

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.

September 2014  
Volume 6 - Issue 9

#### FEATURED PUBLICATION:

Preqin Investor Outlook:  
Alternative Assets, H2 2014



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# Hedge Fund Spotlight

September 2014

## Feature Article

### Alternative Routes into Hedge Funds: Liquid Alternatives and Managed Accounts

As investors look for new ways to diversify their portfolios and gain maximum benefit from their alternatives allocation, we have witnessed growth in investor appetite for liquid alternatives and managed account structures. We assess investor appetite for these funds and examine the reasons why investors are turning to these specialized structures.

Page 2

## Lead Article

### Then and Now: The Hedge Fund Industry in 2008 and 2014

After the collapse of Lehman Brothers in 2008 and the global financial crisis, the industry underwent many changes in order to win back investor confidence and satisfy a growing audience. Here we examine the hedge fund landscape in 2008 and six years on, in 2014.

Page 6

## Preqin Industry News

This month's industry news looks at investors' interests and new fund launches in the arena of liquid alternatives.

Page 7

## Preqin Investor Network

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

Page 8

## The Facts

**Performance Benchmarks** - The latest hedge fund performance benchmarks. [Page 10](#)

**Emerging Markets-Focused Funds** - A look at trends in the region. [Page 11](#)

**Insurance Companies** - A look at insurance companies investing in hedge funds. [Page 13](#)

**Fund Searches and Mandates** - We examine investors' latest plans. [Page 14](#)

**Conferences** - Upcoming hedge fund conferences around the world. [Page 15](#)



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# Alternative Routes into Hedge Funds: Liquid Alternatives and Managed Accounts

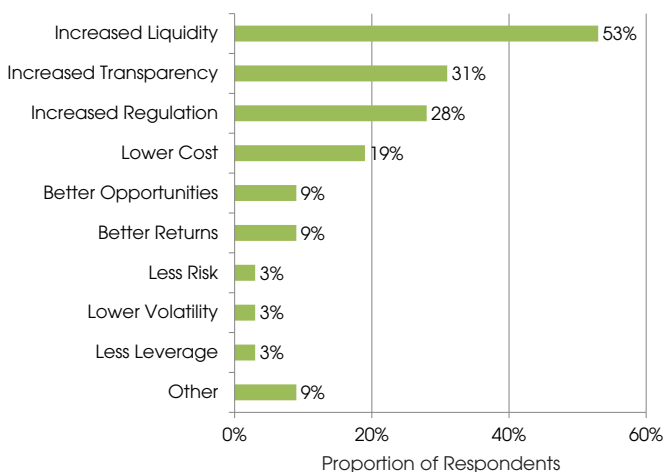
As investors look for new ways to diversify their portfolios and gain maximum benefit from their alternatives allocation, we have witnessed growth in investor appetite for liquid alternatives and managed account structures in recent years. In this section we assess investor appetite for these funds and examine the reasons why investors are turning to these specialized structures.

In recent years, demand for greater liquidity and transparency among institutional investors has led to growing appetite for liquid alternatives and managed account structures. These fund structures offer investors an alternative to pooled hedge fund investments and help to make hedge fund strategies accessible to different investor groups which may have previously been unable to invest in the asset class. This special feature looks at investor attitudes towards these two approaches and assesses whether or not demand for these structures is likely to grow further in the future.

## Liquid Alternatives

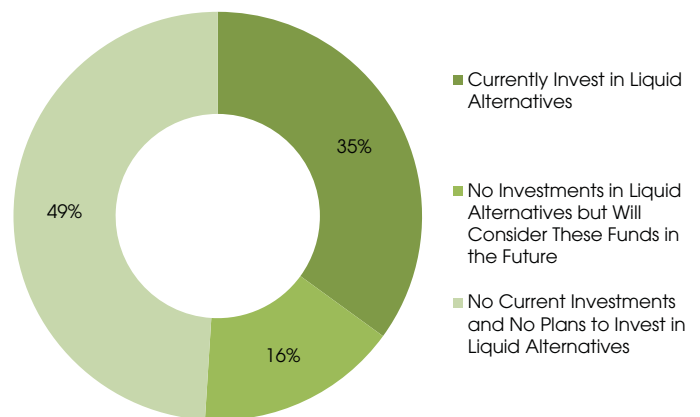
Regulation remains a key issue in the hedge fund industry and demand for increased regulation from investors is leading to a growth in appetite for liquid alternatives. Within Europe, UCITS-compliant funds have been a viable hedge fund investment approach for a number of years, with investors attracted to the increased liquidity, transparency and regulation that these funds can provide. A similar structure in the US, registered '40 Act' alternative mutual funds, has been growing in prominence in recent years, with these funds providing retail investors with the ability to gain exposure to hedge fund strategies in a mutual fund format. Of the investors surveyed by Preqin in July, 35% stated that they currently have an allocation to liquid alternatives (alternative mutual funds and/or UCITS-compliant hedge funds), while a further 16% of respondents stated that they were likely to consider these funds in the future

**Fig. 2:** Investors' Reasons for Investing in Liquid Alternatives



Source: Preqin Investor Outlook: Alternative Assets, H2 2014

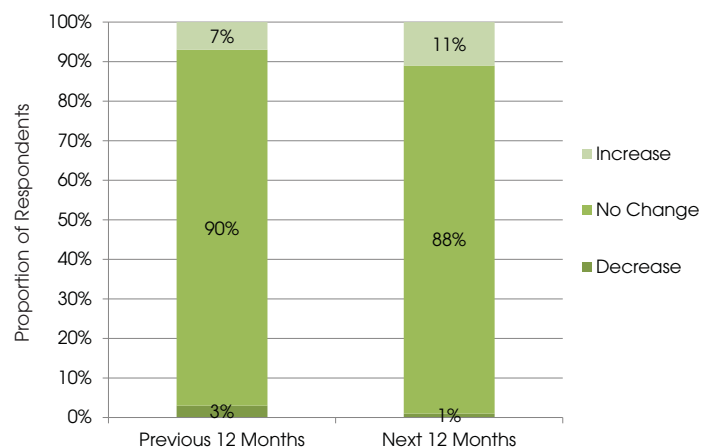
**Fig. 1:** Hedge Fund Investor Allocations to Liquid Alternatives (Alternative Mutual Funds and UCITS Hedge Funds)



Source: Preqin Investor Outlook: Alternative Assets, H2 2014

(Fig. 1). With approximately half of all respondents either investing in liquid alternatives or willing to consider doing so in the future, there appears to be significant demand among investors for these regulated products.

**Fig. 3:** Investors' Changes in Managed Account Allocation over Last 12 Months and Expected Changes in Next 12 Months



Source: Preqin Investor Outlook: Alternative Assets, H2 2014



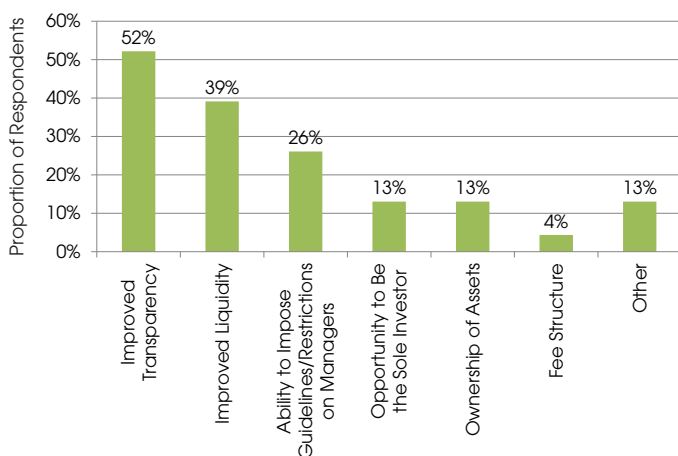
Those investors that are interested in liquid alternatives were asked to state their main reasons for allocating to these funds. The increased liquidity of these structures was cited as a key factor by more than half (53%) of those investors that invest in liquid alternatives (Fig. 2), as the liquidity terms of these funds are attractive to those investors which require access to capital on a regular basis; alternative mutual funds offer investors access to capital on a daily basis whereas UCITS funds offer at least fortnightly liquidity. Increased transparency (cited by 31% of respondents) and increased regulation (28%) of these fund structures are also attractive characteristics for investors that are looking for assurances in terms of how their funds are investing. Nineteen percent of respondents mentioned lower cost as a factor, with alternative mutual funds and UCITS funds typically offering lower fee structures than hedge funds (Fig. 6).

