Welcome to the latest edition of Hedge Fund Spotlight, the monthly newsletter from Preqin providing insights into the hedge fund industry, including information on investors, funds, performance and more. Hedge Fund Spotlight collates information from our Hedge Fund Online service.

**Did you know...?**

You can download all the data in this month’s Spotlight in Excel.

Wherever you see this symbol, the data is available for free download on Excel. Just click on the symbol and your download will begin automatically. You are welcome to use the data in any presentations you are preparing; please cite Preqin as the source.

<table>
<thead>
<tr>
<th>Page</th>
<th>Feature Article: The $1bn Club: The Largest Investors in Hedge Funds</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Following on from our feature article last month, we take an in-depth look at institutional investors in the $1bn Club allocating at least $1bn to hedge funds, including their significance, investment preferences, changes since last year and new entrants.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Page</th>
<th>Lead Article: The UK and EU Hedge Fund Industries</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>With the terms 'Brexit' and 'Bremain' dominating the news in the UK in recent months, we take a look at recent trends in the hedge fund industries of these two regions.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Page</th>
<th>Editor’s View: Industry News</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>With this month’s lead article focusing on the hedge fund industry in the EU, in Editor’s View we highlight hedge fund industry activity outside Europe and take a look at recent investments and fund launches.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Page</th>
<th>The Facts</th>
<th>11</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Performance Benchmarks</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Preqin Special Report: CTAs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mid-Sized Hedge Fund Managers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>In Focus: US Investors in the EU</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fund Searches and Mandates</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Page</th>
<th>Conferences</th>
<th>18</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Upcoming hedge fund conferences around the world that Preqin will be attending in the near future.</td>
<td></td>
</tr>
</tbody>
</table>

Sign up to receive your free issue of Hedge Fund Spotlight every month:

www.preqin.com/signup

---

**Contact Us**


For our office addresses and contact details, please visit:

www.preqin.com/contact

---

**General Enquiries**

w: www.preqin.com

e: info@preqin.com
Exchange ideas & take part in candid discussion with a c-level audience at FundForum Africa; the boutique meeting place for thought-leaders from the African investment management community

Benefit from a fully interactive programme designed with audience participation in mind.

- Gain audience feedback in real-time with fully interactive polling panels
- Set the agenda with brainstorming exchange sessions; working groups consisting of short presentations followed by feedback
- Debate the key issues during informal small group roundtable discussions
- Discuss the issues pertaining to your peer group away from the glare of the stage in peer-to-peer boardroom meetings

Just some of the confirmed speakers include:

Gary Dugan, Chief Investment Officer Emirates, NBD Private Banking
Jenni Chamberlain, CEO, Altree Capital
Gavin Butcher, Director, Optis Investment Management
Vishaal Shah, Director & Chief Investment Officer at Niveda Group
Mo Baluchi, Executive Director, Quilter Cheviot
St John Bungey, CEO, Sanlam Africa Investments
Adam Choppin, Manager Research – International Equities, FIS Group
Thando Mlambiso, Director, Head of Africa (ex-SA), Allan Grey

For more information or to register online, visit: https://finance.knect365.com/fund-forum-africa
Quote VIP code: FK2429PNSLF for a 15% discount
The $1bn Club: The Largest Investors in Hedge Funds

Following on from our feature article last month, Yoosun Chung takes an in-depth look at institutional investors in the $1bn Club allocating at least $1bn to hedge funds, including their significance, investment preferences, changes since last year and new entrants.

Following our May issue of Hedge Fund Spotlight, in which we took a closer look at the largest hedge fund managers in the industry, we examine the largest investors that are currently active in hedge funds – those with $1bn or more allocated to hedge fund investments. Collectively, this pool of investors allocates vast sums of capital to the hedge fund sector; approximately one dollar in every four invested in hedge funds today comes from the coffers of an institution with $1bn or more invested in hedge funds.

As a result, this group of investors are of great influence within the hedge fund industry. Their investments have come under scrutiny in recent years, particularly as a result of a handful of high-profile institutions, notably starting with CalPERS in September 2014 and latterly NYCERS in 2016, deciding to cut hedge funds from their portfolios entirely. With factors such as fees, performance and ultimately the value of hedge fund investments often cited as a deciding factor in cutting hedge funds from the holdings of some of these large investors, the question that is often asked is: “is this the start of a mass exit from hedge fund investment among the largest investors in hedge funds?”

As this article will reveal, the answer, for now, is “No”. Although a small number of this group have streamlined or cut their hedge fund investments over the past year, more institutions have entered the $1bn Club for the first time in 2016 and more investors in the group have increased their allocations to hedge funds than withdrawn investment. As a result, there are more investors than ever allocating $1bn or more to hedge funds, with a combined sum of capital that is larger than ever before (Fig. 1).

The $1bn Club in 2016

There are currently 238 institutional investors that invest $1bn or more in hedge funds, a net increase of 11 investors since our last $1bn Club report in May 2015. Collectively, this group invests $763bn in hedge funds, a 4% increase from $735bn in May 2015. Over the course of the past year, 40 institutions have entered the $1bn Club, while 29 investors have fallen out of the $1bn Club after reducing or cutting their exposure to hedge funds (Fig. 2). Combined, private and public sector pension funds represent nearly half of new entrants to the $1bn Club. An example is US-based Mars Pension Fund: over the past 12 months, the private sector pension fund has increased its hedge fund allocation from 14% to 24% of total assets, increasing its total investment in hedge funds to $1.1bn.

