



This report is an excerpt from: **Quarterly Update: Hedge Funds, Q2 2013**. To download the full report please visit:
https://www.preqin.com/docs/quarterly/hf/Preqin_Quarterly_Hedge_Funds_Update_Q2_2013.pdf

Performance Summary: Q2 2013

Hedge funds endured a disappointing Q2 2013, with single-manager hedge funds posting returns of 0.14% compared with 3.29% in Q1 (Fig.1). Funds of hedge funds, UCITS hedge funds and CTAs all suffered negative returns for the quarter, with all benchmarks recording returns of at least three percentage points less than their totals in Q1. Hedge funds recorded a 12th consecutive positive month following positive returns in April and May, but suffered a setback with -1.52% returns in June. Event driven was the best performing strategy, following on from a strong Q1, posting 2.30% in Q2 (Fig. 2). Relative value and long/short funds were also positive for the quarter, although the strong returns of 1.33% of long/short funds in May were more than wiped out by the -1.66% in June. Funds pursuing multi-strategy themes, macro strategies and CTAs all produced negative returns.

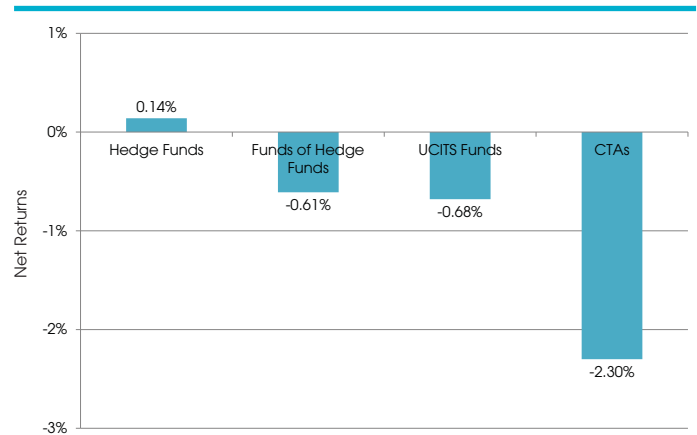
Asia-Pacific-focused hedge funds have been the best performing funds so far in 2013 with cumulative returns of 7.51%, although these funds suffered a 1.72% loss in June. North America-focused and Europe-focused funds were best performing in Q2 2013, up 1.48% and 1.37% respectively, while emerging markets-focused funds fared worst, with a decline of 1.58% (Fig. 3). Hedge funds again underperformed compared to the S&P 500 index in Q2 and they trail the index by 8% over the past 12 months (Fig. 4).

Fig. 2: Net Returns of Single-Manager Hedge Funds by Strategy

April 2013	May 2013	June 2013	Q2 2013	Q1 2013
Event Driven 1.14%	Event Driven 2.02%	Relative Value -0.59%	Event Driven 2.30%	Event Driven 4.17%
CTAs 0.98%	Long/Short 1.33%	Event Driven -0.85%	Relative Value 0.82%	Long/Short 4.15%
Relative Value 0.94%	Multi-Strategy 0.85%	CTAs -1.26%	Long/Short 0.32%	Relative Value 2.56%
Long/Short 0.68%	Relative Value 0.47%	Multi-Strategy -1.49%	Multi-Strategy -0.26%	Multi-Strategy 2.13%
Multi-Strategy 0.39%	Macro Strategies 0.06%	Macro Strategies -1.51%	Macro Strategies -1.42%	CTAs 1.24%
Macro Strategies 0.02%	CTAs -2.02%	Long/Short -1.66%	CTAs -2.30%	Macro Strategies 1.14%

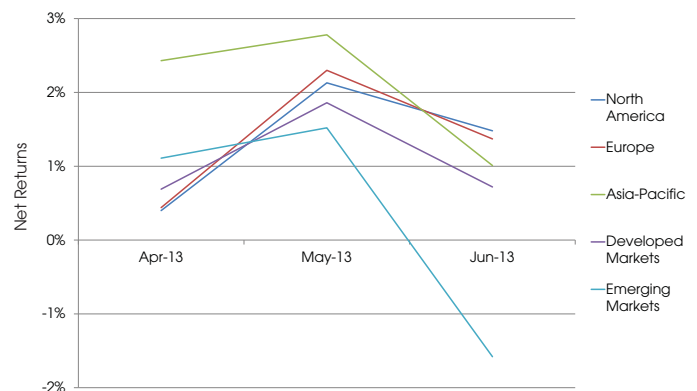
Source: Preqin Hedge Fund Analyst

Fig. 1: Net Returns of Hedge Funds by Structure, Q2 2013



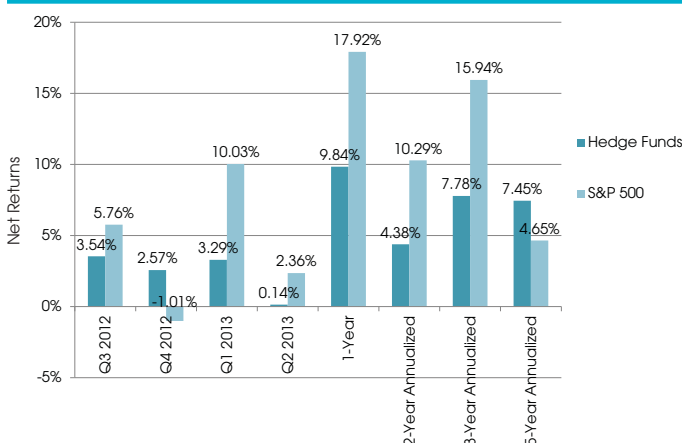
Source: Preqin Hedge Fund Analyst

Fig. 3: Cumulative Net Returns of Hedge Funds by Geographic Focus, Q2 2013



Source: Preqin Hedge Fund Analyst

Fig. 4: Performance of Hedge Funds vs. S&P 500



Source: Preqin Hedge Fund Analyst

Preqin's Hedge Fund Analyst offers access to fund-by-fund and industry level performance data for over 6,000 funds and share classes, providing a true market overview.

Compare funds to specific segments of the market, including by strategy, fund structure, geography and more, using the Custom Benchmarks feature.

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* Please note, all performance information includes preliminary data for June 2013 based upon net returns reported to Preqin in early July 2013. Although stated trends and comparisons are not expected to alter significantly, final benchmark values are subject to change.