

Welcome to the latest edition of Hedge Fund Spotlight, the monthly newsletter from Preqin providing insights into the hedge fund industry, including information on investors, funds, performance and more. Hedge Fund Spotlight uses information from our online product Hedge Fund Online, which includes Hedge Fund Investor Profiles and Hedge Fund Analyst.

November 2012
Volume 4 - Issue 11

FEATURED PUBLICATION:

The 2012 Preqin Hedge Fund Investor Review



More information available at:
www.preqin.com/hfir

New York:
One Grand Central Place
60 E 42nd Street
Suite 2544
New York
NY 10165
+1 212 350 0100

London:
Equitable House
47 King William Street
London, EC4R 9AF
+44 (0)20 7645 8888

Singapore:
Asia Square Tower 1
#07-04 8 Marina View
Singapore
018960
+65 6407 1011

www.preqin.com
info@preqin.com

Twitter: www.twitter.com/preqin
LinkedIn: www.linkedin.com
Search for Preqin

Hedge Fund Spotlight

November 2012

Feature Article

CTA/Managed Futures: A Growth in Investor Interest

In this month's feature article we examine the growth of investor interest in CTAs, particularly in the current economic climate. Which investors are committing to CTA funds? How has the CTA industry performed since its inception? What are the leading CTA/managed futures funds?

Page 2

Industry News

In this month's news section we turn our attention to investors looking to make new investments in CTA funds in the near future, and also those planning to increase their allocations to the asset class.

Page 8

The Facts

We explore the top five CTA service providers by type: [Page 9](#)

An overview of hedge fund performance benchmarks for September 2012: [Page 11](#)

A look at investors' fund searches and mandates in October 2012: [Page 12](#)

Details of upcoming hedge fund conferences from around the world: [Page 14](#)



You can download all the data in this month's Spotlight in Excel

Wherever you see this symbol, the data is available for free download on Excel. Just click on the symbol and your download will begin automatically. Feel free to use the data in any presentations, but please remember to cite Preqin as your source.

Free Subscription:

Click [here](#) to sign up to receive your free edition of Hedge Fund Spotlight every month!



CTA/Managed Futures: A Growth in Investor Interest

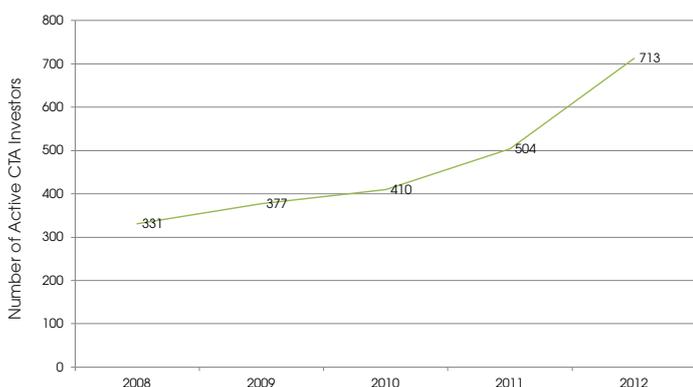
Sarah Corran, Joanna Hammond and Ross Ford explore CTA/managed futures funds, which many investors are turning to in order to add stability to their investment portfolios in current uncertain economic conditions. What can CTA funds offer? How have they performed in the past, and what is the outlook for the future?

CTA/managed futures have often been regarded as an “all-weather” investment choice, with historical performance characteristics that make the strategy highly relevant during periods of relatively low returns and generally rising asset class correlations. In this article we examine which investors are committing to CTA funds and how the performance of these vehicles has appealed to increasing numbers of investors over the past 10 years. We also take a closer look at the CTA industry today, including what types of funds are in market, and how the industry has grown since its inception.

As shown in Fig. 1, the number of institutional investors active in managed futures has been increasing over the past four years, with the number of institutions allocating capital to CTAs rising year-on-year. Interest in this strategy is in part due to institutional investors increasingly targeting investments that provide both transparency and liquidity within their hedge fund portfolios during times of heightened market volatility and slow economic growth. Since the global financial crisis in 2008, many institutional investors have been looking to diversify their portfolios to better weather such periods of unusual market stress. Managed futures offer a wide array of liquid and transparent strategies that provide institutional investors a number of benefits, including reduced volatility and loss-mitigation during crisis periods, as well as the offer of genuine diversification in a portfolio.

Investments in CTAs are attractive to a wide range of investors across the hedge fund investor base. Leading CTAs and managed futures-focused funds by the number of institutional investors using them include the BlueTrend Fund, which is managed by UK-based BlueCrest Capital and Winton Diversified Programme, which currently has over \$10bn in assets under management. Abbey Capital's ACL

Fig. 1: Number of Institutional Investors in Hedge Funds Actively Investing in CTA Funds, 2008-2012



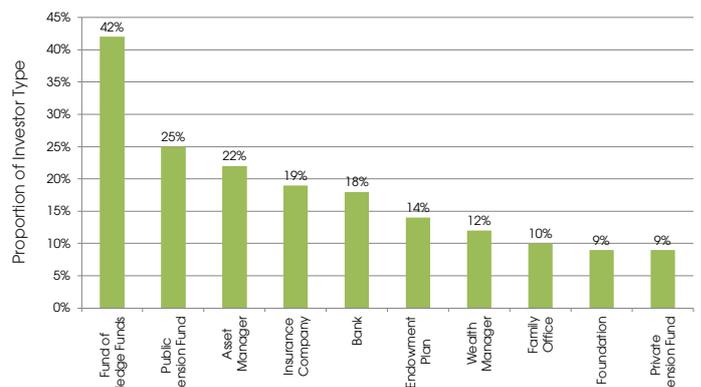
Source: Prequin Hedge Fund Investor Profiles

Alternative Fund and GAM Trading II are among the leading funds of CTAs utilized by institutional investors.

As shown in Fig. 2, CTA funds are particularly popular among funds of funds, with 42% of all funds of funds on the Prequin's Hedge Fund Investor Profiles database expressing an interest in the strategy. Many multi-managers look to invest in CTA hedge funds in order to diversify their hedge fund portfolios and generate uncorrelated returns in a volatile investment climate. An example of a fund of hedge funds with a particular interest in CTAs is London-based International Asset Management, which increased the weighting of its portfolio towards trend-following CTAs, as it feels such liquid strategies allow for more efficient opportunistic investing in the current economic environment.

Fig. 2 also highlights a significant interest in CTA hedge funds among public pension funds, with 25% of all public pension funds having a preference for this strategy. Since the onset of the financial crisis, public pension funds have become more demanding when it comes to their liquidity and transparency requirements; they are also looking to construct diversified portfolios of funds that can produce uncorrelated returns. Therefore, many public pension funds seeking new and potentially more effective ways of diversifying their holdings target CTAs, given the strategy's track record of low correlations coupled with its upside return potential. One example of such an investor is the City of Stamford Police Pension Fund, which looks to invest in CTA funds as part of its diversified hedge fund portfolio. Asset managers and insurance companies also represent significant proportions of investors in CTAs, with 22% of asset managers and 19% of insurance companies interested in the strategy.

