

# The Russian Hedge Fund Universe

data as of December 31, 2015

[presentation dated April 7, 2016]

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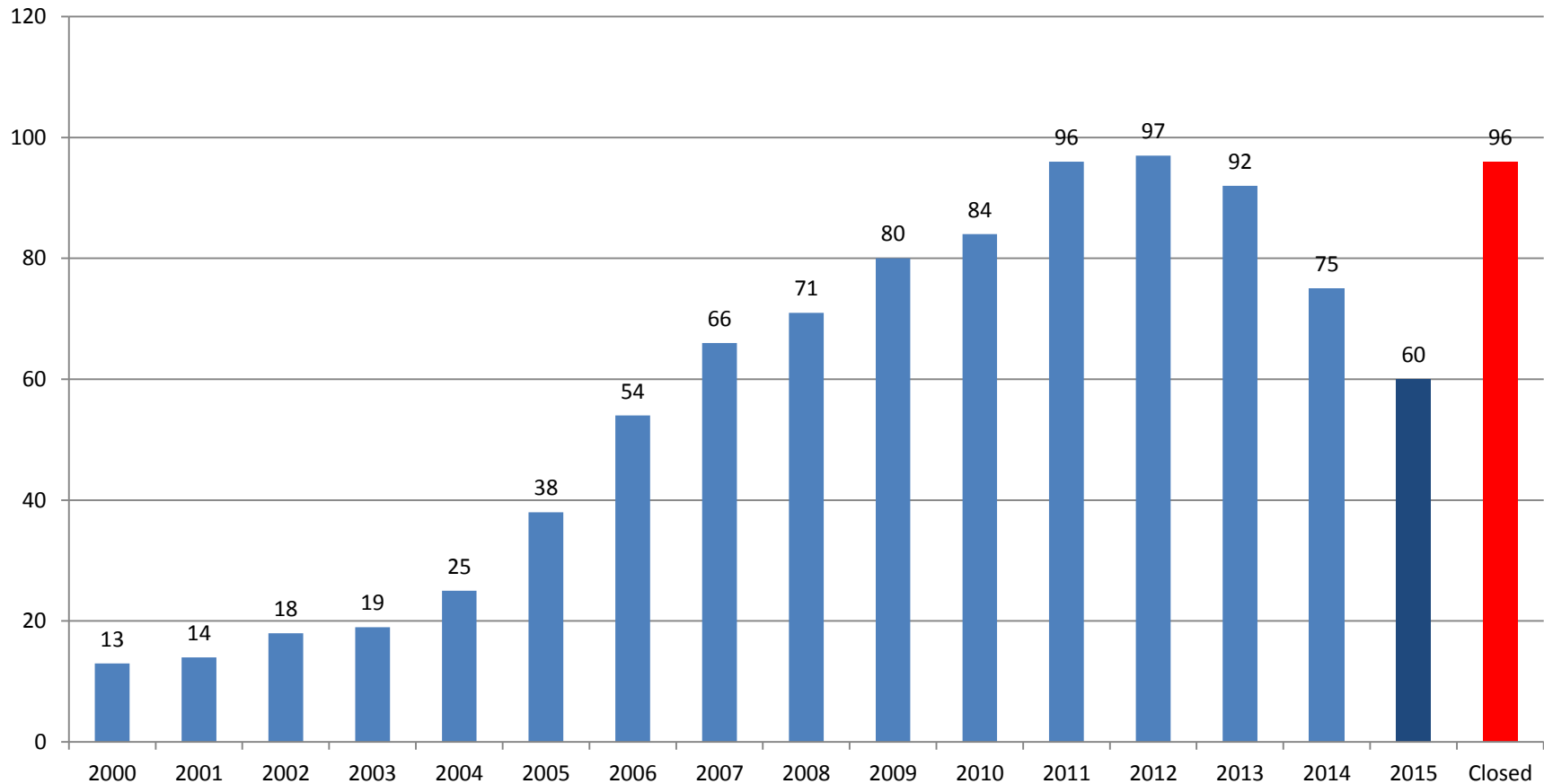


# ...What is a Russian Hedge Fund?

- What is meant by “Russian”?
  - Local Russian Manager/Advisor (at least in spirit)
  - At least some minor business presence in Russia
  - Not necessarily a Russia-focused investment strategy
- What is meant by “hedge fund”?
  - Broad definition, not narrow definition
  - Alternative investment fund investing in traded instruments
  - Not a PE/VC/RE fund
- *Note: there is only a small handful of proper long/short “hedge funds” managed/advised from Russia who hedge/short and attempt to reduce volatility of performance*
- *Note: the source for almost all of the data to follow is the Investment Managers / Investment Advisors themselves; some data is from independent sources such as Bloomberg and general internet search*

