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EUREKAHEDGE

THE EUREKAHEDGE REPORT

JANUARY 2020

EUREKAHEDGE NORTH AMERICAN HEDGE FUND AWARDS

27 MAY 2020
CAPITALE, NEW YORK

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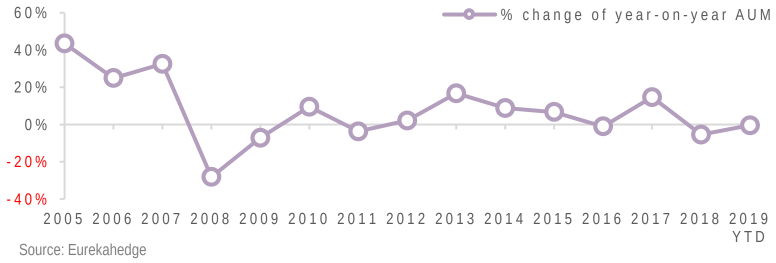
INFOGRAPHIC SUMMARY OF ASIAN HEDGE FUNDS

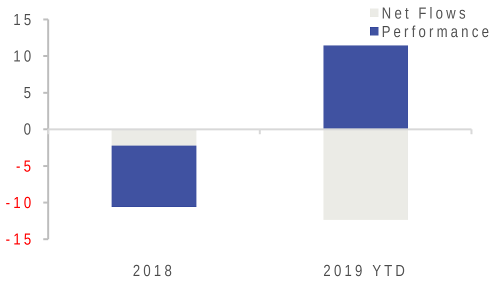
ASIAN HEDGE FUNDS AUM (2005 – 2019 YTD)

US$183 billion AUM | 35% GLOBAL MANDATE



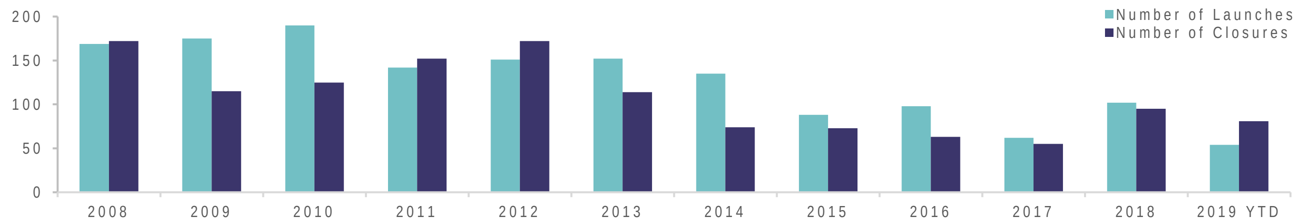
Source: Eurekahedge

US$8.4 billion investor outflows in 2018
US$12.3 billion investor outflows in 2019 YTD



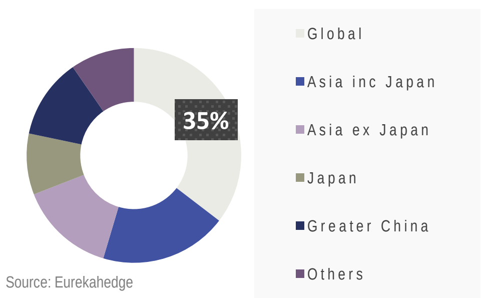
Source: Eurekahedge

LAUNCHES AND CLOSURES SINCE 2008



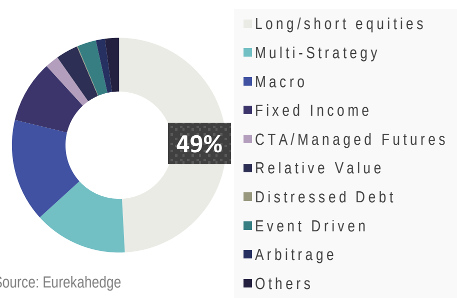
Source: Eurekahedge

AUM BY INVESTING GEOGRAPHY, 2019



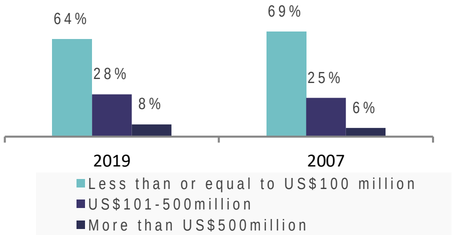
Source: Eurekahedge

AUM BY STRATEGY, 2019



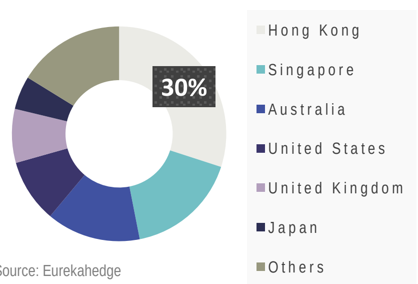
Source: Eurekahedge

NUMBER OF FUNDS BY FUND SIZE



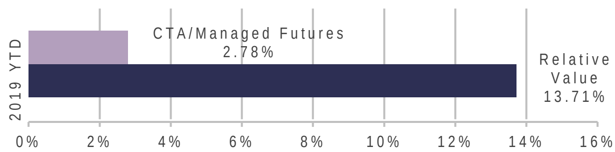
Source: Eurekahedge

NUMBER OF FUNDS BY HEAD OFFICE



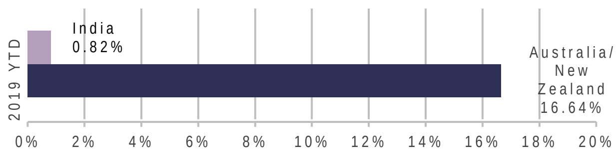
Source: Eurekahedge

BEST AND WORST STRATEGY, 2019



Source: Eurekahedge

BEST AND WORST REGIONAL MANDATE, 2019



Source: Eurekahedge

"The *Eurekahedge Hedge Fund Index* ended 2019 up 8.74%, recording its strongest annual performance since 2013."

"Preliminary data for December estimated that the global hedge fund industry witnessed US$17.0 billion of performance-driven gains and US$5.1 billion of net investor inflows."

"The assets under management (AUM) of the global hedge fund industry stood at US$2,302.2 billion as of end-2019."

"The *Eurekahedge North American Hedge Fund Index* was up 9.32% throughout 2019, as fund managers focusing on the region benefited from the equity market rally throughout the year."

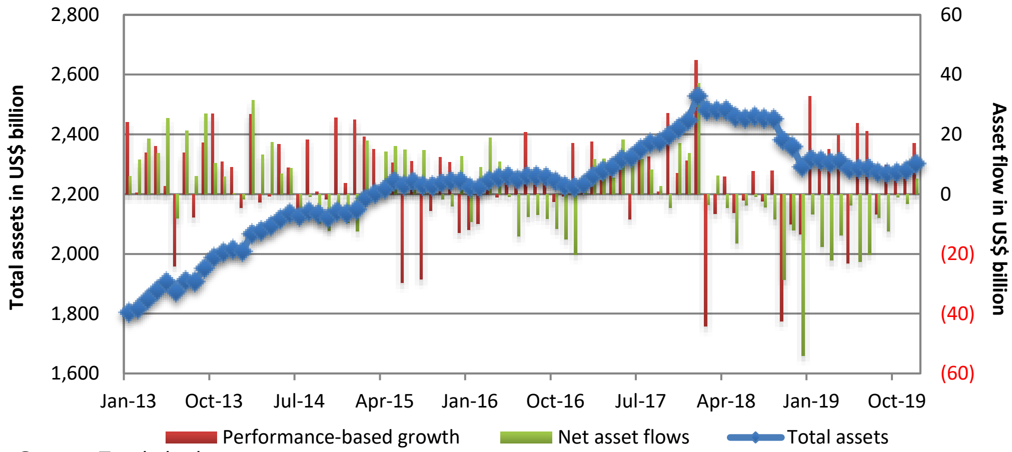
"The *Eurekahedge Structured Credit Hedge Fund Index* has returned 8.12% throughout 2019, and recorded an exceptional Sharpe ratio of 2.98 over the last three years."

Introduction

The *Eurekahedge Hedge Fund Index* ended 2019 up 8.74%, recording its strongest annual performance since 2013. The global hedge fund industry has been supported by the global equity market rally on the back of the de-escalation of the US-China trade war and accommodative central bank policies. Positive geopolitical developments surrounding the trade war and Brexit have also sustained investors' risk sentiment over the last quarter of the year. Returns were positive across regions, with Asia ex-Japan fund managers returning 2.58% in December, on the back of the region's equity market rally. Fund managers focusing on Asia ex-Japan were up 12.03% over the year, outperforming their North American peers who returned 9.32% over the same period.

Final asset flow figures for November showed that hedge fund managers recorded performance-based gains totalling US$9.6 billion, offset by investor redemptions totalling US$3.1 billion throughout the month. Preliminary data for December estimated that the global hedge fund industry witnessed US$17.0 billion of performance-driven gains and US$5.1 billion of net investor inflows. The assets under management (AUM) of the global hedge fund industry stood at US$2,302.2 billion as of end-2019. On an annual basis, the industry has seen US$136.1 billion of performance growth and US$126.2 billion of investor redemptions.

Figure 1a: Summary monthly asset flow data since January 2013



Source: Eurekahedge

Key highlights for December 2019:

- The *Eurekahedge Hedge Fund Index* returned 8.74% in 2019, supported by the risk-on sentiment among investors and positive geopolitical developments throughout the year. Roughly 44.6% of the hedge fund managers comprising the index have recorded double-digit gains over the year.
- The global hedge fund industry AUM has increased by US$9.9 billion in 2019. Investor redemptions totalling US$126.2 billion have been recorded throughout the year, a level the industry has not seen post-crisis.
- The *Eurekahedge North American Hedge Fund Index* was up 9.32% throughout 2019, as fund managers focusing on the region benefited from the equity market rally throughout the year. The S&P 500 has gained 28.88% during the year, while the tech-heavy NASDAQ Composite was up 35.23% over the same period. North American hedge fund managers have recorded US$94.8 billion of performance growth year-to-date.

- The *Eurekahedge Greater China Hedge Fund Index* ended 2019 up 16.83% on the back of the region's underlying equity market rally. The US$29.4 billion mandate has seen US$2.0 billion of performance growth, offset by US$0.3 billion of investor redemptions over the year.

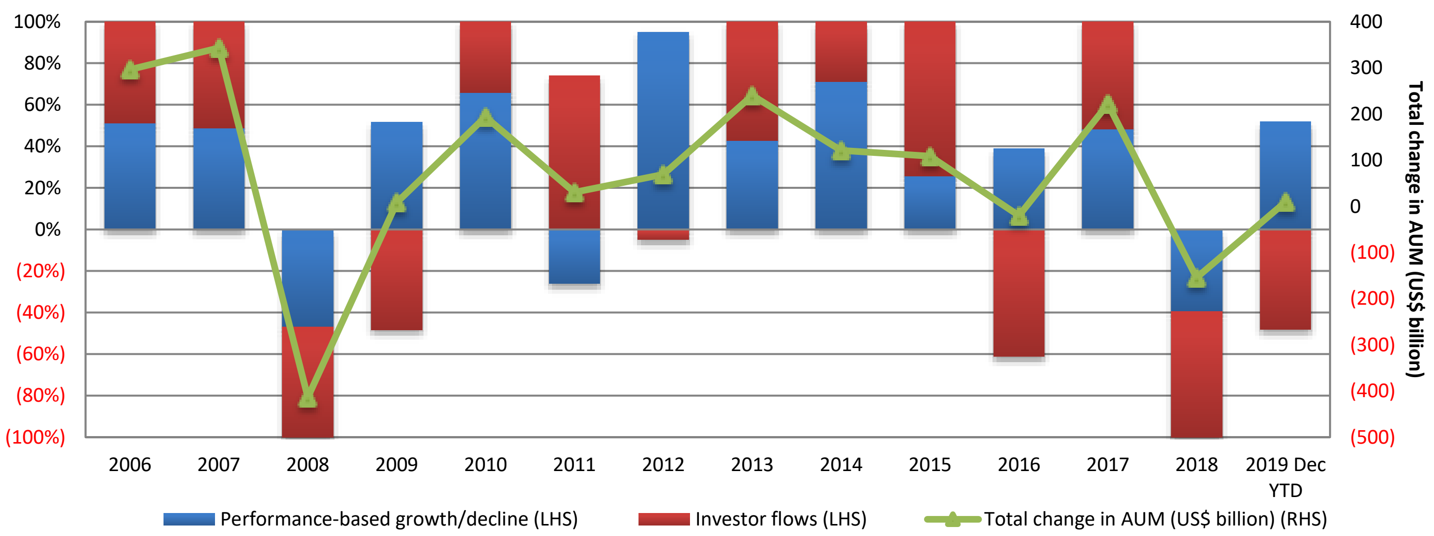
- The *Eurekahedge Long Short Equities Hedge Fund Index* was up 11.25% in 2019, as they benefited from the robust equity market rally throughout the year, which resulted in double-digit gains for the MSCI ACWI (Local). The strategic mandate has seen US$70.1 billion of performance growth year-to-date, counterbalanced by US$71.8 billion of investor outflows.

- The *Eurekahedge Fixed Income Hedge Fund Index* has returned 7.73% throughout 2019, supported by major central bank policies which pushed yields lower throughout the year. The US 10-year treasury yield briefly dipped below the 1.50% mark in early September, which was the lowest level it has reached since Q3 2016.

- The *Eurekahedge ILS Advisers Index* ended 2019 up 1.43%, in contrast to how the index was down 3.92% and 5.60% in 2018 and 2017 respectively as ILS fund managers bore the brunt of the catastrophic Atlantic hurricane seasons during those years. Despite being a comparatively calm period of insurance losses, the year 2019 has seen some ILS fund managers comprising the US$89.3 billion industry crippled by loss creep from past events.

- The recently launched *Eurekahedge Structured Credit Hedge Fund Index* tracks the performance of 76 active structured credit hedge funds collectively managing US$60.6 billion. The index has returned 8.12% throughout 2019, and recorded an exceptional Sharpe ratio of 2.98 over the 3-year period ending December 2019.

Figure 1b: Contribution by hedge fund performance and investor flows for the global hedge fund industry since 2006



Source: Eurekahedge

Figure 1b shows the share by performance-based growth/decline and net investor flows for the global hedge fund industry since 2006. During the pre-financial crisis period, the share of performance-based growth and investor inflows was almost evenly split with total asset growth coming in at US$343.4 billion. During the financial crisis in 2008, investor outflows accounted for over half of the total loss of capital for the global hedge fund industry as investors grew nervous over the prospect of their investments.

The years following the financial crisis saw accommodative central bank policies largely on the back of asset purchases and low interest rates, setting the momentum for an economic recovery. Investor sentiment improved with positive investor inflows in 2010 and 2011 but the height of the Eurozone crisis witnessed further redemptions in 2012 which were less severe than those in the post-global financial crisis period. In 2013, hedge funds recorded the strongest growth in their AUM since 2007 with assets increasing by US$240.4 billion during the year on the back of strong performance-based gains and investor inflows.

This happened against the backdrop of a global equity market rally and a recovery in the US economy that saw investors scale up their allocations to hedge funds. While the Greek and Ukrainian crisis contributed to some investor nervousness in 2014, investor inflows remained positive with modest performance-driven gains resulting in the industry's asset growing by half the levels seen in 2013. In annual year 2016, performance-driven gains of US$35.1 billion were recorded while investor outflows stood at US$55.1 billion over the same period – the steepest outflows recorded since 2010.

Redemption pressure appears to have eased going into 2017 as investors positive sentiment buoyed allocation activity into hedge funds. Hedge funds recorded the strongest growth in their AUM since 2014 with assets increasing by US$221.9 billion in 2017 on the back of strong performance-based gains and investor inflows. Final asset figures for 2017 saw investor inflows of US$114.6 billion of new allocations accounting for almost 52% of the total hedge fund asset growth recorded during the year while performance-driven gains of US$107.3 billion were recorded – the highest performance figures since 2010. Meanwhile, in 2018, international trade conflict between the two largest economies, concerns over slowing global growth and aggressive Fed rate hikes acted as headwinds to hedge fund performance. As a result, performance-based losses of US$44.2 billion and US$42.5 billion were recorded in February and October respectively – the highest monthly performance-based losses since October 2008. In 2019, supported by the robust rallied in the global equity market, the industry recorded its strongest performance-driven gains of US$136.1 billion since 2007. However, the industry AUM only grew by US$9.9 billion year-on-year, as investor redemptions totalling US$126.2 billion were recorded throughout the year.

Table 1: Performance-based changes in assets and asset flows in December 2019

	Assets at start	Net growth (performance)	Net flows	Assets at end	% change in assets
Hedge funds	2280.1	17.0	5.1	2302.2	0.97%
By geographic mandate					
Asia ex-Japan	166.2	1.9	1.5	169.6	2.04%
Japan	16.9	0.1	0.1	17.1	0.99%
Europe	463.4	2.9	1.4	467.7	0.92%
Latin America	60.8	0.7	0.9	62.4	2.57%
North America	1572.7	11.4	1.3	1585.5	0.81%
By strategic mandate					
Arbitrage	180.6	0.4	(0.1)	180.8	0.12%
CTA/managed futures	227.0	(1.7)	(0.5)	224.8	(0.99%)
Distressed debt	54.8	0.0	(0.0)	54.8	(0.03%)
Event driven	225.6	0.7	0.0	226.3	0.32%
Fixed income	174.0	1.1	2.2	177.2	1.85%
Long/short equities	789.3	10.6	1.0	800.9	1.47%
Macro	153.5	1.3	1.4	156.1	1.71%
Multi-strategy	333.0	4.3	1.3	338.5	1.67%
Relative value	70.6	0.4	0.1	71.2	0.80%
Others	71.6	0.0	(0.2)	71.5	(0.22%)
By fund size (US$ millions)					
≤20	20.6	0.1	0.0	20.6	0.38%
>20-≤50	43.9	0.1	0.0	44.0	0.21%
>50-≤100	54.0	0.2	0.0	54.2	0.44%
>100-≤250	239.9	1.0	0.4	241.3	0.61%
>250-≤500	318.7	0.9	0.7	320.2	0.48%
>500-≤1000	464.9	2.2	0.6	467.7	0.60%
>1000	1138.2	12.6	3.3	1154.2	1.40%

Note: All figures are in US$ billion, and rounded off to 1 decimal place

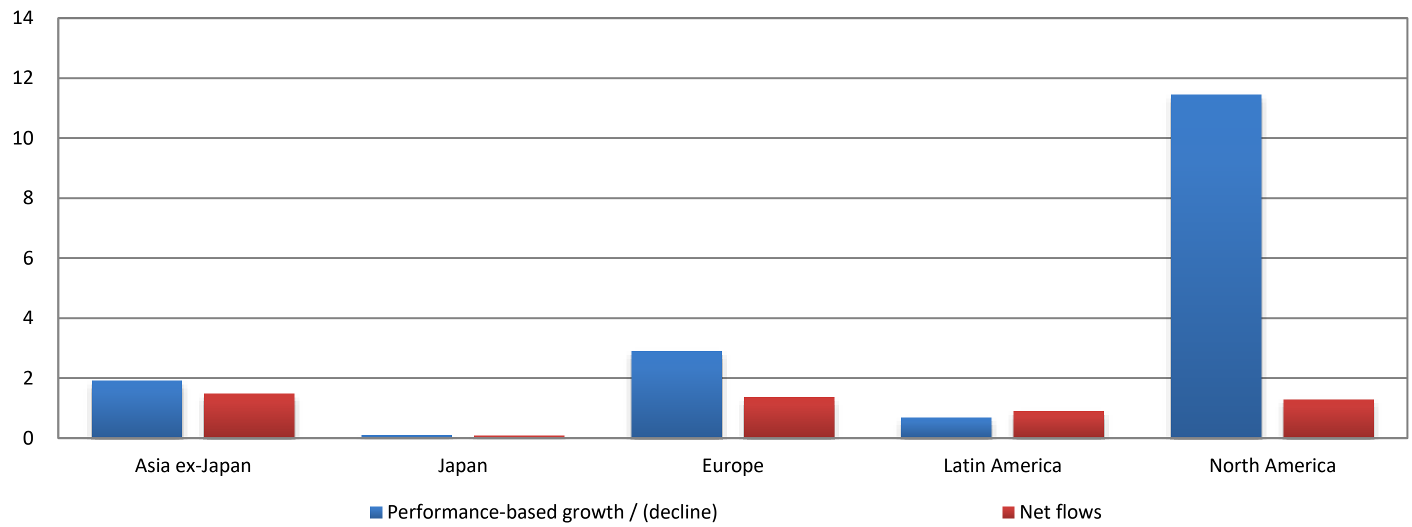
Source: Eurekahedge

North American funds recorded net asset inflows of US$1.3 billion and performance-based gains of US$11.4 billion during the month of December. Fund managers focusing on the region have reported performance-based gains totalling US$94.8 billion in 2019, offset by net investor outflows of US$56.2 billion over the same period. Total assets in North American hedge funds stood at US$1,585.5 billion in 2019.

European fund managers recorded net asset inflows of US$1.4 billion and performance-based gains of US$2.9 billion during the month. Total assets in European hedge funds stood at US$467.7 billion as at the end of 2019, below their January 2018 high of US$577.5 billion. On a year-to-date basis, European hedge fund managers have seen performance-driven gains of US$23.3 billion while net asset outflows stood at US$55.4 billion over the same period.

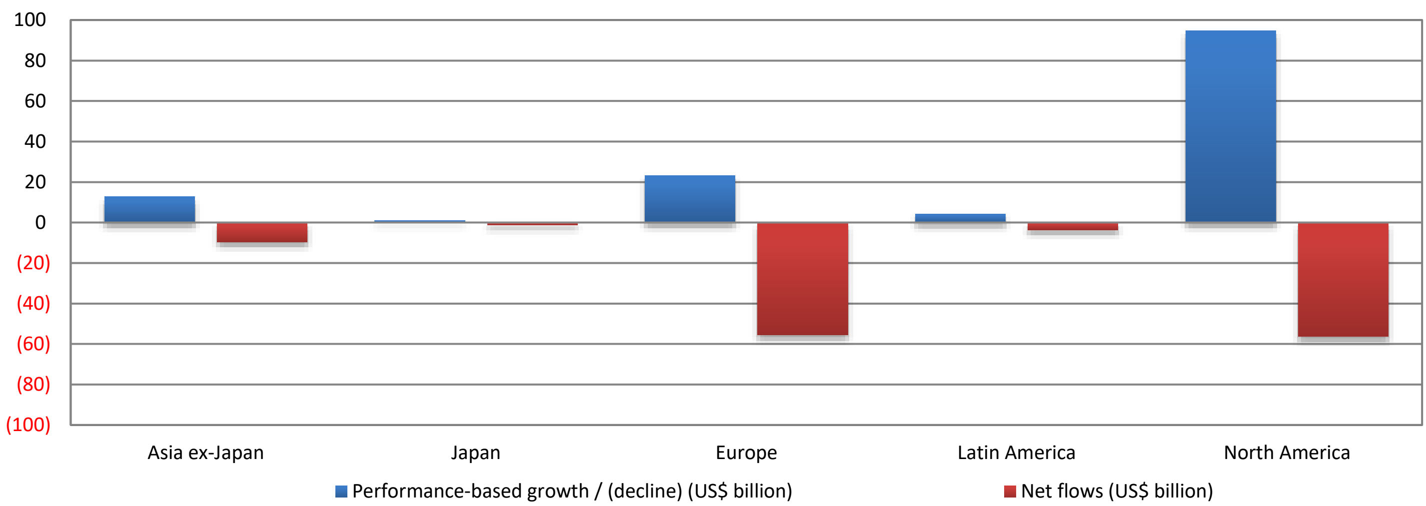
Asian funds posted performance-based gains of US$2.0 billion in December and investor inflows stood at US$1.6 billion during the month. Total assets for Asian hedge funds stood at US$186.7 billion in 2019. The Pan-Asia mandate saw US$13.7 billion of performance-driven gains and US$10.9 billion of net investor outflows over the same period.

Figure 2: December 2019 asset flow by geographic mandate



Source: Eurekahedge

Figure 3: 2019 asset flows by geographic mandate



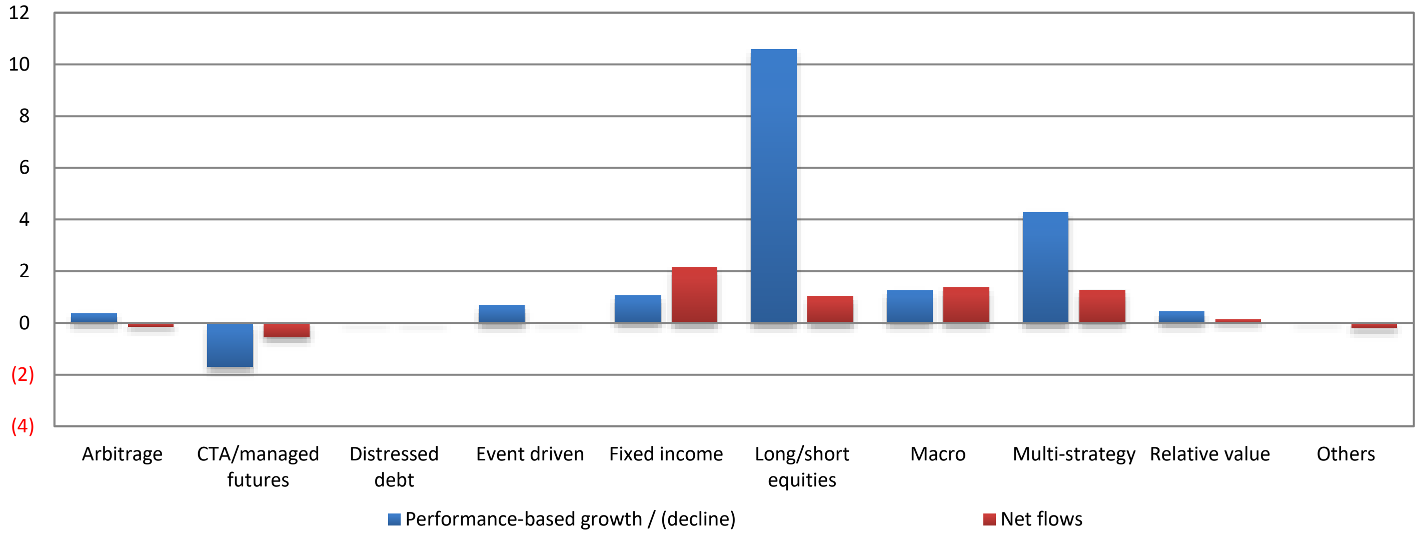
Source: Eurekahedge

Figure 4 gives a breakdown of performance-based gains and net flows for the hedge fund industry by various strategies for the month of December. Net allocation activity was positive across the board, supported by the risk-on sentiment among investors throughout the month.

Fund managers utilising long/short equities mandate posted the strongest performance-based gains of US$10.6 billion combined with investor allocations of US$1.0 billion during the month. Equity fund managers benefited from the robust rally of global equities driven by positive geopolitical developments around the US-China trade war. Meanwhile, despite higher commodity prices throughout the month – particularly those of oil and precious metals, fund managers utilising CTA/managed futures strategies registered performance-driven losses and investor redemptions of US$1.7 billion and US$0.5 billion respectively over the month.

