

HEDGE FUND SPOTLIGHT

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HEDGE FUND ASSET FLOWS AND THE YEAR AHEAD



The greatest proportion of investors since December 2013 are looking to increase the amount of capital dedicated to hedge funds in the coming year. We analyze how, following a positive year of hedge fund asset flows in 2017, investors' confidence is likely to continue in the year ahead.

[Find out more on page 2](#)

HEDGE FUND PERFORMANCE UPDATE: JANUARY 2018



The return generated by the Preqin All-Strategies Hedge Fund benchmark in January shows that hedge funds have had the strongest start to a calendar year since 2013 (+2.18%). We take a look at the other figures.

[Find out more on page 9](#)



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HEDGE FUND ASSET FLOWS AND THE YEAR AHEAD

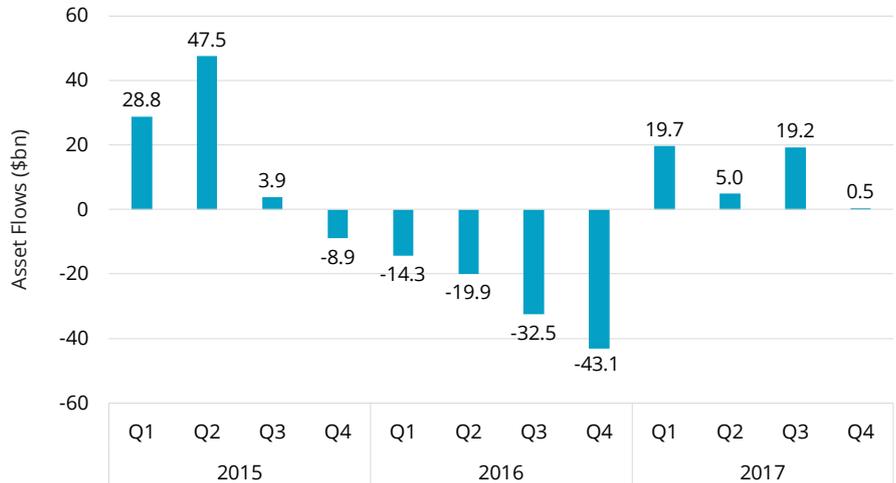
In this feature we examine the hedge fund industry's year of positive inflows, providing a breakdown of asset flows by strategy, and what this may mean for the year ahead.

INDUSTRY GROWTH AS INFLOWS RETURN

Having suffered a year of net outflows (-\$110bn) in 2016, hedge funds reversed this trend in 2017 with net investor inflows amounting to \$44.4bn and positive net flows recorded in all four quarters of the year (Fig. 1). However, a greater proportion of hedge funds saw outflows (49%) than inflows (46%) over the course of 2017, highlighting the continued difficulties faced by many managers.

Driven by this influx of investor capital, as well as strong hedge fund returns (+11.45%) in 2017, the industry's assets continued to grow throughout 2017, reaching \$3.58tn as at December 2017, an increase of 10.2% since the end of 2016 (Fig. 2).

Fig. 1: Quarterly Hedge Fund Asset Flows, Q1 2015 - Q4 2017



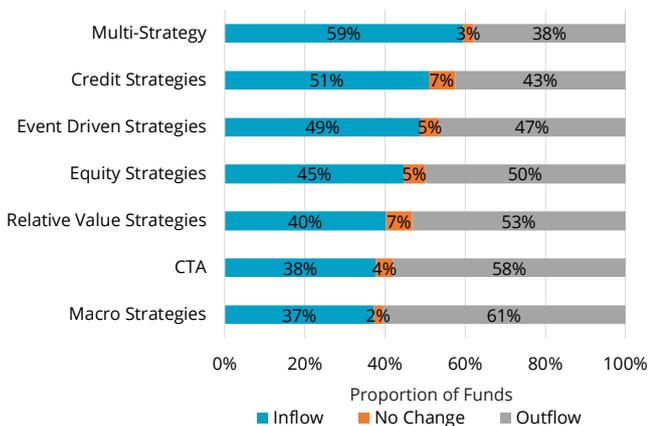
Source: Preqin Hedge Fund Online

Fig. 2: Hedge Fund Asset Flows by Core Strategy, 2015 - 2017

Strategy	2015 (\$bn)	2016 (\$bn)	Q1 2017 (\$bn)	Q2 2017 (\$bn)	Q3 2017 (\$bn)	Q4 2017 (\$bn)	2017 (\$bn)	Industry Assets (\$bn)	% Change from Dec-16
CTAs	24.6	25.5	7.2	10.4	-4.0	11.6	25.2	284	13.3%
Macro Strategies	-25.8	-5.9	11.1	2.4	-8.5	14.0	19.0	1,061	8.4%
Multi-Strategy	27.5	-22.5	-2.3	7.0	13.3	0.6	18.6	481	13.2%
Event Driven Strategies	-1.8	-2.9	8.9	0.2	2.7	-1.6	10.3	204	15.7%
Niche Strategies	1.3	-0.8	1.1	2.7	2.6	-2.6	3.8	25	69.3%
Relative Value Strategies	-18.8	-24.7	0.6	7.2	-2.1	-9.8	-4.1	353	3.5%
Credit Strategies	4.2	-28.2	3.1	-12.6	13.9	-9.1	-4.7	250	5.7%
Equity Strategies	60.3	-50.3	-10.0	-12.4	1.3	-2.7	-23.8	919	11.6%
Total Industry	71.4	-109.8	19.7	5.0	19.2	0.5	44.4	3,577	10.2%

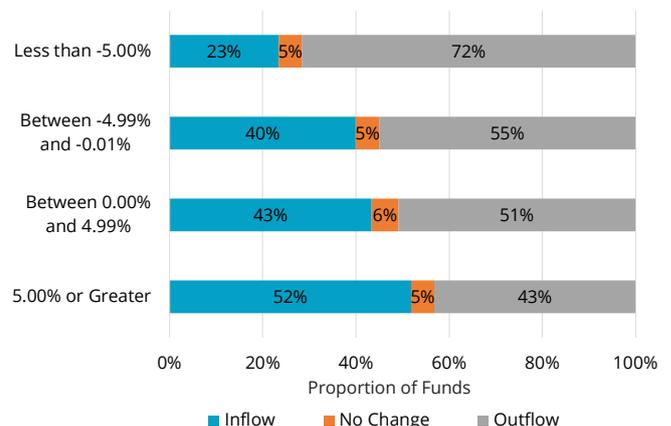
Source: Preqin Hedge Fund Online

Fig. 3: Hedge Fund Asset Flows over 2017 by Core Strategy



Source: Preqin Hedge Fund Online

Fig. 4: Hedge Fund Asset Flows over 2017 by 2016 Performance



Source: Preqin Hedge Fund Online

INFLOWS BY STRATEGY

Macro strategy funds and CTAs recorded the greatest net inflows of any top-level strategy in 2017 (Fig. 2). CTAs saw total net inflows of \$25.2bn, which led to strong growth in AUM, despite the strategy delivering an annual return of just 2.89%. Aggregate AUM for the strategy grew by 13.3% in the 12 months to December 2017 to stand at \$284bn.

