



Japan: Industry Overview

We provide an overview of the hedge fund industry in Japan, including a look at investors, hedge fund managers and performance, as well as some key figures for the region.

Following the re-election of Shinzo Abe as Prime Minister in December 2012, the Japanese government has introduced a series of aggressive measures in an attempt to revive the country's sluggish economy. The Japanese equity markets have experienced turbulence as a result of these measures and this has led to a unique opportunity for hedge fund managers. Japan-focused long/short equity funds in particular have posted strong returns this year and Japan-focused hedge funds have performed better than their global peers in the first half of 2013. Assets among Japan-focused hedge funds had been declining in recent years due to under-performance and these funds have suffered a number of investor redemptions as a result. However, this recent boost in performance has led to renewed interest in the region and trends suggest that this area is likely to continue seeing further allocations over the remainder of 2013.

Japan in Numbers

+14.41%: Impressive year to date performance of Japan-focused funds utilizing a core long/short equity strategy.

51%: Japanese investors that have a preference for long/short equity funds.

7 Years: Average track record of a Japan-focused hedge fund.

2005: Mean first year of investment of a Japanese investor.

79%: Hedge funds managed by Japanese managers that are domiciled in the Cayman Islands.

\$299mn: Median size of a Japanese investor's hedge fund portfolio.

53%: Japanese investors that invest in hedge funds solely through direct investments. 47% include an allocation to at least one fund of hedge funds.

12: Median number of hedge funds in a Japan-based investor's hedge fund portfolio.

89%: Japan focused hedge funds that utilize equities as a method of investment.

1.48%: Mean management fee of a Japan-based hedge fund. The mean performance fee is 20.20%

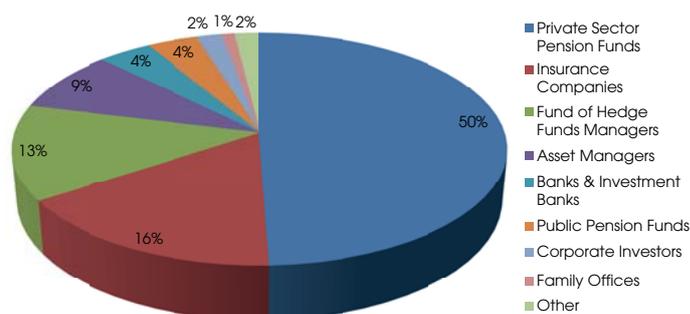
Data Source:

Preqin's [Hedge Fund Online](#) service offers a complete resource for those looking for intelligence on the hedge fund market in Japan, including 100 investors and 64 fund managers based in the region, as well as fund-level performance data for 351 Japan-focused funds.

For more information, or to register for a demonstration, please visit:

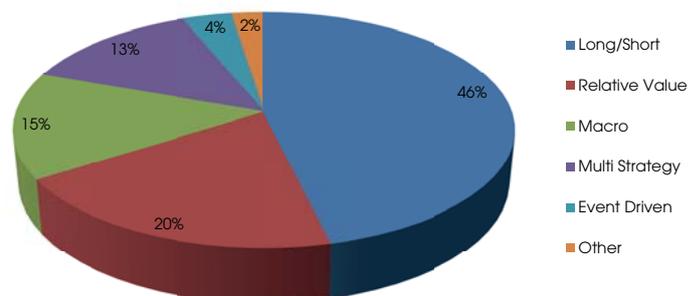
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Fig. 1: Breakdown of Japan-Based Hedge Fund Investors by Type



Source: Preqin Investor Profiles

Fig. 2: Breakdown of Hedge Funds Managed by Japan-Based Firms by Strategy



Source: Preqin Hedge Fund Analyst

Fig. 3: Comparison of Japan Long/Short and All Long/Short Hedge Funds Performance

	Japan Long/Short*	All Long/Short*
Cumulative		
1 month	-1.03%	-1.62%
3 months	4.04%	0.34%
YTD	12.32%	4.55%
12 Months	19.59%	11.83%
3 years	21.79%	25.88%
Annualized		
2 years	6.66%	3.99%
3 years	6.79%	7.97%
5 years	5.76%	7.09%
Sharpe Ratio (2%) - 3 years	0.73	0.80

*As at June 30th 2013

Source: Preqin Hedge Fund Analyst