### Managed Accounts

Investing via managed accounts is another method used by investors that are looking for more transparency and control over how their hedge fund capital is invested. Twenty-nine percent of surveyed investors stated that they include an allocation to hedge fund managed accounts, with the proportion of their hedge fund portfolios that are invested via managed accounts ranging from 5% to 100%. While the majority of investors reported that they had not changed their allocation to managed accounts in the previous 12 months (90%) and had no plans to change this allocation in the next 12 months (88%), there were more investors increasing the proportion they allocate to managed accounts than decreasing (Fig. 3). Seven percent of investors reported that they had increased their managed account allocation over the past year and 11% stated they planned to increase their allocation over the next year, compared to 3% and 1% that stated a decrease respectively. This shows that, while managed accounts remain a fairly niche aspect of hedge fund investing, they are becoming more prominent as investors look for more control over their investments.

Those investors that allocate to hedge funds via managed accounts were asked about their main reasons for investing through these structures, with the results presented in Fig. 4. Improved transparency was the most commonly stated factor, mentioned by 52% of

**Fig. 4: Investors' Reasons for Investing in Hedge Funds via Managed Accounts**



Source: Preqin Investor Outlook: Alternative Assets, H2 2014

respondents, as managed accounts provide investors with more information about where their capital is being invested. Improved liquidity (cited by 39% of respondents) is also a significant factor as managed accounts tend to allow investors more frequent access to capital than commingled fund structures. Some investors have a preference for investing via managed accounts due to the ability to create customized solutions; the ability to impose guidelines and restrictions on managers was considered a key benefit of managed accounts by 26% of respondents.

### Growth in Liquid Alternatives and Managed Accounts

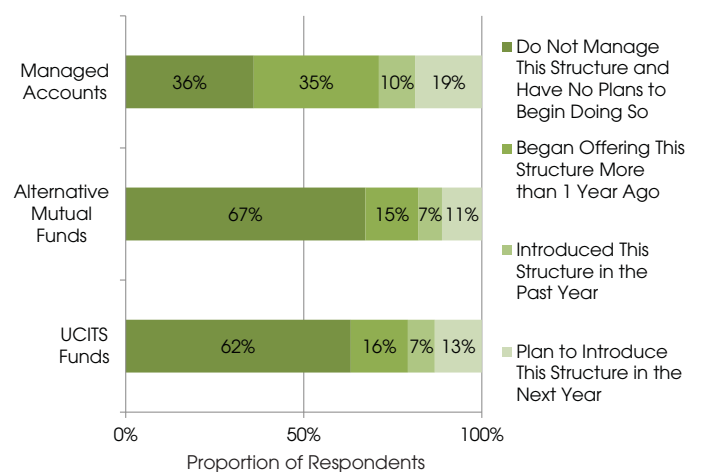
In July 2014, Preqin surveyed 150 hedge fund managers to find out more about their plans for the remainder of the year. As shown in Fig. 5, 22% and 23% of these fund managers reported that they offer alternative mutual funds and UCITS funds to their clients respectively, with 7% of each having done so in the 12 months leading up to July 2014. The growth in the liquid alternatives space looks set to continue in the year ahead, with 11% and 14% of firms planning to introduce either an alternative mutual fund or UCITS fund to their line-up of products in the next 12 months.

Forty-five percent of the fund managers that participated in the July study reported that they offer managed accounts to their investors (Fig. 5). Nearly a fifth of fund managers intend to begin offering these structures over the course of the next year, which will give investors more choice of strategies when they are planning to invest through managed accounts.

### Outlook

The [Preqin Investor Outlook: Alternative Assets, H2 2014](#) highlights the growing prominence of liquid alternatives and managed account structures as part of the hedge fund landscape. The growing prominence of each structure is leading to more choice for investors, and in turn a broader demographic of investors allocating capital in the asset class. Whilst liquid alternatives may appeal to smaller investors or those serving private or retail clients, due to the familiarity of the structure, as well as its lower fees and barriers to entry, they are being increasingly used by larger investors as a regulated

**Fig. 5: Fund Managers' Plans for Launching Alternative Hedge Fund Structures**



Source: Preqin Investor Outlook: Alternative Assets, H2 2014



and liquid way of investing in hedge funds. In contrast, managed accounts often require higher capital investment by institutions, and typically are more widely utilized by the larger investors in the space. However, with a variety of ways to allocate capital via managed accounts, such as in separately held accounts via funds of one or through platforms, there are other options for the smaller investor looking to avoid co-investor risk, and employ transparent and liquid hedge fund strategies.

Investors are planning to increase their exposure to both of these structures over the coming year and beyond, and more fund managers are looking to enter the space. While investing via pooled products remains the most common way of allocating to hedge fund strategies, there is clearly the potential for both of these industries to significantly increase assets in the future. With these alternative fund structures typically offering increased transparency, liquidity, control and regulation, it will be interesting to see whether the increased options for investors lead to less capital being invested in pooled funds, or all funds benefitting as a result of the increased interest in hedge fund strategies.

**Fig. 6: Mean Management Fees and Redemption Frequencies of Each Hedge Fund Structure**

Structure	Mean Management Fee (%)	Mean Redemption Frequency (days)
Commingled Direct	1.58	64
UCITS	1.37	3
Alternative Mutual Fund	1.02	1
Managed Account - Direct	1.52	27

Source: Preqin Investor Outlook: Alternative Assets, H2 2014

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Subscribers to Preqin's **Hedge Fund Analyst** can click **here** to access active profiles for 1,123 UCITS and Alternative Mutual Funds. Detailed profiles include investment focus, fund strategies, geographic and industry preferences, and much more.

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**Preqin Investor Outlook: Alternative Assets, H2 2014**

The data in this report draws on the recently released Preqin Investor Outlook: Alternative Assets, H2 2014, a unique and in-depth look at the appetite, plans, expectations and concerns of institutional investors in infrastructure, private equity, hedge funds and real estate.

This report draws on in-depth conversations between Preqin's dedicated research analysts and key investment decision makers at over 380 institutional investors from across the globe.