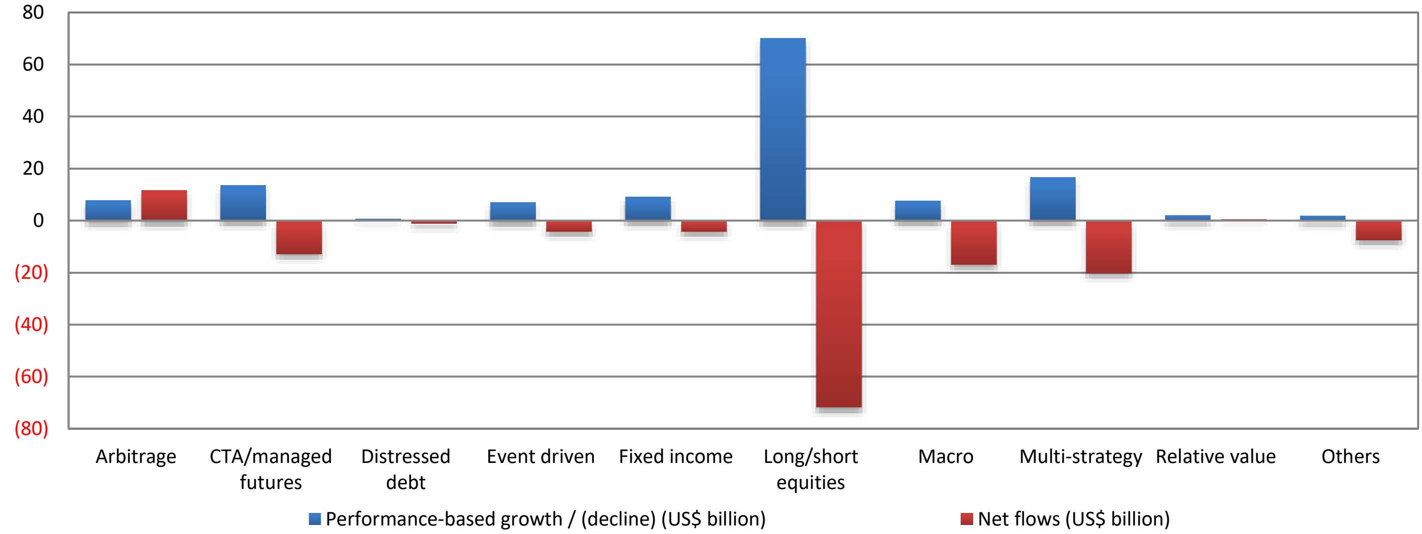
On a year-to-date basis, long/short equities mandate recorded investor redemptions totalling US$71.8 billion despite the strong performance-driven gains of US$70.1 billion over the year. Multi-strategy and macro mandates posted investor outflows totalling US$20.1 billion and US$16.8 billion respectively. On the other hand, arbitrage mandate saw positive investor allocations of US$11.6 billion over the same period.

Figure 4: December 2019 asset flow by strategy employed



Source: Eurekahedge

Figure 5: 2019 asset flow by strategy employed



Source: Eurekahedge

Table 2: Performance-based changes in assets and asset flows 2019

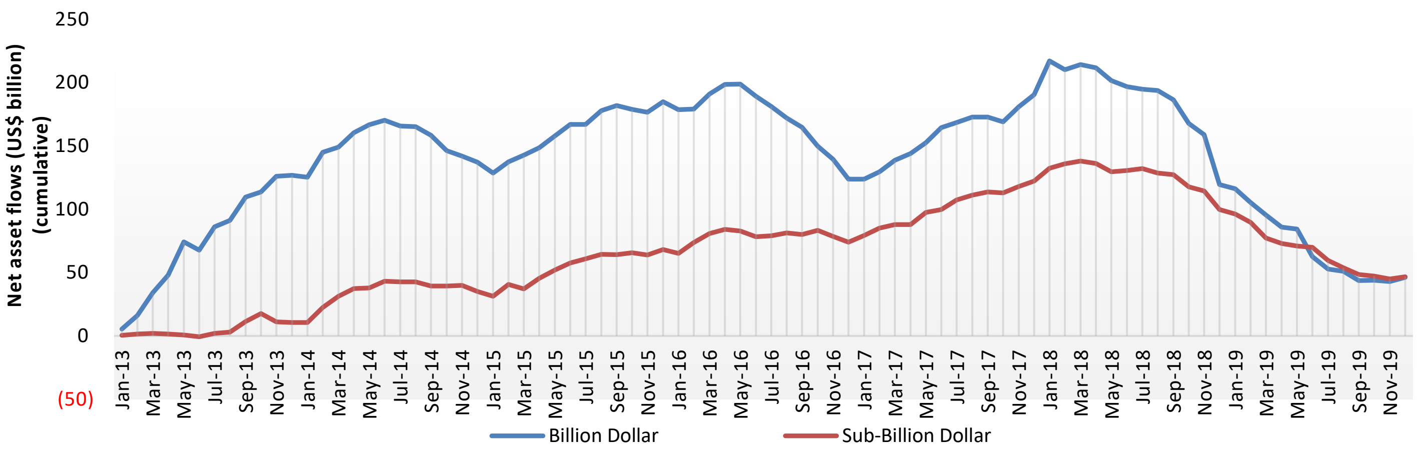
	Assets at start	Net growth (performance)	Net flows	Assets at end	% change in assets
Hedge funds	2292.3	136.1	(126.2)	2302.2	0.43%
By geographic mandate					
Asia ex-Japan	166.4	12.8	(9.7)	169.6	1.90%
Japan	17.5	0.9	(1.2)	17.1	(2.20%)
Europe	499.8	23.3	(55.4)	467.7	(6.44%)
Latin America	61.7	4.3	(3.6)	62.4	1.09%
North America	1546.8	94.8	(56.2)	1585.5	2.50%
By strategic mandate					
Arbitrage	161.4	7.8	11.6	180.8	12.03%
CTA/managed futures	224.0	13.5	(12.8)	224.8	0.35%
Distressed debt	55.2	0.7	(1.1)	54.8	(0.78%)
Event driven	223.5	7.0	(4.1)	226.3	1.26%
Fixed income	172.3	9.1	(4.2)	177.2	2.83%
Long/short equities	802.7	70.1	(71.8)	800.9	(0.21%)
Macro	165.4	7.5	(16.8)	156.1	(5.61%)
Multi-strategy	341.9	16.7	(20.1)	338.5	(0.99%)
Relative value	68.7	2.0	0.5	71.2	3.60%
Others	77.1	1.7	(7.4)	71.5	(7.34%)
By fund size (US$ millions)					
≤20	20.2	0.5	(0.0)	20.6	2.31%
>20-≤50	42.6	1.2	0.2	44.0	3.15%
>50-≤100	54.8	1.7	(2.3)	54.2	(1.07%)
>100-≤250	239.3	10.3	(8.2)	241.3	0.86%
>250-≤500	330.2	10.2	(20.2)	320.2	(3.03%)
>500-≤1000	470.9	19.1	(22.3)	467.7	(0.68%)
>1000	1134.3	93.1	(73.3)	1154.2	1.75%

Note: All figures are in US$ billion, and rounded off to 1 decimal place

Source: Eurekahedge

Figure 6 shows the cumulative investor flows since 2013, with 2H 2016 showing a pronounced decline in investor flows for billion dollar hedge funds. In 2016, billion dollar hedge funds saw steep investor redemptions for seven consecutive months between June 2016 and December 2016, totalling US$75.0 billion. Sub-billion dollar hedge funds have also recorded redemptions over the same period, totalling US$8.8 billion. Redemption pressure eased going into 2017, with billion dollar hedge funds seeing inflows of US$66.5 billion in 2017. Sub-billion dollar funds also realised an encouraging year, with US$48.1 billion of inflows recorded over the same period. Throughout 2018, billion dollar hedge funds had seen redemptions totalling US$70.9 billion, while their sub-billion dollar counterparts recorded net outflows totalling US$22.5 billion over the year. Billion dollar hedge funds recorded performance-based gains of US$12.6 billion and investor allocations of US$3.3 billion in December.

Figure 6: Cumulative investor flows since 2013

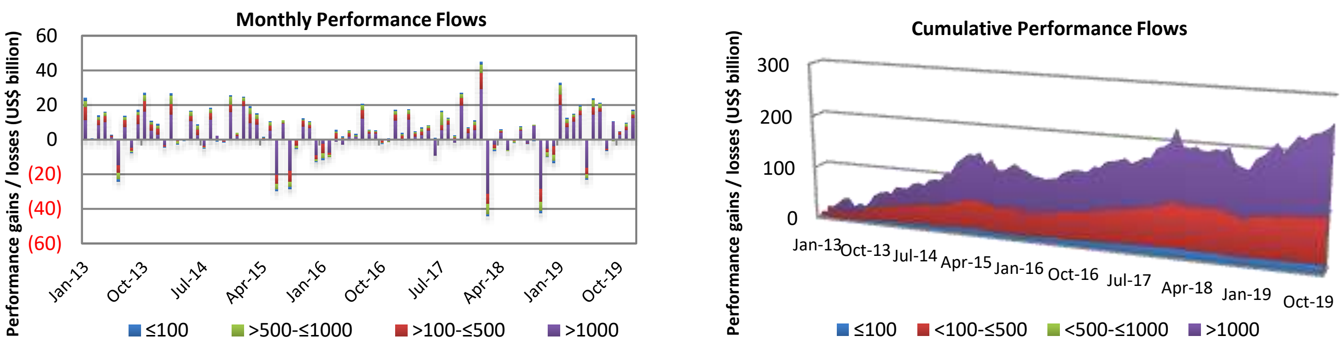


Source: Eurekahedge

Figures 7 and 8 illustrate performance and net asset flows across the various fund size categories since January 2013. Over the period depicted, the global hedge fund industry has raked in performance-based gains of US$434.4 billion. Billion dollar hedge funds account for over half of these gains; delivering cumulative performance-based gains of US$252.2 billion since the start of 2013. Funds managing assets in the US$100 million to US$500 million range have seen performance-based gains of US$98.4 billion, compared to US$67.1 billion in performance gains posted by funds managing between US$500 million and US$1000 million.

A similar picture emerges based on net asset flows, with the global hedge fund industry attracting US$93.0 billion since January 2013, out of which billion dollar hedge funds accounted for US$46.2 billion of these net capital allocations. Given this preference on part of investors to allocate to larger billion dollar hedge funds, the success of small to medium sized hedge funds (less than US$500 million) will become increasingly dependent on the skill of the managers in growing them to a point where they can gather enough scale to attract large institutional investors.

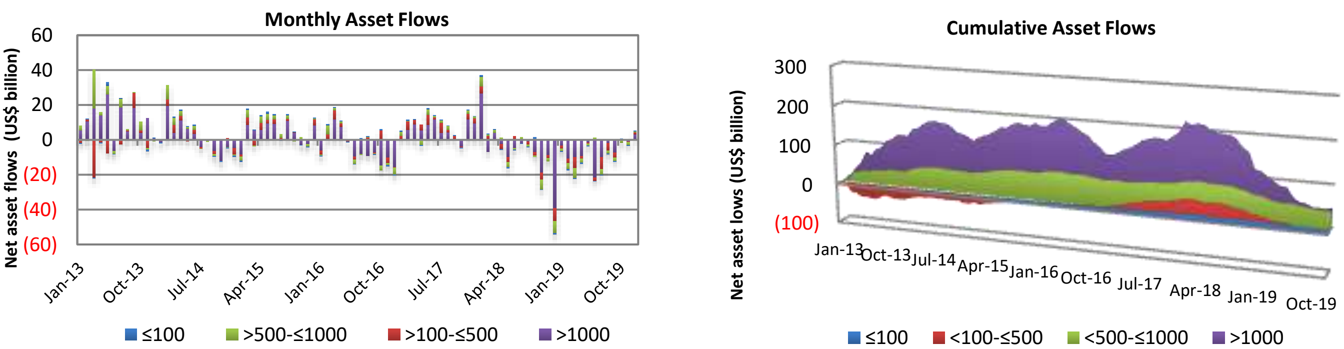
Figure 7: Performance based gains/losses by fund size



Source: Eurekahedge (US$ million)

Source: Eurekahedge (US$ million)

Figure 8: Net asset flows by fund size



Source: Eurekahedge (US$ million)

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"The *Eurekahedge Hedge Fund Index* was up 1.57% in December and 8.74% for the year, recording its strongest annual return since 2013."

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"Returns were positive across regions, with Asia ex-Japan fund managers up 2.58% in December, thanks to the strong equity market performance in the region."

"The *Eurekahedge Fixed Income Hedge Fund Index* was up 1.00% in December, despite weakness in government bond market arising from higher yields."

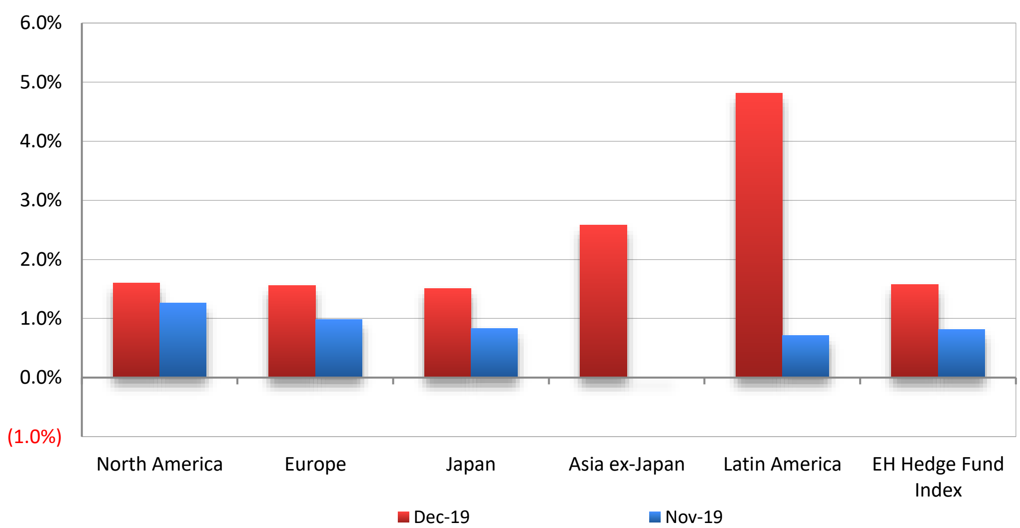
"The *CBOE Eurekahedge Short Volatility Hedge Fund Index* was up 1.64%, thanks to the suppressed market volatility throughout the month."

Introduction

The *Eurekahedge Hedge Fund Index* was up 1.57%[1] in December and 8.74% for the year, recording its strongest annual return since 2013. The risk-on sentiment resulting from positive geopolitical development provided support for risk assets as the two-leading economies officially reached an agreement that de-escalated their 18-month long trade tension. The global equity market as represented by the MSCI ACWI (Local) ended 2019 up 23.44%. US equities recorded new all-time highs, with the S&P 500 up 2.86% in December on the back of market optimism toward the US-China phase-one deal which was signed in early 2020. Over in Europe, UK equities outperformed their European peers, thanks to the landslide victory of the UK Conservative Party, which resulted in better clarity surrounding Brexit. The FTSE 100 rose 2.67% during the month. On a similar note, positive trade development, monetary stimulus, and strong macroeconomic data acted as a tailwind to the performance of Asian equity markets, especially China — the Hang Seng Index and Shanghai Composite Index were up 7.00% and 6.20%, respectively in December. Meanwhile, global government bond markets slumped during the month as yields climbed higher.

Approximately 78.7% of the underlying constituents of the *Eurekahedge Hedge Fund Index* posted positive returns in December, and 44.6% of the fund managers in the database were able to generate double-digit returns over the year. Returns were positive across regions, with Asia ex-Japan fund managers up 2.58% in December, thanks to the strong equity market performance in the region. Fund managers focusing on Japan underperformed their regional peers as they returned 1.51% over the month. Looking at year-to-date performance, Asia ex-Japan hedge funds have returned 12.03%, ahead of their North American peers who were up 9.32%.

Figure 1: December 2019 and November 2019 returns across regions

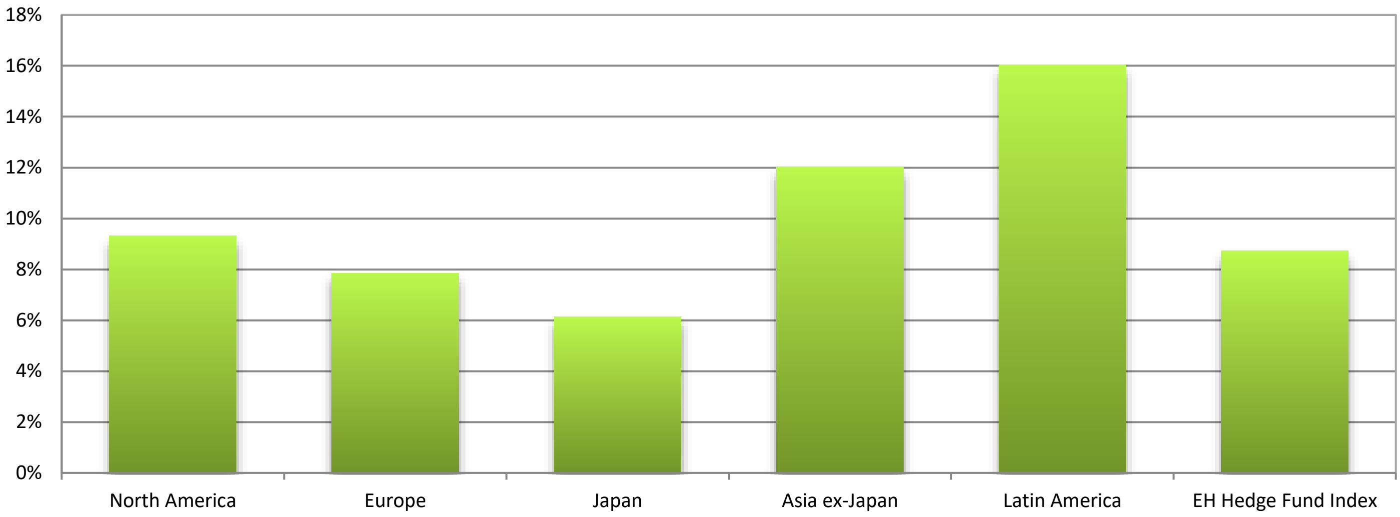


Source: Eurekahedge

Figure 2 illustrates the year-to-date performance of hedge fund managers across regions. Supported by the strong performance of the global equity and bond markets, all regional mandates were up for the year, with Latin American hedge funds leading the pack with their 16.05% return. On the other end, fund managers focusing on Japan have returned 6.14% year-to-date, trailing behind the other regional mandates.

[1]Based on 56.58% of funds which have reported December 2019 returns as at 16 January 2020

Figure 2: 2019 returns across regions



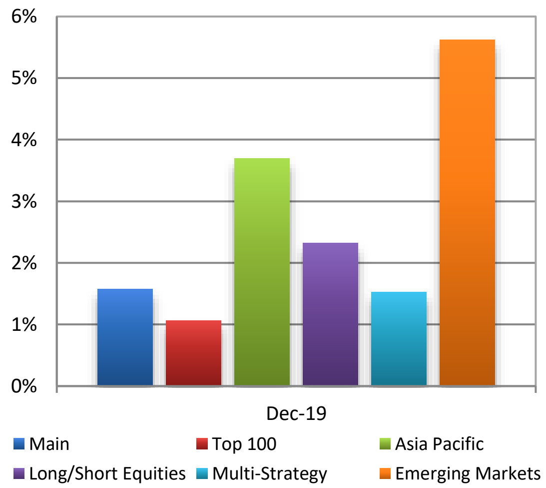
Source: Eurekahedge

Mizuho-Eurekahedge Asset Weighted Index

The asset-weighted *Mizuho-Eurekahedge Index - USD* was up 1.57% in December, after ending 2018 down 4.30%. It should also be noted that the *Mizuho-Eurekahedge Index* is US dollar denominated, and during months of strong US dollar gains, the index results include the currency conversion loss for funds that are denominated in other currencies.

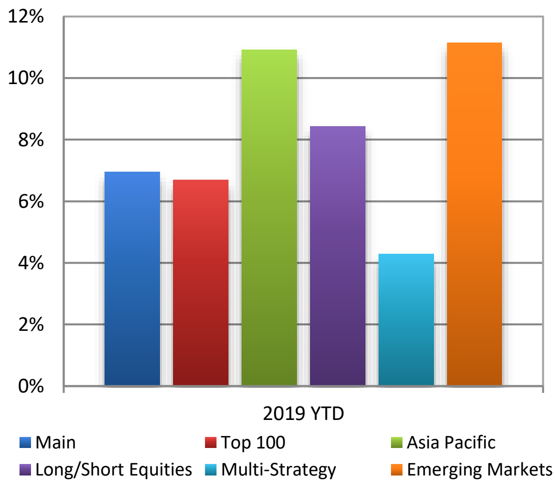
All of the Mizuho-Eurekahedge indices posted positive returns in December, with the *Mizuho-Eurekahedge Emerging Index* gaining 5.62% over the month. In terms of year-to-date return, all of the Mizuho-Eurekahedge indices were in positive territory, with managers focusing on emerging markets generating the strongest returns of 11.15% return as of December 2019.

Figure 3a: *Mizuho-Eurekahedge Indices* December 2019 returns



Source: Eurekahedge

Figure 3b: *Mizuho-Eurekahedge Indices* 2019 year-to-date returns



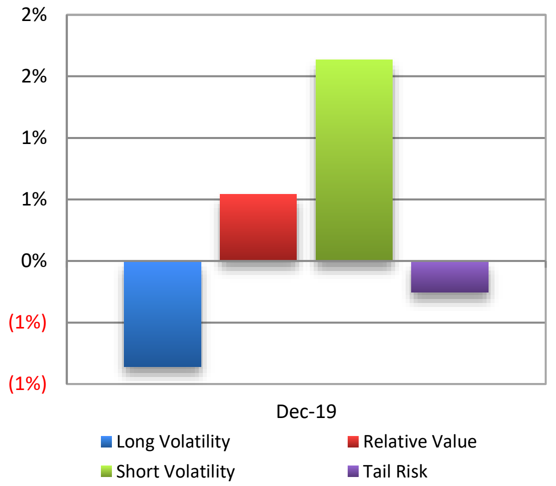
Source: Eurekahedge

CBOE Eurekahedge Volatility Indexes

The *CBOE Eurekahedge Volatility Indexes* comprise four equally-weighted volatility indices – long volatility, short volatility, relative value and tail risk. The *CBOE Eurekahedge Long Volatility Index* is designed to track the performance of underlying hedge fund managers who take a net long view on implied volatility with a goal of positive absolute return. In contrast, the *CBOE Eurekahedge Short Volatility Index* tracks the performance of underlying hedge fund managers who take a net short view on implied volatility with a goal of positive absolute return. This strategy often involves the selling of options to take advantage of the discrepancies in current implied volatility versus expectations of subsequent implied or realised volatility. The *CBOE Eurekahedge Relative Value Volatility Index* on the other hand measures the performance of underlying hedge fund managers that trade relative value or opportunistic volatility strategies. Managers utilising this strategy can pursue long, short or neutral views on volatility with a goal of positive absolute return. Meanwhile, the *CBOE Eurekahedge Tail Risk Index* tracks the performance of underlying hedge fund managers that specifically seek to achieve capital appreciation during periods of extreme market stress.

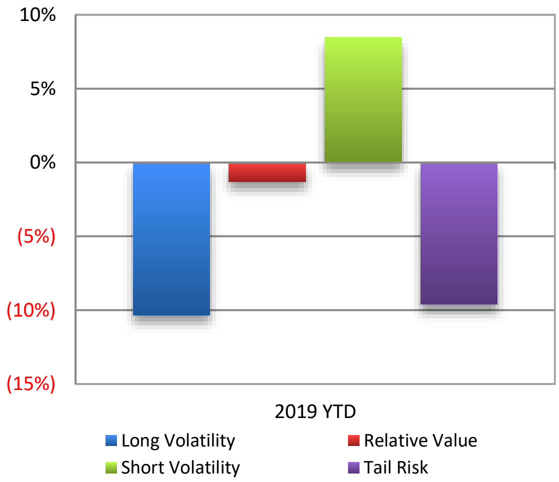
The CBOE volatility indices posted mixed returns in December. The *CBOE Eurekahedge Short Volatility Hedge Fund Index* topped the chart with its 1.64% return, thanks to the suppressed market volatility throughout the month. On a year-to-date basis, long volatility hedge fund managers were down 10.34%, placing them last among the four volatility strategy categories.

Figure 4a: *CBOE Eurekahedge Volatility Indexes* December 2019 returns



Source: Eurekahedge

Figure 4b: *CBOE Eurekahedge Volatility Indexes* 2019 year-to-date returns

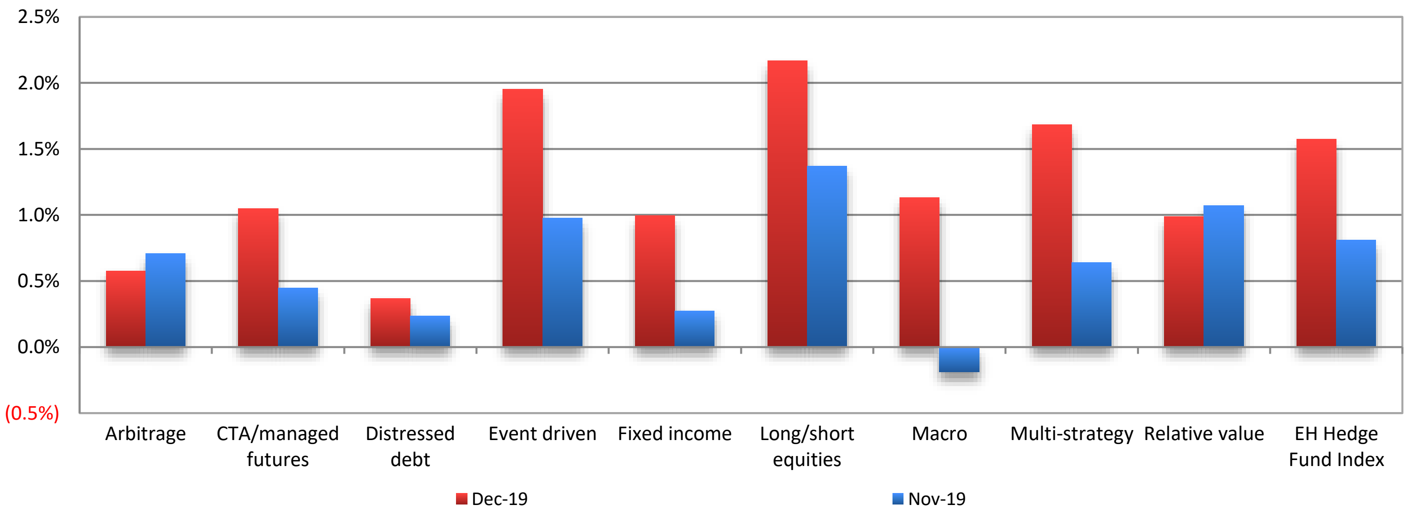


Source: Eurekahedge

Strategy Performance

Performance across major strategic mandates was mostly positive in December. Long/short equities hedge funds led the pack by gaining 2.17% during the month, followed by event driven hedge funds with their 1.95% return over the same month.

Figure 5: December 2019 and November 2019 returns across strategies



Source: Eurekahedge

Looking at their 2019 returns, long/short equities and macro managers ended at the top with 11.25% and 8.69% returns respectively, followed by multi-strategy and fixed income mandates. Meanwhile, distressed and relative value managers trailed behind their peers throughout the year.

