



## April 2009 Asset Flows Update

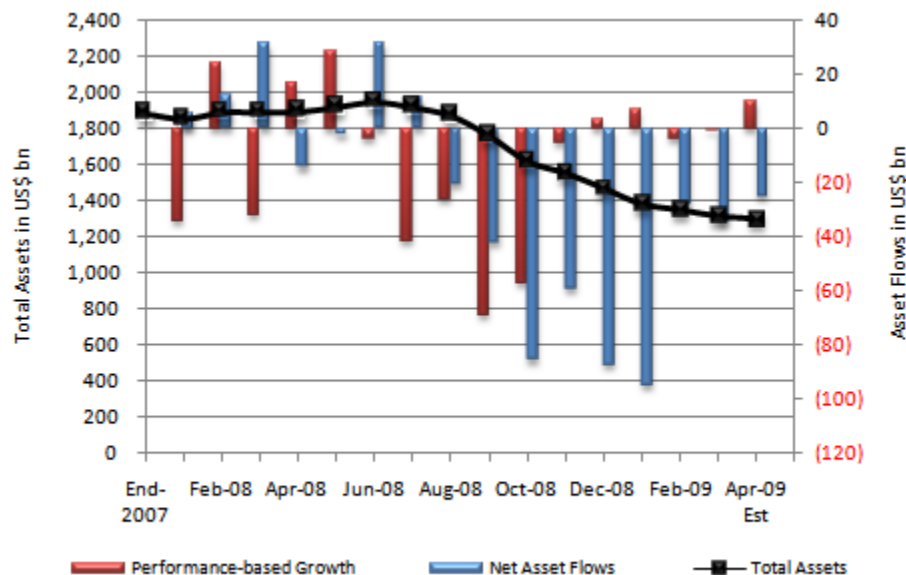
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### Introduction

After a healthy first quarter of strong outperformance to the underlying markets, the Eurekahedge Hedge Fund Index returned 3%<sup>1</sup> in April, due to continued surge in equities and risk appetites. Better than expected first quarter earnings reports, continued efforts by governments and central banks to boost economic growth, and relatively attractive valuations were the factors that fuelled the market rally through April; the MSCI World Index returned 10.9%. However, on a year-to-date (YTD) basis, hedge funds are up 3.9% on average, while the broader equity markets remain in the red.

For the second consecutive month, small funds (with under US\$100 million in assets) outperformed large ones (with over US\$500 million in assets), returning 3.3% and 1.7% respectively. This translated into an over US\$10 billion increase in assets due to positive performance, with net redemptions eroding US\$25 billion of the industry's assets, as some investors remained cautious due to the widespread expectation of a market correction around the corner. Interestingly, a large portion of the month's redemptions out of hedge funds reflect those that investors redeemed out of funds of hedge funds, which have underperformed the single-manager space over the recent past; the Eurekahedge Fund of Funds Index is up 0.9% in April, and 1% YTD.

**Figure 1: Summary Monthly Asset Flow Data for 2008-to-date**



Source: Eurekahedge

Below are the highlights on asset flows for the month of April:

- Based on final estimates, total industry assets are down 10.5% (or US\$155 billion) for 1Q2009 and 33% (US\$650 billion) from their June 2008 peak.
- Preliminary estimates for April show US\$15 billion of inflows (up from US\$12 billion at the same time last month), which were eclipsed by US\$40 billion of redemptions, bringing the industry's assets to US\$1.3 trillion.

<sup>1</sup> Based on 72.3% of the funds reporting their April 2009 returns as at 19 May 2009.



- 70% of all reporting funds positive in April, and 65% in the black for 2009 YTD.

Among the most noteworthy points from this month's asset flow update is that asset flows continue to paint a more...