Fig. 2: Proportion of Each Institutional Investor Type with a Preference for CTA Funds



Source: Prequin Hedge Fund Investor Profiles



Managed futures is a widely used strategy among Europe-based investors, with a quarter of all investors based in the region expressing an interest in CTAs, as shown in Fig. 3. The region boasts a diverse investor base comprising a large number of sophisticated hedge fund investors, including both funds of hedge funds and institutions such as pension funds and insurance companies. Asia-Pacific and Rest of World-based institutional investors also display a preference for CTAs, with 23% and 19% of investors in these regions respectively expressing an interest in the strategy.

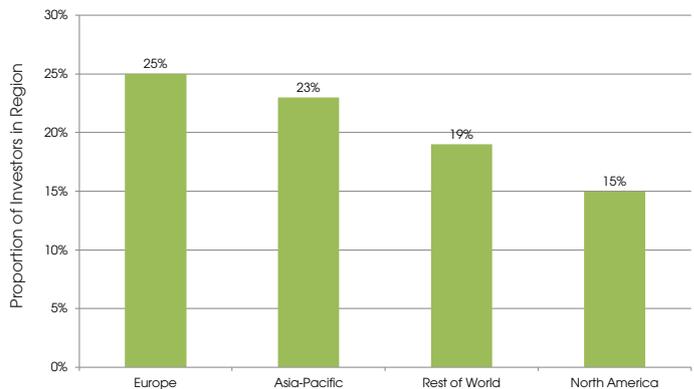
Fig. 3 also reveals a notable interest in CTAs among North America-based institutional investors, with 15% of investors in hedge funds in this region having a preference for CTAs. The United Negro College Fund is an example of a North America-based investor that considers investing in managed futures/CTAs as part of its hedge fund portfolio.

Why Are Investors Adding CTAs to their Portfolios?

CTAs clearly have a growing appeal to a wide range of institutional investors. The liquidity these funds can provide is certainly an attraction for this audience, but additionally, the returns characteristic of CTA funds contribute to their strong appeal to investors, particularly following the market crisis of 2008.

Fig. 4 shows the trailing returns of CTAs and hedge funds over several time periods. Fig. 5 shows the quarterly returns of hedge funds, CTA funds and the S&P 500 between 2008 and September 2012.

Fig. 3: Breakdown of Institutional Investors in Hedge Funds with a Preference for CTA Funds by Geographic Location



Source: Preqin Hedge Fund Investor Profiles

Over the most recent time frames, CTAs have underperformed compared to hedge funds, Fig. 4 shows. The relatively poor performance over the last 12 months of the CTA industry, which generated just 0.35% in returns over the last year compared to the 8.02% returned by hedge funds, has done little to improve the returns over an annualized two or three-year time frame. The choppy market conditions seen in 2012 have proved difficult for CTA vehicles that pursue trend-following strategies, as it is hard to see clear trends in the market, particularly with high levels of government intervention. This was also the case in 2009, when CTAs posted returns of 4.31%.

Has Preqin got the correct information on your firm?

Contact us to view your firm or fund profile, make sure the information is up to date, and provide us with valuable feedback.

Thousands of finance professionals rely on Preqin's databases and publications for insight and information on the global alternative assets industry and you can help ensure that this data is complete and accurate.

Some of these professionals, which include investors, fund managers, advisors and service providers, will be looking at information on your firm or your fund. By giving your feedback to Preqin you can help us to make sure that the data Preqin is displaying for your firm or your fund is as accurate and representative as possible, increasing the likelihood of relevant and qualified opportunities for you and your firm.

Get in contact to view and update your firm or fund profiles:

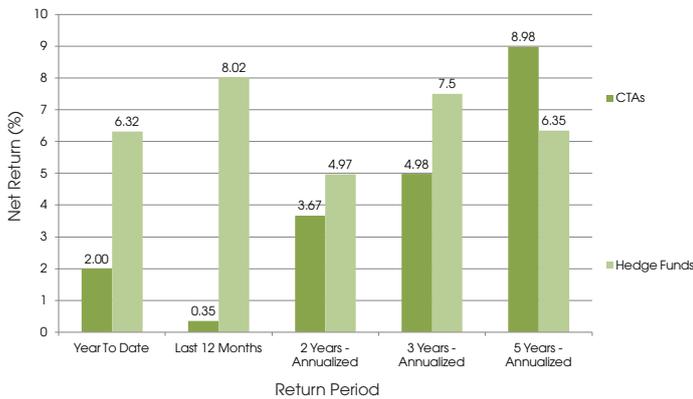
London
+44 (0)20 7645 8888

New York
+1 212 350 0100

Singapore
+65 6407 1011

Email: feedback.hfa@preqin.com

Fig. 4: Performance of CTAs and Hedge Funds (As at September 2012)



Source: Preqin Hedge Fund Analyst

However, CTAs performed well in 2008, making 19.11%, while hedge funds lost 17.01%. In the longer term (annualized over five years) CTAs have performed better than hedge funds, producing returns of 8.98% compared to the 6.35% returned by hedge funds. This better long-term performance from CTAs is a result of the superior returns achieved by the strategy in 2008.

Despite lower returns in recent years compared to other hedge fund strategies, investors have continued to have a strong interest in CTAs. Fig. 5 gives some insight into the real value of CTA funds as part of an institutional portfolio. Hedge fund and equity market returns show a significant degree of correlation – in times when the S&P 500 is not performing well, hedge funds also have a tendency to perform negatively, albeit with dampened negative performance. In 52 of the months since January 2002 the S&P 500 has been in negative territory the Preqin Hedge Fund Index was negative for 28 of these months, compared to 21 months when looking at the Preqin CTA Index.