Public pension funds account for the largest proportion (27%) of total $1bn Club capital (Fig. 3). Although over the past 12 months the decision by NYCERS to cut its $1.5bn hedge fund portfolio made the headlines, other large pension funds have been doing the opposite and increasing their exposure.
For instance, Regents of the University of California and State of Wisconsin Investment Board have both increased their hedge fund allocation by $1.2bn since our previous $1bn Club study in May 2015.

Private sector pension funds represent 16% of the $763bn committed to the hedge fund industry by the $1bn Club. As well as private sector pension funds representing the largest number of new entrants into the $1bn Club, more than half (55%) of existing private pensions have increased their exposure to hedge funds since May 2015 (Fig. 4). Among these is Boeing Company Pension Fund, which added $2.4bn to its hedge fund portfolio over the 12 months to December 2015, and Delta Airlines Pension Fund, which increased its hedge fund allocation by $1.7bn.

North America is home to the most institutions active in hedge funds today, so it is somewhat unsurprising that institutions in this region represent the greatest amount of capital invested in hedge funds by the $1bn Club (62%, Fig. 5). Europe accounts for 23% of the capital committed to the hedge fund industry by the $1bn Club, a slight increase from 12 months ago (21%). Asia-Pacific represents 10% of $1bn Club capital, even though the number of investors in this region account for just 6% of all institutions in the $1bn Club. Capital allocated to hedge funds from all other regions is dominated by Abu Dhabi Investment Authority, with the sovereign wealth fund committing 97% of the region’s $1bn Club capital share.

$1bn Club vs. All Other Investors

The group of investors that comprise the $1bn Club has established itself over a number of years; the average $1bn Club investor made its first allocation to hedge funds in 2003. These institutions have significant resources, not only in terms of assets but also in regards to human capital. With such large allocations to hedge funds, the $1bn Club investors often employ dedicated individuals and teams focusing on hedge fund investment in order to build and oversee hedge fund portfolios. As a result of the sophistication and expertise of these investors, they are more likely to create portfolios of single funds themselves – without the need for funds of funds to do this on their behalf – compared with other types of institutional investors (Fig. 6). However, nearly half (47%) of the $1bn Club continue to use funds of hedge funds to some extent within their portfolios, in order to diversity holdings and leverage the expertise that these
multi-managers may have in specific areas or sectors, such as emerging managers or emerging markets for example.

The average $1bn Club investor portfolio is diversified across 33 hedge funds; in comparison, smaller investors hold just eight hedge funds (Fig. 7). However, both groups of investors have demonstrated their commitment to the hedge fund asset class over the past 12 months: the $1bn Club’s mean allocation has increased from 15.9% of total assets in May 2015 to 16.8% as of June 2016, while the mean allocation of all other investors has increased from 14.3% to 14.8%. Investors with at least $1bn invested in hedge funds require an average track record of 3.1 years from a hedge fund, shorter than the average requirement of all other investors at 3.8 years. However, due to internal policies or decisions to avoid making outsized investments in a single fund, $1bn Club investors look to invest with larger funds; on average, they require managers have at least $846mn in AUM compared with all other investors, which require $547mn.

Outlook

With just 238 investors allocating $1bn or more to hedge funds, the $1bn Club represents less than 5% of all institutions tracked by Preqin on Hedge Fund Online. Despite being small in number, they are mighty in influence: combined, the capital that this group invests represents almost a quarter of all the capital at work in hedge funds today. With this in mind, it is understandable why the actions of some high-profile institutions withdrawing capital from hedge funds may draw headlines. These investors are the cornerstone of the asset class and a potential mass exit could indicate worrying times for the industry. However, the signs in 2016 are positive: there are more members of this exclusive club than ever before and their exposure to hedge funds has grown collectively by nearly $30bn over the past 12 months. With big ticket sizes and the continued support of the hedge fund industry, the $1bn Club is likely to remain important, influential and active in the asset class for some time.

Fig. 6: Preferred Route to Market for Hedge Funds: $1bn Club Investors vs. All Other Investors

![Preferred Route to Market for Hedge Funds: $1bn Club Investors vs. All Other Investors](source: Preqin Hedge Fund Online)

Fig. 7: Key Facts: $1bn Club Investors vs. All Other Investors (As at 17 June 2016)

<table>
<thead>
<tr>
<th></th>
<th>$1bn Club Investors in Hedge Funds</th>
<th>All Other Investors in Hedge Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean Allocation to Hedge Funds</td>
<td>16.8%</td>
<td>14.8%</td>
</tr>
<tr>
<td>Typical No. of Hedge Funds in Portfolio</td>
<td>33</td>
<td>8</td>
</tr>
<tr>
<td>Average Track Record Required (Years)</td>
<td>3.1</td>
<td>3.8</td>
</tr>
<tr>
<td>Average AUM Required for Underlying Funds</td>
<td>$846mn</td>
<td>$547mn</td>
</tr>
</tbody>
</table>

Source: Preqin Hedge Fund Online

Data Source:

Preqin’s Hedge Fund Online contains detailed profiles for all 238 $1bn Club investors, as well as the remaining 4,800+ investors. These profiles include information on current and target allocations to the asset class, target returns, investment preferences, future plans, manager requirements and much more.

