

Chartbook: Global Category Flows

'Liquid' Alternative Funds

May 2016

*This Chartbook explores one of the fund flow standout categories since 2008 – “**Alternatives**”. We divide the global view into two sections: funds distributed in the U.S. (40 Act) and funds distributed in Europe/Cross Border markets (Ucits).*

Highlights

- Flows and new fund launches have continued unabated while performance results at the highest aggregated level have been mixed (Europe/Cross Border -page 5) while in the U.S. results – flows have tapered substantially since a 2013 peak (page 15) and have lagged considerably behind demands from investors outside of the U.S.
- Given the high and varied “Degree of Investment Freedom” employed by managers of Alternative funds and the category’s ‘catch-all’ nature, a wide dispersion in returns should be expected.
- While passive products have been winning much of the flow activity, ‘Alternative’ continues to be a safe haven for active management across the globe. This is particularly the case for European/Cross Border funds – in the U.S., ‘passive’ strategies have taken a bigger portion of the pie though much of this pre-2008 AuM. (pages 6 & 16).
- Pricing power for ‘Alternatives’ particularly compared with low Degree of Investment Freedom funds in ‘Fixed Income’ and ‘Equity’ categories, remains strong (pages 8 & 18).
- When analyzed on a ‘vintage’ basis, more recently launched funds continue to see the bulk of net new flows. This is most evident in the U.S. (page 17, ‘Estimated Net Flows’).
- Flows and AuM are very concentrated in a few players (Europe/Cross Border – pages 10-12, U.S. pages 20-22). Mega Funds are susceptible to quick reversals in fortunes.

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'Liquid' Alternatives Overview

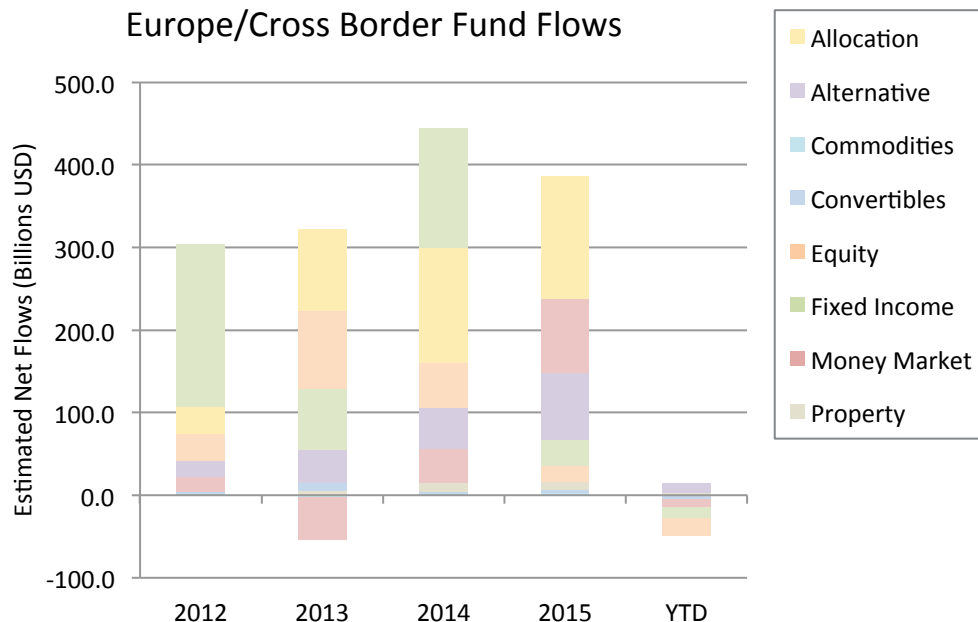
Area of Focus	Distributed in:	
	Europe and Cross Border	United States
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EAA Alternative Fund Flows in Context

'Liquid' Alt Funds sold in Europe/Cross Border

2012	2013	2014	2015	Q1 2016
Fixed Income \$195	Allocation \$99	Fixed Income \$145	Allocation \$148	Alternative \$12
Allocation \$35	Equity \$95	Allocation \$139	Money Market \$88	Property \$2.8
Equity \$32	Fixed Income \$74	Equity \$55	Alternative \$81	Commodities \$0.4
Alternative \$19	Alternative \$39	Alternative \$49	Fixed Income \$32	Allocation (\$1.2)
Money Market \$18	Convertibles \$11	Money Market \$43	Equity \$21	Convertibles (\$3.2)
Convertibles \$2.8	Property \$4.8	Property \$10	Property \$9.6	Money Market (\$10)
Property \$1.0	Commodities (\$1.9)	Convertibles \$4.5	Convertibles \$3.2	Fixed Income (\$13)
Commodities \$0.5	Money Market (\$52)	Commodities (\$1.0)	Commodities \$2.8	Equity (\$22)

Estimated Net Flows (Billions USD)

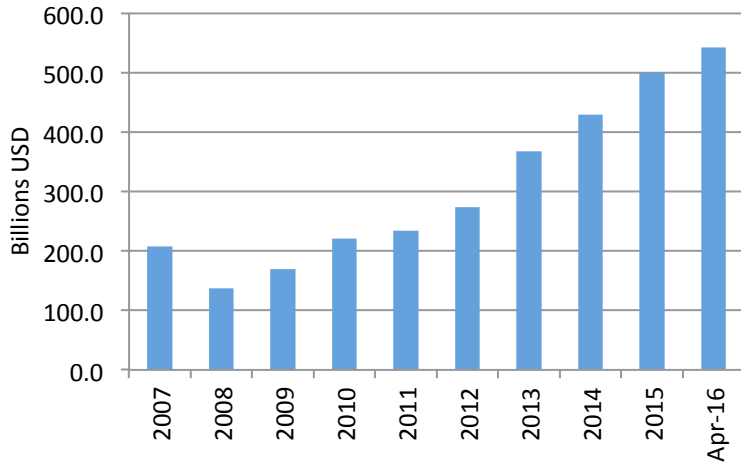


- Since 2012, mutual funds in the 'Alternative' category have attracted 14.5% of estimated net flows (\$200.0 out of \$1,381.0 billion USD). They accounted for only 3.2% of the global fund universe at the beginning of 2012. Since the beginning of 2015, this figure jumps to 26.7% of the flows with only 4.3% of the asset base.
- We see 'Alternatives' as exhibiting the highest level of active management through our "Degree of Investment Freedom" framework for analyzing investment managers. Driven by a challenging investment environment, shifting incentive structures for managers & distributors and the growth in cheap 'market access' vehicles, active managers are using more flexibility and lack of constraints from to innovate. These products are capturing flow activity.

