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Hedge Fund Research is The Institutional Standard

HFR Database now includes Enhanced HFRI / HFRX Index Constituent Tables

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► Database includes Administrative, ROR, AUM, Instruments and Region fund data
  • Full Database details and field definitions available at www.HedgeFundResearch.com,
HEDGE FUND LAUNCHES OUTPACE LIQUIDATIONS AS INDUSTRY ASSETS REACH RECORD LEVEL

Average incentive fees continue to decline; Fund performance dispersion rises, reversing recent trend

CHICAGO (September 14, 2011) – New hedge fund launches in the second quarter of 2011 totaled 280, a slight decline from the 298 new funds that were launched in the first quarter, according to data released today by HFR in the latest edition of Market Microstructure Report: 2Q11. The first half launch total of 578 was the strongest six months since the first half of 2007, as total hedge fund industry capital reached a record level of $2.04 trillion. Fund liquidations in 2Q totaled 191, a slight increase from the 1Q total of 181; the liquidation total for the second quarter represents an attrition rate of 2.07 percent.

Investors exhibited a preference for direct investment in single-manager vehicles, as opposed to commingled fund of funds (FOF). Single-manager launches accounted for 245 of the launches in 2Q11, the highest level since 2Q07, while FOF’s experienced a net decline, with 53 liquidations and only 35 new launches.

Lower Fees, Higher Volatility

Both management and incentive fees charged by hedge funds declined in 2Q, with incentive fees posting a more significant decline. Average incentive fees industry-wide declined to 18.81 percent in 2Q (from 18.95 percent in Q1); however, the average incentive fees of funds launched in the trailing 12 months was 17.56 percent, the lowest level since 2005. Average hedge fund management fees posted a narrow decline of 1 bp to 1.57 percent, while FOF management fees were unchanged at 1.3 percent.

Performance dispersion between best and worst performing deciles of funds in the trailing 12 months rose to nearly 61 percent, reversing a trend of narrowing dispersion from prior quarters when volatility declined. The top performing decile gained an average of +48.2 percent over the trailing 12 month period, while the bottom decile declined by -12.7 percent. Recent performance dispersion represents an increase over prior quarters, however this remains well below the peak of over 116 percent observed in 2009.

“The first half of 2011 was a strong environment for new hedge fund launches, with the industry on pace to approach the full year total of nearly 1,200 launches in 2007,” said Kenneth J. Heinz, President of HFR. “While lower fees continue to be supportive of this growth trend, the evolution of fund transparency is also a significant factor driving new fund launches. As volatility has increased throughout 3Q, we expect fund launches to continue to appeal to these investor preferences, as hedge funds position for strategic growth and take advantage of tactical opportunities created by these volatile market conditions.”
新成立对冲基金超过倒闭，市场规模达到历史高点
平均激励费继续下跌；
基金的业绩分歧增大，改变了先前逐渐缩小的趋势


投资人表现出愿意直接投资到单基金经理基金而不是间接投资到组合基金的偏好，第二季度有245家新单基金经理基金成立，是自2007年第二季度以来的最高水平，而组合基金数量净下跌，有53家基金倒闭而只有35家新基金成立。

费率降低，市场波动加剧
对冲基金征收的管理费率和激励费率在第二季度都下跌，激励费率下跌更为明显。整个市场的平均激励费率在第二季度下跌为18.81%（第一季度为18.95%）；另外，过去12个月新成立的基金的平均激励率为17.56%，是自2005年以来的最低水平。平均的管理费率稍微下跌了1个基点到1.57%，而组合基金的管理费率依然为1.3%。

在过去的12个月中业绩最好和最差的基金之间的业绩差异加剧到61%，改变了过去几个季度随着市场波动性减小而业绩差异逐渐减小的趋势。在过去的12个月中业绩最好的10%的基金平均业绩为48.2%，而表现最差的10%的基金平均业绩下跌了-12.7%。尽管最近的业绩差异较前期上升，但是它仍然远远低于2009年116%的业绩差异历史最高水平。

“2011年上半年为新基金成立创立了有利的环境，整个市场正在迈向2007年整年近1200家新基金成立的历史水平，”Ken J. Heinz，HFR总裁说，“尽管更低的基金费率支持了对冲基金市场增长，基金透明性的演进也是新基金增加的主要因素。随着市场在第三季度波动性的加剧，我们期望新基金的成立对投资人的偏好继续充满吸引力，并有效利用市场环境波动带来的机会，准备好以策略性增长。”
Table of Contents

1. Hedge Fund Industry Strategy Evolution & Growth
2. Industry Service Providers & Hedge Fund SEC-Registration Analysis
3. Industry Performance & Dispersion Analysis
4. Analysis of Industry Fee Structure
5. Industry Launches & Liquidations
6. Analysis of Diversity & New Manager Universes
1. Hedge Fund Industry Strategy Evolution & Growth
Estimated Growth of Assets by Sub-Strategy
Macro 1990 – Q2 2011

Assets ($M)

0 50,000 100,000 150,000 200,000 250,000 300,000 350,000 400,000 450,000


Active Trading  Commodity  Currency - Discretionary  Currency - Systematic  Discretionary Thematic  Multi-Strategy  Systematic Diversified  Macro Total
HFR Regional Investment Focus Classifications

America
- North America
- Latin America
- Pan-American

Asia
- Japan
- Asia ex-Japan
- Asia with Japan

Europe
- Western Europe / UK
- Russia / Eastern Europe
- Northern Europe
- Pan-European

Other
- Africa
- Middle East
- Global
- Multiple Emerging Markets

Emerging Markets
- Africa
- Asia ex-Japan
- Latin America
- Middle East
- Russia / Eastern Europe
- Multiple Emerging Markets
Estimated Breakdown of Fund Management Firm Location
Fund Regional Investment Focus in Europe – Q2 2011

By # Funds

By Assets
2. **Industry Service Providers & Hedge Fund SEC-Registration Analysis**
Estimated Breakdown of Hedge Fund Prime Brokers
All Fund Regional Investment Focus Regions – Q2 2011

By # Funds

By Assets

Sample
3. Industry Performance & Dispersion Analysis
**HFRI Index Methodology**

The HFRI Monthly Indices (HFRI) are equally weighted performance indexes utilized globally as an Industry benchmark. The Indices are broken into 29 different categories by strategy, including the HFRI Fund Weighted Composite, which accounts for over 2,000 funds listed on the internal HFR Database.

