

Strong 2017 Start for Hedge Fund Industry: Preqin

Stockholm (HedgeNordic) - In the highest January performance since 2013, the hedge fund industry posted gains of 1.40% in January 2017 on the Preqin All-Strategies Hedge Fund benchmark. With funds building on gains of 1.07% in December, this also represents the highest performance month since April 2016 for the industry.

Positive performances were recorded by almost all leading hedge fund strategies, with equities (+1.82%) and event-driven strategies (+1.70%) in the lead. Discretionary funds returned 1.53%, while systematic hedge funds returned 1.03%. Fund of funds posted gains of 0.99%, alternative mutual funds rose 0.96% and UCITS funds gained 0.93%. CTAs, however, saw losses of 0.66% over the course of the month. All regions also experienced positive performances, with emerging markets funds way ahead (+3.45%) but European funds (+0.76%) lagging behind North American (+1.26%) and Asia-Pacific (+1.79%) funds.

"Hedge funds have had a strong start to 2017, posting their best monthly returns since April, and their best January performance since 2013," said Amy Bensted, Head of Hedge Fund Products at Preqin. "In contrast, if we rewind the clock 12 months to January 2016, the industry recorded losses of 2.70 per cent. Given the consistent improved gains the industry recorded through much of the latter part of 2016, this now puts 12-month performance for the industry into double figures for the first time since August 2014. CTA funds, meanwhile, have slipped back into negative territory over the past 12 months."

The biggest winners have been the largest hedge funds so far. Funds with USD 1 billion or more in AUM recorded the largest monthly gains of any classification, at 1.38%. Smaller hedge funds (USD 100-499 million in AUM) experienced the lowest returns, with gains of 1.05%.

"The largest proportion of investors surveyed in December 2016 cited performance as the leading reason why they had redeemed hedge fund investments over 2016. Therefore, this improved performance of the industry as a whole could help to win over those investors that have become more cautious towards hedge funds," Ms. Bensted added.

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