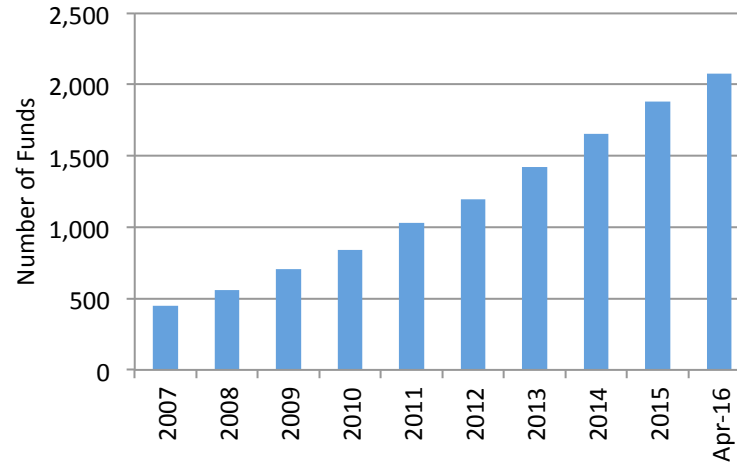
Category Overview

'Liquid' Alt Funds sold in Europe/Cross Border

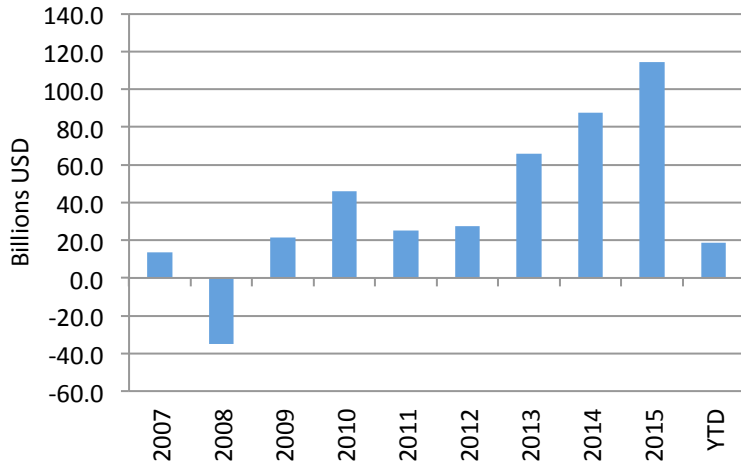
Total Net Assets



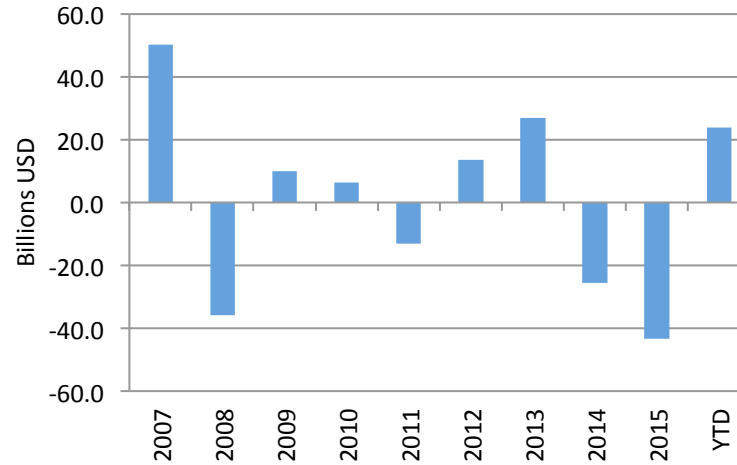
Number of Funds



Estimated Net Flows



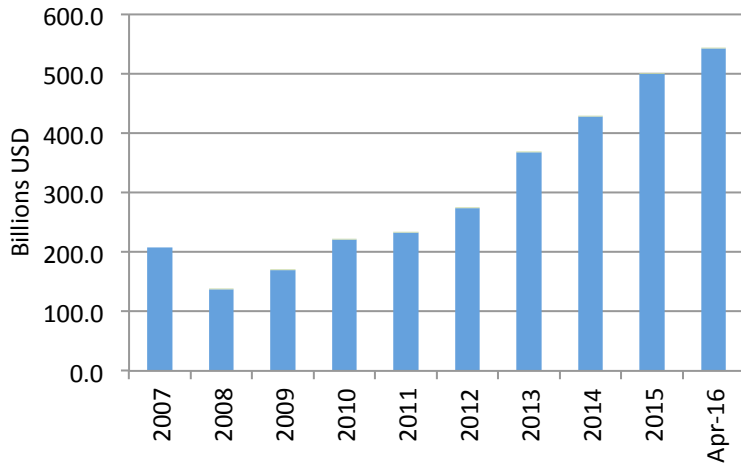
Market Movement



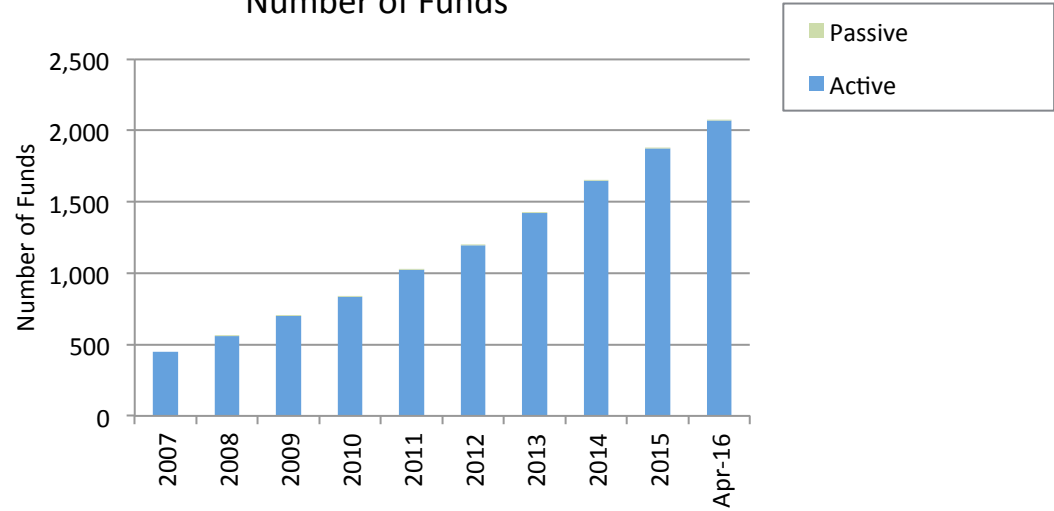
Category AuM by Active vs. Passive

'Liquid' Alt Funds sold in Europe/Cross Border

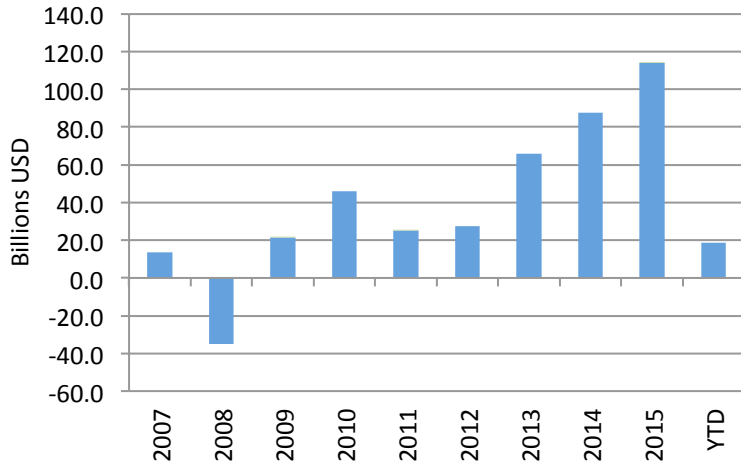
Total Net Assets



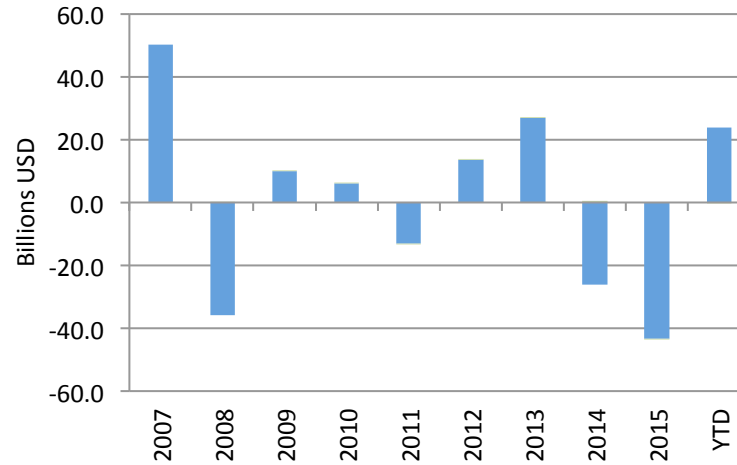
Number of Funds



Estimated Net Flows



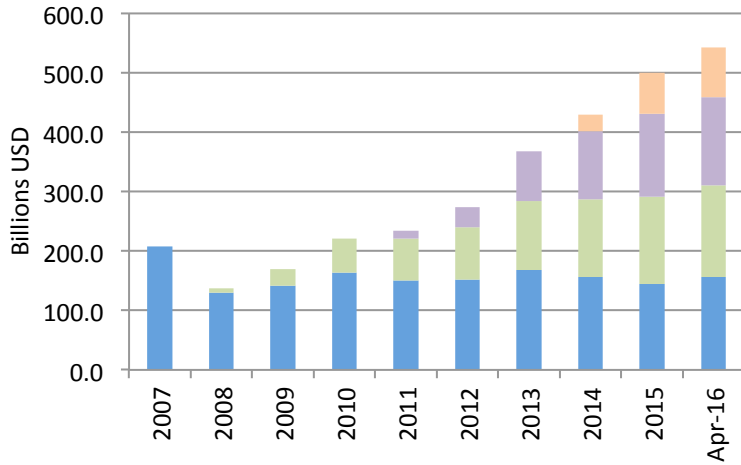
Market Movement



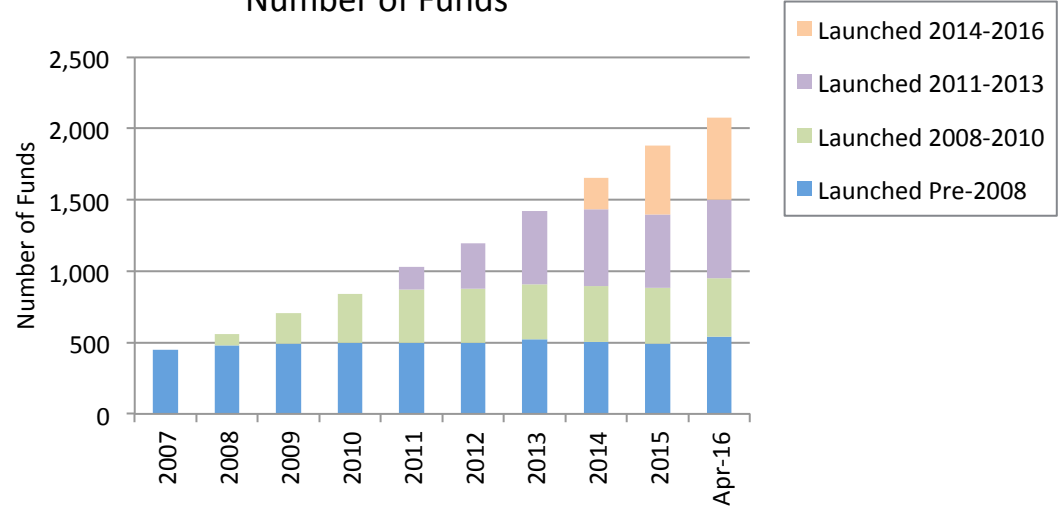
Category AuM by Launch Period

'Liquid' Alt Funds sold in Europe/Cross Border

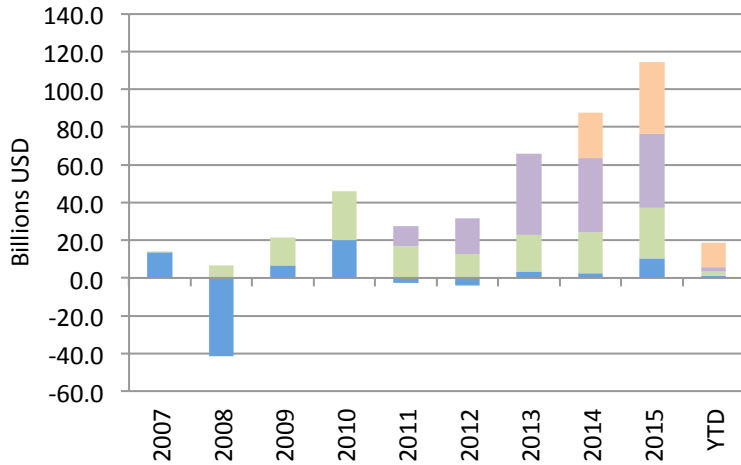
Total Net Assets



Number of Funds



Estimated Net Flows



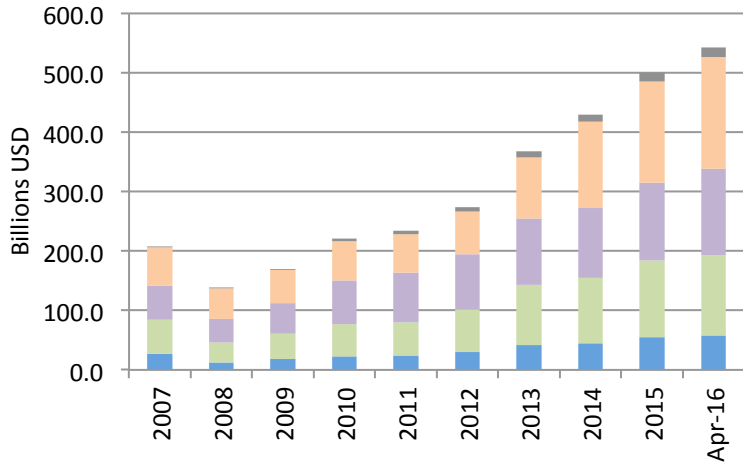
Market Movement



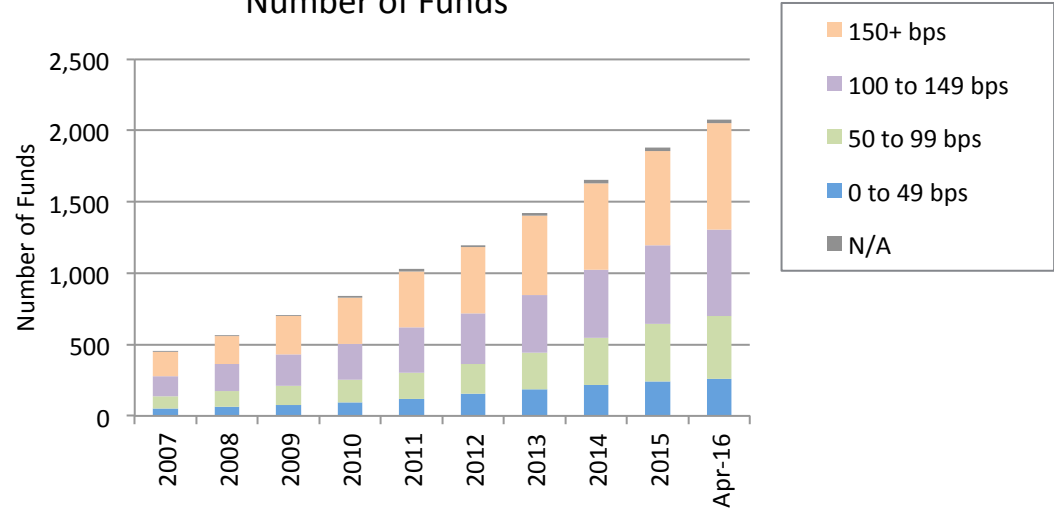
Category AuM by Management Fee Tier

'Liquid' Alt Funds sold in Europe/Cross Border

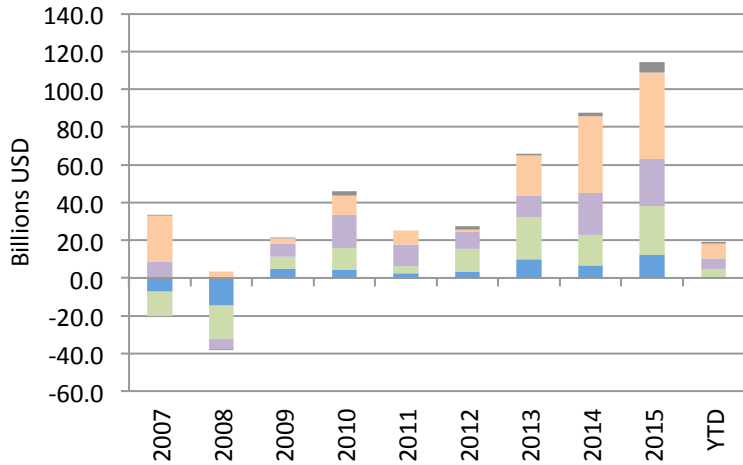
Total Net Assets



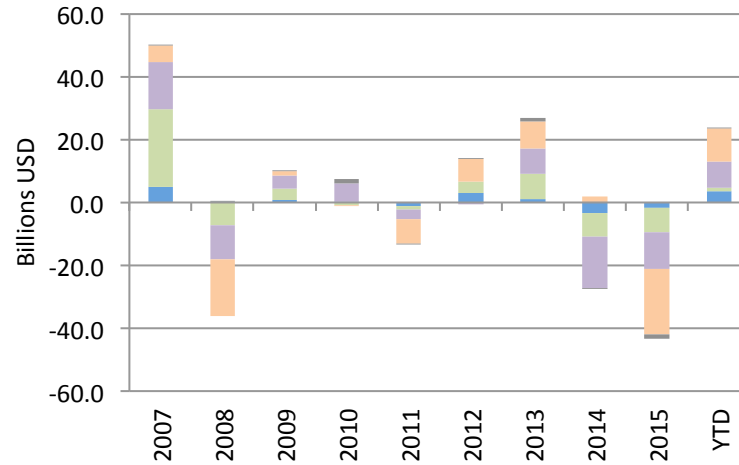
Number of Funds



Estimated Net Flows

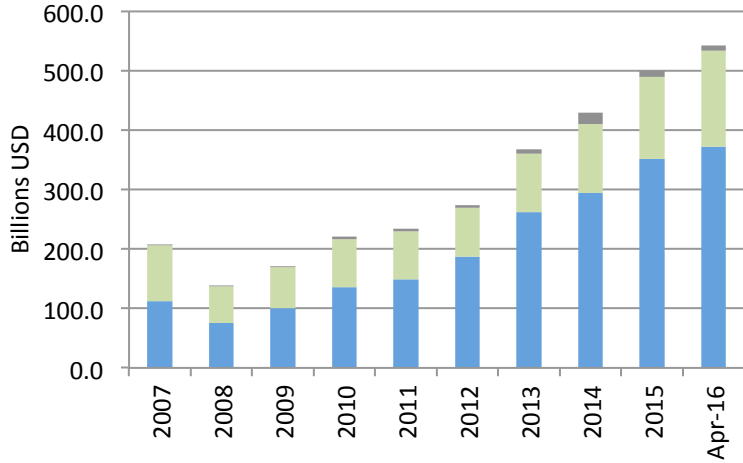


Market Movement

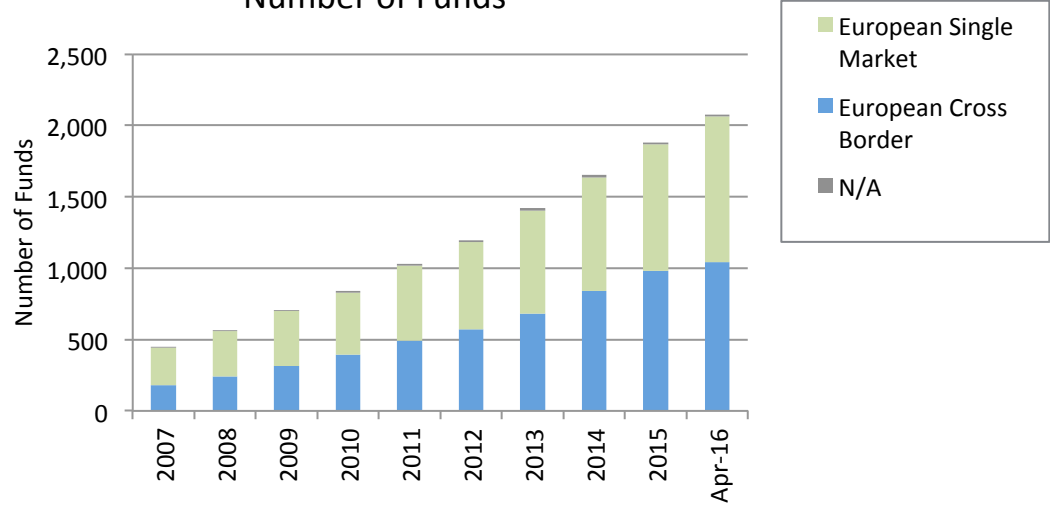


Category AuM by Country Available for Sale 'Liquid' Alt Funds sold in Europe/Cross Border

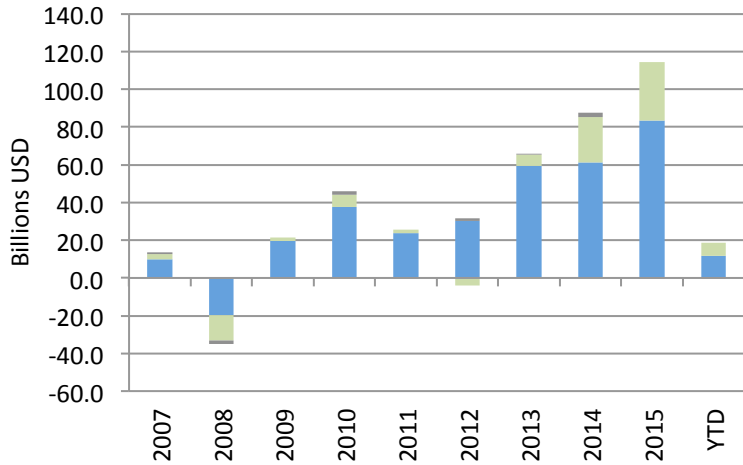
Total Net Assets



Number of Funds



Estimated Net Flows



Market Movement



Top 10 Funds by Fund Size and 1 Yr Flows

'Liquid' Alt Funds sold in Europe/Cross Border

Name	Fund Size (Millions USD)	Inception Date	Morningstar Category	Estimated Net Flows (Millions USD)			
				YTD	1 Yr	3 Yr	5 Yr
SLI Global Absolute Ret Strat Inst Acc	38,899.3	1/28/08	EAA OE Alt - Multistrategy	486.8	2,907.8	11,573.7	24,228.7
