

Prequin: Hedge Funds' "Strongest Performance in Recent Years"

Stockholm (HedgeNordic) - Following 11 months of positive gains, the Prequin All-Strategies Hedge Fund Benchmark posted a 1.18% return for February, building further on the 1.43% gain in January. Losses on the index were last incurred last February (2016).

Performance YTD has risen to 13.63%, the highest level since May 2013. Event-driven strategies (+1.46%) and equity strategies (1.54%) posted the strongest gains, while relative value strategies were the only leading strategy to post losses (-0.04%). Middling below the 1% mark were macro strategies (+0.60%), credit strategies (+0.71%) and multi-strategy funds (+0.85%).

"Although much focus in recent months has been on the perceived underperformance of hedge funds, managers have, in fact, been posting their strongest performance seen in recent years," says Amy Bensted, head of Prequin's hedge fund products. "The Prequin All-Strategies Hedge Fund benchmark has recorded positive performance in 11 of the past 12 months, and overall 12-month gains are now at their highest level in almost four years.

Other statistics uncovered by the Prequin survey were: equity funds have returned +16.21% over 12 months, with event-driven strategies returning +20.63% over the same period. CTA performance remains negative for the time frame, though the strategy posted gains of +1.01% in February, recovering from January losses. Activist hedge funds have taken their 12-month performance to 18.71% following a +0.99% rise in February, while Asia-Pacific hedge funds continue outperforming European and North-American funds with a strong 1.82% performance for the month. Funds of hedge funds are experiencing a YTD performance of +1.46% and 12-month gains of +4.79%, following four successive months of positive returns.

Of note, smaller hedge funds are substantiating the trend of outperforming larger ones so far this year. Funds with less than US\$ 100 million In AUM returned 1.38% for February, by comparison with +1.14% for funds with US\$ 1 billion or more.

"Despite the better performance environment over the past 12 months, fundraising remains difficult for hedge funds as investors continue to reduce or consolidate their portfolios," says Ms. Bensted. "However, some strategies may be better placed to attract fresh inflows: nearly a quarter of active hedge fund investors surveyed by Prequin at the end of 2016 stated that they intended to increase their exposure to event driven and equity strategies, and these strategies are generating some of the highest returns through the year so far."

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