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HEDGE FUNDS, RISK PARITY STRATEGIES TOP EQUITY MARKETS IN AUGUST

*Macro leads HFRI to 10th consecutive monthly advance;
HFR Risk Parity Index surges in 1st month since launch*

CHICAGO, (September 8, 2017) – Both hedge funds and risk parity strategies gained in August despite rising tensions with North Korea and the impact of Hurricane Harvey, with Equity Hedge and Macro strategies leading the HFRI to the tenth consecutive monthly advance, and the 17th in the trailing 18 months. The HFRI Fund Weighted Composite Index[®] gained +0.8 percent for the month, bringing YTD performance to +5.5 percent, according to data released today by HFR[®], the established global leader in the indexation, analysis and research of the global hedge fund industry. August performance topped small gains for the DJIA and S&P 500, as well as most developed European regional equity markets, and also increased the Index Value to 13,662, the ninth consecutive record level.

The HFRI Asset Weighted Composite posted a slightly stronger gain of +0.9 percent for August, bringing 2017 YTD performance to +4.5 percent. The HFRI Fund of Funds Composite Index was up +1.2 percent, the strongest monthly advance since July 2016.

The newly-launched HFR Risk Parity Indices saw even stronger gains, as the HFR Risk Parity Vol 10 Index produced +2.0 percent return for August, bringing YTD performance to +8.9 percent. Similarly, the HFR Risk Parity Vol 15 Index advanced +2.9 percent in the month, bringing YTD performance to +12.8 percent. For more information on the new HFR Risk Parity Indices, please visit www.HedgeFundResearch.com.

Despite rising geopolitical tensions and Hurricane Harvey, Macro funds led overall hedge fund performance in August, as the HFRI Macro (Total) Index advanced +1.03 percent, led by Commodity and quantitative, trend-following CTA strategies. The HFRI Macro: Commodity Index climbed +1.0 percent, while the HFRI Macro: Systematic Diversified Index gained +1.4 percent. The HFRI Macro Index (Asset Weighted) was up +1.2 percent in August.

Equity Hedge strategies also advanced in August, with the HFRI Equity Hedge (Total) Index advancing +0.96 percent, bringing YTD gains through August to +8.5 percent, leading all hedge fund strategies. EH sub-strategy returns were led by the HFRI EH: Technology Index, which climbed +2.3 percent, bringing YTD performance to a gain of +12.5 percent. Similarly, the HFRI EH: Healthcare Index gained +2.0 percent, bringing the YTD return to +12.9 percent. The HFRI Equity Hedge Index (Asset Weighted) was up +1.6 percent in August.

Fixed income-based Relative Value Arbitrage funds also advanced for the period, leading the HFRI Relative Value (Total) Index to a gain of +0.3 percent, the 18th consecutive month without posting a decline. RVA sub-strategy performance was led by the HFRI Asset-Backed Index and the HFRI RV: Volatility Index, which gained +0.9 and +0.8 percent, respectively, in August.

Event-Driven strategies produced a narrow gain for the month, with the HFRI Event-Driven (Total) Index advancing +0.03 percent, increasing its YTD return to +4.9 percent. ED sub-strategy performance was led by the HFRI ED: Special Situations Index, which returned +0.7 percent for month, partially offset by a decline of -2.1 percent in the HFRI ED: Activist Index.

“Hedge fund gains were led by equity and trend-following exposures in August, as intra-month volatility increased as a result of escalating tensions regarding North Korea and the energy and commodity-centric impact of Hurricane Harvey,” stated Kenneth J. Heinz, President of HFR. “Risk Parity strategies also gained in August despite modest changes in yields and mixed equity market performance, highlighting the important role of these within an institutional portfolio allocation. With risk and uncertainty continuing through 2H17 around both domestic and foreign policy issues, including tax reform legislation, the prospect of military conflict, and the intermediate term impact of additional natural disasters, both hedge funds and risk parity strategies will continue to represent valuable tactical portfolio exposures for institutional allocators.”

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About HFR[®]

HFR (Hedge Fund Research, Inc.) is the global leader in the alternative investment industry, specializing in the indexation and analysis of hedge funds. Established in 1992, HFR produces the HFRI, HFRX and HFRU Indices, the industry's most widely used benchmarks of global hedge fund performance. HFR calculates over 100 indices of hedge fund performance ranging from industry-aggregate levels down to specific, niche areas of sub-strategy and regional investment focus. HFR Database, a comprehensive resource available for hedge fund investors, includes fund-level detail on historical performance and assets, as well as firm characteristics on both the broadest and most influential hedge fund managers. HFR has developed a detailed fund classification system, enabling granular and specific queries for relative performance measurement, peer group analysis and benchmarking. The HFR suite of analysis products leverages HFR Database to provide detailed, current, comprehensive and relevant aggregate reference points on all facets of the hedge fund industry. HFR also offers consulting services for clients seeking customized top-level or more sophisticated analysis. For the hedge fund industry's leading investors and hedge fund managers, **Hedge Fund Research is The Institutional Standard.**

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