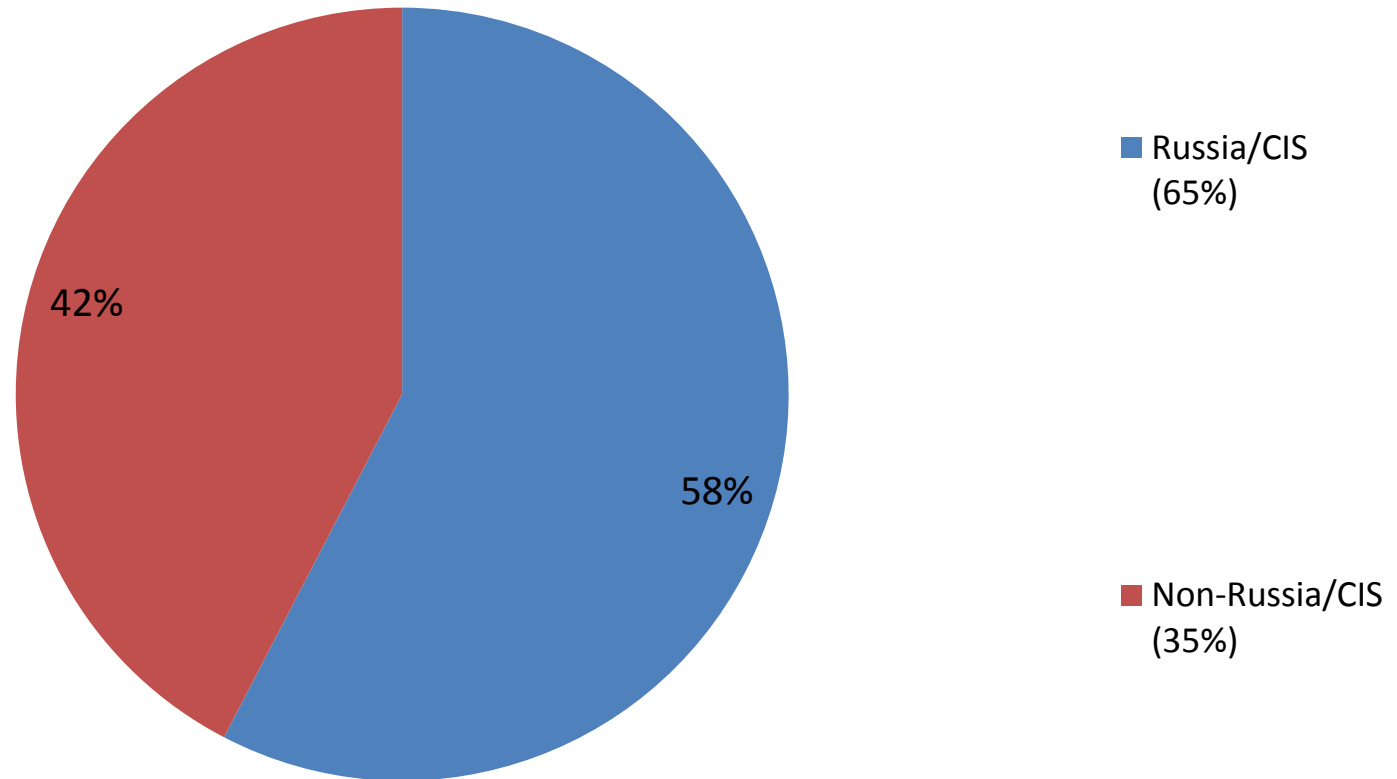
# ...Historical Growth Trend in Funds...

[Note: funds counted below only those with available data]



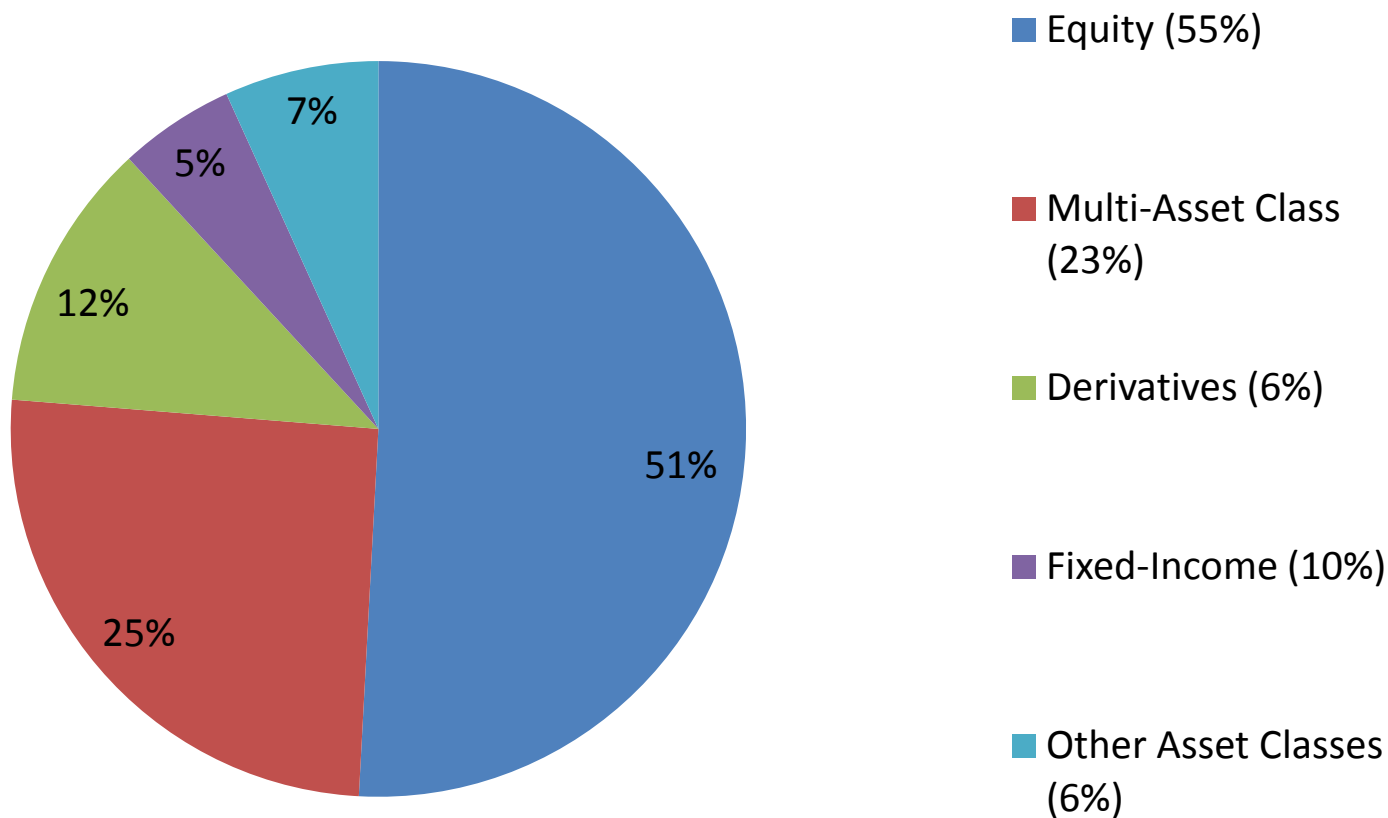
# ...By Core Geographic Investment Focus...