Hedge Fund Online is updated on a daily basis by teams of skilled research analysts based around the globe, making it a vital source of data and information for fund managers, investors, service providers and other professionals seeking to keep up to date with the latest developments in the industry.

For more information, or to arrange a demonstration, please visit:

www.preqin.com/hedge
The UK and EU Hedge Fund Industries

With the terms ‘Brexit’ and ‘Bremain’ dominating the news in the UK in recent months, we take a look at recent trends in the hedge fund industries of these two regions.

Hedge fund managers based in the UK account for 69% of the AUM of the whole of Europe-based managers, with the remaining EU countries contributing a further 20%. Furthermore, as seen in Figs. 1 and 2, the UK is home to larger hedge fund managers, with the top five UK-based managers all recording total assets over $20bn, a feat not accomplished by any non-UK EU country.

Proportion of EU Hedge Fund Managers Based in the UK vs. EU*

UK 63%

EU 37%

Proportion of EU Hedge Fund Investors Based in the UK vs. EU*

UK 54%

EU 46%

Total assets of UK-based hedge fund managers, as of 31 March 2016

$427bn

Total assets of other EU-based hedge fund managers, as of 31 March 2016

$138bn

---

**Fig. 1: Five Largest UK-Based Hedge Fund Managers (As at 13 June 2016)**

<table>
<thead>
<tr>
<th>Manager</th>
<th>Location</th>
<th>Total Assets under Management ($bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Man Group</td>
<td>London, UK</td>
<td>53.1 (As at 31 March 2016)</td>
</tr>
<tr>
<td>Standard Life Investments</td>
<td>Edinburgh, UK</td>
<td>40.9 (As at 30 April 2016)</td>
</tr>
<tr>
<td>Winton Capital Management Ltd.</td>
<td>London, UK</td>
<td>33.7 (As at 31 May 2016)</td>
</tr>
<tr>
<td>Marshall Wace</td>
<td>London, UK</td>
<td>26.0 (As at 31 May 2016)</td>
</tr>
<tr>
<td>GAM</td>
<td>London, UK</td>
<td>22.0 (As at 30 June 2015)</td>
</tr>
</tbody>
</table>

Source: Preqin Hedge Fund Online

**Fig. 2: Five Largest EU*-Based Hedge Fund Managers (As at 13 June 2016)**

<table>
<thead>
<tr>
<th>Manager</th>
<th>Location</th>
<th>Total Assets under Management ($bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brummer &amp; Partners</td>
<td>Stockholm, Sweden</td>
<td>16.6 (As at 30 April 2016)</td>
</tr>
<tr>
<td>Cevian Capital</td>
<td>Stockholm, Sweden</td>
<td>12.1 (As at 30 September 2015)</td>
</tr>
<tr>
<td>La Francaise Investment Solutions</td>
<td>Paris, France</td>
<td>6.9 (As at 31 May 2016)</td>
</tr>
<tr>
<td>Capital Fund Management</td>
<td>Paris, France</td>
<td>6.9 (As at 31 May 2016)</td>
</tr>
<tr>
<td>Lynx Asset Management</td>
<td>Stockholm, Sweden</td>
<td>5.8 (As at 31 May 2016)</td>
</tr>
</tbody>
</table>

Source: Preqin Hedge Fund Online

*EU excluding UK.
The UK not only attracts a larger proportion of European assets, but a higher number of managers on the whole; 60% of all EU-based fund managers are located in London. It is unsurprising therefore that the launch activity of UK-based managers has been consistently higher than that of other EU-based firms, with more funds entering the industry from UK firms for each of the last sixteen years (Fig. 3).

In terms of fund structure, a larger proportion of UCITS funds have been launched by other EU* based firms (Fig. 4); however, in terms of absolute numbers, more UCITS funds have been launched by UK-based managers. A much larger proportion of other EU*-based firms operate managed futures/CTA strategies, which are equally as prevalent as long/short equity strategies among continental managers (Fig. 6).

Fig. 3: Number of UK- vs. EU*-Based Hedge Fund Launches by Year of Inception, 2000 - 2016 YTD (As at 13 June 2016)

Fig. 4: Proportion of UK- vs. EU*-Based Fund Launches by Type

Fig. 5: Performance of UK- vs. EU*-Based Hedge Funds (As of May 2016)

Fig. 6: Core Strategies Offered by UK- vs. EU*-Based Funds

*EU excluding UK.
As seen in Fig. 7, private sector pension funds account for the largest proportion of institutional investors active in the EU hedge fund industry. The greatest differences are the larger proportion of wealth managers based in the UK and the significantly larger proportion of insurance companies located in continental EU countries. Contrasting the distribution of fund manager wealth, the largest hedge fund investors are located in other EU countries (Figs. 8 and 9). Similarly, while there are more investors active in the UK hedge fund market, other EU-based investors allocate a larger amount of assets to the asset class in terms of value (Fig. 10). In keeping with the greater prevalence of the investor type in other EU countries, three of the five largest EU*-based investors are insurance companies, emphasising their importance in the region.

