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RUSSIA, MENA, INDIA FOCUSED HEDGE FUNDS ACCELERATE GAINS AS INFLATION SPIKES

Cryptocurrency surges to lead industry gains for 2021; Total Emerging Markets hedge fund capital reaches new record

CHICAGO, (December 15, 2021) – Strong gains in Emerging Markets (EM) hedge funds focused on India, Russia, and the Middle East continued to lead through 3Q, navigating macroeconomic challenges of inflationary pressures, global supply chain constraints, and the emergence of the Omicron coronavirus variant, with performance topping EM regional equity markets and again complemented by volatile cryptocurrencies.

The HFRI Emerging Markets (Total) Index has returned +5.6 percent YTD 2021 through November, led by the HFRI Emerging Markets: India Index, which has vaulted +35.0 percent YTD, while the HFRI Emerging Markets: Russia/Eastern Europe Index surged +22.7 percent, as reported today with the releases of the *HFR Asian Hedge Fund Industry Report* and the *HFR Emerging Markets Hedge Fund Industry Report* from HFR[®], the established global leader in the indexation, analysis and research of the global hedge fund industry.

The investable HFRI 500 Fund Weighted Composite Index, which includes funds across all regions in both Emerging and Developed markets, has gained +8.8 percent YTD 2021 through November.

Total Emerging Markets hedge fund assets increased to a record of \$275.5 billion to end 3Q21, representing an increase of \$1.8 billion over the prior quarter and \$18.9 billion since year end 2020.

While EM hedge fund performance was led by India and Russia, other EM regions posted mixed performance. The HFRI MENA Index advanced +15.8 percent YTD through November, while the HFRI EM: China Index posted a narrow gain of +0.14 percent YTD. The HFRI EM: Latin America Index

declined -8.0 percent YTD through November, as both inflationary and supply chain pressures continued to build.

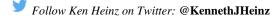
Hedge funds across EM regions including Korea, Russia, China, and the Middle East (as well as Japan) have become increasingly active in volatile cryptocurrency trading. Despite recent volatility, the HFR Cryptocurrency Index has surged +300 percent YTD 2021 through November, leading overall industry performance gains.

Total capital invested in Asian hedge funds increased to a new record of \$139.4 billion to end 3Q21, representing an increase of nearly \$1.0 billion over the prior quarter and \$13.5 billion since yearend 2020.

"Powerful inflationary pressures and global supply chain constraints have emerged as dominant trends into year-end, complicating an uncertain global recovery environment and increasing geopolitical risks in Eastern Europe. Emerging Markets hedge funds have effectively navigated this complex and fluid environment, with specialized focus on EM currency volatility (i.e., Turkey), spiking global inflation, the rapid expansion of cryptocurrency trading, and shifts in energy trading relationships including refining and Nord Stream 2 pipeline implications," stated Kenneth J. Heinz, President of HFR. "Leading global institutions and investors looking to access powerful trends in EM and Cryptocurrency hedge funds while limiting volatility associated with these rapidly growing areas, are likely to drive continued growth and expansion through 1H22."

HFR Indices are ESMA registered.

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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.

