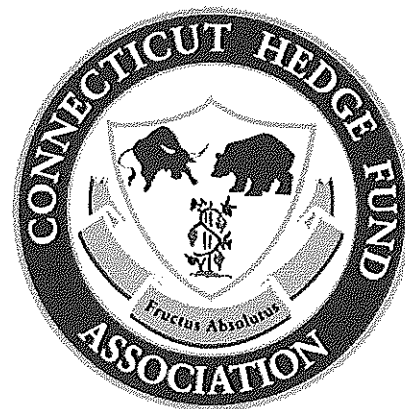


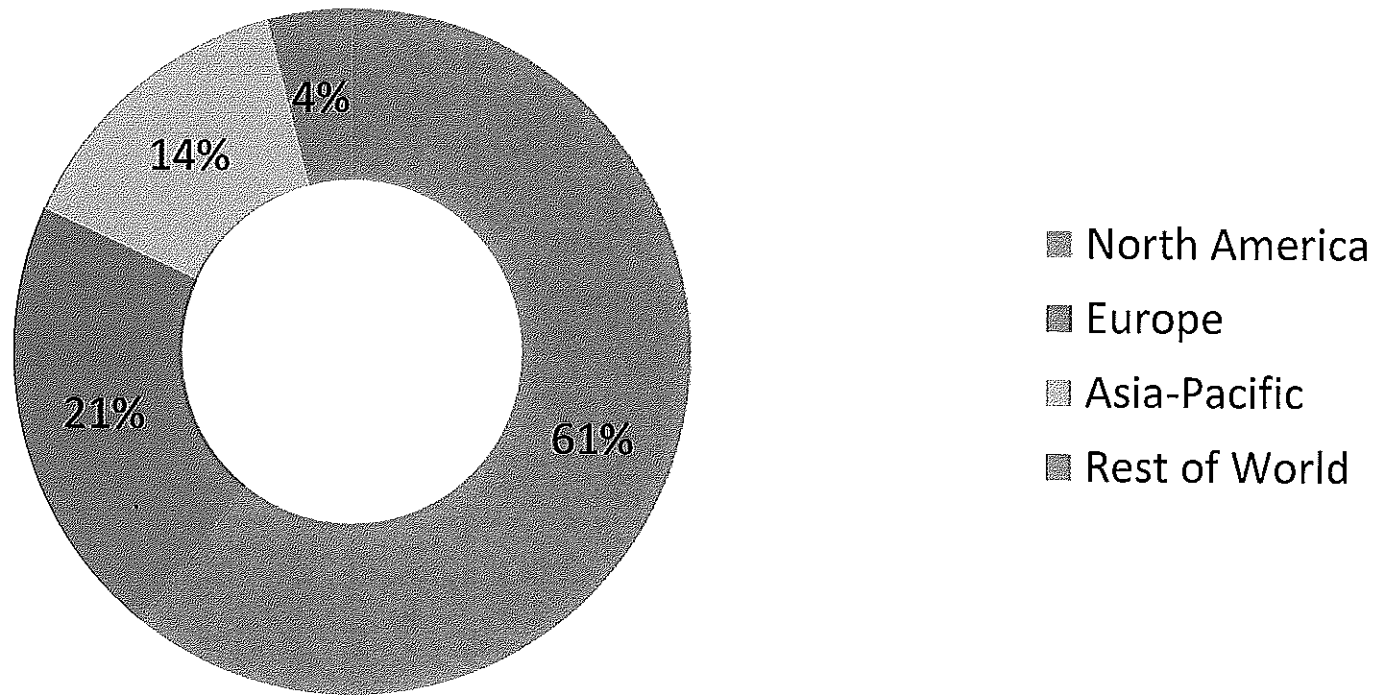
# The Hedge Fund Industry in Connecticut

Prepared by The Connecticut Hedge Fund Association



# Global Hedge Fund Industry

## Hedge Fund Managers by Location



Source: Preqin Global Hedge Fund Report: 2014



# Global Hedge Fund Industry

## Hedge Fund Assets by Location

| Manager Headquarters | Assets Under Management (\$bn) |
|----------------------|--------------------------------|
| North America        | 1,923                          |
| Europe               | 560                            |
| Asia-Pacific         | 112                            |
| Rest of World        | 69                             |