The most preferred strategy of each investor group is long/short equity, with 62% and 55% of UK- and other EU-based investors indicating a preference for this strategy, respectively. The greatest difference in strategy preference is seen in exposure to distressed strategies; nearly twice as many (39) UK-based investors look to invest in distressed strategy funds than other EU-based investors (20). As expected with the larger proportion of other EU-based managers offering managed futures/CTA strategies, a larger proportion (32%) of other EU-based investors indicate a preference for this strategy compared with their UK-based counterparts (26%).

**Fig. 8: Five Largest UK-Based Hedge Fund Investors by Current Allocation to Hedge Funds (As at 13 June 2016)**

<table>
<thead>
<tr>
<th>Investor</th>
<th>Type</th>
<th>Location</th>
<th>Assets under Management ($bn)</th>
<th>Current Allocation to Hedge Funds ($bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BT Pension Scheme</td>
<td>Private Sector Fund</td>
<td>London, UK</td>
<td>62.2</td>
<td>6.7</td>
</tr>
<tr>
<td>Barclays Pension Fund</td>
<td>Private Sector Fund</td>
<td>London, UK</td>
<td>33.5</td>
<td>3.7</td>
</tr>
<tr>
<td>HBOS Final Salary Pension Scheme</td>
<td>Private Sector Fund</td>
<td>Halifax, UK</td>
<td>17.8</td>
<td>3.3</td>
</tr>
<tr>
<td>Wellcome Trust</td>
<td>Foundation</td>
<td>London, UK</td>
<td>28.1</td>
<td>3.1</td>
</tr>
<tr>
<td>Rothschild Wealth Management &amp; Trust</td>
<td>Wealth Manager</td>
<td>London, UK</td>
<td>16.8</td>
<td>2.5</td>
</tr>
</tbody>
</table>

**Fig. 9: Five Largest EU*-Based Hedge Fund Investors by Current Allocation to Hedge Funds (As at 13 June 2016)**

<table>
<thead>
<tr>
<th>Investor</th>
<th>Type</th>
<th>Location</th>
<th>Assets under Management ($bn)</th>
<th>Current Allocation to Hedge Funds ($bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>APG - All Pensions Group</td>
<td>Asset Manager</td>
<td>Heerlen, NL</td>
<td>461.9</td>
<td>23.1</td>
</tr>
<tr>
<td>Varma Mutual Pension Insurance Company</td>
<td>Insurance Company</td>
<td>Varma, Finland</td>
<td>46.9</td>
<td>7.5</td>
</tr>
<tr>
<td>Crédit Agricole Assurances-Prédica</td>
<td>Insurance Company</td>
<td>Paris, France</td>
<td>290.8</td>
<td>5.0</td>
</tr>
<tr>
<td>Prime Capital</td>
<td>Asset Manager</td>
<td>Frankfurt, Germany</td>
<td>5.7</td>
<td>4.3</td>
</tr>
<tr>
<td>Assicurazioni Generali</td>
<td>Insurance Company</td>
<td>Trieste, Italy</td>
<td>425.0</td>
<td>4.3</td>
</tr>
</tbody>
</table>

**Fig. 10: Hedge Fund Investors: UK-Based vs. EU*-Based (As at 13 June 2016)**

<table>
<thead>
<tr>
<th></th>
<th>UK</th>
<th>EU*</th>
<th>Source: Preqin Hedge Fund Online</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Institutional Investors</td>
<td>403</td>
<td>342</td>
<td></td>
</tr>
<tr>
<td>Average Allocation to Hedge Funds (As a % of AUM)</td>
<td>10.2%</td>
<td>6.2%</td>
<td></td>
</tr>
<tr>
<td>Average Allocation to Hedge Funds ($mn)</td>
<td>368</td>
<td>894</td>
<td></td>
</tr>
<tr>
<td>Average No. of Hedge Funds in Portfolio</td>
<td>9-10</td>
<td>12-13</td>
<td></td>
</tr>
</tbody>
</table>

*EU excluding UK.*
### PREQIN GLOBAL DATA COVERAGE

#### INVESTOR COVERAGE
- **Private Equity:** 6,273 Active Private Equity LPs
- **Hedge Funds:** 5,072 Active Hedge Fund Investors
- **Real Estate:** 5,313 Active Real Estate LPs
- **Infrastructure:** 2,762 Active Infrastructure LPs
- **Private Debt:** 2,125 Active Private Debt Investors
- **Natural Resources:** 1,913 Active Natural Resources Investors

#### FUND COVERAGE
- **Private Equity Funds:** 19,659
- **Hedge Funds:** 20,902
- **PE Real Estate Funds:** 5,715
- **Infrastructure Funds:** 1,065
- **Private Debt Funds:** 2,047
- **Natural Resources Funds:** 1,538

#### FIRM COVERAGE
- **Private Equity Firms:** 10,049
- **Hedge Fund Firms:** 8,278
- **PE Real Estate Firms:** 3,443
- **Infrastructure Firms:** 493
- **Private Debt Firms:** 966
- **Natural Resources Firms:** 809

#### PERFORMANCE COVERAGE
- **Private Equity Funds:** 6,304
- **Hedge Funds:** 13,800
- **PE Real Estate Funds:** 1,491
- **Infrastructure Funds:** 214
- **Private Debt Funds:** 734
- **Natural Resources Funds:** 429