Figure 6: 2019 returns across strategies

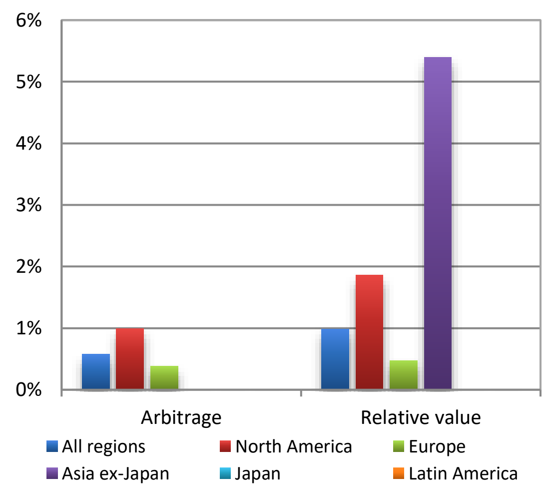
Source: Eurekahedge

Arbitrage and relative value

Arbitrage hedge fund managers were up 0.58% during the month, with all of its underlying regional mandate posting positive returns in December. North American arbitrage fund managers led the group with their 0.99% returns in December. In terms of year-to-date returns, the *Eurekahedge Arbitrage Hedge Fund Index* was up 5.58%, with its underlying North American and European mandates gaining 5.44% and 4.36% respectively.

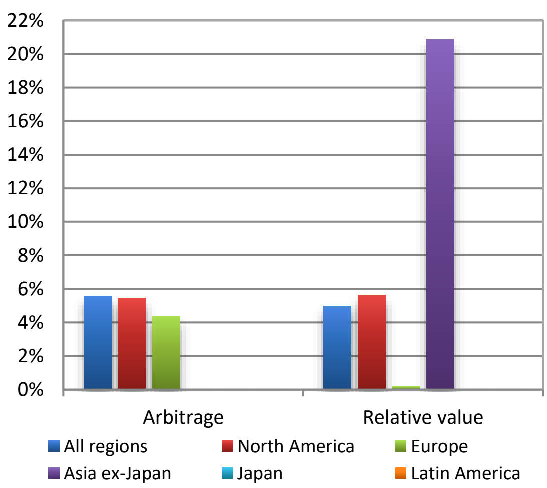
Hedge fund managers utilising relative value strategy ended the month of December up 0.99%, with the underlying Asia ex-Japan mandate gaining 5.40% during the month. Looking at year-to-date return, the *Eurekahedge Relative Value Hedge Fund Index* was up 4.98% as of December 2019.

Figure 7a: Arbitrage and relative value December 2019 returns



Source: Eurekahedge

Figure 7b: Arbitrage and relative value 2019 year-to-date returns



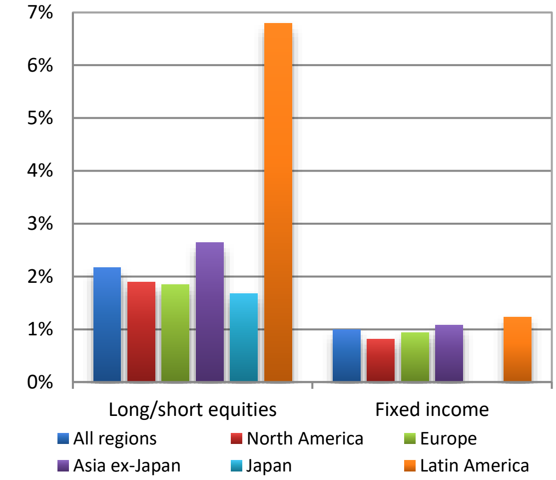
Source: Eurekahedge

Long/short equities and fixed income

The *Eurekahedge Long Short Equities Hedge Fund Index* ended the month up 2.17%, supported by strong performance of the global equity market as represented by the MSCI ACWI (Local) which gained 2.57%. The positive geopolitical developments surrounding the US-China trade talks and Brexit boosted global equity market in December. All of the underlying regions of the mandate were in positive territory, with Asia ex-Japan mandate gaining 2.64%. Looking at year-to-date returns, North American and Asia ex-Japan mandates were up 13.24% and 12.88%, outperforming their peers focusing on Europe and Japan.

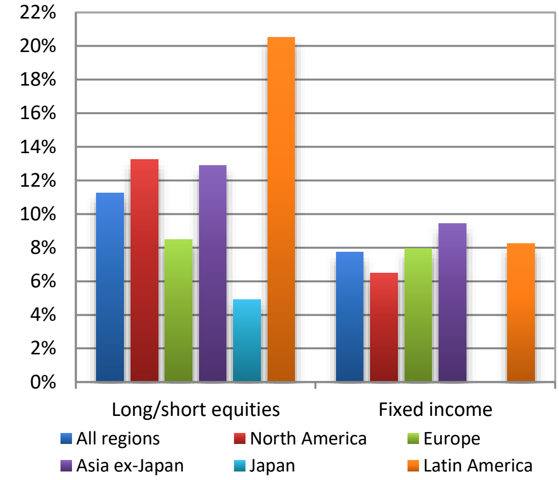
The *Eurekahedge Fixed Income Hedge Fund Index* was up 1.00% in December, despite weakness in government bond market arising from higher yields. The fixed income strategic mandate was up 7.73% in 2019, with all of its underlying mandates in positive territory.

Figure 8a: Long/short equities and fixed income December 2019 returns



Source: Eurekahedge

Figure 8b: Long/short equities and fixed income 2019 year-to-date returns



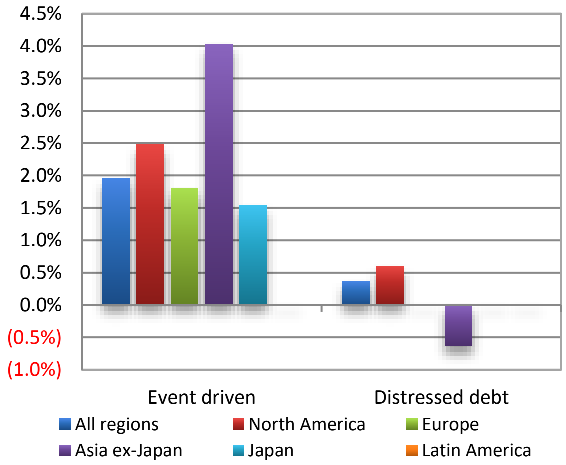
Source: Eurekahedge

Event driven and distressed debt

The *Eurekahedge Event Driven Hedge Fund Index* gained 1.95% higher during the month, with all of its underlying regional mandates in positive territory. Event driven funds managers focusing on Asia ex-Japan posted gains of 4.03% in December. Looking at year-to-date returns, event driven hedge funds were up 7.70%, and most of the underlying regions were positive.

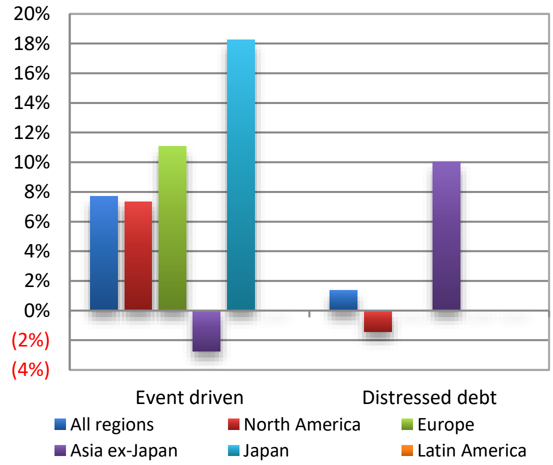
The *Eurekahedge Distressed Debt Hedge Fund Index* was up 0.37% in December, with its underlying regional mandates posting mixed results. Looking at year-to-date performance, distressed debt fund managers were up 1.37% in 2019, underperforming their peers utilising other strategies.

Figure 9a: Event driven and distressed debt December 2019 returns



Source: Eurekahedge

Figure 9b: Event driven and distressed debt 2019 year-to-date returns



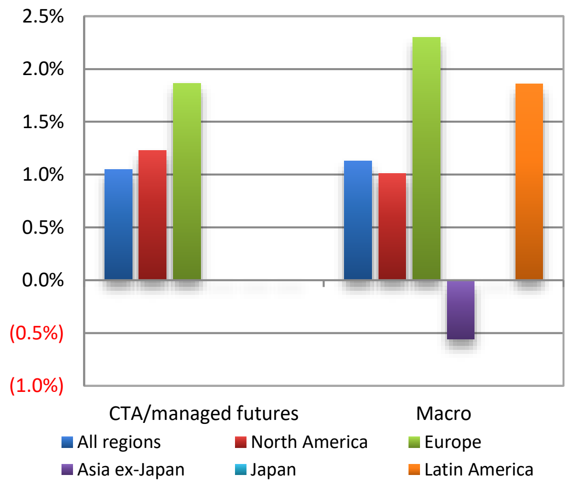
Source: Eurekahedge

CTA/managed futures and macro

Hedge fund managers utilising CTA/managed futures strategies were up 1.05% in December, with positive returns across the underlying regional mandates. Oil prices climbed during the month, supported by the risk-on sentiment combined with lower US crude inventories. On a year-to-date basis, the *Eurekahedge CTA/Managed Futures Hedge Fund Index* was up 5.58%.

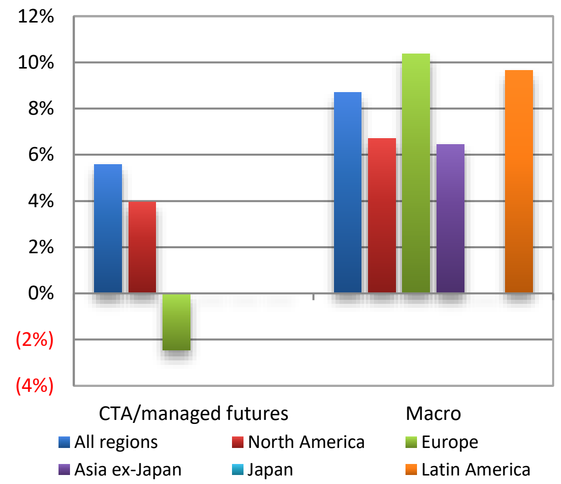
The *Eurekahedge Macro Hedge Fund Index* lost 1.13% in December, with most of its underlying regional mandates in positive territory. Looking at year-to-date returns, macro fund managers were up 8.69% in 2019.

Figure 10a: CTA/managed futures and macro December 2019 returns



Source: Eurekahedge

Figure 10b: CTA/managed futures and macro 2019 year-to-date returns



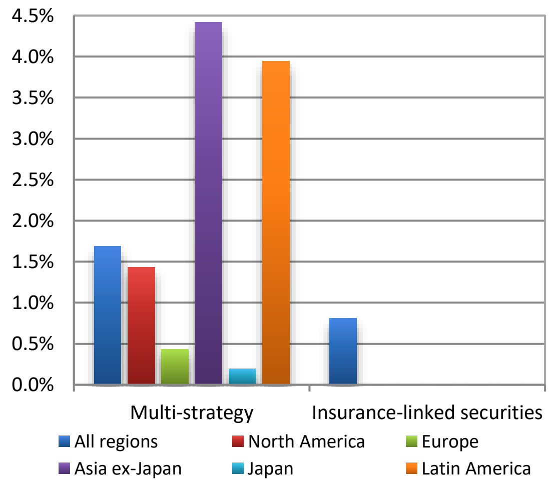
Source: Eurekahedge

Multi-strategy and insurance-linked securities

The *Eurekahedge Multi-Strategy Hedge Fund Index* was up 1.69% during the month, with the underlying Asia ex-Japan mandates posting the strongest return of 4.42%. The *Eurekahedge Multi-Strategy Hedge Fund Index* was up 8.41% in 2019, with all of its underlying regional mandates in positive territory.

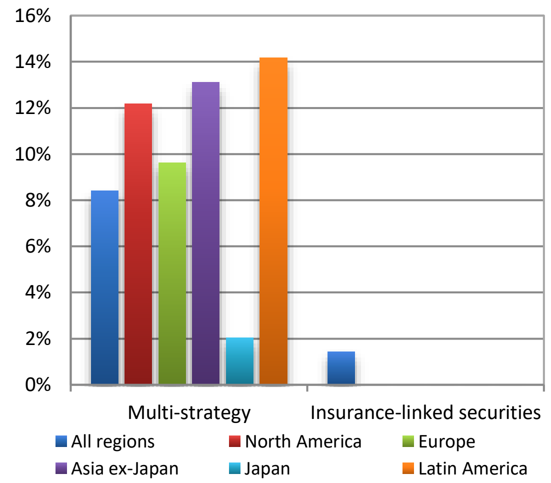
The *Eurekahedge ILS Advisers Index* gained 0.81% in December, pushing its 2019 year-to-date return to 1.43%. ILS hedge fund managers suffered considerable losses from the recent Atlantic hurricane seasons in 2018 and 2017, during which the index was down 3.92% and 5.60% respectively.

Figure 11a: Multi-strategy and insurance-linked securities December 2019 returns



Source: Eurekahedge

Figure 11b: Multi-strategy and insurance-linked securities 2019 year-to-date returns

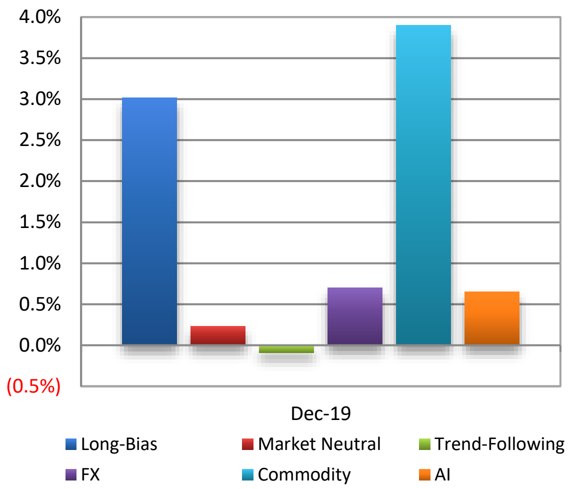


Source: Eurekahedge

Sub-strategies

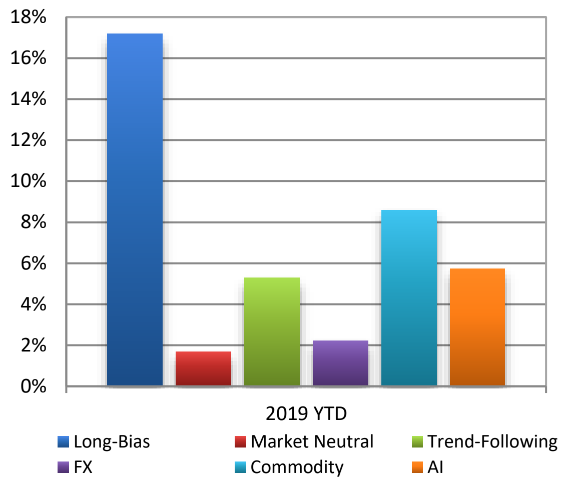
Most of the secondary strategic mandates posted positive returns in December, with hedge fund managers utilising commodity strategies topping the chart as they returned 3.90% over the month. Looking at year-to-date returns, all of the sub-strategies were positive with equity long-bias mandate leading the group by returning 17.18% throughout the year.

Figure 12a: Sub-strategies December 2019 returns



Source: Eurekahedge

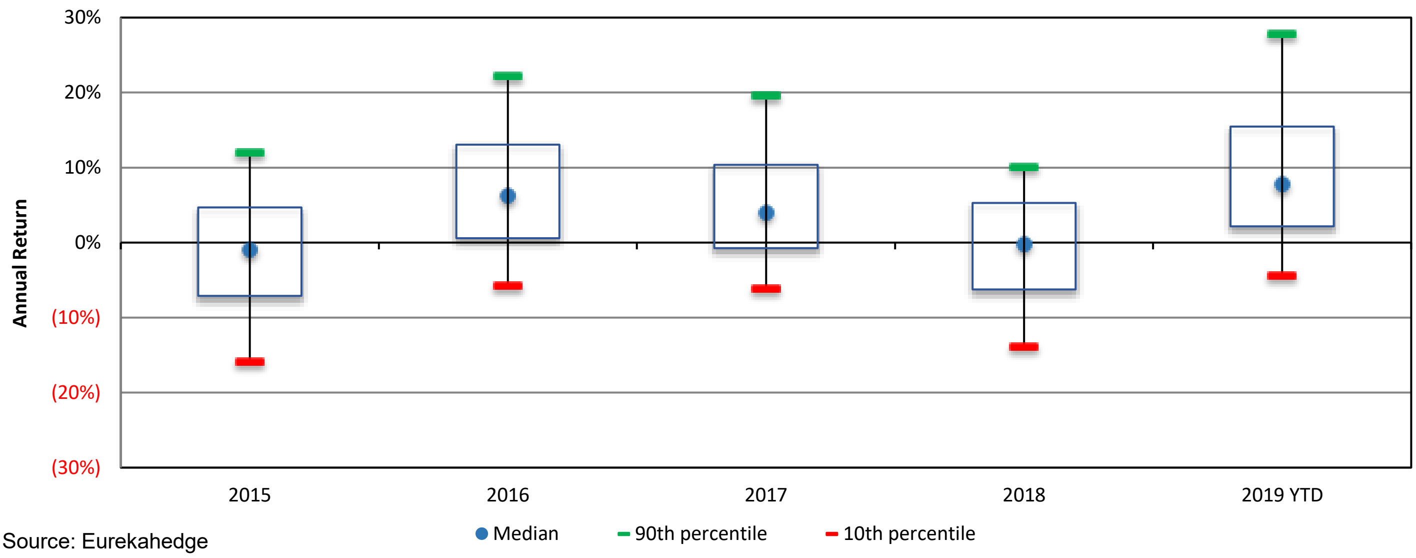
Figure 12b: Sub-strategies 2019 year-to-date returns



Source: Eurekahedge

Figure 13 provides the performance distribution of the hedge funds in the Eurekahedge database, showing the median return, 10th and 90th percentile returns, as well as the top and bottom quartile returns on a yearly basis since 2015.

Figure 13: Performance distribution of global hedge funds



Source: Eurekahedge

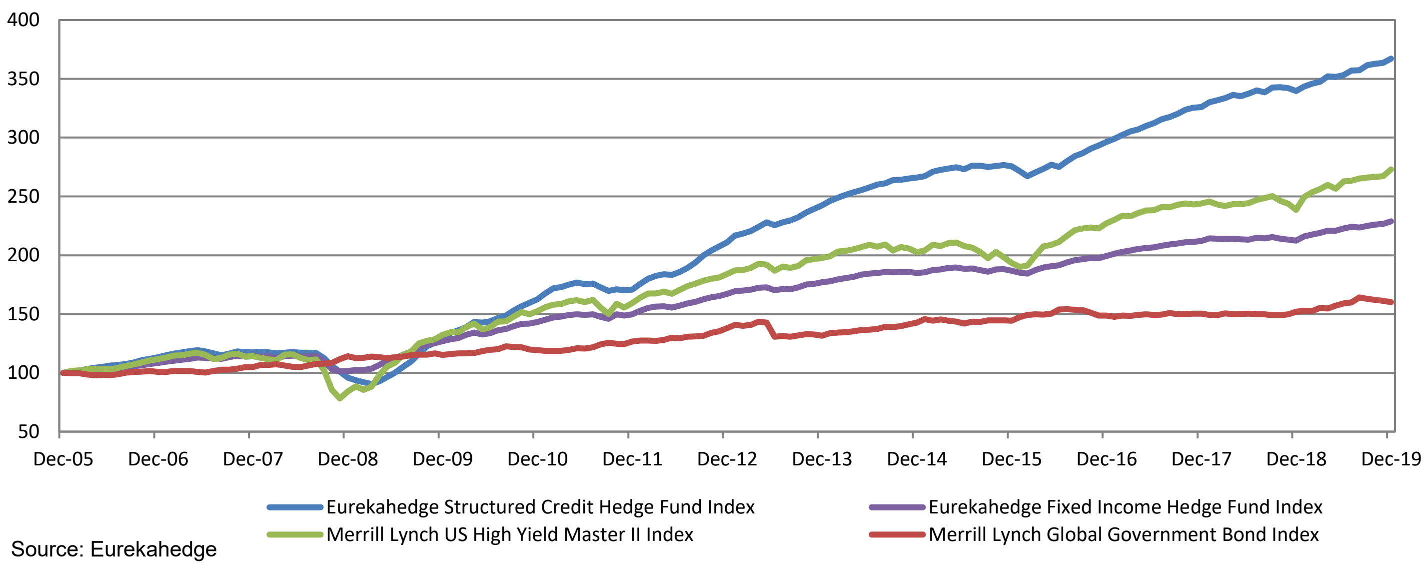
Structured credit hedge funds: Staying 'Sharpe' in ultra-low rate environment

Structured credit traces its history back to the 20th century and has been a part of institutional and hedge fund portfolios for decades. Hedge fund managers focusing on structured credit could largely be dichotomised into those who generate returns from beta exposure to the asset class, and those who exploit mispriced instruments resulting from market inefficiency. Structured credit instruments result from the securitisation process in which multiple debt obligations are packed into interest-bearing securities whose cash flows are then sold to investors. This asset class has remained attractive to investors due to their ability to offer good return potentials and low rate of losses while providing diversification from other fixed income assets. The securitisation process also allows the final product to be tailored to an investor's specific risk profile and constraints. On the other hand, the complexity of the instrument may result in heightened liquidity risk, and certain structured credit investment strategies may expose investors to basis risk arising from imperfect hedging using other fixed income assets.

The *Eurekahedge Structured Credit Hedge Fund Index* is an equal-weighted index comprising 76 active structured credit hedge funds collectively managing US$60.6 billion, and is designed to help institutional investors track the performance of structured credit hedge fund managers. The index has returned 8.12% throughout 2019, outperforming fixed income hedge fund managers who were up 7.73% over the same period. Structured credit hedge funds were up 4.19% in 2018, despite the multitude of geopolitical issues weighing on the performance of hedge fund managers in general.

Figure 1 below compares the performance of the *Eurekahedge Structured Credit Hedge Fund Index* against the *Eurekahedge Fixed Income Hedge Fund Index*, as well as the US high-yield bond and the global government bond markets represented by the Merrill Lynch US High Yield Master II Index and the Merrill Lynch Global Government Bond Index respectively.

Figure 1: Performance of structured credit hedge funds against benchmarks since the end of 2005



Source: Eurekahedge

As observed in Figure 1, structured credit hedge funds have managed to return 9.73% per annum, outperforming their fixed income peers, US high-yield bonds, as well as global investment grade bonds which returned 6.09%, 7.44% and 3.42% per annum respectively since the end of 2005.

Table 1: Performance in numbers - structured credit hedge funds against benchmarks

	Eurekahedge Structured Credit Hedge Fund Index	Eurekahedge Fixed Income Hedge Fund Index	Merrill Lynch US High Yield Master II Index	Merrill Lynch Global Government Bond Index
2006	13.42%	8.42%	11.77%	0.88%
2007	3.42%	5.12%	2.19%	3.93%
2008	(18.31%)	(10.99%)	(26.39%)	8.88%
2009	35.04%	25.10%	57.51%	0.86%
2010	25.68%	12.98%	15.19%	3.64%
2011	5.05%	4.41%	4.38%	6.09%
2012	23.57%	11.67%	15.58%	9.08%
2013	14.80%	5.88%	7.42%	(4.67%)
2014	9.78%	4.42%	2.50%	8.37%
2015	3.59%	1.06%	(4.64%)	1.22%
2016	7.47%	6.68%	17.49%	2.96%
2017	10.03%	6.53%	7.48%	1.16%
2018	4.19%	0.06%	(2.26%)	0.99%
2019	8.12%	7.73%	14.45%	5.39%
3-year annualised return	7.42%	4.72%	6.33%	2.49%
3-year annualised volatility	1.82%	1.74%	4.20%	2.82%
3-year Sharpe ratio (RFR = 2%)	2.98	1.56	1.03	0.18
5-year annualised return	6.65%	4.36%	6.14%	2.33%
5-year annualised volatility	2.45%	2.07%	5.35%	3.19%
5-year Sharpe ratio (RFR = 2%)	1.90	1.14	0.77	0.10
10-year annualised return	10.99%	6.07%	7.50%	3.35%
10-year annualised volatility	3.48%	2.58%	5.82%	4.10%
10-year Sharpe ratio (RFR = 2%)	2.58	1.58	0.95	0.33

Source: Eurekahedge

Table 1 provides the detailed risk return statistics of the four indices shown in the figure above. Key takeaways include:

1. The *Eurekahedge Structured Credit Hedge Fund Index* returned 8.12% throughout 2019, narrowly outperforming fixed income hedge fund managers who returned 7.73% over the same period as they benefited from falling bond yields. Looking at 2018 returns, structured credit hedge fund managers were up 4.19% for the year, outperforming their benchmarks, as well as the global hedge fund industry in general.

2. Structured credit hedge funds have consistently generated positive annual returns since the aftermath of the 2008 financial crisis. The strategy has also persistently outperformed the *Eurekahedge Fixed Income Hedge Fund Index* over the past three, five, and 10-year periods as shown in the table above.

3. Hedge fund managers comprising the *Eurekahedge Structured Credit Hedge Fund Index* have generated exceptional Sharpe ratios over the past decade, outperforming their benchmarks by a notable margin. Over the last three years, structured credit hedge fund managers have generated a Sharpe ratio of 2.98. This figure compares against the 1.56 Sharpe ratio recorded by fixed income hedge funds over the same period.

However, it is pertinent to note that the returns of structured credit hedge funds exhibit stronger positive autocorrelation than those of fixed income hedge funds. The less liquid nature of structured credit instruments as opposed to other fixed income assets could have resulted in lower volatilities and higher Sharpe ratios.

Table 2 provides the correlation values between the performances of structured credit hedge fund managers against their benchmarks. As seen in the table below, the performance of *Eurekahedge Structured Credit Hedge Fund Index* is moderately correlated to the performance of fixed income hedge funds and high yield bonds, and has a very weak negative correlation against government bonds.

