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## HEDGE FUNDS SURGE IN JULY, HFRI 500 MOVES POSITIVE YTD

*Energy, Tech, Activist exposures lead;  
HFRI Macro, Relative Value Arbitrage gain on Gold, Rates;  
Trend-following CTAs & Blockchain funds climb*

CHICAGO, (August 7, 2020) – Hedge funds surged in July to begin 2H20, with the HFRI Fund Weighted Composite Index<sup>®</sup> (FWC) posting the 2<sup>nd</sup> highest monthly gain since January 2019 and the 3<sup>rd</sup> strongest gain since 2010. The HFRI FWC climbed +3.2 percent for the month, topping the gain of the DJIA, as reported today by HFR<sup>®</sup>, the established global leader in the indexation, analysis and research of the global hedge fund industry.

The investable HFRI 500 Fund Weighted Composite Index advanced +2.8 percent in July, fully offsetting the 1H20 decline to bring YTD performance into positive territory at +0.1 percent, topping the DJIA by 750 basis point (bps) over the first seven months of the year.

Hedge fund gains were spread across all strategies, led by Equity Hedge and Macro. The HFRI Equity Hedge (Total) Index led strategy performance for the month, surging +3.7 percent, with strong contributions from Energy and Technology exposures. The HFRI EH: Sector-Energy Index vaulted +5.0 percent in July, while the HFRI EH: Technology Index jumped +4.1 percent in July, bringing the YTD return for the tech index to +14.1 percent, leading all sub-strategies for the year.

The HFRI Macro (Total) Index gained +3.5 percent for the month to increase its YTD return to +2.9 percent. July performance was led by the HFRI Macro: Multi-Strategy Index, which surged +5.0 percent, and the HFRI Macro: Systematic Diversified Index, which advanced +3.9 percent, the

strongest monthly return since January 2015. For the year, the HFRI Macro: Currency Index leads Macro sub-strategy performance with an +8.2 percent return.

The HFRI Event-Driven (Total) Index gained +2.7 percent in July, while the investable HFRI 500 Event-Driven Index advanced +2.9 percent. ED sub-strategy performance was led by the HFRI ED: Activist Index, which jumped +6.4 percent for the month.

Fixed Income-based RVA strategies also posted strong gains in July, with the HFRI Relative Value (Total) Index advancing +2.1 percent, while the investable HFRI 500 Relative Value Index gained +1.9 percent. RVA sub-strategy performance was led by the HFRI RV: FI-Convertible Arbitrage Index, which surged +3.8 percent, and the HFRI RV: Volatility Index, which added +2.8 percent for the month.

Liquid Alternative and Risk Premia products also advanced in July, with the HFRI-I Liquid Alternative UCITS Composite Index gaining +1.35 percent, led by the HFRI-I Equity Hedge Index, which gained +1.6 percent. The HFR Bank Systematic Risk Premia Credit Index surged +15.4 percent for the month, while the HFR BSRP Multi-Asset Index jumped +10.5 percent. Risk Parity strategies also produced strong returns in July, with the HFR Risk Parity Vol 15 Index vaulting +9.3 percent. The HFR Blockchain Index spiked +30.3 percent for the month, as Bitcoin posted strong gains.

“Hedge funds surged across a wide range of strategies in July, driving the HFRI into positive territory for the year, with strong performance in Technology, Shareholder Activist, CTAs and Volatility, as well as Blockchain/Cryptocurrency, Risk Parity, Risk Premia and liquid alternative products,” stated Kenneth J. Heinz. “Institutional investors are actively looking to increase exposure to hedge funds and alternative strategies in 2H20 as a direct and ongoing result of the intense and extreme volatility from 1H20, including both realized and implied volatility, and positive and negative market cycles. Positive performance for 2020 has contributed to an environment of and expectations for strong industry-wide growth into 2021.”

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