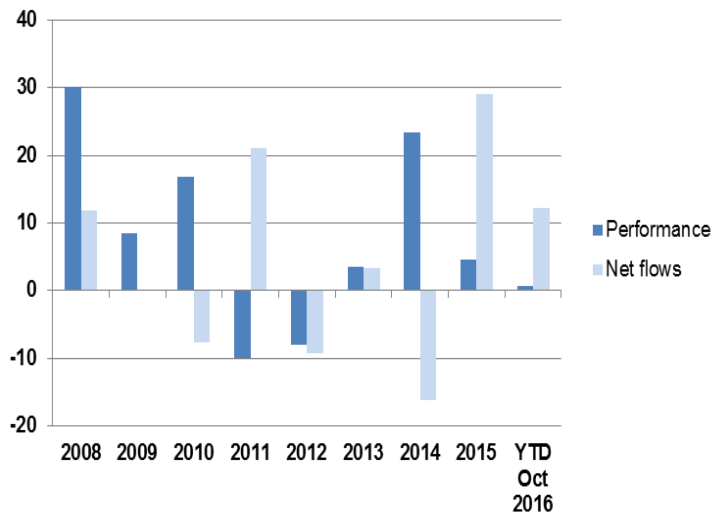


### October - a Mixed Bag of Hedge Fund News

In October 2016, hedge funds were not able to maintain the positive momentum experienced in the previous seven months. As a result, the **HFRI Fund Weighted Composite Index** decreased a marginal 0.6% compared to September. Emerging market strategies did well on the other hand, above all Latin America (HFRI Emerging Markets Latin America Index +5.36%). The HFRI Relative Value Index was maintained, with the HFRI Volatility Index up 0.58% and the Fixed Income Corporate Index gaining 0.77%.

**CTAs**, measured by the Eurekahedge CTA/Managed Futures Hedge Fund Index, decreased 2.2% in October. However, this compares to net inflows of USD 12.2 billion on a YTD basis, growing the strategy's AuM by over 5% to reach USD 250.3 billion. In an industry of major net outflows this represents quite an achievement.

Figure 1: Asset flows across CTA/managed futures



Source: Eurekahedge

Figure 2 highlights the ongoing trend seen within the **fund of hedge funds (FoHF) industry**, with the number of fund launches declining, particularly over the past three years. Preqin's Hedge Fund Online service currently tracks 693 fund of hedge funds managers globally, down from 722 managers in Q4 2015. The ongoing trend towards solutions-based services rather than commingled products represents a key reason for the slowing rate of fund launches. Also, we have seen major M&A activity in 2016, such as the merger of EnTrust Capital and Permal, creating EnTrustPermal.

Figure 2: FoHF Launches and Liquidations 2006 - Nov 2016



Source: Preqin Hedge Funds Online