[Note: % in brackets represents whole history, including closed funds]



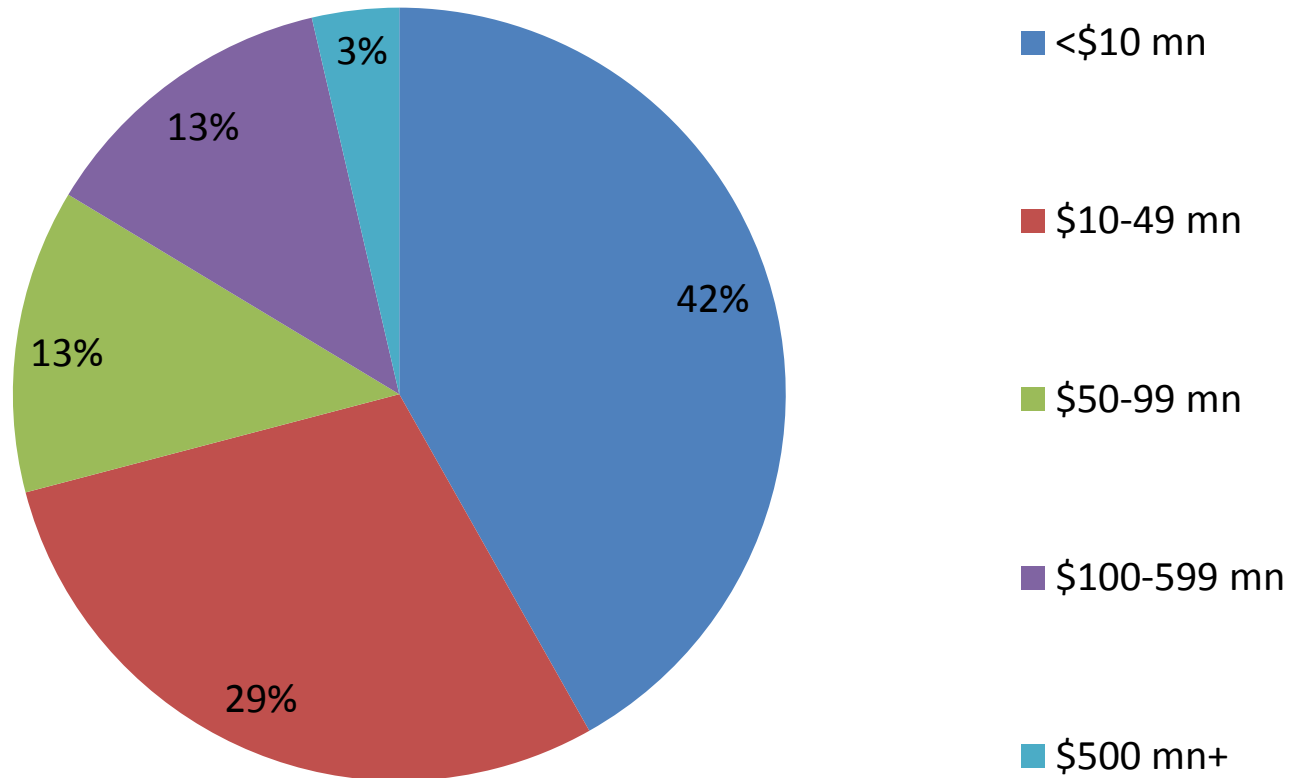
# ...By Core Asset Class...

[Note: % in brackets represents whole history, including closed funds]

