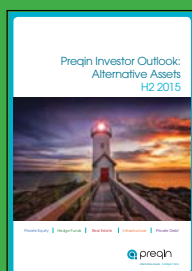


Welcome to the latest edition of Hedge Fund Spotlight, the monthly newsletter from Preqin providing insights into the hedge fund industry, including information on investors, funds, performance and more. Hedge Fund Spotlight uses information from our online product Hedge Fund Online, which includes Hedge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

August 2015
Volume 7 - Issue 6

FEATURED PUBLICATION:

Preqin Investor Outlook: Alternative Assets, H2 2015



To find out more or to download your copy, please visit:

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Hedge Fund Spotlight

August 2015

Feature Article

Hedge Fund Manager Outlook: H2 2015

In this excerpt from [Preqin Special Report: Hedge Fund Manager Outlook](#), we take a closer look at the level of competition in the industry today and use our latest survey results to reveal fund manager predictions for asset growth for the rest of 2015. [Page 2](#)

Lead Article

How Investors Source and Select Hedge Funds

In this excerpt from [Preqin Investor Outlook: Alternative Assets, H2 2015](#), we take a closer look at how investors source and select new investment opportunities, based on the results of our interviews with over 100 investors in hedge funds. [Page 4](#)

Preqin Industry News

We look at recent hedge fund launches in China and the performance of funds launched this year, and compare targeted returns of investors in hedge funds and private equity. [Page 7](#)

More from Preqin: New Hedge Fund Research

See what's new from Preqin this month in the hedge fund universe. [Page 9](#)

On the Network This Month

In this feature, we examine the activity of the investors on Preqin Investor Network to see which fund types, strategies and regions are of current importance to investors, as well as which institutional investor types have been proactively looking at funds in July. [Page 11](#)

The Facts

Performance Benchmarks - The latest hedge fund performance benchmarks. [Page 12](#)

In Focus: Hedge Fund Asset Flows - A breakdown of Preqin's latest data. [Page 14](#)

In Focus: China-Focused Hedge Funds - Launches, investors and performance. [Page 15](#)

Fund Searches and Mandates - We examine hedge fund investors' latest plans. [Page 16](#)

Conferences - Upcoming hedge fund conferences around the world. [Page 17](#)



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. You are welcome to use the data in any presentations you are preparing; please cite Preqin as the source.

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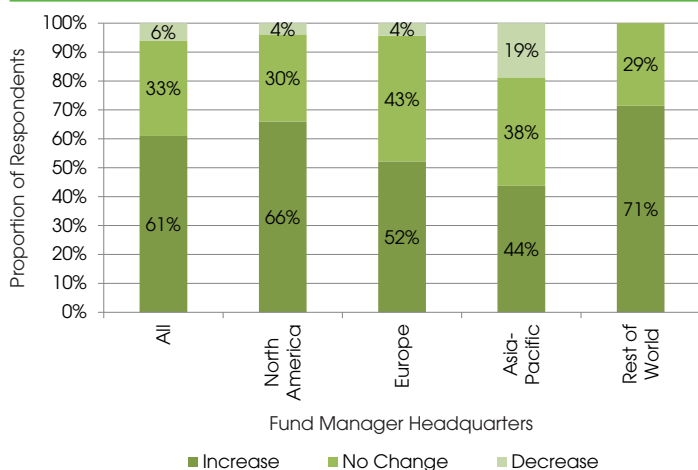
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Hedge Fund Manager Outlook: H2 2015

In this excerpt from [Preqin Special Report: Hedge Fund Manager Outlook](#), we take a closer look at the level of competition in the industry today and use our latest survey results to reveal fund manager predictions for asset growth for the rest of 2015.

Fig. 1: Fund Managers' Views on the Level of Competition for Investor Capital Compared to 12 Months Ago

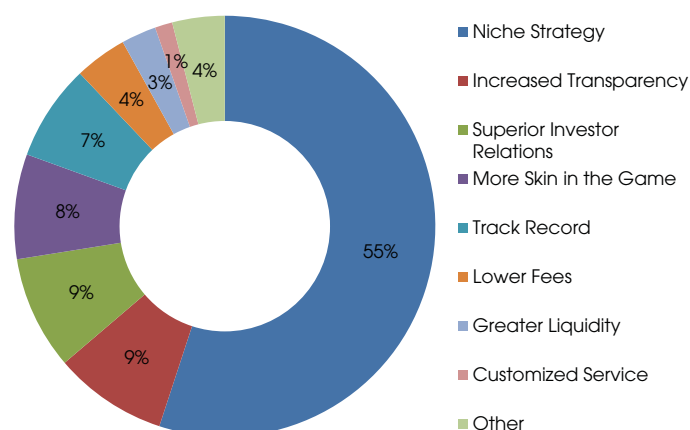


In June 2015, Preqin surveyed 190 hedge fund managers to find out more about their thoughts on the challenges in the hedge fund industry today and their outlook for the rest of the year. In this excerpt from the recently released [Preqin Special Report: Hedge Fund Manager Outlook](#), we take a closer look at the current level of competition in the industry and fund manager predictions for asset growth for the rest of 2015. For more results including fund manager outlook on regulation, key issues in the industry today and sources of inflows in H1 2015, please view the [full report](#).

Competition Is Increasing

The majority (61%) of all the fund managers that participated in the Preqin study believe that the level of competition for investor capital has increased over the past 12 months (Fig. 1). However, there are some clear differences between fund managers in different regions; nearly two-thirds of fund managers in North America reported that they have seen more competition in the past year, compared to 52% of managers in Europe and 44% in Asia-Pacific. In contrast, nearly a fifth of all fund managers in Asia-Pacific have seen a drop in the level of competition for assets in the past year, compared to just 4% of those firms headquartered in both Europe and North America respectively.

Fig. 2: Fund Managers' Perception of the Key Differentiator of Their Business



A Niche Strategy Is Key

With fund managers finding fundraising challenging, and over 60% of hedge fund managers reporting an increase in the level of competition for investor capital, Preqin looked at how fund managers differentiate themselves in order to gain the attention of potential investors. When ranking the most important way they can differentiate themselves from the 5,500 other fund managers seeking investor capital today, managers rated having a niche strategy as the best way to get the attention of a prospective investor (Fig. 2). For the remaining 45% of fund managers, factors such as transparency, superior investor relations teams, significant levels of 'skin in the game', and a proven track record, also rated relatively highly. However, these remaining managers were largely split in how they should differentiate themselves, and the need to have a differentiated strategy from the competition, as well as an innovative departure from traditional strategies, was argued as the best way for a hedge fund to stand out from the crowd.

Fund Managers Remain Optimistic for Inflows

Despite the challenges the industry faces in 2015, the Preqin study has captured the optimism within the hedge fund industry today. Eighty-one percent of participants are anticipating inflows over the rest of the year, and an increase in industry AUM over H2 2015.

Preqin Special Report: Hedge Fund Manager Outlook

This report features exclusive results from Preqin's surveys with over 150 hedge fund managers conducted in June 2015, and details fund managers' views on H1 inflows over the first half of the year, their outlook on AIFMD regulation, the key aspects managers view as drivers of change for the months to come, and their outlook on AUM and competition for investor capital going into the second half of 2015.

For more information, and to download your complimentary copy, please [click here](#).



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How Investors Source and Select Hedge Funds

In this excerpt from [Preqin Investor Outlook: Alternative Assets, H2 2015](#), we take a closer look at how investors source and select new investment opportunities, based on the results of our interviews with over 100 investors in hedge funds.