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

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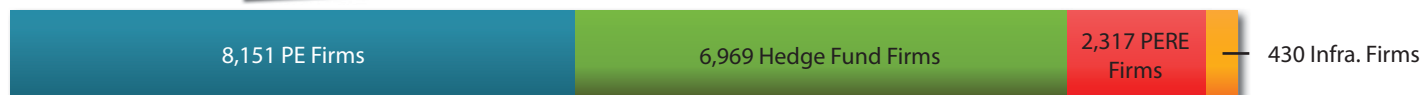


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Fund Coverage: **38,135** Funds



Firm Coverage: **17,867** Firms



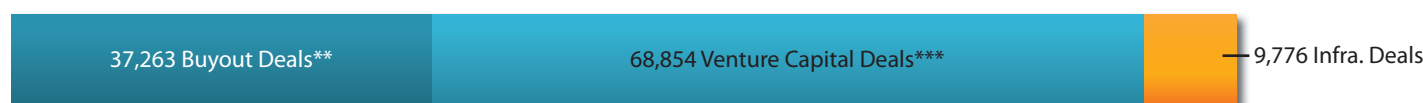
Performance Coverage: **17,411** Funds (IRR Data for 5,593 Funds and Cash Flow Data for 2,637 Funds)



Fundraising Coverage: **15,516** Funds Open for Investment/Launching Soon  
Including 2,210 Closed-Ended Funds in Market and 336 Announced or Expected Funds



Deals Coverage: **115,893** Deals Covered; All New Deals Tracked



Investor Coverage: **12,189** Institutional Investors Monitored,  
Including 8,525 Verified Active\*\*\*\* in Alternatives and 91,391 LP Commitments to Partnerships



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Fund Terms Coverage: Analysis Based on Data for Around **9,800** Funds

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

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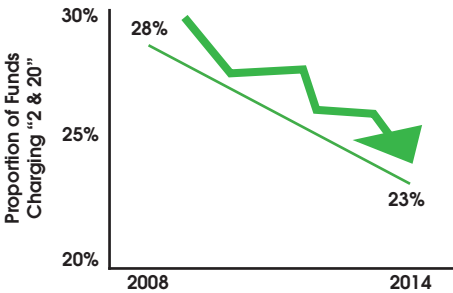


\*\*\*\*Preqin contacts investors directly to ensure their alternatives programs are active. We emphasize active investors, but clients can also view profiles for investors no longer investing or with programs on hold.





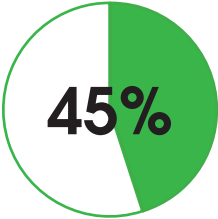
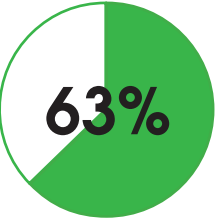
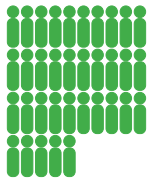
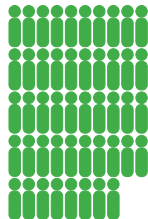


# Then and Now: The Hedge Fund Industry in 2008 and 2014

The collapse of Lehman Brothers in September 2008 can be considered the very height of the global financial crisis (GFC) of 2007/2008. Six years on, policy makers, institutions and asset managers have worked to introduce new regulations and reform outdated business practices in order to avoid another major economic downturn, and restore stability and growth to the global economy. Lehman's bankruptcy and the wider effects of the credit crisis have had a lasting impact on the hedge fund sector, and the industry has undergone many changes in order to win back investor confidence and meet the needs of a growing audience of institutional investors allocating capital to hedge funds. Here we examine the hedge fund landscape in September 2008, at the height of the GFC, and today, six years on, to highlight some of these changes.

Funds					
Industry AUM		Fees		Fund Launches	
Then	Now	Then	Now	Hedge Funds before and in 2008	Hedge Funds after 2008
 <p><b>\$2.3tn</b></p>	 <p><b>\$2.9tn</b></p>	 <p>Proportion of Funds Charging "2 &amp; 20"</p>		 <p><b>5,165</b></p> <p>Currently active funds launched before or during 2008</p>	 <p><b>5,882</b></p> <p>Currently active funds launched since 2008</p>

Regulation Post 2008		Performance (12 Months Returns)	
<p>Before 2008 the industry was lightly regulated; now the industry faces regulations on a global scale.</p>  <p>Dodd-Frank Volcker Rule AIFMD JOBS Act FATCA</p>	<p>August 2008</p> <p>CTAs (28.41%) Macro (14.01%) North America (3.47%)</p>		<p>August 2014</p> <p>Hedge Funds (10.75%) Event Driven (11.53%) North America (13.60%)</p>
	<p>Funds of Hedge Funds (-0.48%) Event Driven (-1.21%) Asia-Pacific (-4.56%)</p>		<p>Best Performing</p>  <p>Worst Performing</p>

Investors					
Institutional Capital		Investor Outlook on Performance		Number of Investors	
Then	Now	Then	Now	Then	Now
 <p><b>45%</b></p> <p>of industry capital invested by institutions</p>	 <p><b>63%</b></p> <p>of industry capital invested by institutions</p>	<p>☹☹☹☹☹</p> <p>35% thought hedge funds had fallen short of expectations</p> <p>😊😊😊😊😊😊😊😊</p> <p>62% thought hedge funds met or exceeded expectations</p>	<p>☹☹☹</p> <p>28% think hedge funds have fallen short of expectations</p> <p>😊😊😊😊😊😊😊😊😊😊</p> <p>72% think hedge funds met or exceeded expectations</p>	 <p><b>3,500</b></p>	 <p><b>4,750</b></p>



# Editor's View - Industry News

Amy Bensted takes a look at the investors currently searching for liquid alternatives and highlights new key fund launches in the liquid alternatives arena.

In this month's feature article we took a closer look at investor interest in alternative fund structures. The liquid alternatives space has shown rapid expansion over the past two years and, as our feature shows, is set to grow even further with 7% of fund managers planning to launch their first liquid alternative over the next year.

Investors currently searching for liquid alternatives include [OYSTER Multi-Manager](#). OYSTER is currently searching for a variety of hedge funds and UCITS vehicles to add to its portfolio. It is planning to allocate EUR 200mn across 10 to 20 new hedge funds over the next 12 months, targeting long/short commodities, currencies, mortgage-backed, real estate and volatility strategies.

Another fund of hedge funds manager, Madrid-based [Asesores y Gestores Financieros Fondos](#), is also looking to add a mixture of hedge funds and alternative UCITS funds to its portfolio in the next 12 months. It plans to add two hedge funds to its investment portfolio, investing between EUR 15mn and EUR 25mn in these funds in total. Alongside this, it is currently focusing much of its attention on alternative UCITS funds and is interested in strategies that are uncorrelated to the market. This signals a move away from its previous investments in directional long/short strategies.

New launches in the liquid alternatives arena include Dublin-based [Abbey Capital's Abbey Capital Futures Strategy Fund](#). This fund of CTAs structured as an alternative mutual fund was launched on 1 July 2014, its trading strategies include managed futures and macro strategies, and it aims to provide its investors with access to eight experienced futures and FX managers.

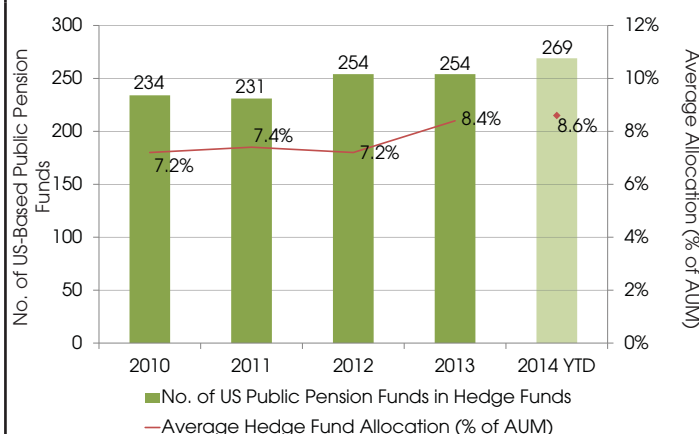
[Milltrust International](#) has three funds which appear in the top 10 best performing alternative UCITS funds of 2014. The \$200mn Singapore-based hedge fund, [Milltrust India Fund](#), has made gains of 25.27% YTD (as of 31 August), while its [Milltrust Brazil Fund](#) and [Milltrust Latin America Fund](#) have posted returns of 18.13% and 17.52% respectively in 2014.