When looking at the correlation coefficient of the S&P 500 and hedge funds, in positive markets the correlation coefficient is 0.46 and in down markets it is 0.64. CTAs, on the other hand, show a negative correlation

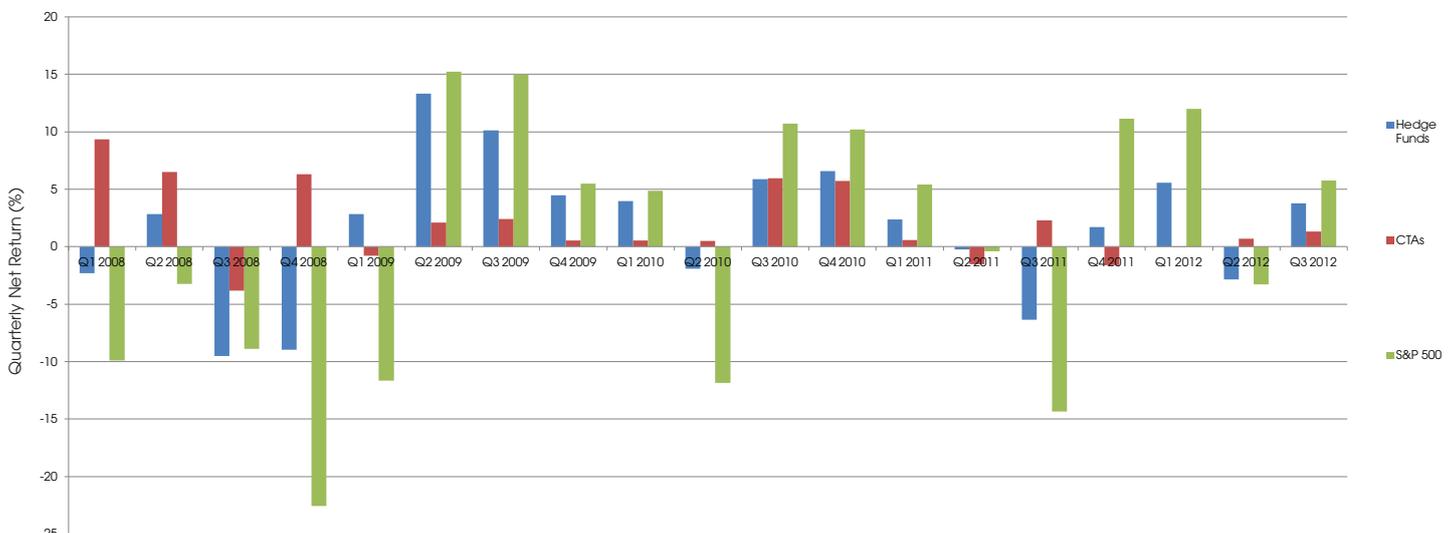
coefficient of -0.23 in down markets and a slight positive correlation of 0.06 in up markets. This indicates that investors can hedge against portfolio correlation and downside losses by adding CTAs to an investment program in times when their wider hedge fund returns might be performing below their expectations. CTAs are adaptable and systematic; they also have diversified holdings in primarily futures markets, and lack long bias to equity markets. Therefore, they have shown they can perform well in crisis environments, where equity prices are declining, credit and liquidity dries up, and investor behaviour leads to opportunities for CTAs to capitalize on persistent trends being forced through markets.

An analysis of performance statistics on Preqin Hedge Fund Analyst also shows a number of potential advantages of investing in CTA funds over the longer term. The three-year Sharpe ratio (calculated with a risk-free rate of 2%) of single-manager CTA vehicles is 0.45, almost half that of single-manager hedge funds (which generated 0.91 times more than the risk-free rate). However, over a five-year period, the Sharpe ratio of CTAs is 1.01, notably larger than the 0.50 ratio of hedge funds. Over the longer term, CTAs have proved to provide better risk-adjusted returns than hedge funds. The same trend can be seen in volatility statistics; over a three-year period single-manager hedge funds are less volatile, with 6.07% volatility, compared to the 6.67% volatility of CTA funds. Over five years, CTA investments have a volatility of 6.93%, lower than the 8.74% volatility of hedge funds.

The CTA Industry Today

With more institutional investors allocating to CTA funds than ever before, investor demands have begun to change the CTA industry. Preqin Hedge Fund Analyst currently tracks detailed information on 429 CTA managers, which manage a combined 1,298 CTA vehicles. Fig. 6 shows the number of CTA vehicles launched each year tracked by their year of inception. In 2004 the industry saw a significant jump in the number of CTA programs launched. This followed two years of strong performance by the CTA sector, when CTA funds posted average returns of 22.37% and 27.19% in 2002 and 2003 respectively.

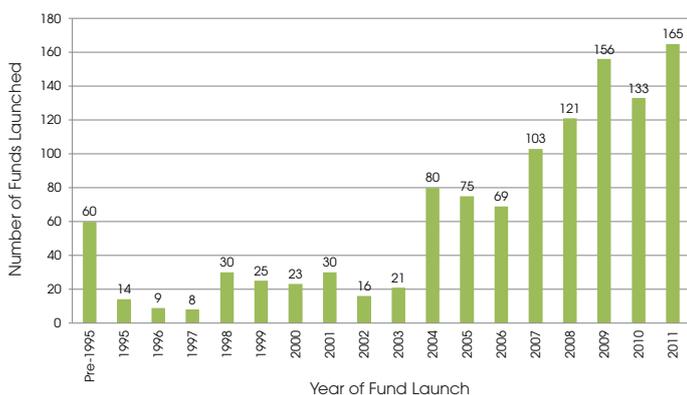
Fig. 5: Average Quarterly Net Returns of Hedge Funds, CTAs and S&P 500, 2008 - Q3 2012



Source: Preqin Hedge Fund Analyst



Fig. 6: CTA Fund Launches by Year, Pre-1995 - 2011



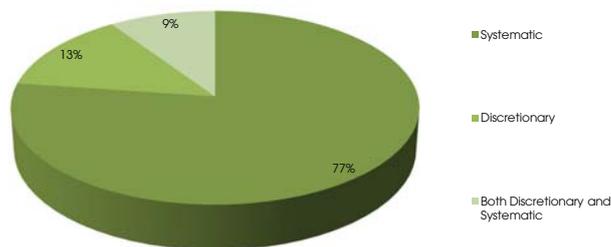
Source: Preqin Hedge Fund Analyst

There was another spike in CTA launches in 2009 following the very strong performance of managed futures programs in 2008 (posting benchmark returns of 19.11% versus negative 17.01% for the hedge fund index). The value of CTA programs in an institutional portfolio was emphasized to investors following the events of 2008, and the number of CTA funds in the industry, as well as the number of investors allocating to these CTA vehicles, has been increasing since that time.

Types of CTA

Almost a quarter of the CTAs listed on the Preqin Hedge Fund Analyst database are structured as managed accounts. This is a significantly higher proportion than in the hedge fund industry as a whole, where 3% of funds tracked by Preqin are structured as managed accounts. Managed accounts offer investors greater control of their investment, greater transparency, and lower counterparty risk. Managed accounts also usually require a higher minimum investment; the mean minimum investment for CTA managed accounts is \$2.2mn, which is almost three times the mean minimum investment for all other CTA structures, which stands at \$0.8mn. CTAs offer increased liquidity to their investors – Preqin data shows that investors in CTAs can access their capital on average every 22 days with 14 days notice. This is substantially higher liquidity than the hedge fund industry as a whole, where investors can only access capital on average every 1.6 months with 40 days notice.

Fig. 7: CTA Funds by Trading Methodology



Source: Preqin Hedge Fund Analyst

Fig. 7 shows that 77% of the CTA funds on the Preqin Hedge Fund Analyst database use a systematic approach to investing. Systematic funds use computer algorithms, based on technical and fundamental analysis, to execute trades based on specified parameters. Thirteen percent of funds use a discretionary trading methodology and the remaining 9% of CTAs use a combination of a systematic and discretionary approach.