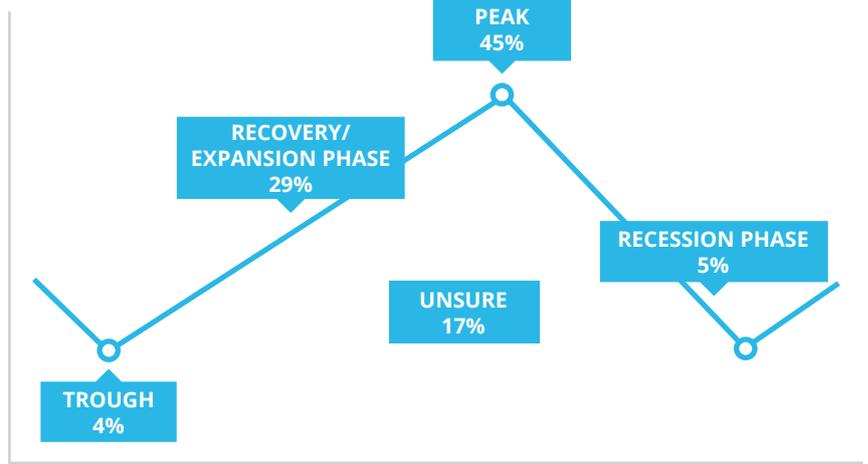
Macro Strategy funds delivered a 5.32% return in 2017 and saw net inflows of \$19.0bn; the combined effect of these inflows resulted in industry assets increasing 8.4% in the 12 months to December 2017, reaching an overall figure of \$1.06tn.

Equity strategies recorded significant net outflows (-\$23.8bn) over the course of 2017. However, despite this, the annual performance (+15.32%) of equity strategies in 2017 drove aggregate strategy assets up by 11.6% since the end of 2016 to December 2017.

TOP PERFORMERS ATTRACTING INFLOWS

Past performance remains a key factor in determining a fund manager’s ability to attract new capital. As shown in Fig. 4, the majority (52%) of funds that generated returns of 5% or more in 2016 experienced net inflows; by contrast, almost three-quarters (72%) of funds that generated a loss of greater than 5% in 2016 saw outflows in 2017. Therefore, although past performance may not be indicative of future performance, it is a clear signifier of future asset flows.

Fig. 5: Investor Views on Where the Current Equity Market Is in the Cycle



Source: Preqin Investor Interviews, December 2017

The amount of investors that were looking to allocate fresh capital to the asset class in 2017 will help bring renewed optimism to many industry participants this year. However, the success in fundraising varies significantly from manager to manager based on strategy, region, size and performance. This emphasizes the need for fund managers and allocators alike to have access to comprehensive fund-level data, giving them the greatest insight into the direction of capital flows in 2018 and beyond.

CAPITAL FLOWS: OUTLOOK FOR 2018

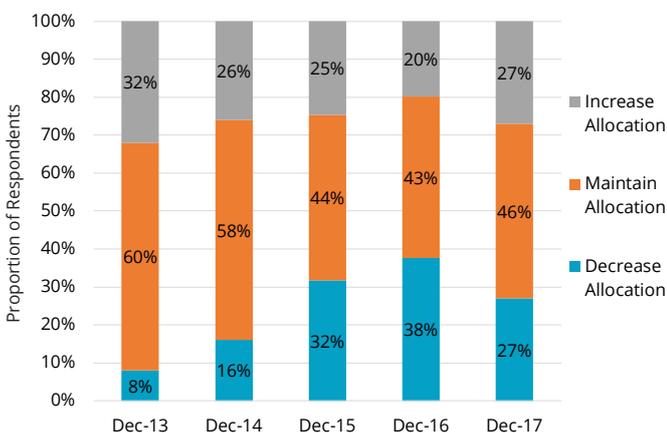
Following the trends seen in 2017, what can we expect to see in the industry in 2018?

Preqin’s December 2017 interviews with institutional investors active in hedge funds reveal the end of a trend we have seen

since our December 2014 survey: for the first time in this period, the proportion of investors that plan to reduce their exposure to hedge funds over the next 12 months does not outweigh the proportion intending to increase their exposure (Fig. 6). In fact, the greatest level of investors since December 2013 are looking to increase the amount of capital dedicated to hedge funds in the coming year.

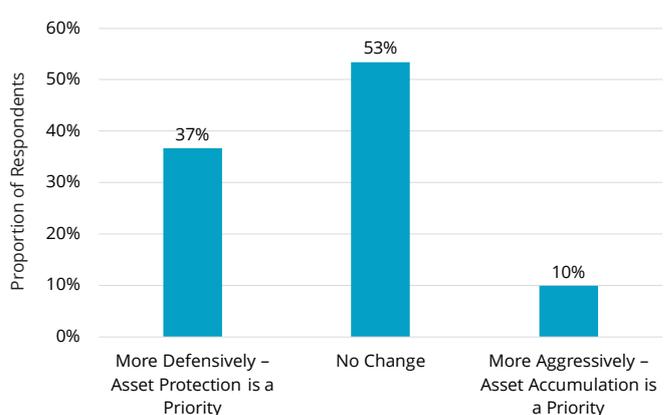
With more capital likely to be allocated to hedge funds this year, how will investors use these vehicles within their portfolios? Nearly half (45%) of investors interviewed in December 2017 believe equity markets may have reached a peak in 2017 (Fig. 5). Consequently, 37% of investors plan to position their portfolios more defensively in 2018, compared to 10% that plan to position them more aggressively (Fig. 7).

Fig. 6: Investors’ Intentions for Their Hedge Fund Allocations in the Next 12 Months, 2013 - 2017