## In Other News

- South Korea-based [Local Finance Association](#) is to make its first investments in hedge funds. It is in the early stages of evaluating its allocation, with no specific strategic or regional preferences, and will start soliciting funds by October, hoping to make its first capital commitment in 2015.
- [Overbrook Management Corporation](#) launched the [Overbrook Select Fund](#) on 1 August 2014. The fund joins Overbrook's line-up of other value-oriented and long/short equity-focused vehicles.
- [San Joaquin County Employees' Retirement Association](#), Stockton, California, is searching for an investment consultant. San Joaquin's contract with its current consultant [Strategic Investment Solutions](#) (SIS) is due to expire on 31 March 2015. SIS is invited to rebid. Proposals are due on 31 October 2014 with a final decision expected in January 2015.

## Are public retirement systems losing faith in hedge funds?

**Chart of the Month:** Total Number of Active US-Based Public Pension Funds in Hedge Funds and Average Allocation over Time, 2010 - 2014 YTD



Source: Preqin Hedge Fund Investor Profiles

When the news broke this month that [CalPERS](#) has joined the ranks of a handful of other high profile US-based pension schemes cutting back on hedge funds, questions were asked whether public retirement systems are losing faith in the asset class as a collective. For now at least, as our Chart of the Month shows, this does not seem to be the case, and in fact, there are more US-based public pension funds than ever before allocating capital to hedge funds, and these investors are investing the most they ever have in the asset class. Public pension funds have increasingly recognized the value of hedge funds as part of a diversified portfolio, and although CalPERS' withdrawal from the asset class will spark some investors to look more closely at their current allocation model, the importance of hedge funds as a source of risk-adjusted returns for these investors is likely to continue to prove attractive for US retirement schemes.

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](mailto:spotlight@preqin.com) and we will endeavour to publish them in the next issue.



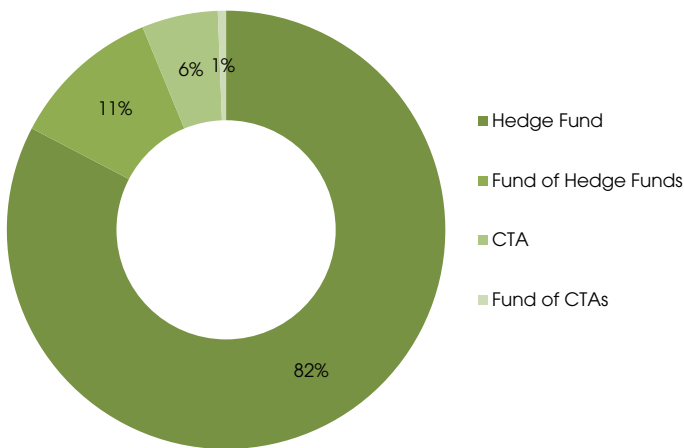
# On the Network This Month: What Are Investors Searching For?

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 interest to investors, as well as which institutional investor types have been proactively looking at funds in August.

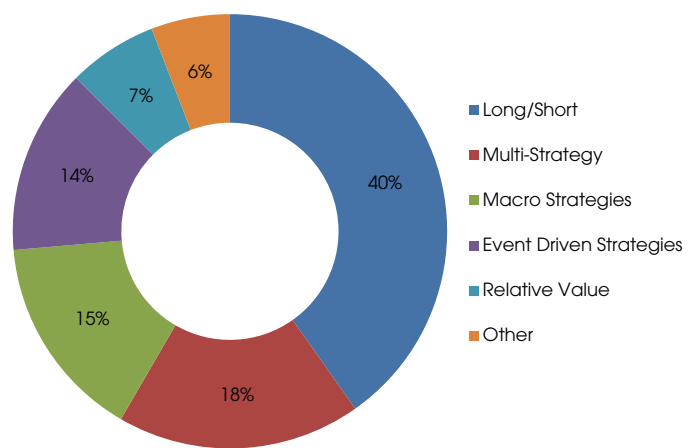
**Preqin Investor Network** is a unique system designed to help investors source and connect with alternative fund managers. Currently over 6,500 individuals at almost 3,500 institutional investor firms are using the Network to find and reach out to the 14,700 alternative investment funds open for investment on the Network. If you would like to find out more, please email: [pin.info@preqin.com](mailto:pin.info@preqin.com)

**Fig. 1:** Breakdown of Hedge Funds Reviewed by Investors on Preqin Investor Network by Fund Type, August 2014

**Fig. 2:** Breakdown of Hedge Funds Reviewed by Investors on Preqin Investor Network by Core Strategy, August 2014



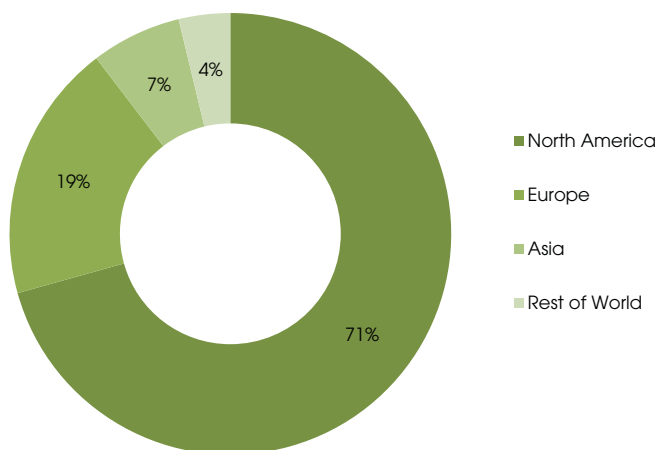
Source: Preqin Investor Network



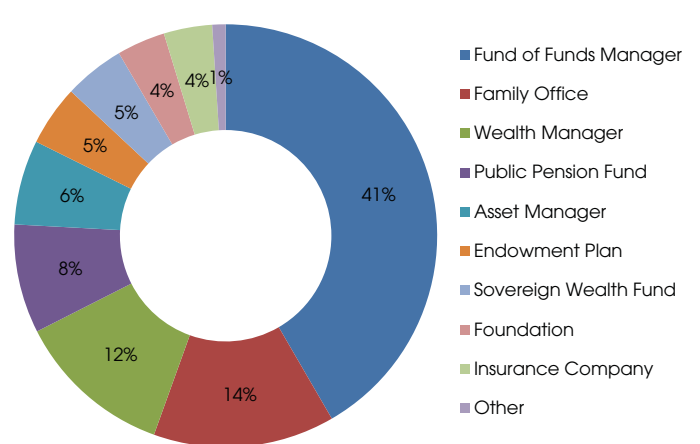
Source: Preqin Investor Network

**Fig. 3:** Breakdown of Hedge Funds Reviewed by Investors on Preqin Investor Network by Geographic Headquarters, August 2014

**Fig. 4:** Breakdown of Investors Searching for Hedge Funds on Preqin Investor Network by Type, August 2014



Source: Preqin Investor Network



Source: Preqin Investor Network

## In Numbers: On the Network This Month

**12,541** Total number of hedge funds currently available to review on Preqin Investor Network (as of 5 Sep 2014).

**181** The number of hedge funds added to Preqin Investor Network in August 2014.

**14%** of funds searched on Preqin Investor Network in August 2014 have an inception date as recent as 2013 or 2014.

**\$963mn** The average size of hedge funds reviewed on Preqin Investor Network in August 2014.



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# Preqin Performance Benchmarks

## August 2014

Preqin's preliminary benchmarks for August 2014.