Preqin tracks a number of different strategies that are used by CTAs: trend following, macro, pattern recognition, counter trend, option writing and arbitrage. The most commonly employed CTA strategy is trend following, where the CTA uses technical analysis of market prices to identify long- or short-term trends in financial markets; this strategy is used by over 70% of managed futures funds. Macro-focused is the next most favoured by CTAs, with 21% of all vehicles using this strategy; other CTA strategies are used by around 10-15% of CTA vehicles.

Figs. 8-10 show some key CTA funds from Preqin's Hedge Fund Analyst database.

Outlook

The desire for diversification and pursuit of uncorrelated returns continues to attract many institutional investors to CTAs. Institutions

Fig. 8: Net Returns of Top Performing CTAs in 2012 YTD (January - September 2012)

| Program Name | Manager | Net Returns in 2012 YTD (%) |
|--|-----------------------------|-----------------------------|
| Clarke Global Magnum Program | Clarke Capital Management | 55.48 |
| eFED Commodity Futures Fund | Ebullio Capital Management | 46.00 |
| The Forecast Portfolio | Forecast Trading Group | 42.10 |
| Global Ag - Global Ag Returns-I | Global Ag | 38.19 |
| Ram Aggressive Program | RAM Management Group | 37.98 |
| LJM Aggressive Strategy | LJM Partners | 36.78 |
| Systematic Alpha Multi-Strategy Futures Fund - Class B (Double Leverage) | Systematic Alpha Management | 30.56 |
| WPD Crabel Futures - Class J | Crabel Capital Management | 28.27 |
| LJM Moderately Aggressive Strategy | LJM Partners | 27.30 |
| Clarke Millennium Program | Clarke Capital Management | 27.12 |

Source: Preqin Hedge Fund Analyst

across the hedge fund investor base are demonstrating an ever growing interest in CTAs as they seek strategies that can provide asset protection in falling markets and diversify their portfolios away from a reliance on equity and bond instruments.

The use of CTA funds is still relatively niche in the institutional community, with many investors having made their first allocations to such vehicles in the past few years. An earlier Preqin study showed that institutional investors have been disappointed with performance in the industry in 2012, with managed futures funds coming in as the second highest ranked strategy in terms of investor disappointment with returns. However, over the longer term CTA funds have performed well and have shown a negative correlation with public markets. Should CTA funds continue to perform in this way, those investors that have exposure to the strategy could reduce downside risk in their portfolios.

Understanding both the performance of the CTA industry as well as the sources of capital for these funds is vital for anyone seeking to make their headway in the managed futures space, be it through investment in a fund, launching a new program or providing third party services to the growing number of CTA funds in the marketplace today.

Subscriber Quicklink:

Subscribers can click [here](#) to access a list of the 713 investors that currently have a preference for CTA/managed futures funds on Preqin's [Hedge Fund Investor Profiles](#) database.

To access a list of the 1,298 CTAs and 126 funds of CTAs on the Preqin [Hedge Fund Analyst](#) database, subscribers can click [here](#).

[Hedge Fund Investor Profiles](#) and [Hedge Fund Analyst](#), which together make up Preqin's Hedge Fund Online database, provide a complete 360 degree view of the industry, including institutional investors' plans for hedge fund investments, fund performance, fund strategies, fund managers and fund terms.

Not yet a subscriber? For more information, or to register for a demo please visit:

www.preqin.com/hedge

Fig. 9: Five Leading Managed Futures Programs Used by Institutional Investors

| Fund | Fund Type | Fund Manager | Location |
|--|----------------|---------------------------|----------|
| BlueTrend Fund Ltd | CTA | BlueCrest Capital | UK |
| ACL Alternative Fund | Fund of CTAs | Abbey Capital | Ireland |
| GAM Trading II | Fund of CTAs | GAM | UK |
| Lynx (Bermuda) | CTA | Brummer & Partners | Sweden |
| Winton Diversified Programme - Winton Futures Fund | Multi-Strategy | Winton Capital Management | UK |

Source: Preqin Hedge Fund Analyst

Fig. 10: Five Leading Managed Futures Programs by Assets under Management (AUM)

| Fund | Firm | Firm Location | Inception Date | Fund AUM (\$mn) | Strategy |
|--|---------------------------|---------------|----------------|-----------------|-------------------------------------|
| Winton Diversified Programme – Winton Futures Fund | Winton Capital Management | UK | 01-Oct-97 | 10,572 | Multi-Strategy |
| Diversified Trend Program - Enhanced Risk | Transtrend | Netherlands | 01-Jan-95 | 9,700* | Systematic, Trend Following |
| BlueTrend Master Fund | BlueCrest Capital | UK | 01-Apr-04 | 9,408* | US, Systematic, Trend Following |
| Renaissance Institutional Diversified Alpha Fund | Renaissance Technologies | US | 01-Mar-12 | 5,561 | US, Systematic |
| Discus Feeder Limited | Capital Fund Management | France | 01-Dec-07 | 3,159 | Global, Systematic, Trend Following |

Source: Preqin Hedge Fund Analyst

*Estimate

alternative assets. intelligent data.

Fund Coverage: **27,447** Funds



Firm Coverage: **13,721** Firms



Performance Coverage: **9,792** Funds (IRR Data for 4,710 Funds and Cash Flow Data for 2,179 Funds)



Fundraising Coverage: **10,996** Funds Open for Investment/Launching Soon
Including 1,944 Closed-Ended Funds in Market and 491 Announced or Expected Funds



Deals Coverage: **63,339** Deals Covered; All New Deals Tracked



Investor Coverage: **10,034** Institutional Investors Monitored,
Including 7,194 Verified Active**** in Alternatives and 74,264 LP Commitments to Partnerships



Alternative Investment Consultant Coverage: **424** Consultants Tracked

Fund Terms Coverage: Analysis Based on Data for Around **6,500** Funds

Best Contacts: Carefully Selected from Our Database of over **220,163** Active Contacts

Plus

Comprehensive coverage of:

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

The Preqin Difference

- Over 150 research, support and development staff
- Global presence - New York, London and Singapore
- Depth and quality of data from direct contact methods
- Unlimited data downloads
- The most trusted name in alternative assets

New York: +1 212 350 0100 - London: +44 (0)20 7645 8888 - Singapore: +65 6407 1011

www.preqin.com

*Private Equity includes buyout, venture capital, distressed, growth, natural resources and mezzanine funds.

**Buyout deals: Preqin tracks private equity-backed buyout deals globally, including LBOs, growth capital, public-to-private deals, and recapitalizations. Our coverage does not include private debt and mezzanine deals.

