

Asia-Pacific-Based Institutions Invest More than \$200bn in Hedge Funds

Sovereign wealth funds drive growth in capital allocated to the industry

Institutional investors based in Asia-Pacific have allocated more capital to hedge funds in recent years, reaching a record \$202bn as of the end of 2016, up from \$180bn a year earlier. This is at odds with allocation trends in North America and Europe, which in 2016 saw a greater proportion of investors indicate they were seeking to draw back from hedge funds than were looking to increase their investments. The majority of capital invested in hedge funds by Asia-Pacific-based investors comes from sovereign wealth funds, while several investors, particularly in South Korea, have made their maiden investments in the asset class in 2016.

For more information and analysis, see the full *Hedge Funds in Asia-Pacific* report here:

<https://www.preqin.com/docs/reports/Preqin-Special-Report-Hedge-Funds-in-Asia-Pacific-July-2017.pdf>

Key Asia-Pacific Hedge Fund Facts:

- Preqin currently tracks **588 Asia-Pacific-based institutional investors in hedge funds**, which collectively have **\$202bn invested in the asset class**.
- **Sovereign wealth funds account for 54% of capital invested in hedge funds by Asia-Pacific-based investors**, while asset managers (10%), private sector pension funds (8%) and insurance companies (8%) also account for significant proportions.
- Some of the largest investors in the region are sovereign wealth funds: Singapore's GIC allocates \$10.5bn to hedge funds, while Australia's Future Fund allocates \$14.8bn and **the China Investment Corporation invests an estimated \$30.8bn in hedge funds**.
- **Australia contains the largest number of hedge fund investors in the region (185)**, followed by Japan (118) and Hong Kong (92).
- **Singapore-based institutions have the highest average allocation to hedge funds, at 14.1% of their assets**, while Hong Kong- (13.9%) and Japan-based investors (13.0%) also allocate significant proportions.

Amy Bensted, Head of Hedge Fund Products:

"The Asia-Pacific hedge fund industry is becoming an increasingly important part of the global landscape. Regulatory changes and increasing institutionalisation in the region is exposing growing numbers of countries and investor types to opportunities in hedge funds. Investors in turn are allocating increasing amounts of capital to the industry, an increase of over \$20bn in 2016 alone.

Although the capital flowing to hedge funds from Asia-Pacific institutions is currently driven by sovereign wealth funds, there are signs that the industry's appeal is attracting an increasingly diverse range of investors. In particular, it will be interesting to see if investors in emerging Asian economies will become more involved with the asset class. Given the size of the economies of China and India, as these financial markets become more sophisticated it may give a significant boost to the industry in the region."

Preqin is the leading source of information for the alternative assets industry, providing insight and analysis gathered by its global teams of dedicated researchers. Founded in 2003, the company is a frequent source of intelligence used in the global financial press, through its online databases, regular publications and bespoke data requests.

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