



## FOR IMMEDIATE RELEASE

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## HFRI EXTENDS SURGE TO CONCLUDE 2020

*Equity, Event and Crypto gains broadened to include Quant, CTA & Energy*

*Vaccine rollouts, clarity on US, UK politics drive investor optimism into 2021;  
HFRI 500 tops DJIA, FTSE 100 for 2020*

CHICAGO, (January 8, 2021) – Hedge funds surged once again in December, extending strong November gains and concluding the volatile year, which had been dominated by the global coronavirus pandemic, generational political uncertainty, and protests. The investable HFRI 500 Fund Weighted Composite Index surged +3.5 percent for the month, bringing full-year 2020 performance to +9.8 percent, topping both the DJIA and FTSE 100 indices.

The HFRI Fund Weighted Composite Index also surged +4.5 percent in December, extending its full-year return to +11.6 percent, according to data released today by HFR<sup>®</sup>, the established global leader in the indexation, analysis and research of the global hedge fund industry. The FY 2020 gain for the HFRI Fund Weighted Composite Index marks an impressive recovery from the -11.6 percent decline in 1Q20 as the global coronavirus pandemic and resulting lockdowns were in the early stages. The HFRI FWC annual performance also topped US and UK equities as represented by the DJIA & FTSE 100 Indices, respectively, with the HFRI FWC concluding 2020 at a record index value of 16,511.

Extending the November surge, Equity Hedge led strategy performance again in December as the HFRI Equity Hedge (Total) Index spiked +5.5 percent for the month, bringing the two-month return to +14.2 percent and the FY 2020 advance to +17.5 percent. The investable HFRI 500 Equity Hedge Index surged +4.3 percent in December, extending its two-month gain to +11.9 percent and the FY 2020 return to +15.4 percent. Equity Hedge performance was driven across diverse EH sub-strategies, with the

investable HFRI 500 EH: Fundamental Growth Index soaring +6.2 percent in December, bringing the FY 2020 return to +23.9 percent. The HFRI EH: Quantitative Directional Index jumped +7.6 percent for the month, bringing its two-month return to +15.0 percent, while the HFRI EH: Energy/Basic Materials Index leapt +13.0 percent in December and led all sub-strategy performance industry-wide for FY 2020 with a +33.0 percent return.

Blockchain and Cryptocurrency exposures continued to deliver strong performance as cryptocurrencies hit record highs and as hedge funds increasingly incorporated related exposures into new and existing fund strategies. The HFR Blockchain Composite Index returned +18.6 percent in December, vaulting FY 2020 performance to +190.1 percent, while the HFR Cryptocurrency Index increased +18.3 percent for the month.

Event-Driven strategies also posted strong gains for December, led by Special Situations, Activist, and Multi-Strategy exposures. The investable HFRI 500 Event-Driven Index returned +4.6 percent for the month, while the HFRI Event-Driven (Total) Index jumped +4.5 percent in December to bringing its FY 2020 return to +9.3 percent, representing a strong recovery from a steep drawdown of nearly -15.0 percent in 1Q20. ED sub-strategies were led by the HFRI ED: Special Situations Index, which soared +6.3 percent in December, and the HFRI ED: Activist Index, which jumped +4.8 percent. Furthermore, the HFRI 500 ED: Merger Arbitrage Index gained +5.1 percent for the month, while the HFRI 500 ED: Multi-Strategy Index added +4.1 percent. For FY 2020, HFRI ED sub-strategy performance was led by the HFRI ED: Multi-Strategy Index, which returned +14.6 percent.

Risk Premia, Risk Parity and Liquid Alternatives produced strong gains in December, led by credit and multi-asset exposures. The HFR Bank Systematic Risk Premia Credit Index spiked +7.3 percent for the month, while the HFR BSRP Multi-Asset Index jumped +5.9 percent. The HFR Risk Parity Vol 12 Institutional Index jumped +4.2 percent in December, bringing FY 2020 performance to +10.1 percent. The HFRI-I Liquid Alternative UCITS Index gained +1.7 percent for the month, led by the HFRI-I UCITS Equity Hedge Index, which advanced +2.2 percent.

Uncorrelated Macro strategies also surged for the month, with the HFRI Macro (Total) Index advancing +3.9 percent while the HFRI 500 Macro Index gained +3.6 percent. Macro sub-strategy performance was led by quantitative, trend-following CTA strategies, with the HFRI Macro: Systematic Diversified/CTA Index jumping +4.9 percent, while the HFRI 500 Macro: Systematic Diversified/CTA Index spiked +4.1 percent.

Fixed income-based Relative Value Arbitrage also gained in December, with the HFRI Relative Value (Total) Index advancing +1.9 percent for the month, while the investable HFRI 500 Relative Value Index gained +1.2 percent. RVA performance was led by the investable HFRI 500 RV: Fixed Income-

Convertible Arbitrage Index, which jumped +3.6 percent in December, and the HFRI RV: FI-Sovereign Index, which added +3.0 percent.

“Hedge funds effectively navigated both December and calendar year 2020 volatility, and accelerated into 2021 with powerful, broad-based performance which continued yet broadened the high beta Equity- and Crypto-driven gains to also include quantitative, trend-following Macro, Energy and Special Situations exposures,” stated Kenneth J. Heinz, President of HFR. “With the strong performance, hedge funds are continuing to evolve with the shifting geopolitical risk and macroeconomic opportunity set, with certain trends accelerating into the new year, while others reverse or evolve with greater clarity on vaccine and political outcomes. Leading institutions are likely to continue expanding allocations to hedge funds as a preferred portfolio mechanism to opportunistically participate in these dynamic trends while mitigating inherent risks with specialized, tactical long-short exposures.”

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