***Venture capital deals: Preqin tracks cash-for-equity investments by professional venture capital firms in companies globally across all venture capital stages, from seed to expansion phase. The deals figures provided by Preqin are based on announced venture capital rounds when the capital is committed to a company.

****Preqin contacts investors directly to ensure their alternatives programs are active. We emphasize active investors, but clients can also view profiles for investors no longer investing or with programs on hold.



Preqin Industry News

[Olivia Harmsworth](#) rounds up the latest industry news based upon intelligence gathered by Preqin analysts. Preqin Online subscribers can click on the investor name to view the full profiles.

Investor interest in CTA funds has remained fairly robust in 2012 despite challenging market conditions, with a range of investor types indicating an interest in investing in this area for the first time, or in increasing their allocation to the hedge fund asset class generally via targeted CTA investments.

One example of an investor considering entering the hedge fund asset class for the first time is [New York State Teachers' Retirement System](#), which is considering seven single-strategy hedge funds as well as funds of hedge funds. The public pension fund is considering CTA investment as part of a broader strategy, which also includes long/short equity, distressed debt, global macro and fixed income arbitrage.

A number of investors have displayed interest in increasing their allocation to hedge funds generally, often including CTA investment as part of a diverse portfolio. [Meadows Foundation](#) plans to increase its allocation from 8% to 10% over the next 12 months, on track with its long-term target allocation to hedge funds of 15%. Approximately \$13mn will be invested directly in two hedge fund managers and it is considering diverse strategies that include long/short equity, global macro and managed futures/CTA. The foundation typically invests \$5-15mn per fund and is unlikely to consider investing in funds of hedge funds.

However, many investors are targeting CTA investments more specifically. Multi-family office [Legacy Trust Company](#) is looking to increase its exposure to the hedge fund asset class to 10%, up from a current allocation of 3% of total assets under management. The office does not generally invest in funds with lock up periods due to a preference for liquid hedge fund strategies. Legacy focuses on three main areas - US long/ short equity, discretionary macro and CTAs, and the company has a preference for established hedge fund managers.

A number of CTA funds have also recently launched, targeting increased investor interest in the strategy. The Chart of the Month gives an insight into which markets CTA funds are trading in; it shows the top 10 futures markets traded by CTA funds, with many CTA funds trading in multiple markets. The largest proportion (72%) of CTAs trade in the currencies market. The energy, metals and grains market follow with 59%, 54% and 54% of CTA funds trading in these markets respectively.

One recently launched fund was UK-based hedge fund manager [36 South Capital Adviser's 36 South Black Eyrar Fund](#), which launched in October 2012. The fund is a CTA options fund that benefits from investments in opportunities resulting from unforeseen high-impact events. The fund will primarily house long date (one to 10 year) out-of-the-money options from all

Chart of the Month: Top 10 Futures Markets Traded by CTA Funds

| Market Traded | Proportion of CTA Funds |
|----------------|-------------------------|
| Currencies | 72% |
| Energy | 59% |
| Metals | 54% |
| Grains | 54% |
| Stock Indexes | 48% |
| Interest Rates | 43% |
| Bonds | 33% |
| Softs | 32% |
| Meats | 23% |
| Crude Oil | 15% |

Source: Preqin Hedge Fund Analyst

asset classes, options which 36 Capital Adviser believes will outperform in a lower tail event. To enable effective performance management of the portfolio and all associated risks, the portfolio may also house short dated (three month to one year) options should the manager determine these to be more appropriate, particularly considering prevailing market conditions.

Elsewhere newly founded [Katmai Capital Advisors](#) launched its debut CTA fund [Katmai Commodities+](#) in October 2012. The program applies technical and quantitative analysis to the commodities markets and trades are generally expressed via spreads in order to enhance returns and reduce volatility. The program invests exclusively in exchange-traded futures and options and is offered via individual, own-named managed accounts with daily liquidity in order to enhance client control over their investment.

Data Source:

Do you have any news you would like to share with the readers of Spotlight? Perhaps you're about to launch a new fund, have implemented a new investment strategy, or are considering investments beyond your usual geographic focus?

Send your updates to spotlight@preqin.com and we will endeavour to publish them in the next issue.

Preqin gathers industry news from our direct communication with hedge fund investors and fund managers. To find out how we can help you, please visit:

www.preqin.com/hedge



Top Five CTA Service Providers

Simon Dhadwal gives an overview of the leading service providers to CTA funds, broken down by the type of service they provide.

Fig. 1: Auditor

| Firm Name | Firm Location | Proportion of CTA Funds Served |
|------------------------|---------------|--------------------------------|
| KPMG | Netherlands | 22.04% |
| Ernst & Young | UK | 16.33% |
| Deloitte | US | 12.24% |
| PricewaterhouseCoopers | UK | 10.20% |
| BDO | UK | 4.49% |

Source: Preqin Hedge Fund Analyst

Fig. 2: Custodian

| Firm Name | Firm Location | Proportion of CTA Funds Served |
|-----------------------|---------------|--------------------------------|
| J.P. Morgan | US | 13.07% |
| HSBC | UK | 11.36% |
| BNY Mellon | US | 7.95% |
| RBC Investor Services | UK | 6.25% |
| BNP Paribas | France | 5.68% |

Source: Preqin Hedge Fund Analyst

Fig. 3: Fund Administrator

| Firm Name | Firm Location | Proportion of CTA Funds Served |
|---------------------|---------------|--------------------------------|
| NAV Consulting | US | 11.20% |
| Citco Fund Services | US | 6.22% |
| SS&C GlobeOp | US | 4.56% |
| State Street | US | 4.56% |
| Caceis Fastnet | France | 3.32% |

Source: Preqin Hedge Fund Analyst

Fig. 4: Law Firm

| Firm Name | Firm Location | Proportion of CTA Funds Served |
|--------------------------------|----------------|--------------------------------|
| Maples and Calder | Cayman Islands | 9.86% |
| Sidley Austin | US | 7.04% |
| Walkers | Cayman Islands | 6.10% |
| Simmons & Simmons | UK | 5.63% |
| Akin Gump Strauss Hauer & Feld | US | 3.76% |

Source: Preqin Hedge Fund Analyst

Fig. 5: Prime Broker

| Firm Name | Firm Location | Proportion of CTA Funds Served |
|------------------------------------|---------------|--------------------------------|
| Newedge Prime Brokerage Group | France | 30.04% |
| J.P. Morgan | US | 11.79% |
| Deutsche Bank Global Prime Finance | Germany | 7.98% |
| UBS Prime Services | US | 7.60% |
| Interactive Brokers | US | 5.70% |

Source: Preqin Hedge Fund Analyst

Subscriber Quicklink:

Subscribers can click [here](#) to access the service providers League Tables on Preqin's Hedge Fund Analyst. This feature allows subscribers to sort hedge fund service providers by a variety of factors, including geographic location, type, and number of funds serviced.