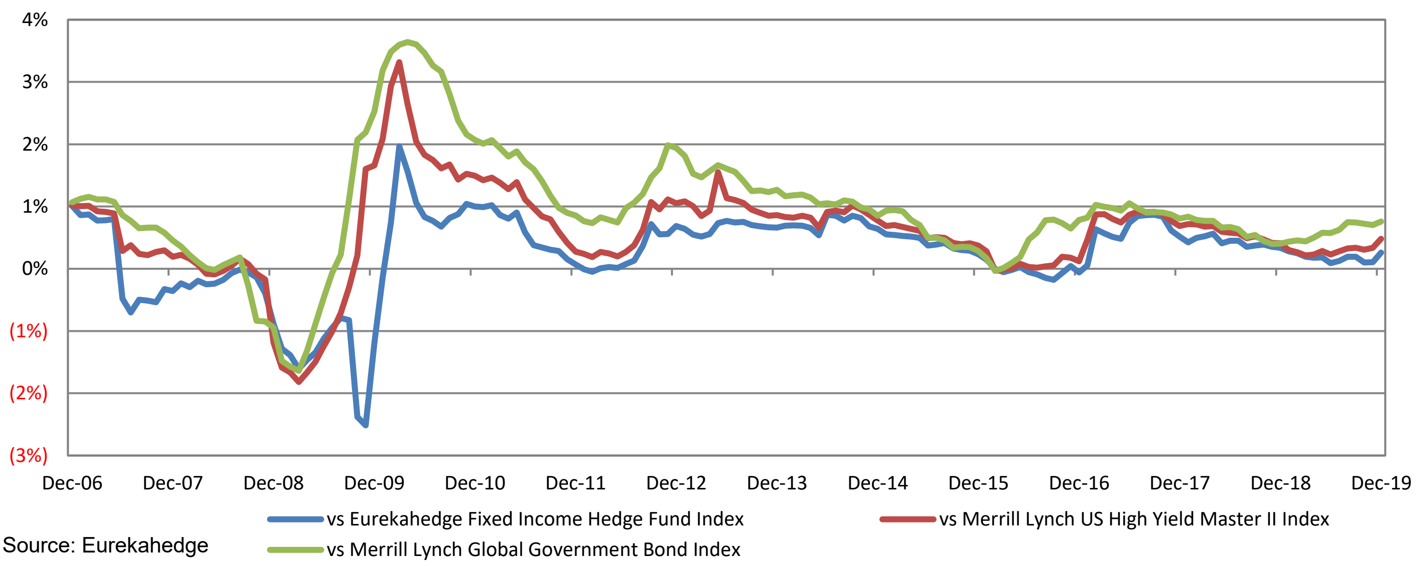
Table 2: Correlation matrix

	Eurekahedge Structured Credit Hedge Fund Index	Eurekahedge Fixed Income Hedge Fund Index	Merrill Lynch US High Yield Master II Index	Merrill Lynch Global Government Bond Index
Eurekahedge Structured Credit Hedge Fund Index	1.00			
Eurekahedge Fixed Income Hedge Fund Index	0.79	1.00		
Merrill Lynch US High Yield Master II Index	0.59	0.89	1.00	
Merrill Lynch Global Government Bond Index	-0.13	-0.05	-0.07	1.00

Source: Eurekahedge

Figure 2 provides the 12-month rolling alpha of the *Eurekahedge Structured Credit Hedge Fund Index* against both the Merrill Lynch US High Yield Master II Index, the Merrill Lynch Global Government Bond Index, as well as the *Eurekahedge Fixed Income Hedge Fund Index*, assuming a risk-free rate of 0%. Structured credit hedge funds generated significant negative alpha against the benchmark bond indices in the aftermath of the global financial crisis of 2008. However, as seen in the figure, structured credit hedge funds have been capable of generating positive alpha against the aforementioned benchmarks over most of the recent years.

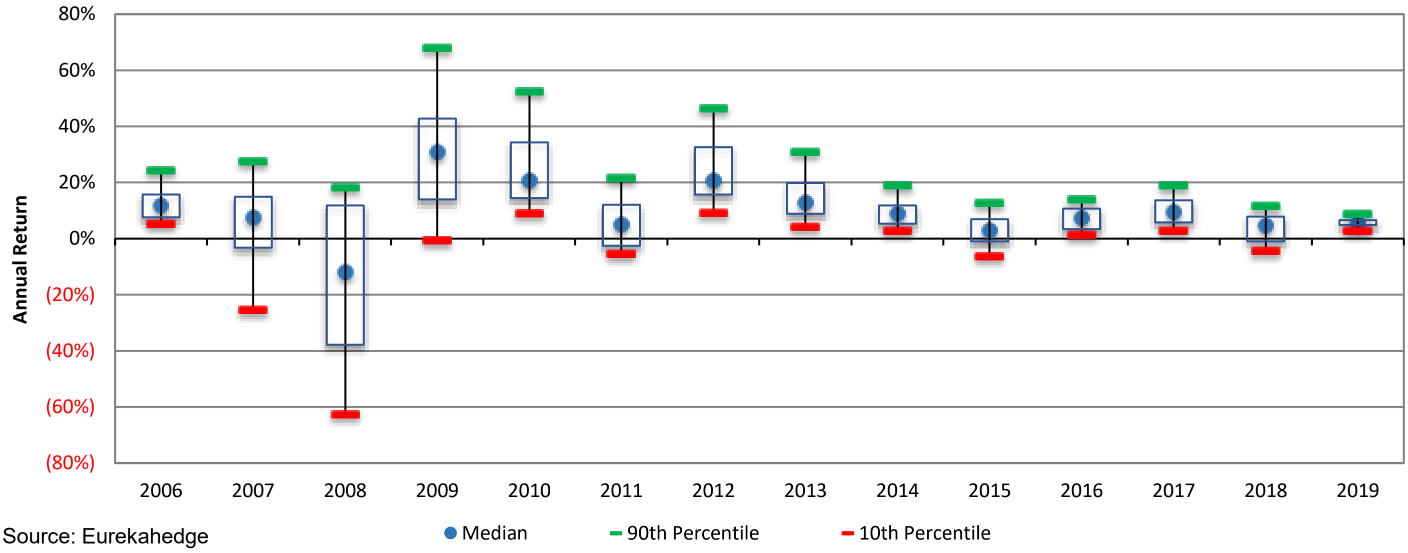
Figure 2: 12-month rolling Alpha of structured credit hedge funds against benchmarks (RFR = 0%)



Source: Eurekahedge

Figure 3 provides the performance distribution of all structured credit hedge funds in the Eurekahedge database, showing the median return, 10th and 90th percentile returns, as well as the top and bottom quartile returns on a yearly basis since 2006. It could be observed that return dispersion among structured credit hedge funds have fallen since the 2008 crisis.

Figure 3: Performance distribution of structured credit hedge funds



Source: Eurekahedge

Following the global financial crisis of 2008, the structured credit market has withstood considerable changes which has made them more investor friendly, from greater structural provisions and investor protections, to stricter regulatory oversight. The shift from extremely risky instruments which featured extensively during the crisis to more conservative instruments, combined with improved due diligence from fund managers have allowed structured credit hedge funds to remain attractive to institutional investors seeking alpha and diversification.

"The *Eurekahedge Asian Hedge Fund Index* was up 7.41% year-to-date as of November 2019, supported by the robust performance of the risk asset in the region."

"Hong Kong and Singapore remained as the two most popular choices for Asian hedge funds to base their operation in, accounting for 30.0% and 16.9% of the industry population respectively."

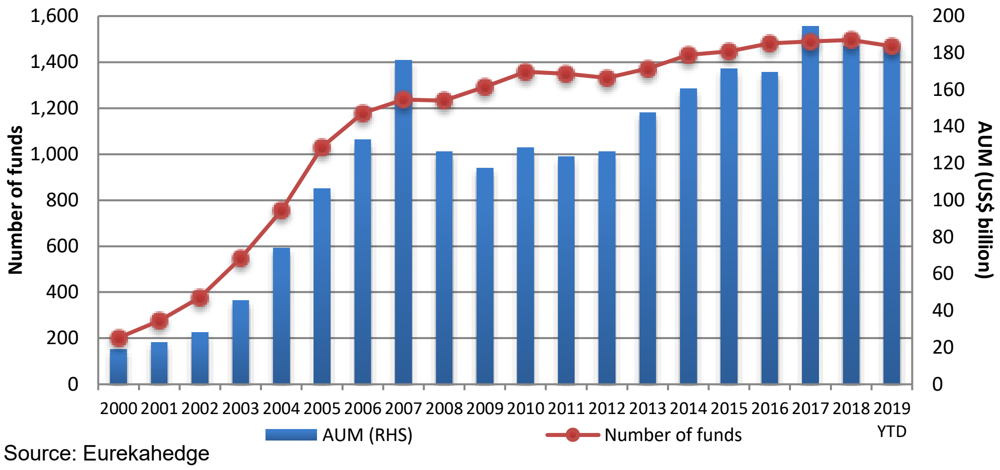
"Long/short equities continued to account for the largest AUM share within the Asian hedge fund industry, despite losing a sizeable portion of their share over the last decade from 57.6% in November 2007 to 49.1% in November 2019."

"Greater China-focused funds generated double-digit returns of 11.55%, supported by the positive development of the trade negotiation with the US."

Introduction

The *Eurekahedge Asian Hedge Fund Index* was up 7.41% year-to-date as of November 2019, supported by the robust performance of risk assets in the region resulting from the progress of the US-China trade talks. The underlying equity market, as represented by the MSCI AC Asia Pacific IMI gained 15.19% over the same period. The trade negotiation process between the two countries has faced considerable challenges throughout the year, notably when the PBOC allowed the yuan to weaken past the symbolic level of seven. The US Treasury department responded by labelling China as a currency manipulator, further escalating the tension between the two economies. However, market sentiment improved when the trade talks resumed in October, and finally concluded in a phase-one deal which was eventually signed in January 2020, shortly after the removal of China from the US Treasury list of currency manipulators. The positive geopolitical development surrounding the trade war boosted market sentiment and acted as a tailwind for the region's equity markets toward the end of 2019. China's two onshore benchmark stock indices, the Shenzhen and Shanghai Composite were up 25.65% and 15.16% respectively as of November 2019 year-to-date.

Figure 1: Industry growth since 1999



Source: Eurekahedge

Figure 1 above provides the industry growth of Asian hedge funds since 2000. As of the end of November 2019, the total assets managed by Asian hedge funds stood at US$183.0 billion, while the industry population stood at 1,469 hedge funds. The number of hedge funds in the region has mostly stagnated between 2014 and 2019, even though the industry assets grew noticeably in 2017. However, the industry's total assets contracted by US$10.6 billion in 2018. From the figure above we can also observe that the 2008 financial crisis hit the Asian hedge fund industry particularly hard, and it was not until 2018 that the industry managed to recover the lost assets and surpass the previous industry AUM peak by the end of 2007.

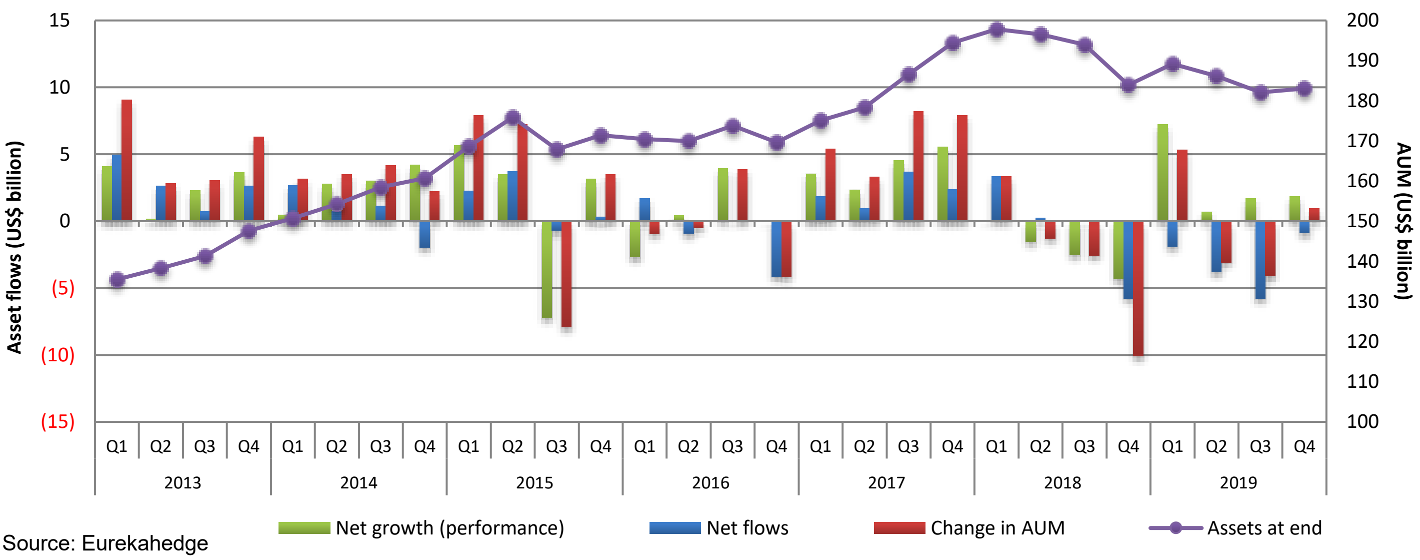
Industry composition and growth trends

Asset flows

Figure 2 provides the breakdown of asset flows in the Asian hedge fund industry into performance-based growth and net investor allocations since 2012. In 2012, asset flows were mixed, with assets under management (AUM) gains in the first and third quarters, and losses in the second and fourth quarters. On the other hand, 2013 was a strong year for Asian hedge funds, with performance growth and investor allocations totalling US$21.2 billion over the year. On a quarterly basis, the industry AUM kept growing until the sharp decline in the third quarter of 2015. The industry posted three consecutive months of negative performance in this quarter, leading to a performance-based loss of US$7.2 billion. Trading environment in 2016 was rather volatile, and Asian hedge fund managers posted their worst annual performance in recent years, posting a meagre 0.54% gain throughout the year. Redemptions picked up in the last quarter, as market volatilities continued to unnerve investors, and by the end of the year, US$4.1 billion of outflows were recorded over the last quarter alone.

Contrary to the preceding year, 2017 was an exceptionally good year for Asian hedge funds, with the industry recording US$16.0 billion of performance growth and US$8.9 billion of investor allocations, adding a total of US$24.8 billion toward the overall industry AUM, bringing it above the previous peak in 2007. The strong performance of Asian hedge funds in 2017 could be attributed to the strong equity market rallies across the continent, especially in China and India. Long position in Asian equities remained as a winning move for fund managers for most of the year. Meanwhile, in 2018, Asian hedge funds posted performance-based losses and investor redemptions totalling US$8.4 billion and US$2.2 billion respectively as the region's equity market were directly affected by the escalation of the US-China trade war combined with the concern over the slowing growth of the Chinese economy. As of November 2019, the region recorded performance-based growth of US$11.5 billion and investor redemptions of $12.3 billion.

Figure 2: Quarterly asset flows in Asian hedge funds since January 2013



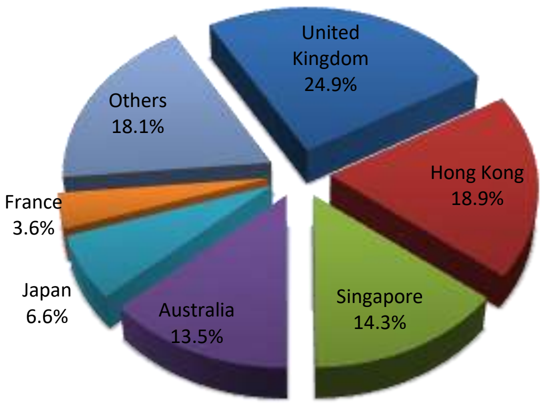
Source: Eurekahedge

Head office location

Hong Kong and Singapore remained as the two most popular choices for Asian hedge funds to base their operation in, accounting for 30.0% and 16.9% of the industry population respectively. Political stability, availability of talents, as well as growing population of high net worth individuals in these two countries made them attractive for foreign hedge fund managers who want to penetrate the Asian markets. Australia accounts for 14.2% of the Asian hedge fund population, followed by the United States and United Kingdom with 9.5% and 8.1% population shares respectively. Japan came in the sixth place, as home to 5.0% of the industry population.

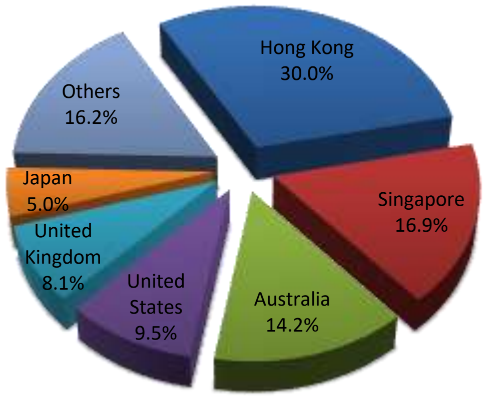
Figures 3a-3b: Industry breakdown by head office location

2008



Source: Eurekahedge

2019

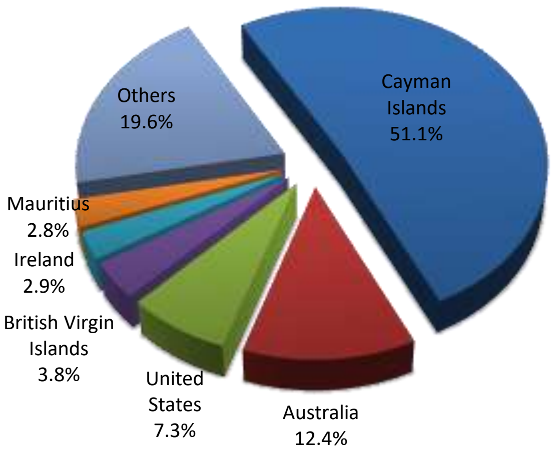


Source: Eurekahedge

Domicile

Figure 4 below shows the population breakdown of Asian hedge funds based on country of domicile. Cayman Islands accounted for the majority of the industry population with a population share of 51.1%, way ahead of the other countries in the chart. Australia and United States came in next with population shares of 12.4% and 7.3% respectively, followed by British Virgin Islands, Ireland and Mauritius, which are known for their lenient tax laws and regulations similar to Cayman Islands. These three locations accounted for 3.8%, 2.9% and 2.8% of the Asian hedge fund population respectively.

Figure 4: Industry breakdown by domicile

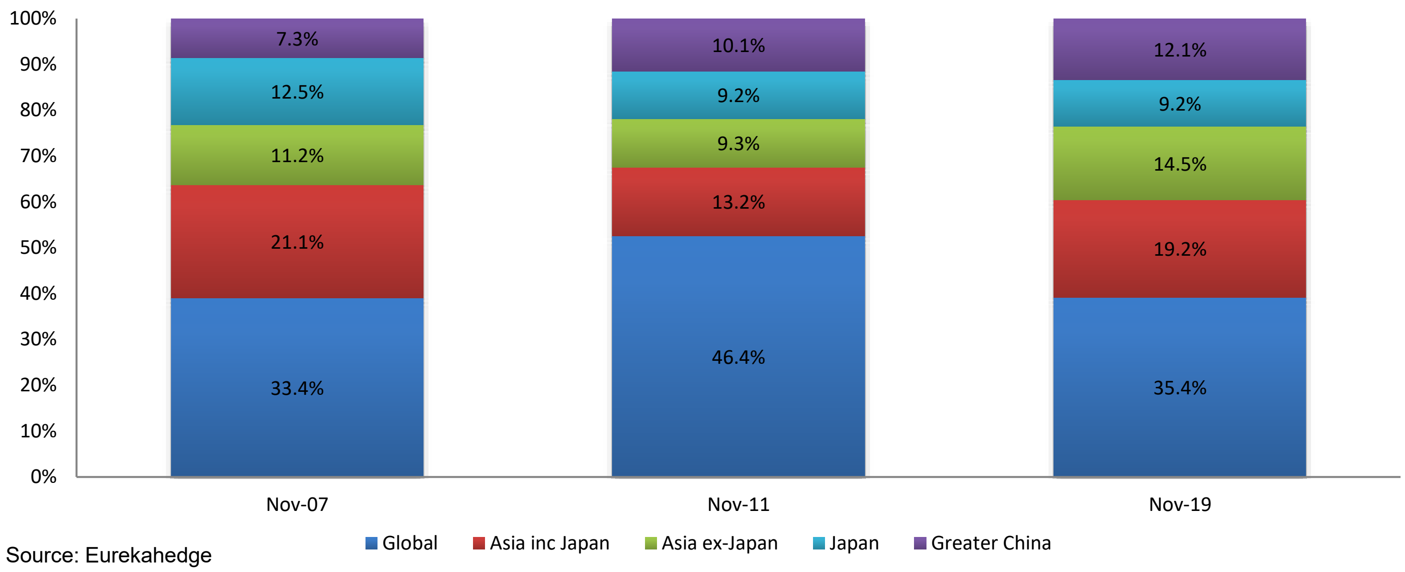


Source: Eurekahedge

Geographic mandates

Opportunities present in the Asian hedge fund space continue to attract managers who seek exposure to underlying emerging economies. Across broader geographical mandates, global mandate accounted for 35.4% of the industry AUM as of November 2019, while Asia inc Japan and Asia ex-Japan mandates collectively accounted for 33.7% of the industry AUM. Japan and Greater China are the two major single country mandates among Asian hedge funds. Over the past decade, Greater China investing funds have attracted more investor allocations, as reflected by the increase in their AUM share from 7.3% in November 2007 to 12.1% in November 2019. On the other hand, the AUM share of funds investing exclusively in Japan has declined from 12.5% to 9.2% over the same period.

Figure 5: AUM distribution by geographic mandate

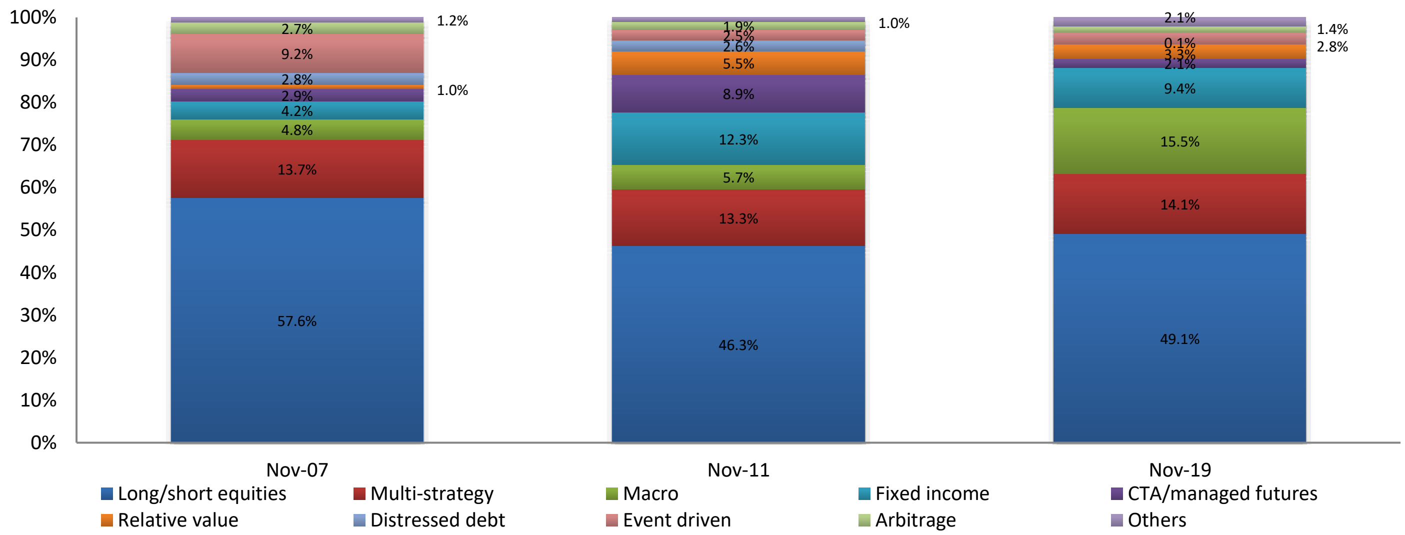


Source: Eurekahedge

Strategic mandates

Looking at strategic mandates, long/short equities continued to account for the largest AUM share within the Asian hedge fund industry, despite losing a sizeable portion of their share over the last decade from 57.6% in November 2007 to 49.1% in November 2019. Event driven hedge funds' AUM share declined from 9.2% to 2.8% over the same period. On the other hand, macro and fixed income hedge funds gained a lot of market share recently, accounting for 15.5% and 9.4% of the current industry AUM, up from 4.8% and 4.2% in 2007 respectively.

Figure 6: AUM distribution by strategic mandate

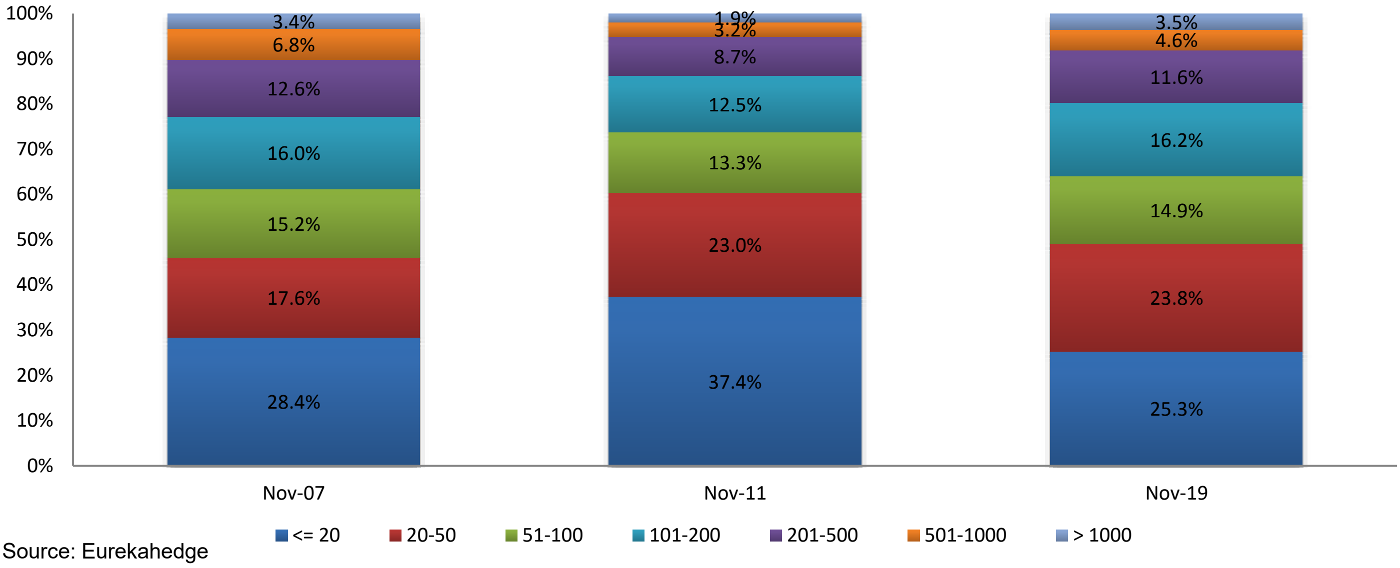


Source: Eurekahedge

Fund size

Figure 7 provides the population breakdown of the Asian hedge fund industry based on their AUM sizes. The population share of small hedge funds managing up to US$20 million in AUM has declined over the last few years, from 37.4 % in 2011 to 25.3% in 2019. This decline might have been related to the trend of declining performance and management fees, as well as the increase in regulatory compliance costs. With their small AUM size, these funds might find it more difficult to cover the costs with the fees they earn. On the other end of the spectrum, hedge funds managing more than US$200 million have seen their AUM share grow since 2011.

