



UNDERSTANDING HEDGE FUNDS

Welcome to Understanding Hedge Funds, a monthly e-newsletter designed to provide accessible educational content about the hedge fund industry and investment strategies.

The hedge fund industry has grown in recent years to become a leading investment partner for qualified institutions and individuals around the world. The information and resources contained in these newsletters help explain how the industry works, who it benefits, and why so many institutional investors are increasingly using hedge funds to diversify and manage the volatility in their portfolios.

In this month's issue:

1) [The Changing Role of Hedge Funds in the Global Economy](#)

A rising number of institutional investors, including public and private pensions, university endowments and philanthropic foundations, are allocating larger shares of their investment portfolios to hedge funds. As of today, a majority of the assets managed by hedge funds come from the institutional investor community rather than private investors which had been the traditional source of capital when the industry began. This presentation explains the objectives of hedge funds, estimates their potential value to institutional portfolios and examines some of the basic public policy concerns surrounding the role of hedge funds in the financial markets.

2) [Hedge Funds: Trends and Insight from the Industry and Investors](#)

The hedge fund industry has grown tremendously in the last decade from \$625 billion in assets under management in 2002 to an industry-record high of \$2.82 trillion in the third quarter of 2014. This deck gives an overview of the hedge fund industry, providing insight on investment trends and topics.

3) [Hedge Funds & Risk Management](#)

This presentation provides an overview of the various risk management tools used by the hedge fund industry as part of the investment process. Drawing from MFA's white paper collaboration with BNY Mellon and HedgeMark, this presentation highlights new industry practices and the evolving approach to risk management within the industry.

4) [Understanding Hedge Fund Performance](#)

Drawing on recent data on the performance of hedge funds, this new infographic outlines the benefits of hedge funds as an asset class and investment and also provides data on their returns and risk management features.

**For more information on the hedge fund and
managed futures fund industry, visit the links below:**

[Hedge Funds 101](#) | [U.S. Regulation 101](#) | [CTA/CPO 101](#)