SLI Global Absol Ret Strat A Acc	17,328.5	1/26/11	EAA OE Alt - Multistrategy	-276.1	4,237.9	12,940.4	17,291.5
Newton Real Return GBP	13,501.8	8/31/93	EAA OE Alt - Multistrategy	-280.2	-989.8	1,124.7	6,974.1
Fund 4	8,635.6	10/31/14	EAA OE Alt - Multistrategy	-58.3	143.9	9,023.0	9,023.0
Fund 5	7,755.1	9/9/13	EAA OE Alt - Multistrategy	870.3	5,159.9	8,099.8	8,099.8
Fund 6	7,201.9	6/30/09	EAA OE Alt - Market Neutral - Equity	2,075.5	3,883.4	7,638.5	7,735.6
Fund 7	6,659.9	9/30/09	EAA OE Alt - Debt Arbitrage	275.5	3,024.0	6,600.9	6,664.0
Fund 8	5,718.8	3/28/02	EAA OE Alt - FoF - Multistrategy	-246.7	-162.7	1,971.4	2,199.1
Fund 9	5,360.7	11/30/11	EAA OE Alt - Multistrategy	-0.4	1,324.3	5,962.1	6,103.4
Fund 10	4,977.5	6/3/08	EAA OE Alt - Global Macro	-1,054.2	-2,399.3	7,097.3	7,421.2

Name	Fund Size (Millions USD)	Inception Date	Morningstar Category	Estimated Net Flows (Millions USD)			
				YTD	1 Yr	3 Yr	5 Yr
IP Global Targeted Returns No Trail Acc	7,755.1	9/9/13	EAA OE Alt - Multistrategy	870.3	5,159.9	8,099.8	8,099.8
SLI Global Absol Ret Strat A Acc	17,328.5	1/26/11	EAA OE Alt - Multistrategy	-276.1	4,237.9	12,940.4	17,291.5
Old Mutual Global Eq AR A £ Hgd Acc	7,201.9	6/30/09	EAA OE Alt - Market Neutral - Equity	2,075.5	3,883.4	7,638.5	7,735.6
Fund 4	3,477.9	12/14/11	EAA OE Alt - Market Neutral - Equity	1,506.1	3,038.8	3,338.3	3,359.3
Fund 5	6,659.9	9/30/09	EAA OE Alt - Debt Arbitrage	275.5	3,024.0	6,600.9	6,664.0
Fund 6	38,899.3	1/28/08	EAA OE Alt - Multistrategy	486.8	2,907.8	11,573.7	24,228.7
Fund 7	4,909.3	3/24/05	EAA OE Alt - Long/Short Equity - UK	1,122.6	2,893.9	5,043.2	5,087.0
Fund 8	4,195.5	12/18/13	EAA OE Alt - Multistrategy	1,479.7	2,433.4	4,257.0	4,257.0
Fund 9	2,104.3	4/30/15	EAA OE Alt - Multistrategy	759.4	1,991.6	2,014.0	2,014.0
Fund 10	2,814.2	7/1/14	EAA OE Alt - Multistrategy	1,128.3	1,943.8	2,749.9	2,749.9