#### FUNDRAISING COVERAGE
- **Private Equity Funds:** 2,219
- **Hedge Funds:** 14,931
- **PE Real Estate Funds:** 1,005
- **Infrastructure Funds:** 193
- **Private Debt Funds:** 276
- **Natural Resources Funds:** 225

#### DEALS COVERAGE
- **Buyout:** 47,163 + 21,337 Buyout Deals** Exits
- **Venture Capital:** 101,846 + 11,809 Venture Deals*** Exits
- **Infrastructure:** 12,925 Infrastructure Deals

Alternatives Investment Consultants Coverage:
- **527 Consultants Tracked**

Funds Terms Coverage: Analysis Based on Data for Around:
- **14,330 Funds**

Best Contacts: Carefully Selected from our Database of over:
- **362,564 Contacts**

### PLUS
- Comprehensive coverage of:
  - Placement Agents
  - Fund Administrators
  - Law Firms
  - Debt Providers
  - Dry Powder
  - Compensation
  - Plus much more...

### THE PREQIN DIFFERENCE
- Over 200 research, support and development staff
- Global presence - New York, London, Singapore, San Francisco, Hong Kong and Manila
- Depth and quality of data from direct contact methods
- Unlimited data downloads
- The most trusted name in alternative assets

*As at 1 June 2016*
Editor’s View: Industry News

With this month’s lead article focusing on the hedge fund industry in the EU, in Editor’s View we highlight hedge fund industry activity outside Europe and take a look at recent investments and fund launches.

**New Partnerships**

San Francisco Employees’ Retirement System recently hired New York-based Blackstone Alternative Asset Management to manage its maiden investment in hedge funds. The $20bn public pension fund’s $1bn hedge fund allocation will be split in half, with $500mn placed in Blackstone’s customized fund of hedge funds programme and the remaining $500mn allocated through direct investments.

University of Louisville Foundation recently invested $5mn in a long/short equity hedge fund managed by Sylebra Capital Management. The fund primarily focuses on the technology, media and telecom sectors and invests primarily in Asia, but also has allocations in the US and Europe. In 2015, the foundation pulled at least $46mn from ten managers through full or partial redemptions. Sylebra Capital Management is a Hong Kong-based spin-off from global technology specialist hedge fund shop Coatue Management, co-founded by two former Coatue Management partners in 2011.

**New Launches**

Philadelphia-based Franklin Square Capital has launched a new feeder fund in their FS Global Credit Opportunities structure. While feeders FS Global Credit Opportunities Fund - A and FS Global Credit Opportunities Fund - D are closed to investors, FS Global Credit Opportunities Fund - T launched in June 2016 is open to new investors. FS Global Credit Opportunities Fund invests in global corporate credit using a primarily event driven, high-conviction approach. The fund seeks to generate an attractive total return, consisting of a high level of current income and capital appreciation, with a secondary objective of capital preservation. Typically, the fund focuses on North America and Western Europe, and on a broad range of debt and equity securities of both public and private companies.

In June 2016, newly established EVA Capital Management launched its first hedge fund, EVA Capital Management Flagship Fund. The New York-based manager is a fundamental, value-based investment firm developed to manage long/short and long-only investment strategies. Critical to EVA Cap’s investment model is a proprietary accounting database rooted in the principals of forensic accounting and economic profit, or economic value added (EVA). EVA Capital Management Flagship Fund is a long/short equity fund that seeks to generate high risk-adjusted returns regardless of the direction or trend of equity markets. The fund employs a proprietary systematic approach to fundamental analysis, stock selection, portfolio construction and risk management. It aims to be market and industry group neutral, and for the strategy to have little to no correlation to other hedge fund products and asset classes.

Preqin surveyed over 270 hedge fund managers globally in June 2016 to find out more about their attitudes across a wide range of topics through fundraising in the first half of 2016, their plans for the rest of the year and their views on a variety of macro-economic factors affecting hedge funds today. Our June Chart of the Month is taken from our forthcoming H2 2016 Hedge Fund Manager Outlook, which draws on these surveys and is due out in July. Preqin asked hedge fund managers to predict, at the mid-point of 2016, where the Preqin All-Strategies Hedge Fund benchmark will end up as of December 2016. The results reveal that 45% managers predicted that the hedge fund industry would make gains of 2% or 3% in 2016 and just 6% believe it will be in excess of 5% for the year.

Currently, the Preqin All-Strategies Hedge Fund benchmark has returned 1.55% YTD (as of 31 May 2016), indicating that hedge fund managers see only limited opportunities to make further gains throughout the rest of the year, as markets react to a variety of ongoing challenges from the UK Brexit in Europe, the upcoming US presidential elections and continued concerns on China’s economy. With many investors proving disappointed with returns in 2015 and seeking improvement in 2016 (see Preqin Investor Outlook: Alternative Assets, H1 2016 for more details), if these performance predictions are proved true, the hedge fund industry may continue to see some outflows over the rest of 2016, following Q1 losses of more than $14bn. If you would like to see the full H2 Hedge Fund Manager Outlook when it is released, please register your interest here.

Do you have any news you would like to share with the readers of Spotlight? Perhaps you’re about to launch a new fund, have implemented a new investment strategy, or are considering investments beyond your usual geographic focus?

