

## **Private Wealth Inflows Buoy Hedge Fund Assets to \$2.9tn** **Despite competition increasing in the past 12 months, 64% of managers of pooled hedge fund products reported their assets had increased**

Preqin's latest survey of more than 100 hedge fund managers, conducted in June 2014, reveals that 73% of respondents indicated competition in fundraising had increased in the past 12 months. However, 64% of fund managers that run pooled products noted that their assets in these products had increased in the first half of the year. Similarly, 61% and 50% of firms that manage alternative UCITS and alternative mutual fund products respectively reported net inflows to these vehicles.

### **Other Key Findings Include:**

#### **Inflows Exceeded Outflows Across All Products**

- Only 12% of managers of pooled hedge funds noted their assets in these funds had decreased in H1 2014, and 10% of alternative mutual fund managers reported the same. No managers reported outflows from their UCITS products.
- 37% of fund managers believe that the proliferation of liquid alternative funds will increase inflows to all products, as these attract more investors to hedge fund strategies.

#### **Private Sources of Capital Outweigh Institutional Inflows in H1 2014**

- 59% of fund managers with backing from high-net-worth individuals reported they had seen inflows from these investors in the first half of 2014.
- As a result of large inflows from private sources, institutional capital now represents 63% of all hedge fund assets. This is a decrease from 65% as of the end of 2013.

#### **New Inflows from Retail Clients Continue**

- 43% of fund managers have some capital from retail clients, and 47% of these reported increased amounts of capital from this source in H1 2014.
- 36% of respondents stated that there would be a significant increase in the amount of capital from retail clients in the next three years, while 46% believe there will be an increase but it will be small.

**For more information and further analysis, please see the full report via the link below:**  
<https://www.preqin.com/docs/newsletters/hf/Preqin-Hedge-Fund-Spotlight-August-2014.pdf>

### **Comment:**

“Although the first half of the year has been rocky, with performance proving underwhelming and investor satisfaction with the industry starting to wane, it has nevertheless been a successful one for many managers. Across all types of hedge fund products offered by the managers which participated in Preqin's most recent study, more firms reported that they had seen asset inflows than had seen outflows. The industry now stands at \$2.9tn in assets under management as of 31 July 2014, up from \$2.66tn in assets at the end of 2013.

Interest from a wider group of investors, particularly those in the private wealth arena and retail clients, is leading to a proliferation of new structures, in particular liquid alternatives, to cater to new markets. This is providing more product options to all hedge fund investors and has been a notable driver in the growth in assets in the hedge fund sector. Looking forward to the end of 2014, 77% of the hedge fund managers that participated in our June study stated that they believe industry assets under management will grow further in the second half of the year.”

#### **Amy Bensted, Head of Hedge Fund Products**

New York: One Grand Central Place, 60 E 42nd Street, Suite 630, New York NY 10165 Tel: +1 212 350 0100

London: Equitable House, 47 King William Street, London EC4R 9AF Tel: +44 (0)20 7645 8888

Singapore: One Finlayson Green, #11-02, Singapore, 049246 Tel: +65 6305 2200

San Francisco: 1700 Montgomery Street, Suite 134, San Francisco, CA 94111 Tel: +1 415 835 9455

Web: [www.preqin.com](http://www.preqin.com) / [info@preqin.com](mailto:info@preqin.com)

**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](http://www.preqin.com)

**Note to Editors:**

- Preqin is spelled without the letter 'U' after the 'Q'.

For more information, please contact: Amy Bensted +44 (0)20 7397 9420 or [abensted@preqin.com](mailto:abensted@preqin.com)

For general press information, please contact: Nicholas Jelfs +44 (0)20 7645 8882 or [press@preqin.com](mailto:press@preqin.com)

New York: One Grand Central Place, 60 E 42nd Street, Suite 630, New York NY 10165 Tel: +1 212 350 0100

London: Equitable House, 47 King William Street, London EC4R 9AF Tel: +44 (0)20 7645 8888

Singapore: One Finlayson Green, #11-02, Singapore, 049246 Tel: +65 6305 2200

San Francisco: 1700 Montgomery Street, Suite 134, San Francisco, CA 94111 Tel: +1 415 835 9455

Web: [www.preqin.com](http://www.preqin.com) / [info@preqin.com](mailto:info@preqin.com)