Top 10 Funds by 3 Yr and 5 Yr Flows

'Liquid' Alt Funds sold in Europe/Cross Border

Name	Fund Size (Millions USD)	Inception Date	Morningstar Category	Estimated Net Flows (Millions USD)			
				YTD	1 Yr	3 Yr	5 Yr
SLI Global Absol Ret Strat A Acc	17,328.5	1/26/11	EAA OE Alt - Multistrategy	-276.1	4,237.9	12,940.4	17,291.5
SLI Global Absolute Ret Strat Inst Acc	38,899.3	1/28/08	EAA OE Alt - Multistrategy	486.8	2,907.8	11,573.7	24,228.7
LGT Premium Strategy GIM (CHF) B	8,635.6	10/31/14	EAA OE Alt - Multistrategy	-58.3	143.9	9,023.0	9,023.0
Fund 4	7,755.1	9/9/13	EAA OE Alt - Multistrategy	870.3	5,159.9	8,099.8	8,099.8
Fund 5	7,201.9	6/30/09	EAA OE Alt - Market Neutral - Equity	2,075.5	3,883.4	7,638.5	7,735.6
Fund 6	4,977.5	6/3/08	EAA OE Alt - Global Macro	-1,054.2	-2,399.3	7,097.3	7,421.2
Fund 7	6,659.9	9/30/09	EAA OE Alt - Debt Arbitrage	275.5	3,024.0	6,600.9	6,664.0
Fund 8	5,360.7	11/30/11	EAA OE Alt - Multistrategy	-0.4	1,324.3	5,962.1	6,103.4
Fund 9	4,909.3	3/24/05	EAA OE Alt - Long/Short Equity - UK	1,122.6	2,893.9	5,043.2	5,087.0
Fund 10	4,011.8	11/29/13	EAA OE Alt - Long/Short Debt	-357.5	334.5	4,383.7	4,383.7

Name	Fund Size (Millions USD)	Inception Date	Morningstar Category	Estimated Net Flows (Millions USD)			
				YTD	1 Yr	3 Yr	5 Yr
SLI Global Absolute Ret Strat Inst Acc	38,899.3	1/28/08	EAA OE Alt - Multistrategy	486.8	2,907.8	11,573.7	24,228.7
SLI Global Absol Ret Strat A Acc	17,328.5	1/26/11	EAA OE Alt - Multistrategy	-276.1	4,237.9	12,940.4	17,291.5
LGT Premium Strategy GIM (CHF) B	8,635.6	10/31/14	EAA OE Alt - Multistrategy	-58.3	143.9	9,023.0	9,023.0
Fund 4	7,755.1	9/9/13	EAA OE Alt - Multistrategy	870.3	5,159.9	8,099.8	8,099.8
Fund 5	7,201.9	6/30/09	EAA OE Alt - Market Neutral - Equity	2,075.5	3,883.4	7,638.5	7,735.6
Fund 6	4,977.5	6/3/08	EAA OE Alt - Global Macro	-1,054.2	-2,399.3	7,097.3	7,421.2
Fund 7	13,501.8	8/31/93	EAA OE Alt - Multistrategy	-280.2	-989.8	1,124.7	6,974.1
Fund 8	6,659.9	9/30/09	EAA OE Alt - Debt Arbitrage	275.5	3,024.0	6,600.9	6,664.0
Fund 9	5,360.7	11/30/11	EAA OE Alt - Multistrategy	-0.4	1,324.3	5,962.1	6,103.4
Fund 10	3,818.2	6/2/11	EAA OE Alt - Long/Short Debt	-603.6	-1,153.3	3,704.0	5,696.7

Category AuM by Firm (Top 30 Listed)

'Liquid' Alt Funds sold in Europe/Cross Border

Assets by Firm (Millions USD)	2007	2008	2009	2010	2011	2012	2013	2014	2015	Apr-16	Share of Category Assets
Standard Life Investments		1,201.0	3,550.5	10,747.9	16,665.4	28,457.2	42,121.3	48,083.6	59,013.2	58,609.7	12.4%
BNY Mellon Asset Management	1,168.0	1,042.6	2,160.3	5,254.0	9,324.8	14,551.1	20,470.9	23,104.9	24,293.6	25,267.6	5.4%
BlackRock	752.4	1,936.4	3,053.0	3,832.2	8,016.2	8,241.2	9,238.2	11,168.1	15,522.1	16,262.8	3.5%
GAM	8,306.6	4,861.5	8,392.2	13,001.3	12,504.5	17,204.4	21,385.9	16,641.9	15,834.2	14,397.4	3.1%
Invesco Fund Managers Limited		40.6	8.4	19.1	34.4	82.5	376.0	2,110.1	9,764.4	12,452.6	2.6%
LGT Capital Partners			621.0	2,265.8	3,038.0	635.2	2,084.1	11,232.9	10,930.2	11,375.8	2.4%
Henderson Global Investors	528.6	463.1	1,700.9	1,900.4	2,630.8	2,203.4	4,151.8	6,476.9	9,585.6	10,592.5	2.2%
BlueBay Funds Management			208.5	N/A	N/A	1,081.4	5,819.6	12,321.5	8,015.9	10,101.9	2.1%
Pictet Asset Management	11,566.3	6,881.6	6,492.5	7,391.9	7,179.5	7,337.5	5,615.8	7,747.0	9,204.0	9,708.4	2.1%
Schroder Investment Mgmt	796.3	558.2	1,449.1	1,690.9	2,432.9	3,325.3	6,459.7	8,665.5	9,531.2	9,539.3	2.0%
Firm 11	372.7	2,799.2	3,517.4	3,966.1	3,630.5	3,028.9	4,024.6	5,259.6	7,726.8	8,607.7	1.8%
Firm 12			250.0	459.2	1,900.1	2,088.7	2,383.1	4,175.2	8,464.9	8,557.1	1.8%
Firm 13	78.6	58.0	178.7	750.0	1,034.2	1,685.1	2,348.4	3,969.3	6,591.6	8,475.8	1.8%
Firm 14		1,328.5	3,074.8	4,963.2	5,240.7	5,713.3	7,764.5	7,864.6	8,474.7	8,087.8	1.7%
Firm 15			161.3	181.8	374.4	538.5	723.6	1,059.8	4,676.8	7,640.5	1.6%
Firm 16	146.2	508.5	492.2	4,330.7	3,740.3	5,561.3	7,353.4	7,295.5	6,334.0	7,548.8	1.6%
Firm 17	1,820.5	1,784.3	2,068.4	2,292.1	2,520.2	2,769.1	4,223.3	5,065.8	5,270.3	7,173.0	1.5%
Firm 18			32.0	703.1	1,872.8	4,665.8	6,336.8	5,588.8	8,087.7	7,114.8	1.5%
Firm 19	2,305.6	1,457.3	5,124.0	7,720.3	5,346.8	3,670.6	2,298.6	2,792.1	4,833.7	6,638.8	1.4%
Firm 20	23,634.3	6,387.1	9,466.5	11,584.4	8,653.6	8,919.3	7,134.6	6,047.0	4,582.9	6,131.3	1.3%
Firm 21	250.4	193.1	656.6	968.8	1,276.8	1,487.9	2,840.7	5,282.7	6,020.1	6,113.5	1.3%
Firm 22					11.7	407.6	1,036.1	4,052.9	6,048.6	6,024.0	1.3%
Firm 23						177.6	814.7	4,034.3	5,953.8	5,935.1	1.3%
Firm 24	10,233.0	5,120.3	4,262.2	3,044.6	2,482.3	2,212.4	2,511.3	2,111.6	4,913.2	5,819.2	1.2%
Firm 25	5,326.7	8,719.6	8,016.5	9,038.0	9,255.9	8,574.1	7,170.2	6,079.4	5,743.6	5,723.5	1.2%
Firm 26	3,968.7	4,181.3	3,790.0	1,692.4	1,237.3	926.1	3,141.2	5,143.8	5,425.9	5,583.7	1.2%
Firm 27	6,328.7	2,588.4	3,597.5	4,168.5	3,424.5	3,482.2	4,173.7	3,910.6	4,540.3	5,499.8	1.2%
Firm 28		109.1	97.6	562.5	564.3	931.1	4,744.4	8,963.3	6,437.0	5,383.4	1.1%
Firm 29	890.5	848.8	1,315.6	4,060.6	4,102.8	4,364.1	3,782.6	4,136.0	4,746.8	5,352.1	1.1%
Firm 30		16.5	2,233.5	1,740.1	2,035.1	2,162.2	2,637.5	2,143.1	4,972.8	5,178.6	1.1%
...											
Total*	208,336.3	137,596.7	169,284.4	221,430.2	233,374.4	274,400.6	367,057.2	428,812.5	499,765.1	542,148.0	100.0%

Category AuM by Subcategory

'Liquid' Alt Funds sold in Europe/Cross Border

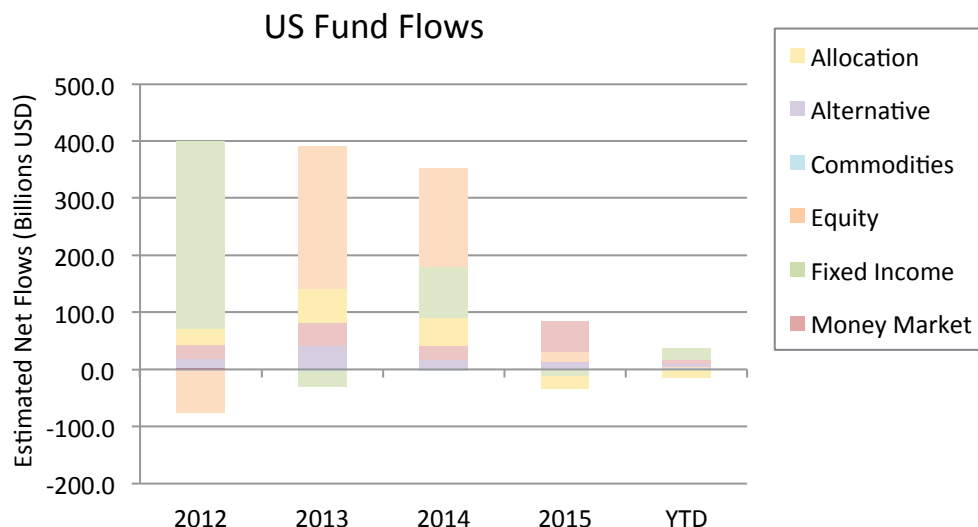
Assets by Morningstar Category (Millions USD)	2007	2008	2009	2010	2011	2012	2013	2014	2015	Apr-16	Share of Category Assets
EAA OE Alt - Multistrategy	27,291.0	18,320.9	25,303.6	38,892.5	49,252.6	74,505.4	108,187.8	125,919.2	162,102.0	177,011.3	32.6%
EAA OE Alt - Long/Short Debt	17,456.8	12,512.7	18,461.7	25,072.6	30,199.1	45,694.7	69,575.2	79,583.3	76,799.3	77,539.7	14.3%
EAA OE Alt - FoF - Multistrategy	69,639.4	43,165.7	39,668.7	53,754.5	49,017.4	46,857.6	53,555.0	56,355.8	61,845.8	65,444.1	12.1%
EAA OE Alt - Market Neutral - Eq	8,508.8	6,481.8	13,048.9	13,549.7	13,971.8	12,636.1	17,276.6	20,628.5	36,035.3	43,137.7	8.0%
EAA OE Alt - L/S Eq - Europe	6,595.0	3,136.7	4,885.1	6,275.8	7,287.1	9,023.1	18,354.1	25,314.3	33,642.1	36,557.4	6.7%
EAA OE Alt - Systematic Futures	12,653.7	21,074.4	18,267.4	15,012.9	18,041.9	19,930.7	17,431.7	16,510.6	19,207.8	21,002.1	3.9%
EAA OE Alt - L/S Eq - Gbl	4,577.8	2,751.7	3,409.3	6,870.9	6,511.2	9,478.3	12,676.3	14,836.8	16,282.6	20,183.9	3.7%
EAA OE Alt - Debt Arbitrage	14,896.3	4,999.3	8,610.9	9,273.0	9,621.5	10,550.3	13,394.8	13,018.6	16,916.2	19,288.0	3.6%
EAA OE Alt - Global Macro	3,241.2	2,367.9	5,245.8	8,156.4	7,551.0	8,599.4	13,932.3	17,847.6	18,897.9	18,648.4	3.4%
EAA OE Alt - Long/Short Eq - UK	927.0	2,036.1	3,911.5	5,053.7	4,425.9	3,030.8	3,588.9	4,699.7	8,168.3	10,986.8	2.0%
EAA OE Alt - FoF - Equity	21,461.0	10,388.5	12,188.0	13,399.8	10,827.4	10,125.0	11,502.4	8,805.8	8,310.1	9,610.9	1.8%
EAA OE Alt - Volatility	5,889.5	3,345.8	6,440.8	9,845.1	8,430.0	10,331.0	7,200.8	6,442.7	7,179.9	9,352.0	1.7%
EAA OE Alt - Event Driven	3,016.4	456.3	807.0	1,685.4	2,298.3	2,210.8	3,238.5	6,198.7	8,202.5	8,858.9	1.6%
EAA OE Alt - Long/Short Eq - US	102.6	19.0	369.0	957.9	722.4	1,038.6	3,042.4	6,087.5	6,536.7	6,059.0	1.1%
EAA OE Alt - L/S Eq - Other	519.5	275.2	125.6	159.9	237.4	180.2	575.5	13,205.0	7,035.0	5,228.3	1.0%
EAA OE Alt - FoF - Other	6,038.5	3,690.3	4,416.5	7,283.4	7,797.5	2,385.2	3,764.8	3,795.3	3,645.3	4,349.6	0.8%
EAA OE Alt - Currency	948.9	900.5	1,480.2	3,195.2	3,670.8	4,182.8	4,615.0	4,234.6	3,509.8	3,140.8	0.6%
EAA OE Alt - Diversified Arbitrage	3,677.2	1,184.5	1,443.1	1,151.8	970.2	1,455.3	2,156.8	2,371.0	2,299.1	2,400.1	0.4%
EAA OE Alt - L/S Eq - EM	572.8	306.6	836.0	1,253.7	2,005.8	1,576.5	2,341.0	2,097.0	1,813.4	1,902.0	0.4%
EAA OE Alt - Other	157.3	162.6	307.5	510.4	482.4	520.8	501.8	669.7	1,096.3	1,145.6	0.2%
EAA OE Trading - Lev/Inverse Eq	88.2	20.1	56.9	70.6	44.1	64.5	101.3	94.9	123.4	156.0	0.0%
EAA OE Trading - Lev/Inv Fix Inc				1.4	8.0	22.5	39.2	31.8	82.2	92.9	0.0%
EAA OE Long-Short Funds	77.4							48.0	23.3	23.1	0.0%
EAA OE Trading - Lev/Inv Com.										22.1	0.0%
EAA OE Trading - Lev/Inv Other			0.9	3.8	0.5	1.0	4.9	15.9	10.7	7.4	0.0%
...											
Total	208,336.3	137,596.7	169,284.4	221,430.2	233,374.4	274,400.6	367,057.2	428,812.5	499,765.1	542,148.0	100.0%

