



October 17<sup>th</sup> 2011

## **UAI Quarterly Report – Q3 2011**

### **SUMMARY**



## 1. Presentation

Alix Capital, Index Provider to the UCITS Alternative Index, is pleased to present the summary of the latest edition of the UAI Quarterly Industry Report.

The full Report is the most comprehensive research support dedicated to the UCITS hedge funds industry. It includes more than 120 pages with full color charts describing the historical and current state of the alternative UCITS world.

The Report provides in-depth specific information such as strategy composition, funds and advisor location, liquidity, trends in asset flows, assets under management, performances and names of the best performers for each strategy.

A detailed summary of the main findings are presented in the attached document.

New analysis recently added:

- Names and performances of best funds in each strategy
- Breakdown of new launches by strategy and domicile
- Breakdown of funds by AUM and size

The UAI Industry Report is the perfect tool to use as reference handbook for all industry members such as end investors, fund managers and all market participants willing to have access to the most comprehensive information about the UCITS Alternative universe. The Report is published quarterly and delivered electronically in PDF and PowerPoint format.

For more information, please contact the UCITS Alternative Index Team at +41 22 59 111 40 or [info@ucits-alternative.com](mailto:info@ucits-alternative.com).

Geneva, October 17<sup>th</sup> 2011

UCITS Alternative Index Team

[Click here to purchase to report](#)

## 2. Performance

The third quarter of 2011 will remain as one of the most difficult one since the crisis of 2008. While equity markets had pretty much hold until the summer, they started to capitulate in July before plunging in August and September. The largest drawdowns in September were Commodities (-4.01%) and Emerging Markets (-6.67%). Among UCITS hedge funds strategies, Emerging Markets lost -10.15%, Long/short Equity lost -4.64% and Event-Driven lost -3.41% in Q3. The only exception among single strategy was CTA, which gained 1.60% over the last quarter.

During Q3, the UCITS Alternative Index Global lost -3.04%, reaching --3.85% on Year to date. The Index was slightly up in July but was down both in August and September. The UCITS Alternative Index Funds of Funds lost -2.60% over the quarter, reaching -4.08% on YTD.

The UCITS Alternative Index Funds of funds was up 0.37% in July, outperforming the Global Index by 29 bps. It then sharply fell in August, underperforming the Global Index by 33 bp, and continued losing ground in September, however outperforming the Global Index.

All single strategies are now down since the beginning of the year with the exception of Commodities (up 0.10%). The worst performing strategy is Emerging Markets (-11.69%), followed by Long/Short Equity (-5.42%) and FX (-3.48%).

Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011
MSCI World LC 4.16%	World Gov. Bond Index 2.39%	MSCI World LC 8.77%	MSCI World LC 7.92%	UAI Commodities 3.47%	Citi WGBI LC 1.67%	Citi WGBI LC 3.99%
UAI Fixed Income 2.34%	3-Month Treasury Bill 0.04%	UAI Emerging Markets 3.43%	UAI Commodities 5%	UAI Event-Driven 1.4%	3-Month Treasury Bill 0.02%	3-Month Treasury Bill 0%
UAI Emerging Markets 2.2%	UAI FX -0.17%	UAI Event-Driven 3.11%	UAI L/S Equity 3.21%	UAI Fixed Income 0.98%	UAI Fixed Income -0.03%	UAI CTA 1.6%
UAI L/S Equity 1.74%	UAI Fixed Income -0.29%	World Gov. Bond Index 2.13%	UAI CTA 2.06%	MSCI World LC 0.3%	MSCI World LC -0.28%	UAI Multi-Strategy -1.71%
UAI Macro 1.49%	UAI Event-Driven -0.41%	UAI L/S Equity 1.72%	UAI Emerging Markets 2.04%	UAI L/S Equity 0.19%	UAI Equity Market Neutral -0.92%	UAI Macro -1.87%
UAI Global 1.35%	UAI FoF -1.02%	UAI Fixed Income 1.68%	UAI Multi-Strategy 1.59%	UAI Multi-Strategy 0.16%	UAI Macro -0.93%	UAI Fixed Income -1.93%
World Gov. Bond Index 1.12%	UAI Equity Market Neutral -1.12%	UAI Commodities 1.51%	UAI Global 1.57%	UAI Global 0.14%	UAI Global -0.97%	UAI Commodities -1.94%
UAI Event-Driven 0.76%	UAI CTA -1.84%	UAI Global 1.09%	UAI Macro 1.35%	UAI Equity Market Neutral 0.05%	UAI Long/Short Equity -1%	UAI FX -2.07%
UAI FX 0.68%	UAI Macro -1.91%	UAI Macro 0.97%	UAI FoF 1.17%	3-Month Treasury Bill 0.04%	UAI Multi-Strategy -1.01%	UAI Equity Market Neutral -2.08%
UAI FoF 0.54%	UAI Global -2.13%	UAI CTA 0.18%	UAI Event-Driven 0.97%	UAI FX -0.08%	UAI Emerging Markets -1.24%	UAI FoF -2.6%
UAI Multi-Strategy 0.3%	UAI Multi-Strategy -2.42%	UAI FX 0.16%	UAI Equity Market Neutral 0.78%	UAI FoF -0.2%	UAI FoF -1.32%	UAI Global -3.04%
UAI Equity Market Neutral 0.27%	UAI L/S Equity -3.56%	3-Month Treasury Bill 0.04%	UAI Fixed Income 0.38%	UAI Macro -0.43%	UAI Commodities -1.35%	UAI Event-Driven -3.41%
3-Month Treasury Bill 0.02%	UAI Commodities -4.15%	UAI Multi-Strategy 0.01%	3-Month Treasury Bill 0.04%	UAI Emerging Markets -0.49%	UAI Event-Driven -1.45%	UAI Long/Short Equity -4.64%
UAI CTA -0.35%	UAI Emerging Markets -4.26%	UAI Equity Market Neutral -0.48%	UAI FX -0.55%	Citi WGBI LC -0.65%	UAI CTA -1.56%	UAI Emerging Markets -10.15%
UAI Commodities -1.23%	MSCI World LC -11.81%	UAI FoF -1.01%	Citi WGBI LC -2.25%	UAI CTA -0.89%	UAI FX -1.64%	MSCI World LC -16.86%

