



FOR IMMEDIATE RELEASE

Contacts:

HFR

Kenneth Heinz
Chicago/312.658.0955

info@hfr.com

 @HFRInc

@KennethJHeinz

MacMillan Communications

Chris Sullivan
New York/212.473.4442

chris@macmillancom.com

Hydra Strategy

Henrietta Hirst
London/+44 (0) 7880 742 375

henrietta.hirst@hydrastrategy.co.uk

HEDGE FUNDS GAIN AS POLITICAL RISKS RISE

Equity Hedge tops strategy performance as HFRI posts 10th gain in 11 months; Uncertainty around Afghanistan, stimulus, spending and reopening increase

CHICAGO, (September 8, 2021) – Hedge funds advanced in August, despite increasing risks associated with instability in Afghanistan and expectations for Federal Reserve stimulus reductions, as well as proposed spending legislation and ongoing virus variant impacts. The HFRI Fund Weighted Composite Index[®] (FWC) gained +0.8 percent in August, while the investable HFRI 500 Fund Weighted Composite Index advanced +0.45 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 +10.0 percent through the first eight months of 2021, recovering the narrow July decline, and has posted gains in 10 of the last 11 months, returning +22.0 percent over this period.

The performance dispersion of the underlying index constituents narrowed in August, as the top decile of the HFRI gained an average of +6.1 percent, while the bottom decile declined an average -3.6 percent for the month, representing a top-bottom dispersion of 9.7 percent in August compared to a top-bottom dispersion of 12.1 percent in July. In the trailing 12 months, the top decile of the HFRI jumped an average of +71.2 percent, while the bottom decile declined an average -7.6 percent.

Equity Hedge strategies, which invest long and short across specialized sub-strategies, extended recent gains in August, as many equity markets reached record highs, while realized equity volatility remained elevated. The HFRI Equity Hedge (Total) Index jumped +1.2 percent for the month, with strong contributions from a wide dispersion of sub-strategy performance led by the high-beta, long-biased Healthcare, Technology, and Energy sub-strategies. The HFRI EH: Healthcare Index surged +3.3 percent,

while the HFRI EH: Technology Index and EH: Energy Index jumped +3.0 and +2.2 percent, respectively. The HFRI Equity Hedge Index leads all strategies performance YTD with a +11.9 percent return. The investable HFRI 500 Equity Hedge Index added +0.5 percent in August, increasing its YTD gain to +10.6 percent.

Event-Driven strategies, which often focus on out-of-favor, deep value equity exposures and speculation on M&A situations, also posted a strong gain in August as the investable HFRI 500 Event-Driven Index returned +1.0 percent, while the HFRI Event-Driven (Total) Index also advanced +1.0 percent. ED sub-strategy gains were led by the HFRI ED: Multi-Strategy Index which jumped +3.8 percent, while the HFRI ED: Activist Index advanced +1.5 percent. The HFRI Event-Driven Index trails only EH in strategy performance YTD with a +11.4 percent return.

The fixed income-based, interest rate-sensitive HFRI Relative Value (Total) Index advanced +0.5 percent in August, while the investable HFRI 500 Relative Value Index added +0.3 percent, as interest rates increased on expectations for the US Federal Reserve to begin reducing economic stimulus measures. Sub-strategy performance was led by the HFRI RV: Volatility Index, which returned +0.9 percent for the month, while the investable HFRI 500 RV: FI-Sovereign Index added +0.9 percent.

Uncorrelated Macro strategies posted gains in August despite increased political uncertainty from the instability in Afghanistan, with the HFRI Macro (Total) Index gaining +0.2 percent for the month, while the investable HFRI 500 Macro (Total) Index also advanced +0.2 percent. Macro sub-strategy performance was led by the HFRI Macro: Commodity Index, which jumped +2.2 percent in August, while the HFRI Macro: Multi-Strategy Index added +0.8 percent.

Risk Premia and Liquid Alternatives posted mixed performance in August, with gains in Credit and Currency exposures. The HFR BSRP Credit Index advanced +2.5 percent for the month, while the HFR BSRP Currency Index added +1.2 percent. The HFRX Global Hedge Fund Index gained +0.7 percent in August, led by a gain of +1.3 percent in the HFRX Equity Hedge Index.

The HFRI Women Index jumped +1.5 percent in August, while the HFRI Diversity Index advanced +1.2 percent.

“Hedge fund posted strong gains in August despite an evolving continuum of risk including geopolitical instability, monetary policy, immigration, and ongoing pandemic challenges and complexities, with gains across all strategies led by deep value equity and event driven exposures,” stated Kenneth J. Heinz, President of HFR. “These and other diverse but powerful trends continue to drive strong performance industry-wide, including cryptocurrency trading, energy exposures and interest rate sensitivity. With hedge fund industry capital at record levels, institutions continue to increase allocations to managers and strategies which have demonstrated not only performance generation but tactical flexibility to quickly identify and monetize opportunities, often acting as liquidity providers through

periods of stress and uncertainty. These funds are trends are likely to lead global industry performance and growth in 2H21.”


HFR Indices are ESMA registered.

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.**

###