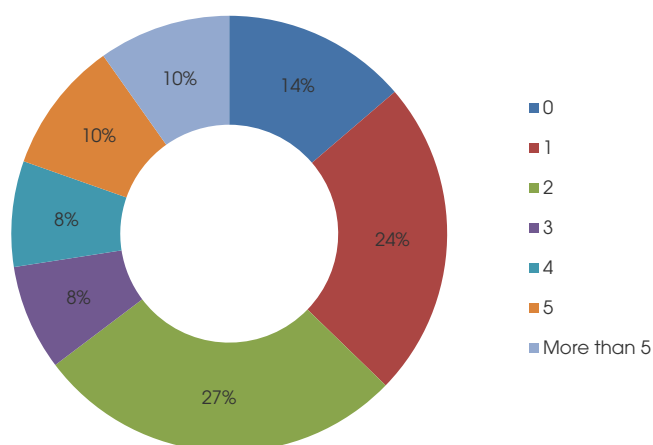
As our extract from the [Preqin Special Report: Hedge Fund Manager Outlook](#) reveals (page 2), fund managers are finding the fundraising environment more competitive. Therefore, it is more important than ever to understand how investors source and select new investment opportunities, in order to be in with a greater chance of gaining some of the capital earmarked for new investment. With this in mind, Preqin turned its attention to the investment process, and asked investors to explain in more detail how to gain their attention during the marketing process. This extract from the newly released [Preqin Investor Outlook: Alternative Assets, H2 2015](#) reveals the results of surveys with over 100 investors on how they source and select funds.

Investor Activity

As Fig. 1 shows, 51% of the institutional investors that participated in the Preqin survey typically make one or two investments each year. Some institutions make significantly larger numbers of investments, for instance, 20% of the surveyed investors add five or more new hedge funds to their portfolio on an annual basis.

With the greatest number of institutions making just a modest number of investments each year, fund managers need to find out how to gain their attention in the first place in order to have a chance at winning a mandate. Getting on the radar of investment consultants is a good step to being noticed by institutional investors; nearly half (47%) of investors source new investment opportunities through recommendations made by their consultants (Fig. 2). Investors are also proactively searching for hedge funds, with 36% of the participants in the Preqin study sourcing new funds through their investment teams reaching out to the industry. In

Fig. 1: Typical Number of New Hedge Fund Investments Made by Institutional Investors Each Year



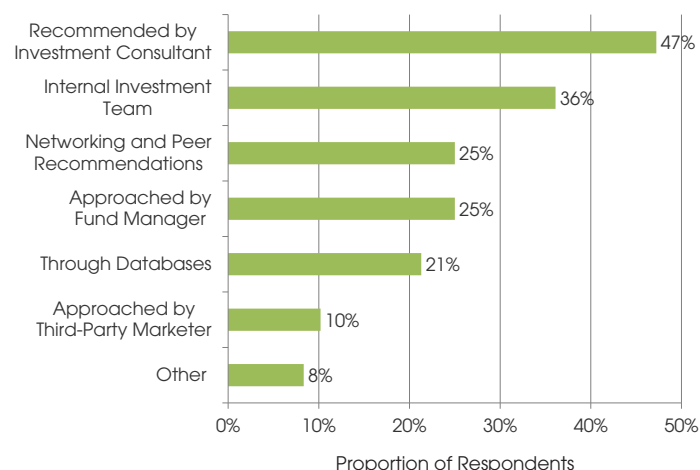
Source: Preqin Investor Interviews, June 2015

addition, 25% of institutions find funds through peer networks and the recommendations of other investors, and 21% use industry databases, such as Preqin's [Hedge Fund Analyst](#), to find and review new funds.

Fund Proposals and Motives for Rejection

There are currently over 15,000 hedge funds open to investment globally. With such a large number of funds in the marketplace, investors face a challenging job to find the best and most suitable

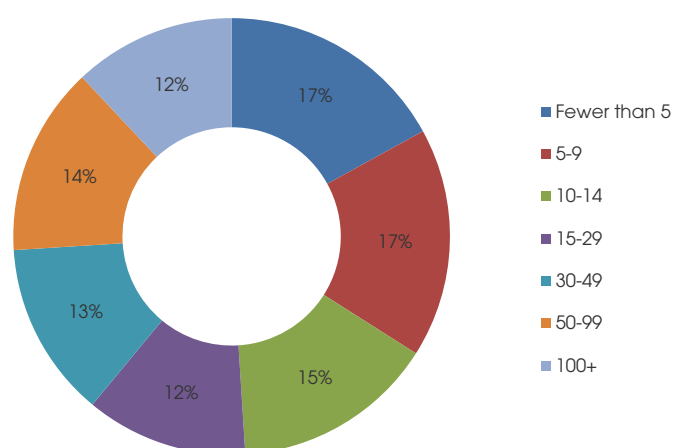
Fig. 2: Methods Used by Institutional Investors to Source New Hedge Fund Opportunities



Proportion of Respondents

Source: Preqin Investor Interviews, June 2015

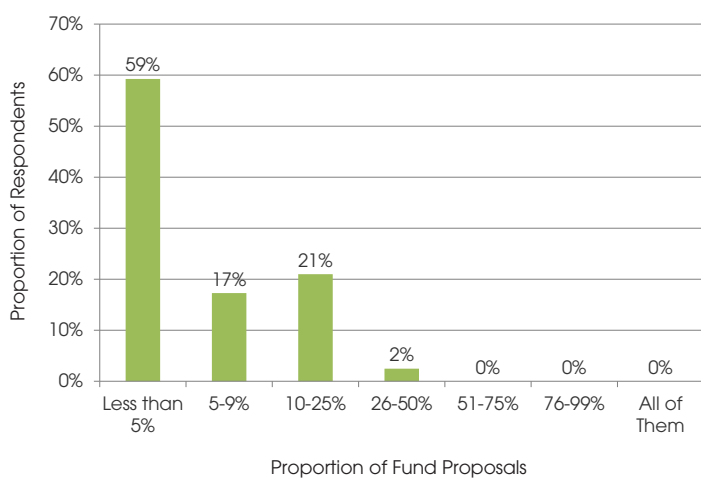
Fig. 3: Number of Hedge Fund Marketing Proposals Received by Institutional Investors Each Month



Source: Preqin Investor Interviews, June 2015



Fig. 4: Proportion of Hedge Fund Proposals Received by Institutional Investors Which Get Through the First Round of Screening

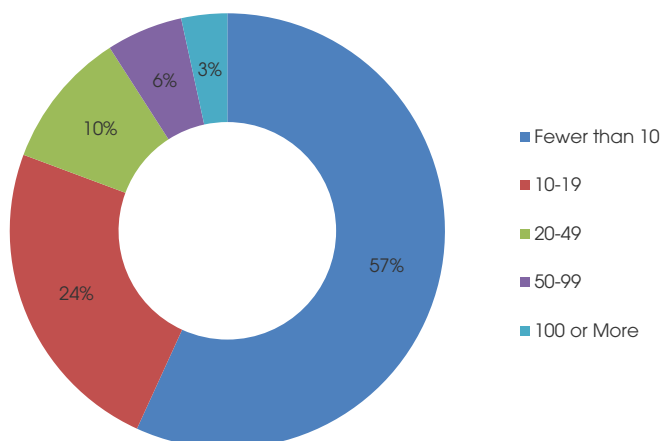


Source: Preqin Investor Interviews, June 2015

investment opportunities. As shown in Fig. 3, investors are receiving varying numbers of proposals each month. Just over a third (34%) of institutional investors receive fewer than 10 fund proposals on a monthly basis. However, over half (51%) receive 15 or more hedge fund proposals. A notable proportion (12%) receive 100 or more fund proposals each month.

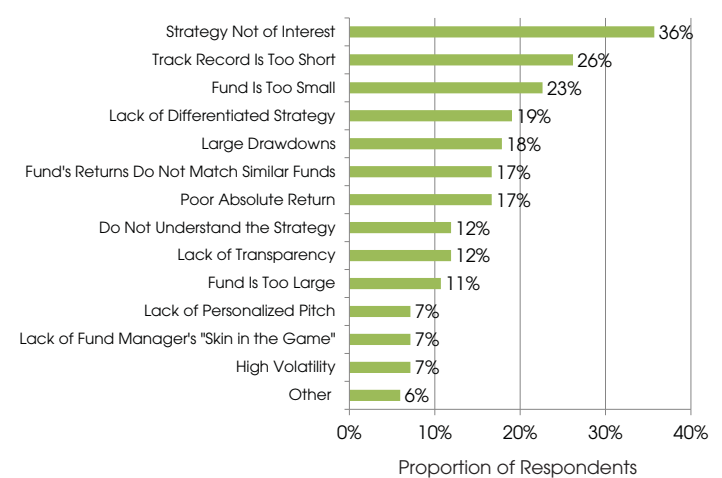
Investors certainly face a difficult task in sorting through the large number of proposals they receive to select funds that they might want to investigate further. Fifty-nine percent of investors reject 95% or more of the fund proposals they receive in the first round of screening (Fig. 4). Ninety-eight percent of investors reject at least three-quarters of the fund proposals they receive when they initially screen the opportunities. Most commonly, investors reject funds because the strategy is not of interest to them, with 36% of investors stating this as a reason why a fund is rejected in the first stages of screening (Fig. 5). The results also highlight the continued challenge that emerging fund managers face in terms of raising capital; the next leading two reasons why funds are rejected are that the fund is either too small or the track record too short.

