

Increasing Number of Miami-Based Investors Allocating to Hedge Funds – November 2015

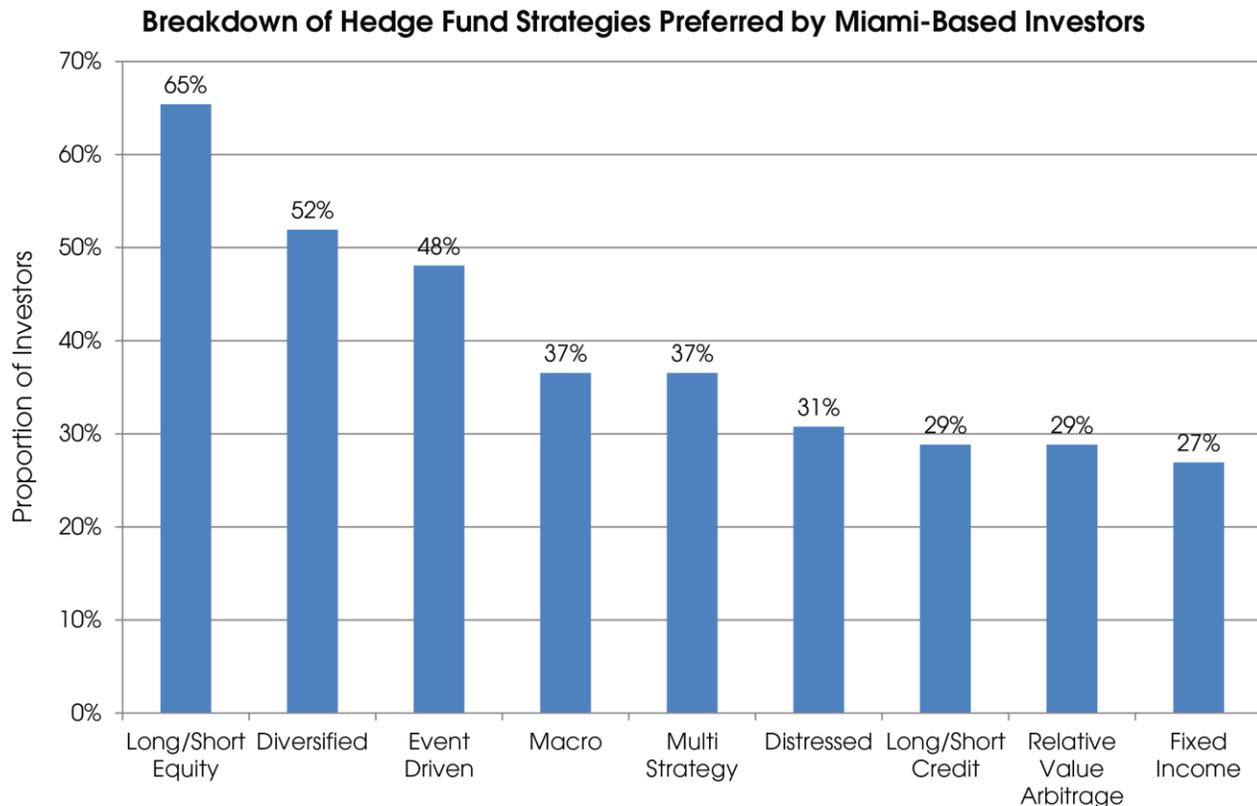
30-Nov-2015 By David Lobbins

The Miami metropolitan area is beginning to establish itself as an active player in the hedge fund space, with a steady rise in the number of firms investing in hedge funds and their allocations to the space. Preqin's [Hedge Fund Investor Profiles](#) database currently tracks 70 hedge fund investors based in the Miami area.

The average Miami-based institutional investor in hedge funds currently allocates approximately \$65mm to the asset class, an increase of \$15mm from 2013. Miami has also seen the number of investors active in hedge funds rise over the last three years from 50 in 2013, to 66 in 2014 and 70 in 2015.

The current average allocation to hedge funds for institutional investors in Miami is 16.2% of their assets, an increase of 13.8% on 2014 and greater than the North American average of 16.1%. If allocations continue to increase, Miami will soon compete with larger North American markets such as New York (22%), Los Angeles (18.6%), and Chicago (17.1%). The institution based in the Miami area that has the highest allocation percentage to hedge funds is Chauncey F. Lufkin III Foundation, which has more than 81% of its total assets under management (AUM) dedicated to hedge funds. Of the institutional investors active in the space, private wealth firms are the most numerous, making up 29% of all Miami-based firms investing in hedge funds. Foundations, funds of hedge funds and public pension funds account for 19%, 17%, and 17% of Miami-based hedge fund investors respectively.

As shown in the chart below, long/short equity funds are the most sought after by Miami-based investors, utilized by 65% of institutional investors in the area.



Source: Preqin Hedge Fund Investor Profiles

With a wide variety of Miami-based institutions invested in hedge funds and with reasonably high allocations to the space, the area provides a relatively small, but notable source of capital for hedge fund managers. Should investor numbers continue to increase, the area may continue to develop as an important location in for the industry.