

Hedge Fund Industry Sees Net Outflows of \$14.3bn in Q1

CTAs and multi-strategy funds are only leading strategies to see net inflows

The hedge fund industry saw net outflows of investor capital in Q1 2016, totalling \$14.3bn. This continues from the \$8.9bn overall net outflows that funds recorded in Q4 2015, and is in contrast to the \$28.8bn that the industry gained in investor capital in the same period last year. Overall, the total assets under management held by hedge funds globally fell 0.48% in the quarter, to stand at \$3.13tn at the start of Q2.

Quarterly Asset Flows by Strategy

	Q1 2015 Asset Flows (\$bn)	Q2 2015 Asset Flows (\$bn)	Q3 2015 Asset Flows (\$bn)	Q4 2015 Asset Flows (\$bn)	Q1 2016 Asset Flows (\$bn)
CTAs	11.3	-4.8	16.7	1.4	13.7
Multi-Strategy	12.2	5.2	7.8	2.4	12.8
Niche Strategies	-0.1	-0.6	1.4	0.6	-1.5
Event Driven Strategies	-1.6	12.3	-1.8	-10.7	-2.8
Macro Strategies	-3.4	-14.0	-11.2	2.8	-6.4
Relative Value Strategies	-15.3	5.6	-5.3	-3.8	-8.7
Equity Strategies	29.6	28.8	-1.7	3.6	-9.7
Credit Strategies	-3.7	15.1	-2.0	-5.1	-11.9
All Hedge Funds	28.8	47.5	3.9	-8.9	-14.3

Source: Prequin Hedge Fund Analyst

Other Key Q1 2016 Asset Flow Facts:

- **Asset Flows by Strategy:** CTAs and multi-strategy funds were the only strategies that saw net inflows, gaining \$13.7bn and \$12.8bn respectively. Equity strategies funds saw net outflows of \$9.7bn in the quarter, while credit strategies funds saw the largest outflows of \$11.9bn.
- **Outflow Predictions for 2016:** Prequin's survey of investors in November 2015 found that **more investors (32%) plan to reduce their exposure to hedge funds in 2016 than plan to increase it (25%)**. This is the first time this has been seen since Prequin started tracking this data in 2009.
- **Investor Allocation Plans:** Prequin's survey of investors also revealed that **29% of investors planned to increase their exposure to CTAs** in 2016, among the highest proportion of any leading strategy. Only 8% of investors planned to increase their exposure to credit strategies funds, the lowest of any leading strategy, compared with 15% that planned to decrease their exposure.
- **Asset Flows and Performance:** **2015 performance correlates strongly with the net flows of assets in Q1.** Of those funds which returned more than 5.00% in the year, 53% saw net inflows in Q1, while only 36% saw net outflows. By contrast, only 25% of funds which returned less than -5.00% in 2015 saw Q1 inflows, while 53% saw net outflows.
- **12-Month Asset Flows:** **Over the past four quarters, multi-strategy and CTA funds have seen the largest net inflows, gaining \$28.1bn and \$27.0bn respectively.** Macro strategies have seen the largest net outflows, losing \$28.8bn in investor capital. Event driven, macro, relative value and credit strategies funds have all seen net outflows in three of the past four quarters.

Note to Editors:

- Prequin is spelled without the letter 'U' after the 'Q', the company name being an amalgamation of the former name, Private Equity Intelligence.

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