Fig. 6: Number of Hedge Funds Institutional Investors Are Currently Monitoring Pre-Investment



Source: Preqin Investor Interviews, June 2015

Fig. 5: Reasons Why Institutional Investors Reject Proposals During Initial Screening

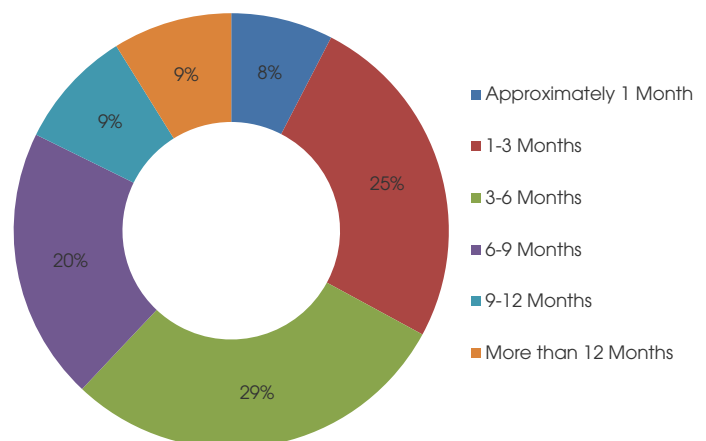


Source: Preqin Investor Interviews, June 2015

Other reasons investors highlighted included the fund strategy not being differentiated enough from others in the market, and various factors related to the fund's performance, notably large drawdowns, poor performance relative to its peers and poor absolute returns.

Preqin's survey reveals that across all of the investors interviewed, institutions receive, on average, 13 hedge fund proposals each month. This equates to more than 150 funds on an annual basis. With most of these proposals being rejected at the first stage, the majority of investors (57%) are only monitoring 10 hedge funds or fewer on a pre-investment basis (Fig. 6). The institutions surveyed by Preqin vary in the amount of time it takes to evaluate each new fund opportunity and to make an investment decision. A third of investors take up to three months to make a decision to invest in a fund from the day the initial proposal was received (Fig. 7). Other investors take more time in evaluating a potential new fund investment; 38% of investors spend at least six months evaluating a fund before they make an investment.

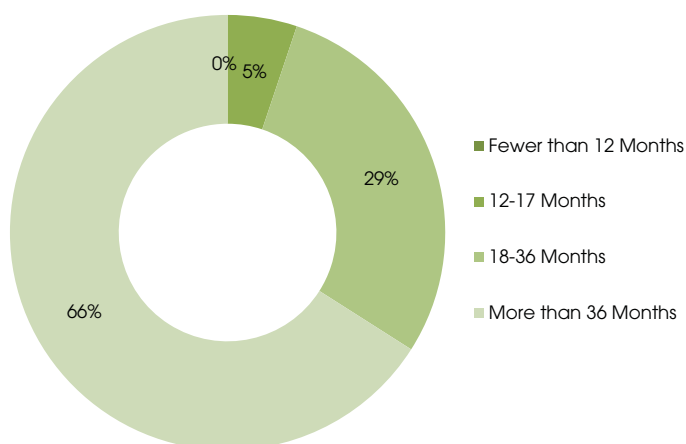
Fig. 7: Typical Time Taken for an Institutional Investor to Decide to Invest in a Hedge Fund from the Date of Fund Proposal



Source: Preqin Investor Interviews, June 2015



Fig. 8: Typical Length of Time Institutional Investors Remain Invested in a Hedge Fund



Source: Preqin Investor Interviews, June 2015

Time Invested in a Fund

Sourcing and selecting new hedge funds for investment is a resource-intensive activity for institutional investors and as a result, once they have decided to commit to a new fund, that capital is likely to stay invested for a series of years. In fact, two-thirds of institutions will remain invested in a fund for at least three years (Fig. 8). Therefore, although gaining the attention of institutional investors is difficult, the efforts involved in providing the right information and meeting the requirements of institutions can have a significant effect on the success of a hedge fund. Not only do institutional investors invest significant sums, but their capital is 'sticky' and remains invested for long periods of time.

Preqin Investor Outlook: Alternative Assets, H2 2015

The data in this article draws on the recently released Preqin Investor Outlook: Alternative Assets, H2 2015, a unique and in-depth look at the appetite, plans, expectations and concerns of institutional investors in hedge funds, infrastructure, private equity, real estate and private debt.

This report draws on conversations between Preqin's dedicated research analysts and key investment decision makers at over 460 institutional investors from across the globe.

For more information, and to download your complimentary copy, please visit:

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Editor's View - Industry News

In this month's Industry News we look at the latest hedge fund launches in China in light of recent market turmoil in the country. In addition, we feature performance data and fund search details for funds launched so far this year, and compare the targeted returns of both hedge fund investors and private equity investors.

One of our 'In Focus' sections this month looks at how China-focused hedge funds are faring amid turmoil in the country's equity and currency markets (page 15). Turning our attentions to the East and how hedge fund launch activity has changed this year, data taken from Preqin's [Hedge Fund Analyst](#) reveals that so far in Q3 2015, 91 hedge funds have launched, 48% of which are equity strategies funds. This is in contrast to Q2 2015, when equity strategies hedge funds accounted for 36% of fund launches. Six of the long/short equity funds launched so far this year cited China specifically as a country preference, all of which are commingled funds. One such fund is [Ally Bridge LB Healthcare Master Fund](#); launched in July 2015, the Hong Kong-based fund invests in Asian healthcare equities, particularly in Chinese markets. Managed by [Ally Bridge Group](#), the vehicle is the firm's first foray into the hedge fund space, having managed private equity funds since 2010.

[More News from Preqin:](#)

Performance

Of the hedge funds launched in the first half of 2015, [OPTIKA Fund Ltd.](#), a New York-based, long/short equity fund launched in May, has posted one of the highest monthly returns for July, making gains of 9.21%. The Preqin All-Strategies Hedge Fund benchmark generated only -0.34% for the same period. The fund is also showing strong returns for 2015 YTD at 19.36% (outperforming the benchmark YTD which stands at -0.56%), despite having just a three-month track record.

Fund Searches

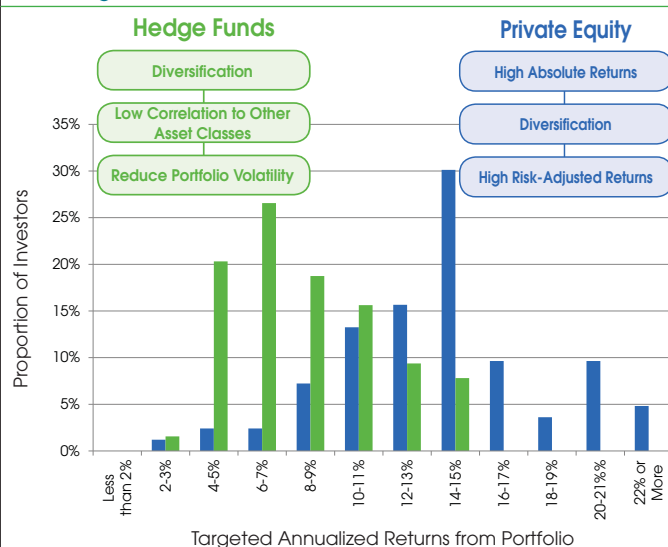
Our feature article (page 2) takes a closer look at how investors source and select hedge funds, with the average hedge fund investor that participated in our survey making three investments each year. Among those investors actively searching for new hedge funds at present is [OPTrust](#), the Ontario-based pension fund established in 1996 by the Government of Ontario and the Ontario Public Service Employees' Union – OPSEU. The pension scheme is looking to invest up to CAD 100mn in the next 12 months.