Send your updates to spotlight@preqin.com and we will endeavour to publish them in the next issue.
May 2016 saw hedge funds generate their third consecutive month of positive returns, with the Preqin All-Strategies Hedge Fund benchmark up 0.93% for the month. Event driven strategies were once again the top performers, posting a return of 1.59%, overtaking macro strategies funds to become the top performing strategy of 2016 (YTD figure of 3.01% and 2.48%, respectively). However, in the past year, relative value strategies continue to outperform all other strategies, returning 1.87%. After a difficult start to 2016, North America generated another strong month, returning 1.38% in May (following 1.81% in April), driving their 2016 YTD figure up to 2.40% (Fig. 1).

In contrast, May proved to be a disappointing month for CTAs, returning -0.98%. However, discretionary CTAs significantly outperformed the Preqin All-Strategies CTA benchmark and their systematic counterparts, returning 1.39% in the month compared to the 1.00% loss of systematic CTAs. This recent outperformance has driven the six month cumulative return of discretionary CTAs above that of all and systematically-traded CTAs (Fig. 2).
Preqin Special Report: CTAs

We present an extract of our recently launched Preqin Special Report: CTAs, looking at fund managers, institutional investors, performance and more.

**The Facts**

- **$13.7bn**
  Total inflows to CTAs in Q1 2016, the largest of all hedge fund strategies.

- **0.68%**
  Year-to-date return of the Preqin All-Strategies CTA benchmark (as of 31 May 2016), down from 1.48% at the end of Q1 2016.

- **29%**
  Proportion of hedge fund investors that plan to increase their allocation to CTAs in 2016, responding to a survey by Preqin in November 2015.

- **10%**
  Proportion of all CTA managers that employ the top performing sub-strategy of 2015 - option writing.

**Location of North America-Based CTA Managers Profiled on Preqin’s Hedge Fund Online**

**Location of Europe-Based CTA Fund Managers Profiled on Preqin’s Hedge Fund Online**
The Preqin Special Report: CTAs, launched in June 2016, is an in-depth study on the current CTA market, providing insight into active investors in the market, CTA managers and recent performance of CTA strategies.

Since the end of Q2 2015, investors have allocated $31.8bn to CTA strategies, compared with $7.8bn that investors have withdrawn from equity strategies during the same period. This increase in capital inflow to the CTA market has been matched by an increase in the number of investors active in the sector. As seen in Fig. 1, there has been a 112% increase in the number of investors seeking exposure to CTA strategies since 2011.

While CTAs began 2016 with strong performance, significantly outperforming the hedge fund market, lower performance in recent months has seen CTA strategies drop to 0.68% as of May 2016, allowing the Preqin All-Strategies Hedge Fund benchmark, which stands at 1.55% in the same period, to overtake.

There are currently 1,197 CTAs active in the hedge fund industry today; however, with CTAs accounting for a declining proportion of industry launches in recent years (Fig. 2), 2016 could be another year of comparatively low CTA activity despite the growing investor appetite for these vehicles.

Fig. 2: Sample Investors Targeting CTAs in the Next 12 Months

<table>
<thead>
<tr>
<th>Investor</th>
<th>Type</th>
<th>Location</th>
<th>Investment Plans for Next 12 Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Parcel Service of America Pension Plan</td>
<td>Private Sector Pension Fund</td>
<td>Georgia, US</td>
<td>Looking to target managed futures/CTA alongside equity market neutral strategies, requiring managers to have a track record of at least two years and AUM of at least $500mn.</td>
</tr>
<tr>
<td>Prisminvest</td>
<td>Asset Manager</td>
<td>Morges, Switzerland</td>
<td>Planning to invest in 5-8 hedge funds, seeking a variety of strategies such as managed futures/CTAs, event driven and long/short credit, requiring a minimum of $50mn in AUM.</td>
</tr>
<tr>
<td>Crescendo Capital</td>
<td>Wealth Manager</td>
<td>Geneva, Switzerland</td>
<td>Will seek funds that provide exposure to managed futures/CTAs, as well as long/short equity and macro strategies funds. The wealth manager also has a preference for exposure to developed countries.</td>
</tr>
</tbody>
</table>
The 22nd Annual

ALPHA HEDGE WEST
CONFERENCE

September 8-9, 2016 | San Francisco, CA

Covering the challenges and opportunities for an industry in transition, the conference will serve as a necessary meeting place for leading hedge fund managers, asset allocators, regulatory bodies, and more.

Advisory Board Members Include:

- Jack McDonald, CEO, CONIFER
- Rachel Minard, Founder & CEO, MINARD CAPITAL
- Lauri Haas, Founder & Principal, PRISM LLC
- Jason Gerlach, CEO & Managing Partner, SUNRISE CAPITAL
- John Sheaman, Managing Director, TEAMCO ADVISORS
- Neal Howe, Director of Investor Solutions, WELTON INVESTMENT SOLUTIONS

www.imn.org/alphawest16 | Email: amelvin@imn.org | Call: 1-212-901-0542

With Investor Driven Meetings

CATALYST CAP INTRO:
L/S EQUITY | EVENT DRIVEN
ALTERNATIVE INVESTING

Catalyst is a leading, independent, cap intro events producer

Catalyst Cap Intro Events are sector focused, investor driven events that host hand-picked investment managers and investors that are introduced to each other with a view to become investment partners.

