

Sweden holds highest hedge fund allocations in Europe

Stockholm (HedgeNordic) – Sweden-based investors have the highest mean current allocation to hedge funds of any European country, with institutions committing 13.4% of their AUM to the industry, above the Europe-based average of 10.3%. This according to a recently published report on the European hedge funds industry by Preqin.

According to the report, Sweden has the third largest hedge fund industry in Europe by AUM (\$40bn). The industry is mostly concentrated in Stockholm, which is home to 85% of hedge fund managers and 88% of institutional investors in hedge funds in the country. Sweden has the highest investor participation rate of the 10 featured countries in the report, with 41% of institutional investors tracked by Preqin currently investing in hedge funds.

Preqin data suggests that there are 49 Sweden-based institutional investors active in hedge funds and that the number of active Sweden-based hedge fund managers amount to 41. This could be put in contrast with the more than 50 Swedish hedge fund managers listed in HedgeNordic's Nordic Hedge Index (NHX).

Among other Nordic countries, only Norway is highlighted in the report. Preqin states that there are 10 active Norwegian hedge fund managers (equal to what is listed in the NHX) holding assets of \$2,9bn and that there are 14 active hedge fund investors in the region.

Overall, the European hedge fund industry fell in terms of assets under management (AUM) in 2016, with net asset outflows continuing through Q1/2017, Preqin data reveals.

As of the end of 2015, hedge fund managers in the region held \$674 billion in AUM; this declined to \$657 billion a year later. At the same time, net investor outflows from Europe-based fund managers reached \$35 billion, with a further \$9 billion recorded in Q1/2017, according to Preqin.

However, performance among Europe hedge funds has shown signs of recovery from difficulties seen in late 2015 and early 2016. In the 12 months to the end of May 2017, funds in the region have made overall gains of 10.28%.

Other highlights from Preqin's Hedge Funds in Europe Report:

Traditional single-manager commingled vehicles represent less than half (47%) of all hedge funds in Europe, with UCITS funds accounting for over a quarter (26%).

Of Europe-based investors, private sector pension funds account for the largest proportion (21%) of capital invested, with insurance companies committing a fifth of all capital.

The UK hedge fund industry is the largest in Europe, with \$472 billion in AUM, 47% of the assets held by managers based in the region.

Switzerland is the second most prominent European market after the UK. There are 241 active hedge fund investors, 123 hedge fund managers and 55 fund of hedge fund managers based in the country.

Of the ten European countries featured in Preqin's report, Spain-based hedge funds charge the

lowest average performance fee (16.55%).

Over half (56%) of Europe-based UCITS funds are domiciled in Luxembourg.

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