Victoria, Australia-based [Combined Super Fund](#) is another retirement scheme looking to make new hedge fund investments over the next 12 months. The superannuation scheme is considering strategies such as managed futures, macro and multi-strategy for its potential investments in the year to come. For its forthcoming investments, the Australian superannuation fund will be looking solely to invest with hedge fund managers with which it does not have an existing relationship.

Switzerland-based fund of hedge funds [Skänderbeg](#) plans to add one to three funds to its investment portfolio over the next 12 months. The firm is targeting medium-sized long/short equity and market neutral funds that possess at least a three-year track record and hold at least \$50mn in assets under management.

Private Equity vs. Hedge Funds

Chart of the Month: Private Equity vs. Hedge Funds: Targeted Annualized Returns and Main Reasons for Investing



August's Chart of the Month is taken from the newly released [Preqin Investor Outlook: Alternative Assets, H2 2015](#). The chart shows the distribution of returns sought by investors from their hedge fund and private equity portfolios and the main return characteristics that these investors target from both asset classes respectively.

As the chart shows, two-thirds of hedge fund investors seek returns of less than 10.0%; in contrast, a significantly larger proportion of investors target returns of 10.0% or greater from their private equity investments (87%). Investors in hedge funds add these investments to their portfolios with the aim of diversifying their return stream, because of the low correlation to other asset classes, and also reducing portfolio volatility. Similarly, institutional investors are targeting private equity investments to diversify their return stream; however, in contrast to hedge funds, investors also add private equity funds to their portfolios for their potential for high absolute and risk-adjusted returns.

Do you have any news you would like to share with the readers of Spotlight?

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

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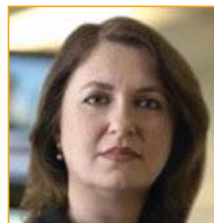
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More from Preqin: New Hedge Fund Research

In addition to our monthly Spotlight newsletters and publications, Preqin also publishes special reports and daily blogs covering all alternative asset classes. Read on to see what's new from Preqin this month in hedge funds.

New Research in Focus

This month Preqin will launch the [2015 Preqin Alternative Assets Performance Monitor](#). This year's Performance Monitor is new and improved and includes hedge fund data for the first time. Included in the book is a guide to the Most Consistent Top Performing Funds. This league table, which covers all leading hedge fund strategies, shows funds with at least a three- or five-year track record respectively, ranked by Preqin's newly devised consistent performing methodology. This is based on a series of metrics including annualized return, volatility, Sharpe ratio and Sortino ratio. Through our consistent performing funds league tables Preqin hopes to give further insight into those funds that have performed the best over various risk/return parameters. Below is a table of the Most Consistent Top Performing Equities Strategies:

Most Consistent Performing Equities Strategies Funds, June 2010 - June 2015*

Fund	Firm	Core Strategy	Consistency Score
Peregrine High Growth Fund	Peregrine Capital	Long/Short Equity	95.5
Peregrine Performance Fund	Peregrine Capital	Long/Short Equity	94.8
36ONE Hedge Fund	36ONE Asset Management	Long/Short Equity	94.8
36ONE Fund	36ONE Asset Management	Long/Short Equity	93.9
GAP Long Short	GAP Asset Management	Long/Short Equity	92.8
Occasio	Visio Capital Management	Long/Short Equity	92.6
BNY Mellon ARX Long Short FIC FIM	ARX Investimentos	Long/Short Equity	92.3
Brasil Plural Equity Hedge FIC FIM	Brasil Plural	Long/Short Equity	91.5
JM Catalyst Fund - Class A	JM Fund Management	Long Bias	90.8
Hollard Stable Hedge Fund	Capricorn Capital Partners	Long/Short Equity	90.8

Source: [Preqin Alternative Assets Performance Monitor](#)

To download sample pages for the upcoming **2015 Preqin Alternative Assets Performance Monitor**, please visit: www.preqin.com/pmsamplepages

More New Research

[Preqin Investor Outlook:
Alternative Assets, H2 2015](#)



[Preqin Investor Outlook: Alternative Assets, H2 2015](#) provides a unique and in-depth look at the appetite, plans, expectations and concerns of institutional investors in private equity, hedge funds, real estate, infrastructure and private debt. This report presents the views of more than 460 surveyed institutions alongside the in-depth data for more than 12,500 investors.

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[Preqin Quarterly Update:
Hedge Funds, Q2 2015](#)



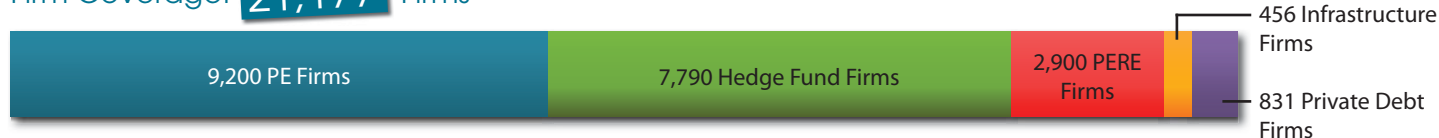
Q2 2015 was a volatile quarter for hedge funds but still broadly positive, with hedge funds outperforming the S&P 500 for the second consecutive quarter. CTAs, however, had a difficult quarter, with many CTAs giving back much of their strong performance generated through Q1 2015.

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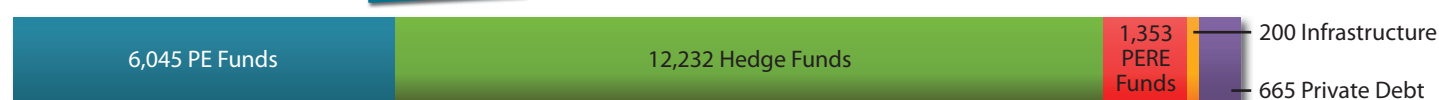
Fund Coverage: **44,447** Funds



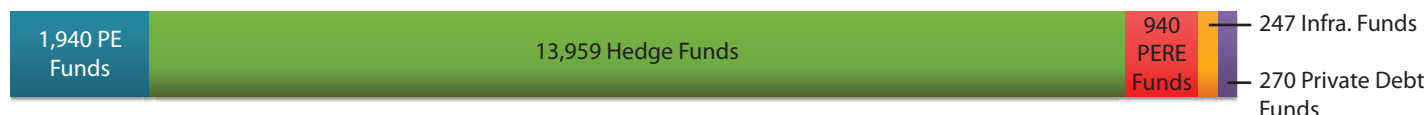
Firm Coverage: **21,177** Firms



Performance Coverage: **20,495** Funds (IRR Data for 6,127 Funds and Cash Flow Data for 2,948 Funds)



Fundraising Coverage: **17,356** Funds Open for Investment/Launching Soon
Including 2,562 Closed-Ended Funds in Market and 329 Announced or Expected Funds



Deals Coverage: **142,167** Deals Covered; All New Deals Tracked



Investor Coverage: **13,287** Institutional Investors Monitored,
Including 9,294 Verified Active**** in Alternatives and 97,754 LP Commitments to Partnerships



Alternatives Investment Consultant Coverage: **513** Consultants Tracked

Fund Terms Coverage: Analysis Based on Data for Around **10,390** Funds

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*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.

