Press Release **19th July 2013**

June Spells the End of Hedge Funds' 12-Month Long Positive Performance Streak

Hedge funds returned -1.52% in June, compared to +1.02% in May and +0.65% in April

Preqin data reveals that hedge funds suffered disappointing returns in June, with all strategies posting negative returns for the first time in over 12 months. Long/short funds endured the biggest loss in June at -1.66%, followed by macro strategies at -1.51%.

Overall returns for the whole of the quarter were poor, with single-manager hedge funds posting returns of 0.14%, compared to 3.29% in Q1 2013. Funds of hedge funds (-0.61%) and UCITS hedge funds (-0.68%) both suffered negative returns for the quarter.

Other Key Facts:

- CTAs posted the biggest loss in Q2 2013 at -2.30%, counteracting the positive returns of 1.24% in Q1 2013.
- Event driven strategies continue to lead the pack in regards to performance in 2013, posting returns of 2.30% in Q2, followed by relative value (+0.82% in Q2) and long/short funds (+0.32% in Q2).
- North American (+1.48%) and European hedge funds (+1.37%) both outperformed Asia-Pacific hedge funds in Q2 2013 (+1.01%), although strong Q1 performance of Asia-Pacific funds means it is still the top performing region in 2013 YTD.
- Fund managers are now seeing more opportunities in Europe. Following a slow start to 2013, Europe-focused hedge funds represented 16% of funds launched in Q2, compared to 2% in Q1.
- Fund launches in the event-driven sector continue to grow, with the strategy accounting for 19% of launches in Q2 2013, compared to 12% in Q1 2013 and 9% in Q4 2012.
- The pace of long/short launches has remained relatively consistent over past three quarters and represents 48% of launches in Q2.
- Macro launches are again down in Q2, falling to 17% of all fund launches in the quarter, down from 21% in Q1 and 24% in Q4 2012.
- Despite poor performance in June, investors continue to have a strong appetite for long/short equity; 47% of all fund searches include a long/short equity component in Q2 2012.
- Just 29% of investor searches initiated in Q2 2013 contained a fund of hedge funds element, which, coupled with the disappointing returns of -0.61% over the quarter, means that some of the optimism for a recovery displayed at the start of the year following strong performance in Q1 may have been dented.

For more information and analysis, please see:
https://www.preqin.com/docs/quarterly/hf/Preqin_Quarterly_Hedge_Funds_Update_Q2_2013.pdf

Comment:
"Thirteen proved to be an unlucky number for hedge funds in Q2 2013, as hedge funds' 12-month positive streak in terms of performance was brought to an abrupt halt with a monthly net return of -1.52% posted in June. Following on from the strong Q1 performance, Q2 performance appeared to be equally buoyant until this disappointing June brought the quarter's performance down to 0.14% and -0.61% for hedge funds and funds of hedge funds respectively. The third quarter of this year could prove to be a decisive one for the industry; investors are still hungry for strong performance following weak returns in 2011 and the flat to negative performance in Q2 has dampened the year to date success of hedge funds. Investors and fund managers alike will be waiting to see improvement in July's figures in the hope that the industry can recover from the disappointment in June."

Amy Bensted, Head of Hedge Funds Products

Note to Editors:

- Preqin is spelled without the letter 'U' after the 'Q', the company name being an amalgamation of the former name, Private Equity Intelligence.

About Preqin:

Preqin is the leading source of information for the alternative assets industry, providing data and analysis via online databases, publications and bespoke data requests.

Preqin has built a reputation in the alternative assets industry for providing the most comprehensive and extensive information possible. Leading alternative assets professionals from around the world rely on Preqin's services daily, and its data and statistics are regularly quoted by the financial press. For more information, please visit: www.preqin.com

For more information, please contact: Amy Bensted on +44 (0)20 7397 9420 or abensted@preqin.com
For general press information, please contact: Helen Kenyon +44 (0)20 7645 8880 or press@preqin.com