Fig. 1: Summary of Preliminary August 2014 Performance Benchmarks (Net Return, %)

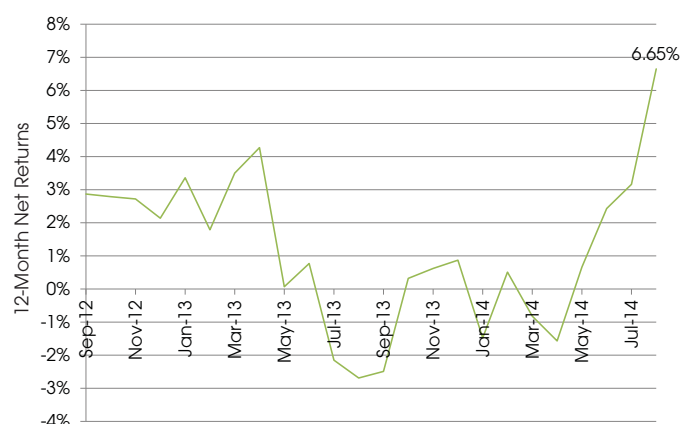
	Aug-14	Jul-14	2014 YTD	12 Months
<b>Hedge Funds (All Strategies and Regions)</b>	<b>1.30</b>	<b>-0.07</b>	<b>4.97</b>	<b>10.88</b>
Long/Short	1.77	-0.09	5.53	13.11
Event Driven Strategies	0.63	-0.91	5.01	11.75
Relative Value	0.61	0.20	4.03	7.30
Macro Strategies	0.67	0.19	2.79	5.13
Multi-Strategy	0.89	0.04	4.37	8.81
Activist	2.25	-0.26	7.40	15.26
Volatility	0.94	-0.40	4.13	8.59
Discretionary	1.60	-0.27	5.65	13.64
Systematic	1.40	-0.47	3.40	7.79
North America	1.53	-1.03	6.10	13.56
Europe	0.18	-1.00	2.73	9.41
Asia-Pacific	1.26	1.83	5.09	12.71
Developed Markets	1.08	-0.19	4.97	9.53
Emerging Markets	1.75	1.01	6.22	11.92
USD	1.37	-0.40	4.81	11.14
EUR	0.67	-0.74	2.42	6.51
GBP	0.78	-0.45	0.61	1.99
JPY	1.12	0.66	3.05	12.31
BRL	2.77	1.24	6.95	10.23
<b>Fund of Hedge Funds (All Strategies and Regions)</b>	<b>0.94</b>	<b>-0.13</b>	<b>3.03</b>	<b>7.67</b>
Long/Short	1.21	-0.34	3.09	9.3
Macro Strategies	2.95	0.43	4.86	6.34
Multi-Strategy	0.47	-0.12	2.33	6.95
Funds of CTAs	5.53	0.03	2.65	6.74
USD	0.88	-0.34	2.79	7.81
EUR	1.07	-0.17	1.87	6.49
<b>UCITS Hedge Funds (All Strategies and Regions)</b>	<b>0.95</b>	<b>-0.10</b>	<b>2.65</b>	<b>6.99</b>
Long/Short	1.25	-0.19	3.16	10.00
Relative Value	0.19	0.10	0.95	2.28
Macro Strategies	0.90	-0.01	2.27	3.89
USD	1.37	-0.03	3.02	7.92
EUR	0.72	-0.20	2.07	6.04
<b>CTAs (All Strategies and Regions)</b>	<b>2.79</b>	<b>0.22</b>	<b>4.64</b>	<b>6.65</b>
Discretionary	0.26	1.11	2.14	3.51
Systematic	3.84	-0.26	5.21	7.57
North America	2.44	0.18	7.30	8.88
USD	3.17	0.27	4.95	7.26
EUR	2.60	-0.68	3.24	5.08

\* Please note, all performance information includes preliminary data for August 2014 based upon net returns reported to Preqin in early September 2014. Although stated trends and comparisons are not expected to alter significantly, final benchmark values are subject to change.

Source: Preqin Hedge Fund Analyst

Hedge funds recovered from a negative July to record their best return since February, with the All Strategies benchmark up 1.30% for the month and 4.97% for the year so far. Activists had another strong month and have now returned 15.26% over the last 12 months, in comparison to the overall gain made by hedge funds of 10.88%. Emerging markets lead the way regionally both this month (+1.75%) and in 2014 YTD (+6.22%), just as those funds targeting Europe lagged in August (+0.18%) and for 2014 YTD (+2.73%). CTAs have struggled to perform over recent years, posting returns of 1.84%, 2.14% and 0.87% in 2011, 2012 and 2013 respectively. However, this strategy has now recorded five positive months in a row, with August providing the greatest return by month since April 2011. The 12-month performance of CTA programs has also risen to a two-year high of 6.65% (Fig. 2.).

Fig. 2: Rolling Returns of CTAs, September 2012 - August 2014



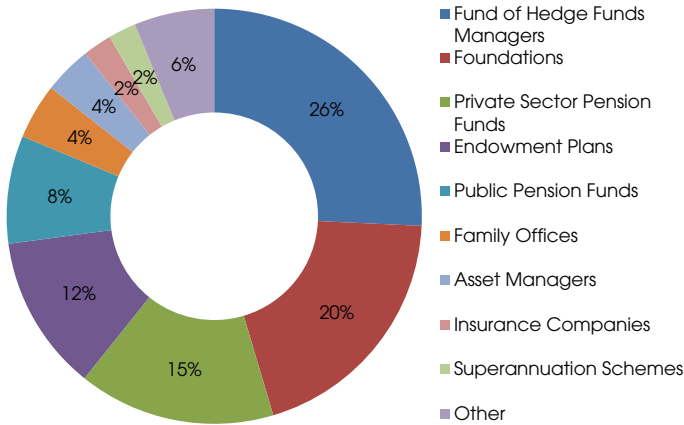
Source: Preqin Hedge Fund Analyst



# Emerging Markets-Focused Funds

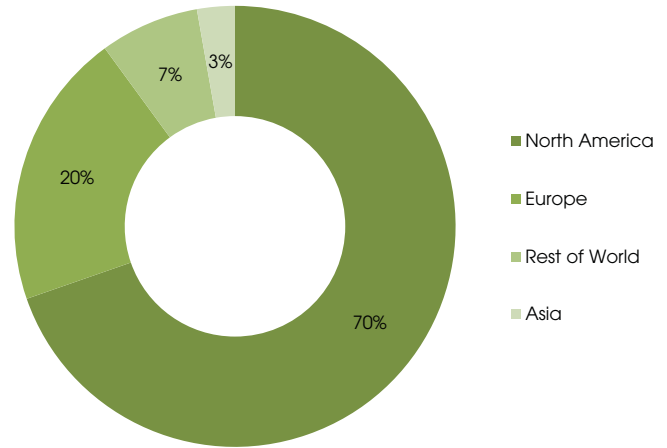
We look at hedge funds focusing on emerging markets, the proportion of hedge fund managers and investors that target this region and how hedge funds with a focus in emerging markets have performed over time.

