



Hedge Funds' Assets Continued to Rise in First Half of Year, According to PerTrac Study

PerTrac Releases Update to Yearly Study on Size and Composition of Hedge Fund Industry

NEW YORK — August 28, 2012 — Single-manager hedge funds, which include commodities trading advisors, withstood market swings, macroeconomic uncertainties and regulatory reforms in the first half of 2012, increasing their reported assets under management by 5.23% to \$1.892 trillion, according to a study by [PerTrac](#), the leading provider of analytics, reporting and communications software for investment professionals. This mid-year update to their annual study on the size and composition of the hedge fund industry also found a continued decline in the reported assets under management of funds of hedge funds. The amount of money invested in these investment vehicles, which allocate exclusively to hedge funds, declined by 4.92% during the first half of 2012 to \$425 billion. Part of the slide in these funds' assets can be attributed to the decline in the number of them reporting information to databases, which slipped by 3.81% to 3,259.

Despite the drop for funds of hedge funds, the total, reported amount invested within the hedge fund industry, including funds of hedge funds and single-manager hedge funds (of which, commodities trading advisors – or CTAs – are considered a subset in this study) climbed to \$2.317 trillion in the first six months of the year. The total number of all funds reporting to databases also jumped by 4.61% to 14,013, led by single-manager hedge funds, whose ranks swelled 7.46% to 10,754 funds. Most of the gains in the number of single-manager hedge funds (75%) came from small and start-up funds with less than \$25 million in assets under management.

These reported numbers suggest that asset allocators have a growing interest in alternative investments and an increasing tendency toward investing directly in hedge funds. The data also points to the resilience of hedge funds as the end of the first half of 2012 marks three and a half years of steady growth.

“Although challenging economic conditions have impacted hedge funds' performance during the last few years, investors still see their long term value and are giving them a significant place in their portfolios,” said Brendan Dolan, President of PerTrac.

When investors allocated to alternatives in 2012, they favored the largest funds. The “billion dollar club” of single-manager hedge funds, those that oversee more than \$1 billion, saw assets under management increase to \$1.146 trillion from \$1.08 trillion at the end of 2011. The billion-dollar-plus funds represented 60.6% of all assets invested with single-manager hedge funds at the end of the first half of 2012.

The PerTrac hedge fund study is unique because it is the only one that aggregates information from 11 leading global databases. This provides for the most holistic picture of the industry. Of those funds that report, 54% reported to only one database in 2011, according to the 9th edition of the study. PerTrac's proprietary analytics software also removes duplicative fund data for an added level of precision in analyzing the number of funds and assets under management.

The study also found, among reporting funds, that:

- The “billion dollar club” reigned supreme within funds of hedge funds as well. 48.7% of assets were controlled by the 3.24% of firms that each managed more than \$1 billion.
- CTAs posted healthy gains in assets of 6.05% this year, bringing their total to \$438 billion under management at the end of first half of 2012. The total number of CTA funds rose by 1.26% from the end of 2011 to 1,528.
- Forty-five CTAs reported managing in excess of \$1 billion and they accounted for 78.1% of that sector's assets under management.

For more information, please download the full PerTrac study by clicking [here](#).

**About PerTrac**

PerTrac provides software solutions at the fund-level of investing for investment professionals 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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