Large Hedge Funds Have Performed Better Than Small Funds in Down Years, Shows New PerTrac Study

Since 1996, during negative performance years, the average large hedge fund experienced less severe losses than the average small hedge fund

NEW YORK – October 9, 2012 – PerTrac, the leading provider of analytics, reporting and communications software for investment professionals, today released the sixth annual version of its analysis of performance trends for hedge funds of different sizes and ages. The study, *Impact of Size and Age on Hedge Fund Performance: 1996 - 2011*, shows that the average large fund outperformed the average small fund in the negative performance years of 2008 and 2011. During the 41 months since 1996 in which hedge funds of all sizes posted negative performance results, the average large fund lost less than the average small fund in 61% of these monthly periods.

The study, which utilizes fifteen leading global hedge databases, including five distinctive dead hedge fund databases to analyze the 2011 hedge fund universe, also shows that the large funds dipped 2.63% on average in 2011, the least when compared to small funds' 2.78% and mid-size funds' 2.95% slides. Large funds also maintained lower annualized volatility statistics relative to small funds. The study defines a fund as "*small*" if its assets under management (AUM) are less than $100 million, "*mid-size*" if assets are between $100 and $500 million, and "*large*" if assets managed exceed $500 million.

"The findings suggest that investors interested in exposure to hedge funds and seeking to protect their wealth should examine funds with over $500 million in AUM, since the average large fund has had lower losses in negative performance years and lower annualized deviation figures compared to the average small fund," said Jed Alpert, Managing Director of Global Marketing at PerTrac.

Investors with a higher volatility appetite and seeking to maximize returns should consider funds with less than $100 million in AUM, since the average small fund has outperformed the average mid-size fund and average large fund in 13 out of the last 16 years.

The study also examines the impact of fund age on performance and shows that the cumulative return for the average young fund is 827%, since 1996, nearly double that of the 446% return for mid-age funds and well beyond the 350% posted by tenured funds. The report further shows that it has been an uneven journey. The average young fund has had 144 positive and 48 negative months since 1996, mid-age funds have had 136 positive and 56 negative, while tenured funds have had 129 positive and 63 negative. The study defines a fund as "*young*" if its start date was within the last two years, "*mid-age*" if it commenced within the last two to four years, and "*tenured*" if it has been operating beyond four years.

For more information on PerTrac's *Impact of Size and Age on Hedge Fund Performance: 1996 - 2011*, the sixth annual version of PerTrac's analysis of the performance trends for funds of different sizes and ages, please click here.

About PerTrac
PerTrac provides software solutions for investment professionals at the fund-level of investing, including pensions, family offices, hedge funds, long-only managers, endowments, sovereign wealth funds, funds of hedge funds and industry service providers. More than 1,400 organizations in 50 countries rely on PerTrac software solutions to help them maximize returns, reduce risk and operate more efficiently. Founded in 1996, PerTrac is headquartered in New York with offices in London, Hong Kong, Tokyo, Reno, and Memphis. For additional information on the full suite of PerTrac software solutions, please visit www.PerTrac.com.

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