

# Morningstar® Hedge Fund Database Update

Hedge fund performance suffered in June as the troublesome market conditions continued. The Morningstar 1000 Hedge Fund Index was down 0.73% for the month, although it managed to outperform the S&P 500 Index, which fell 8.43% in June.

The worst-performing categories in June were emerging market equity (-5.30%) and developed Asia equity (-4.47%). These categories have also taken the biggest beating in terms of year-to-date performance; emerging market equity is in the hedge fund basement at -9.23% for the year while developed Asia equity has returned -5.38% in 2008.

Not all categories took a tumble in June. Global trend topped the list with a net return of 3.81% for the month. Short equity, equity arbitrage, and global non-trend also had positive returns, at 2.43%, 1.02%, and 0.86 respectively. The remaining categories, however, were in the red.

The top-performing hedge fund in June was Key Hedge Fund Ireland SEK, a hedge fund of funds that returned 45.35%. Other standouts included Acer Stratégie (42.05%), a global non-trend fund, and two global trend funds: 36 South Regent Fund (41.06%) and Vision Capital Partners, LP (31.60%).

Year-to-date, the Morningstar 1000 Hedge Fund Index has returned 0.31%. The global trend category has outshined the rest, returning an impressive 17.52%. Global non-trend has gained 5.75%, and equity arbitrage has returned 5.32%.

The Morningstar hedge fund database features over 8500 hedge funds, including 3600 hedge fund of funds.

## Hedge Fund Category Performance in June 2008

Category	1-Month Net Return %	Category	1-Month Net Return %
Global Trend	3.81	Distressed Securities	-0.71
Short Equity	2.43	Convertible Arbitrage	-0.80
Equity Arbitrage	1.02	Global Equity	-1.03
Global Non-Trend	0.86	Corporate Actions	-2.00
Global Debt	-0.03	US Equity	-2.05
Multi-Strategy	-0.20	US Small Cap Equity	-2.10
Fund of Funds	-0.26	Developed Asia Equity	-4.47
Debt Arbitrage	-0.43	Emerging Market Equity	-5.30
Europe Equity	-0.59		