**Fig. 1:** Breakdown of Investors Targeting Emerging Markets-Focused Hedge Funds by Institutional Investor Type



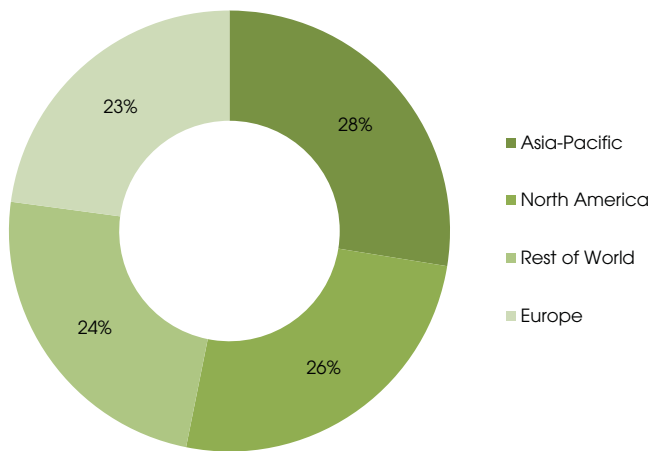
Source: Preqin Hedge Fund Investor Profiles

**Fig. 2:** Breakdown of Investors Targeting Emerging Markets-Focused Hedge Funds by Institutional Investor Region



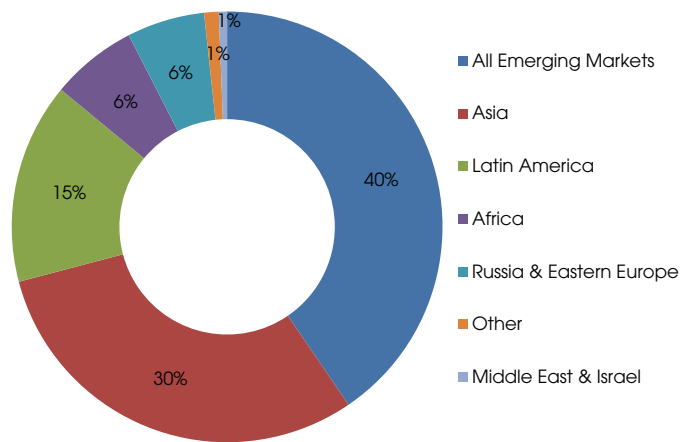
Source: Preqin Hedge Fund Investor Profiles

**Fig. 3:** Breakdown of Emerging Markets-Focused Hedge Funds by Fund Manager Headquarters



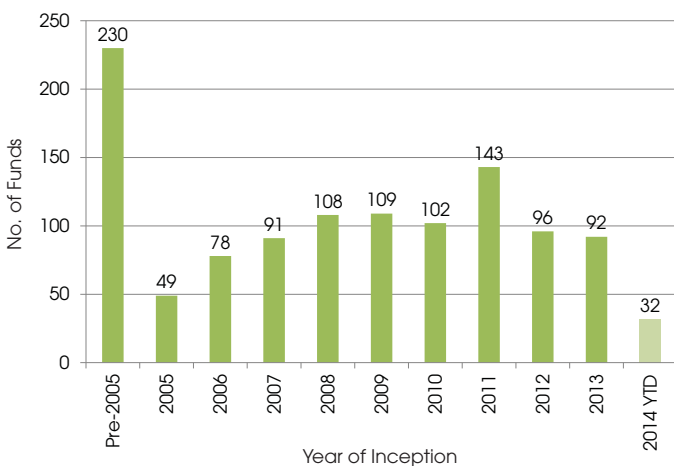
Source: Preqin Hedge Fund Analyst

**Fig. 4:** Breakdown of Emerging Markets-Focused Hedge Funds by Core Emerging Market Focused On



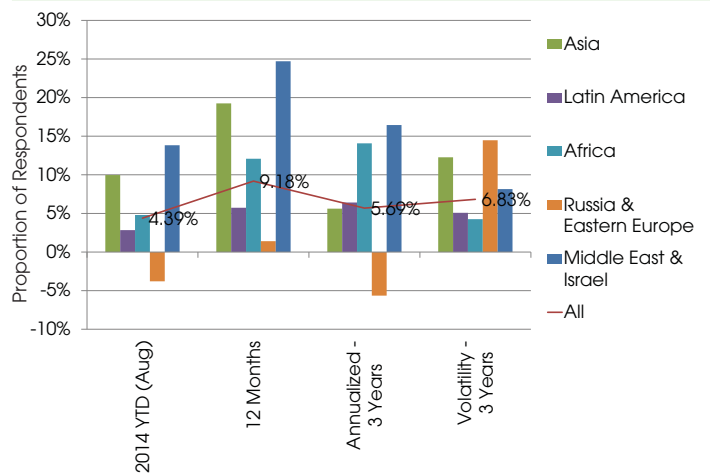
Source: Preqin Hedge Fund Analyst

**Fig. 5:** Breakdown of Emerging Markets-Focused Hedge Funds by Year of Inception



Source: Preqin Hedge Fund Analyst

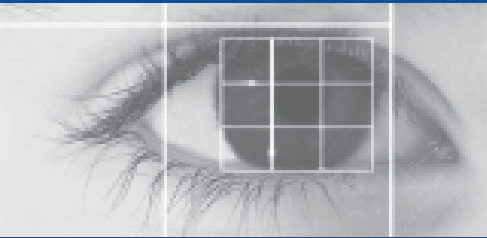
**Fig. 6:** Performance of Emerging Markets-Focused Hedge Funds by Core Market Focused On, As of August 2014



Source: Preqin Hedge Fund Analyst

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November 6-7, 2014  
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## ENDOWMENT & FOUNDATION FORUM

NOVEMBER 17-19, 2014

BOSTON MARRIOTT LONG WHARF, BOSTON, MA

16th Annual Endowment and Foundation Forum will provide a forum for free exchange of ideas concerning portfolio planning and investment strategies. Rather than focusing on a particular investment style, this endowment and foundation conference will tackle issues that are most germane to nation's endowments and charitable foundations by examining critical investment topics, as well as need to align fiscal strategy with goals of a particular organization.

### Sponsorship and Exhibiting Opportunities

If you are interested in attending, sponsoring, speaking or exhibiting at this event, please call 212-532-9898 or email [info@opalgroup.net](mailto:info@opalgroup.net)

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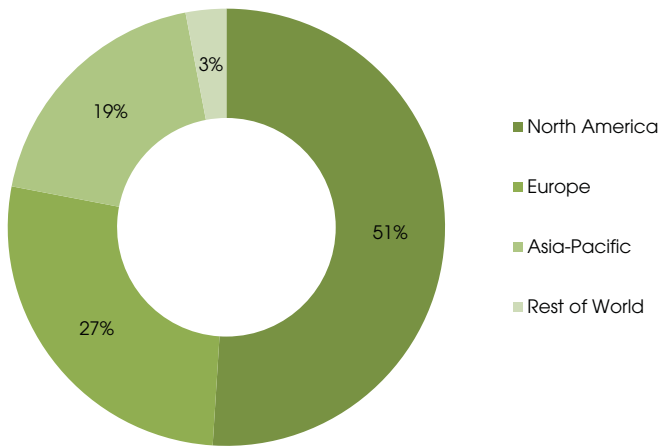
**Opal Financial Group**  
Your Link to Investment Education



# Insurance Companies

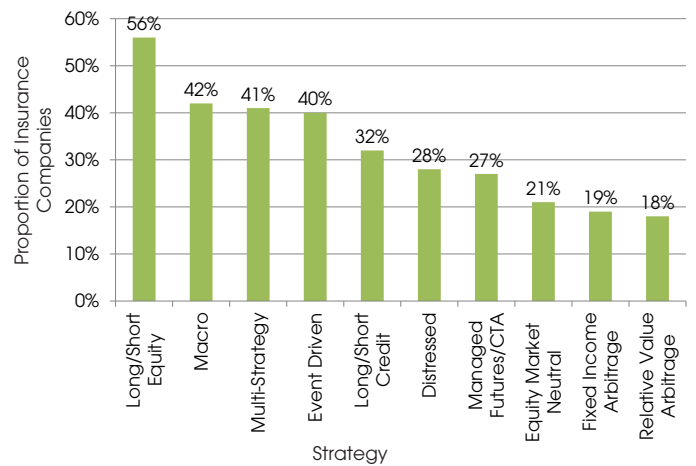
We provide a breakdown of insurance companies currently investing in hedge funds, and analyze their location, structure and strategic preferences.