Source: Preqin Investor Interviews, 2013 - 2017

Fig. 7: How Investors Intend to Position Their Hedge Fund Portfolios in 2018



Source: Preqin Investor Interviews, December 2017

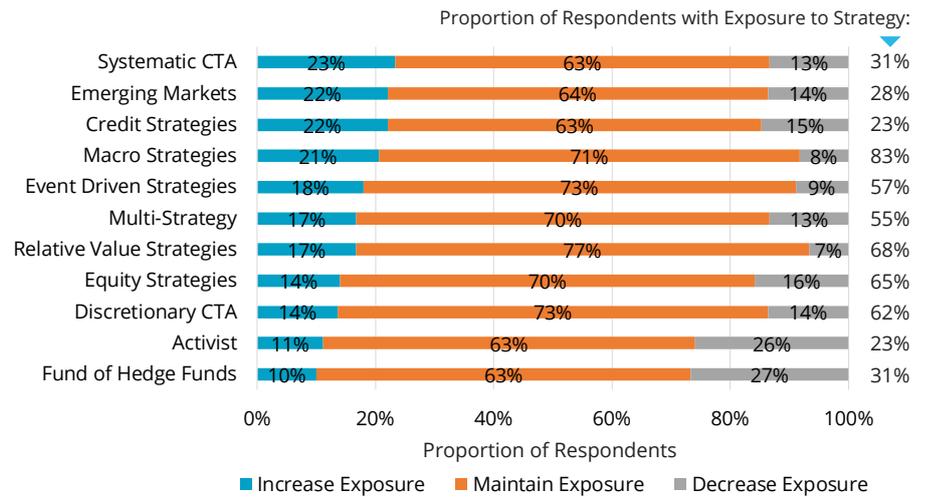
As a result, we continue to see strong appetite for diversifying strategies which may protect investors in the case of a market correction. CTAs look set to play a key part in this. Although a relatively small proportion (31%) of investors interviewed invest through systematic CTAs compared with other strategies, a significant 23% of these plan to increase their weighting towards systematic CTAs over 2018 (Fig. 8). CTAs can provide uncorrelated returns to hedge funds and equity markets, a possible reason behind investor demand for this strategy in the coming year.

Just 8% of investors plan to decrease their exposure to macro strategies funds, with 2.5x more (21%) looking to increase their allocation to these strategies. Although macro strategies generated the second lowest annual return of any top-level strategy in 2017, investors may also be looking to these strategies to add downside protection to their portfolios should the extended equity market run come to a sudden stop.

Investors are also looking to alternative structures to shape and protect their portfolios in 2018. Although fewer investors use UCITS within their hedge fund portfolios than other fund structures such as commingled funds (25% vs. 83%, Fig. 9), these investors show a strong appetite for the structure over 2018: nearly half (48%) plan to increase their investments in alternative UCITS over 2018, with no investors surveyed planning cuts to their UCITS holdings.

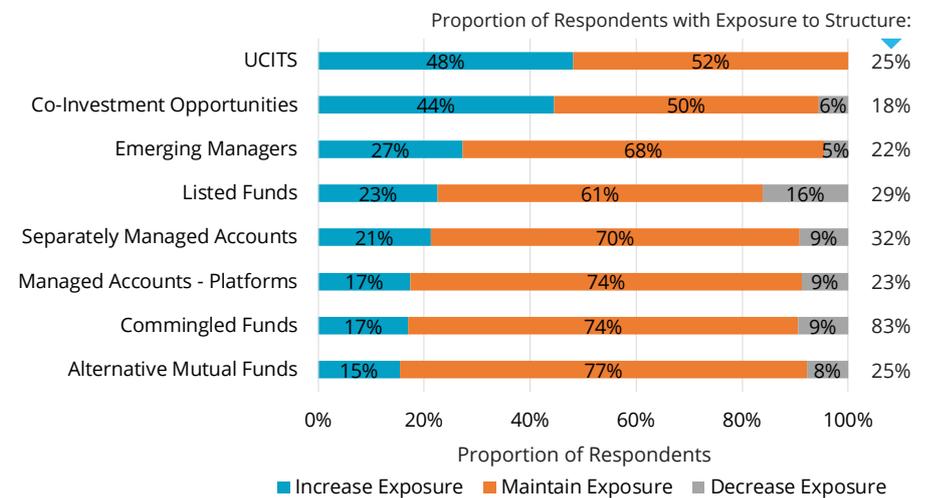
Investor appetite for co-investment opportunities in the hedge fund space is growing: two years ago, just 13% of investors indicated that they co-invested alongside their hedge fund managers; at the end of 2017 we estimate this to be closer to 18%. And these investors look set to grow their exposure over the course of 2018: 44% plan to increase their investments in hedge fund co-investment opportunities, and just 6% plan to reduce

Fig. 8: Investor Allocation Plans for 2018 by Strategy



Source: Preqin Investor Interviews, December 2017

Fig. 9: Investor Allocation Plans for 2018 by Structure



Source: Preqin Investor Interviews, December 2017

them. Co-investment opportunities provide investors with tailored strategies and access to high-conviction, potentially higher return trades. In addition, with fees likely to remain a significant issue in 2018, such opportunities can come with significant fee discounts.

The return of net inflows into hedge funds in 2017 has been a welcome change for fund managers and looks set to continue into 2018. A possible downturn in the equity market is leading many investors to batten down the hatches and position

their portfolios defensively for the year ahead. Consequently, products and structures such as macro strategies funds and systematic CTAs are likely to see the greatest inflows in 2018. In contrast, equity strategies could see further outflows, driven by the number of investors that believe the equity market has peaked.

HOW PREQIN CAN HELP YOU FUNDRAISE IN 2018

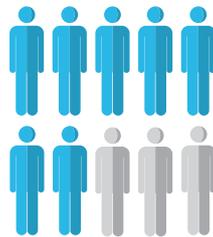
Although there are more institutional investors than ever currently investing in hedge funds – over 5,250 globally – fundraising in 2018 is undoubtedly challenging. Inflows were seen in 2017, with hedge funds netting \$50bn in fresh capital, yet investors have remained cautious when making new commitments to the asset class over the course of 2018: just as many (27%) investors plan to put less money into hedge funds over the year as those that plan to put more.

However, there are opportunities to grow your fund over the course of 2018 – with industry-leading data and tools, Preqin will help you find those investors looking for new hedge funds today. To find out how Preqin can help you fundraise in 2018, please register here: www.preqin.com/demo

PREQIN IS HELPING RAISE CAPITAL FOR HEDGE FUNDS TODAY



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investment professionals in
90+
countries use Preqin's data.

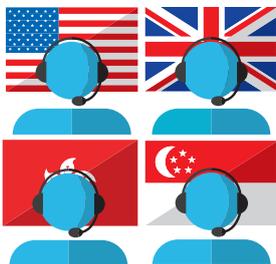


7
out of the top
10
hedge funds that saw the largest
inflows in 2017 rely on Preqin data.



3x
From Q1 to Q3 2017 Preqin
subscribers raised 3x more hedge
fund capital than non-subscribers.

HOW PREQIN HELPS TO RAISE CAPITAL FOR HEDGE FUNDS



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about their alternative investments.



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first to find out the latest hedge fund searches
among the
5,250+
institutions worldwide.



Our fully searchable database allows you to
target those investors interested in your fund
and to find contact details for more than
12,000
key decision makers at these institutions.

HOW PREQIN CAN HELP YOU FUNDRAISE IN 2018

PREQIN CAN HELP RAISE CAPITAL FOR YOUR HEDGE FUNDS IN 2018



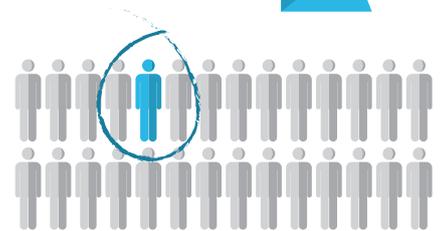
Investors have indicated they are looking for up to

990
new hedge funds in the next 12 months.