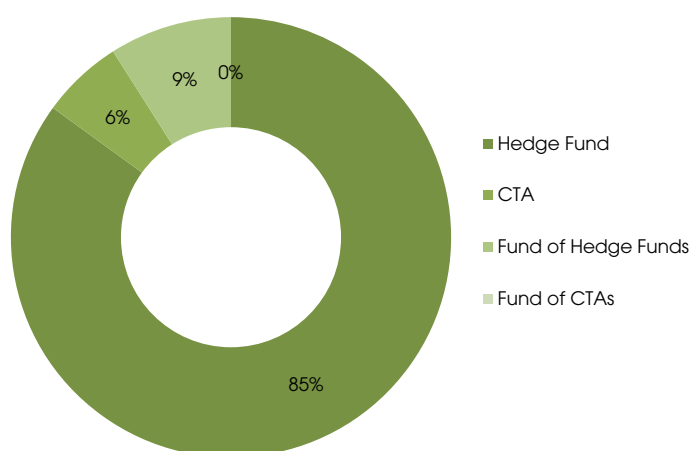


On the Network This Month: What Are Investors Searching For?

In this feature, we examine the activity of the investors on [Preqin Investor Network](#) to see which fund types, strategies and regions are of current importance to investors, as well as which institutional investor types have been proactively looking at funds in July.

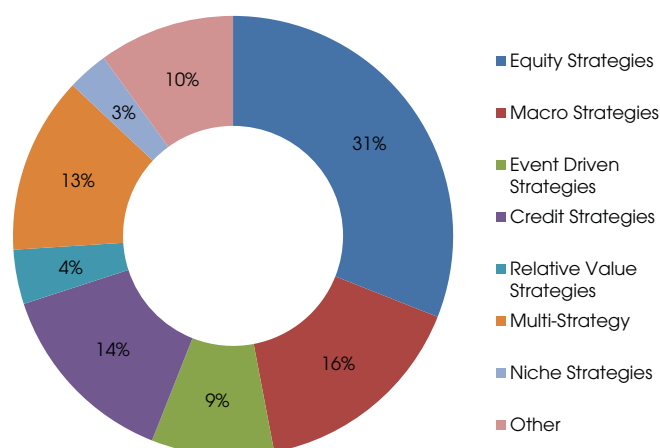
Preqin Investor Network is a unique system designed to help investors source and connect with alternative assets fund managers. Currently over 7,100 individuals across 3,700 institutional investor firms are using the Network to find and reach out to 16,000 alternative investment funds open for investment. To find out more, please email: pin.info@preqin.com.

Fig. 1: Breakdown of Hedge Funds Reviewed by Investors on Preqin Investor Network by Fund Type, July 2015



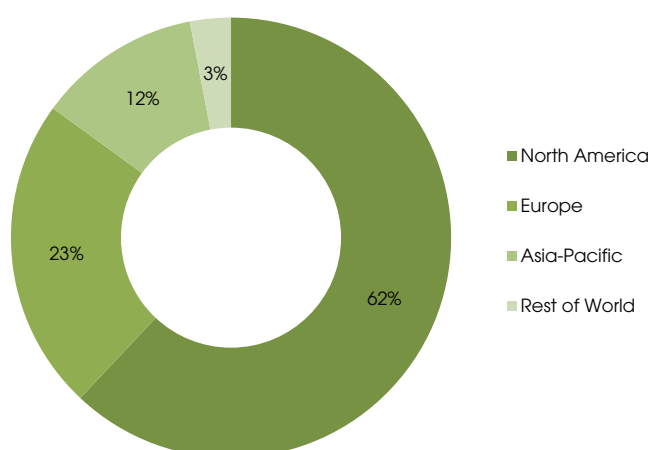
Source: Preqin Investor Network

Fig. 2: Breakdown of Hedge Funds Reviewed by Investors on Preqin Investor Network by Core Strategy, July 2015



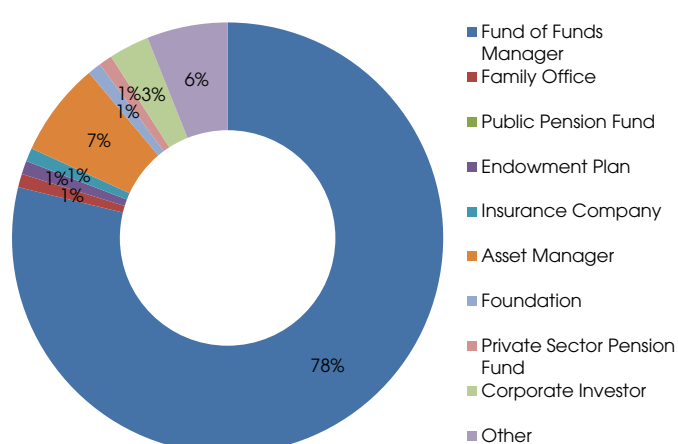
Source: Preqin Investor Network

Fig. 3: Breakdown of Hedge Funds Reviewed by Investors on Preqin Investor Network by Geographic Headquarters, July 2015



Source: Preqin Investor Network

Fig. 4: Breakdown of Investors Searching for Hedge Funds on Preqin Investor Network by Type, July 2015



Source: Preqin Investor Network

In Numbers: On the Network This Month

13,964

The total number of hedge funds currently available to review on the Network (as of 31 July 2015).

224

The number of hedge funds added to the Network in July 2015.



The average size of hedge funds reviewed on Preqin Investor Network in July 2015.



Some of the largest hedge funds have signed up to share more information with the Network's investors. Would you like to join them and have investors contacting you for more information? Email us at: pin.info@preqin.com.



Preqin Performance Benchmarks

July 2015

Fig. 1: Summary of Preliminary July 2015 Performance Benchmarks (Net Return, %)*

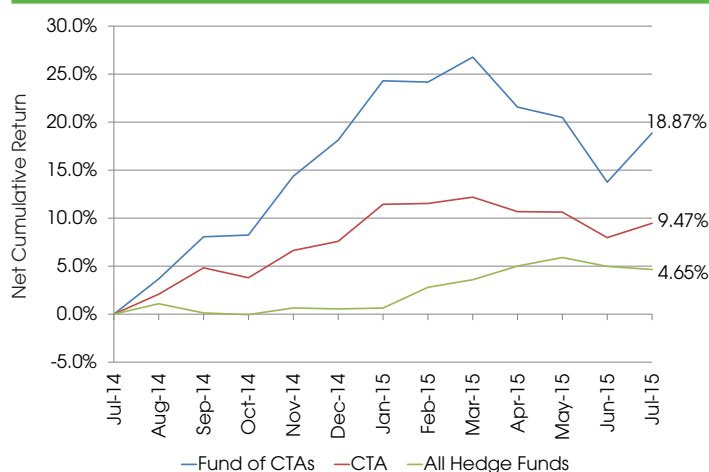
Benchmark Name	Jul-15	Jun-15	2015 YTD	12 Months
Hedge Funds	-0.31	-0.87	4.09	4.65
HF - Equity Strategies	-0.71	-1.08	4.79	5.17
HF - Event Driven Strategies	-0.48	-1.01	2.77	0.20
HF - Relative Value	0.74	-0.05	4.63	5.81
HF - Macro Strategies	-0.14	-1.14	2.43	5.26
HF - Multi-Strategy	-0.01	-1.30	3.80	5.12
HF - Credit Strategies	0.08	-0.31	3.02	3.31
Activist	-0.81	-1.25	6.66	7.96
Volatility	0.48	0.39	4.03	3.65
Discretionary	-0.18	-0.62	4.76	5.73
Systematic	1.36	-0.59	6.02	8.64
HF - North America	-0.35	-0.30	3.71	4.71
HF - Europe	1.12	-1.08	5.30	5.64
HF - Asia-Pacific	-1.06	-1.88	8.97	10.80
HF - Developed Markets	0.81	-0.34	4.56	7.49
HF - Emerging Markets	-1.65	-0.99	2.46	1.13
HF - USD	-0.54	-0.94	3.76	4.19
HF - EUR	-0.15	-1.02	2.78	2.17
HF - GBP	-0.18	-0.76	2.17	1.97
HF - JPY	0.67	-0.60	5.51	9.65
HF - BRL	-0.63	1.00	4.34	6.24
Funds of Hedge Funds	0.33	-0.98	3.49	5.19
FOHF - Equity Strategies	-0.14	-1.04	4.58	6.50
FOHF - Macro Strategies	1.74	-2.01	1.33	4.40
FOHF - Multi-Strategy	0.42	-0.89	3.41	5.13
Funds of CTAs	4.50	-5.59	0.63	18.87
FOHF - USD	0.23	-0.92	3.25	4.09
FOHF - EUR	0.45	-1.21	3.56	4.94
Alternative Mutual Funds	0.70	-1.30	0.65	1.10
UCITS	0.09	-1.47	2.89	2.96
UCITS - Equity Strategies	0.18	-1.60	4.94	5.09
UCITS - Relative Value	0.35	-0.47	1.95	1.80
UCITS - Macro Strategies	-0.10	-2.11	0.54	1.33
UCITS - USD	-0.55	-1.54	1.74	0.47
UCITS - EUR	0.57	-1.51	4.03	4.69
CTAs	1.39	-2.41	1.75	9.46
Discretionary	-0.24	-0.72	0.45	-3.54
Systematic	1.88	-3.46	1.32	11.68
CTA - USD	1.37	-2.23	1.26	8.56
CTA - EUR	2.45	-4.57	3.28	14.41

