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## MACRO HEDGE FUNDS SURGE IN MARCH AS INFLATION, GEOPOLITICAL RISK SPIKE

***HFRI FWC gains as commodities vault on inflation, Russian war in Ukraine;  
Commodity, Discretionary, and Quant Macro accelerate 2022 returns;  
HFRI 500 tops Nasdaq by nearly 1000 bps for 1Q***

CHICAGO, (April 7, 2022) – Macro hedge funds surged to lead industry-wide gains in March, completing a record 1Q by again posting sharp returns as financial market volatility was exacerbated by skyrocketing inflation, rising interest rates and expectations for continued increases, and escalation of the Russian military conflict in Ukraine.

The investable HFRI 500 Macro Index surged +6.25 percent in March, extending its 1Q 2022 return to +10.0 percent, with strong contributions from Commodity, Fundamental Discretionary, and Quantitative, trend-following strategies. The investable HFRI 500 Fund Weighted Composite Index advanced +2.4 percent for the month, extending its 1Q22 return to +0.85 percent, topping the decline of the Nasdaq by nearly 1000 basis points.

The HFRI Fund Weighted Composite Index<sup>®</sup> (FWC) added +1.9 percent in March, 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. Through the volatile 1Q22, larger funds outperformed smaller and mid-sized funds, with the HFRI Asset Weighted Composite Index jumping +3.5 percent in March and leading all top-level composite indices for the quarter with a +3.0 percent return.

The performance dispersion of the underlying HFRI index constituents expanded in March, with the top decile of the HFRI gaining an average of +12.8 percent, while the bottom decile declined by an average of -6.0 percent for the month, representing a top-bottom dispersion of 18.8 percent. Through the

first quarter, the top decile of the HFRI has surged an average of +24.3 percent, while the bottom decile has declined by an average of -15.4 percent.

Macro strategies delivered strong outperformance in March and for 1Q, posting negatively-correlated gains as equities declined in January and February, while producing positively-correlated returns in March as equities recovered. The investable HFRI 500 Macro Index surged +6.1 percent in March, the highest monthly return since inception, bringing 1Q performance to +10.0 percent, which is also a record quarter. The HFRI Macro (Total) Index vaulted +5.5 percent for the month. Macro sub-strategy gains were led by the investable HFRI 500 Macro: Commodity Index, which surged +18.1 percent in March, also a record monthly gain, as commodities spiked on inflation fears and supply disruptions tied to the Russian invasion of Ukraine; the Index produced a quarterly record return of +35.7 percent. Quantitative, trend-following Macro sub-strategies also led as the HFRI 500 Macro: Systematic Diversified Index spiked +6.7 percent for the month, also a record monthly gain, bringing the 1Q22 return to +11.3 percent.

The HFRI FOF (S) Risk Mitigation Index surged +2.0 percent for the month and +3.7 percent for 1Q22.

Equity Hedge funds, which invest long and short across specialized sub-strategies, also advanced in March, with both the investable HFRI 500 Equity Hedge Index and the HFRI Equity Hedge (Total) Index returning +0.8 percent for the month. EH sub-strategy performance was led by the HFRI EH: Quantitative Directional Index, which gained +2.9 percent, while the HFRI EH: Healthcare Index added +1.8 percent.

Event-Driven strategies, which often focus on out-of-favor, deep value equity exposures and speculation on M&A situations, also advanced in March, led by higher beta Distressed and Multi-Strategy exposures. The HFRI Event-Driven (Total) Index returned +0.8 percent for the month, while the investable HFRI 500 Event-Driven Index added +0.3 percent. ED sub-strategy gains were led by the HFRI 500 ED: Multi-Strategy Index, which advanced +1.5 percent in March, and the HFRI 500 ED: Merger Arbitrage Index, which added +0.7 percent.

Fixed income-based, interest rate-sensitive strategies posted mixed performance for the month as interest rates increased led by shorter dated maturities, with shorter dated yields rising above longer dated as the US yield curve inverted. Both the investable HFRI 500 Relative Value Index and the HFRI Relative Value (Total) Index gained +0.4 percent in March, with RVA sub-strategy performance led by yield alternatives and volatility funds. The HFRI RV: Yield Alternatives Index and HFRI RV: Volatility Index each advanced +1.9 percent for the month.

The HFRI Diversity Index posted a gain of +1.2 percent in March, while the HFRI Women Index advanced +0.55 percent.

“Global Macro hedge funds, led by fundamental, discretionary commodity, and quantitative, trend- following Macro, posted record gains in March to conclude a historic quarter as financial market volatility spiked driven by generational inflation, rising short term interest rates leading to an inverted yield curve, and acceleration of the military conflict following the Russian invasion of Ukraine. The combination of these two powerful market dynamics of inflation/interest rates and historic geopolitical risk has contributed to massive dislocations across commodity, equity, and fixed income markets and unprecedented macro and geopolitical uncertainty, with managers navigating tremendous and fluid volatility,” stated Kenneth J. Heinz, President of HFR. “As with the prior months, many managers, especially Global Macro managers, have clearly demonstrated their tactical flexibility to respond to these rapidly shifting market cycles and conditions, and these strategies are likely to attract institutional capital in coming quarters by not only leading industry performance, but generating defensive capital preservation and significant outperformance of equity markets through this unprecedented geopolitical and macroeconomic uncertainty.”

**HFR Indices are ESMA registered.**

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