The average hedge fund investor looking to make new investments in the next 12 months plans to invest between

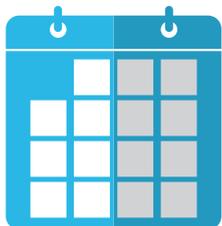
\$95mn
and
\$121mn



With over

5,250
investors profiled on the Preqin platform, we can help pinpoint those investors that are looking for you.

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AUM and track record requirements of investors in hedge funds.



Full contact details for key decision makers, including the best method to approach the investor.



Fund-level investments on a named basis to see who they have invested with and how that fund is performing.

CONTACT US

Preqin's hedge fund data has helped thousands of hedge fund professionals raise capital, identify investment opportunities, develop new business and form new partnerships. Constantly updated by a team of dedicated analysts, this comprehensive resource provides the most up-to-date information on all areas of hedge funds.

www.preqin.com/hedgefunds

INDUSTRY NEWS

In this month's Industry News, we take a look at investors searching for macro strategies funds, hedge fund launches by Asia-Pacific-based managers and more.

INVESTORS SEARCHING FOR MACRO STRATEGIES FUNDS

Twenty-one percent of investors interviewed by Preqin in December 2017 expect to increase their exposure to macro strategies in 2018, with just 8% looking to decrease. We provide the current investment plans of sample investors actively employing the strategy.

- Texas-based [San Antonio Fire and Police Pension Fund](#) is searching for a macro hedge fund manager. The pension fund, which has \$3bn in assets under management, is already an active investor in hedge funds, gaining exposure through direct single-manager funds and funds of hedge funds. It is advised on its investment decisions by NEPC.
- [Cazenove Capital Management](#) is looking to invest in macro funds as well as CTAs and long/short equity funds in the next 12 months. The London-based wealth manager will target opportunities in developed economies globally and consider investing with existing, as well as new, managers.
- [Kairos Partners](#) is looking to make 4-8 new hedge fund investments in the next 12 months and invest \$200-300mn. The Milan-based fund of hedge funds manager will continue to pursue a range of strategies, including equity market neutral, event driven, macro and CTAs. It is looking to make these investments with both new and existing managers.

HEDGE FUND LAUNCHES BY ASIA-PACIFIC-BASED MANAGERS

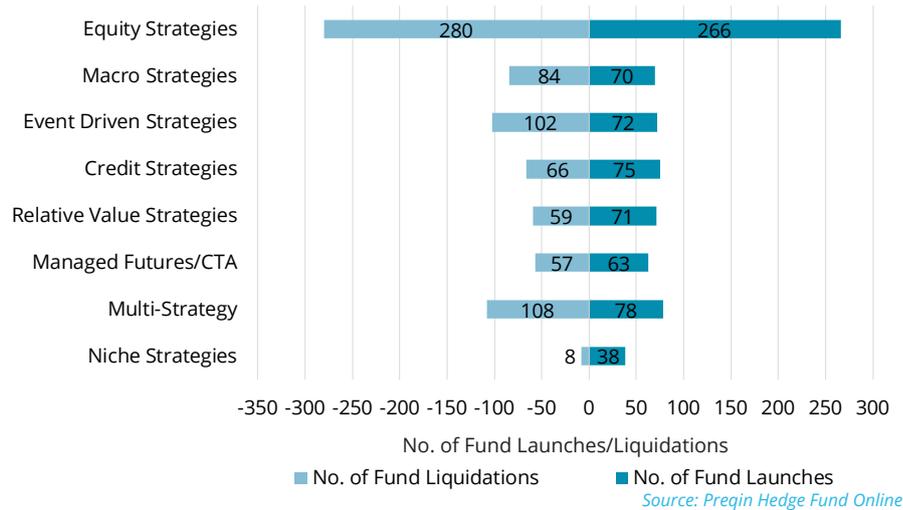
Hedge funds managed by firms based in the Asia-Pacific region generated a return of 3.92% in January 2018 and have a three-year annualized return of 10.93% - the highest return of any region. We look at recent hedge fund launches by managers based in Asia-Pacific.

*The numbers of fund and firm launches and liquidations in 2017 are likely to increase as more data becomes available.

CHART OF THE MONTH



Hedge Fund Launches and Liquidations in 2017* by Top-Level Strategy



On a strategy basis, there was an overall contraction in the number of funds in operation over 2017. Niche strategies launches outpaced liquidations by the greatest margin, driven by the rise in cryptocurrency hedge funds that have entered the market. Managed futures, credit strategies and relative value strategies also had more fund launches than liquidations in 2017.

- Singapore-based [Ensemble Capital](#) incorporated [Ensemble Violin Fund](#) in November 2017. The global macro hedge fund utilizes artificial intelligence techniques to achieve absolute returns and will trade currencies, interest rates, commodities and equity indices.
- Hong Kong-based [Disciplina Asset Management](#) launched its flagship vehicle, [Disciplina Fund](#), in January 2018. The quantitative hedge fund trades Asian equities by capitalizing on market volatility.
- [APTA Investments Fund](#) was launched in January 2018 by [APTA Investments](#), a Hong Kong-based fund manager established by Jeff Zielinski, a former partner at Aventus Capital Management. The fund employs a long/short equity strategy and primarily focuses on the technology sector in Asia.

ALTERNATIVES COVERAGE	FIRMS	FUNDS	FUNDS OPEN TO INVESTMENT	INVESTORS MONITORED	FUNDS WITH PERFORMANCE	DEALS & EXITS
	30,232	52,888	19,617	15,642	27,321	321,703
	PRIVATE EQUITY*	HEDGE FUNDS	REAL ESTATE	INFRASTRUCTURE	PRIVATE DEBT	NATURAL RESOURCES
INVESTOR COVERAGE	6,968 Active Private Equity LPs	5,297 Active Hedge Fund Investors	6,178 Active Real Estate LPs	3,293 Active Infrastructure LPs	3,174 Active Private Debt Investors	3,189 Active Natural Resources Investors
FUND COVERAGE	18,979 Private Equity Funds	25,485 Hedge Funds	6,957 PE Real Estate Funds	1,266 Infrastructure Funds	2,490 Private Debt Funds	1,939 Natural Resources Funds
FIRM COVERAGE	13,068 Private Equity Firms	9,372 Hedge Fund Firms	4,628 PE Real Estate Firms	541 Infrastructure Firms	1,589 Private Debt Firms	1,034 Natural Resources Firms
PERFORMANCE COVERAGE	6,058 Private Equity Funds	18,056 Hedge Funds	1,797 PE Real Estate Funds	261 Infrastructure Funds	858 Private Debt Funds	549 Natural Resources Funds
FUNDRAISING COVERAGE	2,398 Private Equity Funds	16,002 Hedge Funds	1,214 PE Real Estate Funds	171 Infrastructure Funds	337 Private Debt Funds	255 Natural Resources Funds
	BUYOUT	VENTURE CAPITAL	REAL ESTATE	INFRASTRUCTURE	PRIVATE DEBT	
DEALS & EXITS COVERAGE	85,714 Buyout Deals and Exits	152,561 Venture Capital Deals and Exits	49,931 Real Estate Deals	26,337 Infrastructure Deals	7,160 Private Debt Deals	
Alternatives Investment Consultants Coverage:	Funds Terms Coverage: Analysis Based on Data for Around		Best Contacts: Carefully Selected from our Database of over			
551 Consultants Tracked	17,284 Funds		443,676 Contacts			