* Please note, all performance information includes preliminary data for July 2015 based upon net returns reported to Preqin in early August 2015. Although stated trends and comparisons are not expected to alter significantly, final benchmark values are subject to change.

Source: Preqin Hedge Fund Analyst

Hedge fund performance for the second half of 2015 began with a return of -0.31%, reducing the 2015 YTD figure to 4.09%. Following a June which saw all major geographical regions deliver a negative return, the Europe (+1.12%) and developed markets (+0.81%) regional benchmarks returned to positive growth with emerging markets (-1.65%) posting a negative return for the third consecutive month. Relative value strategies were up 0.74% and provided the best return on investment in July, but equity strategies remain the strongest performing throughout 2015 with a YTD figure of 4.79%. In an almost mirror image to its single-manager alternative, the Fund of Hedge Funds benchmark sits at 0.33% for July but remains below the Preqin All-Strategies Hedge Fund benchmark for the calendar year. As shown in Fig. 2, CTA strategies have largely outperformed hedge funds over the past 12 months; however, after a strong July return of 4.50%, funds of CTAs are showing the benefits of investing in multi-manager funds after posting 12-month cumulative performance of 18.87%, versus 9.46% for single-manager CTAs.

Fig. 2: Performance of CTAs and Funds of CTAs vs. All Hedge Funds (As of July 2015)



Source: Preqin Hedge Fund Analyst

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In Focus: Hedge Fund Asset Flows in H1 2015

We provide a breakdown of Preqin's latest data on hedge fund asset flows in H1 2015, including by strategy, fund manager headquarters and fund size.

Fig 1: H1 2015 Asset Flows

	Total Net Flows (\$bn) - Q2 2015	Total Net Flows (\$bn) - H1 2015	Net Flows (%) - H1 2015	Proportion of Funds with Net Inflows - Q2 2015
Total Net Flows for H1 2015	47.5	76.3	2.5%	42%
Hedge Funds	52.3	69.9	2.5%	41%
CTAs	-4.8	6.4	3.2%	45%

Source: Preqin

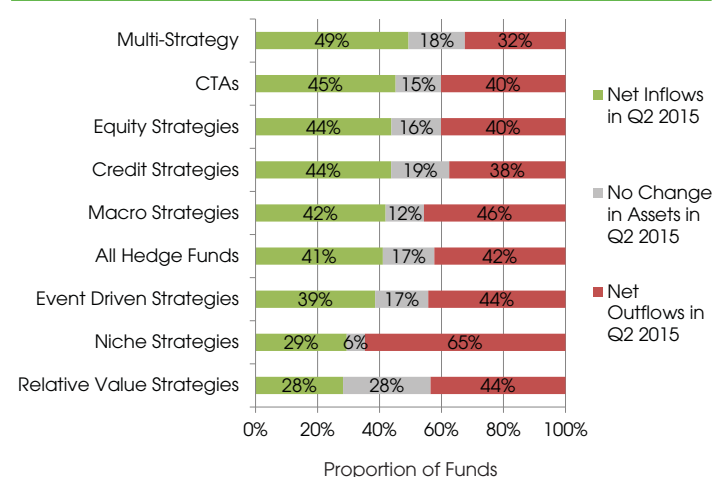
The hedge fund industry saw net inflows of **\$47.5bn** during the second quarter of 2015, bringing H1 2015 net inflows to **\$76.3bn** (Fig. 1). CTAs saw outflows of \$4.8bn during Q2; however, with strong performance during the first quarter of 2015, YTD flows are still positive, with \$6.4bn in new capital added to the industry.

Multi-strategy funds saw the greatest proportion of funds receiving a net inflow, with 49% attracting new capital during Q2 2015 and only 32% experiencing a net outflow (Fig. 2). However, only 28% of relative value funds gained new investment during the quarter. In comparison, 44% of relative value strategies saw net outflows over the quarter. The greatest proportion of net outflows were seen within niche strategies, such as asset-backed lending and insurance-linked strategies, with 65% of funds in this group seeing outflows over Q2.

The data shows that a greater proportion of larger funds received net inflows compared to the smaller vehicles, with over 60% of funds already greater than \$500mn in size receiving further net inflows (Fig. 4).

Preqin holds AUM and performance data for over 12,200 fund track records. Asset flows are estimated based on a sample of funds with available size and performance data at the start and

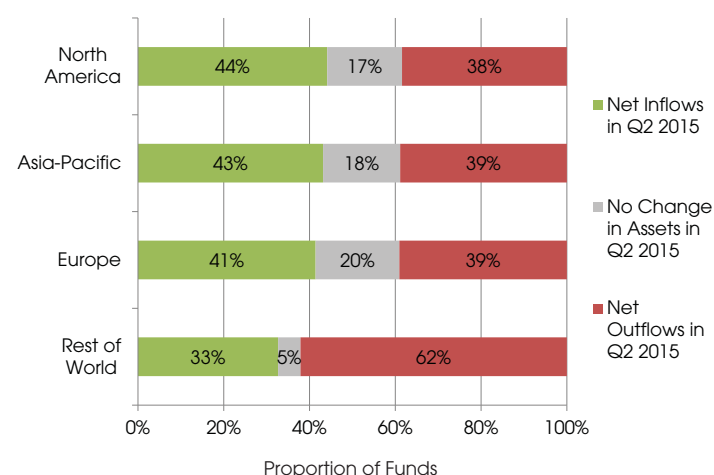
Fig. 2: Asset Flows over Q2 2015 by Strategy



Source: Preqin

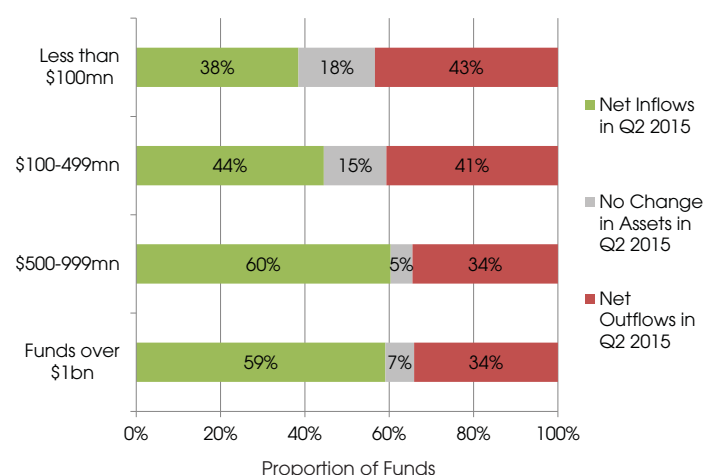
the end of the period and scaled up based on the proportion of represented capital by strategy, headquarter location and fund size classification respectively.