US Alternative Fund Flows in Context

'Liquid' Alt Funds sold in the United States

2012	2013	2014	2015	Q1 2016
Fixed Income \$329	Equity \$250	Equity \$173	Money Market \$54	Fixed Income \$19
Allocation \$29	Allocation \$60	Fixed Income \$90	Equity \$16	Money Market \$6.7
Money Market \$23	Money Market \$41	Allocation \$49	Alternative \$13	Alternative \$5.6
Alternative \$17	Alternative \$41	Money Market \$24	Commodities (\$2.3)	Equity \$2.8
Commodities \$1.9	Commodities (\$2.9)	Alternative \$16	Fixed Income (\$10)	Commodities \$2.0
Equity (\$77)	Fixed Income (\$28)	Commodities (\$1.8)	Allocation (\$21)	Allocation (\$14)

Estimated Net Flows (Billions USD)

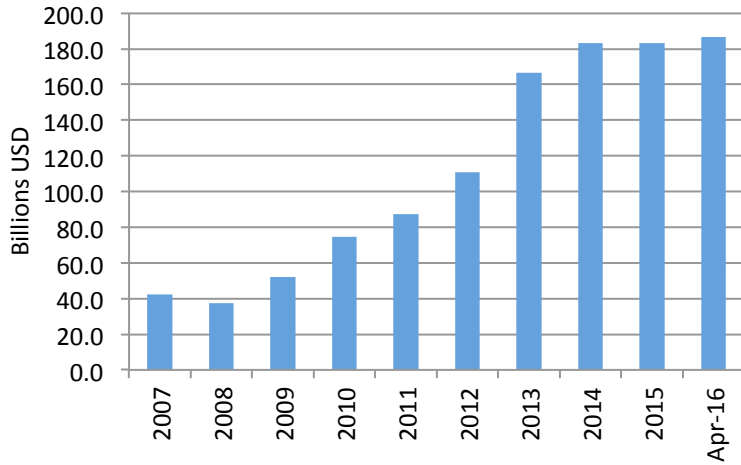


- The differences between the size and flow developments of 'liquid' Alternatives is substantial between the European/Cross Border and U.S. distributed fund universes. While there is great potential and a lot of discussion in the U.S., the numbers pale in comparison to Europe/Cross Border (see page 4).
- Since 2012 'liquid' alternative funds sold in the U.S. have attracted 8.3% of the total estimated net flows (\$92.1 out of \$1,106.0 billion USD), while only accounting for 0.8% of the asset base at the beginning of 2012. Since the beginning of 2015 this figure jumps to 26.3% of the flows with only 1.1% of the asset base.