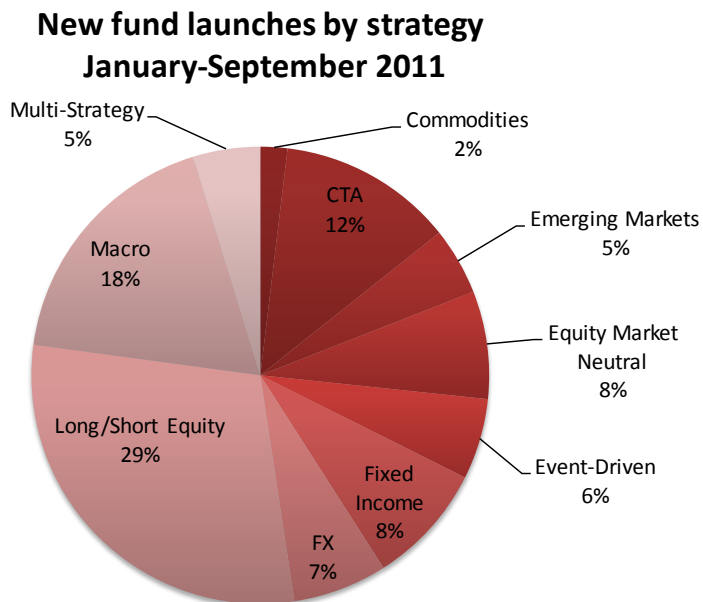
### 3. Number of Funds

The number of single manager UCITS hedge funds increased from 665 to 705 funds during the quarter. This represents a 6% increase (or 24% annualized). This is slightly lower than the first two quarters of the year which saw an increase of 7.7% and 6.6% in respectively Q1 and Q2. Since the beginning of 2011, the number of single manager funds grew by 21.9% to reach 705 funds.

The number of Funds of Funds grew by 7.4% in Q3 to reach 73. On a year to date basis the number of Funds of Funds progressed by 28%.

Long/Short Equity, Macro and Fixed Income are the strategies with the largest number of constituents. Together they account for 62% of the total number of funds. Commodities and Event-Driven are the smallest strategies in term of number of funds with 20 funds each (or 2.74 % of all funds).The strategy that witnessed the largest number of funds percentage increase is Event Driven (+54%), followed by CTA (+48%). In absolute terms, the largest increase is Long/Short Equity with a progression of 41 funds since the beginning of the year.

So far 127 funds were added to the UCITS Alternative Index this year, with the majority being in Long/Short Equity (32%), followed by Macro (20%) and CTA (12%). Strategies less represented this year are Commodities and Emerging Markets (both 2%).



