

Hedge Fund Performance Retains Momentum in May

Almost all leading hedge fund strategies post positive returns as industry records seventh consecutive month of gains

The Preqin All-Strategies Hedge Fund benchmark returned 0.26% in May, marking the seventh consecutive month of positive returns for the industry. Overall, hedge funds have recorded just three months of losses since the start of 2016. Multi-strategy hedge funds posted the highest returns of any leading strategy, at 1.40%, while relative value funds were the only leading strategy to see losses, recording -0.38% for the month. Despite falling slightly, 12-month returns for the industry are at 10.33%, surpassing the expectations for hedge fund performance that investors gave Preqin at the start of the year.

To see the full May hedge fund performance benchmarks, please view the factsheet below:

Key Hedge Fund Performance Facts:

- **The Preqin All-Strategies Hedge Fund benchmark returned 0.26% in May.** Although this is the lowest monthly return recorded in 2017 so far, it does bring overall YTD performance to 4.37%.
- **Multi-strategy and event driven strategies hedge funds posted the highest performance,** with gains of 1.40% and 0.51% respectively. Relative value funds saw losses of 0.38%, the only leading strategy to lose ground in May.
- **CTAs posted gains of 0.28% for the month,** building on 0.43% returns seen in April. This takes YTD performance into positive territory for the first time in 2017, at 0.09%.
- **UCITS funds saw gains of 0.43% in May,** while alternative mutual funds saw marginal losses of 0.04%. In 2017 so far, they have now seen gains of 3.43% and 1.92% respectively.
- **Funds of hedge funds returned 0.43%,** maintaining momentum from 0.53% gains seen last month. Over the past 12 months, funds of hedge funds have now posted performance of 4.71%.
- **North America-focused hedge funds posted losses of 0.22%** for the month, while Europe- and Asia-Pacific-focused funds both made gains of 1.08%. However, over 12 months North America-focused funds have returned 11.44%, the highest of any region.
- **Medium-sized hedge funds* posted the highest returns of any size classification,** returning 0.80% in May. They also overtake emerging hedge funds to post the highest 12-month performance, returning 10.94%.

Amy Bensted, Head of Hedge Fund Products:

“Hedge fund performance has continued to make ground in May, despite some concerns about slowing growth in the US and Europe. There have only been three months since the start of 2016 in which hedge funds saw losses, and this should bolster investor confidence in the asset class. At the end of H1 2016, hedge fund investors reported that they did not broadly expect hedge fund performance to improve in the next 12 months: however, since then the industry performance has reached double figures for the period.

There are also positive signs of sustained momentum in other areas of the industry. CTAs have posted their first back-to-back months of gains since November-December 2016, while funds of hedge funds are seeing their longest period of positive performance since May 2015. Fund managers will be looking to capitalize on this momentum to show investors the value of hedge funds in providing downside risk protection and the potential for returns.”

***Preqin size classifications: Emerging (less than \$100mn); Small (\$100-499mn); Medium (\$500-999mn); Large (\$1bn plus)**

Preqin is the leading source of information for the alternative assets industry, providing insight and analysis gathered by its global teams of dedicated researchers. Founded in 2003, the company is a frequent source of intelligence used in the global financial press, through its online databases, regular publications and bespoke data requests.

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PREQIN'S MAY 2017 HEDGE FUND PERFORMANCE BENCHMARKS

Summary of Preliminary May 2017 Performance Benchmarks (Net Return, %)*

	May 2017	Apr 2017	2017 YTD	12 Months
Hedge Funds	0.26	0.79	4.37	10.33
HF - Equity Strategies	0.18	0.96	5.47	11.90
HF - Event Driven Strategies	0.51	1.01	4.93	14.65
HF - Relative Value	-0.38	0.29	1.35	4.68
HF - Macro Strategies	0.25	0.06	1.50	5.59
HF - Multi-Strategy	1.40	0.95	5.98	11.12
HF - Credit Strategies	0.22	0.54	3.40	9.37
Activist	0.32	1.21	5.35	15.55
Volatility	0.97	0.61	3.54	7.53
Discretionary	-0.04	0.90	4.52	11.51
Systematic	0.50	0.69	3.73	7.66
HF - North America	-0.22	0.63	3.19	11.44
HF - Europe	1.08	1.17	5.29	8.91
HF - Asia-Pacific	1.08	0.66	6.44	10.21
HF - Developed Markets	0.40	0.53	2.93	8.73
HF - Emerging Markets	-0.16	1.32	6.67	13.83
HF - Emerging (Less Than \$100mn)	0.16	0.70	4.16	10.65
HF - Small (\$100-499mn)	0.24	0.81	4.24	10.31
HF - Medium (\$500-999mn)	0.80	0.90	4.43	10.94
HF - Large (\$1bn plus)	0.36	0.84	4.27	9.48
Funds of Hedge Funds	0.43	0.53	2.53	4.71
FOHF - Equity Strategies	0.60	0.96	4.99	7.02
FOHF - Multi-Strategy	0.36	0.43	3.06	5.31
FOHF - USD	0.35	0.55	3.49	5.87
FOHF - EUR	0.57	0.42	0.36	1.13
Alternative Mutual Funds	-0.04	0.32	1.92	4.07
UCITS	0.43	0.60	3.43	5.19
UCITS - Equity Strategies	0.73	0.90	5.73	7.88
UCITS - Relative Value	0.42	0.20	1.40	1.37
UCITS - Macro Strategies	-0.07	0.25	1.34	3.55
UCITS - USD	0.79	0.82	5.03	6.66
UCITS - EUR	0.17	0.47	2.58	3.95
CTAs	0.28	0.43	0.09	0.12
Discretionary	-0.38	1.22	0.52	2.82
Systematic	0.42	0.32	0.22	-0.42
CTA - USD	0.21	0.30	0.08	-0.40
CTA - EUR	0.66	0.90	1.44	1.65

Source: Preqin Hedge Fund Online

*Please note, all performance information includes preliminary data for May 2017 based on net returns reported to Preqin in early June 2017. Although stated trends and comparisons are not expected to alter significantly, final benchmark values are subject to change.

HEDGE FUND ONLINE

Preqin's **Hedge Fund Online** is the leading source of intelligence on the hedge fund industry, and contains performance information for over 16,000 hedge funds across all leading strategies and geographies.

For more information, or to arrange a demonstration, please visit:

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