

Preqin Research Report

Strategy in Focus: Currency / FX Hedge Funds

Fig. 1: Key Facts: Investors in Active Currency/FX Funds

% of institutional hedge fund investors that state FX and currency as a preference	8.5%
Median AUM of an FX and currency investor	USD 4.5 billion
Average allocation to hedge funds of an FX and currency investor	18.0%
Average returns sought from FX and currency investments	9.0%
Most favoured investment approach (funds of hedge funds, direct hedge funds, mixture of both)	Direct

Source: Preqin

Although not traditionally a common strategy used by institutional investors, foreign exchange and currency hedge funds have become increasingly attractive as investors expand their hedge fund knowledge and place greater emphasis on portfolio liquidity. 8.5% of investors on the Preqin Hedge Investor Profiles database state a preference for this type of investment. The majority of investors commit to these funds directly rather than through funds of funds.

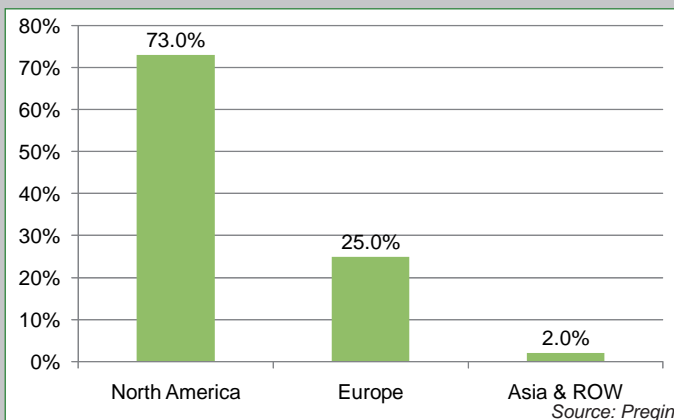
Most of the capital for these funds comes from North America, a region that includes some of the most experienced hedge fund investors, which are more likely to diversify their portfolios and invest in niche strategies. A

The 2010 Preqin
Global Hedge Fund Investor
Review

More information available at:
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Fig. 2: Breakdown of Institutional Investors Active in FX and Currency Funds by Region



considerable 25% of investors in these funds are based in Europe and if demand for increased hedge fund liquidity continues, it is likely that the strategy will gain a more global appeal.

Foreign exchange and currency hedge funds obtain most of their capital from endowment plans and fund of hedge funds managers.

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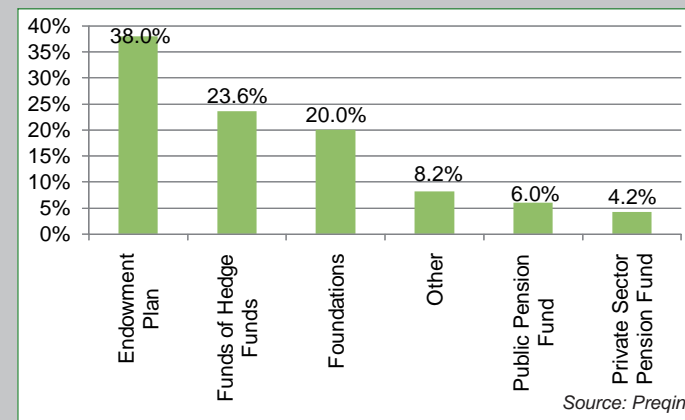
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Fig. 3: Breakdown of Institutional Investors Active in FX and Currency Funds by Type



Preqin monitors 216 institutional investors with an appetite for foreign exchange and currency funds. 157 are based in North America, 53 in Europe and 6 in Asia and Rest of World.

For more information about Hedge Investor Profiles or to register for a free demo, please visit:

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