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HFRI MENA LEADS EMERGING MARKETS HEDGE FUNDS AS GLOBAL INTEREST RATES SURGE

***HFRI MENA Index leads YTD gains as Iran conflict escalates;
HFRI Japan Index gains +8.8 percent YTD;
EM, Asian hedge fund industry AUM rise to record***

CHICAGO, (October 1, 2026) – Emerging Markets hedge funds advanced YTD through August 2026, reversing sharp declines in March, as global interest rates surged to 20-year highs and oil prices rose with extreme daily volatility as the outlook for resolution of the Iran military conflict remained unclear. The HFRI MENA Index jumped +18.7 percent YTD through August to lead industry regional index performance, while the HFRI Emerging Markets (Total) Index gained +8.2 percent YTD, 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.

In contrast to the HFRI MENA Index, other EM regional indices posted more muted YTD performance as interest rates rose sharply and geopolitical risks remained elevated, with the HFRI EM: China Index gaining +2.8 percent and the HFRI EM: Latin America Index adding +2.6 percent, while the HFRI India Index declined -3.3 percent YTD through August. The HFRI Fund Weighted Composite Index®, which includes both EM and developed markets funds, returned +7.85 percent YTD through August, led by the HFRI RV: Yield Alternatives Index, which surged +17.9 percent through August.

Total capital invested in Emerging Markets hedge funds increased to a record level in 2Q26 with an estimated \$287.6 billion AUM, while total estimated capital invested in Asian hedge funds increased to a third consecutive record level, ending 2Q at an estimated \$152.1 billion AUM.

“MENA hedge funds led Emerging Markets performance YTD through August while Japan also posted strong gains, with managers successfully navigating surging bond yields, escalation of the Iran military conflict and record Technology/AI equity volatility,” stated Kenneth J. Heinz, President of HFR. “While the outlook for near term resolution of these specific drivers remains unclear, the outlook for hedge fund performance and investor capital growth in these areas remains strong and robust, driven by both uncertainty and opportunity. While risks have evolved and volatility has accelerated, Asian and EM hedge fund managers have remained tactical, flexible and opportunistic.”

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