

US Hedge Fund Industry Holds \$2.2tn in Assets

3,170 hedge fund managers and 3,209 active institutional investors located in US

The US is the dominant component of the global hedge fund community, accounting for 72% of the approximately \$3.1tn of global assets under management (AUM), as of 30th June 2016. Although other regions are emerging as regards hedge fund activity, the US is home to 3,170 of the 5,092 (62%) institutional investors active in hedge funds, and 3,209 of the 5,377 (60%) active hedge fund managers tracked by Preqin.

The US hedge fund industry has also seen strong growth in recent years, increasing by \$13bn in the first half of 2016 – despite global outflows – and by \$138bn since the start of 2015. Moreover, in Preqin's recent survey of over 270 hedge fund managers, notably more US-based managers reported an increase (26%) in the proportion of their AUM allocated by investors than reported a decrease (4%), depicting a positive outlook for the US hedge fund industry.

Most Active US States in the Hedge Fund Industry

| State | Investors | | Fund Managers | | | |
|---------------|---------------------------------------|--------------------------------------|-----------------------------|-------------------------|----------------------------|----------------------|
| | No. of Active Institutional Investors | Average Current Allocation to HF (%) | No. of Active FoHF Managers | FoHF Manager AUM (\$bn) | No. of Hedge Fund Managers | Industry Size (\$bn) |
| New York | 544 | 17.1% | 145 | 291 | 1,177 | 1,112 |
| Connecticut | 101 | 14.5% | 27 | 72 | 207 | 334 |
| California | 341 | 14.4% | 35 | 28 | 465 | 230 |
| Massachusetts | 206 | 11.0% | 22 | 27 | 169 | 213 |
| Illinois | 183 | 11.8% | 25 | 49 | 175 | 107 |
| Texas | 150 | 14.6% | 18 | 14 | 182 | 56 |
| New Jersey | 77 | 18.8% | 7 | 1 | 121 | 55 |
| Florida | 125 | 13.6% | 15 | 11 | 139 | 39 |
| Minnesota | 63 | 14.6% | 1 | 1 | 31 | 29 |
| Virginia | 92 | 14.3% | 6 | 6 | 46 | 25 |
| Pennsylvania | 154 | 13.8% | 14 | 27 | 79 | 18 |

Source: Preqin Hedge Fund Online

Key US Hedge Funds Industry Facts:

- Fund Terms:** Hedge funds located in Pennsylvania charge the lowest average performance fee (17.54%) of the top 10 most active US states, with funds based in Virginia charging the highest average fee of 20.00%. Massachusetts-based vehicles charge the lowest mean management fee, at 1.25%, while those located in Illinois have the highest fee of any state (1.58%), on par with New York-based funds (1.57%).
- Fund Performance:** Hedge funds based in Texas have generated 3-year annualized performance of 8.96%, the highest of any of the top 10 US states, while Virginia-based vehicles have recorded returns of 8.13%. Hedge funds in Illinois, Connecticut and Massachusetts have fared less well over the same period, with annualized returns of 2.54%, 2.80% and 2.88% respectively.
- New York:** Over one-third (37%) of US-based fund managers are based in New York, and collectively these firms hold \$1.1tn worth of assets – 36% of global industry AUM. Furthermore, New York represents nearly half (46%) of US-based funds inceptioned since 2009.
- Investors by State:** New York has the most active institutional investors (544) of any state in the US, while California are second in the list with 341 investors located in the state. The 77 New Jersey-based investors have an average current allocation to the hedge fund industry of 18.8%, by far the highest of any state.

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

<https://www.preqin.com/docs/reports/Preqin-Special-Report-Hedge-Funds-in-the-US-October-2016.pdf>

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.

Preqin has built a reputation in the alternative assets industry for providing the most comprehensive and extensive information possible. Leading alternative assets professionals from around the world rely on Preqin's services daily, and its data and statistics are regularly quoted by the financial press. For more information, please visit: www.preqin.com

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