

Shifting strategies Winning investor assets in a competitive landscape

EY's 8th Annual Global Hedge Fund And Investor Survey

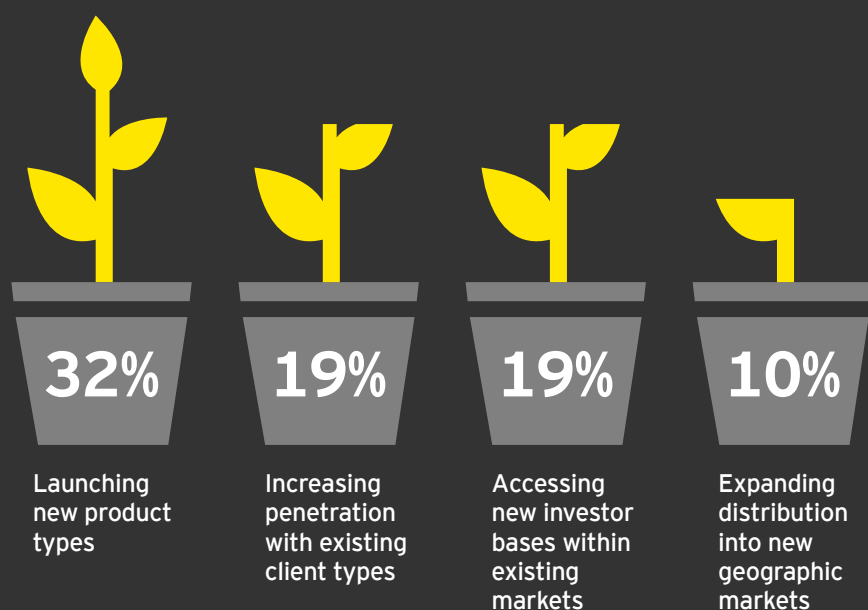
EY
Building a better working world

Our 2014 survey compares the views and opinions from hedge fund managers and investors globally.

