

HEDGE FUNDS IN 2016

We take a look at the key findings from the forthcoming **2017 Preqin Global Hedge Fund Report**, including AUM, asset flows, performance, fund launches and liquidations, plus fund managers' and investors' outlook for the year ahead.

KEY FACTS



\$3.22tn

Hedge fund industry assets under management (as at November 2016).



182

hedge fund managers were established in 2016, nearly half the number formed in 2015.



2.2%

Change in hedge fund industry assets under management from 2015.



1,006

hedge funds were launched in 2016.



7.40%

7.40%

Hedge fund returns in 2016*.



981

hedge funds were liquidated in 2016.

Fig. 1: Hedge Fund Manager Assets under Management (As at November 2016)

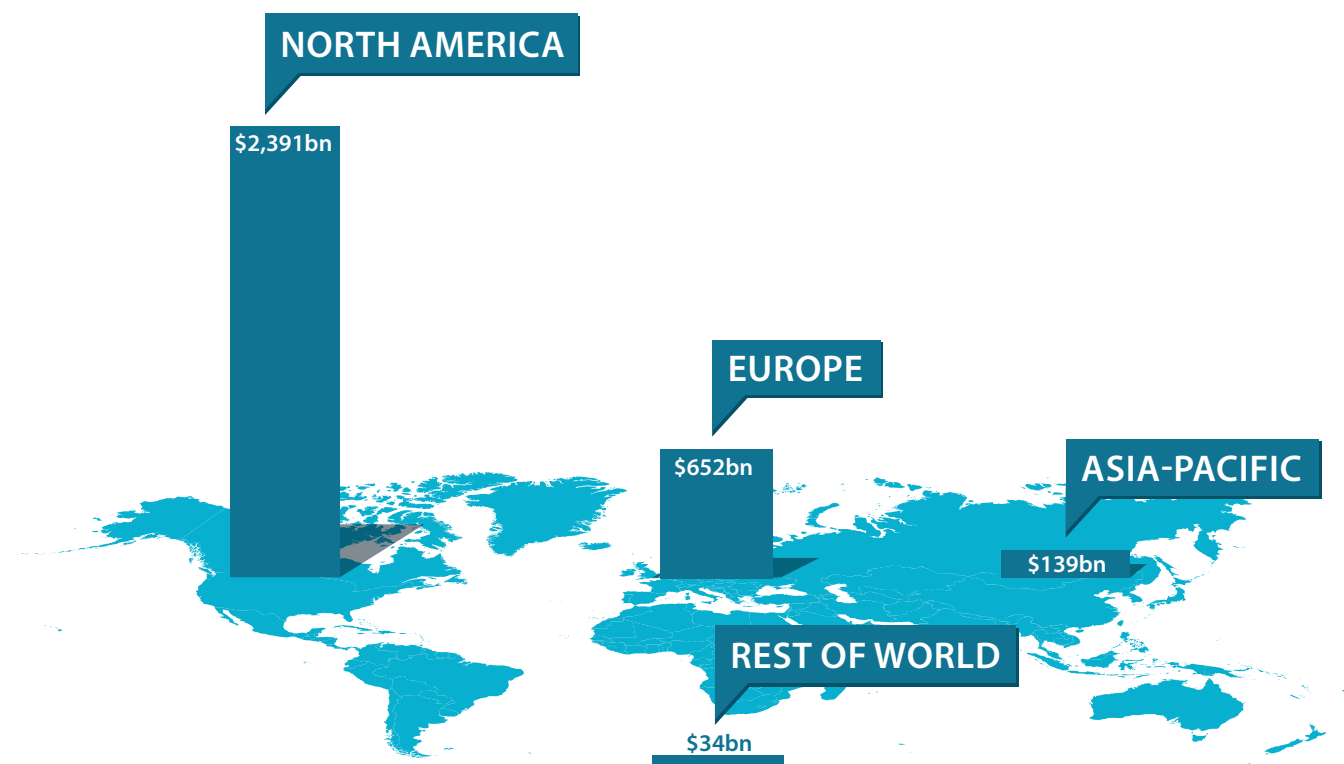


Fig. 2: Hedge Fund Industry Assets by Strategy

	Macro Strategies	Equity Strategies	Multi-Strategy	Relative Value Strategies	CTAs	Credit Strategies	Event Driven Strategies	Niche Strategies
Industry Assets	\$955bn	\$822bn	\$425bn	\$341bn	\$240bn	\$239bn	\$180bn	\$14bn
Change over 2016**	+3.9%	+1.8%	-1.4%	-0.9%	+7.6%	-0.9%	+8.8%	0.3%

Source: Preqin Hedge Fund Online

*All performance information includes preliminary data for December 2016 based on net returns reported to Preqin in early January 2017. Although stated trends and comparisons are not expected to alter significantly, final benchmark values are subject to change.

**As at November 2016.

SURVEY KEY FACTS



47%

of surveyed managers found fundraising more challenging in 2016, compared to 30% that found it less challenging.



