
Hedge Fund Investment Could Reach \$195bn

Investors prepare to allocate between \$125bn and \$195bn in next 12 months.

The latest Preqin hedge fund investor study has revealed that just under one-third of investors plan to make a commitment to the asset class in the coming 12 months, investing up to a combined \$195bn. Of these investors, 47% are seeking opportunities to invest in funds of hedge funds. The research also found that over half of funds of hedge funds are seeking new investments themselves.

Study findings:

- 36% of public pension funds are looking to make extra allocations to the asset class in the next 12 months. Of these, over half are looking to make fund of funds commitments.
- 67% of private sector pension funds that are planning to increase allocations to hedge funds in the next year are looking for opportunities to invest in funds of hedge funds.
- 50% of those with investment plans are looking to commit to North America-based managers.
- Europe-based investors have the greatest appetite for new commitments; 45% are seeking new opportunities, compared to 29% of North American, and 32% of Asia and Rest of World-based investors.
- 87% of those planning to invest include long/short equity as a strategic preference, and 58% are taking an opportunistic approach.
- 83% of investors anticipate including an allocation to one or more single-manager funds.
- 19% are looking to establish a managed account arrangement.
- Emerging managers have grown in popularity, with 28% of all investors stating that they are more open to marketing from emerging managers than they were one year ago.
- 60% of investors will focus on managers with a track record of at least three years.
- Just over one-third will consider vehicles with less than \$100 million in assets under management.

To view the full report, please visit:

http://www.preqin.com/docs/newsletters/HF/Hedge_Fund_Spotlight_July_2011.pdf

Comment:

"With nearly a third of the investors on the Preqin database having fixed plans for new investments in the next 12 months, and many others investing opportunistically or considering new allocations, the future is looking bright for the industry. Investors could invest up to \$195 billion in the next 12 months, with up to 2,000 funds currently being sought. Funds of hedge funds, pension funds, insurance companies and a large number of other investor groups are looking to increase their hedge fund portfolios in the next year. These investors are seeking a wide range of strategies and structures and therefore it is vital that managers have the best intelligence on these investors if they are to gain a slice of this capital."

Katherine Johnson, Report Author.

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

Note to Editors:

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

For more on this release, and general press information, please contact:

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

New York: 230 Park Avenue, 10th floor, New York NY 10169 Tel: +1 212 808 3008

Singapore: Samsung Hub, 3 Church Street, Level 8, Singapore, 049483 Tel: +65 6408 0122

Web: www.preqin.com / info@preqin.com



Tim Friedman +44 (0)20 7645 8880 or tfriedman@preqin.com

London: Equitable House, 47 King William Street, London EC4R 9AF Tel: +44 (0)20 7645 8888
New York: 230 Park Avenue, 10th floor, New York NY 10169 Tel: +1 212 808 3008
Singapore: Samsung Hub, 3 Church Street, Level 8, Singapore, 049483 Tel: +65 6408 0122
Web: www.preqin.com / info@preqin.com