Figure 7: Industry breakdown by fund size (US$ million)

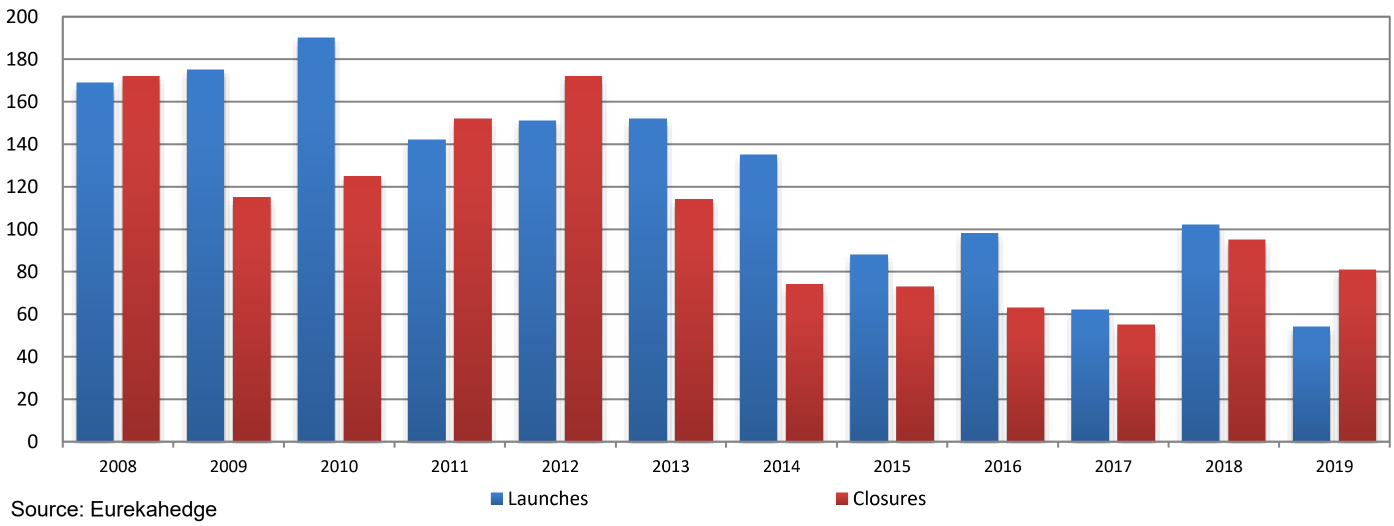


Source: Eurekahedge

Launches and closures

The industry's trends for launches and closures vary greatly when compared across the pre- and post-financial crisis era. Hedge fund attrition rate spiked up post-financial crisis period with a total of 172 fund liquidations in 2008. Launch activities picked up from mid-2009 to mid-2011 while fund liquidation rate was relatively subdued. In tandem with market uncertainty in 2011 as a result of the Eurozone crisis, fund liquidation activities picked up the pace throughout the second half of 2011 and the entire 2012, resulting in 152 and 172 liquidations in 2011 and 2012 respectively. The exceptional performance of Asian hedge funds in 2013 somewhat mitigated this trend, as seen from the declining number of closures over the year, allowing launch activities to catch up with the number of closures. Since 2013, launches and closures within the industry have been relatively muted, as difficult trading environment takes its toll on hedge fund returns. With investor redemptions picking up pace post Brexit referendum, the capital raising environment for new launches remained rather bleak over the last few years. In 2018, launches activities continued to outpaced closures in spite of the market uncertainty that lingers throughout the year, which led to 95 liquidations – the highest annual closures since 2014. As of November 2019, despite the strong returns recorded by Asian hedge funds, closures surpassed launches with 81 and 54, respectively.

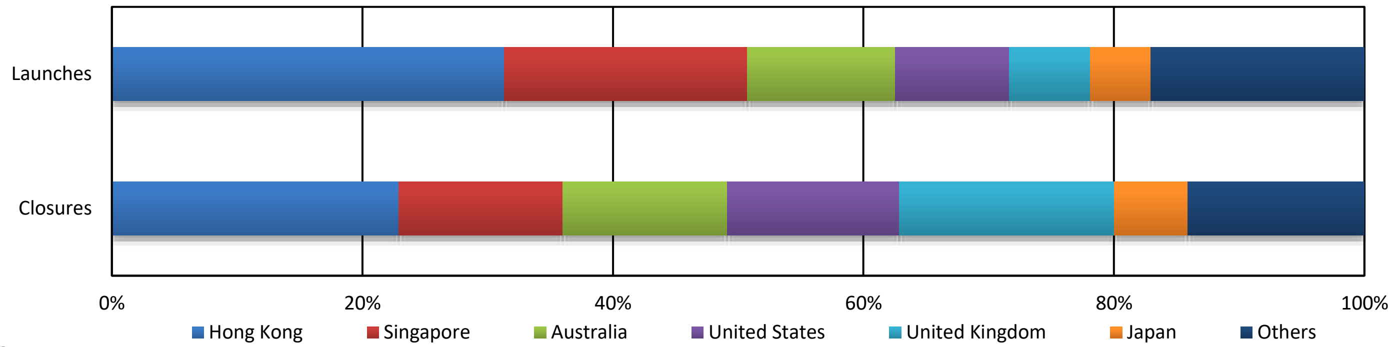
Figure 8: Annual launches and closures of Asian hedge funds



Source: Eurekahedge

The following figures provide the breakdowns of launch and closure activities within the Asian hedge fund industry since 2008 based on several indicators. Figure 9a shows the launch and closure activities based on head office location. Similar to the population breakdown shown in Figure 3b, Hong Kong, and Singapore contributed the largest number of launches in the industry. In terms of number of closures, Hong Kong and Singapore contributed less compared to the launches, indicating favourable conditions for the survivability of Asian hedge funds headquartered in the two countries.

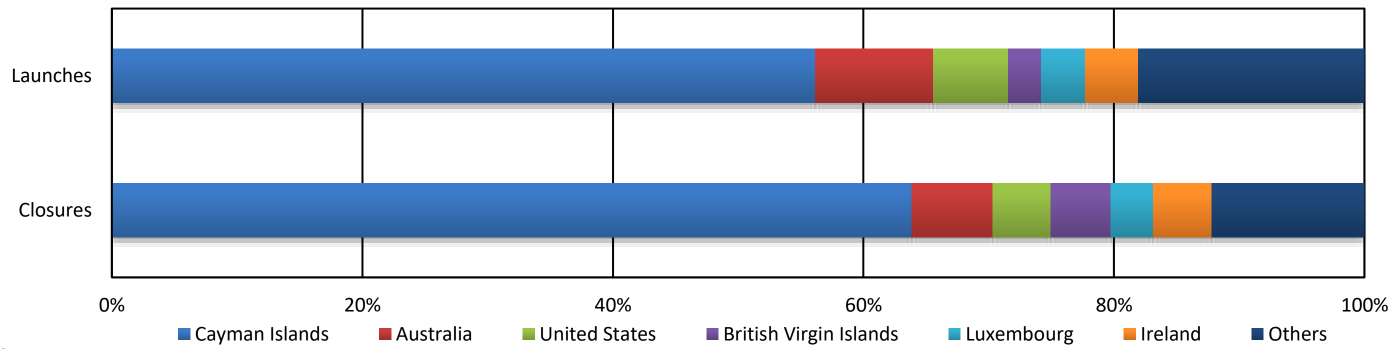
Figure 9a: Launches and closures since 2008 by head office location



Source: Eurekahedge

Looking at domiciles, Cayman Islands contributed over 60% of the fund closures in the past decade, and just shy of 60% of the fund launches over the same period. Funds domiciled in Australia and United States came in next, as expected from the population breakdown shown in Figure 4.

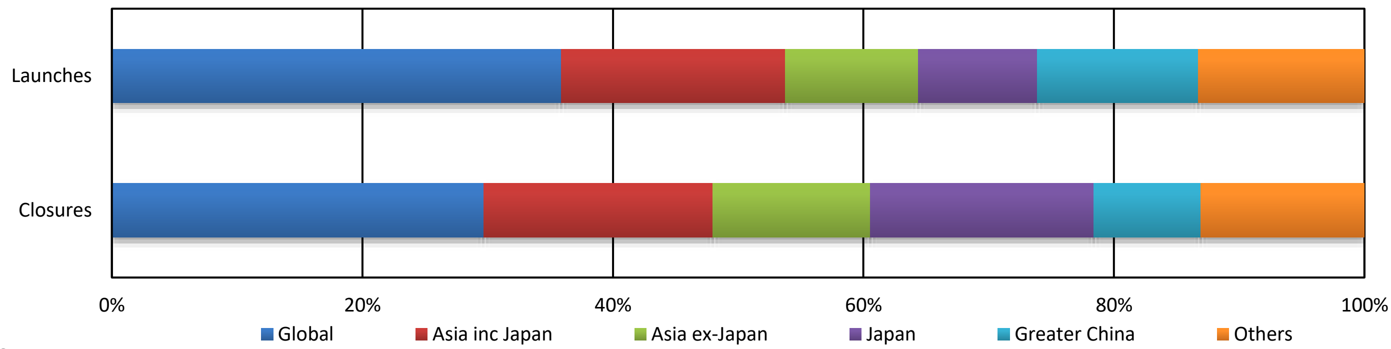
Figure 9b: Launches and closures since 2008 by domicile



Source: Eurekahedge

Figure 9c provides the launches and closures breakdown based on geographic mandate. It is worth noting that funds investing exclusively in Japan have seen more closures than launches over the past decade, indicating that this subset of the population is shrinking. Figure 5 also shows that the AUM share of Japan investing funds has also declined over the past decade.

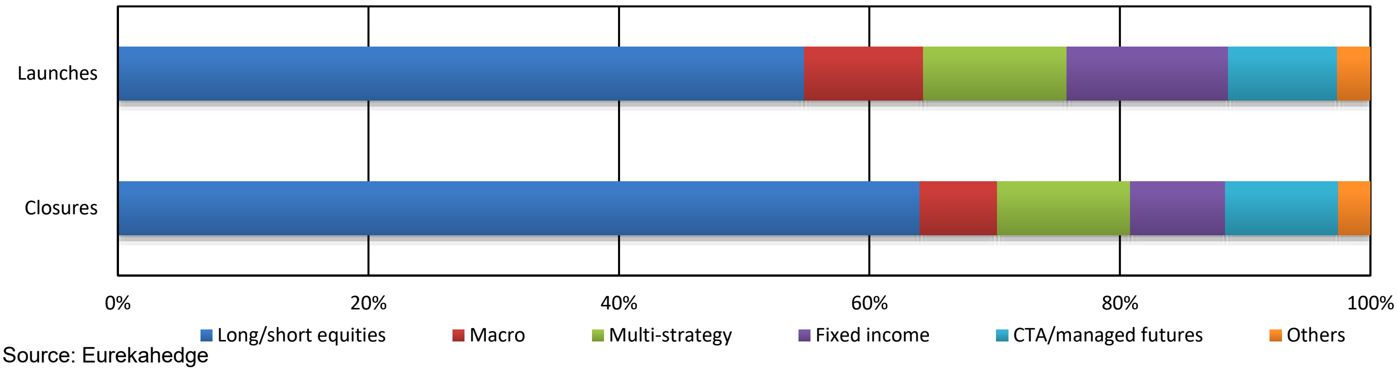
Figure 9c: Launches and closures since 2008 by geographic mandate



Source: Eurekahedge

Figure 9d below shows the launches and closures of Asian hedge funds based on strategic mandate. Long/short equities funds have remained as the major contributors of hedge fund launches and closures since 2008, but macro, multi-strategy and fixed income hedge funds have started to gain more presence within the industry in the recent years.

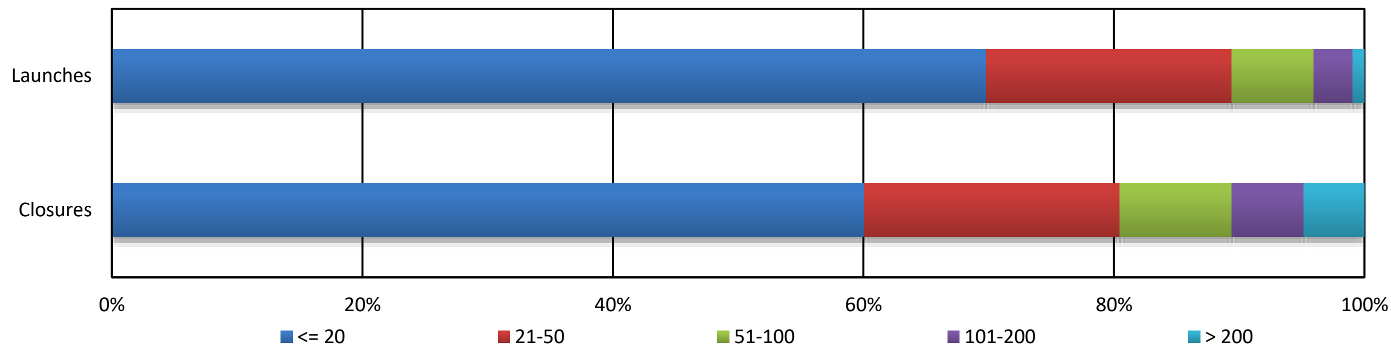
Figure 9d: Launches and closures since 2008 by strategic mandate



Source: Eurekahedge

Figure 9e provides the launches and closures of Asian hedge funds by fund size. Comparing this figure with the population breakdown by fund size shown in Figure 7, we can easily see that small hedge funds managing up to US$20 million contributed disproportionately big amount of launches and closures, accounting for more than 60% of the launch and closure activities, despite comprising only a quarter of the entire fund population. This disparity indicates the difficulty for small hedge funds to survive in the current Asian hedge fund industry.

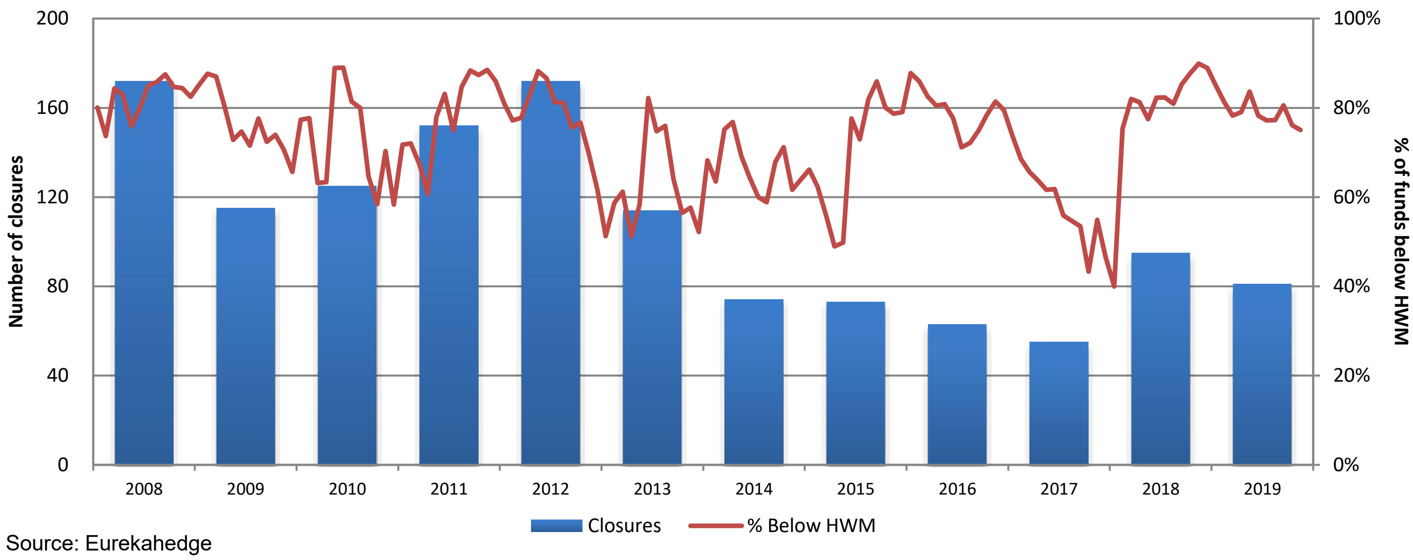
Figure 9e: Launches and closures since 2008 by fund size (US$ million)



Source: Eurekahedge

Figure 10 compares the percentage of Asian hedge funds below their perpetual HWM against the closure activities within the industry. Unlike their peers from other regions, Asian hedge funds don't seem to show any direct correlation between the two variables above. The percentage of funds below HWM has remained relatively high since the financial crisis in 2008, hovering between 60% and 90%. Over the second half of 2015 and throughout the first half of 2016, the percentage hovered close to 90%, before declining to just above 40% in January 2018, reflecting the exceptional performance of Asian hedge funds in 2017. However, percentage of funds below HWM spiked up to 90% owing to the market volatilities and poor performance of the Asian fund managers toward the end of 2018.

Figure 10: Percentage of funds below HWM and number of closures



Source: Eurekahedge

Table 1 provides the performance statistics of the Asian hedge funds which closed down in the last five years, over the last 12, 24 and 36 months of their activities. On average these dead funds lost 1.78% in their last year before liquidating, and the bottom quarter of these funds lost 7.64% in a year. It is important to note that these performance figures are taken over the last few years of the dead funds' lifespans, and thus capture different periods of the market.

Table 1: Pre-closure performance statistics for funds closing in the last five years

	Mean	First Quartile	Median	Third Quartile
Last 12 months rolling return (%)	(1.78%)	(7.64%)	(1.38%)	3.19%
Last 24 months annualised return (%)	(0.24%)	(4.65%)	(0.42%)	3.30%
Last 36 months annualised return (%)	1.52%	(1.37%)	1.54%	4.71%

Source: Eurekahedge

Fees

Table 2a provides the average performance and management fees charged by Asian hedge funds by their launch year since 2006. Generally, both performance and management fees have been subjected to a trend of decline over the past decade, owing to the increasing difficulty in raising capital from investors, especially for new small hedge funds. Asian hedge funds which launched in 2018 charge on average 18.10% performance fee and 1.34% management fee, while those which launched in 2019 charge on average 16.14% and 1.35% respectively. Over a decade average performance fees by launch year on Asian hedge funds ranges from 16% to 18%, while average management fees by launch year showing an uptrend figure since 2013.

Table 2a: Average hedge fund fees by launch year

Year	Performance Fees (%)	Management Fees (%)
2006	18.24	1.60
2007	17.98	1.63
2008	17.88	1.61
2009	17.29	1.67
2010	18.80	1.60

2011	17.55	1.61
2012	17.59	1.54
2013	16.41	1.38
2014	16.84	1.45
2015	16.78	1.45
2016	17.79	1.39
2017	16.67	1.39
2018	18.10	1.34
2019	16.14	1.35

Source: Eurekahedge

Table 2b provides the breakdown of Asian hedge fund fees based on the strategy employed by the manager. The strategy used by a hedge fund affects the types of instruments they trade, as well as the frequency in which they alter their positions, which in turn affect the expenses of a said hedge fund. For this reason, it is commonly expected that the fees charged by a hedge fund are proportional to the complexity of their trading strategies. Looking at the Asian hedge fund industry, arbitrage hedge funds charge the highest performance fees (22.54%) on average, while event-driven hedge funds charge the highest management fees (1.67%) on average. On the other end, fixed income hedge funds charge the lowest performance and management fees on average (11.22% and 1.18% respectively).

Table 2b: Average hedge fund fees by strategic mandate

Strategy	Performance Fees (%)	Management Fees (%)
Arbitrage	22.54	1.48
CTA/Managed Futures	19.68	1.56
Distressed Debt	14.33	1.51
Event Driven	17.58	1.67
Fixed Income	11.22	1.18
Long Short Equities	18.31	1.60
Macro	18.26	1.49
Multi-Strategy	18.15	1.57
Others	16.36	1.70
Relative Value	17.30	1.55

Source: Eurekahedge

Redemption notification period

Redemption period is another variable that has come under serious scrutiny following the financial crisis in 2008, as investors demand more transparency and liquidity from the hedge fund managers. Table 3 provides the average redemption period of Asian hedge funds by their launch year. Prior to the financial crisis, Asian hedge funds which launched in 2006 and 2007 had on average 37 and 38 days of redemption periods respectively. In comparison, hedge funds which launched in 2017 and 2018 had on average 31 and 27 days of redemption periods respectively, showing the big decline over the past decade. Currently, the average redemption period for hedge funds launching in 2019 stands at 27 days.

Table 3: Redemption notification period

Year	Average Redemption Period (Days)
2006	36.75
2007	37.39
2008	37.50
2009	29.95
2010	34.16
2011	26.06
2012	28.44
2013	23.16
2014	30.38
2015	31.85
2016	23.36
2017	30.80
2018	27.40
2019	26.82

Source: Eurekahedge

Prime brokers

Table 4a and 4b below provide the market share of hedge fund prime brokers by their assets under management. Prior to the financial crisis, Morgan Stanley and Goldman Sachs were the two top prime brokers among Asian hedge funds, collectively accounting for more than half of the entire industry AUM. Prior than the Great Financial Crisis in 2007 more than 50% of market share of prime brokers by AUM holds by the Morgan Stanley and Goldman Sachs. The top two brokers gradually reduce its market share to diversify their assets. In 2019, Morgan Stanley and Goldman Sachs remained among the top three spots, despite the decline of their market share since pre-financial crisis. Meanwhile, Credit Suisse claimed the lion's share of 18.14%, up from their 6.60% back in 2007.

Tables 4a-4b: Market share of prime brokers by AUM

2007	
Prime Broker	**Market Share (AUM)**
Morgan Stanley	26.62%
Goldman Sachs	26.49%
UBS	9.15%
Bear Stearns	9.13%
Deutsche Bank	7.50%
Credit Suisse	6.60%
Merrill Lynch	3.77%
Citigroup	3.23%
Fimat	0.53%
Others	6.98%

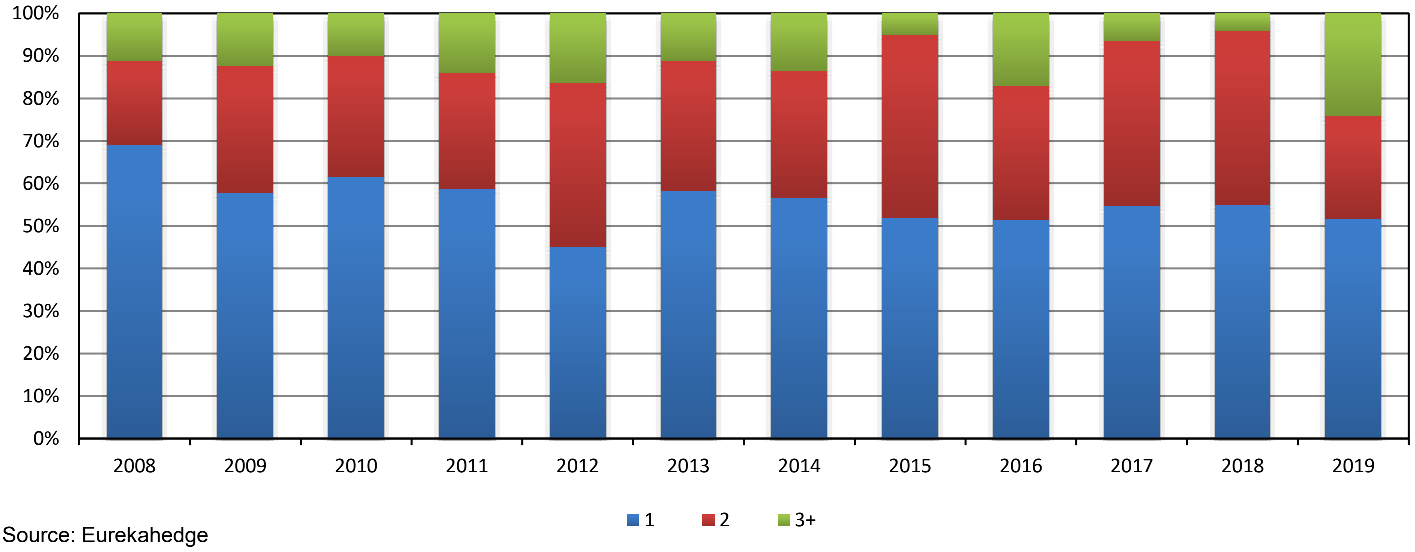
Source: Eurekahedge

2019	
Prime Broker	**Market Share (AUM)**
Credit Suisse	18.14%
Goldman Sachs	16.29%
Morgan Stanley	15.25%
JPMorgan Chase	9.34%
Deutsche Bank	8.10%
UBS	6.48%
Bank of America Merrill Lynch	4.84%
Citigroup	4.08%
Newedge	2.44%
Others	15.05%

Source: Eurekahedge

Figure 11 shows the distribution of Asian hedge funds based on the number of prime brokers they use. Generally, small hedge funds only use one prime broker, but as they grow bigger and manage more assets, having access to multiple prime brokers may provide benefits for executing large trades. Among the Asian hedge funds which launched in 2017, 50.0% used one prime broker, 43.1% used two prime brokers, and only 6.9% used three or more prime brokers. Looking at the launches in 2019, 51.7% used one prime broker, 24.1% used two prime brokers, and 24.1% used three or more prime brokers.

Figure 11: Number of prime brokers by launch year



Source: Eurekahedge

Administrators

Table 5a and Table 5b provide the market share of Asian hedge fund administrators by assets under management. Back in 2008, HSBC was the leading hedge fund administrator in the region, accounting for nearly one third of the entire industry AUM. However, they decided to scale down their fund administration business in order to focus on their core businesses over the past decade. Despite the move, they still have significant presence within the Asian hedge fund industry, as indicated by their market share of 16.41% as of November 2019, second only to State Street which accounts for 21.75% of the current industry AUM.

Tables 5a-5b: Market share of administrators by AUM

2008	
Administrator	Market Share (AUM)
HSBC	32.17%
CITCO	10.76%
State Street	4.94%
Citigroup	4.11%
State Street	3.36%
PNC	2.91%
JPMorgan Chase	2.40%
Morgan Stanley	2.03%
Fortis	1.98%
Northern Trust	1.95%
Others	33.38%

Source: Eurekahedge

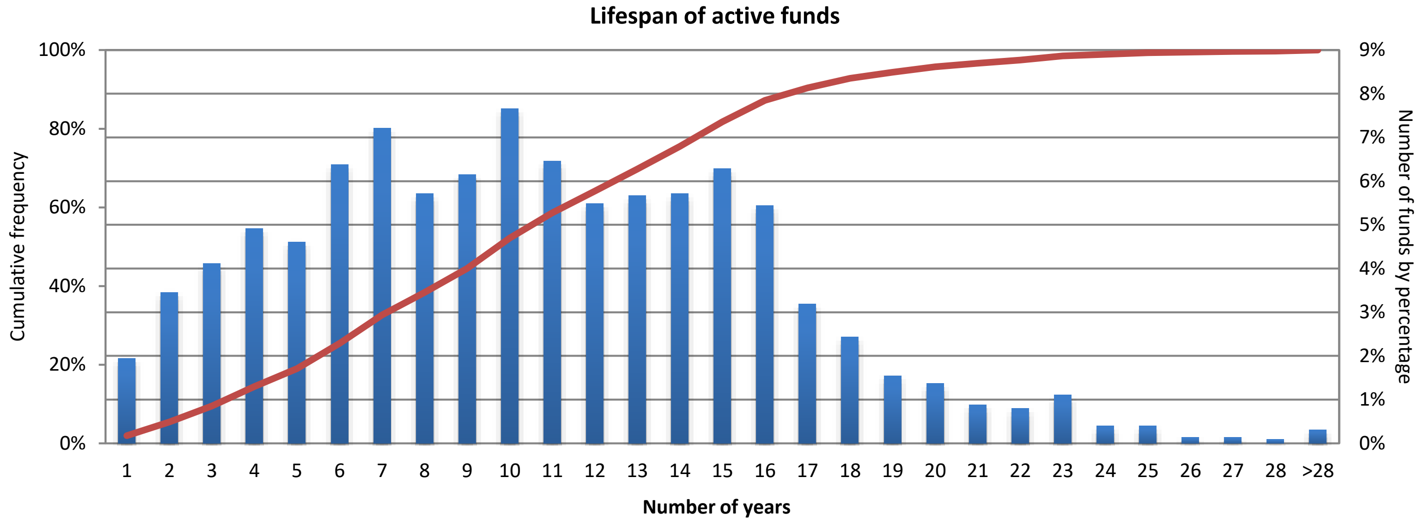
2019	
Administrator	Market Share (AUM)
State Street	21.75%
HSBC	16.41%
SS&C	11.90%
CITCO	8.00%
Apex Fund Services	3.84%
RBC	3.39%
HedgeServ	2.84%
Morgan Stanley	2.33%
BNY Mellon	2.26%
Maples Fund Services	1.85%
Others	25.42%

Source: Eurekahedge

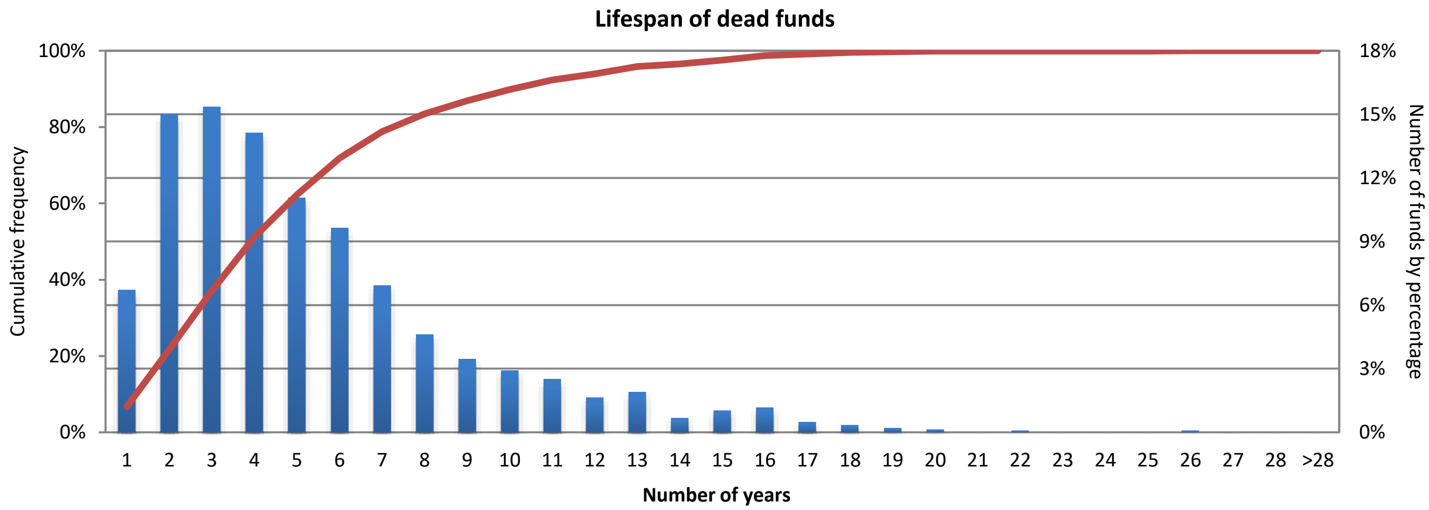
Lifespan

Figure 12a and Figure 12b provide the lifespan distribution of active and dead Asian hedge funds respectively. Roughly half of the active funds have lived for up to 10 years, while on the other hand, roughly half of the dead funds survived up to four years before closing down. Among the active Asian hedge funds, only less than 5% have survived for at least 20 years.