Not yet a subscriber? [Hedge Fund Analyst](#) is a constantly updated resource on the hedge fund industry that provides detailed information on hedge funds on both a fund-by-fund and industry level, including fund performance, terms and conditions, fund managers and the funds themselves.

For a demo of [Hedge Fund Analyst](#), or to get information on how this useful tool can help you, please visit:

www.preqin.com/hfa

Preqin Hedge Fund Analyst

www.preqin.com/hfa

Hedge Fund Analyst provides all the latest data and intelligence on hedge funds in one place. Information is updated on a daily basis by a team of skilled research analysts based around the globe, providing you with one single comprehensive resource.

Hedge Fund Performance

Fund-by-fund and industry level performance data covering over 3,500 funds, with 2,500 reporting monthly returns, providing you with a true market overview. You can also compare funds to specific segments of the market, including by strategy, fund structure, geography and more, using the fully customizable benchmarks function.

Hedge Fund Profiles

Analyze industry overview statistics of the current fund universe as well as searchable in-depth fund profiles showing all the key information for over 8,000 individual hedge funds (14,500 including share classes).

Hedge Fund Managers

Search over 4,000 fund manager profiles from across the world and view key preferences and personnel contact details. With a subscription to Hedge Fund Investor Profile you can also view the investors in individual funds.

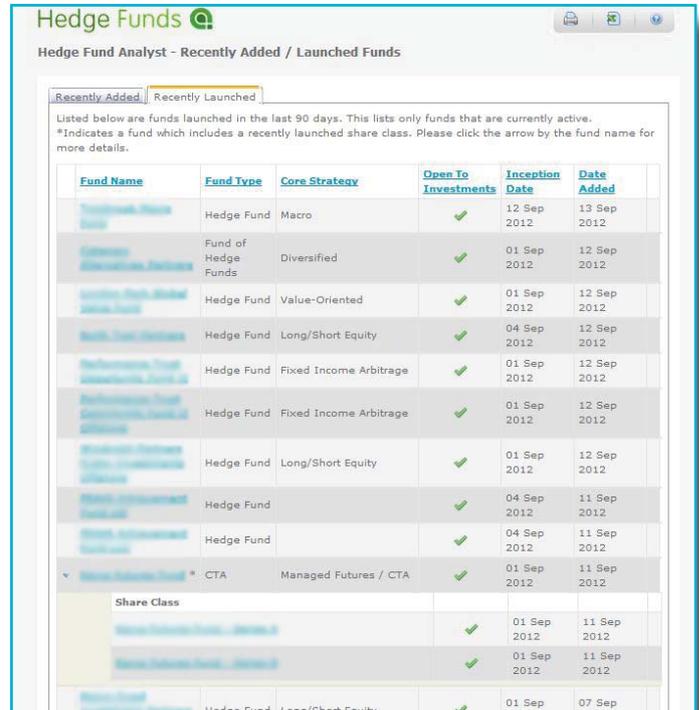
Fund Terms and Conditions

Fund-by-fund and industry level fund terms and conditions data for over 4,000 vehicles provide a market overview, enabling you to see the current trends for specific fund types, structures and investment focuses.

Additional Features

Hedge Fund Analyst also features:

- **Profiles of administrators, custodians, prime brokers, auditors and law firms.**
- **League tables** – live and customizable league tables.
- **Download centre** – premium subscribers have unlimited downloads and can access historical performance data.
- **Compatibility with analysis software.**



Hedge Funds Analyst - Recently Added / Launched Funds

Recently Added | Recently Launched

Listed below are funds launched in the last 90 days. This lists only funds that are currently active.
*Indicates a fund which includes a recently launched share class. Please click the arrow by the fund name for more details.

| Fund Name | Fund Type | Core Strategy | Open To Investments | Inception Date | Date Added |
|-----------------------------|---------------------|------------------------|---------------------|----------------|-------------|
| [Fund Name] | Hedge Fund | Macro | ✓ | 12 Sep 2012 | 13 Sep 2012 |
| [Fund Name] | Fund of Hedge Funds | Diversified | ✓ | 01 Sep 2012 | 12 Sep 2012 |
| [Fund Name] | Hedge Fund | Value-Oriented | ✓ | 01 Sep 2012 | 12 Sep 2012 |
| [Fund Name] | Hedge Fund | Long/Short Equity | ✓ | 04 Sep 2012 | 12 Sep 2012 |
| [Fund Name] | Hedge Fund | Fixed Income Arbitrage | ✓ | 01 Sep 2012 | 12 Sep 2012 |
| [Fund Name] | Hedge Fund | Fixed Income Arbitrage | ✓ | 01 Sep 2012 | 12 Sep 2012 |
| [Fund Name] | Hedge Fund | Long/Short Equity | ✓ | 01 Sep 2012 | 12 Sep 2012 |
| [Fund Name] | Hedge Fund | | ✓ | 04 Sep 2012 | 11 Sep 2012 |
| [Fund Name] | Hedge Fund | | ✓ | 04 Sep 2012 | 11 Sep 2012 |
| [Fund Name] | CTA | Managed Futures / CTA | ✓ | 01 Sep 2012 | 11 Sep 2012 |
| Share Class | | | | | |
| [Fund Name] | | | ✓ | 01 Sep 2012 | 11 Sep 2012 |
| [Fund Name] | | | ✓ | 01 Sep 2012 | 11 Sep 2012 |
| [Fund Name] | Hedge Fund | Long/Short Equity | ✓ | 01 Sep 2012 | 07 Sep 2012 |





Preqin Performance Benchmarks: September 2012

Joanna Hammond reviews the latest hedge fund performance benchmarks for September 2012.

Fig. 1: Summary of September 2012 Hedge Fund Performance Benchmarks (%)

| | September 2012 | August 2012 | Year To Date | Last 12 Months |
|--|----------------|--------------|--------------|----------------|
| Hedge Funds (All Strategies & Regions) | 1.74 | 1.28 | 6.32 | 8.02 |
| Long/Short | 1.96 | 1.26 | 6.28 | 8.25 |
| Event Driven Strategies | 0.97 | 1.69 | 4.11 | 7.37 |
| Relative Value | 0.78 | 0.72 | 5.84 | 7.58 |
| Macro Strategies | 1.21 | 1.25 | 5.43 | 6.55 |
| Multi-Strategy | 2.13 | 1.31 | 6.95 | 9.35 |
| North America | 1.91 | 1.36 | 8.64 | 13.38 |
| Europe | 1.40 | 0.89 | 5.43 | 6.77 |
| Asia-Pacific | 1.61 | 0.61 | 4.61 | 5.33 |
| Emerging Markets | 2.44 | 1.27 | 7.35 | 8.61 |
| USD | 1.91 | 1.40 | 7.15 | 9.29 |
| EUR | 1.18 | 0.47 | 3.89 | 4.64 |
| GBP | 0.67 | 0.62 | 2.98 | 3.31 |
| JPY | 0.58 | -0.81 | -0.37 | -1.41 |
| AUD | 2.23 | 1.74 | 6.45 | 8.17 |
| BRL | 1.28 | 1.23 | 9.21 | 12.00 |
| Funds of Hedge Funds (All Strategies & Regions) | 0.73 | 0.71 | 3.00 | 2.71 |
| Multi-Strategy | 0.75 | 0.55 | 2.95 | 2.51 |
| USD | 0.78 | 0.8 | 3.19 | 3.01 |
| EUR | 0.46 | 0.46 | 0.46 | 1.10 |
| UCITS Hedge Funds (All Strategies & Regions) | 1.26 | 0.76 | 4.36 | 5.20 |
| USD | 1.74 | 0.81 | 5.41 | 6.26 |
| EUR | 1.19 | 0.45 | 3.83 | 4.43 |
| CTAs (All Strategies & Regions) | -0.95 | -0.37 | 2.00 | 0.35 |
| USD | -1.11 | -0.22 | 2.64 | 1.29 |
| EUR | -1.61 | -1.59 | -2.56 | -5.03 |

