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HFRI MACRO EXTENDS SURGE, LEADING INDUSTRY WIDE GAINS, NAVIGATING TECHNOLOGY, TARIFF VOLATILITY

Macro funds add +1.3 percent in October, extends five-month surge; EH: Healthcare funds vault +8.0 percent, up +32.5 percent over past five months

CHICAGO, (November 7, 2025) – Hedge funds extended performance gains in October despite an increase in technology and tariff volatility, with the HFRI Fund Weighted Composite Index advancing for the sixth consecutive month led by Macro and Healthcare focused funds, as reported today by HFR®, the established global leader in the indexation, analysis and research of the global hedge fund industry. Hedge funds navigated a range of risk-on and risk-off factors driving performance, including the US Federal Reserve lowering interest rates, continued AI-centered special situation and strategic M&A activity, and moderating geopolitical risks, all of which were partially offset by increased uncertainty regarding interest rate cuts, technology valuation concerns and tariff policy.

The HFRI Fund Weighted Composite Index® (FWC) advanced +0.7 percent in October, while the HFRI Asset Weighted Composite Index added +0.9 percent for the month. The October gain for the HFRI FWC follows a very strong 3Q25, which produced the highest quarterly return in over four years.

Driven by equities, metals and currency gains, the HFRI Macro (Total) Index led strategy performance in October, advancing +1.3 percent for the month. Following the strongest monthly gains in over three years in September, uncorrelated Macro strategies extended to five consecutive monthly gains, driven by the HFRI Macro: Commodity Index, which jumped +2.7 percent for the month. Quantitative, trend-following, systematic Macro gains were again broad across asset classes in October, with the HFRI Macro: Systematic Diversified Index adding +1.5 percent for the month.

The HFRI Long Volatility Index advanced +1.3 percent in October while the HFRI Multi-Manager/Pod Shop Index added +0.8 percent, with positive contributions from all main strategy exposures.

Hedge fund performance dispersion declined slightly in October, as the top decile of the HFRI FWC constituents advanced by an average of +7.7 percent, while the bottom decile of constituents fell by an average of -5.6 percent, representing a top/bottom dispersion of 13.3 percent for the month. By comparison, the top/bottom performance dispersion in September was 13.9 percent. In the trailing 12 months ending October 2025, the top decile of FWC constituents gained +45.7 percent, while the bottom decile declined -10.8 percent, representing a top/bottom dispersion of 56.5 percent. Approximately two-thirds of hedge funds produced positive performance in October.

Fixed income-based, interest rate-sensitive strategies also advanced in October as the US Federal Reserve lowered interest rates, though investors positioned for increased uncertainty regarding additional decreases in December. The HFRI Relative Value (Total) Index returned an estimated +0.8 percent for the month, led by the HFRI RV: FI-Sovereign and HFRI RV: Volatility Indices, which gained +1.6 and +1.5 percent, respectively, for the month.

Equity Hedge (EH) funds, which invest long and short across specialized sub-strategies, returned +0.6 percent in October, driven by gains in Healthcare, Energy, and Technology sub-strategies. The HFRI EH: Healthcare Index surged +8.0 percent for the month, extending its five-month performance to +32.5 percent. The HFRI EH: Energy/Basic Materials Index and the HFRI EH: Technology Index each added +2.5 percent in October. Through the first ten months of the year, the HFRI EH (Total) Index leads all strategy performance with a YTD return of +14.2 percent.

Event-Driven (ED) strategies, which often focus on out-of-favor, deep value equity exposures and speculation on M&A situations, also posted positive performance in October on continued AI related special situation activity, with these gains partially offset by valuation concerns. The HFRI Event-Driven (Total) Index added +0.3 percent in October, led by the HFRI ED: Credit Arbitrage Index, which advanced +1.6 percent, and the HFRI ED: Distressed/Restructuring Index, which added +1.2 for the month.

Liquid Alternative UCITS strategies also advanced in October, as the HFRX Market Directional Index gained +2.2 percent, while the HFRX Global Hedge Fund Index added +0.7 percent for the month. HFRX strategy performance was led by the HFRX Macro/CTA Index, which advanced +1.4 percent in October, with strong contributions from the HFRX Macro: Systematic Diversified/CTA Index, which returned +1.73 percent.

“Hedge funds extended gains for the sixth consecutive month, the longest period of consecutive gains since 2021, with leadership from resurgent Macro strategies and by successfully navigating a more challenging market environment than in past months, including increased volatility and risk on/off tensions as a result of interest rate uncertainty and concerns relating to valuations of certain Technology, and specifically AI focused, exposures and positions," stated Kenneth J. Heinz, President of HFR. "While the constructive macroeconomic backdrop continues to evolve into 2026, broad industry performance saw significant contributions in October from uncorrelated Macro, fixed income based Relative Value and specialized Healthcare exposures, with the varied nature of these strategic contributions serving to reduce volatility and shift drivers from the core themes which have dominated recent financial market performance. It is likely that this expanded range of strategic performance drivers will accelerate through year end, not only broadening the opportunity set and increasing performance, but also reducing overall volatility. Institutions interested in access to these powerful, specialized performance and risk sensitive trends are likely to increase allocations to leading managers, pushing industry capital to new records and significant growth milestones into 2026."

NOTE: October 2025 index performance figures are estimated as of November 7, 2025

HFR Indices are ESMA registered

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