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- + Depth and quality of data from direct contact methods
- + Unlimited data downloads
- + The most trusted name in alternative assets

*Private equity includes buyout, growth, venture capital, turnaround, private equity fund of funds, private equity secondaries, direct secondaries, balanced, hybrid, hybrid fund of funds, PIPE, co-investment and co-investment multi-manager funds.



PREQIN HEDGE FUND PERFORMANCE UPDATE: JANUARY 2018

SINGLE-MANAGER HEDGE FUNDS

	Jan-18	Dec-17	12 Months	3 Year Annualized	12M Trend
Hedge Funds	2.18	1.16	12.08	7.70	
HF - Equity Strategies	2.78	1.58	16.20	8.85	
HF - Credit Strategies	2.04	0.91	10.87	7.01	
HF - Event Driven Strategies	1.85	0.72	6.45	5.89	
HF - Macro Strategies	1.60	1.68	10.17	7.90	
HF - Multi-Strategy	1.20	0.08	5.11	4.71	
HF - Relative Value	0.96	0.45	7.39	6.56	
Systematic	2.39	1.24	12.94	8.25	
Discretionary	2.38	1.52	13.93	9.43	
Activist	1.52	1.21	11.13	8.69	
Volatility	1.36	0.67	8.82	6.13	
HF - Asia-Pacific	3.92	1.23	16.94	10.93	
HF - Developed Markets	2.66	1.27	11.29	7.12	
HF - North America	1.71	1.13	9.81	7.46	
HF - Europe	1.68	1.47	17.77	9.21	
HF - Emerging Markets	1.51	0.89	9.37	6.47	
HF - JPY	4.08	1.53	16.42	16.70	
HF - USD	2.38	1.24	12.81	7.45	
HF - GBP	1.24	0.52	5.82	3.56	
HF - EUR	0.62	0.90	6.11	3.89	
HF - BRL	0.61	0.98	10.82	7.58	
HF - Emerging*	2.37	1.29	11.88	7.86	
HF - Small	2.13	1.04	11.99	7.55	
HF - Medium	2.06	1.03	11.12	6.94	
HF - Large	1.51	0.78	9.47	5.54	

Source: Preqin Hedge Fund Online

- The Preqin All-Strategies Hedge Fund benchmark generated **2.18%** in January 2018. This is the strongest start to a calendar year since 2013 (+3.49%) and the highest return in a single calendar month since July 2016 (+2.24%). All top-level strategies, trading styles and geographic foci posted positive monthly returns.
- Equity strategies continued to lead the pack in January (+2.78%) taking the 12-month return of the strategy to **16.20%**, significantly outstripping that of other top-level strategies by over five percentage points.
- Hedge funds with a focus on emerging markets also posted strong returns (+3.92%), returning **10.93%** on a three-year annualized basis.
- Emerging hedge funds (less than \$100mn in size) added **2.37%** in January. This is the benchmark's 23rd consecutive positive month and its best return in the past five years.

MULTI-MANAGER HEDGE FUNDS

	Jan-18	Dec-17	12 Months	3 Year Annualized	12M Trend
Funds of Hedge Funds	1.97	0.47	7.73	3.06	
FOHF - Equity Strategies	2.51	0.84	12.34	4.84	
FOHF - Multi-Strategy	1.78	0.29	6.64	2.48	
FOHF - USD	2.30	0.72	8.81	3.36	
FOHF - EUR	1.69	0.20	5.23	1.06	
Funds of CTAs	6.09	0.87	8.04	-2.70	

Source: Preqin Hedge Fund Online

PREQIN'S HEDGE FUND DATA

Preqin's online platform is the leading source of intelligence on the hedge fund industry, and contains performance information for over 16,000 hedge funds across all leading strategies and geographies.

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

www.preqin.com/hedgefunds

Please note, all performance information includes preliminary data for January 2018 based on net returns reported to Preqin in early February 2018. Although stated trends and comparisons are not expected to alter significantly, final benchmark values are subject to change.

*Preqin fund size classifications: Emerging (less than \$100mn); Small (\$100-499mn); Medium (\$500-999mn); Large (\$1bn plus).

LIQUID ALTERNATIVES

	Jan-18	Dec-17	12 Months	3 Year Annualized	12M Trend
Alternative Mutual Funds	2.68	0.09	8.54	3.48	
UCITS	1.71	0.48	7.60	3.24	
UCITS - Relative Value	2.54	0.98	12.60	5.10	
UCITS - Equity Strategies	1.64	-0.03	4.55	1.51	
UCITS - Macro Strategies	0.90	-0.02	2.19	1.37	
UCITS - USD	2.38	0.69	11.64	4.21	
UCITS - EUR	1.62	0.27	5.95	2.46	

Source: Preqin Hedge Fund Online

CTAs

	Jan-18	Dec-17	12 Months	3 Year Annualized	12M Trend
CTAs	3.54	0.84	7.43	1.48	
Systematic	4.20	1.04	8.56	0.70	
Discretionary	2.30	-0.04	3.08	2.39	
CTA - USD	5.19	1.26	12.05	1.61	
CTA - EUR	3.64	0.86	7.73	1.58	

Source: Preqin Hedge Fund Online

2018

5th Annual Hedge Fund China

-- PE Fund · Quants · FOF · Wealth Management --

April 21st, 2018 Shanghai · China

Key Issues:

- Pension Fund Big Thinking
- A-Shares Market Outlook in 2018
- Fund of Hedge Fund in Global Market
- Global View and Investment of China's Fund Managers
- Offshore Fund Admin and Structure
- Global View of Investment - H Shares, US Stocks, Bitcoin
- Offshore RMB Hedging & FX Trading

- Smart Beta & Quantitative Investment
- Unstructured Data, Machine Learning to Generate Alpha
- Big Data, AI, Machine learning & Robo-advisor
- Regulation Impact - CRS and FATCA
- Looking for New Opportunities in CTA Strategy
- Exploiting Data into Quantitative Investment Process
- How to Sustain Wealth Throughout Intergenerational Transition
- Offshore Trust Service to Meet China's Rich

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DISTINGUISHED SPEAKERS INCLUDE