**Fig. 1:** Breakdown of Insurance Companies Currently Investing in Hedge Funds by Investor Location



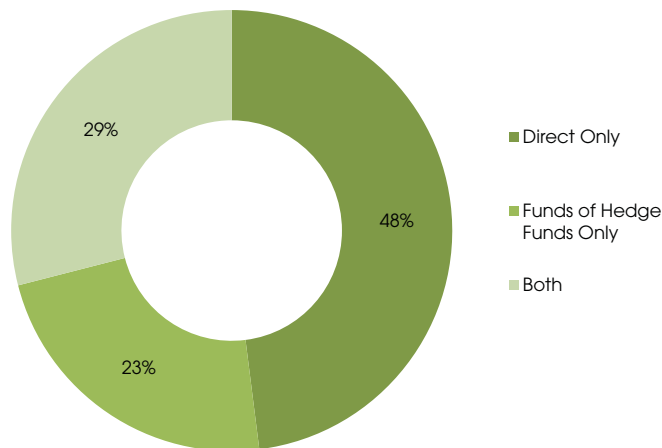
Source: Preqin Hedge Fund Investor Profiles

**Fig. 2:** Breakdown of Hedge Fund Strategic Preferences of Insurance Companies



Source: Preqin Hedge Fund Investor Profiles

**Fig. 3:** Breakdown of Hedge Fund Structural Preferences of Insurance Companies



Source: Preqin Hedge Fund Investor Profiles

**Fig. 4:** Top Five Insurance Companies by Hedge Fund Allocation

Insurance Company	Country	Hedge Fund Allocation (\$bn)
Varma Mutual Pension Insurance Company	Finland	8.5
Crédit Agricole Assurances-Prédica	France	5.1
Tokio Marine and Nichido Fire Insurance	Japan	3.8
Dai-ichi Life Insurance	Japan	2.3
CNA Financial	US	2.1

Source: Preqin Hedge Fund Investor Profiles

## Subscriber Quicklink

Subscribers to Preqin's **Hedge Fund Investor Profiles** can click **here** to access profiles for 149 insurance companies currently investing in hedge funds.

Profiles include details on investors' current fund searches and open mandates, current and target allocations to hedge funds, key contact details, background information and investment plan overviews.

Not yet a subscriber? For more information, or to register for a demo, please visit: [www.preqin.com/hedge](http://www.preqin.com/hedge)

## In Numbers: Insurance Companies



\$79.5bn

Average assets under management.



2.30%

Average allocation to hedge funds.



2.70%

Average target allocation to hedge funds.



15

Average number of hedge funds in portfolio.

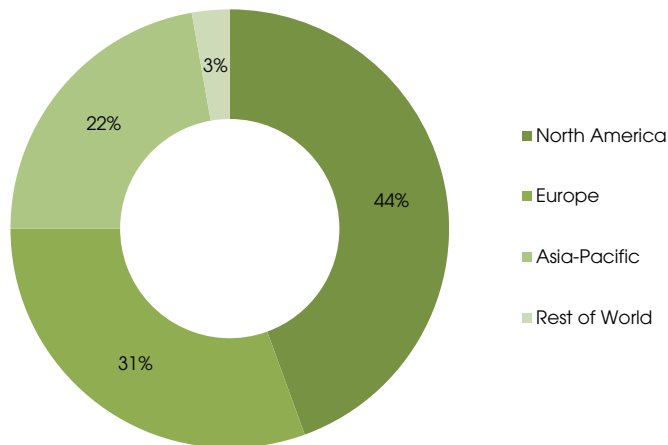




# Fund Searches and Mandates

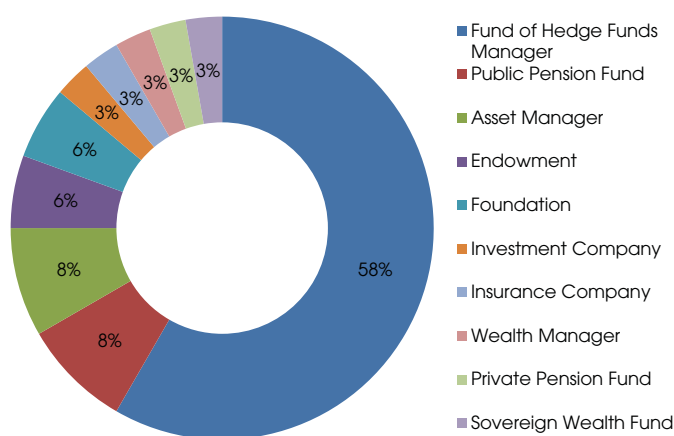
We look at the strategies and regions hedge fund investors plan to target in the year ahead, as well as which investors are planning new investments.

**Fig. 1:** Breakdown of Hedge Fund Searches Issued by Investor Location, August 2014



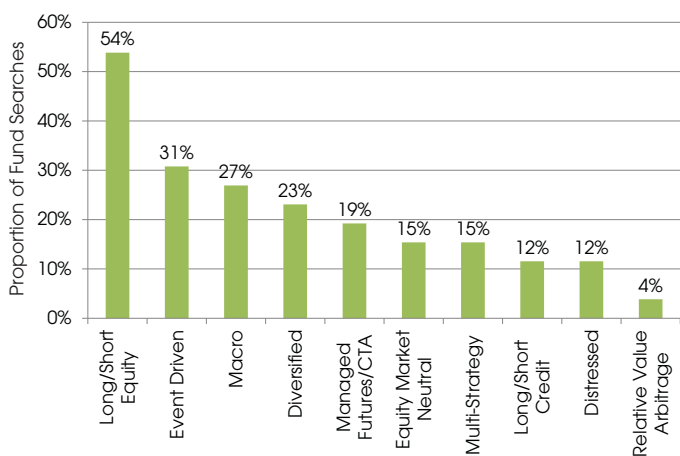
Source: Preqin Hedge Fund Investor Profiles

**Fig. 2:** Breakdown of Hedge Fund Searches Issued by Investor Type, August 2014



Source: Preqin Hedge Fund Investor Profiles

**Fig. 3:** Hedge Fund Searches Issued by Strategy, August 2014



Source: Preqin Hedge Fund Investor Profiles

### Subscriber Quicklink

Subscribers can click [here](#) to view detailed profiles of 387 institutional investors in hedge funds searching for new investments via the **Fund Searches and Mandates** feature on Preqin's **Hedge Fund Investor Profiles**.

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

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

[www.preqin.com/hfip](http://www.preqin.com/hfip)

**Fig. 4:** Examples of Fund Searches Issued in August 2014

Investor	Investor Type	Location	Fund Search Details
THEAM	Fund of Hedge Funds Manager	France	THEAM is currently looking to invest with fund managers in the Asia-Pacific region. The fund of hedge funds manager plans to expand its investment portfolio over the next 12 months by investing in up to 12 underlying hedge funds. THEAM will be allocating capital to managers that employ special situations and global macro strategies.
Austin Police Retirement System	Public Pension Fund	US	The \$622mn public pension fund is looking to allocate approximately \$30mn of its portfolio to one fund of hedge funds manager over the next 12 months. The Texas-based public pension fund is looking to fulfil its 10% target allocation to the asset class and is currently considering potential investment opportunities with Lighthouse Partners, Permal Group, Archstone Partnerships and Ironwood Capital Management.
Banque Privée Edmond de Rothschild	Fund of Hedge Funds Manager	Switzerland	The \$7.8bn fund of hedge funds manager is targeting an increase in its allocations to macro and CTA strategies over the next few quarters. The Geneva-headquartered firm expects to reallocate capital currently tied to its existing hedge fund holdings in an effort to fund any forthcoming macro and CTA investments.