Fig. 3: Asset Flows over Q2 2015 by Fund Manager Headquarters



Source: Preqin

Fig. 4: Asset Flows over Q2 2015 by Fund Size



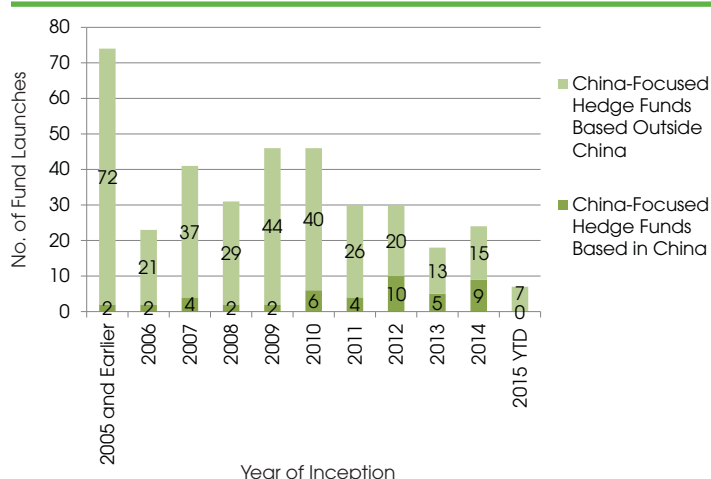
Source: Preqin



In Focus: China-Focused Hedge Funds

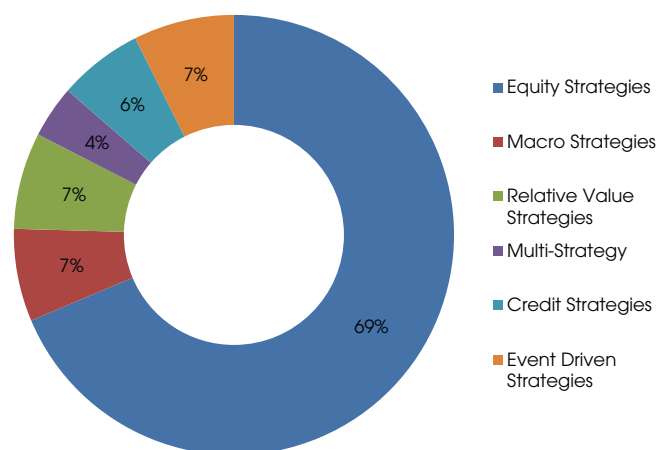
We take a look at the latest data for hedge funds focused on China, including number of fund launches, strategies and investor types, fund performance and top performing funds.

Fig. 1: China-Focused Hedge Fund Launches by Year of Inception



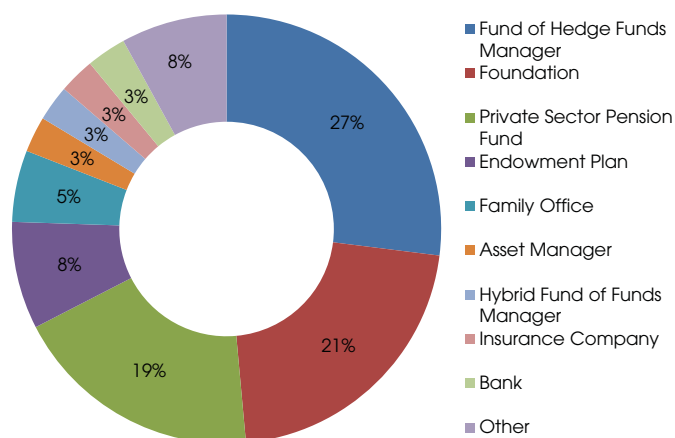
Source: Preqin Hedge Fund Analyst

Fig. 2: Breakdown of China-Focused Hedge Funds by Core Strategy



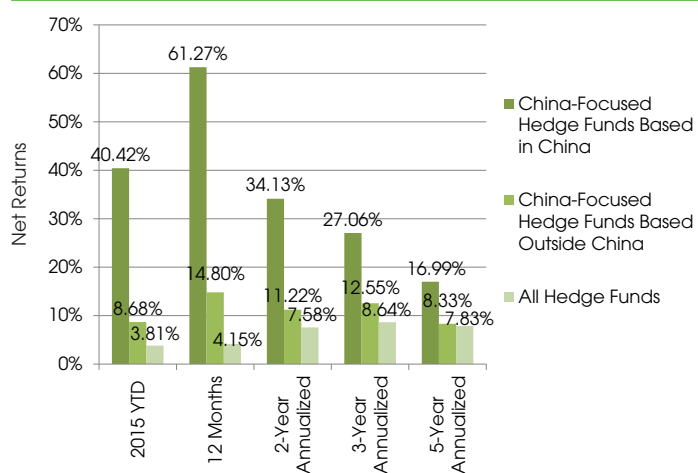
Source: Preqin Hedge Fund Analyst

Fig. 3: Breakdown of Hedge Fund Investors with a Preference for China by Type



Source: Preqin Hedge Fund Analyst

Fig. 4: Performance of China-Focused Hedge Funds vs. Asia-Pacific-Focused Hedge Funds vs. All Hedge Funds (As of 30 June 2015)



Source: Preqin Hedge Fund Analyst

Fig. 5: Top Performing China-Focused Hedge Funds, 2015 YTD (As of 30 June 2015)

Fund	Manager	Core Strategy	Headquarters	2015 YTD Return
Greenwoods China Alpha Master Fund	Greenwoods Asset Management	Long/Short Equity	Hong Kong	55.73%
SMC China Opportunity Fund	Red Gate Asset Management	Long/Short Equity	China	54.76%
SMC China New Market Fund	Red Gate Asset Management	Long Bias	China	51.38%
Gemini Opportunity Fund	Gemini Asset Management	Long Bias	Hong Kong	49.76%
Legends China Fund Ltd	Legends Asset Management	Long/Short Equity	Hong Kong	48.50%

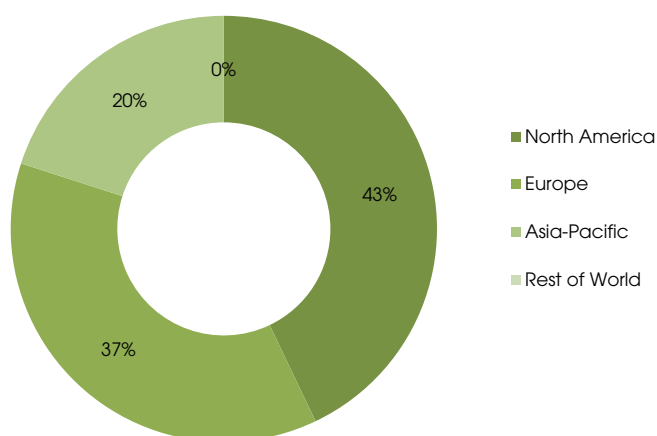
Source: Preqin Hedge Fund Analyst



Fund Searches and Mandates

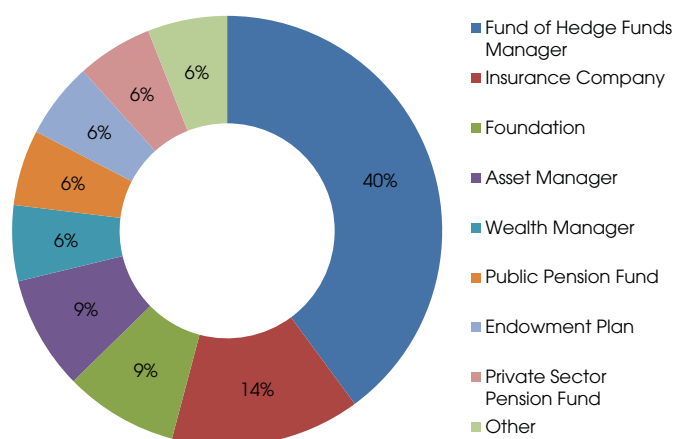
We look at the strategies and regions hedge fund investors plan to target in the year ahead, as well as which investors are planning new investments.