Figures 12a-12b: Lifespan distribution of active and dead funds



Source: Eurekahedge



Source: Eurekahedge

Table 6 provides the lifespan statistics of Asian hedge funds. On average, dead Asian hedge funds survived 4.84 years before closing down. Looking at active funds, on average they have lived for 10.03 years. At least a quarter of the active Asian hedge funds have track records of at least 13.83 years, while the lower quartile figure suggests that a quarter of them have no more than 5.92 years of track records.

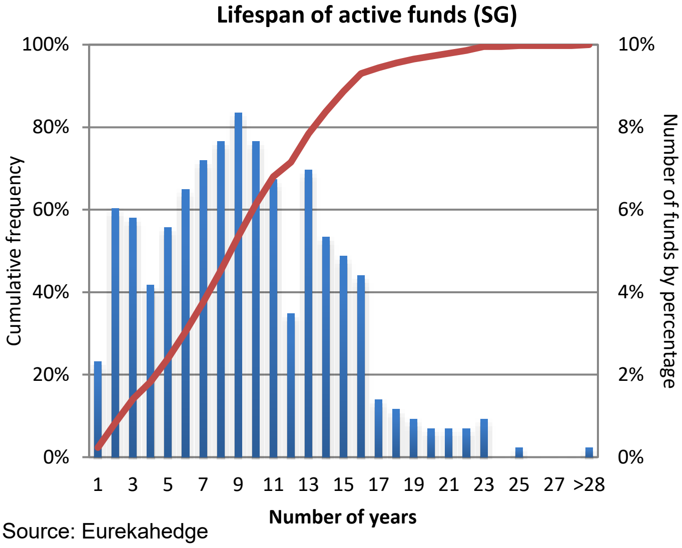
Table 6: Lifespan statistics of Asian hedge funds

	Lifespan of Active Funds (year)	Lifespan of Dead Funds (year)
Mean	10.03	4.84
Q1	5.92	2.25
Median	9.58	3.92
Q3	13.83	6.33

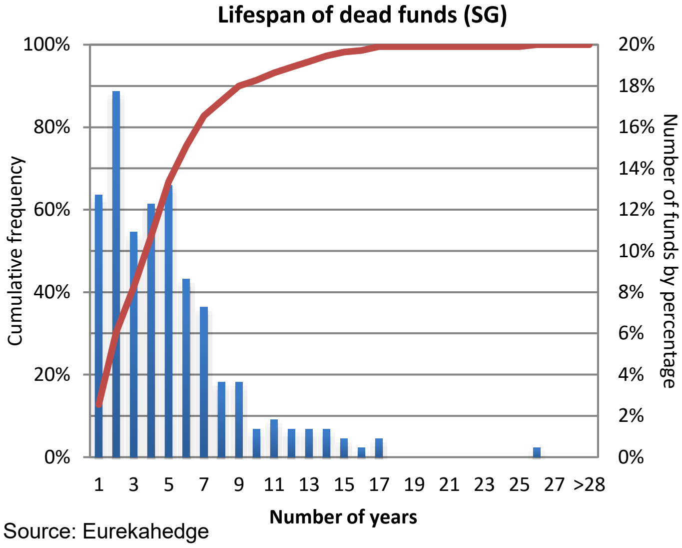
Source: Eurekahedge

Figure 13a and Figure 13b provide the lifespan distribution of active and dead Asian hedge funds headquartered in Singapore. The median lifespans for funds in Singapore are 8.57 years, while the median lifespan of dead funds in the country is 3.70 years.

Figures 13a-13b: Lifespan distribution of active and dead funds in Singapore



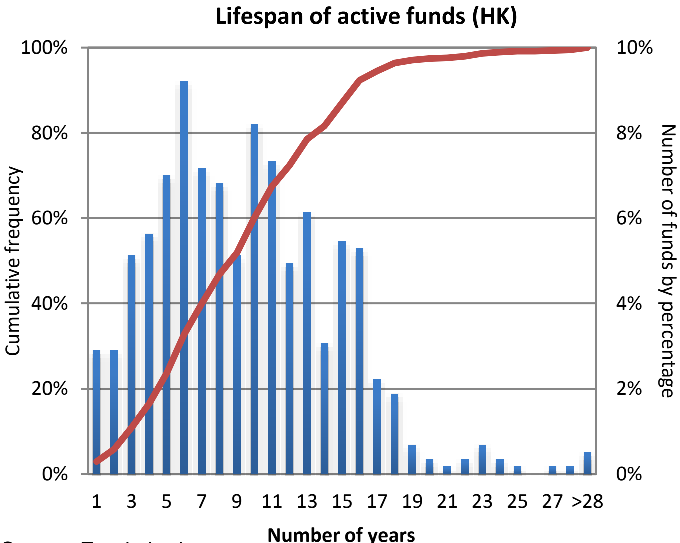
Source: Eurekahedge



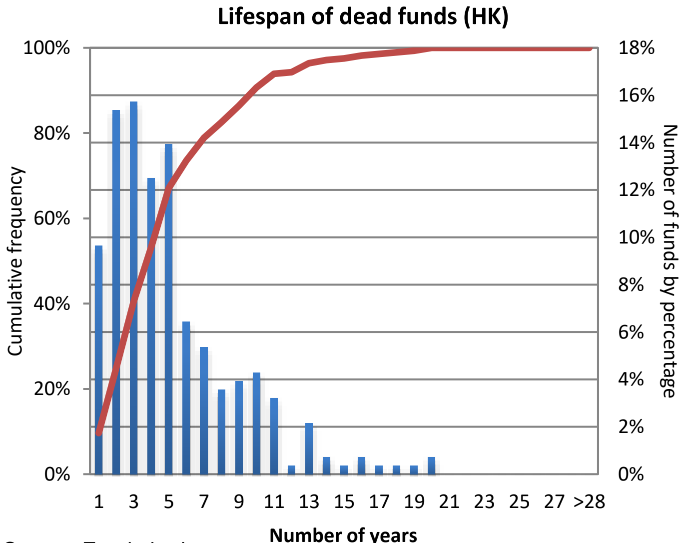
Source: Eurekahedge

Figure 14a and Figure 14b provide the lifespan distribution of active and dead Asian hedge funds headquartered in Hong Kong. The median lifespan of active funds and dead funds in Hong Kong is 8.63 years, which is the lowest among the major head office locations analysed in this section of the report. On the other hand, the median lifespan of dead funds in Hong Kong is 3.74 years.

Figures 14a-14b: Lifespan distribution of active and dead funds in Hong Kong



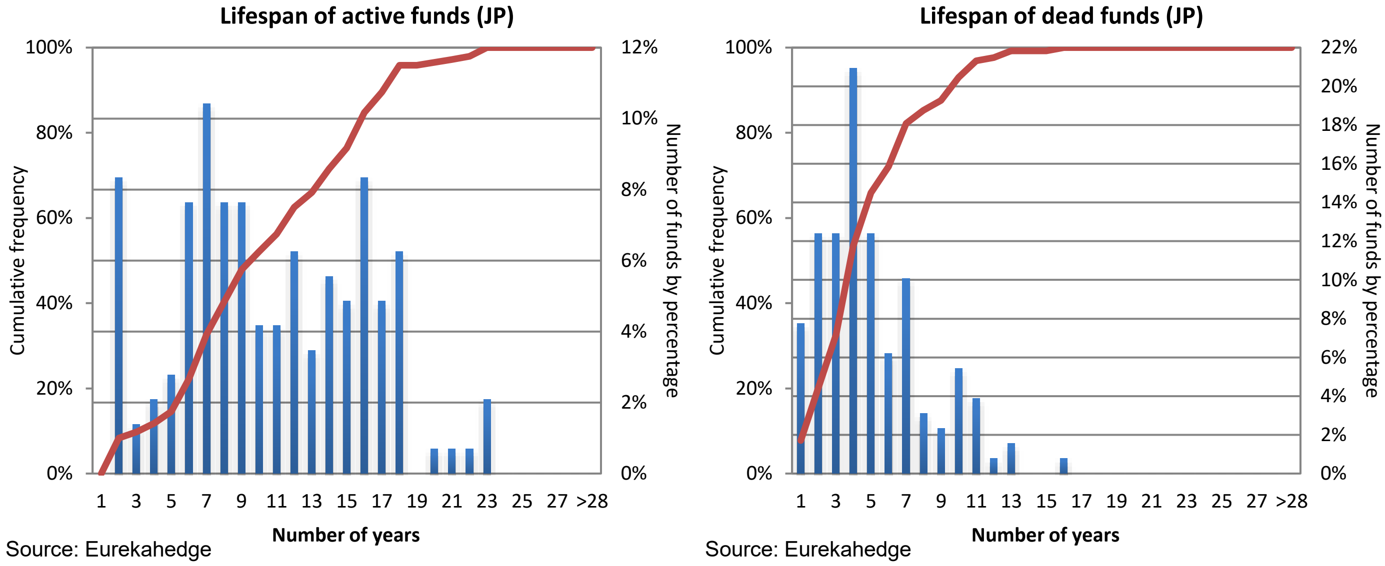
Source: Eurekahedge



Source: Eurekahedge

Figure 15a and Figure 15b provide the lifespan distribution of active and dead Asian hedge funds headquartered in Japan. The median lifespan of active funds in Japan is 9.50 years, while the median lifespan of dead funds in the country is 3.83 years.

Figures 15a-15b: Lifespan distribution of active and dead funds in Japan

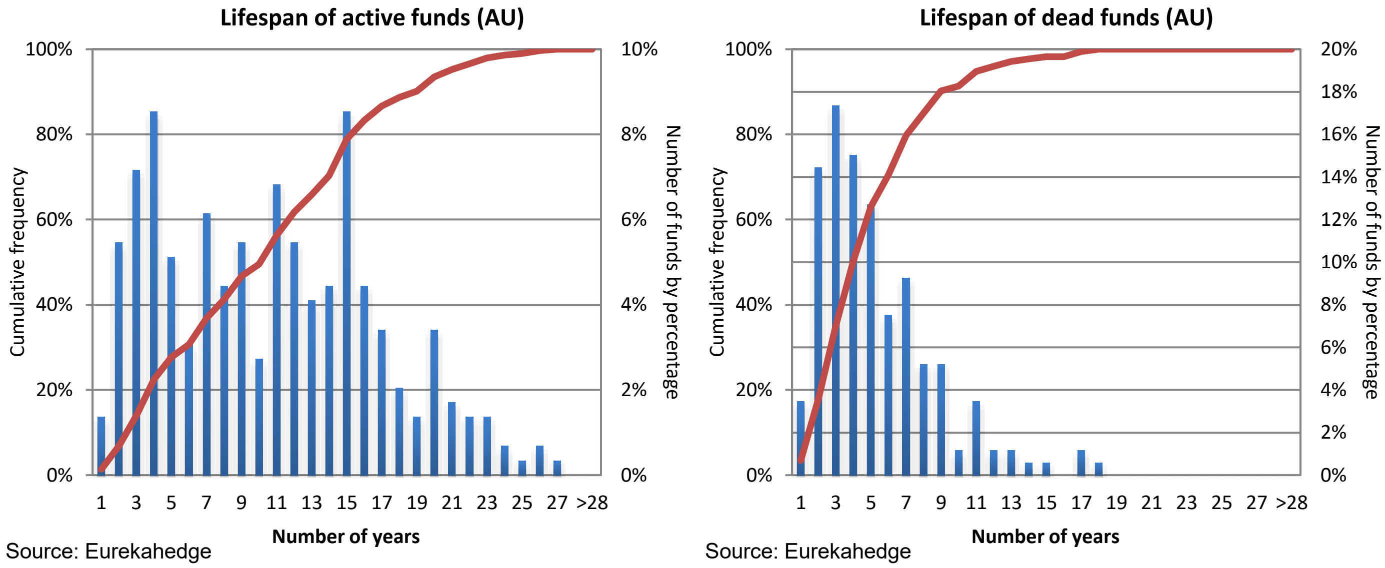


Source: Eurekahedge

Source: Eurekahedge

Figure 16a and Figure 16b provide the lifespan distribution of active and dead Asian hedge funds headquartered in Australia. The median lifespan of active funds in Australia is 10.07 years, while the median lifespan of dead funds in the country is 3.98 years.

Figures 16a-16b: Lifespan distribution of active and dead funds in Australia

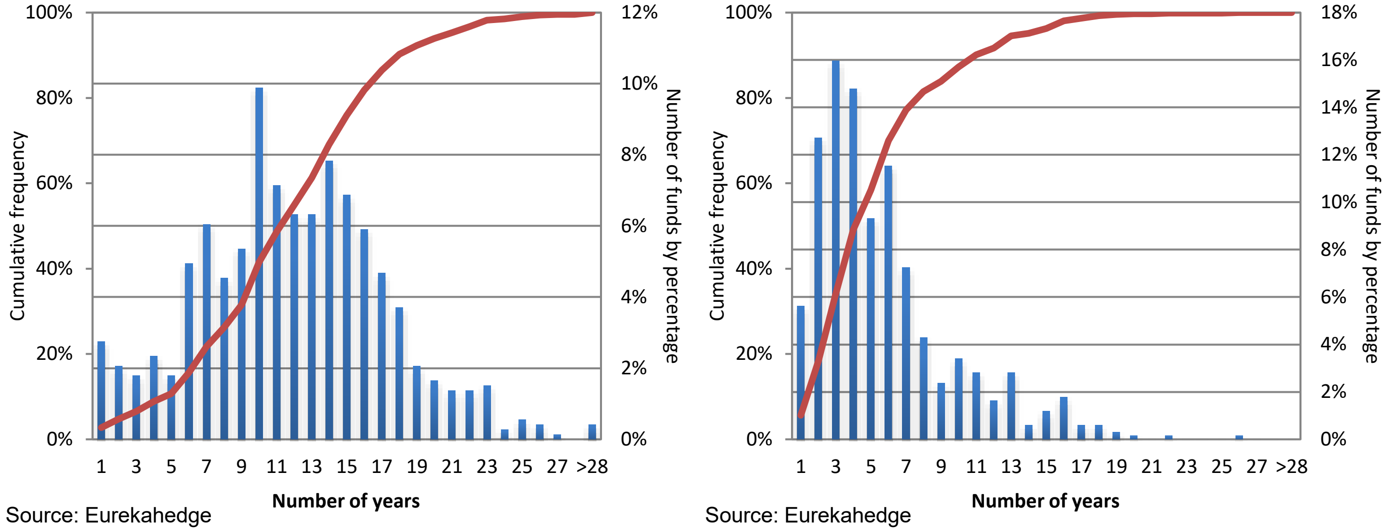


Source: Eurekahedge

Source: Eurekahedge

Figure 17a and Figure 17b provide the lifespan distribution of active and dead Asian hedge funds headquartered in the United States or the United Kingdom. Despite not being located within the Asia Pacific region, the two aforementioned countries remain as some of the largest financial centres in the world and attract a sizeable number of hedge funds investing into Asia. The median lifespan of active Asian hedge funds in the US and the UK is 11.21 years, while the median lifespan of dead Asian hedge funds there is 4.10 years. Both of these figures are higher than the statistics observed on Asian hedge funds headquartered within the Asia Pacific region.

Figures 17a-17b: Lifespan distribution of active and dead funds in United States & United Kingdom



Source: Eurekahedge

Source: Eurekahedge

Table 7 provides the population shares of active and dead Asian hedge funds with at least three years of track records. As shown in the lifespan distribution figures above, US and UK based Asian hedge funds tend to have longer lifespans than their counterparts headquartered in Asia Pacific. 93.41% of the Asian hedge funds based in the US and the UK have at least three years of track records, while only 89.08% and 85.85% of their peers based in Hong Kong and Singapore respectively satisfy the criterion.

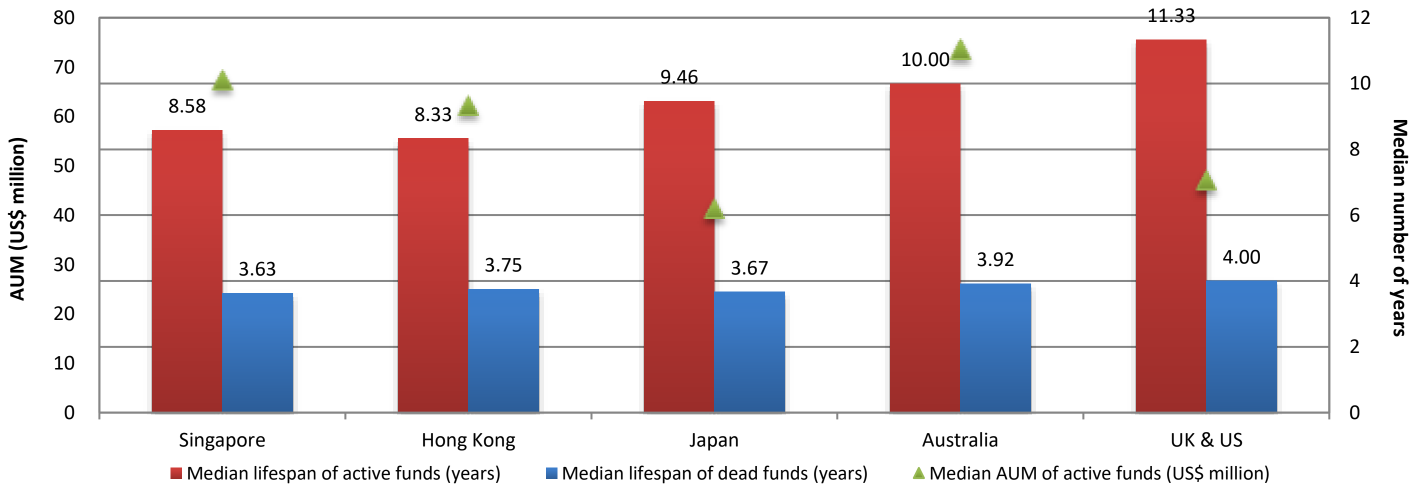
Table 7: Percentage of active and dead funds with at least three years record

Active Funds			Dead Funds		
Singapore	Hong Kong	US & UK	Singapore	Hong Kong	US & UK
85.85%	89.08%	93.41%	58.64%	59.29%	65.68%

Source: Eurekahedge

Figure 18 provides a comparison of the median lifespans of Asian hedge funds across the major head office locations, as well as the median AUM of currently active funds. The US and the UK have the highest median lifespan figures as well as the highest median AUM compared to the other countries on the chart.

Figure 18: Median lifespan of active and dead funds compared against median AUM of active funds

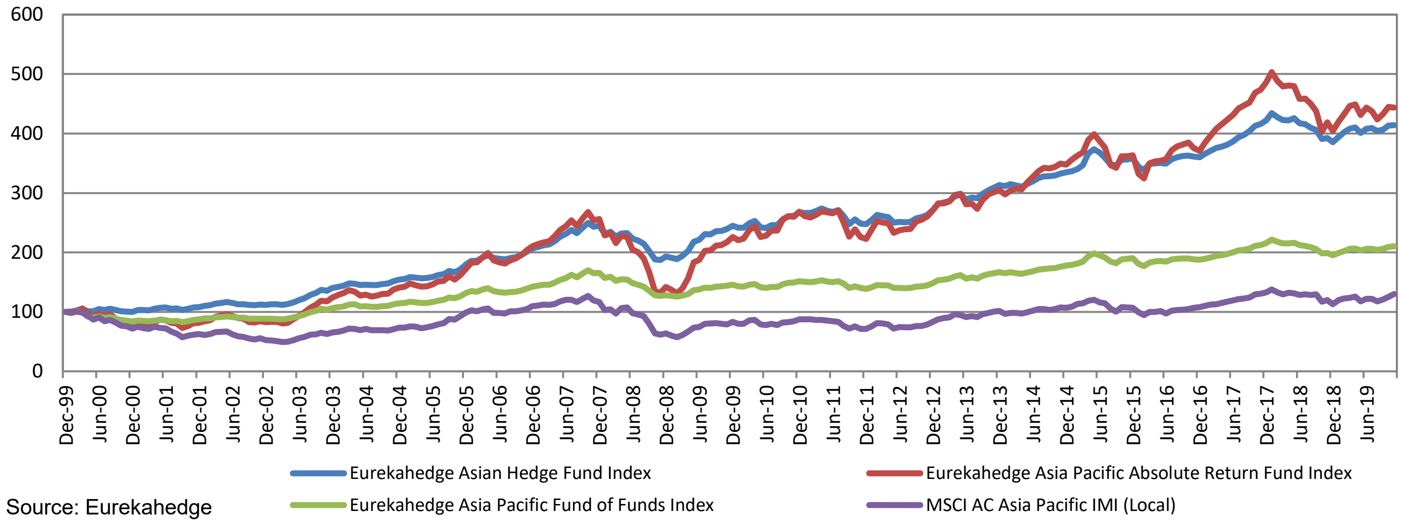


Source: Eurekahedge

Performance review

This section of the report will evaluate the overall performance of the Asian hedge fund industry by fund size, geographic and strategic mandates; and will also explore key themes regarding their performance.

Figure 19: Performance of Asian hedge funds compared to other investment vehicles



Source: Eurekahedge

Figure 19 shows that the *Eurekahedge Asian Hedge Fund Index* has outperformed the underlying market as represented by the MSCI Asia Pacific IMI over the long-term period starting at the end of 1999, while trailing behind the *Eurekahedge Asia Pacific Absolute Return Fund Index*. Asian hedge funds generated 7.40% return per annum on average since December 1999, falling behind their long-only absolute return peers which generated an annualised return of 7.77% over the same period. Asia Pacific fund of funds fell behind, generating only 3.81% per annum, dragged by their double fee structure. However, all three investment vehicles still managed to outperform the underlying market, as indicated by the 1.34% annualised return posted by the MSCI index.

Table 8 below provides the risk-return statistics of the investment vehicles represented in the figure above over the last three and five year periods. In terms of annualised return, absolute return funds outperformed their hedge funds counterpart in both periods as they capture the strong rally in the equity market over the recent years. Looking at risk-adjusted returns, hedge funds outperformed both fund of funds and absolute return funds over the last three and five year periods as seen by their Sharpe ratio.

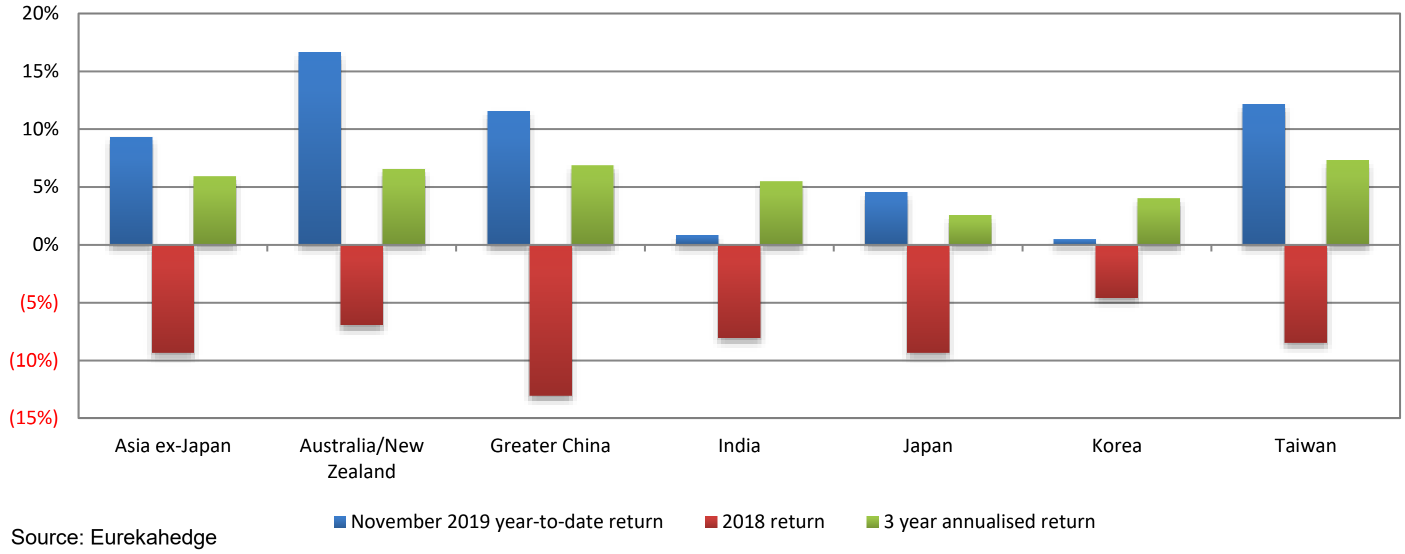
Table 8: Performance of Asian hedge funds compared to other investment vehicles

	Eurekahedge Asian Hedge Fund Index	Eurekahedge Asia Pacific Absolute Return Fund Index	Eurekahedge Asia Pacific Fund of Funds Index	MSCI AC Asia Pacific IMI (Local)
November 2019 year-to-date return	7.41%	9.79%	7.71%	15.19%
2018 return	(8.62%)	(16.82%)	(9.54%)	(14.94%)
3 year annualised return	4.66%	5.77%	3.78%	6.87%
3 year annualised volatility	5.22%	10.00%	4.82%	10.96%
3 year Sharpe ratio (RFR = 2%)	0.51	0.38	0.37	0.44
5 year annualised return	4.48%	4.89%	3.64%	3.94%
5 year annualised volatility	6.04%	11.23%	6.18%	12.01%
5 year Sharpe ratio (RFR = 2%)	0.41	0.26	0.27	0.16
Maximum drawdown (5 years)	(11.20%)	(19.86%)	(11.83%)	(21.48%)

Source: Eurekahedge

Figure 20 shows the performance of Asian hedge funds across geographic mandates. In contrast to their performance in 2018, all regions were in positive territory in 2019. Australia/New Zealand and Taiwan-focused funds topped the chart with their 16.64% and 12.18% year-to-date return as of November 2019. Greater China-focused funds generated double-digit returns of 11.55%, supported by the positive development of the trade negotiation with the US. On the other hand, Korea-focused funds underperformed their peers as the region's equity market slumped following the trade dispute between Japan and South Korea.