Source: Preqin Global Hedge Fund Report: 2014



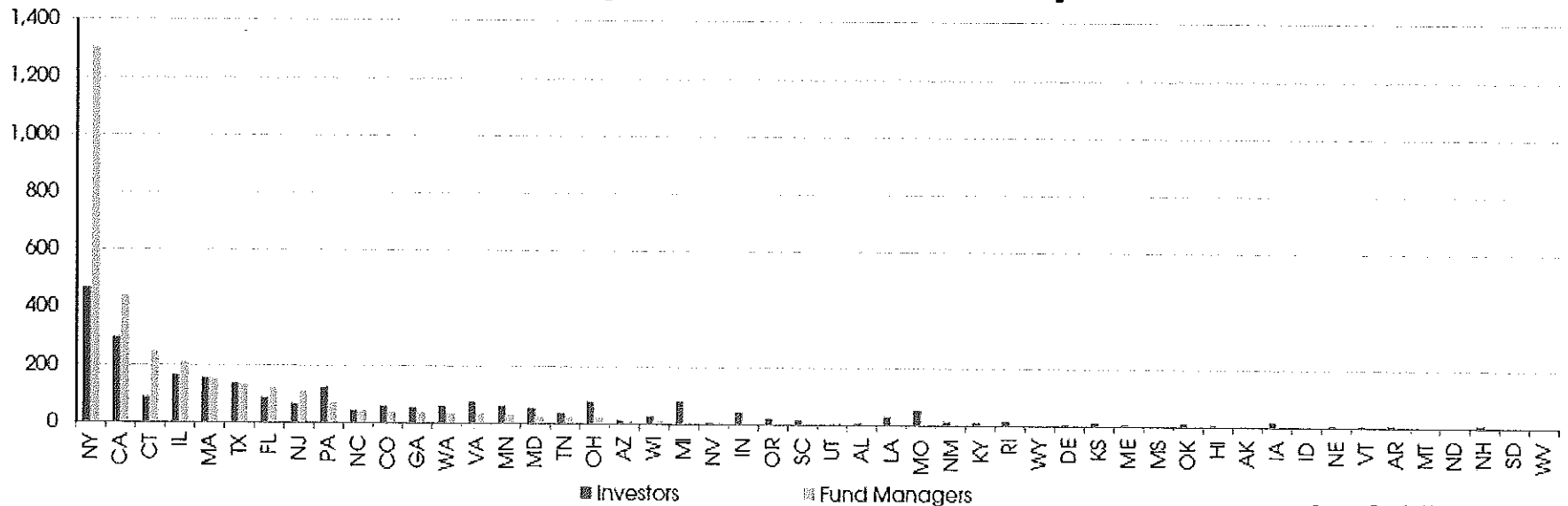
# The US Hedge Fund Industry

- US-based hedge funds account for **73%** of global hedge fund industry assets.
- **95%** of US-based hedge fund industry assets are managed by firms located in **10 leading states**.
- Hedge funds are no longer the reserve of wealthy individuals, family offices and a select group of endowment plans. Institutional investors, in particular public and private sector pension funds, now allocate significant sums to hedge funds to complement their traditional equity and fixed income portfolios.



# The US Hedge Fund Industry

## Number of US-Based Hedge Fund Managers and Hedge Fund Investors by State



Source: Preqin Hedge Fund Online



# The US Hedge Fund Industry

## Top 10 States

| State              | Assets Under Management (\$bn) |
|--------------------|--------------------------------|
| New York           | 838                            |
| <b>Connecticut</b> | <b>334</b>                     |
| California         | 155                            |
| Massachusetts      | 128                            |
| Illinois           | 76                             |
| Texas              | 53                             |
| New Jersey         | 36                             |
| Minnesota          | 31                             |
| Florida            | 22                             |
| Pennsylvania       | 7                              |

Source: Preqin Special Report: U.S. Hedge Fund Industry 2013



# Connecticut's Hedge Fund Industry

- At **\$334bn**, CT has the second largest hedge fund industry in the US (when measured by assets under management).
- Connecticut is the third leading center for hedge funds globally by assets under management, next to the UK.

Source: Preqin Special Report: U.S. Hedge Fund Industry 2013



# Connecticut's Hedge Fund Industry

## Three Largest Connecticut-Based Hedge Fund Managers (by Assets Under Management)

| Firm                    | City/Town | AUM (\$bn) |
|-------------------------|-----------|------------|
| Bridgewater Associates  | Westport  | 151.5      |
| AQR Capital Management  | Greenwich | 24.9       |
| Viking Global Investors | Greenwich | 18.2       |

Source: Preqin Special Report: U.S. Hedge Fund Industry 2013





# Connecticut's Hedge Fund Industry

## Three Largest Connecticut-Based Hedge Fund Investors by Allocation to Hedge Funds

| Investor                  | Allocation to Hedge Funds (\$bn) |
|---------------------------|----------------------------------|
| Yale University Endowment | 2.8                              |
| GE Pension Trust          | 2.7                              |
| GE Asset Management       | 2.4                              |

Source: Preqin Special Report: U.S. Hedge Fund Industry 2013



# Connecticut's Hedge Fund Industry

## Why Hedge Fund Managers Choose Connecticut?

- Favorable tax regime versus New York and New Jersey.
- Proximity to New York City.
- Proximity to other industry participants (industry critical mass).
- Quality of life (schools, performing arts, beaches, etc.).



# Connecticut's Hedge Fund Industry

## Factors Impacting Connecticut's Future as a Hedge Fund Center

- Taxes – potential loss of tax advantage.
- Transportation infrastructure.
  - Access to and from New York City / Airports.
  - Access to Fairfield County from other parts of Connecticut.
- Cost / complexity of doing business.
  - Investment adviser regulation and compliance.
- Competition from other states (not just New York).
  - Perception vs. substance.
- Tone at the “top” (avoiding industry perception of government hostility).



# Connecticut Hedge Fund Association

## Mission

The CTHFA's mission is to promote a favorable business climate for hedge funds operating within Connecticut and to provide networking and educational forums for our members and invited guests. The CTHFA is the leading Connecticut forum for hedge fund industry professionals to share ideas and find solutions to improve our industry in Connecticut, as well as globally.



# Connecticut Hedge Fund Association

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# Connecticut Hedge Fund Association

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