Fig. 1: Breakdown of Hedge Fund Searches Issued by Investor Location, July 2015



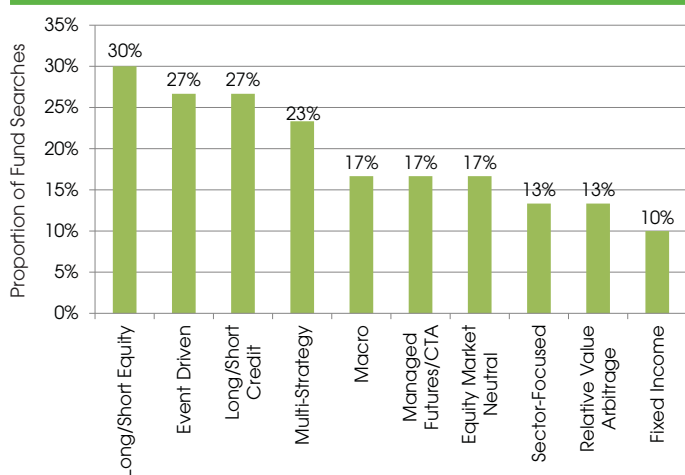
Source: Preqin Hedge Fund Investor Profiles

Fig. 2: Breakdown of Hedge Fund Searches Issued by Investor Type, July 2015



Source: Preqin Hedge Fund Investor Profiles

Fig. 3: Hedge Fund Searches Issued by Strategy, July 2015



Source: Preqin Hedge Fund Investor Profiles

Subscriber Quicklink

Subscribers can click [here](#) to view detailed profiles of 351 institutional investors in hedge funds searching for new investments via the **Fund Searches and Mandates** feature on Preqin's **Hedge Fund Investor Profiles**.

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Fig. 4: Examples of Fund Searches Issued in July 2015

Investor	Investor Type	Location	Fund Search Details
Tradex Global Advisors	Fund of Hedge Funds Manager	US	Tradex manages two funds of hedge funds: the Liquid 50 Segregated Portfolio and the Tradex Liquid Real Estate Portfolio. These portfolios focus on liquid hedge fund strategies and are currently invested in approximately 13 hedge funds. Over the next 12 months, Tradex is considering investing in one additional sector-focused long/short equity fund.
Ilmarinen Mutual Pension Insurance Company	Insurance Company	Finland	Ilmarinen Mutual Pension Insurance Company, the €37bn Finland-based insurance company, currently invests approximately 1.8% of its total assets in hedge funds. With a target allocation of 2.0%, it is looking to invest more capital in the asset class in the next 12 months. It will be targeting a variety of strategies for the new investments, with the exception of long/short equity.
Mitsui & Co Pension Fund	Private Sector Pension Fund	Japan	Mitsui & Co Pension Fund is looking to rebalance its portfolio in the next 12 months by redeeming and replacing funds in its portfolio. It is primarily seeking to invest in equity-related strategies globally with a focus on long/short equity funds. In terms of fund structure, the pension fund is open to investment in commingled funds or managed account funds and direct funds or funds of hedge funds.

Source: Preqin Hedge Fund Investor Profiles



Conferences Spotlight

Conference	Dates	Location	Organizer	Discount Code
The 3rd Annual Liquid Alts Summit	10 - 11 September 2015	New York	Financial Research Associates, LLC	15% Discount - FMP187
Hedge Fund China Summit 2015	12 September 2015	Shanghai	Finfo Global Ltd.	-
CTA Expo Chicago	17 September 2015	Chicago, IL	CTA Expo	-
Cap Intro: L/S Equity Event Driven Alternative Investing	21 September 2015	New York	Catalyst Financial Partners	-
21st Annual Alpha Hedge West Conference	27 - 29 September 2015	San Francisco, CA	IMN	-
Quant Invest 2015	29 - 30 September 2015	London	Terrapinn	-
UCITS & AIFMD Conference London 2015	30 September - 2 October 2015	London	Informa	15% Discount - FKW52964PQ
Liquid Alternative Strategies East	5 - 6 October 2015	New York	IIR USA	-
World Commodities Week 2015	21 - 22 October 2015	London	Terrapinn	-
Hedge Fund Startup Forum Zurich	22 October 2015	Zurich	Informa	-
Cap Intro: Credit Fixed Income Alternative Investing	26 October 2015	New York	Catalyst Financial Partners	-
Family Office & Private Wealth Management Forum – West	28 - 30 October 2015	Napa, CA	Opal Finance Group	-
The 7th Annual Women's Alternative Investment Summit (WAIS)	5 November 2015	New York	Falk Marques Group	-
Middle Eastern Family Office Symposium	11 - 12 November 2015	Dubai	Opal Finance Group	-
Quant World Canada 2015	12 November 2015	Toronto, ON	Terrapinn	-
Endowment & Foundations Forum	16 - 18 November 2015	Boston, MA	Opal Finance Group	-
AIMA Middle East Alternative Investment Summit	16 - 17 November 2015	Dubai	AIMA	-
America's Family Office Forum	18 - 19 November 2015	Miami, FL	Terrapinn	-
Wealth Management Americas	18 - 19 November 2015	Miami, FL	Terrapinn	-
Alternative Investing Summit	9 - 11 December 2015	Dana Point, CA	Opal Finance Group	-
Emerging Manager Forum	10 December 2015	Miami, FL	CTA Expo	-

Hedge Fund China Summit 2015

Date: 12 September 2015

Information: <http://www.caishiv.com/huiyiinfo.aspx?id=544>

Location: Shanghai, China

Organizer: Finfo Global Ltd.

Hedge Fund China 2015 will be held by Finfo Global in China this September, which is endorsed by CFA Institute, CAIA Association and Hedge Fund Talents Association. It will gather over 200 executives from hedge funds, PEs, investment banking, private banking, asset management and insurance companies.

Catalyst Cap Intro: L/S Equity | Event Driven Investing

Date: 21 September 2015

Information: <http://catalystforum.com/node/339>

Location: New York City

Organizer: Catalyst Financial

Catalyst Cap Intro Events are sector focused, investor driven events that host hand-picked investment managers and investors that are introduced to each other with a view to become investment partners.

This Catalyst Cap Intro Event focuses only on the L/S Equity and Event Driven investing sectors.



Alpha Hedge West

Date: 27 - 29 September 2015

Information: <http://www.imn.org/investment-management/conference/Alpha-Hedge-West-2015/>

Location: Palm Beach, FL

Organizer: IMN & CHFA

IMN's Alpha Hedge West will focus on key innovative approaches taken by established and emerging fund managers. Along with influential asset allocators and regulatory bodies, the event will serve as a meeting place for industry participants to explore new allocation strategies and look towards the future of hedge fund investing.

UCITS & AIFMD London 2015

Date: 30 September - 2 October 2015

Information: <http://www.iiribcfinance.com/FKW52964PQL>

Location: Central London

Discount Code: FKW52964PQ

Organizer: IBC Conferences

With over 30 speakers from a wide range of international asset managers, regulators and distribution & product specialists, UCITS & AIFMD London 2015 promises to provide you and your business with the latest thinking around product design and governance as well as new strategies for increasing your assets under management.

Liquid Alternatives Strategies East

Date: 5 - 6 October 2015

Information: <http://www.iirusa.com/LiquidAltsEast/home.xml>

Location: New York, NY

Organizer: IBC Conferences

Capitalize on the Convergence of Traditional and Alternative Investments

The 5th Liquid Alternative Strategies event will bring investors, financial advisors, product platforms, and distributors together to capitalize on the retail market's growing demand for alternative strategy mutual fund products.

World Commodities Week 2015

Date: 21 - 22 October 2015

Information: www.terrapinn.com/commodities

Location: Jumeirah Carlton, London

Organizer: Terrapinn

The World Commodities Week will provide 250+ attendees from across Europe with the opportunity to hear from investors, portfolio managers, consultants, producers and trading houses and take an in depth look into commodity specific and regional focused sessions.

Quant World Canada 2015

Date: 12 November 2015

Information: www.terrapinn.com/quantworld15

Location: One King West, Toronto, ON, Canada

Organizer: Terrapinn, Inc.

Quant World Canada is Canada's leading conference on quantitative investing, big data and automated trading. Explore new trends in quantitative strategy, asset allocation, portfolio construction and risk management with dynamic formats including roundtables, panels, inspiring sessions, 1-2-1 partnering and Speed Networking. Register now for the lowest price!