Yanis Varoufakis, Former Minister of Finance in Greece
Todd Benjamin, Former Financial Editor, **CNN International**
Matti Leppälä, Secretary General, CEO, **PensionsEurope**
Jack Lew, US Secretary of the Treasury (2013-2017)
Cristina Brizido, Head of Investments, **Caixagest**
Christian Lindstrøm Lage, CIO, **PFA Asset Management**

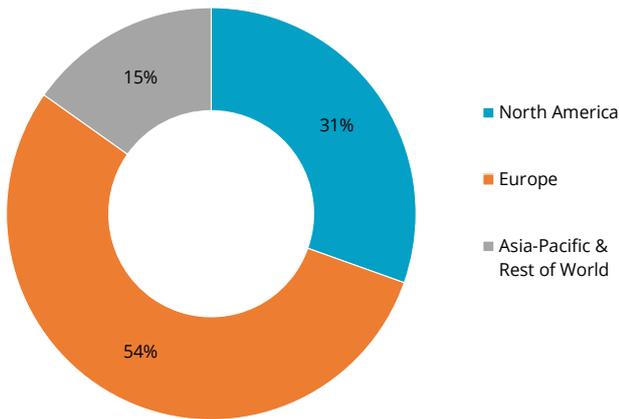
“Everything is perfect – the program, the arrangements, the content!”

Mohamed El-Erian, Chief Economic Adviser, Allianz, Former CEO & co-CIO of PIMCO

HEDGE FUND SEARCHES AND MANDATES

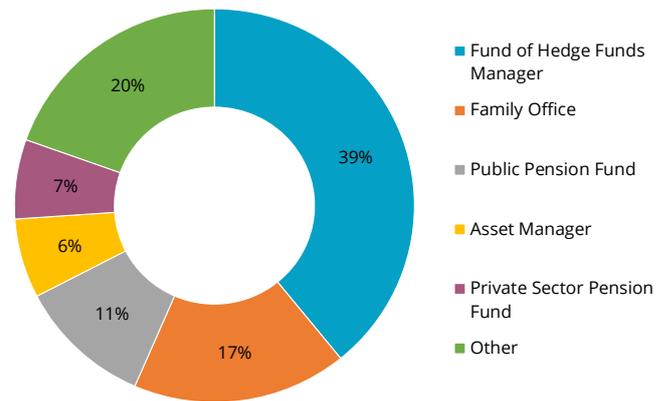
This factsheet breaks down the investor fund searches issued in January 2018 by strategy, investor location and type.

Fig. 1: Hedge Fund Searches Issued by Investor Location, January 2018



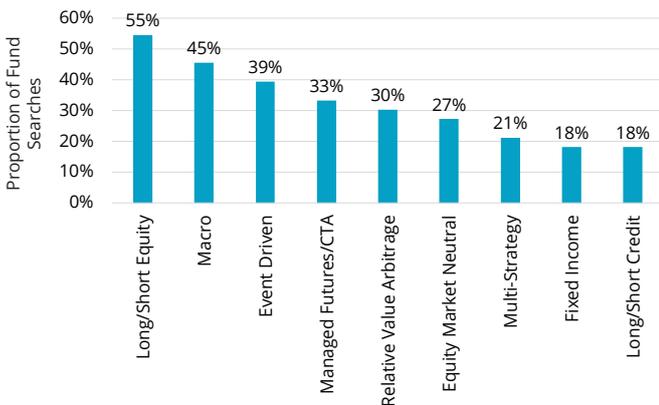
Source: Preqin Hedge Fund Online

Fig. 2: Hedge Fund Searches Issued by Investor Type, January 2018



Source: Preqin Hedge Fund Online

Fig. 3: Hedge Fund Searches Issued by Strategy, January 2018



Source: Preqin Hedge Fund Online

DATA SOURCE:

Subscribers to Hedge Fund Online can click here to view detailed profiles of 367 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 arrange a demonstration, please visit: www.preqin.com/hedge

Fig. 4: Sample Hedge Fund Searches Issued in January 2018

Investor	Type	Location	Fund Search Details
EXTOREL	Family Office	Germany	Looking to make two or three fund investments over the next 12 months and gain exposure to the asset class solely via single-manager vehicles, using a mixture of both new and existing managers. It will invest in relative value arbitrage, long/short credit, multi-strategy, event-driven and long/short equity strategies with a global reach, focusing primarily on the US and emerging markets.
Colorado Fire and Police Pension Association	Public Pension Fund	US	Planning to invest with a mix of new and existing hedge fund managers over the coming year as it continues to target fund types in which it has previously invested. The public pension fund has previously gained exposure to a range of hedge fund strategies, including long bias, value oriented, macro, commodities and event driven. It will consider seeding hedge funds, investing with emerging managers and investing in spin-offs.
Adamas Capital Partners	Fund of Hedge Funds Manager	Hong Kong	It will continue to invest in hedge funds over the next 12 months with plans to invest in direct commingled funds focusing on the Asia-Pacific region. With a focus on diversification, Adamas Capital Partners will invest in a mix of existing and new managers and is keen to explore opportunities with new managers.

Source: Preqin Hedge Fund Online

MACRO STRATEGIES

We put macro strategies under the microscope, examining the latest fund launches, performance and distribution of fund returns.

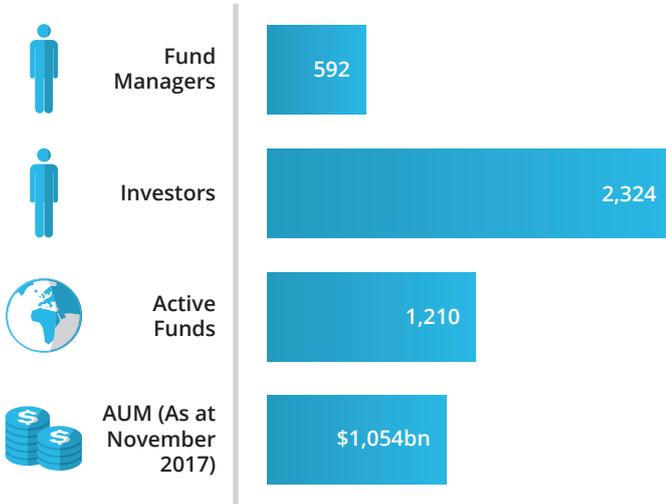
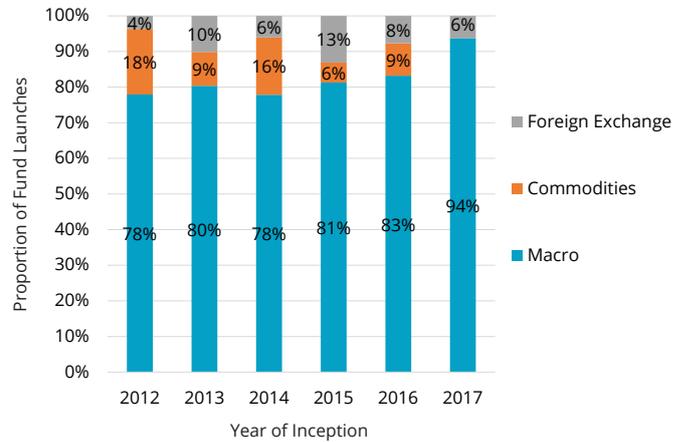
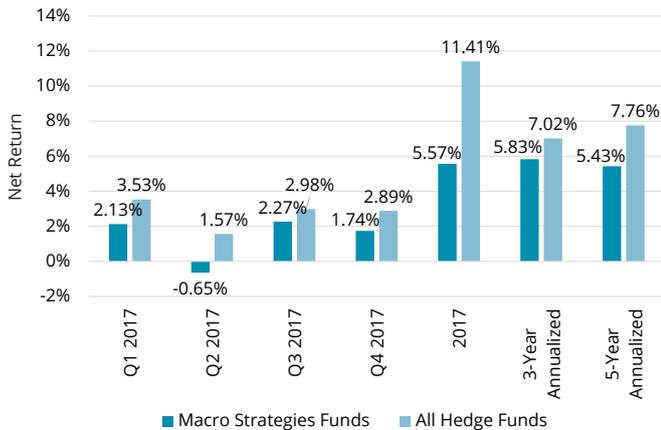