This Catalyst Cap Intro Event focuses only on the L/S Equity and Event Driven investing sectors.

Introductions are accomplished through private meetings which are arranged prior to the events, in an investor driven fashion based on the merits of each investment manager and the requests made by the investors.

Catalyst Financial Partners has established itself as one of the leading, independent cap intro providers, with an investor events model showing a track record of resulting allocations.

New York City, September 19, 2016

We welcome you to contact us to discuss joining our cap intro event

Catalyst Financial Partners LLC
118 E 28th Street, Suite 314, New York, NY 10016
Tel: +1 212 966 2993 Email: info@catalystforum.com www.catalystforum.com
Mid-Sized Hedge Fund Managers

Following on from last month’s $1bn Club report, Janet Chambers takes a look at the group of hedge fund managers just outside the $1bn Club: the mid-sized managers that hold $500-999mn in assets under management.

Fig. 1: Assets under Management Distribution of Mid-Sized Hedge Fund Managers vs. $1bn Club Managers

Fig. 2: Participation of Investors in Funds Raised by Mid-Sized Hedge Fund Managers vs. $1bn Club Managers

Fig. 3: Strategies Employed by Mid-Sized Hedge Fund Managers vs. $1bn Club Managers

Fig. 4: Quartile Performance of Hedge Funds: Mid-Sized Managers vs. $1bn Club Managers, Q1 2016
In Focus: US Investors in the EU

With this month’s lead article looking at investors based in Europe, Joseph Lee looks at active investors in the European hedge fund market across the pond.

Fig. 1: US-Based Investors with a Preference for Europe-Focused Hedge Funds by Investor Type

![Pie chart showing preference for different strategies among US investors.]

Source: Preqin Hedge Fund Online

Fig. 2: Top Five US States by Proportion of Active Investors with a Preference for Europe-Focused Hedge Funds

![Bar chart showing percentage of investors from the top five US states.]

Source: Preqin Hedge Fund Online

Fig. 3: Strategy Preferences of US-Based Investors with a Preference for Europe-Focused Hedge Funds

![Bar chart showing the distribution of strategy preference among US investors.]

Source: Preqin Hedge Fund Online

Fig. 4: Preferred Investment Approach by US-Based Investors with a Preference for Europe-Focused Hedge Funds

![Bar chart showing the distribution of investment approach among US investors.]

Source: Preqin Hedge Fund Online

Fig. 5: Sample of US-Based Hedge Fund Investor Activity in Europe

<table>
<thead>
<tr>
<th>Investor</th>
<th>Investor Type</th>
<th>Fund</th>
<th>Manager</th>
<th>Commitment</th>
<th>Commitment Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Florida State Board of Administration (FSBA)</td>
<td>Public Pension Fund</td>
<td>Capula Investment Management</td>
<td>Capula Global Relative Value Fund</td>
<td>$150mn</td>
<td>May-16</td>
</tr>
<tr>
<td>Texas Municipal Retirement System (TMRS)</td>
<td>Public Pension Fund</td>
<td>PDT Mosaic Offshore Fund</td>
<td>PDT Partners</td>
<td>$90mn</td>
<td>Mar-16</td>
</tr>
<tr>
<td>Colorado Fire and Police Pension Association (CFPPA)</td>
<td>Public Pension Fund</td>
<td>Arrowgrass Customized Solutions I Limited</td>
<td>Arrowgrass Capital Partners</td>
<td>$20mn</td>
<td>Apr-16</td>
</tr>
</tbody>
</table>

Source: Preqin Hedge Fund Online
Fund Searches and Mandates

We look at the strategies and regions hedge fund investors plan to target in the next 12 months, as well as investors planning new investments.

**Fig. 1: Hedge Fund Searches Issued by Investor Location, May 2016**

![Graph showing location distribution of hedge fund searches](source: Preqin Hedge Fund Online)

**Fig. 2: Hedge Fund Searches Issued by Investor Type, May 2016**

![Graph showing investor type distribution of hedge fund searches](source: Preqin Hedge Fund Online)

**Fig. 3: Hedge Fund Searches Issued by Strategy, May 2016**

![Graph showing strategy distribution of hedge fund searches](source: Preqin Hedge Fund Online)

**Fig. 4: Sample of Fund Searches Issued in May 2016**

<table>
<thead>
<tr>
<th>Investor</th>
<th>Type</th>
<th>Location</th>
<th>Fund Search Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Pension Service</td>
<td>Public Pension Fund</td>
<td>South Korea</td>
<td>Plans to make its maiden allocation to hedge funds in 2016, allocating up to 0.5% of its total assets to funds of hedge funds.</td>
</tr>
<tr>
<td>JL Squared Group I</td>
<td>Fund of Hedge Funds Manager</td>
<td>US</td>
<td>Expects to allocate $10-15mn to one or two new hedge funds over the next 12 months, targeting those that have a three-year track record and hold at least $100mn in AUM.</td>
</tr>
<tr>
<td>Unigestion</td>
<td>Fund of Hedge Funds Manager</td>
<td>Switzerland</td>
<td>The $2bn fund of hedge funds manager is looking to invest in long/short equity and relative value arbitrage strategies over the next 12 months, but will primarily focus on managers that have exposure to energy markets.</td>
</tr>
</tbody>
</table>

**Subscriber Quicklink:**

Subscribers can click [here](source: Preqin Hedge Fund Online) to view detailed profiles of 390 institutional investors in hedge funds actively searching for new investments via the Fund Searches and Mandates feature on Preqin's Hedge Fund Online.

