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HFRI CHINA INDEX SURGES TO LEAD INDUSTRY GAINS

Asian hedge fund assets approach record; Currency, trade top exposures as global growth accelerates

CHICAGO, (November 14, 2017) – Chinese hedge funds surged into 4Q17, leading all hedge fund indices year-to-date (YTD) as geopolitical tensions subsided while trade and economic growth accelerated. The HFRI China Index has gained +27.8 percent YTD through October, inclusive of a +7.0 percent return in 3Q, according to the latest *HFR Asian Hedge Fund Industry Report*, released today by HFR[®], the established global leader in the indexation, analysis and research of the global hedge fund industry.

The YTD advance for the HFRI China Index has topped both the strong performance of Chinese equities, which have climbed +9.3 percent, as well as the HFRI India Index, which was up +24.9 percent through October.

Total Asian hedge fund capital rose by more than \$3 billion in 3Q to \$120.5 billion (800 billion RMB, ¥ 13.7 trillion JPY, 7.9 trillion Indian Rupee), approaching the record peak of \$126.3 billion in 2Q 2015. Over the first three quarters of 2017, total Asian hedge fund capital has increased by +9.2 percent. As previously reported by HFR, total hedge fund capital globally increased to a record of \$3.15 trillion to begin 4Q17.

The YTD performance return of +27.8 percent for the HFRI China Index is the strongest since 2009, when the HFRI China index was up +35.8 percent through the first ten months of the

year before ending the year with a +42.9 percent gain. The YTD 2017 return follows a disappointing decline of -4.2 percent in 2016, as well as small gains in 2014 and 2015.

The volatile HFRI India Index has also posted strong returns in 2017, advancing +24.9 percent YTD through October; the Index has narrowly topped the Sensex 30 over the same period. Combining all Emerging Asia hedge fund exposures, the HFRI EM: Asia ex-Japan Index surged +23.8 percent YTD through October, while the HFRI Emerging Markets (Total) Index, which includes all emerging markets globally, has returned +15.6 percent.

Japanese hedge funds also posted strong gains through October, with the HFRI Japan Index advancing +13.6 percent YTD, the strongest performance since climbing +29.6 percent in 2012. The HFRI FWC Index[®], which includes hedge fund strategies across all regions, has produced a +7.2 percent return YTD through October.

“Asian hedge funds have surged in 2017 driven by accelerating global and regional economic trends, accelerating new equity offerings (IPO) by Asian companies, and expectations and positioning for RMB strength into year-end,” stated Kenneth J. Heinz, President of HFR. “The performance of Asian hedge funds has far outpaced Chinese equities in 2017 with strength from Event-Driven, Commodity and Quantitative exposures. It is likely these trends will continue to drive Asian hedge fund industry growth into 2018.”

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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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