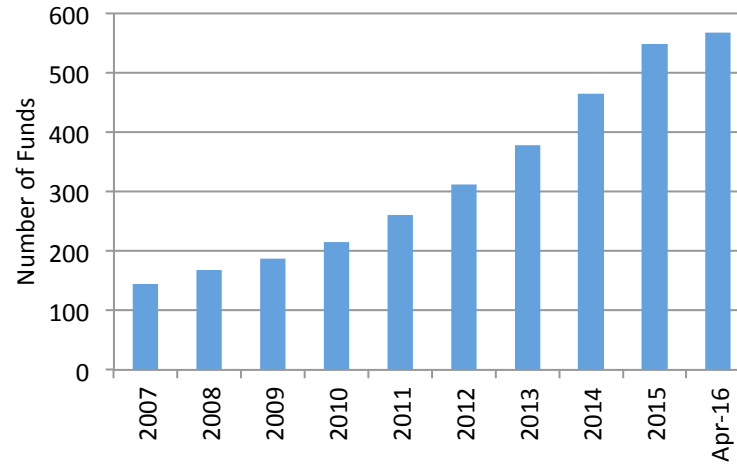
Category Overview

'Liquid' Alt Funds sold in the United States

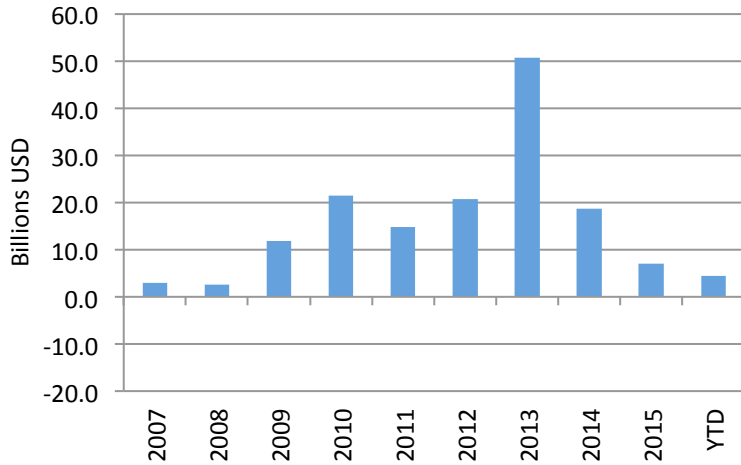
Total Net Assets



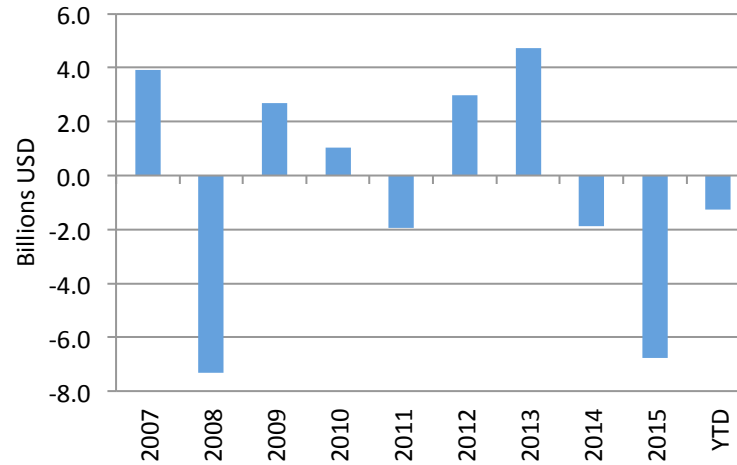
Number of Funds



Estimated Net Flows



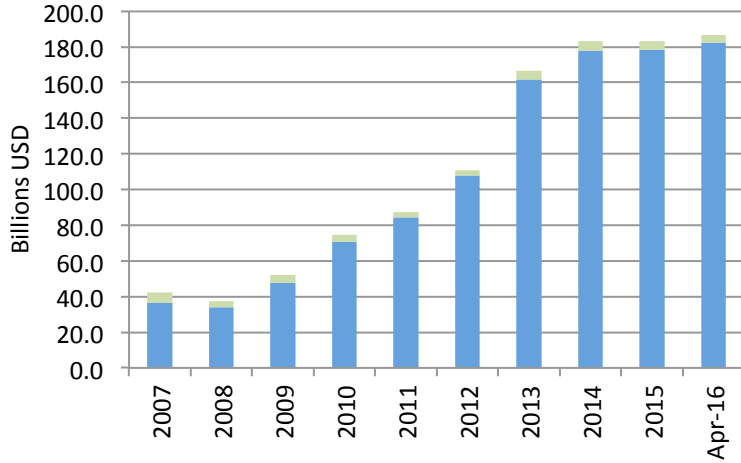
Market Movement



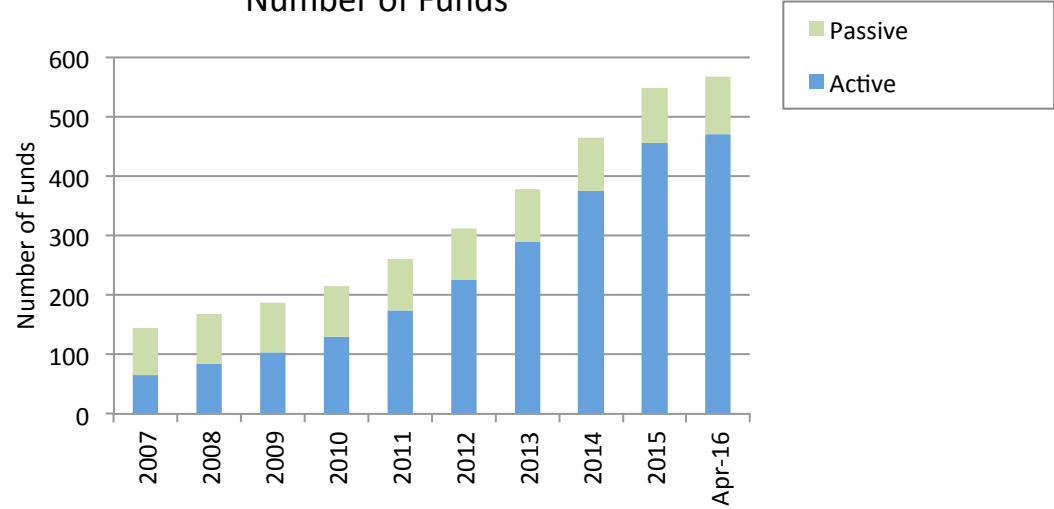
Category AuM by Active vs. Passive

'Liquid' Alt Funds sold in the United States

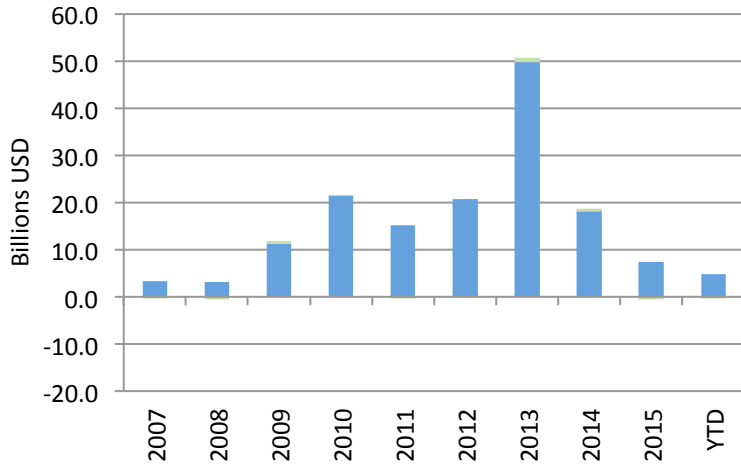
Total Net Assets



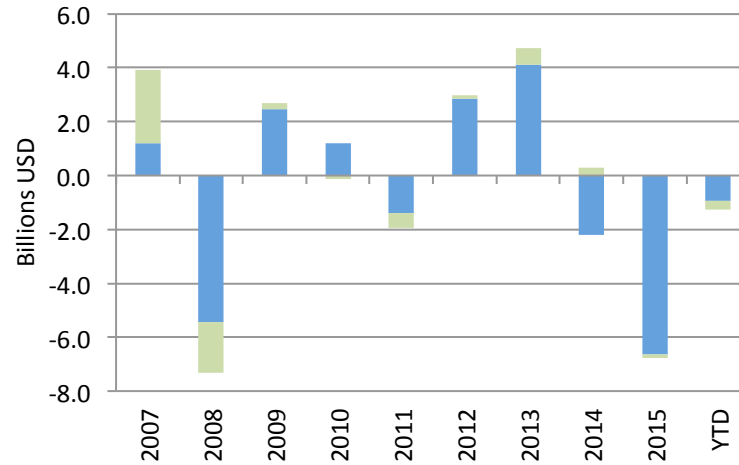
Number of Funds



Estimated Net Flows



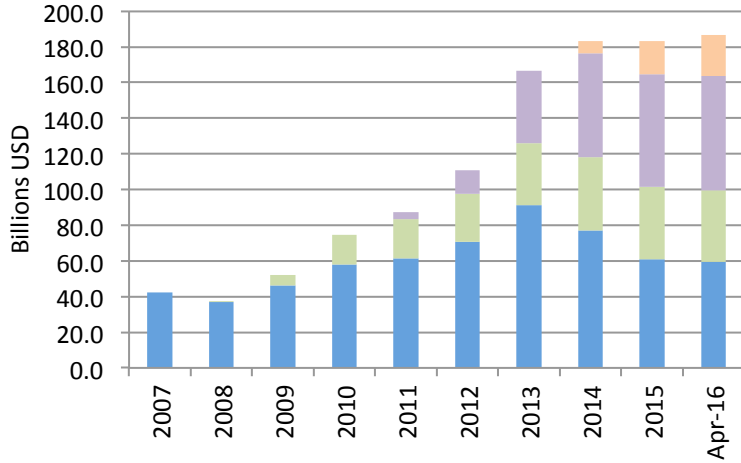
Market Movement



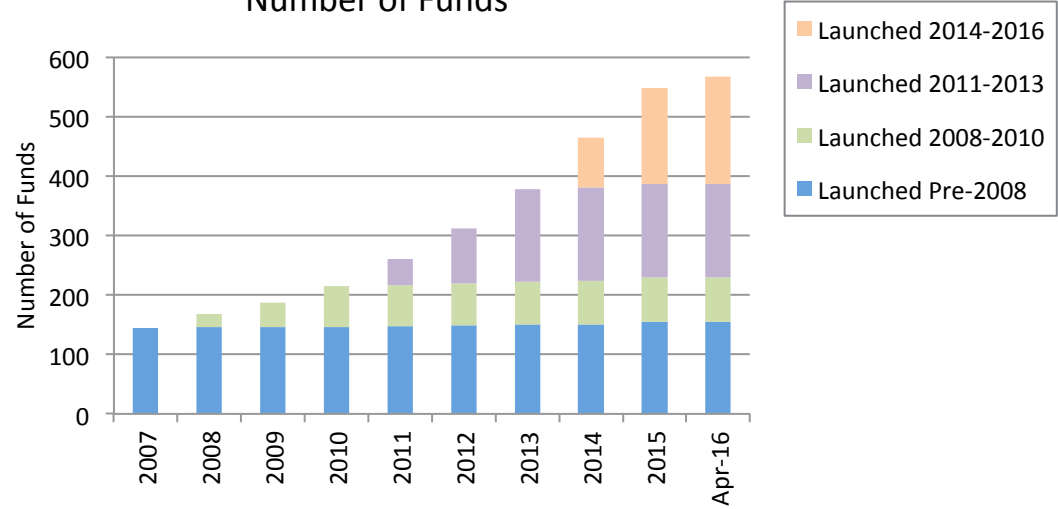
Category AuM by Launch Period

'Liquid' Alt Funds sold in the United States

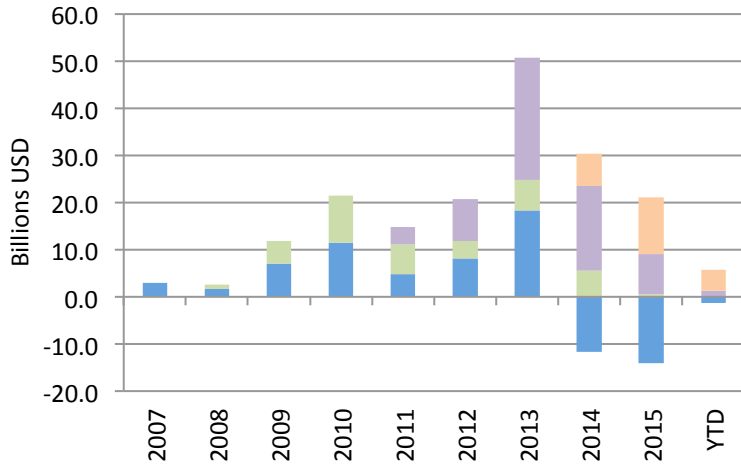
Total Net Assets



Number of Funds



Estimated Net Flows



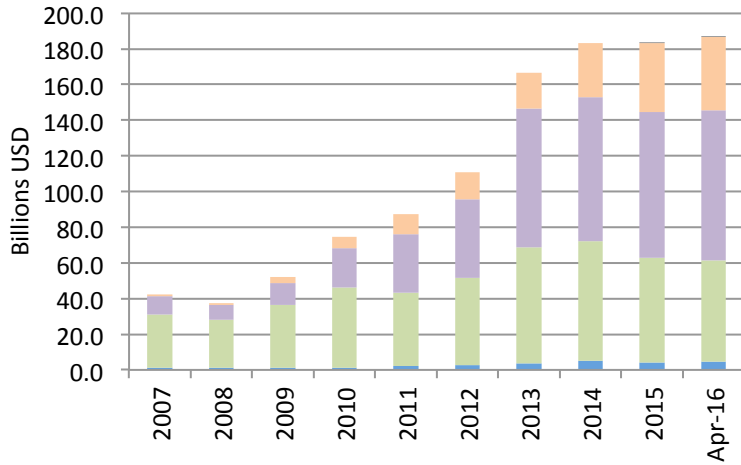
Market Movement



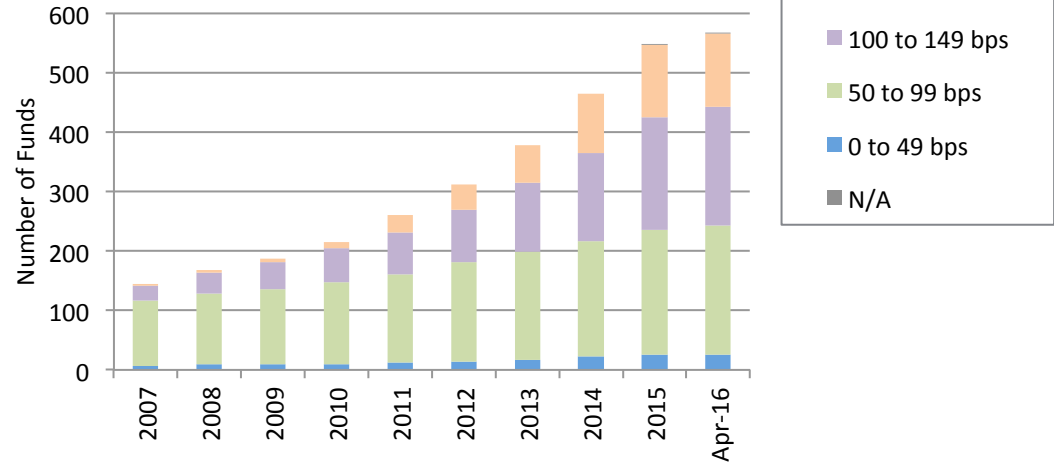
Category AuM by Management Fee Tier

'Liquid' Alt Funds sold in the United States

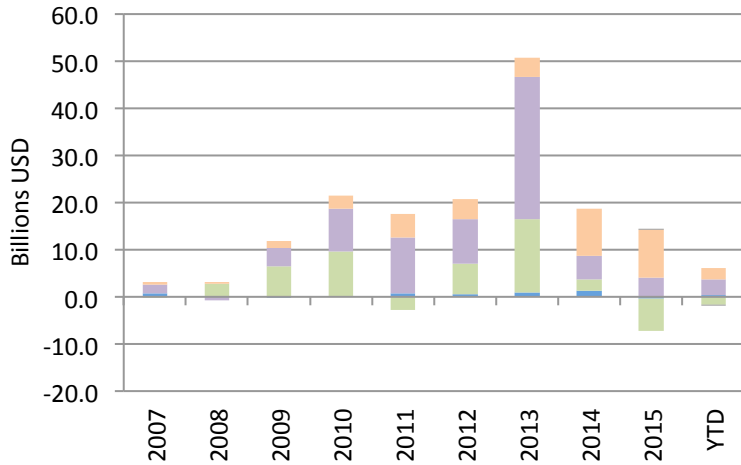
Total Net Assets



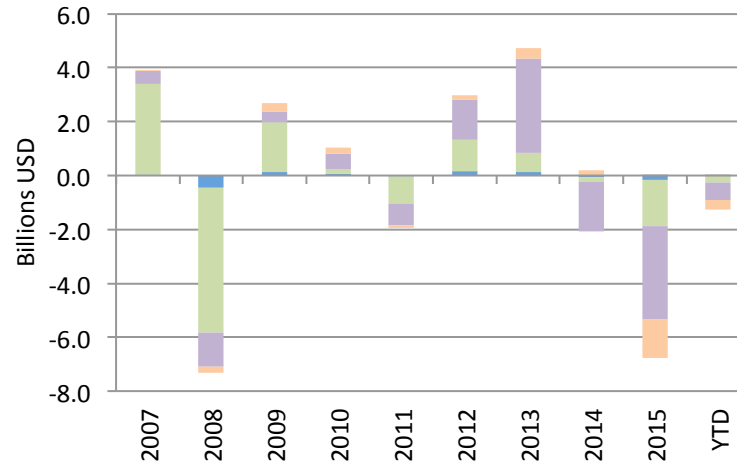
Number of Funds



Estimated Net Flows



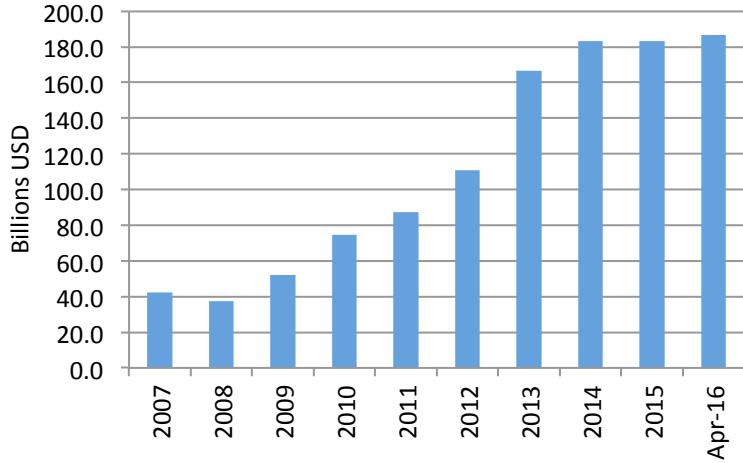
Market Movement



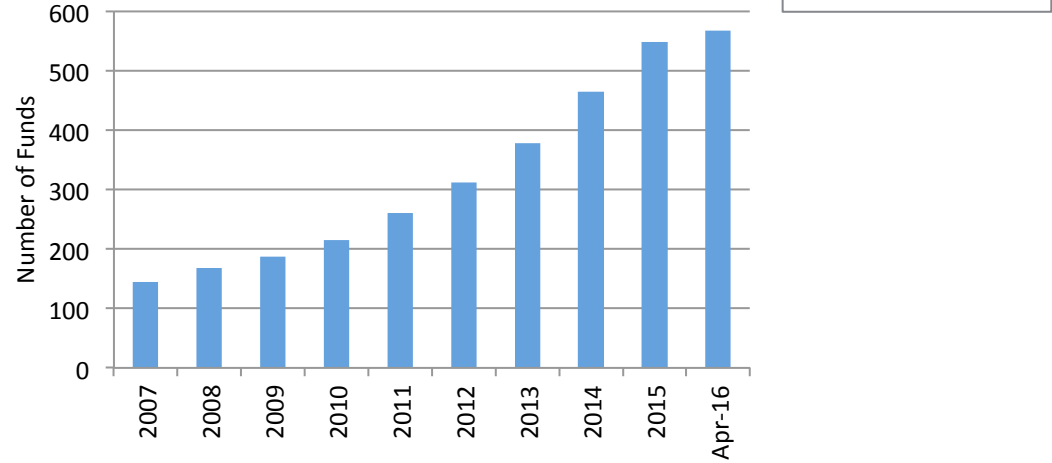
Category AuM by Country Available for Sale

'Liquid' Alt Funds sold in the United States

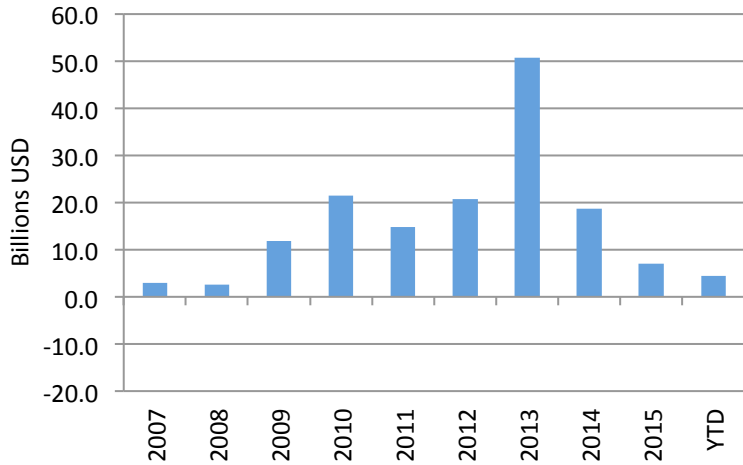
Total Net Assets



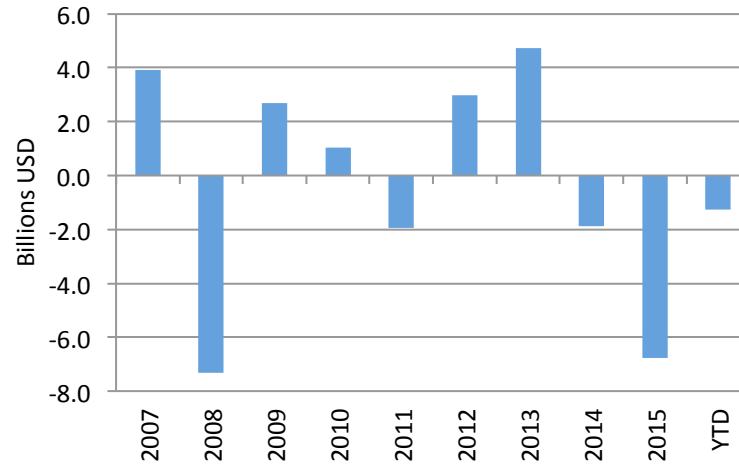
Number of Funds



Estimated Net Flows



Market Movement



Top 10 Funds by Fund Size and 1 Yr Flows

'Liquid' Alt Funds sold in the United States

Name	Fund Size (Millions USD)	Inception Date	Morningstar Category	Estimated Net Flows (Millions USD)			
				YTD	1 Yr	3 Yr	5 Yr
AQR Managed Futures Strategy I	11,320.3	1/6/10	US OE Managed Futures	1,771.1	3,421.3	7,347.9	9,226.6
JHancock Global Absolute Ret Strats I	9,198.5	12/16/11	US OE Multialternative	433.9	2,937.1	7,150.9	9,946.2
Gateway A	8,385.4	12/7/77	US OE Option Writing	157.0	342.7	-136.5	1,842.1
Fund 4	6,730.8	9/30/10	US OE Long-Short Equity	-367.7	385.6	5,292.7	6,158.0
Fund 5	4,670.4	9/30/11	US OE Long-Short Credit	-617.9	-624.8	4,278.1	5,279.2
Fund 6	4,598.5	6/16/14	US OE Multialternative	811.6	3,215.9	4,641.3	4,641.3