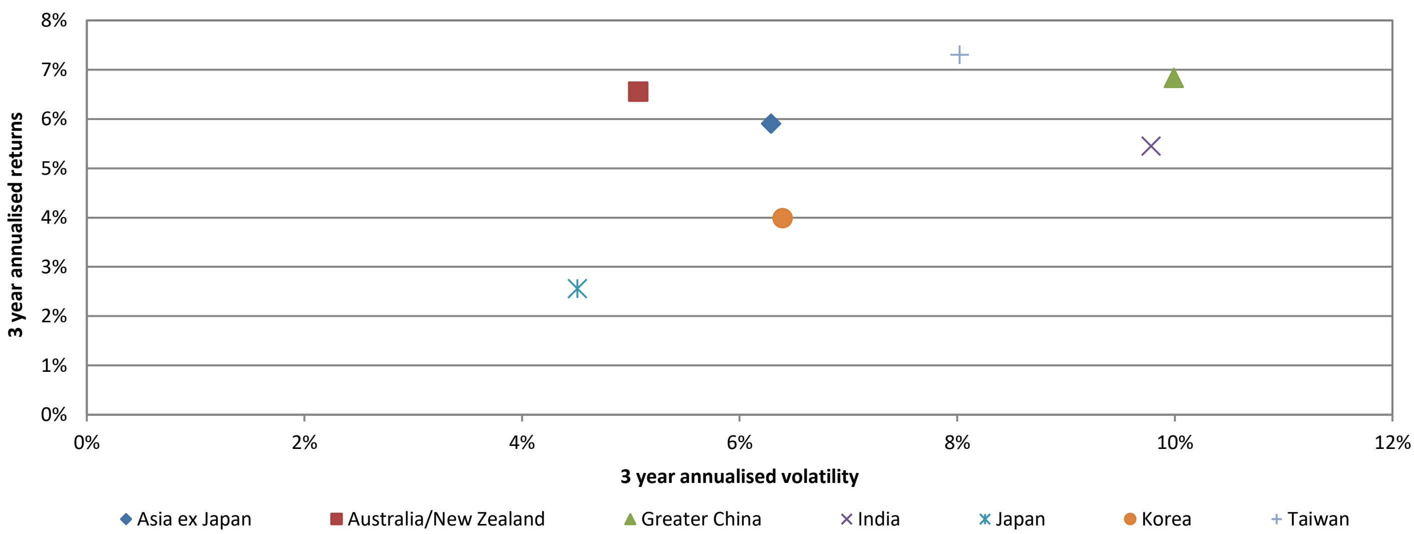
Figure 20: Performance across geographic mandates



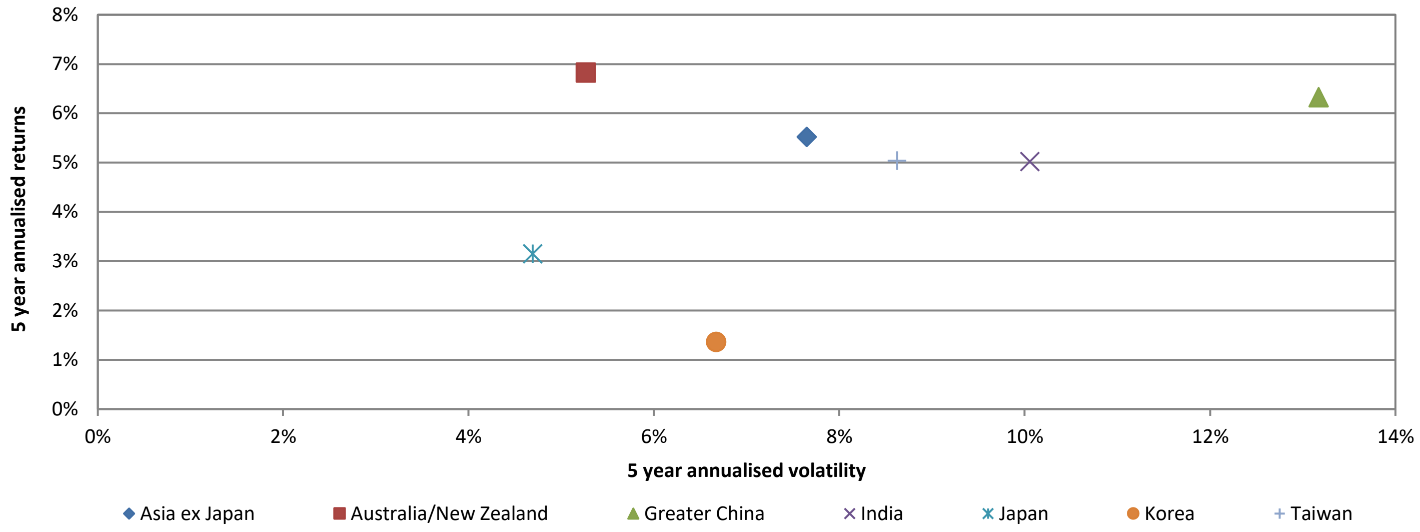
Source: Eurekahedge

Figures 21a and 21b provide the risk-return profiles across geographic mandates over the last three and five-year periods. Greater China mandate generated the highest volatilities while Japan mandates consistently lie on the other end of the chart with low volatilities over both periods. However, in terms of annualised returns, Taiwan and Australia/New Zealand fund managers outperformed their peers over the last three and five-year periods.

Figures 21a-21b: Risk return comparison across geographic mandates



Source: Eurekahedge



Source: Eurekahedge

The risk-return statistics of Asian hedge funds across investing geographies is displayed in Table 9. In terms of annualised returns over the last three years, Taiwan-focused funds outperformed their peers with 7.31 per annum but fell behind Australia/New Zealand-focused funds over the last five years. In terms of risk-adjusted returns, Australia/New Zealand mandate outperformed their peers with 0.90 and 0.92 Sharpe ratios over the last three and five-year period. It is also worth noting that Australia/New Zealand-mandated funds posted the smallest maximum drawdown of -7.54%, while Greater China and Taiwan-focused funds posted -21.51% and -14.45% maximum drawdowns respectively.

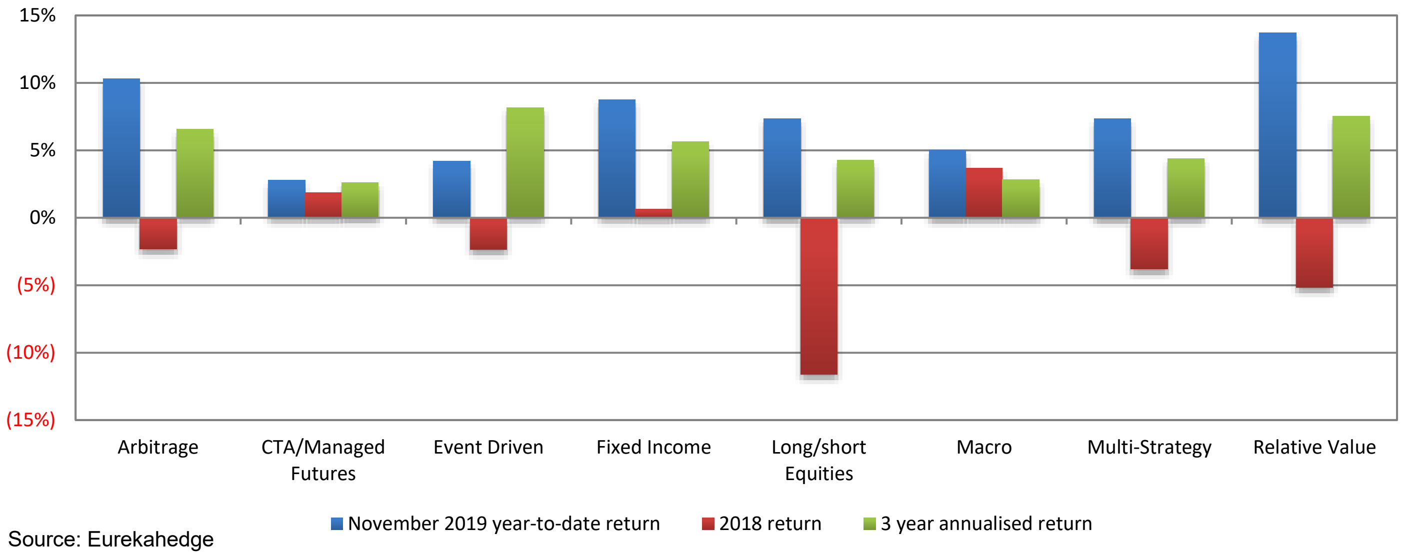
Table 9: Performance across geographic mandates

	Asia ex-Japan	Australia/ New Zealand	Greater China	India	Japan	Korea	Taiwan
November 2019 year-to-date return	9.31%	16.64%	11.55%	0.82%	4.57%	0.45%	12.18%
2018 return	(9.33%)	(6.95%)	(13.03%)	(8.06%)	(9.32%)	(4.58%)	(8.45%)
3 year annualised return	5.91%	6.56%	6.84%	5.46%	2.56%	3.99%	7.31%
3 year annualised volatility	6.29%	5.07%	9.99%	9.78%	4.51%	6.40%	8.02%
3 year Sharpe ratio (RFR = 2%)	0.62	0.90	0.48	0.35	0.12	0.31	0.66
5 year annualised return	5.52%	6.83%	6.33%	5.02%	3.15%	1.36%	5.04%
5 year annualised volatility	7.65%	5.27%	13.17%	10.06%	4.69%	6.67%	8.62%
5 year Sharpe ratio (RFR = 2%)	0.46	0.92	0.33	0.30	0.25	(0.10)	0.35
Maximum Drawdown (5 years)	(12.40%)	(7.54%)	(21.51%)	(13.73%)	(10.57%)	(13.65%)	(14.45%)

Source: Eurekahedge

Figure 22 shows the performance across strategic mandates among Asian hedge funds. Relative value focused funds topped the chart with their 13.71% year-to-date return as of November 2019, followed by arbitrage focused funds which gained 10.31% over the same period. Meanwhile, fixed income focused funds earned 8.74% return which ranked them third, thanks to the decline of global bond yields which strengthen the bond markets. Supported by the strong rally of equity markets in the region over the recent months, long/short equities funds were up 7.34% year-to-date. Meanwhile, CTA/managed futures hedge funds lagged behind the group as they returned 2.78% year-to-date.

Figure 22: Performance across strategic mandates



Source: Eurekahedge

Table 10 provides the risk-return statistics of Asian hedge funds across strategic mandates over the last three and five year periods. Event driven fund managers in the region managed to post the highest annualised returns over both periods, generating 8.15% and 7.76% per annum respectively. Looking at risk-adjusted performance, fixed income and arbitrage fund managers posted the best Sharpe ratio over the last three and five years, respectively. Fixed income fund managers also managed to post the smallest maximum drawdown of 2.66% over the last five years.

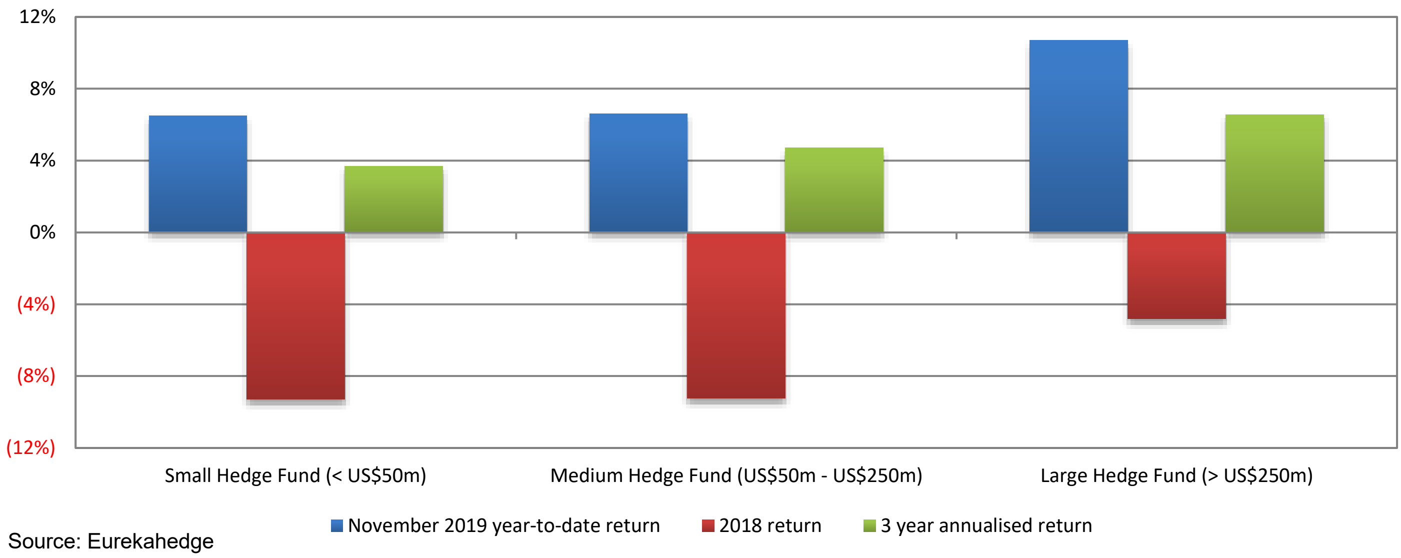
Table 10: Performance across strategic mandates

	Arbitrage	CTA/managed futures	Event driven	Fixed income	Long/short equities	Macro	Multi-strategy	Relative value
November 2019 year-to-date return	10.31%	2.78%	4.22%	8.74%	7.34%	5.02%	7.33%	13.71%
2018 return	(2.33%)	1.86%	(2.37%)	0.64%	(11.60%)	3.68%	(3.82%)	(5.15%)
3 year annualised return	6.56%	2.62%	8.15%	5.66%	4.28%	2.81%	4.37%	7.52%
3 year annualised volatility	4.48%	5.05%	7.29%	2.57%	6.37%	2.41%	3.02%	5.25%
3 year Sharpe ratio (RFR = 2%)	1.02	0.12	0.84	1.43	0.36	0.34	0.78	1.05
5 year annualised return	7.34%	4.66%	7.76%	5.30%	4.10%	2.25%	4.34%	6.15%
5 year annualised volatility	3.83%	6.37%	7.23%	2.68%	7.25%	3.05%	3.87%	5.97%
5 year Sharpe ratio (RFR = 2%)	1.39	0.42	0.80	1.23	0.29	0.08	0.60	0.70
Maximum Drawdown (5 years)	(5.84%)	(6.05%)	(8.91%)	(2.66%)	(14.47%)	(6.46%)	(5.92%)	(7.60%)

Source: Eurekahedge

Figure 23 compares the performance of Asian hedge funds across different fund sizes. Large-sized hedge funds managing more than US$250 million topped the table with 10.70% return, followed by medium sized hedge funds managing between US$50 million and US$250 million and small size hedge fund managing less than US$50million with 6.60% and 6.48% year-to-date returns respectively.

Figure 23: Performance across fund sizes



Source: Eurekahedge

The risk return statistics of Asian hedge funds across fund sizes is displayed in Table 11. In terms of annualised and risk-adjusted returns, large hedge funds managing more than US$250 million outperformed their smaller peers as seen in the table. Looking at maximum drawdown, large hedge funds also managed to generate the smallest maximum drawdown over the last five years.

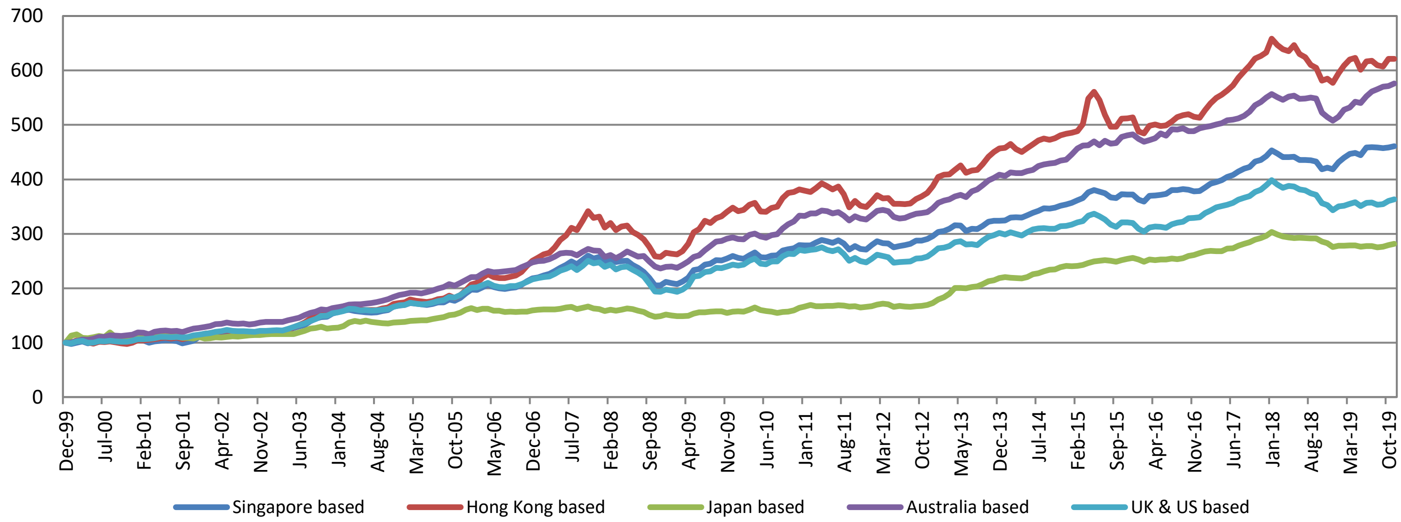
Table 11: Performance across fund sizes

	Small Hedge Fund (< US$50m)	Medium Hedge Fund (US$50m - US$250m)	Large Hedge Fund (> US$250m)
November 2019 year-to-date return	6.48%	6.60%	10.70%
2018 return	(9.30%)	(9.24%)	(4.82%)
3 year annualised return	3.69%	4.72%	6.57%
3 year annualised volatility	5.39%	5.36%	4.01%
3 year Sharpe ratio (RFR = 2%)	0.31	0.51	1.14
5 year annualised return	3.70%	4.54%	6.50%
5 year annualised volatility	5.94%	6.39%	4.93%
5 year Sharpe ratio (RFR = 2%)	0.29	0.40	0.91
Maximum Drawdown (5 years)	(11.90%)	(11.95%)	(7.05%)

Source: Eurekahedge

Figure 24 shows the performance of Asian hedge funds since December 1999 across several popular head office locations: Singapore, Hong Kong, Japan, Australia, United States and United Kingdom. Over the time period displayed in the chart, Hong Kong-based Asian hedge funds generated the best returns, gaining 9.61% per annum on average, while on the other end of the spectrum, hedge funds based in Japan fell behind their peers headquartered in other countries with their 5.34% annualised return.

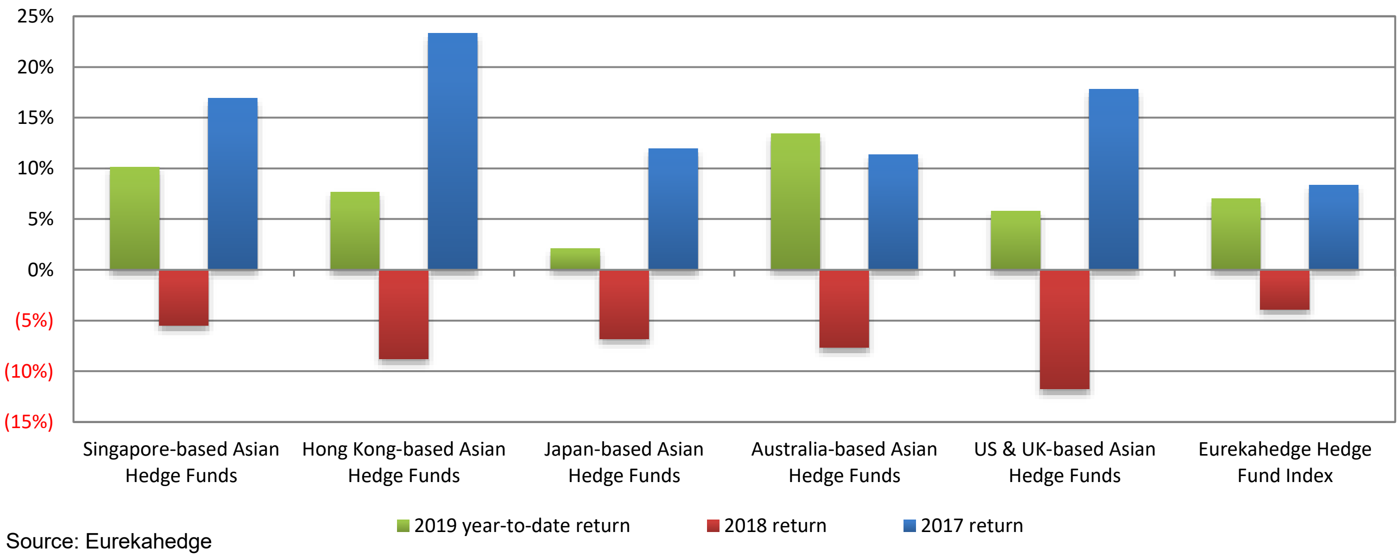
Figure 24: Performance of Asian hedge funds by head office location



Source: Eurekahedge

In Figure 25, the annual performance of these hedge funds since 2017 is displayed. Australia-based hedge fund managers lead the group with 13.41% year-to-date return as of November 2019, supported by the strong performance of the region's equity market. Singapore and Hong Kong-based fund managers were up 10.14% and 7.67% return over the same period.

Figure 25: Annual performance of Asian hedge funds by head office location



Source: Eurekahedge

Table 12 provides the annual historical performance of Asian hedge funds headquartered in the aforementioned countries. The *Eurekahedge Hedge Fund Index* is added for comparison. Most of the head office locations outperformed the global hedge fund industry in 2019, with Australia taking the top spot by returning 13.41% year-to-date.

Table 12: Annual performance of Asian hedge funds by head office location

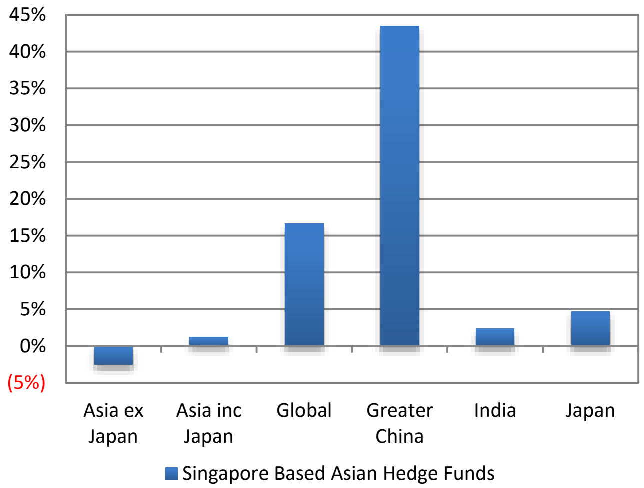
	Annual Performance					
	Singapore-based Asian HF	Hong Kong-based Asian HF	Japan-based Asian HF	Australia-based Asian HF	US & UK-based Asian HF	Eurekahedge Hedge Fund Index
2000 return	1.91%	(0.01%)	4.87%	14.56%	3.82%	17.96%
2001 return	8.54%	13.67%	5.55%	10.88%	10.73%	11.08%
2002 return	8.45%	4.13%	4.17%	9.09%	5.88%	7.37%
2003 return	27.95%	35.98%	10.44%	18.25%	26.88%	21.23%
2004 return	9.65%	7.56%	8.09%	14.42%	9.29%	10.23%
2005 return	13.42%	13.40%	16.79%	14.87%	15.43%	11.30%
2006 return	14.27%	27.72%	(0.70%)	14.84%	11.16%	13.77%
2007 return	18.03%	32.24%	1.37%	8.71%	14.38%	13.56%
2008 return	(17.77%)	(19.90%)	(6.29%)	(11.08%)	(20.25%)	(9.51%)
2009 return	22.62%	31.14%	3.59%	22.63%	23.32%	21.26%
2010 return	7.53%	9.52%	4.44%	13.61%	11.07%	11.55%
2011 return	(2.78%)	(8.36%)	1.14%	(2.08%)	(8.41%)	(1.68%)
2012 return	8.99%	10.94%	4.29%	6.42%	7.00%	7.41%
2013 return	9.61%	17.89%	26.55%	17.72%	13.83%	9.14%
2014 return	9.11%	5.82%	10.23%	6.75%	4.21%	5.24%
2015 return	5.29%	6.27%	5.95%	10.71%	1.65%	2.34%
2016 return	1.60%	(0.15%)	3.47%	2.30%	3.31%	4.77%
2017 return	16.94%	23.33%	11.94%	11.35%	17.82%	8.37%
2018 return	(5.47%)	(8.81%)	(6.80%)	(7.64%)	(11.77%)	(3.89%)
2019 year-to-date return	10.14%	7.67%	2.13%	13.41%	5.78%	7.01%

Source: Eurekahedge

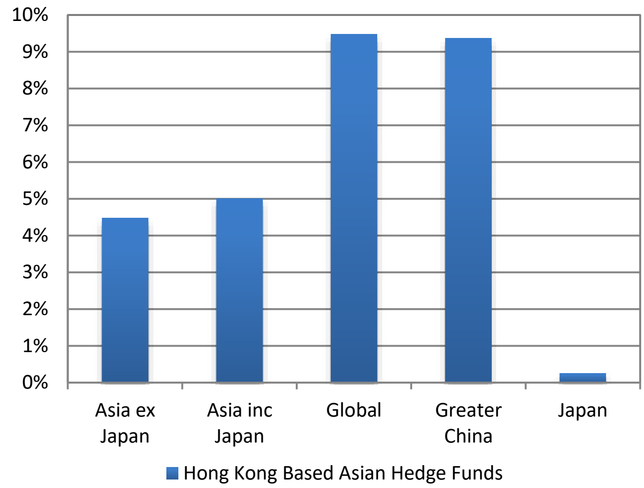
The following figures break down the Asian hedge funds' performance in 2019 based on their geographical exposure. Among Singapore-based hedge funds, managers with exposure toward Greater China posted the best year-to-date performance, gaining 43.47% on average as of November 2019. On the other hand, managers with Asia ex-Japan exposure posted losses of 2.54% over the first 11 months of the year.

Looking at Hong Kong-based hedge fund managers, most mandates were up, led by global and Greater China hedge funds with 9.48% and 9.36% returns respectively. Over in Japan, Japanese hedge funds were the only mandate that was in the red as they lost 0.26% year-to-date. Looking at the Asian hedge funds based in the US and the UK, India was the only mandate that suffered losses as of November 2019 year-to-date.

