

Hedge funds positive first time in 2016 - Nordic still down

Stockholm (HedgeNordic) - The Preqin All-Strategies Hedge Fund has recorded the second consecutive month of positive hedge fund performance in April to bring 2016 YTD figures into the black for the first time this year, while the Nordic Hedge Index Composite (NHX) remains in the red.

Returns of 1.44 per cent for the Preqin All-Strategies Hedge Fund through the month of April follow gains of 2.40 per cent in March to put performance for 2016 so far at 0.70 per cent, as hedge funds take advantage of calmer economic markets and improving commodity prices.

For the Nordic hedge fund universe April is indicating to be the third consecutive positive month, NHX Composite being up by 0.3% in April. Despite back to back gains though, NHX Composite is still under water for the year by 0.16 per cent, still chewing on a monthly decline of just over one per cent in January.

All leading strategies in the Preqin All-Strategies Hedge Fund returned gains in April with event driven strategies up 2.17 per cent and equity strategies returning 1.73 per cent, making these the two strategies with the greatest returns for a second consecutive month. Relative value funds posted the smallest gains of 0.47 per cent and are the only leading strategy to still be under water (-0.05 per cent) for 2016 YTD. Credit strategies continued from the robust returns seen in March to record gains of 1.25 per cent, while multi- strategy (+0.59 per cent) and macro strategies (+1.02 per cent) funds also saw healthy performance through April.

Emerging hedge funds saw gains of 1.78 per cent in April and are the only size classification that can boast gains (+1.49 per cent) through 2016. Large hedge funds have the worst year-to-date performance of any size classification with losses of 1.98 per cent, despite posting slight gains of 0.09 per cent in April.

Discretionary funds outperformed systematic funds for the second consecutive month, posting gains of 1.71 per cent compared to a 0.13 per cent loss. However, so far in 2016 systematic funds have returned 0.44 per cent, while discretionary funds have posted gains of 0.16 per cent.

Following losses of 1.10 per cent in March, CTAs recorded positive performance in April with small gains of 0.14 per cent. The fund type has reported year-to-date returns of 1.75 per cent. Nordic managers significantly outperformed their international peers during the year and despite an indicative loss of 0.4 per cent in April are up a strong 5.5 per cent for 2016.

"A second consecutive month of positive returns for the Preqin All-Strategies Hedge Fund benchmark in April is good news for the hedge fund sector, as the industry looks to progress from the negative returns seen at the start of 2016 and win back some investor approval," says Amy Bensted Head of Hedge Fund Products at Preqin, "Although commodity prices are continuing to rebound, several impending events - particularly the US election and the potential Brexit - could lead to returning volatility. However if hedge funds can continue to capture some alpha in the current environment and maintain this positive performance through H1, they can perhaps begin to look forward with optimism to the rest of 2016 and beyond."

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