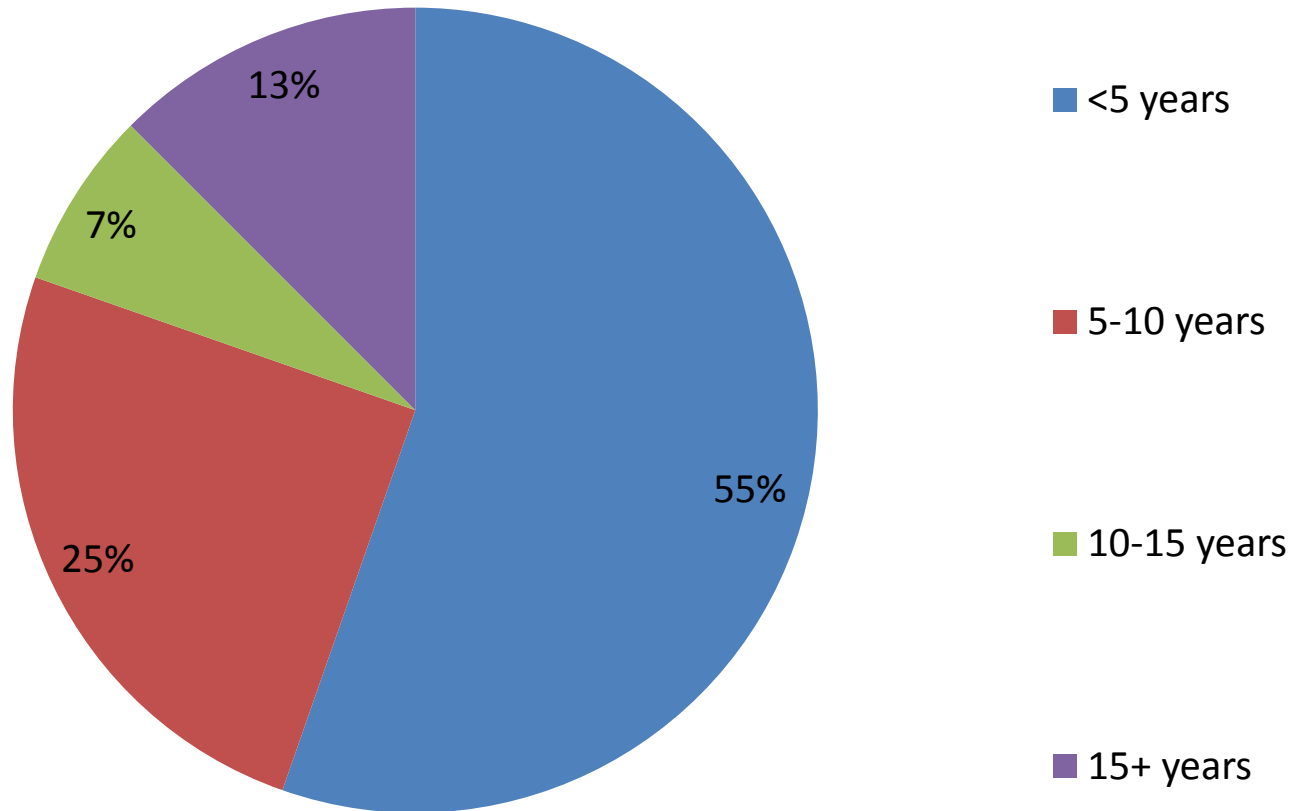


# ...By Size of Fund (NAV)...

[Note: total estimated size of the universe: \$4.5 – \$5.0 bn]