Funds included in the HFRI Monthly Indices are required to report monthly, net of all fees performance and assets under management U.S. dollars. Constituent funds must have either (a) $50 million under management or (b) a track record of greater than twelve (12) months. Funds are eligible for inclusion in the HFRI performance calculations in the month after their addition to HFR Database. If a fund liquidates or closes, that fund's performance will be included in the HFRI as of that fund's last reported performance update. The HFRI Fund of Funds Index is not included in the HFRI Fund Weighted Composite Index. Both domestic and offshore funds are included in the HFRI.

Annualized Returns, Standard Deviation, Sharpe Ratios, Positive Monthly Performance, and correlation to the S&P 500 (w/ dividends) for each HFRI Index were calculated over a one, three, and five-year period based on monthly performance. All Sharpe and Sortino Ratios assume an average Risk-Free Rate for the appropriate time periods as follows: 5-year, 1.94%; 3-year, 0.38 %; 1-year, 0.14%. The Sortino Ratio also assumes the same rates as above for the MAR (Minimum Acceptable Return). Positive Monthly Performance was calculated by dividing the number of months the HFRI Index performed positive over the appropriate time period. The Benchmarks used to compare the HFRI Indices include the S&P 500 (w/ dividends) and the Barclays Government/Credit Aggregate Bond Index.

Quarterly Performance and 12-Month Moving Average are calculated for each HFRI Index over a five-year period. In addition, each HFRI Index is compared to the benchmarks using Up/Down Capture and Return Distribution Analysis over a five-year period. Up/Down Capture Analysis is performed by calculating the average monthly performance during the “up” and “down” months of the market using the S&P 500 as a benchmark and can be used to compare performance of a particular strategy during both negative and positive performing months of the market. The Return Distribution Analysis is performed by calculating the percentage of monthly average returns over the given time period and can be used to compare the dispersion of returns to the benchmarks.
HFRI Fund Weighted Composite Index

Sample

Monthly Average Return %

-10% -8 to -6% -4 to -2% 0 to 2% 4 to 6% 6 to 8% 8 to 10% >10%

HFRI Fund Weighted Index
Barclays Capital Government/Credit Bond Index
S&P 500 w/ dividends
HFRI Fund of Funds Composite Analysis
Dispersion of Average Fund Performance by Deciles
Trailing 12 Months ending Q2 2011
4. Analysis of Industry Fee Structure
HFRI Fund Weighted Composite Index
Management Fee Dispersion by Fund Performance Deciles
12-Months Rolling ending Q2 2011
5. Industry Launches & Liquidations
6. Analysis of Diversity & New Manager Universes
Qualities of Hedge Fund Indexation Universes

- **Single-Manager Funds Universe** includes all funds which report performance and complete firm information to HFR Database. In contrast to below, funds are not excluded per any criteria if they are actively reporting results.

- **Unique Single-Manager Funds Universe** includes all Single-Manager Universe funds, screened for redundant funds by same management firm (i.e., onshore/offshore, pari passu, multiple share classes).

- **Static Transparent Universe** a sub-set of the Unique Single-Manager Funds Universe, screened for funds which are open to new investment via a separately managed account.

- **HFRI Universe (HFRI FWC)** a sub-set of the Single-Manager Funds Universe includes funds which are currently constituents of the HFRI Indices. Funds included in the HFRI Monthly Indices are required to report monthly, net of all fees performance and assets under management U.S. dollars. Constituent funds must have either (a) $50 million under management or (b) a track record of greater than twelve (12) months. Funds are eligible for inclusion in the HFRI the performance a month after their addition to HFR Database. If a fund liquidates or closes, that fund's performance will be included in the HFRI as of that fund's last reported performance update. The HFRI Fund of Funds Index is not included in the HFRI Fund Weighted Composite Index. Both domestic and offshore funds are eligible for inclusion in the HFRI Universe, but typically a unique representative for each strategy is chosen.

- **HFRI Static Transparent Constituents** a sub-set of the HFRI FWC Universe, screened for funds which are open to new investment via a separately managed account.

- **New Manager Universe** includes all funds which report performance and complete firm information to HFR Database which have less than 24 months of track record since fund inception. These include funds which are not currently in the HFRI Universe.

- **Diversity Universe** includes all funds which report performance and complete firm information to HFR Database which have represented they are owned by women or ethnic minorities.
Index Constituent Comparison
Percent of Funds per Asset Tier Q2 2011

HFRI Fund Weighted Comp

HFRI Static Transparent Universe

New Managers Universe

HFRX Global

Diversity Universe
### Historical Annual Performance of New Managers vs. Established Managers

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Fund Annual Net Return</th>
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<th>Average Fund Annual Net Return</th>
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Hedge Fund Research, Inc.
10 South Riverside, Suite 700
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312-658-0955
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