## 4. Asset under Management

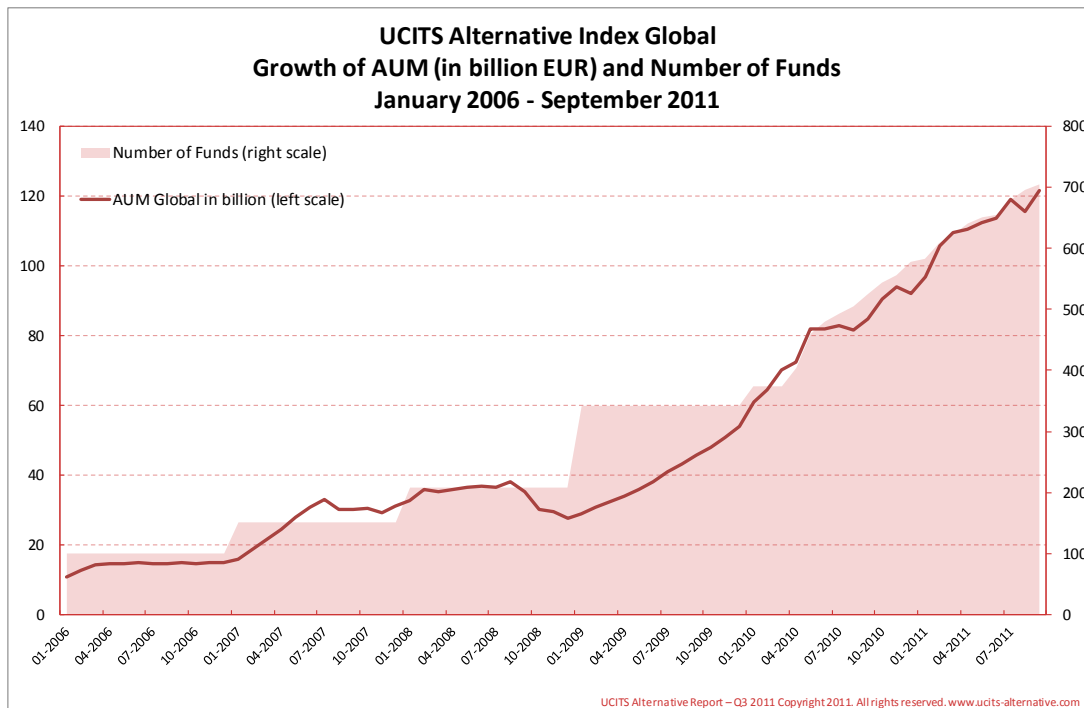
In terms of assets under management, the total amount invested in single UCITS hedge funds grew by 7.16% in Q3, reaching EUR 121.70 bn. Since the beginning of the year, global assets under management grew by 31.98%. Funds of Funds assets on their side progressed by 43.5% in Q3 and by 36.74% in 2011.

The strategy with the largest progression of assets under management is Multi-Strategy with an increase of 150% (reaching EUR 14.5bn). As experienced in the previous quarter, most of the progression is due to one fund which attracted over EUR 1 billion during the quarter. FX is the only strategy which lost assets since the beginning of the year, with a decrease of 29% (or EUR 1.25bn).

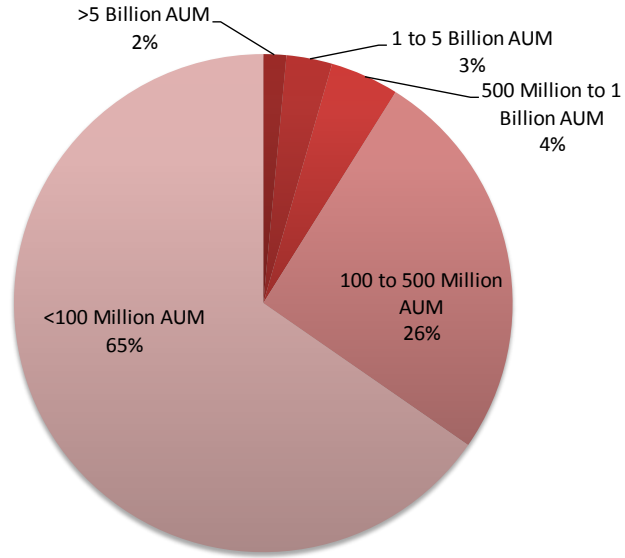
The strategy with the largest assets under management remains Fixed Income with EUR 37.8 billion or 31% of the total AUM. It is followed by Macro and Long/Short Equity with respectively 21.30% and 15.48%. These three strategies account for 67.9% of the total assets managed in UCITS hedge funds.

On the opposite, the three smallest strategies in term of assets are Commodities, Event-Driven and FX. Together they account for 5.52% of the total assets managed in UCITS hedge funds. When considering individual funds, the 20 largest funds account for 46% of the total AUM.

