

## Hedge Fund Industry Sees \$76bn Net Inflow in H1 2015

### Industry assets now exceed \$3.2tn after investors allocate more money to hedge funds

The global hedge fund industry has seen a \$76bn net inflow of assets through the first half of 2015, bringing the size of the industry to \$3.22tn. The second quarter saw the greater amount of inflows from investors, with \$48bn in Q2 compared to \$29bn in first quarter. Single-manager hedge funds specifically saw net inflows of \$52bn in Q2, three times as much as the \$18bn net inflow of assets they recorded in the first quarter. CTAs, on the other hand, had a net outflow of \$5bn in the second quarter, eroding the \$11bn growth they had seen in Q1.

#### Other Key Hedge Fund Asset Flow Stats:

- **Notable Strategies:** 49% of multi-strategy funds saw net inflows in Q2, the highest proportion of all major hedge fund strategies. Conversely, only 29% of niche strategy funds saw net inflows, with 65% of funds in these niche strategies witnessing outflows.
- **Regional Differences:** Funds based in North America, Europe, and Asia-Pacific all had similar asset flows in Q2, with 41-44% of funds seeing inflows, and 38-39% seeing outflows. In contrast, funds based outside these regions had net inflows in only 33% of cases, while 62% of funds had outflows.
- **North American Investors Most Prominent:** 43% of all hedge funds have seen an increase in allocation from North American investors, and 20% have seen increases from Asia-based investors. Conversely, 14% of funds with Europe-based investors saw decreases from that group, the highest of any region.
- **Dominance of Larger Funds:** 60% of hedge funds with more than \$500mn in assets under management had net inflows in Q2, almost twice the proportion that saw net outflows. Only 38% of funds worth less than \$100mn grew in the quarter, with net outflows experienced by 43% of funds in this group.
- **Investor Breakdown:** 57% of hedge fund managers reported increased allocations from high-net-worth individuals (HNWIs) and family offices respectively during H1 2015.

To view the further information and analysis, please see the full report below:

<https://www.preqin.com/docs/newsletters/hf/Preqin-Hedge-Fund-Spotlight-August-2015.pdf>

#### Comment:

“Despite recent Preqin research indicating that investors are growing impatient with the returns of hedge funds, the industry has continued to accumulate assets in the first half of the year. Hedge funds now manage over \$3.2tn in assets, amassing net inflows of more than \$76bn in the first six months of 2015. The largest funds continue to see the highest inflows, with approximately 60% of funds with more than \$500mn in assets gaining net inflows in Q2 2015.

The growth of the hedge fund sector highlights the continued need for these products by institutional investors, despite any short-term concerns around performance and fees. In light of recent equity market turbulence, the ability of hedge funds to provide consistent and non-correlated returns may prove even more valuable to investors in the second half of the year and we could see continued inflows over the rest of 2015.”

**Amy Bensted – Head of Hedge Fund Products, Preqin**

#### Note to Editors:

Preqin is spelled without the letter ‘U’ after the ‘Q’, the company name being an amalgamation of the former name, Private Equity Intelligence.

#### About Preqin:

Preqin is the leading source of information for the alternative assets industry, providing data and analysis via online databases, publications and bespoke data requests.

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