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HFRI GAINS TO CONCLUDE STRONG 2021

***Equity Hedge, Event Driven lead reversal of November declines;
Crypto, Commodity, Activist, Energy and Yield Alternatives lead gains for '21;
Inflation, interest rates, virus and crypto top exposure themes into '22***

CHICAGO, (January 7, 2022) – Hedge funds advanced in December to conclude a strong year dominated by uncertainty and high volatility, as managers navigated the dual challenges of increasing interest rates and inflation, as well as the impacts of the second year of the global coronavirus pandemic. The investable HFRI 500 Fund Weighted Composite Index gained +0.9 percent in December, reversing the prior month's decline, while the HFRI Fund Weighted Composite Index® (FWC) advanced +1.3 percent, according to data released today by HFR®, the established global leader in the indexation, analysis and research of the global hedge fund industry.

For the full year 2021, the HFRI FWC gained +10.3, narrowly trailing the prior year's gain of +11.8 percent but marking the 3rd highest calendar year performance since 2009.

Funds investing in Cryptocurrencies soared again to lead all hedge funds in 2021, with the HFR Cryptocurrency Index surging +215 percent, topping the 2020 return of +193 percent.

The performance dispersion of the underlying HFRI index constituents narrowed in December, with the top decile of the HFRI gaining an average of +6.6 percent, while the bottom decile declined by an average of -3.5 percent for the month, representing a top-bottom dispersion of 10.1 percent for the month, compared to a top-bottom dispersion of 19.1 percent in November. For the full year 2021, the top decile of the HFRI soared by an average of +45.6 percent, while the bottom decile declined by an average of -12.3 percent.

Equity Hedge funds, which invest long and short across specialized sub-strategies, led industry strategy gains in December and reversed the prior month's decline, as global equities traded in wide intra-month range but recovered from an intra-month decline driven by fears of the spreading of the Omicron coronavirus variant. The investable HFRI 500 Equity Hedge Index gained +1.7 percent for the month, bringing the full year 2021 performance to +11.9 percent, while the HFRI Equity Hedge (Total) Index advanced +1.85 percent, led by gains in Healthcare and Fundamental Value exposures. The HFRI EH: Healthcare Index surged +3.9 percent while the HFRI Fundamental Value Index added +2.4 percent for the month. For the full year 2021, EH performance was led by the HFRI EH: Energy/Basic Materials Index which jumped +26.2 percent.

Event-Driven strategies, which often focus on out-of-favor, deep value equity exposures and speculation on M&A situations, also gained in December, driven by Activist and Special Situations strategies. The investable HFRI 500 Event-Driven Index gained +1.3 percent, while the HFRI Event-Driven (Total) Index advanced +1.8 percent for the month, bringing full year 2021 performance to +13.1 percent, the highest performance since 2009. ED sub-strategy gains were led by the HFRI ED: Activist Index, which advanced +5.1 percent in December, and the HFRI ED: Special Situations Index, which added +2.6 percent, with both reversing the prior month's decline. For the full year 2021, ED performance was led by the HFRI ED: Activist Index, which jumped +18.8 percent.

Fixed income-based, interest rate-sensitive strategies also advanced for the month, as interest rates increased and managers continued to position for the near-term tapering on bond purchases by the US Federal Reserve. The investable HFRI 500 Relative Value Index gained +0.2 percent for the month, while the HFRI Relative Value (Total) Index advanced +0.3 percent. Sub-strategy gains were led by the HFRI RV: Yield Alternative Index, which gained +2.4 percent, as well as the HFRI RVA: Volatility Index, which added +1.4 percent, with both reversing the prior month's declines. For the full year 2021, RVA performance was led by the HFRI RV: Yield Alternative Index which returned +30.9 percent.

Macro strategies also advanced for the month, as commodities gained while interest rates continued to rise, with the HFRI Macro (Total) Index advancing +0.65 percent, while the investable HFRI 500 Macro Index posted a narrow decline of -0.05 percent for the month. Macro sub-strategy gains were led by the HFRI Macro: Multi-Strategy Index which jumped +2.9 percent in December. For the full year 2021, Macro sub-strategy performance was led by the HFRI Macro: Commodity Index, which surged +23.6 percent.

Risk Premia strategies also reversed prior month declines as risk on sentiment returned in late December, with gains driven by the HFR BSRP Equity Index which surged +4.57 percent for the month. For the full year 2021, Risk Premia performance was driven by the HFR BSRP Commodity Index, which soared +27.4 percent. The HFRX Market Directional Hedge Fund Index jumped +1.6 percent in

December and led all HFRX composite indices for 2021 with a gain of +13.65 percent; the HFRX Equity Hedge led strategy performance for 2021, advancing +12.1 percent on the year.

The HFRI Diversity Index gained +1.9 percent in December, while the HFRI Women Index added +0.5 percent.

“Led by high-beta strategies of Equity Hedge, Event Driven and commodities, hedge funds concluded 2021 with strong performance in December, capping a robust 2-year period and successfully navigating extreme volatility and market cycle dislocations since the inception of the coronavirus pandemic and global quarantine as the total hedge fund industry surpassed \$4 trillion in capital,” stated Kenneth J. Heinz, President of HFR. “Since and inclusive of the historic equity market collapse from the outbreak of the global pandemic, equity-focused hedge fund strategies have significantly outperformed US equities (as represented by the DJIA) by over 200 basis points and have done so with one-third less volatility. Into 2022, hedge fund managers are positioning for continued volatility associated with the global pandemic but are also tactically focused on capital preservation across equity, fixed income, and commodity markets, considering the powerful dynamics of rising interest rates and record inflation. Managers which have demonstrated the robustness of their strategies over the past 2 years will likely continue to lead industry performance and growth through the new year.”

HFR Indices are ESMA registered.

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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 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, **HFR is The Institutional Standard.**

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