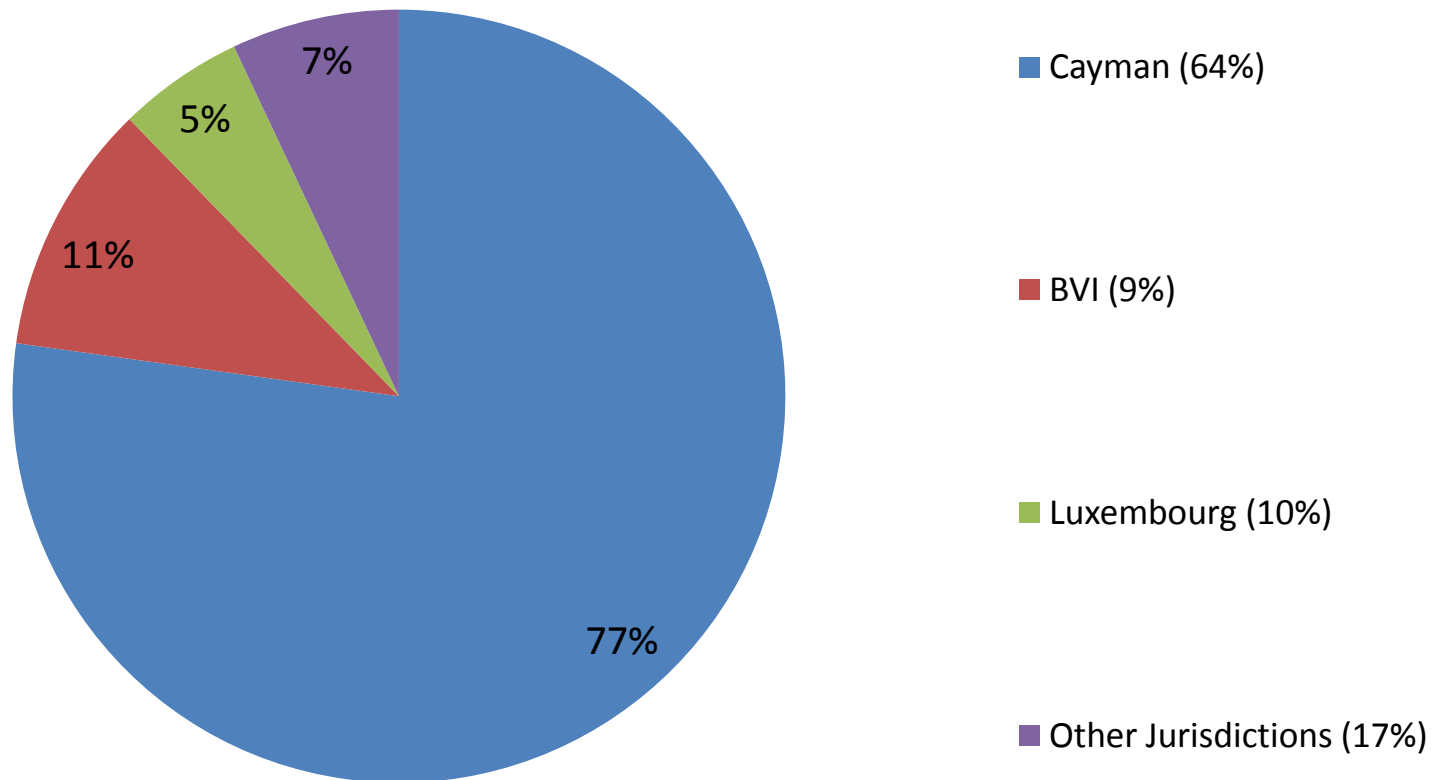


# ...By Length of Track Record...



# ...By Jurisdiction of Incorporation...

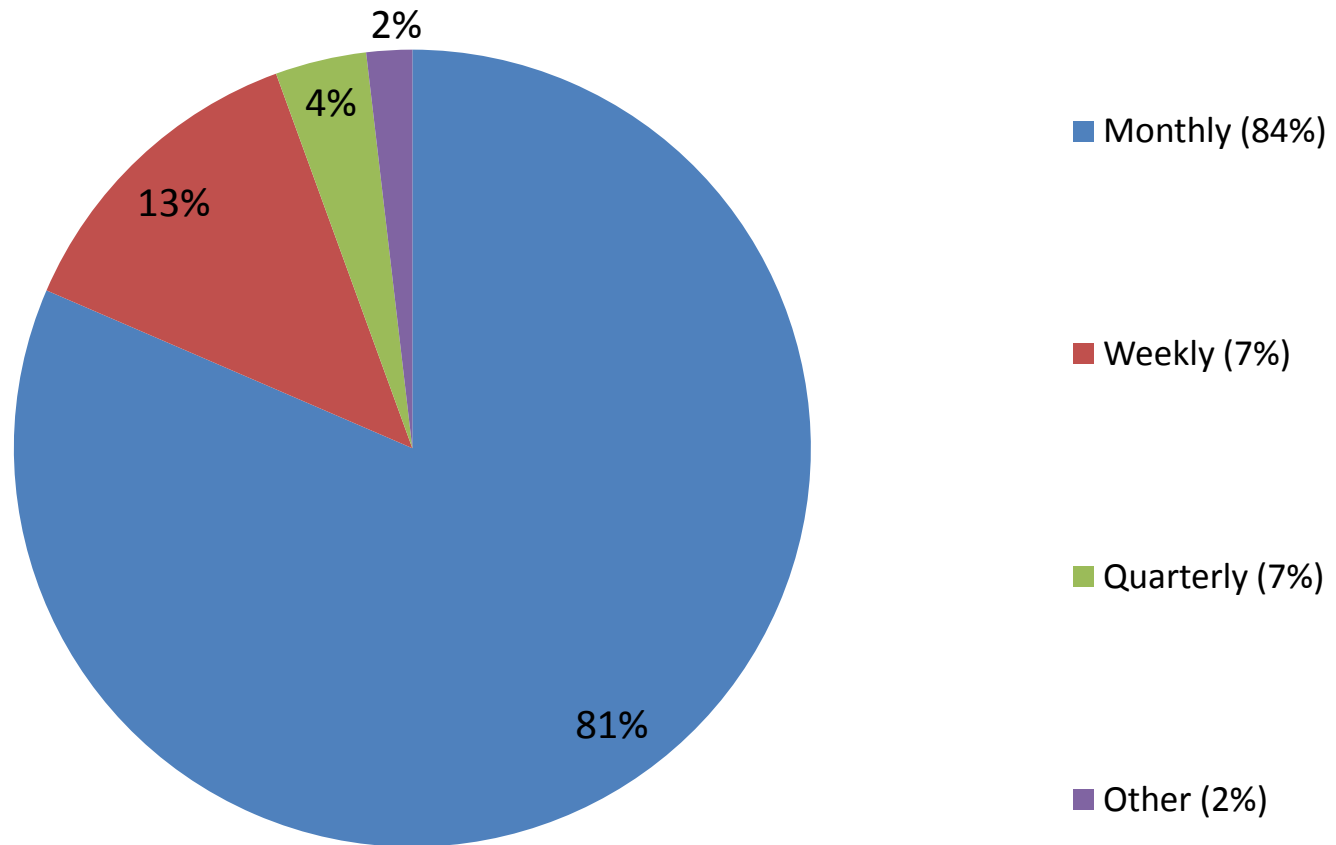
[Note: % in brackets represents whole history, including closed funds]





