



CONVERGENCE
OPTIMAL PERFORMANCE

Capital Flows into Alternative Asset Funds
Q12018 Insight #23

Q1 2018 Capital Flows Summary

Capital raised by new and existing issuers was brisk with **\$467.6BN** raised, up **29%** from Q12017 levels. New and existing issuers raised **\$100.5BN** and **\$367.1BN**, respectively. Capital raised by new and existing Hedge Funds increased **68%**, Private Equity increased **38%**, Venture Capital decreased **22%** and Other Funds decreased **5%**.

Capital Flows reported in Q1 2018 resemble Convergence’s “Bull Case” 2018 Full Year forecast (published after the end of 2017). Convergence’s “Bull Case” projects **\$1.489tr** flowing into new and existing alternative funds, up **24%** over 2017, excluding capital appreciation.

Table 1: Total Capital Flows

		Q1 YTD					Full Year Actual/Forecast				
Total	2017		\$362.4B					\$1,196.9B			
	2018		\$467.6B					\$1,488.9B			
Hedge Fund	2017		\$131.4B					\$326.9B			
	2018		\$221.0B					\$388.2B			
Private Equity Fund	2017		\$67.0B					\$392.5B			
	2018		\$92.8B					\$529.3B			
Venture Capital Fund	2017		\$9.4B					\$34.2B			
	2018		\$7.4B					\$41.6B			
Other Investment Fund	2017		\$154.5B					\$443.3B			
	2018		\$146.4B					\$529.8B			
		0B	500B	1000B	1500B	2000B	0B	500B	1000B	1500B	2000B

Q12018: Capital Flows into New and Existing Funds

Capital Flows into newly issued Hedge Funds totaled **\$33.1BN**, up **96%** from Q12017, while existing Hedge Funds took in **\$187.8BN**, up **64%** YTD. Capital Flows into newly issued Private Equity funds totaled **\$28.8BN**, up **36%** from Q12017 while existing PE Funds took in **\$64.0BN**, up **40%** from Q12017. Capital Flows into newly issued Venture Capital funds totaled **\$5.3BN**, up **9%** from Q12017, while existing VC Funds took in **\$2.1BN**, down **55%** from Q12017. Capital Flows into newly issued Other Funds, which include UCITS, totaled **\$33.2BN**, up **74%** over Q12017, while existing Other Funds took in **\$113.2BN**, down **16%** YTD. Hedge Funds enjoyed a strong quarter as investors put additional capital into existing funds at the rate of \$6 for every \$1 they allocated to new Hedge Funds. New Hedge Funds reported \$33.1BN of New Capital suggesting that the flight from new Hedge Fund launches has abated for the moment.






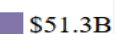

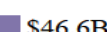

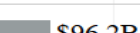

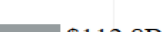



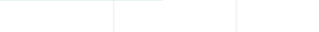




Table 2: Capital Flows by Fund Type

		Q1 YTD											
		Total				New Issues				Existing Issues			
Hedge Fund	2017	\$131.4B				\$16.9B				\$114.5B			
	2018	\$221.0B				\$33.1B				\$187.8B			
Private Equity Fund	2017	\$67.0B				\$21.2B				\$45.8B			
	2018	\$92.8B				\$28.8B				\$64.0B			
Venture Capital Fund	2017	\$9.4B				\$4.9B				\$4.6B			
	2018	\$7.4B				\$5.3B				\$2.1B			
Other Investment Fund	2017	\$154.5B				\$19.1B				\$135.4B			
	2018	\$146.4B				\$33.2B				\$113.2B			
		0B	100B	200B	300B	0B	100B	200B	300B	0B	100B	200B	300B

Capital Flows into New Fund Issues-Q1 2018

Convergence's "Bull Case" 2018 forecast remains intact at **\$557.2BN** in capital raised by New Fund Issues, up **24%** over full year 2017.








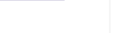

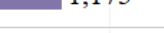

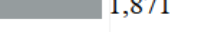



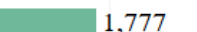




Table 3: Capital Flows from New Funds Issued by Fund Type

		Q1 YTD				Full Year Actual/Forecast			
Total	2017	 \$62.1B				 \$449.5B			
	2018	 \$100.5B				 \$557.2B			
Hedge Fund	2017	 \$16.9B				 \$51.3B			
	2018	 \$33.1B				 \$46.6B			
Other Investment Fund	2017	 \$19.1B				 \$96.2B			
	2018	 \$33.2B				 \$112.8B			
Private Equity Fund	2017	 \$21.2B				 \$280.1B			
	2018	 \$28.8B				 \$370.5B			
Venture Capital Fund	2017	 \$4.9B				 \$21.9B			
	2018	 \$5.3B				 \$27.2B			
		0B	200B	400B	600B	0B	200B	400B	600B

New Fund issues were brisk in Q1 2018, totaling **1,667**, up **25%** over Q12017. Hedge Fund issues are up **13%**, Private Equity up **15%**, Venture Capital Funds up **25%** and Other Issues are up **46%**.

Convergence's "Bull Case" 2018 forecast remains intact at **6,391** new fund issues, up **15%** over 2017.

Table 4: New Fund Issuance by Fund Type

		Q1 YTD							Full Year Actual/Forecast						
Total	2017	 1,330							 5,562						
	2018	 1,667							 6,391						
Hedge Fund	2017	 350							 1,233						
	2018	 397							 1,175						
Other Investment Fund	2017	 402							 1,871						
	2018	 588							 2,273						
Private Equity Fund	2017	 411							 1,777						
	2018	 474							 2,110						
Venture Capital Fund	2017	 166							 681						
	2018	 208							 833						
		1K	2K	3K	4K	5K	6K	7K	1K	2K	3K	4K	5K	6K	7K