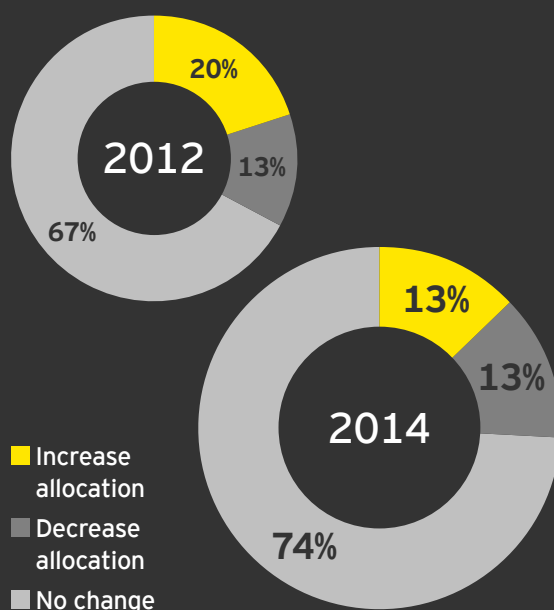
Growth

Managers are launching new products to access investors

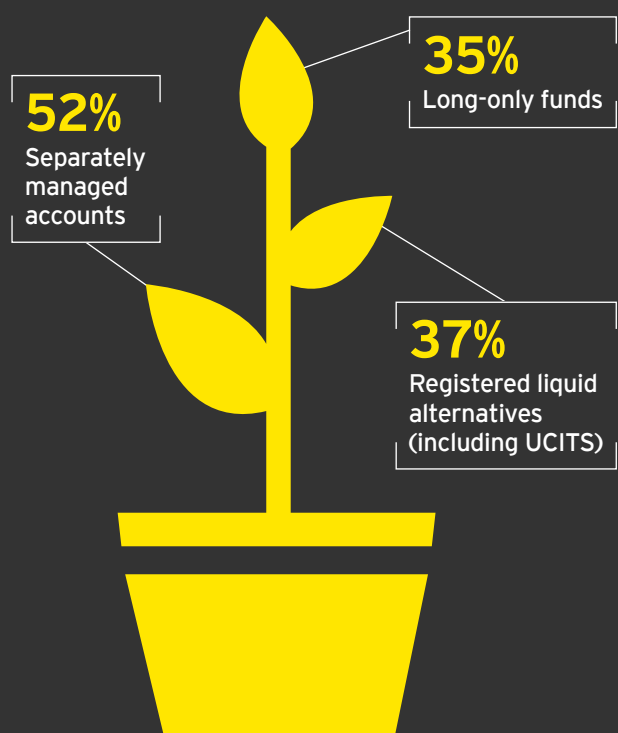
Hedge funds' top growth strategies



Institutional investor allocation to traditional hedge funds slows

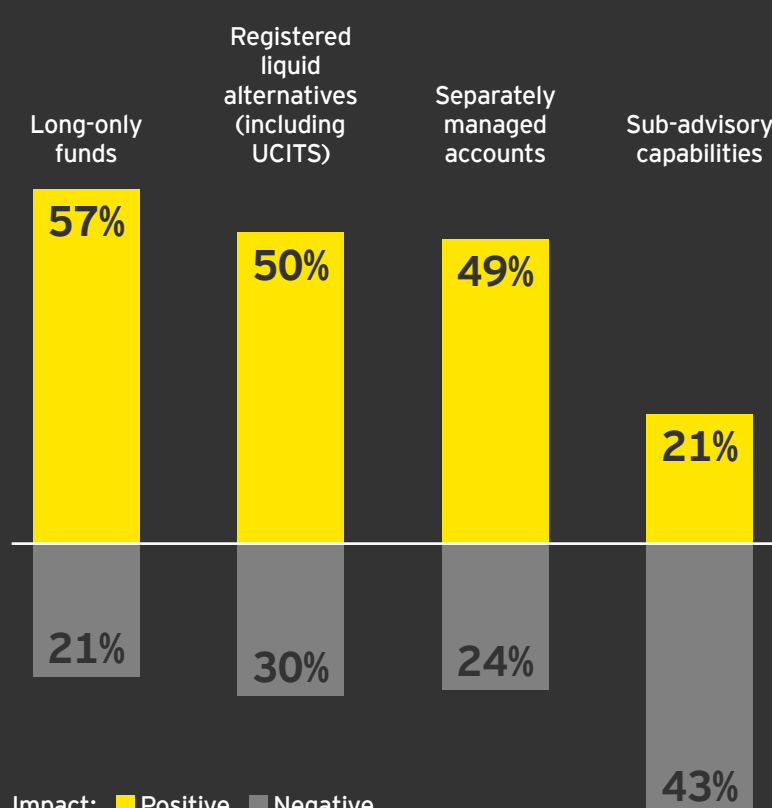


Managers are offering separately managed accounts, long-only funds and registered products



Caution! New products can have a negative impact on margins

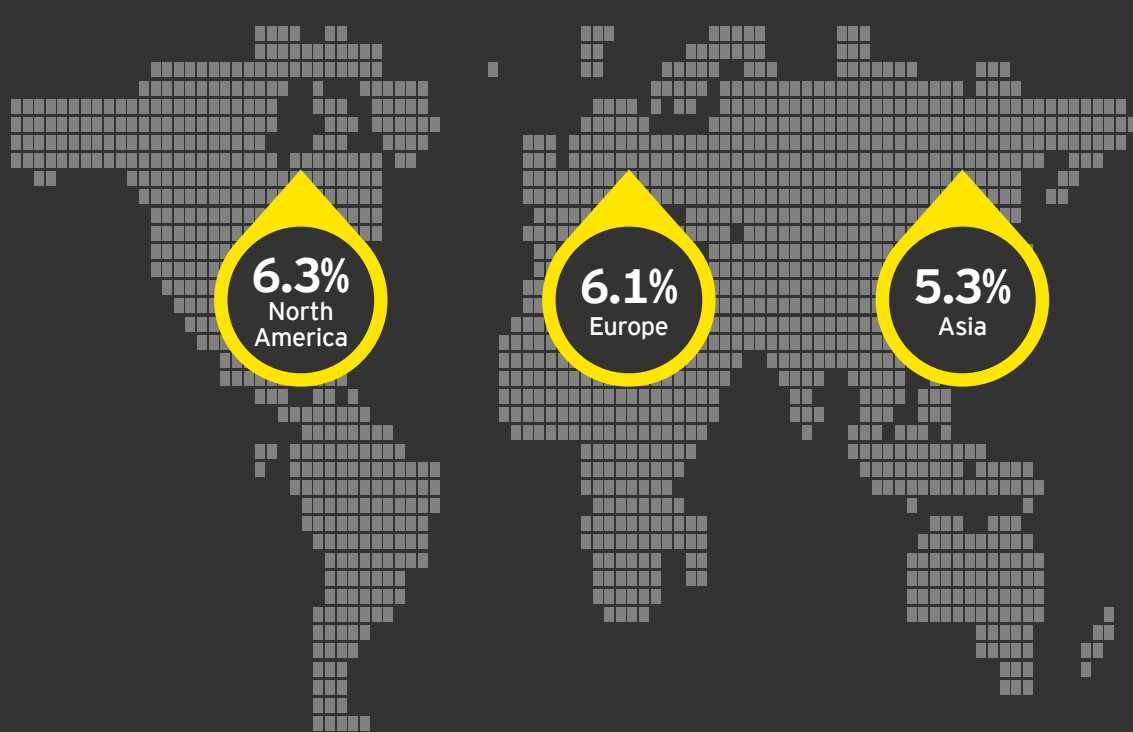
Proportion of managers with changes in margin



