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HFRI GAINS ACCELERATE THROUGH NOVEMBER NAVIGATING AI, TECH AND CRYPTO VOLATILITY

Equity Hedge leads strategy gains for month and YTD

Healthcare funds surge +7.6 percent, up +44.7 percent in trailing six months

HFR Cryptocurrency Index declines -8.0 percent, worst month since February

CHICAGO, (December 5, 2025) – Hedge funds extended performance gains once again in November despite a significant increase in volatility driven by a sharp correction in cryptocurrencies and concerns about valuations and the sustainability of spending on AI Technologies. The HFRI Fund Weighted Composite Index® (FWC) gained +0.7 percent, advancing for the seventh consecutive month, led by Healthcare-focused and Macro funds, as reported today by HFR®, the established global leader in the indexation, analysis and research of the global hedge fund industry. The mid-4Q25 gain for the HFRI FWC follows a very strong 3Q25, which produced the highest quarterly return in over four years.

Hedge funds successfully navigated an increasing intense range of risk-on and risk-off factors driving performance. Market forces, which included the US Federal Reserve lowering interest rates and continued AI-centered special situation and strategic M&A activity, were partially offset by investor uncertainty regarding interest rate cuts and widespread technology valuation concerns.

Equity Hedge (EH) funds, which invest long and short across specialized sub-strategies, led strategy performance in November, advancing +1.05 percent, driven by gains in Healthcare, Equity Market Neutral, Energy, and Multi-Strategy sub-strategies. The HFRI EH: Healthcare Index surged +7.6 percent for the month, extending its six-month performance to +44.7 percent. The HFRI EH: Equity Market Neutral Index advanced +1.7 percent, while the HFRI EH: Energy/Basic Materials Index and

HFRI EH: Multi-Strategy Index each added +1.5 percent in November. Through the first eleven months of the year, the HFRI EH (Total) Index leads all strategies with a YTD return of +15.6 percent.

Driven by equities, metals and currency gains, the HFRI Macro (Total) Index advanced +1.0 percent in November, extending its positive performance streak to six months. Strategy gains were led by the HFRI Macro: Commodity Index, which jumped +2.4 percent in November. The HFRI Macro Discretionary Thematic Index advanced +0.9 percent while quantitative, trend-following, systematic macro gains were broad across asset classes, with the HFRI Macro: Systematic Diversified Index adding +0.8 percent for the month.

The HFRI Long Volatility Index posted a minimal gain of +0.1 percent in November, while the HFRI Multi-Manager/Pod Shop Index added +0.65 percent, with mixed contributions across strategy exposures. The HFR Cryptocurrency Index posted a sharp decline of -8.0 percent in November, its worst performance since February 2025, driven by the steep correction in cryptocurrencies.

Fixed income-based, interest rate-sensitive strategies also advanced in November, as managers positioned for transitions in both leadership and policies at the US Federal Reserve as well as one further expected interest rate cut in December. The HFRI Relative Value (Total) Index returned an estimated +0.3 percent for the month, led by the HFRI RV: Yield Alternatives and HFRI RV: Multi-Strategy Indices, which gained +2.4 and +0.7 percent, respectively, for the month.

Event-Driven (ED) strategies, which often focus on out-of-favor, deep value equity exposures and speculation on M&A situations, declined in November on concerns about the sustainability of continued AI-related spending and general technology valuation concerns. The HFRI Event Driven (Total) Index fell -0.3 percent in November, driven down by the HFRI ED: Credit Arbitrage Index, which lost -1.6 percent; these losses were partially offset by the HFRI ED: Activist Index, which added +1.4 for the month.

Liquid Alternative UCITS strategies also advanced in November, as the HFRX Absolute Return Index gained +0.44 percent, while the HFRX Global Hedge Fund Index added +0.14 percent for the month. HFRX main strategy performance was led by the HFRX Event Driven Index, which advanced +0.27 percent in November, while sub-strategy performance was led by the HFRX Macro: Systematic Diversified/CTA Index, which returned +1.1 percent.

Hedge fund performance dispersion declined slightly in November, as the top decile of the HFRI FWC constituents advanced by an average of +7.9 percent, while the bottom decile of constituents fell by an average of -5.0 percent, representing a top/bottom dispersion of 12.9 percent for the month. By comparison, the top/bottom performance dispersion in October was 13.8 percent. In the trailing 12 months ending November 2025, the top decile of FWC constituents gained +51.8 percent, while the bottom decile declined -12.6 percent, representing a top/bottom dispersion of 64.4 percent. Approximately sixty percent (60%) of hedge funds produced positive performance in November.

"Hedge fund performance in November saw a powerful acceleration of the dominant driving trends from the latter half of October, as Equity and Macro strategies advanced in an environment of increased volatility and even shorter, dynamically shifting investor risk paradigms with these ranging from micro cycles of extreme positive and negative sentiment changing rapidly and continuously. Macro, Equity, and Relative Value strategies generated gains against this backdrop, including a sharp correction in cryptocurrencies, with strong sub-strategy contributions across Commodity, Activist and Healthcare-focused funds," stated Kenneth J. Heinz, President of HFR. "Managers have effectively navigated the increase in volatility, which has been driven in large part by the tension between positive sentiment associated with lower interest rates and continued AI growth contrasted with uncertainty and concern regarding valuation and the sustainability of AI technology spending. Building on the strong year of performance and capital growth, managers continue to position for a wide range of economic, financial and geopolitical scenarios and outcomes into 2026, while investors continue to position for the extension of these powerful trends but are also provisioning for the emergence of new trends as the hedge fund industry advances towards key historical milestones to begin 2026."

NOTE: November 2025 index performance figures are estimated as of December 5, 2025

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