Hedge Fund Returns Exceeded Institutional Investors’ Expectations in 2017

Stockholm (HedgeNordic) – Almost three quarters (74 percent) of institutional investors say that their hedge fund portfolios met or exceeded expectations in 2017, according to Credit Suisse´s Tenth Annual Global Hedge Fund Investor Survey. This is a significant increase from the previous year, when only 30 percent said they were happy with the returns generated by their allocations to hedge funds, HedgeWeek writes.

According to the survey, there will be continued strong appetite for equity-focused strategies in 2018. Investors indicate interest for a variety of strategies including emerging market equity, fundamental equity long/short, quantitative market neutral and equity long/short sector funds (healthcare, financials & TMT).

The survey also confirms the trend of flexible fee structures offered by hedge funds to end-investors. Two thirds (76 percent) of investors are taking advantage of fee discounts from new launches, reduced fees for longer lock.ups as well as sliding fee schedules based on fund AuM and large ticket discounts.

For the third straight year, institutional investors are increasing the target return expectations for their hedge fund portfolios, the survey reveals. The expected return for 2018 has been hiked to 8.5 percent from 7.3 percent a year earlier.

The overall sentiment towards the hedge fund industry is positive according to the survey as respondents are forecasting a 5.4 percent growth in assets under management during 2018.

When asked about future developments for the hedge fund industry that might occur this year, investors forecast a continued reallignment of fees/terms, increased volatility, hedge fund outperformance, a continued rise of artificial intelligence driven and cryptocurrency focused strategies and industry consollidation by number of funds,

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