Preqin tracks the future investment plans of investors in hedge funds, allowing subscribers to source investors actively seeking to invest capital in new hedge fund investments.

Not yet a subscriber? For more information, or to register for a demo, please visit:

[www.preqin.com/hfo](http://www.preqin.com/hfo)
# Conferences Spotlight

<table>
<thead>
<tr>
<th>Conference</th>
<th>Dates</th>
<th>Location</th>
<th>Organizer</th>
<th>Prequin Speaker</th>
<th>Discount Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family Office &amp; Private Wealth Management Forum</td>
<td>18 - 20 July 2016</td>
<td>Newport, RI</td>
<td>Opal Finance Group</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alternative Investment Consultants Summit</td>
<td>21 July 2016</td>
<td>Old Greenwich, CT</td>
<td>Investment Management Institute</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alpha Hedge West</td>
<td>8 - 9 September 2016</td>
<td>San Francisco, CA</td>
<td>IMN</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australian Investors Summit</td>
<td>12 - 13 September 2016</td>
<td>Melbourne</td>
<td>marcus evans Summits</td>
<td></td>
<td>10% Discount - PQ10</td>
</tr>
<tr>
<td>FundForum Africa</td>
<td>14 - 16 September 2016</td>
<td>London</td>
<td>Informa</td>
<td></td>
<td>15% Discount - FKP2429PNWB</td>
</tr>
<tr>
<td>CTA Expo Chicago</td>
<td>15 September 2016</td>
<td>Chicago, IL</td>
<td>CTA Expo</td>
<td>Amy Bensted</td>
<td></td>
</tr>
<tr>
<td>Cap Intro: L/S Equity</td>
<td>Event Driven Investing</td>
<td>19 September 2016</td>
<td>New York</td>
<td>Catalyst Financial Partners</td>
<td></td>
</tr>
<tr>
<td>DACH Elite Summit</td>
<td>25 - 27 September 2016</td>
<td>Frankfurt</td>
<td>marcus evans Summits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global Investors Summit</td>
<td>3 - 5 October 2016</td>
<td>Montreux</td>
<td>marcus evans Summits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cap Intro: Credit</td>
<td>Fixed Income Alternative Investing</td>
<td>17 October 2016</td>
<td>New York</td>
<td>Catalyst Financial Partners</td>
<td></td>
</tr>
<tr>
<td>European CLO Summit</td>
<td>17 - 18 October 2016</td>
<td>Monaco</td>
<td>Opal Finance Group</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PWM Greater China Summit</td>
<td>17 - 19 October 2016</td>
<td>Macao</td>
<td>marcus evans Summits</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
10th Summer Annual Alternative Investment Consultants Summit

Date: 21 July 2016
Information: www.investmentmanagementinstitute.com
Location: The Hyatt Regency Greenwich
Organizer: Investment Management Institute

Hear from institutional investors, consultants and family offices on developing new business opportunities, plus getting into searches. Learn the keys to building relationships and trust to gain the edge on other managers.

22nd Annual Alpha Hedge West

Date: 8 - 9 September 2016
Information: http://www.imn.org/alphawest16
Location: San Francisco, CA
Organizer: Information Management Network (IMN)

Covering the challenges and opportunities for an industry in transition, the conference will serve as a necessary meeting place for leading hedge fund managers, asset allocators, regulatory bodies, and more to explore new allocation strategies and look towards the future of hedge fund investing.

FundForum Africa

Date: 14-16 September 2016
Information: http://www.fundforumafrique.com/FKP2429PNWB
Location: Hilton London Canary Wharf
Organizer: FundForum

Exchange ideas & take part in candid discussion with a c-level audience at FundForum Africa; the boutique meeting place for thought-leaders from the African investment management community.

CTA Expo Chicago

Date: 15 September 2016
Information: www.CTAExpo.com
Location: The Conference Center
Organizer: CTA Expo LLC

CTA Expo Chicago is a unique forum for money raisers and asset allocators to meet and discover Commodity Trading Advisors and promote managed futures investing. From dedicated presentations to opportunities for networking, CTA Expo provides a forum for allocators and CTAs to do business.

Cap Intro: L/S Equity | Event Driven Investing

Date: 19 September
Information: http://catalystforum.com/events/l-s-equity-event-driven-investing
Location: New York City
Organizer: Catalyst Financial Partners

Catalyst Cap Intro Events are exclusive, sector focused, investor driven events that host hand-picked investors and investment managers that intend to become investment partners. This Catalyst Cap Intro Event focuses only on the L/S Equity | Event Driven investing sectors. Introductions are accomplished through private meetings which are arranged prior the events, where investors request meetings based on the merits of each investment manager. Investors are pre-screened and pre-qualified prior the events and constitute mainly single and multi-family offices, HNWs, endowment and foundations, and their advisors, located in the Eastern US, but also internationally.