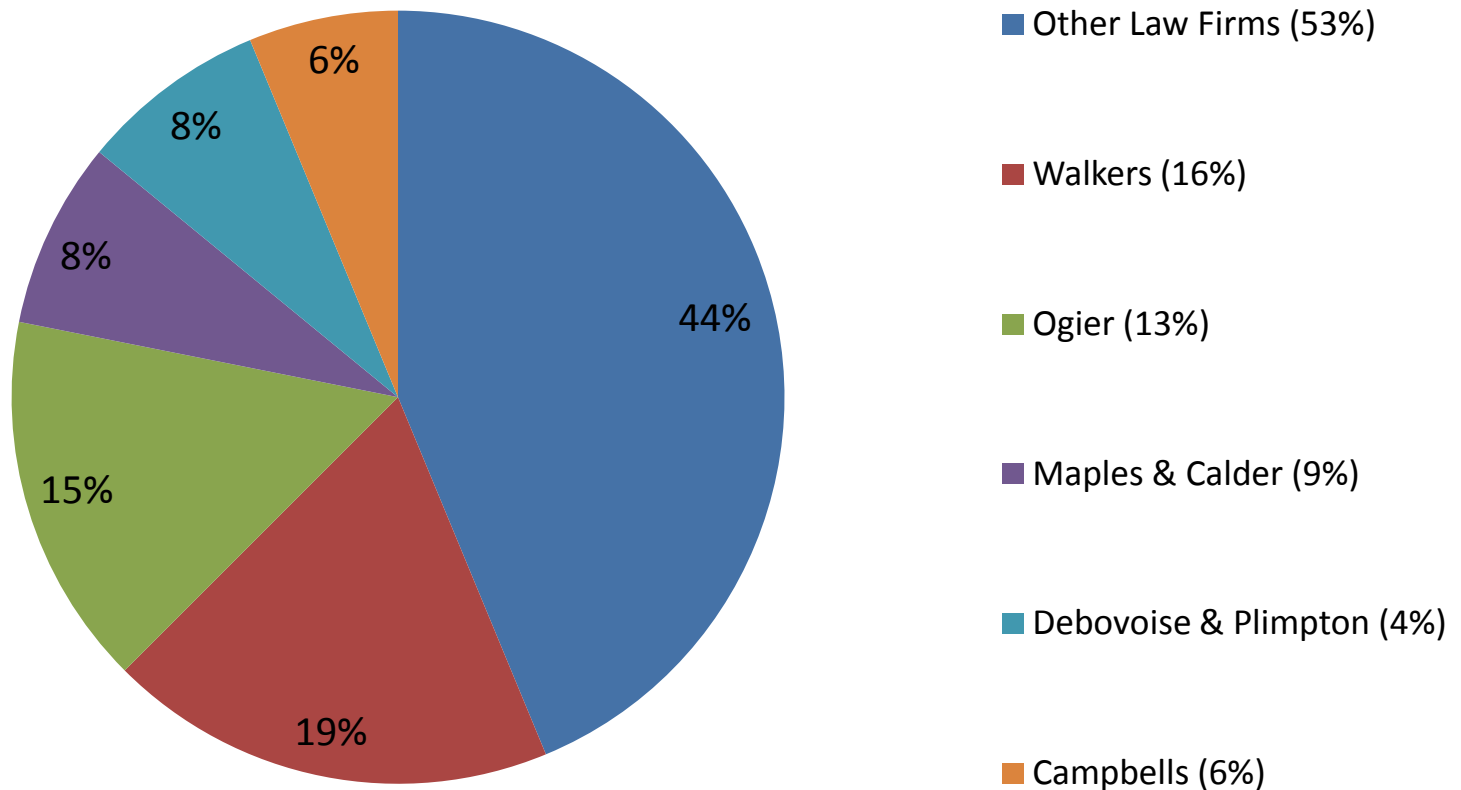
# ...By Selection NAV Cycle...

[Note: % in brackets represents whole history, including closed funds]



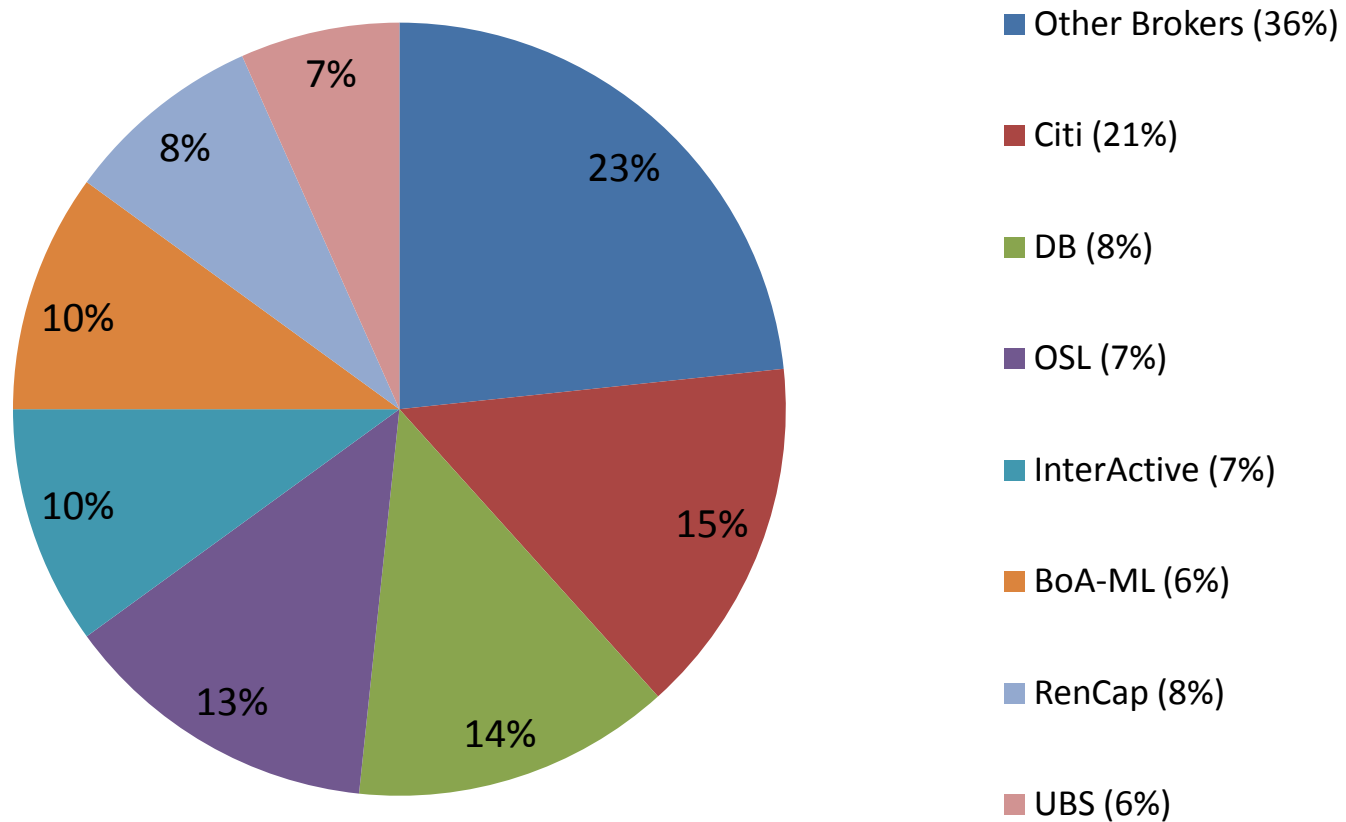
# ...By Selection of Law Firm(s)...

