



## FOR IMMEDIATE RELEASE

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## HEDGE FUND INDUSTRY CAPITAL SURPASSES HISTORIC MILESTONE

***HFRI performance drives industry capital to exceed \$4 trillion;  
Equity Hedge leads broad-based strategy gains as short-term rates rise***

CHICAGO, (November 5, 2021) – Hedge funds advanced in October, as short-term interest rates rose while the yield curve flattened, and global equity markets reversed prior month losses. The investable HFRI 500 Fund Weighted Composite Index advanced +1.7 percent in October, while the HFRI Fund Weighted Composite Index® (FWC) added +1.6 percent, according to data released today by HFR®, the established global leader in the indexation, analysis and research of the global hedge fund industry.

With the October gain, total capital invested in the global hedge fund industry rose to an estimated \$4.04 trillion, surpassing a historical milestone of growth and expansion.

The performance dispersion of the underlying index constituents narrowed slightly in October, as the top decile of the HFRI gained an average of +8.0 percent, while the bottom decile declined by an average of -4.8 percent for the month, representing a top-bottom dispersion of 12.8 percent in October, compared to a top-bottom dispersion of 13.3 percent in September. In the trailing 12 months ending October 2021, the top decile of the HFRI soared by an average of +85.1 percent, while the bottom decile declined by an average of -7.0 percent.

Equity Hedge funds, which invest long and short across specialized sub-strategies, led all main strategy performance in October, as global equities posted strong gains, reversing prior month losses. The investable HFRI 500 Equity Hedge Index gained +2.2 percent for the month, increasing its YTD return to +11.9 percent, while the HFRI Equity Hedge (Total) Index advanced +2.1 percent on strong contributions from Quantitative Directional, Technology, Energy, and Fundamental Growth strategies. The HFRI EH:

Quantitative Directional Index jumped +9.2 percent in October, reversing the prior month declines, while the HFRI EH: Fundamental Growth Index added +2.2 percent.

Led by Activist and Special Situations exposures, Event-Driven strategies, which often focus on out-of-favor, deep value equity exposures and speculation on M&A situations, also posted strong gains in October. The investable HFRI 500 Event-Driven Index advanced +1.9 percent, while the HFRI Event-Driven (Total) Index added +1.3 percent for the month. ED sub-strategy gains were led by the HFRI ED: Activist Index which gained +3.3 percent, while the HFRI ED: Special Situations Index added +2.5 percent.

Uncorrelated Macro strategies also advanced in October, as short terms rates increased while longer terms rates fell, and energy prices extended recent gains. The investable HFRI 500 Macro Index returned +1.4 percent, while the HFRI Macro (Total) Index added +1.3 percent. Macro sub-strategy performance was led by quantitative, trend-following CTA strategies with the HFRI Macro: Systematic Diversified Index gaining +2.5 percent, while the HFRI Macro: Active Trading Index added +1.6 percent.

Fixed income-based, interest rate-sensitive strategies also gained for the month, as the yield curve flattened and as investors positioned for the near-term tapering on bond purchases by US Federal Reserve. The investable HFRI 500 Relative Value Index also advanced +0.8 percent for the month, while the HFRI Relative Value (Total) Index gained +0.7 percent. Sub-strategy performance was led by the HFRI RV: Yield Alternative Index, which jumped +4.05 percent, while the HFRI 500 RV: Convertible Arbitrage Index gained +2.5 percent.

Risk Premia strategies again posted mixed performance in October as gains in Multi-Asset exposures were offset by declines in Rates. The HFR BSRP Multi-Asset Index advanced +2.32 percent for the month, while the HFR BSRP Rates Index fell -6.1 percent. The HFRX Global Hedge Fund Index gained +0.9 percent in October, led by the HFRX Equity Hedge Index, which returned +2.2 percent. The HFR Cryptocurrency Index surged +21.7 percent for the month.

The HFRI Diversity Index advanced +1.1 percent in October, while the HFRI Women Index posted a narrow gain of +0.14 percent.

“The hedge fund industry surpassed a historic milestone in October, as performance-based gains across all strategies drove total industry capital to exceed \$4 trillion for the first time in history. The milestone also marks a sharp reversal from April 2020, when industry capital fell below \$3 trillion at the beginning of the global pandemic. Industry growth has been driven by strong performance which extends widely across strategies – including high and low beta, equity, fixed income, commodity and currency strategies, and emerging and established managers.”, stated Kenneth J. Heinz, President of HFR. “Hedge funds have successfully navigated multiple market cycles over the past 18 months, beginning with equity market capitulation in March 2020, navigating intense equity and commodity volatility, and most

recently, rising interest rates and inflationary pressures. Global financial institutions are likely to increase allocations to funds which have demonstrated their strategy's robustness through recent market cycles, with these set to lead industry growth into 2022."

HFR Indices are ESMA registered.

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