Fund 7	4,288.6	6/30/00	US OE Long-Short Equity	-136.5	295.6	1,161.8	1,484.7
Fund 8	4,109.3	1/31/89	US OE Market Neutral	-655.9	-1,017.5	-479.7	-594.9
Fund 9	3,895.0	5/31/05	US OE Multicurrency	-271.3	-2,121.8	-1,977.2	-20.8
Fund 10	3,743.3	9/4/90	US OE Market Neutral	-14.7	-174.7	815.5	936.4

Name	Fund Size (Millions USD)	Inception Date	Morningstar Category	Estimated Net Flows (Millions USD)			
				YTD	1 Yr	3 Yr	5 Yr
AQR Managed Futures Strategy I	11,320.3	1/6/10	US OE Managed Futures	1,771.1	3,421.3	7,347.9	9,226.6
Blackstone Alternative Multi-Strategy I	4,598.5	6/16/14	US OE Multialternative	811.6	3,215.9	4,641.3	4,641.3
JHancock Global Absolute Ret Strats I	9,198.5	12/16/11	US OE Multialternative	433.9	2,937.1	7,150.9	9,946.2
Fund 4	3,355.1	10/30/13	US OE Multialternative	1,388.2	2,446.3	3,176.1	3,176.1
Fund 5	3,002.6	12/15/05	US OE Managed Futures	694.3	2,094.7	2,906.4	2,906.4
Fund 6	3,515.6	7/18/11	US OE Multialternative	1,111.9	1,764.6	2,468.7	3,606.7
Fund 7	1,642.9	10/19/98	US OE Market Neutral	899.5	1,248.1	1,396.9	1,462.1
Fund 8	3,376.3	7/30/10	US OE Managed Futures	631.2	1,215.5	2,398.8	2,847.0
Fund 9	1,360.6	7/1/14	US OE Managed Futures	493.9	1,157.8	1,412.3	1,412.3
Fund 10	2,624.3	10/3/11	US OE Multialternative	71.8	1,131.5	1,091.3	2,461.9

Top 10 Funds by 3 Yr and 5 Yr Flows

'Liquid' Alt Funds sold in the United States

Name	Fund Size (Millions USD)	Inception Date	Morningstar Category	Estimated Net Flows (Millions USD)			
				YTD	1 Yr	3 Yr	5 Yr
AQR Managed Futures Strategy I	11,320.3	1/6/10	US OE Managed Futures	1,771.1	3,421.3	7,347.9	9,226.6
JHancock Global Absolute Ret Strats I	9,198.5	12/16/11	US OE Multialternative	433.9	2,937.1	7,150.9	9,946.2
Boston Partners Long/Short Rsrch Instl	6,730.8	9/30/10	US OE Long-Short Equity	-367.7	385.6	5,292.7	6,158.0
Fund 4	4,598.5	6/16/14	US OE Multialternative	811.6	3,215.9	4,641.3	4,641.3
Fund 5	4,670.4	9/30/11	US OE Long-Short Credit	-617.9	-624.8	4,278.1	5,279.2
Fund 6	3,355.1	10/30/13	US OE Multialternative	1,388.2	2,446.3	3,176.1	3,176.1
Fund 7	3,002.6	12/15/05	US OE Managed Futures	694.3	2,094.7	2,906.4	2,906.4
Fund 8	3,515.6	7/18/11	US OE Multialternative	1,111.9	1,764.6	2,468.7	3,606.7
Fund 9	3,048.7	10/24/11	US OE Multialternative	-30.8	143.4	2,440.7	3,120.3
Fund 10	3,376.3	7/30/10	US OE Managed Futures	631.2	1,215.5	2,398.8	2,847.0