[Note: % in brackets represents whole history, including closed funds]



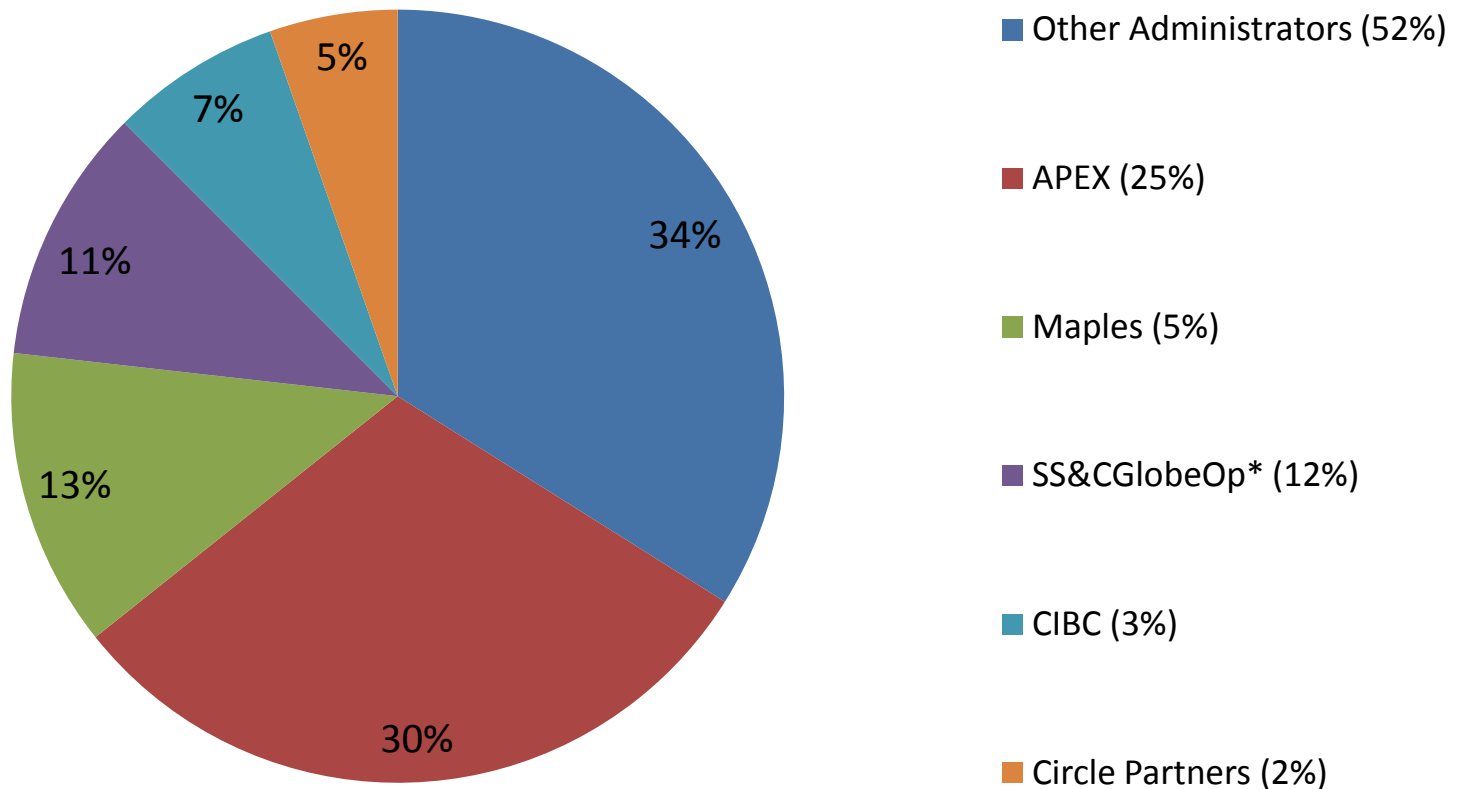
# ...By Selection of Broker/Custodian...

[Note: % in brackets represents whole history, including closed funds]