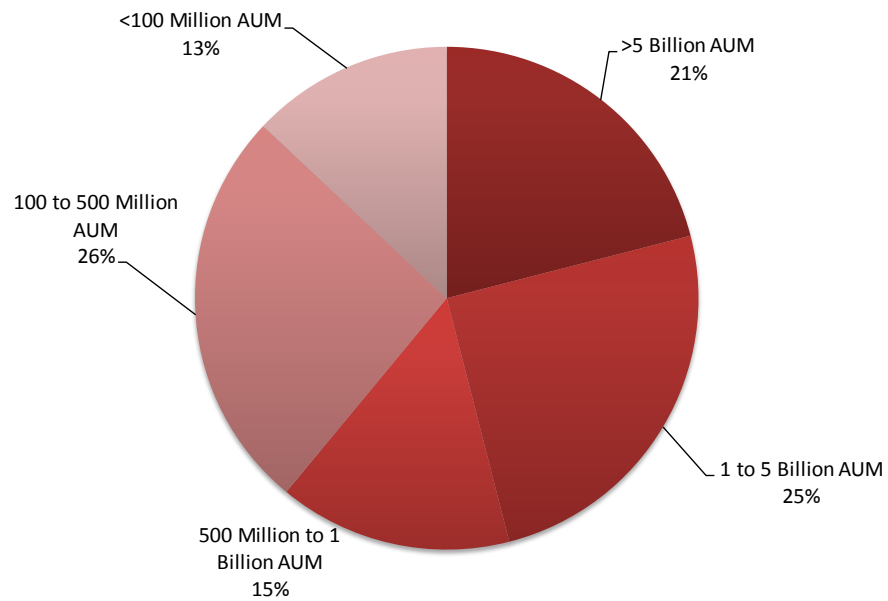
At the moment the asset under management distribution remains stable over time with a large number of funds (27%) with less than EUR 20m AUM and 50.3% of funds with less than EUR 50m.



**Percentage of total number of funds in EUR  
as of September 2011**



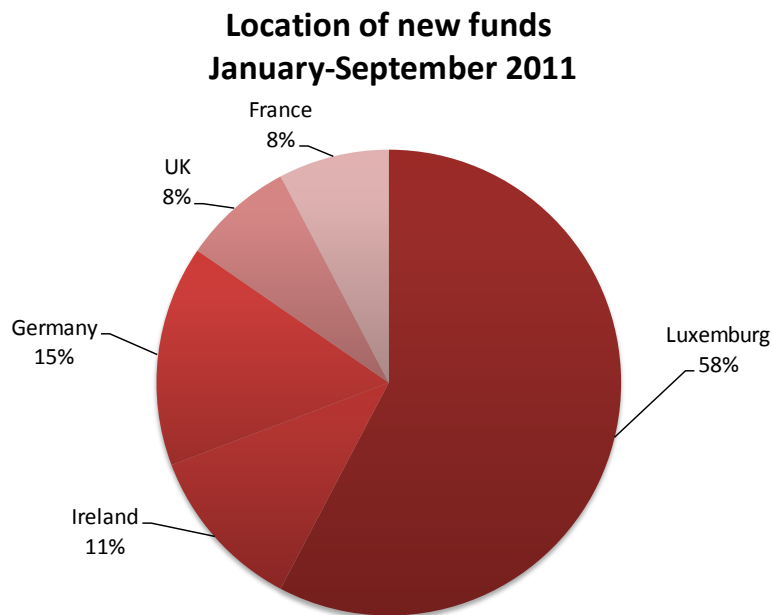
**Percentage of total assets in EUR  
as of September 2011**



## 5. Domicile and liquidity

Luxemburg, France and Ireland are the three most important place of domiciliation for UCITS hedge funds with respectively 49%, 19% and 18% market share. While the distribution evolves only slowly, it is interesting to look at the domiciliation of the newly launched funds. Since the beginning of the year, among the 104 new funds added to the database, 58% are based in Luxemburg, 15% in Germany and 11% in Ireland. This confirms the attractiveness of Luxemburg as domicile for UCITS hedge funds.

The liquidity profile of UCITS hedge funds remains stable, with 84.1% offering daily liquidity, 15.4% weekly and 0.5% bi-monthly. This breakdown has remained unchanged over the last 4 quarters.



## 6. About UCITS Alternative Index

The UCITS Alternative Index series is the industry's leading benchmark for the UCITS hedge funds universe. The series of indices track the performance of both global and strategy specific UCITS hedge funds. Index rules and statistics are accessible on the UCITS Alternative Index website [www.ucits-alternative.com](http://www.ucits-alternative.com). UCITS Alternative Index is a registered trademark. Alix Capital is the exclusive Index Provider to the UCITS Alternative Index.

At the end of September 2011, the UCITS Alternative Index is composed of more than 770 constituent Hedge Funds and Funds of Hedge Funds, totaling EUR 125 billion assets under management.

Alix Capital offers specialized consulting services in the field of UCITS hedge fund investments. Based on its exclusive knowledge of the UCITS hedge fund industry, Alix Capital is ideally placed to answer the needs of clients, either end investors or product providers. Alix Capital also creates and develops tailor-made investment solutions based on the UCITS Alternative Index series as well as dedicated benchmarks.

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