Name	Fund Size (Millions USD)	Inception Date	Morningstar Category	Estimated Net Flows (Millions USD)			
				YTD	1 Yr	3 Yr	5 Yr
JHancock Global Absolute Ret Strats I	9,198.5	12/16/11	US OE Multialternative	433.9	2,937.1	7,150.9	9,946.2
AQR Managed Futures Strategy I	11,320.3	1/6/10	US OE Managed Futures	1,771.1	3,421.3	7,347.9	9,226.6
Boston Partners Long/Short Rsrch Instl	6,730.8	9/30/10	US OE Long-Short Equity	-367.7	385.6	5,292.7	6,158.0
Fund 4	4,670.4	9/30/11	US OE Long-Short Credit	-617.9	-624.8	4,278.1	5,279.2
Fund 5	4,598.5	6/16/14	US OE Multialternative	811.6	3,215.9	4,641.3	4,641.3
Fund 6	3,515.6	7/18/11	US OE Multialternative	1,111.9	1,764.6	2,468.7	3,606.7
Fund 7	3,355.1	10/30/13	US OE Multialternative	1,388.2	2,446.3	3,176.1	3,176.1
Fund 8	3,048.7	10/24/11	US OE Multialternative	-30.8	143.4	2,440.7	3,120.3
Fund 9	1,980.8	7/23/03	US OE Bear Market	-106.9	-1,358.6	-3,251.1	3,095.2
Fund 10	3,002.6	12/15/05	US OE Managed Futures	694.3	2,094.7	2,906.4	2,906.4

Category AuM by Firm (Top 30 Listed)

'Liquid' Alt Funds sold in the United States

Assets by Firm (Millions USD)	2007	2008	2009	2010	2011	2012	2013	2014	2015	Apr-16	Share of Category Assets
AQR Funds			238.8	2,130.4	3,969.8	6,013.0	10,546.7	11,563.6	16,403.2	21,558.2	12.1%
Natixis Funds	4,279.9	4,711.2	4,891.1	5,869.9	7,543.5	8,957.8	11,480.6	12,797.2	14,808.8	15,047.2	8.4%
John Hancock		0.0	497.9	1,682.1	2,521.2	4,794.6	8,607.6	11,576.6	13,779.5	13,746.4	7.7%
Pimco	4,369.8	2,982.5	4,899.1	10,043.7	9,182.3	16,354.3	22,593.2	19,213.7	12,140.5	10,642.3	6.0%
Robeco Investment Funds	71.6	22.8	170.6	366.9	633.2	1,221.6	3,820.3	6,994.8	8,445.9	8,391.9	4.7%
BlackRock	5.1	21.7	11.7	9.4	137.7	960.0	5,764.8	8,667.9	7,631.9	6,730.0	3.8%
Blackstone							1,121.6	2,072.8	5,146.3	4,821.4	2.7%
Diamond Hill Funds	1,768.2	2,047.1	1,958.7	1,921.8	1,854.4	2,303.4	3,078.4	4,045.5	4,475.1	4,381.0	2.5%
Merger	1,606.4	1,276.5	2,262.1	3,913.4	5,024.1	4,420.0	5,012.0	5,400.6	4,760.4	4,107.8	2.3%
GMO	2,066.5	1,953.9	1,628.0	1,863.0	2,172.5	3,850.9	4,958.5	5,408.3	3,579.0	4,093.5	2.3%
Firm 11	1,600.1	1,229.9	1,680.3	2,177.9	2,317.8	2,458.9	3,512.0	4,324.0	3,837.4	3,808.9	2.1%
Firm 12					3.0	219.9	2,729.9	4,974.3	4,379.1	3,750.4	2.1%
Firm 13	388.5	100.8	66.2	71.4	101.7	233.5	495.9	1,805.7	3,047.1	3,325.9	1.9%
Firm 14					323.8	513.1	1,264.1	2,254.6	3,097.4	3,243.1	1.8%
Firm 15				1.5	4.2	6.4	44.2	554.2	2,461.5	3,242.1	1.8%
Firm 16	218.2	704.4	1,086.9	2,201.0	2,617.2	3,189.0	5,648.8	4,998.6	3,423.0	3,080.9	1.7%
Firm 17		116.6	998.9	1,864.4	2,375.2	2,110.5	2,480.0	3,170.3	3,297.4	2,931.0	1.6%
Firm 18						20.3	452.3	4,404.5	2,772.4	2,523.5	1.4%
Firm 19					459.5	541.1	482.4	899.4	2,139.6	2,517.9	1.4%
Firm 20			559.3	1,259.7	1,520.1	1,661.1	1,851.7	1,994.4	2,561.4	2,489.9	1.4%
Firm 21	171.8	195.2	678.4	2,247.9	2,650.0	3,023.2	2,871.7	3,083.5	2,287.5	2,221.7	1.2%
Firm 22					200.1	409.1	425.2	649.2	1,541.3	2,164.1	1.2%
Firm 23	2,859.0	1,623.8	1,902.7	1,733.2	1,339.4	1,198.9	2,149.3	2,568.4	2,077.7	1,955.7	1.1%
Firm 24					5.9	46.8	384.1	1,061.8	1,897.3	1,948.6	1.1%
Firm 25	18.5	89.8	68.4	119.5	174.0	182.2	208.8	311.9	913.2	1,809.7	1.0%
Firm 26						1.0	583.8	907.4	1,609.4	1,794.0	1.0%
Firm 27	1,386.2	802.0	1,102.3	2,201.9	1,436.5	1,300.4	1,273.2	1,588.0	1,990.7	1,784.1	1.0%
Firm 28						25.1	720.6	2,347.0	1,914.2	1,680.7	0.9%
Firm 29						134.3	379.4	940.3	1,441.9	1,642.5	0.9%
Firm 30	239.8	274.7	546.0	587.0	768.6	722.7	1,172.7	1,414.9	1,404.2	1,514.9	0.8%
...											
Total*	42,309.0	37,564.5	52,031.3	74,592.7	87,386.5	110,990.9	166,408.9	183,201.7	183,396.8	186,596.4	100.0%

Category AuM by Subcategory

'Liquid' Alt Funds sold in the United States

Assets by Morningstar Category (Millions USD)	2007	2008	2009	2010	2011	2012	2013	2014	2015	Apr-16	Share of Category Assets
US OE Multialternative	7,409.0	5,574.0	8,641.1	12,899.8	16,599.0	23,010.3	35,171.1	45,780.1	60,446.5	62,215.2	33.3%
US OE Long-Short Equity	3,844.8	3,491.0	4,624.4	6,394.9	8,285.8	14,756.6	39,618.2	43,464.7	38,591.0	36,627.1	19.6%
US OE Managed Futures	244.1	1,252.3	2,354.5	3,937.5	8,431.0	9,233.5	12,035.8	15,439.1	23,693.5	28,822.0	15.4%
US OE Market Neutral	12,149.6	11,633.9	18,244.9	27,771.9	27,866.9	29,434.2	33,171.4	33,139.5	23,573.9	23,759.9	12.7%
US OE Option Writing	5,217.6	5,039.0	5,087.2	5,909.6	6,658.4	8,772.3	10,414.4	11,130.9	11,099.1	11,294.9	6.1%
US OE Long-Short Credit	433.8	817.0	2,100.7	3,922.6	4,682.6	6,668.1	15,158.5	15,784.7	12,328.4	10,989.1	5.9%
US OE Multicurrency	5,586.6	4,814.8	4,389.2	6,054.4	8,851.8	10,144.0	9,978.5	9,160.3	6,325.8	6,254.5	3.4%
US OE Bear Market	2,927.0	2,379.4	3,216.0	4,468.6	3,887.4	6,712.1	6,987.9	4,541.7	3,219.4	3,250.2	1.7%
US OE Trading--Leveraged Equity	3,286.5	1,617.3	2,024.9	2,038.5	1,248.6	1,584.6	3,130.7	3,731.8	3,418.9	2,637.6	1.4%
US OE Trading--Leveraged Debt	117.6	170.2	152.4	85.4	186.5	189.3	47.9	392.4	214.0	371.6	0.2%
US OE Trading--Inverse Debt	632.0	560.0	962.8	935.6	515.1	413.7	588.7	291.2	354.0	291.5	0.2%
US OE Volatility								34.7	31.9	27.9	0.0%
US OE Trading--Miscellaneous	317.4	153.2	154.7	83.8	130.1	40.4	39.5	122.7	47.4	20.2	0.0%
US OE Trading--Inverse Equity	45.2	38.8	42.0	43.6	17.6	13.9	13.7	97.6	28.6	16.6	0.0%
US OE Trading--Inverse Com.	41.0	8.8	12.1	9.9	7.8	7.4	43.0	84.5	18.8	10.8	0.0%
US OE Trading--Leveraged Com.	57.0	14.9	24.3	36.6	18.0	10.5	9.6	5.7	5.7	7.3	0.0%
...											
Total	42,309.0	37,564.5	52,031.3	74,592.7	87,386.5	110,990.9	166,408.9	183,201.7	183,396.8	186,596.4	100.0%

Propinquity provides strategic research and advice to investment management companies seeking to measure, optimize and thoughtfully grow their businesses. In support of our clients' objectives, Propinquity conducts original research into the evolving themes driving the direction of the investment management industry. Propinquity assists its clients in understanding the drivers of these themes and positioning their capabilities and products in the global distribution markets.

We work with investment management companies:

- Assessing their investment capabilities and distilling what they do exceptionally well.
- Articulating their offering to meet the demands of sophisticated investors.
- Differentiating from competition.
- Positioning to take advantage of evolving industry trends.

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- All data was pulled from Morningstar Direct on 09 May 2016 with an effective end date of 30 April 2016.
- Funds were included if they met all of the following search criteria as defined by Morningstar:
 - 'Global Category Group' = 'Alternatives'
 - 'Morningstar Category' contains 'EAA' or contains 'US'
 - 'Investment Type' = 'Open-End Fund'
 - 'Oldest Share Class' = 'Yes'
- 'Total Net Assets' and 'Estimated Net Flows' were taken directly from Morningstar Direct. 'Market Movement' is calculated by taking the change in 'Total Net Assets' not accounted for by the 'Estimated Net Flows.'
 - $(\text{'Total Net Assets'})_{\text{period 1}} + (\text{'Estimated Net Flows'})_{\text{period 2}} + (\text{'Market Movement'})_{\text{period 2}} = (\text{'Total Net Assets'})_{\text{period 2}}$
- Different share classes can have different management fees depending on the region. The management fees shown in this document reflect the 'Oldest Share Class.' The 'Oldest Share Class' designation is determined by Morningstar.
- Where shown, all Morningstar 'global broad category group' designations are pictured except 'unclassified' and 'tax preferred.' 'Tax preferred' has been added to 'fixed income' while 'unclassified' and 'miscellaneous' have been excluded.
- Data on slide 9 and on slide 15 are the same given the 'single market' nature of the U.S. – not captured is the potential of these funds to be sold in other jurisdictions – e.g., Chile, et al.