



# UNDERSTANDING HEDGE FUNDS

Welcome to Understanding Hedge Funds, a monthly e-newsletter designed to provide accessible educational content about the hedge fund and managed futures 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) [Managed Futures Factsheet](#)

Managed futures are investments run by professional money managers, who use futures contracts, commodity options, and swaps to actively trade commodity interests. Managed futures strategies serve as diversification tools and are sought by investors as a valuable component of a broader investment portfolio, because, generally, managed futures strategies have exhibited very low correlation to traditional investments. Individual investors, pension funds, foundations, and university endowments have about \$337 billion invested in managed futures. This factsheet explains what managed futures are, what role they play, how they are regulated, and the fees that are associated with managed futures.

## 2) [Evolution of Hedge Fund Investors and Beneficiaries Infographic](#)

Managed Funds Association's infographic gives users a snapshot of how the hedge fund industry's investor base has evolved since the late 1940s, highlighting especially the significant shift of institutional investor's assets to the industry.

## 3) [EU Regulation 101 Infographic](#)

Included in this infographic is information on regulatory entities such as the European Securities and Markets Authority. Information on some of the most important hedge fund-related regulations is also provided, including the Alternative Investment Fund Managers Directive (AIFMD), European Market Infrastructure Regulation (EMIR), short selling regulation, Review of Markets in Financial Instruments Directive (MiFIDII), and the Market Abuse Directive (MAD).

## 4) [Hedge Fund Investing Video](#)

Investors have a number of diverse criteria when evaluating their hedge fund portfolios. These criteria, and a recent Preqin report that highlights these important institutional investor criteria, are the subject of MFA's latest educational video.

**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](#)