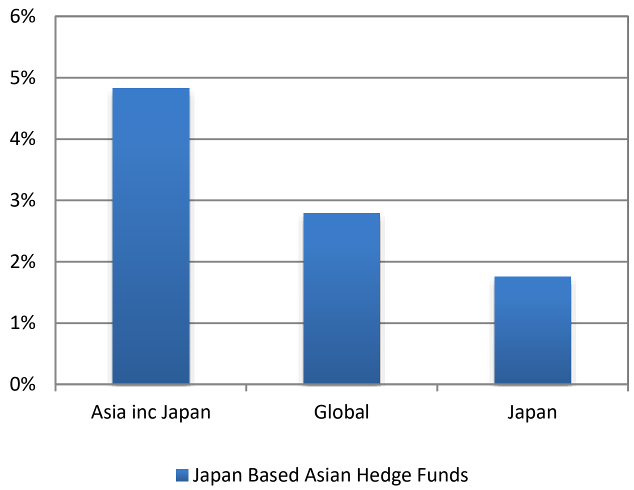
Figures 26a-26e: 2019 YTD performance of Asian hedge funds by geographic mandate across head office location



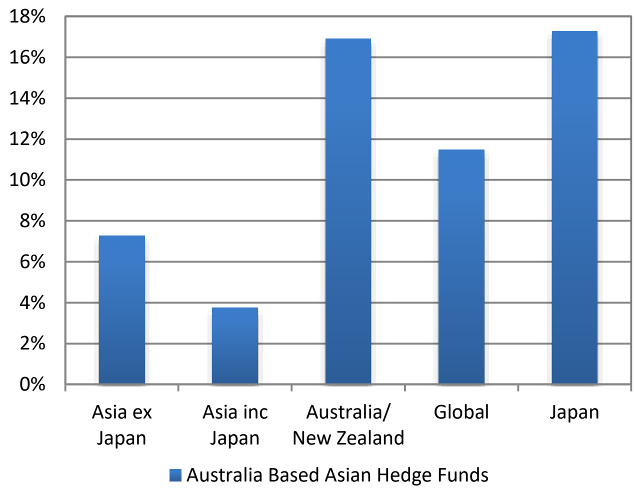
Source: Eurekahedge



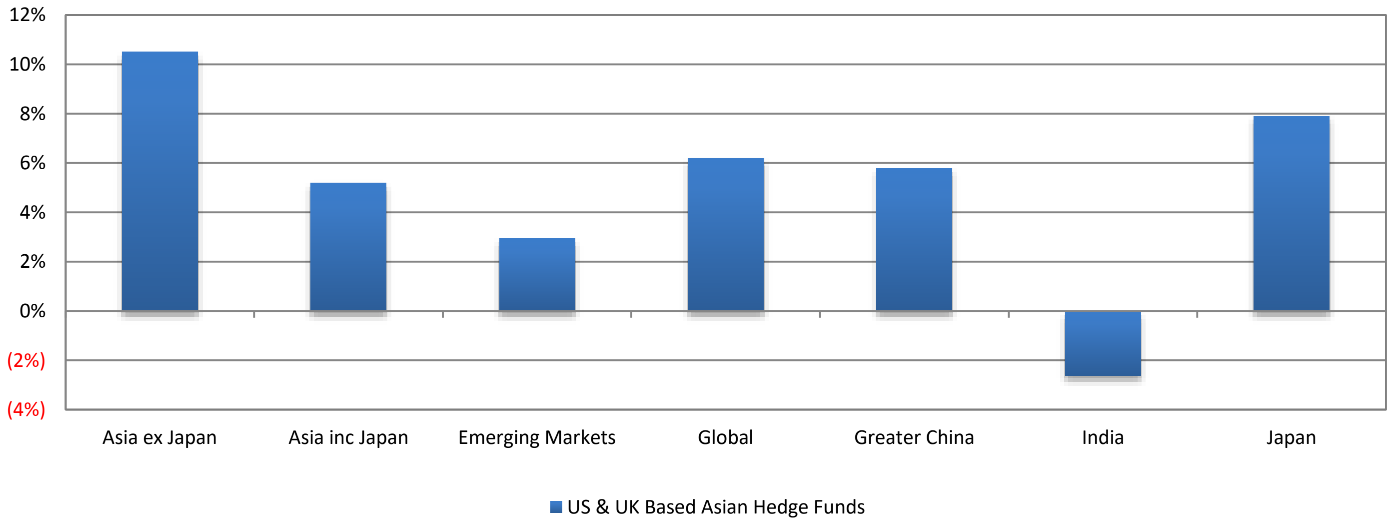
Source: Eurekahedge



Source: Eurekahedge



Source: Eurekahedge



Source: Eurekahedge

Peer analysis

The following charts were generated with Risk Shell. Contact ***advisor@eurekahedge.com*** to explore Risk Shell analytics and find out how it can help you in fund risk assessment and portfolio construction.

Figure 27: Peer analysis of Asian hedge funds and fund of funds

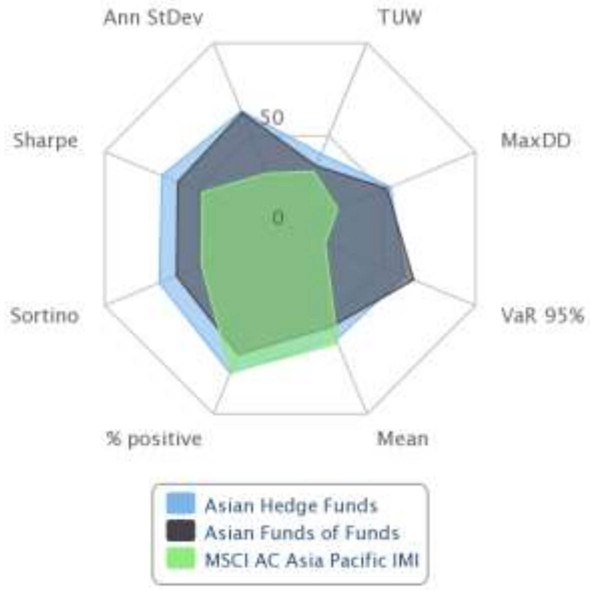
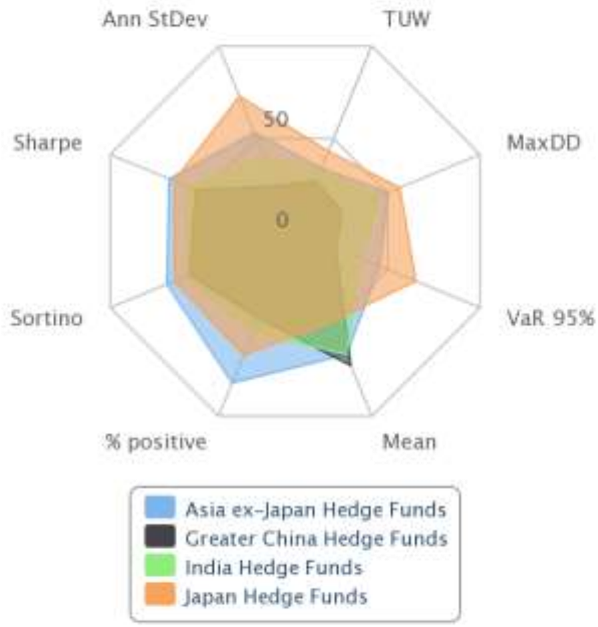


Figure 27 compares the risk-return statistics over the last five years of the *Eurekahedge Asian Hedge Fund Index* and other investment vehicles against the entire Eurekahedge hedge fund database. Hedge funds outperformed their funds of funds counterpart in terms of risk-adjusted return but fell against the underlying equity market in generating the best mean return.

Figure 28: Peer analysis of Asian hedge funds across geographic mandates



Similarly, Figure 28 compares the risk-return statistics of the four largest geographic mandates within the Asian hedge fund industry. Greater China mandate yielded the best mean returns compared to their peers focusing on other regions, but fell behind Japan and Asia ex-Japan mandates in terms of volatilities.

Figure 29: Peer analysis of Asian hedge funds across strategic mandates

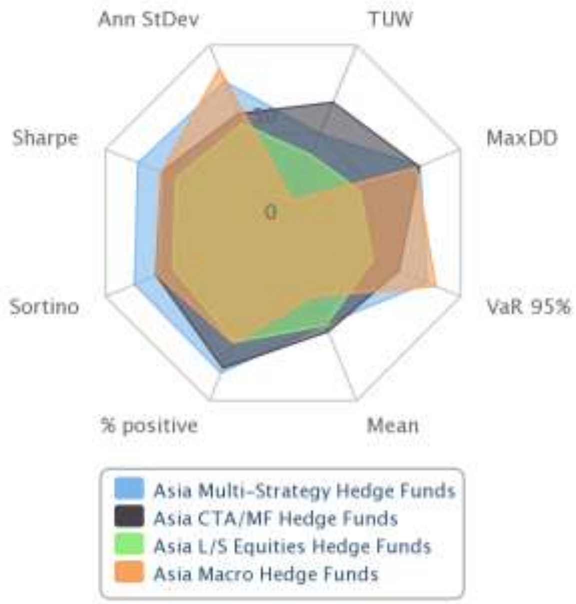


Figure 29 provides the peer analysis of hedge funds across four major strategic mandates within the Asian hedge fund industry. Over the last five years, CTA/Managed futures fund managers generated the best mean return, but multi-strategy funds yielded better risk-adjusted returns as represented by their Sharpe and Sortino ratios, by virtue of their low volatilities.

Figure 30: Peer analysis of Asian hedge funds across fund sizes

Figure 30 compares the risk-return statistics of Asian hedge funds across different asset sizes. All three classifications of hedge funds generated very similar risk return profiles, with large hedge funds maintaining slight edge over their smaller counterparts in all metrics. This contrasts against the commonly observed trend within the global hedge fund industry, where larger hedge funds tend to trail behind their smaller peers in terms of mean returns, but maintain lower volatilities.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ASIAN HEDGE FUNDS TOP TEN TABLES

December 2019 Returns (%)*	
Areca Partners Ltd	18.97
TX Capital Value Fund	14.63
Kriya JM Segregated Portfolio	12.77
UG Greater China Multi-Strategy Fund	12.17
Acrometric Fund SP - Class A	11.70
Value Partners Hedge Fund Ltd	11.40
UG Hidden Dragon Special Opportunity Fund	10.92
M&S	10.54
River Capital China Select Fund	10.46
Istanbul Portfoy Second Hedge Fund	10.46

3-Month Returns (%)	
TX Capital Value Fund	32.69
Areca Partners Ltd	28.45
UG Greater China Multi-Strategy Fund	23.59
River Capital China Select Fund	22.08
UG Hidden Dragon Special Opportunity Fund	21.28
QQQ Capital Fund	19.19
OIL Tidal Macro Fund SP	18.34
QAM Global Equities Fund Ltd - Class B	17.53
Acrometric Fund SP - Class A	17.38
The SFP Value Realization Fund Ltd USD	17.25

2019 Returns (%)	
PruLev Global Macro Fund - Class B	115.78
UG Greater China Multi-Strategy Fund	109.41
UG Hidden Dragon Special Opportunity Fund	100.23
Regal Atlantic Absolute Return Fund	82.18
Paraclete Fund	77.44
Regal Australian Small Companies Fund	71.33
Acrometric Fund SP - Class A	70.10
Areca Partners Ltd	65.87
Sanchi Credit Value Fund	59.88
Golden Horse Global Macro Discretionary Fund	59.22

2018 Returns (%)	
Judah Value Activist Fund - Class A	53.24
Pinerion Managed Volatility Strategy	42.12
Entropy Global Macro Fund	35.73
Sinopac Multi Strategy Quant Fund	34.98
Edge Investment Management Ltd (Client)	30.61
Longlead Absolute Return Fund	29.70
Istanbul Portfoy Second Hedge Fund	28.40
True Partner Offshore Fund Series B-1	25.82
AlphaTech Global Fund (Composite)	22.61
Istanbul Portfoy Aries Hedge Fund	21.71

Annualised Returns (%)**	
PruLev Global Macro Fund - Class B	52.33
QQQ Capital Fund	41.17
Istanbul Portfoy Second Hedge Fund	36.62
Regal Atlantic Absolute Return Fund	33.38
Regal Australian Small Companies Fund	31.43
CTI Capital Global Opportunities Fund - Class A	30.60
M&S	27.74
Paraclete Fund	26.07
TX Capital Value Fund	25.47
Amber Hill ES Currency Arbitrage Fund SP - Class C	23.73

Annualised Standard Deviation**	
Asian Trade Finance Fund - Class A	0.17
P79 Structured Trade (OEIC) Ltd - Class A Shares	0.20
Alceon Australian Real Estate Corporate Senior Loan Fund - Class AUD	0.34
LC Beacon Global Fund	0.54
Realm High Income Fund	1.10
Asian Strategic Orient Fund	1.13
Avendus Absolute Return Fund	1.56
Coolabah Institutional Credit Hedge Fund	1.72
Ariana Global Arbitrage Fund	1.99
PM CAPITAL Enhanced Yield Fund	2.03

Sharpe Ratio**	
P79 Structured Trade (OEIC) Ltd - Class A Shares	44.90
Asian Trade Finance Fund - Class A	37.96
Alceon Australian Real Estate Corporate Senior Loan Fund - Class AUD	29.56
Avendus Absolute Return Fund	8.37
LC Beacon Global Fund	7.98
Asian Strategic Orient Fund	7.76
Amber Hill ES Currency Arbitrage Fund SP - Class C	6.57
Realm High Income Fund	4.30
Orchard Landmark	4.17
Ariana Global Arbitrage Fund	3.49

Sortino Ratio**	
Asian Strategic Orient Fund	63.37
Alexander Credit Opportunities Fund	33.41
Orchard Landmark	22.45
Realm High Income Fund	17.94
Whitehaven SPC Correlation Fund SP - AUD	15.30
Ariana Global Arbitrage Fund	14.35
Triada Asia Credit Opportunities Fund	13.05
Akito Fund JPY - Class A Series 1	10.97
Factorial Feeder Fund I	10.73
Istanbul Portfoy Second Hedge Fund	8.93

* Based on 63.64% of funds which have reported December 2019 returns as at 20 January 2019
** For funds with a track record of at least 12 months as at end-December 2019

HEDGE FUNDS STRATEGY TOP TEN TABLES (DECEMBER YTD)**

Arbitrage	
Amber Hill ES Currency Arbitrage Fund SP - Class C	21.94
Palisade Strategic Master Fund (Cayman) Ltd	19.32
Dynamic Alpha Fund LP	18.29
The Bliss Fund LP	17.98
Windmill Partners LP	17.03
Ogee Structured Opportunities	11.98
SSI Hedged Convertible Opportunity Fund LP	11.52
Everbright Convertible Opportunities Fund	10.62
Tenor Opportunity Fund	10.33
AQR Diversified Arbitrage Fund - Class I	8.53

CTA/Managed Futures	
QQFund.com Alpha Beta Program	149.99
Martin Fund LP - Series A Interests	84.37
Parworld Multi-Asset Booster	58.18
SafePort Silver Mining Fund	48.13
A Palos Harbor Fund	43.93
Raise Alpha Program	42.40
Superfund Green Master	39.71
CCP Quantitative Program - Aristarchus USD Share Class	39.24
SafePort Gold & Silver Mining Fund	38.27
Mach 3 A	37.66

Distressed Debt	
Candlewood Puerto Rico SP	22.89
Birch Creek Credit Value Fund LP	9.07
BlueBay Event Driven Credit Fund Ltd - Class A EUR	6.75
Waterfall Victoria ERISA Fund Ltd	5.21
Waterfall Victoria Fund LP	5.00
Waterfall Eden Fund LP	4.54
ASM Asia Recovery Fund	3.77
Schroder GAIA II NGA Turnaround - USD C Acc	-3.69

Event Driven	
UG Hidden Dragon Special Opportunity Fund	100.23
Clearline Capital LP	60.84
Accendo Capital - Class A	45.57
The SFP Value Realization Fund Ltd USD	39.60
Schroder ISF European Special Situations - EUR C Acc	35.87
ECF Value Fund I LP	32.31
KG Investments Fund LLC Class A-8	29.66
Tosca Opportunity Class A Series 1 USD	24.73
Lumyna - York Asian Event Driven UCITS Fund - EUR B Acc	23.38
Mudrick Distressed Opportunity Fund LP	22.52

Fixed Income	
Sanchi Credit Value Fund	59.88
Gardena Bond Absolute Return	39.71
PMT Matrix Emerging Markets Absolute Return Fund - Class B	38.63
E Fund (HK) Yield Enhanced Bond Fund I	30.15
CEL Huarong Dynamic Bond Fund - Class B	29.81
Asgard Credit Fund	28.62
Istanbul Portfoy Aries Hedge Fund	28.20
Waratah Income	22.03
LDR Preferred Income Fund LLC - Class A	20.45
MKP Select Offshore Ltd	19.80

Long/Short Equities	
The Vilas Fund LP	106.72
Regal Atlantic Absolute Return Fund	82.18
DAFNA Lifescience Select LP	71.90
Regal Australian Small Companies Fund	71.33
AIS Gold Fund LP	67.93
Areca Partners Ltd	65.87
Greenwoods China Alpha Fund - Tranche B	58.97
Greenwoods A-share Opportunities Fund - Class B	57.92
Teraz Fund	57.25
Golden China Plus Fund Class A	54.06

Long-Only Absolute Return	
Japan Up Unit Trust	80.22
HIX Capital FIA	62.99
Kingsferry Classic Value Fund I	55.97
Atmos Acoes FIC FIA	55.62
NASDAQ Dynamic Tactical Asset Allocation	54.75
Kadima Equities FIC FIA	52.84
3G Radar Fund LP	52.24
Swedbank Russian Equity Fund	49.16
Constellation Fund SPC Equities Class - Long Only USD	47.03
NEO Navitas FIC FIA	46.82

Macro	
PruLev Global Macro Fund - Class B	115.78
Paraclete Fund	77.44
Acrometric Fund SP - Class A	70.10
Golden Horse Global Macro Discretionary Fund	59.22
Bernett Diversified Global Fund LP	42.05
GLI Fund LLC	42.05
Cane Island Global Macro	34.74
The 36 South Cullinan Fund - Class A EUR	32.67
Haidar Jupiter Fund LLC	31.41
NEXT-alpha	28.24

Multi-Strategy	
Long Distance Fund I LP	146.32
UG Greater China Multi-Strategy Fund	109.41
Dynamo Cougar	59.40
Eastjade China Fund	45.97
Oceana Selection 30 FIC FIA	45.90
Delbrook Resource Opportunities Master Fund LP	45.81
The Reaper Fund	42.06
Banor Sicav - Rosemary - S	33.50
Equity Overlay Fund LLC	33.15
ARX Long Term FIC FIA	32.30

Relative Value	
Parplus Equity Fund	38.34
Leviticus Partners LP	36.25
Phoenix Capital Fund LP	33.07
AM Capital Opportunity Fund I LLC	31.80
Value Partners Taiwan Fund	27.24
Catalyst Global Real Estate UCITS Fund - Class A USD	23.51
Delta Managed Volatility Fund	23.13
Sheraton Partners LP	21.71
Snow Capital Investment Partners LP	19.16
Rosen V Partners LP	17.78

Others	
Squadra Long-Only FIC FIA	45.74
Bitbull Opportunistic Fund LP	40.16
Rivemont MicroCap Fund - Class A	36.54
Cape Equity Fund - Int A EUR	33.53
Silver 8 Partners LP	32.88
V1 - Volatility Trading Program	18.79
Van Hulzen Covered Call Strategy	14.88
Weiss Alternative Balanced Risk Fund	14.57
Leonidas Cryptocurrency Fund	11.84
Pinnacle Arcadia Cattle Partners	11.17

* Based on 64.58% of funds which have reported December 2019 returns as at 20 January 2020
** For funds with a track record of at least 12 months as at end-December 2019

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ISLAMIC FUNDS TOP TEN TABLES

December 2019 Returns (%)*	
Deutsche Noor Precious Metals Securities - Class A	10.45
FALCOM Saudi Equity Fund	9.49
Al Qasr GCC Real Estate & Construction Equity Trading Fund	7.25
WSF Asian Pacific Fund - USD I	5.41
Amana Developing World Fund Institutional Shares	5.29
Alfalah GHP Islamic Stock Fund	5.27
QInvest JOHCM Sharia'a Fund	5.13
Meezan Islamic Fund	5.01
Atlas Islamic Stock Fund	4.81
Al Meezan Mutual Fund	4.81

3-Month Returns (%)	
Al-Ameen Shariah Stock Fund	31.73
Atlas Pension Islamic Fund - Equity Sub Fund	31.55
Atlas Islamic Stock Fund	30.95
Meezan Islamic Fund	28.42
Al Meezan Mutual Fund	28.35
Meezan Tahaffuz Pension Fund - Equity Sub Fund	28.26
Alfalah GHP Islamic Stock Fund	26.04
Meezan Balanced Fund	17.28
FALCOM Saudi Equity Fund	13.65
Qinvest Spyglass US Growth Fund	10.26

2019 YTD Returns (%)	
Al Qasr GCC Real Estate & Construction Equity Trading Fund	40.08
Qinvest Spyglass US Growth Fund	37.52
Iman Fund - Class B	34.68
Deutsche Noor Precious Metals Securities - Class A	34.26
Amana Growth Fund Investor	33.05
FALCOM Saudi Equity Fund	29.46
Principal Islamic Small Cap Opportunities Fund	29.00
WSF Global Equity Fund - USD I	25.77
QInvest GAM Sharia'a Fund - Class A	25.57
Amana Income Fund Investor	25.22

2018 Returns (%)	
Qinvest Spyglass US Growth Fund	20.33
Riyad Saudi Equity Sharia Fund	15.12
Jadwa Saudi Equity Fund - ClassB	13.11
Al-Beit Al-Mali Fund	12.42
Riyad Balanced Income Fund	12.29
Tharwa Islamic Fund	12.14
NBAD Islamic MENA Growth Fund	11.71
AlAhli GCC Growth and Income Fund	11.45
Al Rajhi Saudi Equity Fund	11.43
Al-Mubarak Pure Saudi Equity Fund	10.57

Annualised Returns (%)**	
Atlas Pension Islamic Fund - Equity Sub Fund	15.98
Qinvest Spyglass US Growth Fund	15.70
Meezan Tahaffuz Pension Fund - Equity Sub Fund	12.82
Atlas Islamic Stock Fund	12.03
Al-Ameen Shariah Stock Fund	11.70
Amana Growth Fund Investor	10.76
WSF Global Equity Fund - USD I	10.69
Amana Income Fund Investor	7.84
Meezan Tahaffuz Pension Fund - Debt Sub Fund	7.54
Atlas Pension Islamic Fund - Money Market Sub Fund	7.48

Annualised Standard Deviation**	
Principal Islamic Deposit Fund	0.14
Principal Islamic Money Market Fund	0.24
Emirates Islamic Money Market Fund Limited Institutional Share Class I USD	0.24
FALCOM SAR Murabaha Fund	0.27
Rasmala Trade Finance Fund	0.37
Affin Hwang Aiiman Cash Fund I	0.57
Meezan Tahaffuz Pension Fund - Money Market Sub Fund	0.90
Affin Hwang Aiiman Money Market Fund	0.92
Atlas Pension Islamic Fund - Debt Sub Fund	1.10
Meezan Tahaffuz Pension Fund - Debt Sub Fund	1.26

Sharpe Ratio**	
Rasmala Trade Finance Fund	12.81
Meezan Tahaffuz Pension Fund - Money Market Sub Fund	8.29
FALCOM SAR Murabaha Fund	6.88
Atlas Pension Islamic Fund - Debt Sub Fund	6.33
Meezan Tahaffuz Pension Fund - Debt Sub Fund	5.97
Emirates Islamic Money Market Fund Limited Institutional Share Class I USD	5.45
Principal Islamic Money Market Fund	2.95
Atlas Pension Islamic Fund - Money Market Sub Fund	2.36
Emirates Global Sukuk Fund Limited USD Institutional Share Class (Acc)	1.51
Amana Participation Fund Institutional Shares	1.50

Sortino Ratio**	
Atlas Pension Islamic Fund - Debt Sub Fund	29.00
Meezan Tahaffuz Pension Fund - Debt Sub Fund	26.05
Principal Islamic Money Market Fund	6.69
Atlas Pension Islamic Fund - Money Market Sub Fund	4.13
Amana Participation Fund Institutional Shares	3.17
QInvest Sukuk Fund	2.70
Emirates Global Sukuk Fund Limited USD Institutional Share Class (Acc)	2.63
Qinvest Spyglass US Growth Fund	2.00
WSF Global Equity Fund - USD I	1.39
Atlas Pension Islamic Fund - Equity Sub Fund	1.20

* Based on 35.84% of funds which have reported December 2019 returns as at 20 January 2020

** For funds with a track record of at least 12 months as at end-December 2020

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EUREKAHEDGE REGION/STRATEGY INDEX RETURN MATRIX

	Arbitrage		CTA/managed futures		Distressed debt		Event driven		Fixed income		Long/short equities		Macro		Multi-strategy		Relative value		Insurance-linked securities		All strategies	
	December 2019	2019 YTD Returns	December 2019	2019 YTD Returns	December 2019	2019 YTD Returns	December 2019	2019 YTD Returns	December 2019	2019 YTD Returns	December 2019	2019 YTD Returns	December 2019	2019 YTD Returns	December 2019	2019 YTD Returns	December 2019	2019 YTD Returns	December 2019	2019 YTD Returns	December 2019	2019 YTD Returns
Asia			3.78	6.67	(0.63)	7.85	2.43	6.30	0.93	9.88	2.55	10.00	1.47	6.57	2.28	9.76	5.40	19.85			2.35	9.87
Asia ex Japan					(0.63)	10.04	4.03	(2.74)	1.08	9.44	2.64	12.88	(0.56)	6.45	4.42	13.11	5.40	20.86			2.58	12.03
Asia inc Japan			3.78	11.95	(0.63)	7.85	2.73	1.03	0.93	9.88	2.78	11.44	1.47	6.57	3.07	11.71	5.40	19.85			2.53	10.72
Australia / New Zealand									0.42	7.55	1.05	20.62			0.82	5.85					0.85	17.12
Emerging markets					(0.22)	14.44	6.76	(0.48)	1.82	9.25	4.21	15.72	(0.24)	4.11	4.02	12.80	4.31	13.33			3.63	13.06
Europe	0.38	4.36	1.86	(2.46)			1.80	11.07	0.94	7.95	1.84	8.48	2.30	10.36	0.43	9.63	0.47	0.20			1.56	7.85
Greater China											4.25	14.73			12.17	47.60					4.73	16.83
India											0.60	1.14									0.60	1.65
Japan							1.54	18.25			1.68	4.91			0.20	2.03					1.51	6.14
Korea																					3.86	4.32
North America	0.99	5.44	1.23	3.96	0.60	(1.42)	2.47	7.35	0.82	6.50	1.89	13.24	1.01	6.72	1.43	12.17	1.86	5.62			1.60	9.32
Latin America									1.23	8.25	6.80	20.53	1.86	9.65	3.94	14.17					4.82	16.05
Latin America (Offshore)											6.23	11.94			4.61	1.70					5.07	9.28
Latin America (Onshore)									1.23	6.71	6.99	24.21	1.86	9.65	3.86	17.44					4.76	18.24
All Regions	0.58	5.58	1.05	5.58	0.37	1.37	1.95	7.70	1.00	7.73	2.17	11.25	1.13	8.69	1.69	8.41	0.99	4.98	0.81	1.43	1.57	8.74

* Based on 56.58% of funds which have reported December 2019 returns as at 16 January 2020

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ASIAN HEDGE FUND AWARDS

24 JUNE 2020

GRAND HYATT, HONG KONG

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