Fig. 1: Macro Strategies Fund Launches by Core Strategy and Year of Inception, 2012 - 2017



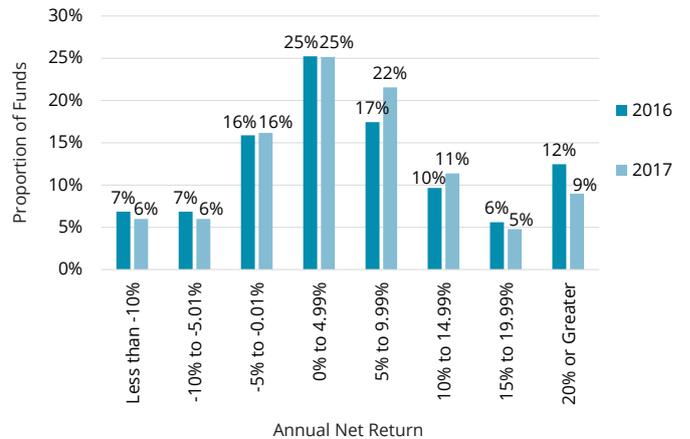
Source: Preqin Hedge Fund Online

Fig. 2: Performance of Macro Strategies Funds (As at December 2017)*



Source: Preqin Hedge Fund Online

Fig. 3: Distribution of Macro Strategies Fund Returns, 2016 vs. 2017*



Source: Preqin Hedge Fund Online

Fig. 4: Performance of Macro Strategies Funds by Sub-Strategy (As at December 2017)*

Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017	3-Year Annualized	3-Year Volatility
Commodities 3.03%	Foreign Exchange 0.11%	Commodities 2.78%	Commodities 4.31%	Commodities 6.58%	Macro 6.88%	Macro 2.34%
Macro 2.23%	Macro -0.24%	Macro 2.49%	Macro 1.60%	Macro 6.19%	Commodities 3.99%	Foreign Exchange 2.99%
Foreign Exchange 1.78%	Commodities -3.50%	Foreign Exchange 0.36%	Foreign Exchange -1.02%	Foreign Exchange 1.22%	Foreign Exchange 3.04%	Commodities 6.60%

Source: Preqin Hedge Fund Online

*Please note, all performance information includes preliminary data for December 2017 based on net returns reported to Preqin in early January 2018. Although stated trends and comparisons are not expected to alter significantly, final benchmark values are subject to change.

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IMPACT INVESTING FORUM

April 22-24, 2018 | Hilton West Palm Beach, West Palm Beach, FL

Opal Group is happy to announce its 3rd annual Impact Investing Forum. The Impact Investing Forum will look at many of the asset classes that encompass this space. We invite you to join us and meet top influencers, experienced investors, money managers, and service providers that are leading the charge in this ever growing space. Themes of defining impact investing, portfolio construction, asset class opportunities, and the role of the investor are just a few of the stimulating topics to be covered at this event.

Sponsorship and Exhibiting Opportunities are Available

If you are interested in attending, sponsoring, speaking or exhibiting at this event, please call 212-532-9898 or email info@opalgroup.net

Register

To register, visit us online at www.opalgroup.net or email us at marketing@opalgroup.net

Ref code: IIFC1802



PUBLIC PENSION FUNDS

474

public pension funds actively invest in hedge funds.

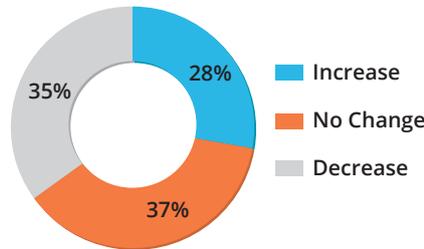
51%

of public pension funds invest in hedge funds.

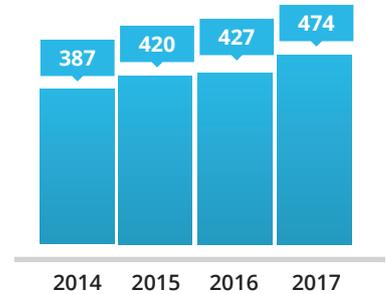
22%

of institutional capital invested in hedge funds is represented by public pension funds.

CHANGE IN PUBLIC PENSION FUND ALLOCATIONS TO HEDGE FUNDS OVER 2017 (AS A % OF AUM)



NO. OF PUBLIC PENSION FUNDS ACTIVELY INVESTING IN HEDGE FUNDS



Sample Public Pension Fund Allocations to Hedge Funds in 2017:

Investor	Allocation
Oregon State Treasury	In November 2017 the US public pension fund announced plans to build out the risk premia component of its portfolio. The investor committed \$500mn to JP Morgan Systematic Alpha Fund, a fund operating momentum and value risk premia strategies, and was also considering an allocation to BSF Style Advantage Fund, which operates value, momentum, carry and defensive strategies.
San Francisco Employees' Retirement System	The \$22.2bn public pension fund has made several hedge fund allocations in 2017 and in October announced that it had increased its target allocation to hedge funds from 5% to 15%. San Francisco Employees' Retirement System allocated capital to Elliott Management (\$100mn), Key Square Group (\$25mn) and TPG PEP Advisors (\$125mn) in 2017.
Colorado Fire and Police Pension Association (CFPPA)	The public pension fund allocated \$30mn to KeyQuant's flagship systematic managed futures strategy, Key Trends, a multi-asset CTA fund which invests in the most liquid global futures markets.
State of Wisconsin Investment Board	State of Wisconsin Investment Board has added several products to its hedge fund portfolio over the course of 2017. In Q1 2017 the pension fund allocated \$125mn to a customized product managed by the fund of hedge funds manager Efficient Capital. April saw the investor allocate to five hedge fund managers: Marshall Wace (\$75mn), Pharo Management (\$75mn), Arrowgrass Capital Partners (\$50mn), Highbridge Capital Management (\$50mn) and Benefit Street Partners (\$30mn). August saw four allocations: BlueMountain Capital Management (\$150mn), PIMCO (\$95mn), Marshall Wace (\$50mn) and Two Sigma Investments (\$25mn).
London Borough of Newham Pension Fund	The London, UK-based pension fund hired Man Group to run its fund of hedge funds portfolio in mid-2017. At the time it used Morgan Stanley Alternative Investment Managers. The transition to Man is expected to take 36 months.