Source: Preqin Hedge Fund Investor Profiles



# Conferences Spotlight

Conference	Dates	Location	Organizer	Preqin Speaker	Discount Code
Quant Invest 2014	29 - 30 September 2014	London	Terrapinn	Amy Bensted	-
World Commodities Week Europe 2014	1 - 2 October 2014	London	Terrapinn	-	-
Liquid Alternative Strategies East	6 - 7 October 2014	New York	IIR USA	-	-
MFA Outlook	16 - 17 October 2014	New York	MFA	-	-
Hedge Fund Startup Forum Zurich 2014	22 October 2014	Zurich	Informa	-	10% Discount - FKW52748PQNAD
Catalyst Cap Intro: Credit   Fixed Income Alternative Investing	27 October 2014	New York	Catalyst Financial Partners	-	-
Alternative Asset Summit	28 - 30 October 2014	Las Vegas	Alternative Assets	-	15% Discount - Preqin15
GAIM Ops West Coast 2014	3 - 5 November 2014	Palm Springs, CA	IIR	Amy Bensted	-
6th Annual Women's Alternative Investment Summit (WAIS)	6 - 7 November 2014	New York	Falk Marques Group	-	-
Hedge Answers LAUNCH Series	12 November 2014	Teleconference	HedgeAnswers	-	-
Quant World Canada 2014	13 November 2014	Toronto, Canada	Terrapinn		
Endowment & Foundation Forum	17 - 19 November 2014	Boston, MA	Opal Finance Group	-	-
Alternative Investing Summit	7 - 9 December 2014	Dana Point, CA	Opal Finance Group	-	-
Catalyst Cap Intro: Emerging Markets   Macro Alternative Investing	8 December 2014	New York	Catalyst Financial Partners	-	-
Emerging Manager Forum	9 December 2014	Miami, FL	CTA Expo	Amy Bensted	-

## Quant Invest 2014

**Date:** 29 - 30 September 2014

**Information:** [www.terrapinn.com/quant](http://www.terrapinn.com/quant)

**Location:** The Dorchester, London, UK

**Organiser:** Terrapinn

Quant Invest is the premier business event in Europe for quant investors and managers and examines the latest strategies and innovations in this field of finance.

An industry benchmark for innovation for the last 8 years, Quant Invest represents an opportunity to network with Europe's top quant investors and managers.



### Liquid Alternative Strategies East

**Date:** 6 - 7 October 2014 **Information:** [www.liquidalternativestrategy.com](http://www.liquidalternativestrategy.com)  
**Location:** Union Club, New York  
**Organiser:** IIR USA

The 3rd Annual 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.

### MFA Outlook

**Date:** 16 - 17 October 2014 **Information:** <http://events.managedfunds.org/mfas-outlook-2014-2/general-info/about-outlook-2013-and-mfa/>  
**Location:** The Pierre Hotel, New York, NY  
**Organiser:** Managed Funds Association

As the leading association of the global hedge fund industry, MFA convenes prominent alternative investment professionals, institutional investors, policy makers, investment counterparties and service providers at Outlook, its hedge fund leadership conference, each fall in New York.

### Hedge Fund Startup Forum Zurich 2014

**Date:** 22 October 2014 **Information:** <http://www.iirbcfinance.com/FKW52748PQNLI>  
**Location:** Zurich **Discount Code:** 10% Discount - FKW52748PQNAD  
**Organiser:** IIR

Designed with the aid of hedge fund industry veterans, this event has been put together to provide those looking to start a Hedge Fund with an in depth guide to setting up a fund and gaining investment. 150+ attendees are expected in Zurich.

### Catalyst Cap Intro: Credit | Fixed Income Alternative Investing

**Date:** 27 October 2014 **Information:** <http://catalystforum.com/node/301>  
**Location:** New York  
**Organiser:** 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 Credit and Fixed Income alternative investing sectors. Introductions are accomplished through private meetings which are arranged prior to the events, in an investor driven fashion. Investors constitute predominantly single and multi-family offices, endowment and foundations, and their advisors, located on the US East Coast corridor, but also internationally.

### Alternative Asset Summit

**Date:** 28 - 30 October 2014 **Information:** [www.AlternativeAssetSummit.com](http://www.AlternativeAssetSummit.com)  
**Location:** Ceasars Palace - Las Vegas **Discount Code:** 15% Discount - Preqin15  
**Organiser:** Alternative Assets

Come Join Institutional Investors, Family Offices, Hedge Funds and Alternative Asset Managers at the Alternative Asset Summit 2014.



### GAIM Ops West Coast 2014

**Date:** 3 - 5 November 2014 **Information:** [www.gaimopsireland.com](http://www.gaimopsireland.com)  
**Location:** Ritz- Carlton Rancho Mirage, Palm Springs, CA  
**Organiser:** IIR USA

Where C-level Alternative Investing Operations, Due Diligence and Compliance Experts Meet to Influence Industry Norms

Focused on hedge fund due diligence, operations, compliance, and risk management, and attracting 200+ senior delegates, for West Coast and Asia Pacific Hedge Fund and Private Equity Operational Due Diligence professionals who value peer-to-peer collaboration.

### 6th Annual Women's Alternative Investment Summit

**Date:** 6 - 7 November 2014 **Information:** [www.WomensAlternativeInvestmentSummit.com](http://www.WomensAlternativeInvestmentSummit.com)  
**Location:** The Pierre, New York City  
**Organiser:** Falk Marques Group

The 6th Annual Women's Alternative Investment Summit (November 6 - 7, 2014 at The Pierre, New York City). More than 400 of the top women in private equity and alternative investments - GPs, LPs, and advisors to the industry - will gather in New York for this timely, indispensable industry conference.

### Endowment & Foundation Forum

**Date:** 17 - 19 November 2014 **Information:** [www.opalgroup.net/trk/effc1405.html](http://www.opalgroup.net/trk/effc1405.html)  
**Location:** Boston Marriott Long Wharf, Boston MA  
**Organiser:** Opal Finance Group

The 16th Annual Endowment and Foundation Forum will provide a forum for free exchange of ideas concerning portfolio planning and investment strategies. Rather than focusing on a particular investment style, this endowment and foundation conference will tackle issues that are most germane to nation's endowments and charitable foundations by examining critical investment topics, as well as need to align fiscal strategy with goals of a particular organization. Participants and delegates will speak on a range of issues, including necessity for non-profit governance for endowments, means of capturing alpha in a portfolio, methods of choosing money managers, and problems of ethics and liability in fiduciary planning, as well as addressing pros and cons of investing in equity, fixed income, alternative, and real estate products. By targeting industry sector, guest speakers and participants can gain a greater understanding of how organizations can utilize and dovetail with particular investment strategies.

### Catalyst Cap Intro: Emerging Markets | Macro Alternative Investing

**Date:** 8 December 2014 **Information:** [www.catalystforum.com](http://www.catalystforum.com)  
**Location:** New York City  
**Organiser:** Catalyst Financial Partners

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 Emerging Markets | Macro alternative investing space. Introductions are accomplished through private meetings which are arranged prior the events, in an investor driven fashion based on the merits of each investment manager and the requests made by the investors. If a manager has not enough interest, they may cancel their participation, with full refund of fees. Investors are pre-screened and pre-qualified prior the events, by questionnaires and talks. Investors constitute predominantly single and multi-family offices, endowment and foundations, and their advisors, located on the US East Coast corridor, but also internationally.