

Hedge Fund Industry Rebounds in September

Stockholm (HedgeNordic) - eVestment, the leading provider of institutional investment analytics, intelligence and data worldwide, has announced its findings for September 2016 in its hedge fund industry report. The average hedge fund industry performance globally was +0.73% in September, by comparison with a healthy +2.91% increase for Q3 2016 and +4.40% YTD.

Commodity prices rose +1.09% in September, halting a previous two-month decline that had caused nearly 2% in losses, thanks to a rebound in agricultural commodity prices and rising energy prices, with equity markets remaining mostly positive.

While equity markets had cooled in August and September, however, activist hedge funds' aggregate returns outperformed all other strategies in Q3 2016, perhaps a sign that the value recognized by activist investors becomes increasingly sought after following a decreasing effectiveness of factors that had previously been positive for the U.S. market.

In addition, distressed managers have emerged as industry leaders, with activists' strategies benefiting despite softening equity markets. Distressed funds also produced a strong month of aggregate returns due to rising oil prices for the second consecutive month, with Q3 returns of +4.81% and YTD returns of 7.99%, making the strategy the best industry performer of 2016. eVestment suggests that the inverse relationship between energy credit default risk and distressed hedge fund returns has been in evidence since late 2014, in that as default risk increases or decreases, distressed hedge fund performance tends to fall, but then rise, respectively.

Macro hedge funds produced slightly positive returns, albeit with widely divergent YTD returns, illustrating diverging opinions and differing quantitative interpretations of global market events and their influences in both absolute and relative pricing trends.

Managed futures posted the only negative aggregate strategy return for the month. Their September and Q3 performance tailed the rest of the industry, with several large funds in the midst of a difficult stretch, asset collections trailing and having accepted more money than any other segment throughout 2016. While other strategies are reversing disappointing 2015 returns, investors are left concerned with managed futures strategies.

Emerging markets, for their part, have benefited from the decline of the USD and rebounding energy prices, after a difficult start to 2016. Exposure to Russia and Brazil has been spearheading this resurgence, alongside positive returns from funds investing in China for the past four months consecutively.

eVestment's September report is available [here](#).

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