

## PRESS RELEASE

For immediate release

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# ASI LAUNCHES FUNDRAISING FOR LANDMARK PASSIVE HEDGE FUND STRATEGY

**PHILADELPHIA** — Aberdeen Standard Investments (ASI) has commenced fundraising for an innovative new fund platform that is one of the first to offer a traditional passive method for investing in hedge funds. Drawing on the public market equity tracker model, where half of US equity assets are passively invested, the platform has the potential for significant scale as it looks to take a share of the USD3 trillion-plus hedge fund market, as well as bring new investors into the asset class.

In order to bring the offering to market, the ASI HFRI 500 Index fund is targeting an initial fundraising of USD500m by May, 2021 with the focus being to raise assets from institutional investors. The fund will track the HFR 500; an index comprised of 500 hedge funds across a broad range of strategies and will have an investment capacity in excess of USD50 billion.

The Cayman domiciled vehicle will subsequently allow access to HFR's investable index family, with circa 30 underlying investable hedge fund strategy and sub-strategy indices, giving investors the opportunity to choose those most suited to their needs. Investors will be required to meet a minimum initial investment amount of USD5 million in order to access the platform.

This is the latest product launched following a partnership formed in 2019 between ASI and Hedge Fund Research, Inc. (HFR Inc) the established global leader in the indexation, analysis and research of the global hedge fund industry.

The aim of the partnership is to launch a series of products on ASI's dedicated index tracking platform that will allow ASI to track a range of investable hedge fund indices by physically investing in the underlying index constituents. This approach has already spawned two innovative funds, including the HFRX Macro/CTA Fund which launched in the US in November 2020 with a commitment from a large institutional client.

**Russell Barlow, global head of alternative investment strategies at Aberdeen Standard Investments, comments:** *"Our partnership with HFR means we are able to launch genuinely innovative products like the ASI HFRI 500 index tracking fund. Before now products that attempted to track hedge fund benchmarks were both narrow in scope and the implementation approach resulted in investment outcomes that deviated from the return of the hedge fund industry. The funds available on the ASI index tracking platform are able to address these issues by physically owning each underlying fund benchmark constituents at the index weights, helping overcome the historical impediments. The platform not only allows allocators to 'own' the benchmark but it will also allow them to express strategy, sub-strategy and thematic views in a pure way. By doing so, they can avoid the variability in return outcome comes from the idiosyncratic views expressed by a single fund. If the allocator thinks the opportunity set for Global Macro looks attractive they can now own the benchmark as a clean way to express that strategy view"*

**Joseph Nicholas, founder and chairman of HFR, said:** *"We are pleased to support the launch of this landmark advancement for the hedge fund industry. For the first time investors can access HFRI Benchmarks through a family of index trackers. The flagship HFRI 500 index is a global, equal-weighted benchmark comprised of the largest hedge funds that report to the HFR Database which are open to new investment and offer quarterly liquidity or better. It offers clients a benchmark that's more representative of the hedge fund industry return while also allowing*

*tracking products to deliver the return of the index as a gateway to investing in a broad, diversified set of hedge fund strategies from some of the most prominent managers in the world.”*

### **Background to HFR ASI relationship**

Through an exclusive license with HFR, ASI has become the first asset manager to offer the full range of products that track the HFR investable indices. ASI launched their first index tracking strategy, designed for European allocators that benchmark to HFR’s liquid alternatives index, back in February 2019\*\*; thereby cementing their position as the foremost leader in this space.

HFR investable indices are unlike other theoretical hedge fund indices. HFR screens each constituent for eligibility based on specific criteria to ensure each constituent in the index can be physically owned by a tracking product. Constituent funds must be open to new investments and the index methodology must consider the dealing terms of funds in its rebalancing, avoiding the biases found in other hedge fund indexes. The physical replication of investable indices minimizes the chances of tracking error, making it a more reliable approach than factor replication. HFR’s Index methodology is IOSCO compliant and in-line with current best practice.

### **ENDS**

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#### **Notes to editors**

##### **About Aberdeen Standard Investments**

- Aberdeen Standard Investments is a leading global asset manager dedicated to creating long-term value for our clients.
- With over 1,000 investment professionals, we manage \$644.5 billion\* of assets worldwide. We have clients in 80 countries supported by 50 relationship offices. This ensures we are close to our clients and the markets in which they invest.
- We are high-conviction, long-term investors who believe teamwork and collaboration are the key to delivering repeatable, strong investment performance.
- Aberdeen Standard Investments is the asset management business of Standard Life Aberdeen plc, one of the world’s largest investment companies.
- Standard Life Aberdeen plc is headquartered in Scotland. It has around 1.2 million shareholders and is listed on the London Stock Exchange. The Standard Life Aberdeen group was formed by the merger of Standard Life plc and Aberdeen Asset Management PLC on August 14, 2017.

\* Standard Life Aberdeen AUM as of December 31, 2019.

#### **Important Information**

***Information herein should be not considered an offer or solicitation with respect to any Aberdeen Standard Investments (“ASI”) offering. Such an offer may only be made to qualified investors by means of delivery of a confidential private placement memorandum or other similar materials that contain a description of material terms relating to such investment***

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The investments discussed herein are not available or suitable for all investors. Potential investors must meet certain regulatory eligibility requirements and criteria.

Alternative investments involve specific risks that may be greater than those associated with traditional investments; are not suitable for all investors; and intended for experienced and sophisticated investors who meet specific suitability requirements and are willing to bear the risks with such an investment. The principal investment risks of the Fund are liquidity risk, hedging risks, credit risks, counterparty risks and risks associated with international investing to include emerging market investments. Investors should always refer to the offering material (private placement memorandum) for a complete description of the risks, fees, expenses and other important information associated with an investment in the Fund. In the event of any discrepancy regarding information herein and offering materials; the private placement memorandum shall prevail.

All investments involve risks, including the possible loss of principal. There is no assurance the investment objectives of any investment strategy and/or product will be achieved. Indexes are unmanaged and you cannot invest directly in an index.

***\*\* Information provided for illustrative purposes only to demonstrate ASI's investment capabilities. No inference is made that the characteristics, outcomes and other attributes associated with these ASI strategies will be reflective of the ASI HFRI Cayman offering.***

In the United States, Aberdeen Standard Investments is the marketing name for the following affiliated, registered investment advisers: Aberdeen Standard Investments Inc., Aberdeen Asset Managers Ltd., Aberdeen Standard Investments Australia Ltd., Aberdeen Standard Investments (Asia) Ltd., Aberdeen Capital Management, LLC, Aberdeen Standard Investments ETFs Advisors LLC and Aberdeen Standard Alternative Funds Ltd.