40%

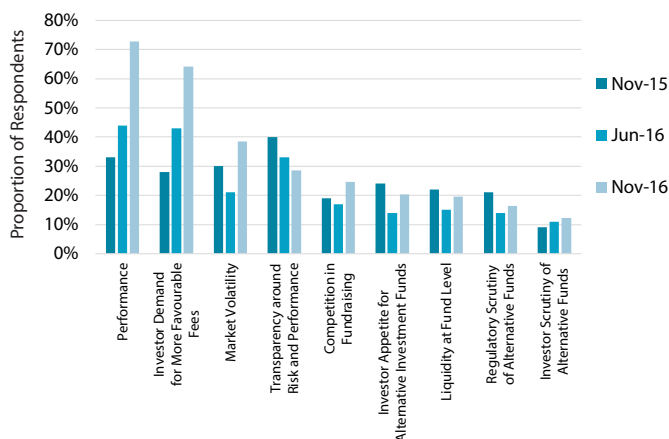
of surveyed managers predict industry AUM will increase in 2017, compared to 36% that think it will decline.



66%

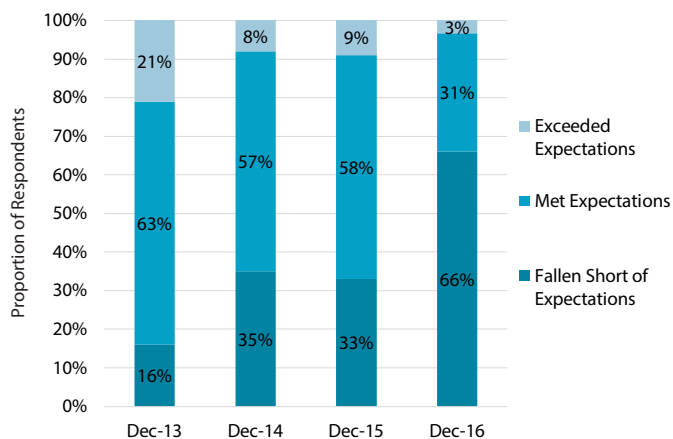
of surveyed investors felt their hedge fund portfolio fell short of expectations in 2016; only 3% felt it exceeded expectations.

Fig. 3: Fund Manager Views on the Key Drivers of Change Facing the Hedge Fund Industry, 2015 - 2016



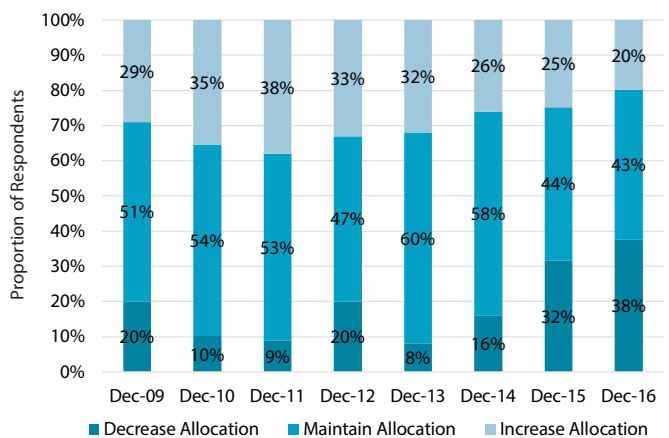
Source: Preqin Fund Manager Survey, 2015 - 2016

Fig. 4: Investor Views on Hedge Fund Portfolio Performance Relative to Expectations, 2013 - 2016



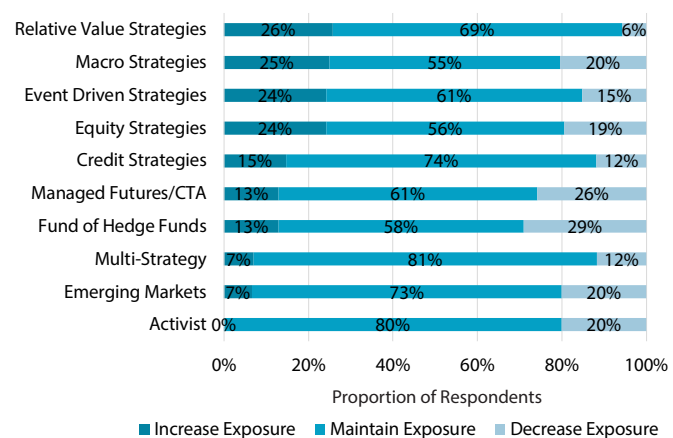
Source: Preqin Investor Interviews, December 2013 - December 2016

Fig. 5: Investors' Intentions for Their Hedge Fund Allocations in the Next 12 Months, 2009 - 2016



Source: Preqin Investor Interviews, December 2009 - December 2016

Fig. 6: Investors' Hedge Fund Allocation Plans for 2017 by Strategy



Source: Preqin Investor Interviews, December 2016

Fig. 7: Top-Level Strategy Performance: 2016 Return vs. Fund Manager Prediction for 2017

2016 Performance Rank	Top-Level Strategy	2017 Performance Rank Prediction
1 st	Event Driven Strategies	3 rd
2 nd	Credit Strategies	7 th
3 rd	Macro Strategies	2 nd
4 th	Multi-Strategy	4 th
5 th	Equity Strategies	1 st
6 th	Relative Value Strategies	6 th
7 th	Managed Futures/CTAs	5 th

Source: Preqin Hedge Fund Online and Preqin Fund Manager Survey, November 2016