“ We are very happy with how hedge funds are performing

- \$75mn US-Based Public Pension Fund

“ When people are getting out [of hedge funds], it is time to get in. Behaviour is too sticky and people follow the crowd too much

- \$4bn US-Based Public Pension Fund

Largest Public Pension Fund Investors by Current Allocation to Hedge Funds:

NORTH AMERICA	EUROPE	ASIA-PACIFIC & REST OF WORLD
<p>CPP Investment Board</p> <p>Allocation: \$16.7bn</p> <p>As a % of AUM: 5.2%</p> <p>Location: Toronto, Canada</p>	<p>ABP*</p> <p>Allocation: \$21.0bn</p> <p>As a % of AUM: 4.5%</p> <p>Location: Heerlen, Netherlands</p>	<p>National Pension Service</p> <p>Allocation: \$1.1bn</p> <p>As a % of AUM: 0.2%</p> <p>Location: Jeonju, South Korea</p>

*Managed by APG - All Pensions Group.

CONFERENCES

FEBRUARY 2018

Conference	Dates	Location	Organizer	Preqin Speaker	Discount Code
HedgeNews Africa Symposium	22 February 2018	Cape Town	HedgeNews Africa	-	-
European Family Office Winter Forum	26 - 27 February 2018	London	Opal Financial Group	-	-
SuperReturn International 2018	26 February - 1 March 2018	Berlin	KNect365	Mark O'Hare Oliver Senchal Ryan Flanders	10% Discount - FKR2455PRQW

MARCH 2018

Conference	Dates	Location	Organizer	Preqin Speaker	Discount Code
Family Office Winter Forum	1 March 2018	New York, NY	Opal Financial Group	-	-
Credit Fixed Income Alternative Investing	5 March 2018	New York, NY	Catalyst Financial Partners	-	-
Amsterdam Investor Forum 2018	6 - 7 March 2018	Amsterdam	ABN AMRO	-	-
Innovations in Hedge Fund Strategies, Technology, and Risk Management: Alpha Drivers for Institutional Portfolios	7 - 8 March 2018	San Francisco, CA	Talking Hedge	-	-
Preqin Breakfast Seminar: Alternatives in 2018 - Singapore	7 March 2018	Singapore	Preqin	Ee Fai Kam Amy Bensted	-
Nordic Private Capital Day	8 March 2018	Stockholm	Private Equity Insights	-	30% Discount - NPCD_Preqin
LPGP Connect Private Debt London	13 March 2018	London	LPGP Connect	Ryan Flanders	-
UCITS & AIFMD for US Managers 2018	13 - 14 March 2018	New York, NY	KNect365	-	-

APRIL 2018

Conference	Dates	Location	Organizer	Preqin Speaker	Discount Code
Private Wealth Management Summit - APAC	16 - 18 April 2018	Macao	marcus evans Summits	-	-
Context NYC 2018	17 April 2018	New York, NY	Context Summits LLC	-	-
Differentiating To Win: Marketing & Sales In the Current Environment	18 - 19 April 2018	Chicago, IL	Third Party Markete3PMrs Association (3PM)	TBC	-
5th Annual Hedge Fund China 2018	21 April 2018	Shanghai	Finfo Global Ltd.	-	-
GAIM Ops Cayman	22 - 25 April 2018	Grand Cayman	KNect365	-	10% Discount - FKN2493PRW
Impact Investing Forum	22 - 24 April 2018	Palm Beach, FL	Opal Financial Group	-	-
European Pensions and Investments Summit	23 - 25 April 2018	Montreux	marcus evans Summits	-	-
Jersey Finance Annual Funds Conference	24 April 2018	London	Jersey Finance	-	-

UCITS & AIFMD FOR US MANAGERS 2018

DATE:	13 - 14 March 2018
INFORMATION:	https://goo.gl/DekvSr
LOCATION:	Convene at 101 Park Avenue, New York City, NY, USA
ORGANIZER:	KNect365

New speakers are being added to the UCITS & AIFMD for US Managers 2018 line-up every day! Join us in New York to meet and learn from global and boutique managers successfully asset-raising and distributing into Europe.

5TH ANNUAL HEDGE FUND CHINA

DATE:	21 April 2018
INFORMATION:	http://hedgefund-china.com/index.php/en/index.html
LOCATION:	Shanghai, China
ORGANIZER:	Finfo Global Ltd.

Pension Fund, A-Share future, FOF Diversified Investment and Product Self Repair, FOHF. Along with 3 tracks in the afternoon, including: Track A: Offshore Hedge Fund Set-up, administration and Distribution. Track B: Quantitative Investment and Investech. Track C: Private Wealth Management & Intergenerational Transition.

IMPACT INVESTING FORUM

DATE:	22 - 24 April 2018
INFORMATION:	www.opalgroup.net/trk/iifc1802.html
LOCATION:	Hilton West Palm Beach, West Palm Beach, FL
ORGANIZER:	Opal Group

The Impact Investing Forum will look at many of the asset classes that encompass this space. Themes of defining impact investing, portfolio construction, asset class opportunities, and the role of the investor are just a few of the stimulating topics to be covered at this event.

GAIM OPS CAYMAN 2018

DATE:	22 - 25 April 2018
INFORMATION:	https://goo.gl/V6HZsB
LOCATION:	Ritz-Carlton, Grand Cayman
ORGANIZER:	knect365

A 10% discount is available when you register with code FKN2493PRW.

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Navigate compliance. Attract investors. Realize operational excellence.

EUROPEAN PENSION & INVESTMENTS SUMMIT

DATE: 23 - 25 April 2018
INFORMATION: <https://events.marcusevans-events.com/epi-summit2018/>
LOCATION: Fairmont Le Montreux Palace | Montreux | Switzerland
ORGANIZER: marcus evans

A three day event offering one-to-one access to institutional investors of Europe's largest pension funds consisting of CEOs, CIOs, Head of Pensions, Investment Directors; guaranteeing a valuable networking opportunity and a definite return on investment.

13 - 14 March 2018

Convene at 101 Park Avenue, New York City

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