Source: Preqin Hedge Fund Analyst

Multi-strategy vehicles posted the strongest performance in September. The strategy is also the top performer over the first nine months of 2012, returning 6.95% in 2012 YTD.

Fig. 2 shows the value added monthly index (VAMI) of a \$1,000 investment made in a multi-strategy fund in January 2009, compared to the benchmark of all strategies.

Add hfperformance@preqin.com to your monthly performance distribution lists to ensure your fund information remains accurate and is updated regularly.

Fig. 2: Hedge Fund Performance: Multi Strategy vs. All Strategies, January 2009 - September 2012



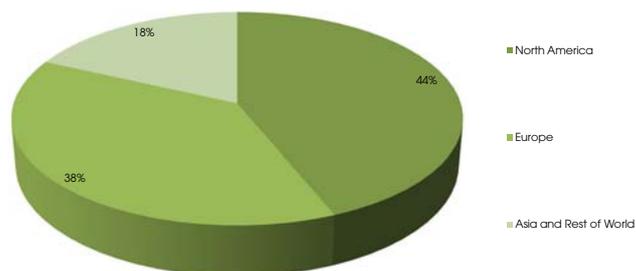
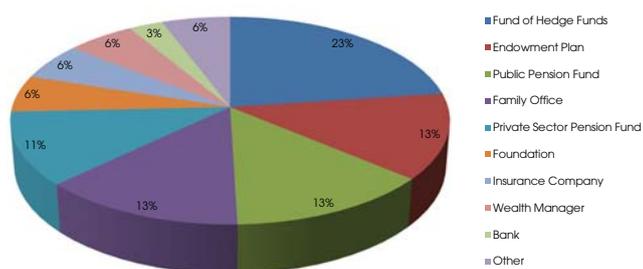
Source: Preqin Hedge Fund Analyst

Fund Searches and Mandates

Which hedge fund structures are investors targeting in? Which types of investors are initiating searches? Graeme Terry analyzes the latest hedge fund searches and mandates from investors gathered by Preqin in October 2012.

Fig. 1: Hedge Fund Searches Issued by Investor Type, October 2012

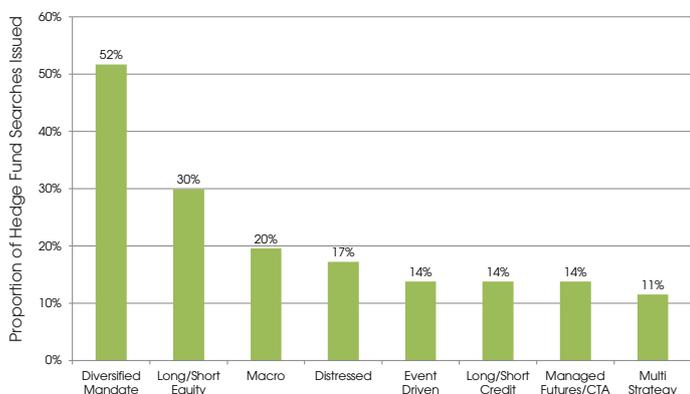
Fig. 2: Hedge Fund Searches Issued by Investor Location, October 2012



Source: Preqin Hedge Fund Investor Profiles

Source: Preqin Hedge Fund Investor Profiles

Fig. 3: Hedge Fund Searches Issued by Strategy, October 2012



Source: Preqin Hedge Fund Investor Profiles

Subscriber Quicklink:

Subscribers can click [here](#) to access the Fund Searches and Mandates feature on Preqin [Hedge Fund Investor Profiles](#), which allows you to filter hedge fund investors on Preqin's database by their strategy, structural and regional preferences for planned future investments within specific time frames.

Not yet a subscriber? For more information, or to register for a demo please visit:

www.preqin.com/hedge

Fig. 5: Examples of Fund Searches Issued in October 2012

| Investor | Investor Type | Location | Fund Search Details |
|--------------------------------------|-----------------------|-------------|--|
| Limmat Wealth | Family Office | Switzerland | Family office Limmat Wealth plans to increase the size of its hedge fund portfolio over the coming 12 months. It is not targeting any specific regions or strategies, although previously it has focused on long/short equity and distressed approaches. Limmat Wealth is likely to focus on direct investments, although it also has investments in funds of hedge funds, and also invests in UCITS structures. |
| Media Super | Superannuation Scheme | Australia | Media Super is looking to invest in one or two credit-related hedge funds in the next 12 months. The superannuation fund plans to invest about AUD 30mn per fund, and will consider a series of credit-related strategies such as long only, long/short credit, event driven and distressed. It is unlikely to consider investing in equities related funds and will only invest in commingled direct funds. The fund is looking to invest primarily in Australia domiciled funds, but will also consider international funds. |
| Wisconsin Alumni Research Foundation | Foundation | US | Wisconsin Alumni Research Foundation is planning to commit \$150mn to two to four managers in the coming 12 months. The foundation invests directly with hedge fund managers through both commingled and managed account structures, and is only interested in established institutional quality managers based in North America. Strategies targeted are long/short equity, macro, managed futures/CTA, and relative value arbitrage. It prefers higher volatility funds, and will accept lock ups. |

