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EQUITY HEDGE FUNDS POST LARGEST DECLINE IN SIX YEARS AS IRAN MILITARY CONFLICT ESCALATES, OIL SURGES

Equity Hedge leads HFRI strategy losses on rapid repricing of inflation risk, oil spike;

HFRI Macro falls in March, but gains +4.6 percent in 1Q26;

Fixed income-based Relative Value generates mixed performance despite interest rate spike

CHICAGO, (April 8, 2026) – Hedge funds posted a sharp decline in March as the Iran military conflict escalated and oil prices spiked, resulting in a historic surge in volatility and steep declines across equity and fixed income markets as investors re-priced risk and positioned for higher interest rates in 2026.

The HFRI Fund Weighted Composite Index® (FWC) declined -2.8 percent in March, the first monthly decline since April 2025, with losses led by Equity Hedge and Emerging Markets focused funds, as reported today by HFR®, the established global leader in the indexation, analysis and research of the global hedge fund industry. The March decline was the largest since June 2022 and pares the 1Q26 gain for the HFRI FWC to +0.9 percent. The HFRI Long Volatility Index advanced +2.4 percent for the month as financial market volatility spiked.

"Financial markets performance whipsawed throughout March as a result of the Iran military conflict, resulting in historic spikes in volatility and oil prices, as well as significant disruptions and dislocations across global markets. Equity Hedge funds posted the largest monthly decline since the beginning of the global Covid-19 pandemic in March 2020, with significant losses in Fundamental Growth and Emerging Markets-focused funds," stated Kenneth J. Heinz, President of HFR. "March was dominated by rapidly changing news headlines and daily shocks leading to significant intra-month and intra-day reversals in asset prices. While growth and equity strategies were most impacted by this volatility, credit, fixed income and arbitrage strategies generated mixed performance. Having navigated the March financial market environment, hedge funds are and continue to be positioned both tactically and opportunistically to operate as liquidity providers and monetize opportunities created by these extreme market conditions and dislocations."

Equity Hedge (EH) funds, which invest long and short across specialized sub-strategies, led strategy declines in March, with the HFRI Equity Hedge (Total) Index falling -4.3 percent, the sharpest decline since March 2020. EH sub-strategy performance declines were led by the HFRI EH: Fundamental Growth Index, which slumped -6.8 percent, and the HFRI EH: Multi-Strategy Index, which lost -6.4 percent in March. The HFRI EH: Energy/Basic Materials Index declined -1.2 percent for the month, paring the 1Q26 gain for the Index to +7.7 percent. The HFRI EH: Healthcare Index fell -1.4 percent for the month, while the HFRI EH: Equity Market Neutral Index lost -1.2 percent in March. For 1Q26, the HFRI Equity Hedge (Total) Index declined -0.5 percent.

Fixed income-based, interest rate-sensitive strategies posted mixed performance in March despite the sharp increase in interest rates, as investors re-positioned for higher rates throughout the year, as well as fewer or no rate cuts in 2026 as a result of the inflationary impact of sharply higher oil prices. The HFRI Relative Value (Total) Index posted a decline of -0.7 percent for the month, though Volatility-focused funds generated gains, as the HFRI RV: Volatility Index advanced +2.6 percent in March. Losses were driven by the HFRI RV: FI- Sovereign Index, which fell -2.5 percent and the HFRI RV: FI-Convertible Arbitrage Index, which lost -1.6 percent in March. For 1Q26, the HFRI Relative Value (Total) Index gained +1.3 percent.

Navigating the surge in oil prices and sharp declines across equity and fixed income markets, the HFRI Macro (Total) Index fell -2.35 percent in March; despite the monthly decline, the Index advanced +4.4 percent in 1Q26. Macro sub-strategy declines in March were led by the HFRI Macro: Discretionary Thematic Index, which fell -5.1 percent, and the HFRI Macro: Multi-Strategy Index, which lost -3.65 percent. The HFRI Macro: Systematic Diversified Index declined -1.4 percent for the month, as gains in oil and currencies were more than offset by declines in Equity and Fixed Income exposures. The HFR Cryptocurrency Index posted a modest decline of -0.6 percent in March, while the HFRI Emerging Markets (Total) Index fell sharply, losing -4.5 percent for the month.

Event-Driven (ED) strategies also declined in March, as expectations for strong M&A and IPO environments in 2026 were offset by geopolitical uncertainty and weakness in private credit strategies. The HFRI Event-Driven (Total) Index fell -1.4 percent for the month, with losses driven by the HFRI ED: Activist Index and HFRI ED: Special Situations Index, which declined -4.9 and -3.5 percent, respectively. Partially offsetting these declines, the HFRI ED: Distressed/Restructuring Index advanced +1.0 percent in

March, while the HFRI ED: Merger Arbitrage Index added +0.5 percent. For 1Q26, the HFRI Event-Driven (Total) Index declined -0.3 percent.

HFR LAUNCHES CO-INVESTMENT INDEX

HFR launched the HFR Co-Investment Index (HFRCINV) in March 2026, a high-performing index that captures aggregate performance of curated fund managers offering Best Ideas and Co-Investment opportunities to investors. The index is investable and boasts a 5-year annualized return of +18.09 percent and a 5-year Sharpe ratio of 1.02 as of March 2026.

Liquid Alternative UCITS strategies also declined in March, as the HFRX Global Index fell -2.95 percent, while the HFRX Absolute Return Index declined -1.16 percent for the month. HFRX main strategy declines was led by the HFRX Equity Hedge Index, which fell -4.4 percent in March, while the HFRX Relative Value Index lost -1.5 percent. For 1Q26, the HFRX Global Hedge Fund Index lost -0.57 percent, HFRX Absolute Return Index fell -0.23 percent, while the HFRX Macro/CTA Index gained +1.56 percent.

Hedge fund performance dispersion expanded in March, as the top decile of the HFRI FWC constituents advanced by an average of +5.9 percent, while the bottom decile of constituents fell by an average of -13.7 percent, representing a top/bottom dispersion of 19.6 percent for the month. By comparison, the top/bottom performance dispersion in February was 15.2 percent. For the trailing 12 months ending March 2026, the top decile of FWC constituents gained +68.2 percent, while the bottom decile declined -9.4 percent, representing a top/bottom dispersion of 77.6 percent. Approximately 30% of hedge funds produced positive performance in March.

NOTE: March 2026 index performance figures are estimated as of April 8, 2026

HFR Indices are ESMA registered

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