	Seoul	The Korea Economic Daily	-	-

JUNE 2018

Conference	Dates	Location	Organizer	Preqin Speaker	Discount Code
Private Wealth Management Summit	3 - 5 June 2018	Palm Beach, FL	marcus evans Summits	-	-
Cryptocurrency Fund Forum	6 June 2018	London	KNect365	-	10% Discount - FKW53677PQ
ILPA Partner Expo	6 - 7 June 2018	Chicago, IL	ILPA	-	-
Redefining Hedge Funds for Institutional Portfolios	6 - 7 June 2018	Toronto	Talking Hedge	Amy Bensted	-
CTHFA Q2 Event	7 June 2018	Connecticut	CT Hedge Fund Association	-	-
FundForum International 2018	11 - 13 June 2018	Berlin	KNect365	Amy Bensted	10% Discount - FKN2546PQL
Elite Summit	11 - 13 June 2018	Montreux	marcus evans Summits	-	-
Family Office Summit	14 June 2018	Mumbai	IVCA	-	-
Quant AI Fund Investing	18 June 2018	New York, NY	Catalyst Financial Partners	-	-
MFA Forum	21 June 2018	Chicago, IL	MFA	Amy Bensted	-
GAIM Ops London	26 - 27 June 2018	London	KNect365	-	-
GAIM 2018	26 - 27 June 2018	London	KNect365	Amy Bensted	20% Discount - FKW53654PRQ

JULY 2018

Conference	Dates	Location	Organizer	Preqin Speaker	Discount Code
Family Office & Private Wealth Management Forum	16 - 18 July 2018	Newport, RI	Opal Financial Group	-	-

SEPTEMBER 2018

Conference	Dates	Location	Organizer	Preqin Speaker	Discount Code
FundForum Asia 2018	3 - 5 September 2018	Hong Kong	KNect365	TBC	10% Discount - FKN2544PQL
Total Alts	6 - 7 September 2018	San Francisco, CA	IMN	-	15% Discount - PQ15
Preqin Breakfast Seminar – Future of Alternatives - London	12 September 2018	London	Preqin	-	-
Emerging Managers Summit	12 - 13 September 2018	New York, NY	Opal Financial Group	-	-

CRYPTOCURRENCY FUND FORUM

DATE:	6 June 2018
INFORMATION:	https://finance.knect365.com/cryptocurrency-fund-forum/
LOCATION:	London
ORGANIZER:	KNect365

We are pleased to announce that the dates are now confirmed for Cryptocurrency Fund Forum. Join us in London this June for your definitive update on the operational, legal and investment issues when investing in and running a cryptocurrency fund, as well as the latest on opportunities in this exciting space.

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