

Hedge Funds in the Red for the First Time in 2015

The Preqin All-Strategies Hedge Fund benchmark was down 0.75% in June 2015, ending its five month streak of positive performance

The hedge fund industry has posted average returns of -0.75% for June, the first month this year of negative performance. Despite this, the benchmark has still returned 4.50% year-to-date. Single-manager hedge funds were not the only fund structures which fared poorly in June; UCITS posted returns of -1.76%, and CTAs made losses of -2.66%, their worst monthly performance since July 2008. The only leading strategy with positive performance for the month was relative value, which posted a return of 0.17%. Relative value strategy funds have seen only two months of negative performance in the past 18 months.

Other Key Hedge Fund Industry Stats:

- Both **Asia-focused funds** and **Europe-focused funds** saw negative performance of -1.82% and -1.06% respectively in June, in the wake of turbulence surrounding Chinese and Greek markets.
- Despite their poor performance in the past month, **Europe- and Asia-based funds** accounted for more launches in Q2 (22% and 9% respectively) than in Q1, as **North America-focused funds** dropped to 67% of the market total.
- **Discretionary CTAs** posted returns of -0.53%, compared to **systematic CTAs** which saw average returns of -3.56%. Despite this, CTAs as a whole are still holding on to positive performance for the year with 0.11%.
- **Funds of CTAs** were hit especially badly with an average return of -6.95% for June and currently stand at -5.10% for 2015 YTD. **Funds of hedge funds** were down 1.22% in June 2015, but are up 2.93% for the year-to-date.
- **Alternative mutual funds** have seen a notable decline in the proportion of fund launches they account for in the past six months. From a record high of 16% of total hedge fund launches in Q4 2014, they now represent only 3% of all launches in Q2 2015.
- **Credit strategies** have fallen from 17% of launches in Q1, to 9% of launches in Q2, a figure similar to their market share in H2 2014. Conversely, **relative value** funds have more than doubled their proportion of launches to 12%, up from 5% in Q1.

To view the further information and analysis, please see the full report below:

<https://www.preqin.com/docs/quarterly/hf/Preqin-Quarterly-Hedge-Fund-Update-Q2-2015.pdf>

Comment:

“June has seen hedge funds post their first month of negative performance so far in 2015. The industry has had a run of five months of positive returns from the start of 2015, and surpassed full-year 2014 performance in May. However various macroeconomic events, notably the Greece/Eurozone crisis and the turbulence experienced in the China stock market, has led to hedge funds failing to generate positive returns in June and has dented the year-to-date return of the sector. CTAs have also suffered further following their strong returns in Q1 2015; a difficult Q2 has left the strategy only just clinging on to positive performance through the first half of the year.”

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.

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Preqin is the leading source of information for the alternative assets industry, providing data and analysis via online databases, publications and bespoke data requests.

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