Source: Preqin Hedge Fund Investor Profiles

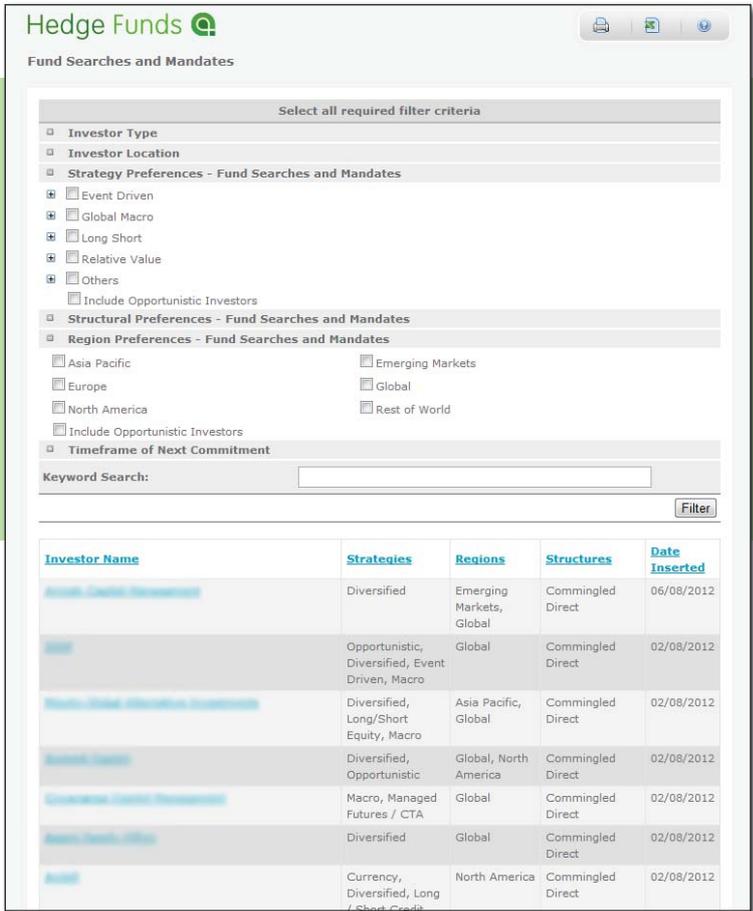
Future Fund Searches and Mandates

The difference between success and failure in attracting institutional capital is often the ability to identify which investors are most interested in your fund.

To help with this task, Preqin [Hedge Fund Investor Profiles](#) now assists subscribers to identify likely investors in their fund by searching for institutional investors by their current searches and mandates.

Preqin updates these details by speaking directly to investors - saving you time and ensuring our intelligence is up to date and accurate.

- [Future Investment Plans](#) - Investor profiles now include details of investors' future fund searches, detailing whether they are targeting specific hedge fund strategies, regions of focus, or particular hedge fund structures.
- [Future Fund Searches and Mandates](#) - Forward-looking search for all the institutional investors that are looking to invest in funds that match your criteria.
- Filter potential investors by location, type, and also strategy, structural and regional preferences for the next 12 months, and likely timeframe for their next fund commitment.



Hedge Funds Fund Searches and Mandates

Select all required filter criteria

- Investor Type
- Investor Location
- Strategy Preferences - Fund Searches and Mandates
 - Event Driven
 - Global Macro
 - Long Short
 - Relative Value
 - Others
 - Include Opportunistic Investors
- Structural Preferences - Fund Searches and Mandates
- Region Preferences - Fund Searches and Mandates
 - Asia Pacific
 - Europe
 - North America
 - Include Opportunistic Investors
 - Emerging Markets
 - Global
 - Rest of World
- Timeframe of Next Commitment

Keyword Search:

| Investor Name | Strategies | Regions | Structures | Date Inserted |
|--|---|--------------------------|-------------------|---------------|
| Asia Pacific Investment | Diversified | Emerging Markets, Global | Commingled Direct | 06/08/2012 |
| USA | Opportunistic, Diversified, Event Driven, Macro | Global | Commingled Direct | 02/08/2012 |
| North Asia Investment | Diversified, Long/Short Equity, Macro | Asia Pacific, Global | Commingled Direct | 02/08/2012 |
| Global Macro | Diversified, Opportunistic | Global, North America | Commingled Direct | 02/08/2012 |
| European Global Investment | Macro, Managed Futures / CTA | Global | Commingled Direct | 02/08/2012 |
| Asia Pacific Asia | Diversified | Global | Commingled Direct | 02/08/2012 |
| Asia | Currency, Diversified, Long / Short Credit | North America | Commingled Direct | 02/08/2012 |

Future Plans, Searches and Mandates

Date of Plans: Q3 2012

Next 12 Months:

Strategies Targeting: Long Bias, Long/Short Equity, Macro

Structures Targeting: Commingled Direct

Regions Targeting: Europe, North America, Global

Summary: As of Q3 2012, [Investor Name](#) planned to increase its allocation to the hedge fund asset class over the next 12 months on an opportunistic basis. The [Investor Name](#) primarily looks to invest in long/short equity hedge funds along with global macro and long only funds. It will also consider investing in emerging managers.

Whether you're hoping to grow the assets of a niche Asia-focused fund of hedge funds, or launch a US global macro fund, access to Hedge Fund Investor Profiles can help.

[Hedge Fund Investor Profiles](#)

For more information and to arrange a walkthrough of the service, please visit: www.preqin.com/hfp

Conferences Spotlight

| Conference | Date | Location | Organizer |
|--|--------------------|---------------------|---------------|
| Hedge Fund Operations & Executive Responsibility | 4-5 December 2012 | London | IBC |
| GAIM USA 2013 | 21-24 January 2013 | Boca Raton, Florida | IIR USA |
| Hedge Fund Brazil Forum | 18-19 March 2013 | Rio de Janeiro | Latin Markets |
| GAIM OPS CAYMAN | 21-24 April 2013 | Grand Cayman | IIR USA |

preqin
alternative assets. intelligent data.
partner

INTERNATIONAL
HEDGE FUND
AWARDS 2013

The winners are soon to be announced!

For further information visit...
<http://acquisition-intl.com/index.php/awards/2013-hedge-fund-awards>

All rights reserved. The entire contents of Hedge Fund Spotlight are the Copyright of Preqin Ltd. No part of this publication or any information contained in it may be copied, transmitted by any electronic means, or stored in any electronic or other data storage medium, or printed or published in any document, report or publication, without the express prior written approval of Preqin Ltd. The information presented in Hedge Fund Spotlight is for information purposes only and does not constitute and should not be construed as a solicitation or other offer, or recommendation to acquire or dispose of any investment or to engage in any other transaction, or as advice of any nature whatsoever. If the reader seeks advice rather than information then he should seek an independent financial advisor and hereby agrees that he will not hold Preqin Ltd. responsible in law or equity for any decisions of whatever nature the reader makes or refrains from making following its use of Hedge Fund Spotlight.

While reasonable efforts have been made to obtain information from sources that are believed to be accurate, and to confirm the accuracy of such information wherever possible, Preqin Ltd. does not make any representation or warranty that the information or opinions contained in Hedge Fund Spotlight are accurate, reliable, up-to-date or complete.

Although every reasonable effort has been made to ensure the accuracy of this publication Preqin Ltd. does not accept any responsibility for any errors or omissions within Hedge Fund Spotlight or for any expense or other loss alleged to have arisen in any way with a reader's use of this publication.