FOR IMMEDIATE RELEASE

Contacts:

HFR	**MacMillan Communications**	**Hydra Strategy**
Kenneth Heinz	Chris Sullivan	Henrietta Hirst
Chicago/312.658.0955	New York/212.473.4442	London/+44 (0) 7880 742 375
info@hfr.com @HFRInc @KennethJHeinz	chris@macmillancom.com	henrietta.hirst@hydrastrategy.co.uk

HEDGE FUNDS POST NARROW DECLINE IN JULY

HFRI Macro tops strategy performance on mixed equity, inflation, reopening; First decline for HFRI FWC since September 2020

CHICAGO, (August 6, 2021) – Hedge funds posted a narrow loss in July, the first decline since September 2020, ending the streak of consecutive monthly gains at nine. The HFRI Fund Weighted Composite Index® (FWC) fell -0.6 percent in July, while the investable HFRI 500 Fund Weighted Composite Index declined -0.5 percent, according to data released today by HFR®, the established global leader in the indexation, analysis and research of the global hedge fund industry.

The HFRI FWC Index has gained +9.5 percent through the first seven months of 2021, including the strongest performance in the first half of a calendar year since 1999. In the trailing nine-month period ending July 2021, the HFRI FWC has surged over +21 percent. As reported previously by HFR, driven by investor inflows and strong performance, total hedge funds industry capital surged to a record $3.96 trillion through mid-year 2021.

The performance dispersion of the underlying index constituents narrowed in July, as the top decile of the HFRI gained an average of +4.8 percent, while the bottom decile declined an average of -7.1 percent for the month, representing a top-bottom dispersion of 11.9 percent in July compared to a top-bottom dispersion of 13.0 percent in June. Over the first seven months of the year, the top decile of the HFRI jumped an average of +37.1 percent, while the bottom decile declined an average -8.2 percent.

Uncorrelated Macro strategies posted mixed performance on equity, inflation, and economic reopening data with the HFRI Macro (Total) Index declining -0.1 percent for the month, while the investable HFRI 500 Macro (Total) Index added/fell -0.2 percent. Macro sub-strategy performance was led by the HFRI Macro: Systematic Diversified Index, which advanced +0.6 percent in July.

The fixed income-based, interest rate-sensitive HFRI Relative Value (Total) Index declined -0.8 percent while the investable HFRI 500 Relative Value Index fell -0.7 percent, as inflation data weakened and interest rates fell in July. Sub-strategy performance was led by the HFRI RV: FI-Sovereign Index, which advanced +0.4 percent for the month, while the investable HFRI 500 RV: FI-Corporate Index added +0.2 percent. Total capital invested in Relative Value Arbitrage strategies surged to surpass $1 trillion as of mid-year 2021.

Event-Driven strategies, which often focus on out-of-favor, deep value equity exposures and speculation on M&A situations, posted losses in July as the investable HFRI 500 Event-Driven Index declined -0.85 percent and the HFRI Event-Driven (Total) Index fell -0.8 percent. At the sub-strategy level, the HFRI ED: Credit Arbitrage Index advanced +0.8 percent, while the HFRI ED: Special Situations Index declined -0.9 percent in July.

Equity Hedge strategies, which invest long and short across specialized sub-strategies, posted its first monthly decline since September 2020. The HFRI Equity Hedge (Total) Index declined -0.8 percent for the month, as strong contributions from the HFRI EH: Quantitative Directional Index (+1.7 percent) were offset by losses in the HFRI EH: Sector-Healthcare Index (-2.9 percent) and the HFRI EH: Sector-Energy/Basic Materials Index (-2.4 percent).

Risk Premia and Liquid Alternatives also posted mixed performance in July, with gains in Multi-Asset exposures offset by declines in Rates. The HFR BSRP Multi-Asset Index gained +9.25 percent for the month, while the HFR BSRP Rates Index fell -1.52 percent. The HFRI-I Liquid Alternatives Index fell -0.3 percent in July, with a gain of +0.83 percent in the HFRI-I Macro Index being offset by a decline of -1.29 percent in the HFRI-I Event Driven Index.

The HFRI Diversity Index advanced +0.6 percent in July, while the HFRI Women Index posted a narrow decline of -0.6 percent.

"Hedge funds navigated a volatile market environment in July with mixed performance across sub-strategies and narrow declines across broad-based indices as, despite strong corporate earnings, investors focused on increased uncertainty surrounding renewed focus on the spread of virus variants," stated Kenneth J. Heinz, President of HFR. "The evolving macroeconomic environment continues to be fluid with reflationary, expansionary trends subject to sharp reversals and falling rates and inflation expectations. Hedge funds remain tactically positioned for these shifts, with high realized equity market volatility, oscillating between record highs and sharp correction cycles within intra-month, or even shorter, market cycles. Hedge funds which have adapted and adjusted to these powerful trends are likely to lead industry performance and growth in 2H21."

For more information from HFR:

*Visit **www.HFR.com***

*Follow HFR on Weibo: @**HFRAsia***

*Follow HFR on Twitter: @**HFRInc***

*Follow Ken Heinz on Twitter: **@KennethJHeinz***

About HFR®

HFR 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, **HFR is The Institutional Standard.**

# # #