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HEDGE FUNDS DECLINE ON TECHNOLOGY WEAKNESS AS U.S. MIDTERM RESULTS ARE POISED TO DRIVE POLICY CHANGES

HFRI Technology Index falls in October;
HFRI Activist and Fixed Income indices among top sub-strategy performers

HFR releases Special Report: US Presidential Politics & Hedge Funds: Midterm Edition

CHICAGO, (November 6, 2026) – Hedge funds posted mixed declines in October, with sharp drops in Technology and AI-related equities driving weakness across Equity Hedge and Growth exposures, which was only partially offset by strength in Activist and fixed income strategies. Throughout the month of October in anticipation of the U.S. midterm election results, managers positioned for significant U.S. government policy adjustments which are expected to occur with the change in control of the U.S. Congress shifting to the Democrats after Tuesday's "blue wave".

The HFRI Fund Weighted Composite Index® (FWC) declined over a percentage point in October, as reported today by HFR®, the established global leader in the indexation, analysis and research of the global hedge fund industry.

"Hedge funds were positioned for rapid policy shifts heading into the midterms, and the result guarantees that volatility will remain elevated over the intermediate term. Factors ranging from AI regulation and data centers to tariffs and taxes, interest rates and the Iran conflict will drive market performance, with an increased possibility for disruptions and dislocations in the coming quarters," said Kenneth J. Heinz, President of HFR. "Hedge funds are now navigating a highly uncertain environment with regard to what the policy and oversight changes will look like over the next two years, ensuring more market instability which in turn should provide significant opportunities for active management."

HFR Releases Special Report: U.S. Presidential Politics & Hedge Funds: Midterm Edition

HFR's recently released Special Report examines hedge fund performance over the U.S. political cycle. The Report illustrates a "Year 2 of Presidential Term" performance effect, provides historical hedge fund performance following midterm elections, and compares industry performance under a unified Congress versus a split Congress. This Special Report can be downloaded for free here: Hedge Funds and U.S. Presidential Politics: 2026 Midterm Edition | HFR

Index license holders can receive a summary report breaking down performance by strategy and sub-strategy area by contacting HFR Index at IndexData@hfr.com. Watch video commentary with index performance updates (approximately 3 minutes long) by Ken Heinz at https://www.hfr.com/insights-commentary/

NOTE: October 2026 index performance figures are estimated as of November 6, 2026

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About HFR®

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 500 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.**

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