

European Hedge Fund Industry Approaches €600Bn

Stockholm (HedgeNordic) – The European hedge fund industry manages €587 billion in assets as of the end of the first quarter of 2018, according to data provider Preqin. This figure accounts for 41 percent of the €1.48 trillion overseen by the alternative assets industry in Europe. The hedge fund industry on the old continent has enjoyed solid growth in the past five years, as assets under management swelled as a result of strong net capital inflows likely triggered by solid relative performance.

The European hedge fund industry experienced three consecutive quarters of asset inflows starting with the second quarter of 2017, with the overall net inflows for 2017 reaching €26.9 billion. The beginning of 2018, however, has not been great for the industry. Europe-based hedge funds as a group saw net asset outflows of €8.0 billion in the first quarter of 2018. Looking back on the past year, around 52 percent of Europe-based hedge fund managers enjoyed net inflows in 2017, the highest proportion of any other region.

“Investors have certainly taken note of the region and we’ve seen the number of Europe-based hedge-fund investors almost double in the past decade,” Amy Bensted, head of hedge fund products at Preqin, was quoted in a press release summarizing some findings about the European hedge fund industry from a June report on alternative assets in Europe. “Despite the headwinds that European managers face, such as incoming regulations and Brexit, the European industry had a more successful 2017 than North American hedge funds,” Bensted also wrote in the report. “Looking ahead, the industry looks set to see further growth and we can expect capital inflows for the European hedge fund industry,” she added.

The European hedge fund industry is approaching the €600 billion-mark, as investor appetite for investing in hedge funds looks set to pick up pace amid stretched valuations for every major asset class. Europe-based hedge funds generated an average return of 9.1 percent last year, beating the FTSE 100 and the EURO STOXX 50 indices. The industry delivered higher 3-year and 5-year annualized returns than the just-mentioned indices, with this strong performance in the past several years likely to have driven investor appetite for hedge fund investing. The 1,101 Europe-based investors tracked by Preqin at the beginning of 2018 allocated €404 billion to hedge funds, which compares favorably with a total of €175 billion invested by only 595 investors in 2008.

To view Preqin’s report on alternative asset in Europe, [click here](#).