# ...By Selection of Fund Administrator...

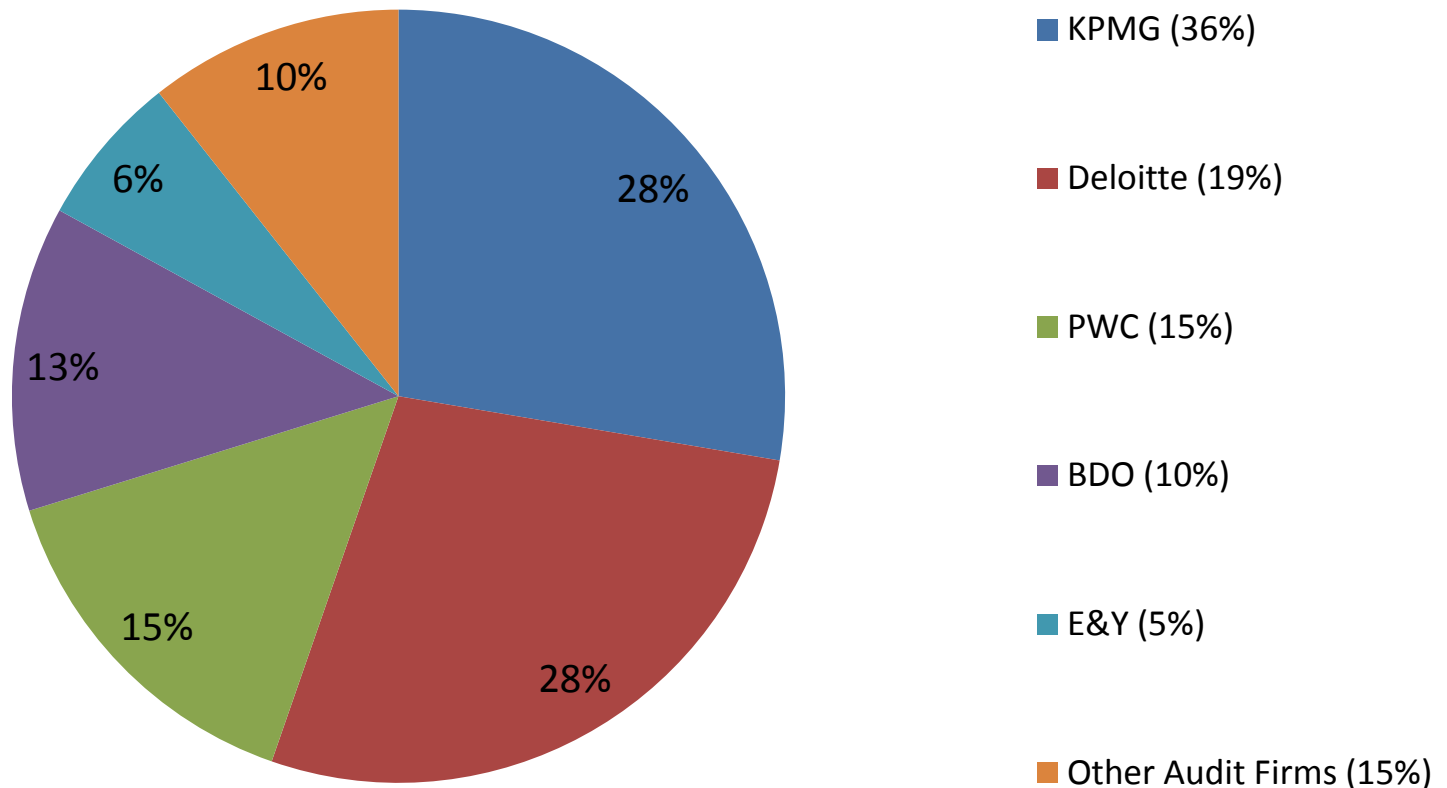
[Note: % in brackets represents whole history, including closed funds]



\* SS&CGlobeOp recently acquired Citi Fund Administration

# ...By Selection of Audit Firm...

[Note: % in brackets represents whole history, including closed funds]



# ...By Fund Fee Structure...

[Note: traditional “2%/20%” model also under pressure in Russia]

	<u>Low</u>	<u>High</u>	<u>Average</u>
Management Fee	0,0%	3,0%	1,7%
Performance Fee	0,0%	50,0%	18,6%
Hurdle Rate *	0,0%	20,0%	2,8%

\* also: FedFunds; US\$LIBOR; US\$LIBOR+50bp; RTS Index

# ...2015 Performance...A Good Year!

[hedge funds of all geographic focuses and all asset classes]

		"Russian" Off-Shore "Hedge Funds" in 2015						
		1-Year Return	1-Year Volatility	SHARP Ratio (rfr=0)	Historical Annualized Return	Historical Annualized Volatility	SHARP Ratio (rfr=0)	Length of Track Record (Yrs)
	Top Russian Fund	40,3%	23,1%	1,74	14,0%	41,9%	0,33	19,25
	Top 20% Russian Funds (Average)	26,9%	26,1%	1,03	4,8%	26,9%	0,18	4,64
	"Cut-Off" Fund (worst of the best)	17,5%	31,1%	0,56	-1,1%	33,1%	-0,03	4,00
	<b>Arithmetic Average</b>	<b>5,3%</b>	<b>22,7%</b>	<b>0,23</b>	<b>1,6%</b>	<b>24,0%</b>	<b>0,07</b>	<b>6,61</b>
	"Cut-Off" Fund (best of the worst)	-5,9%	33,4%	-0,18	-32,5%	42,3%	-0,77	1,75
	Bottom 20% Russian Funds (Average)	-21,0%	28,6%	-0,73	-11,0%	29,2%	-0,38	4,78
	Bottom Russian Fund	-50,6%	57,8%	-0,88	-24,4%	51,3%	-0,48	2,25
	HFRI Fund Weighted Composite Index	-0,9%	4,4%	-0,19				
	HFRI Equity Hedge (Total) Index	-0,5%	6,5%	-0,07				
	HFRI Emerging Markets (Total) Index	-3,3%	9,9%	-0,34				
	HFRI EM: Russia & Eastern Europe Index	6,1%	14,1%	0,43				

# ...2015 Universe Composition...

[the size of the reporting universe contracted by 15 funds last year]

	Russia/CIS	Global
<b>Equities</b>	46%	11%
<b>Derivatives</b>	2%	11%
<b>Fixed-Income</b>	2%	2%
<b>Multi-Asset</b>	11%	13%
<b>Other</b>	0%	2%
	<b>100,0%</b>	