Expenses

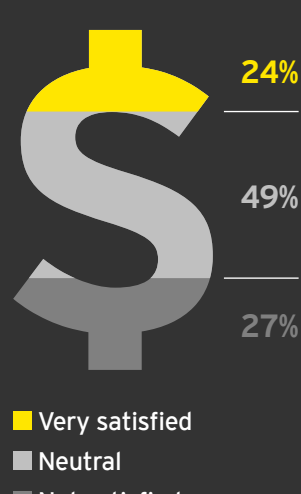
Regulatory reporting expenses are having a significant drag on margins and creating barriers to entry

Average drag on margins = **6.0%**



Investors are more sanguine about expense ratios

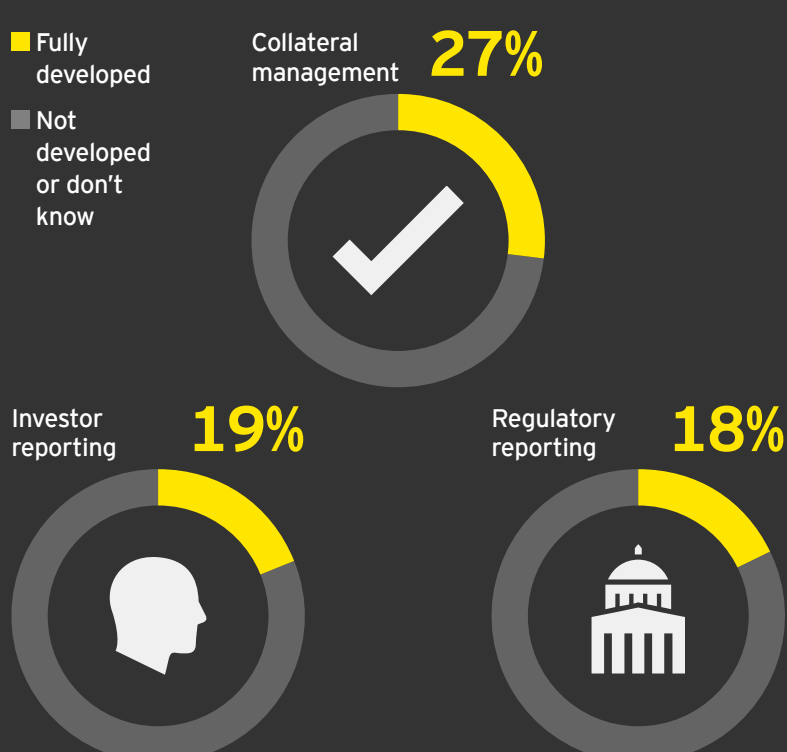
Investor satisfaction with expense ratio of funds



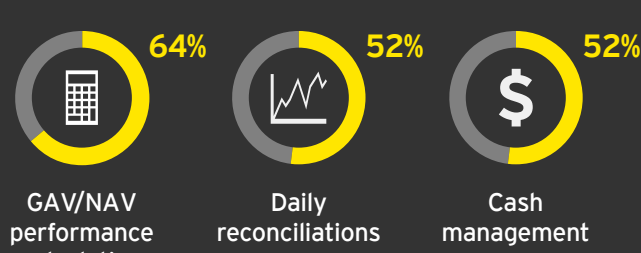
Middle-office outsourcing represents the new frontier for additional cost savings

Reduced replication of outsourced functions can improve efficiencies

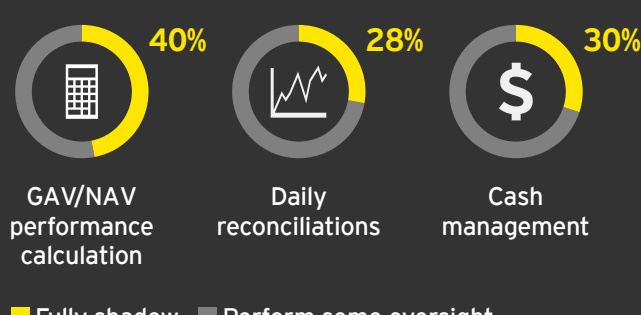
Managers see lack of maturity in certain third-party service provider offerings



Outsourced functions that hedge funds fully shadow or perform some oversight



Outsourced functions investors prefer hedge funds fully shadow or perform some oversight



Cybersecurity

85% of managers cite security concerns for not using the cloud

80% of managers expect to increase their spend on cybersecurity, but few have made investments thus far



To download the survey, go to: ey.com/HedgeFundSurvey