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HFRI GAINS IN APRIL ON ENERGY, INFRASTRUCTURE

*Index snaps 2-month drawdown, HFRI tops declines of S&P, DJIA through April;
HFR Blockchain Index surges from March swoon*

CHICAGO, (May 7, 2018) – Hedge funds snapped a two-month performance decline in April, led by fixed income-based Relative Value Arbitrage and Equity Hedge strategies. The broad-based HFRI and many sub-indices extended YTD gains over equity market index declines, according to data released today by HFR[®], the established global industry leader in the indexation, analysis and research of the global hedge fund industry.

The HFRI Fund Weighted Composite Index[®] advanced +0.38 percent for the month, bringing YTD performance to +0.39 percent through April and topping the YTD declines of the S&P 500, DJIA, DAX, FTSE and MSCI World indices.

Driven by the recovery of cryptocurrencies in April, the volatile HFR Blockchain Index surged +47.1 percent for the month, recovering from a -34.0 percent decline in the prior month and reducing the YTD decline to -19.3 percent.

Fixed income-based Relative Value Arbitrage led April strategy performance, as the yield on US 10-year bonds rose to the highest level in over 4 years; the HFRI Relative Value (Total) Index advanced +0.70 percent in April, led by Energy Yield Alternatives and Volatility trading strategies. The HFRI RVA: Yield Alternative Index, which includes both Energy Infrastructure and MLP exposures, advanced +2.9 percent, while the HFRI RV: Volatility Index gained +1.6 percent. For the year, the HFRI RV: Fixed Income-Asset Backed Index leads RVA sub-strategy performance with a gain of +3.1 percent, while the HFRI Relative Value (Asset Weighted) Index

has returned +1.6 percent YTD, topping the +0.9 percent YTD return of the equal-weighted RVA composite.

Equity Hedge strategies topped most equity market indices for the month and YTD, with strong contributions from Energy and Healthcare exposures. The HFRI Equity Hedge (Total) Index gained +0.43 percent, extending the YTD return to +0.8 percent. The HFRI EH: Energy/Basic Materials Index surged +4.5 percent in the month, leading all sub-strategies, as oil climbed to its highest level in four years. April was the best month for the Energy Index since April 2016 and erased the 1Q decline to bring the YTD return to +2.3 percent. The HFRI EH: Healthcare Index also recovered from two months of declines with a gain of +1.3 percent in April, while the HFRI EH: Technology Index remains the leading EH sub-strategy index for 2018, advancing +4.4 percent YTD through April.

Event-Driven funds also advanced in April as expectations for strong corporate earnings fueled an active M&A environment; the HFRI Event-Driven (Total) Index gained +0.38 percent, bringing the YTD return to +0.6 percent. ED sub-strategy performance was led by the HFRI ED: Activist Index, which climbed +1.1 percent for the month, while the ED: Distressed Index and ED: Multi-Strategy Index added +0.72 and +0.67 percent, respectively.

Macro hedge funds experienced mixed performance in April as Oil surged, the US dollar gained and US interest rates increased, with the HFRI Macro (Total) Index posting a small gain of +0.08 percent. Macro sub-strategy performance was led by the HFRI Macro: Active Trading Index, which advanced +1.3 percent, and the HFRI Macro: Systematic Diversified/CTA Index, which added +0.16 percent. The HFR Risk Parity Vol 10 Institutional Index gained +0.78 percent in April, although the index remains down -1.1 percent YTD 2018. The HFR Risk Parity Vol 12 Institutional and Vol 15 Institutional Indices also advanced +1.17 and +0.98 percent, respectively, for the month.

“Hedge funds extended gains in April to begin the second quarter and also extended the YTD outperformance of most equity market indices, with support and contribution from Energy and Volatility exposures,” stated Kenneth J. Heinz, President of HFR. “The industry continues the process of evolving transitional politics and economics creating long and short opportunities across a wide continuum of specialized exposures and industries, including Fixed Income/interest rate-sensitive equities, retail, M&A, technology and blockchain. This powerful process is likely to continue to drive performance through mid-2018.”

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About HFR[®]

HFR (Hedge Fund Research, Inc.) 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 100 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, **Hedge Fund Research is The Institutional Standard.**

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