

Hedge Fund Industry Records Returns of 0.97% in August

All leading strategies and geographies see positive returns, but fail to replicate July gains

The Preqin All-Strategies Hedge Fund benchmark saw returns of 0.97% in August, coming down from gains of 2.23% seen in July. Nonetheless, this takes overall industry performance in 2016 YTD to 4.67% and 12-month performance to 4.86%. August also represents the sixth consecutive month of positive performance for hedge funds, the longest period of monthly gains seen since the industry recorded 12 consecutive months of gains in June 2012-May 2013. All leading strategies recorded positive performance; equity strategies were again the best-performing leading strategy, returning 1.31% for the month, while event driven and credit funds returned 1.10% and 0.91% respectively.

All geographic regions also showed positive returns for the month. Developed and emerging markets both made significant gains, of 1.69% and 1.89% respectively. Emerging market funds are now showing returns of 8.44% in 2016 so far, and 10.12% over the past 12 months, the highest of any region. Funds in North America (+1.55%) saw greater gains than those in either Europe (+0.36%) or Asia (+0.55%) through the month. North America funds are now showing YTD performance of 6.27%, compared to 1.12% for Asia funds, and -0.38% for Europe funds.

Other Key Hedge Fund Performance Facts:

- **Systematic Funds:** Discretionary funds returned 1.31% in August, while **systematic funds saw losses of 0.74%, their first month of negative returns since January**. Despite this, over the past 12 months systematic funds (+4.49%) still outperform discretionary funds (+3.97%).
- **Activist Funds:** Preqin's most recent survey of hedge fund investors found that 100% of them stated their activist fund commitments had not met expectations in H1 2016. However, **activist funds returned 1.52% in August, and are now showing gains of 5.82% in 2016 so far**.
- **CTAs:** Having seen year-to-date gains of 3.27% as of the end of July, CTA funds saw losses of 2.62% in August, taking their overall performance in 2016 YTD to 0.58%. **This represents the lowest monthly performance for CTAs since July 2008**, when they recorded losses of 2.85%.
- **Funds of Hedge Funds:** **Funds of hedge funds followed gains of 1.32% in July with returns of 1.92% in August**. This represents the first time FoHFs have recorded two consecutive months of positive performance since November 2015, although they are still showing year-to-date losses of 0.08%.
- **Liquid Alternatives:** **Alternative mutual funds saw losses of 0.57% in August, while UCITS funds made gains of 0.40%**. Over the past 12 months, however, their performance has been similar, with alternative mutual funds returning 0.05%, and UCITS funds breaking even at 0.00%.

To access further information and analysis, please see the full benchmarks factsheet below:

Comment:

"Preqin's recent survey of hedge fund investors showed that as a group they were not satisfied with the performance of the hedge fund industry over the past 12 months: almost four out of five stated that their hedge fund investments had not met their performance expectations. However, as of the end of August the hedge fund industry has now recorded six consecutive months of gains, and all leading strategies are showing gains in 2016 so far.

That said, August represents another month of industry gains of less than 1.00%. In fact, of the past six months, three have seen returns below this threshold, which may be a factor in some investors' dissatisfaction. However, some strategies and geographies are now showing significant gains through the year so far, with emerging markets funds and event driven strategies in particular showing strong returns. If these funds can maintain this level of performance going into the last quarter of the year, we may see investors turn increasingly to them."

Amy Bensted – Head of Hedge Fund Products, Preqin

Note to Editors:

- Preqin is spelled without the letter 'U' after the 'Q', the company name being an amalgamation of the former name, Private Equity Intelligence.

About Preqin:

New York	London	Singapore	San Francisco	Hong Kong	Manila
+1 212 350 0100	+44 20 3207 0200	+65 6305 2200	+1 415 316 0580	+852 3958 2819	

www.preqin.com / info@preqin.com

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For more information, please contact: Amy Bensted +44 (0)20 3207 0230 or abensted@preqin.com

For general press enquiries, please contact: William Clarke +44 (0)20 3207 0265 or press@preqin.com

Preqin's August 2016 Hedge Fund Performance Benchmarks

Summary of Preliminary August 2016 Performance Benchmarks (Net Return, %)*

	Aug-16	Jul-16	2016 YTD	12 Months
Hedge Funds	0.97	2.23	4.67	4.86
HF - Equity Strategies	1.31	2.87	4.59	4.84
HF - Event Driven Strategies	1.10	2.40	7.14	5.62
HF - Relative Value Strategies	0.40	1.22	2.33	3.85
HF - Macro Strategies	0.52	1.12	4.91	4.54
HF - Multi-Strategy	0.03	1.86	3.68	4.10
HF - Credit Strategies	0.91	1.65	5.13	4.56
Activist	1.52	3.57	5.82	6.90
Volatility	0.77	0.60	5.96	7.90
Discretionary	1.31	2.42	4.12	3.97
Systematic	-0.74	1.34	2.69	4.49
HF - North America	1.55	2.46	6.27	5.08
HF - Europe	0.36	1.79	-0.38	1.03
HF - Asia-Pacific	0.55	2.74	1.12	4.81
HF - Developed Markets	1.69	1.63	3.20	2.31
HF - Emerging Markets	1.89	2.41	8.44	10.12
HF - Emerging (Less than \$100mn)	0.85	2.43	5.11	5.66
HF - Small (\$100-499mn)	1.19	2.24	3.65	3.47
HF - Medium (\$500-999mn)	1.11	2.03	2.40	2.19
HF - Large (\$1bn or More)	0.83	1.37	1.57	1.06
Funds of Hedge Funds	1.92	1.32	-0.08	-0.88
FOHF - Equity Strategies	-0.15	2.02	-2.00	-2.46
FOHF - Multi-Strategy	3.59	1.15	1.32	0.35
Funds of CTAs	-2.23	0.92	0.90	0.51
FOHF - USD	3.59	1.36	1.74	0.45
FOHF - EUR	-0.33	1.09	-3.75	-4.58
Alternative Mutual Funds	-0.57	1.16	1.17	0.05
UCITS	0.40	1.50	-0.11	0.00
UCITS - Equity Strategies	0.56	2.24	-0.73	-0.14
UCITS - Relative Value Strategies	0.09	0.81	0.06	0.21
UCITS - Macro Strategies	-0.14	0.96	-1.15	-1.71
UCITS - USD	0.48	1.85	0.68	0.55
UCITS - EUR	0.28	1.27	-0.71	-0.36
CTAs	-2.62	0.49	0.58	0.66
Discretionary	-0.46	-1.45	-0.13	1.45
Systematic	-2.93	0.67	0.96	0.87
CTA - USD	-2.72	0.46	1.08	1.06
CTA - EUR	-2.54	0.97	-4.71	-2.63

Source: Preqin Hedge Fund Online

* Please note, all performance information includes preliminary data for August 2016 based on net returns reported to Preqin in early September 2016. Although stated trends and comparisons are not expected to alter significantly, final benchmark values are subject to change.

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