



## **ABERDEEN STANDARD INVESTMENTS AND HFR LAUNCH STRATEGIC PARTNERSHIP FOR INVESTABLE HEDGE FUND INDEX TRACKERS**

Aberdeen Standard Investments (ASI), a leading global asset manager, has signed an exclusive license agreement with Hedge Fund Research, Inc. (HFR), the established global leader in the indexation, analysis and research of the global hedge fund industry to launch a series of products that will track a range of investable hedge fund indices in a new and innovative manner.

As part of this arrangement, ASI have incorporated a monthly priced strategy designed to track the HFRI 500, comprised of 500 hedge funds across a broad range of strategies. The investment strategy will subsequently allow access to HFR's investable index family, with circa 30 underlying investable hedge fund strategies and sub-strategies giving investors the opportunity to choose those most suited to their needs.

In time ASI will also offer tracking funds for thematic indices. The partnership also provides a platform for HFR to create further custom indices on behalf of clients. ASI may then offer investors access to vehicles that will track these HFR indices.

The signing of the agreement follows the successful launch of the ASI HFRI-I Liquid Alternatives strategy, an investment strategy which tracks the performance of an index of around 180 UCITS hedge funds. The strategy launched in February for has grown quickly to \$650 million in assets under management.\*\*

**Russell Barlow, global head of alternative investment strategies at Aberdeen Standard Investments,**

**comments:** *"This partnership allows for a new benchmark for passive strategies in the hedge fund space.*

*Traditional methods of creating hedge fund benchmarks have tended to fall short of the requirement to be investable or have resulted in sub-optimal tracking errors. HFR has created a series of indices following an approach that would typically be seen in the equity and bond space – i.e. the ability of a product to physically own the underlying assets held in the benchmark - and applied it to hedge funds. This makes it a much more compelling benchmark for both hedge funds and allocators to reference when reviewing their investment strategies.*

*“We know from speaking to our clients that many of them see the benefits of accessing the returns available in the hedge fund space through a passive format so we expect there to be healthy demand for the strategies that this partnership will create.”*

**Joseph Nicholas, founder and chairman of HFR, said:** *“Powerful institutional demand has both driven and shaped the marketplace for investible hedge fund indices, which provide not only robust, representative performance benchmarks but which also offer efficient access to leading fund manager performance. This exciting evolution allows institutions to achieve passive benchmark exposure while eliminating benchmark tracking error risk. The collaboration with ASI represents a historic strategic milestone across the alternative and traditional asset management industries, leveraging the core strengths, robust capabilities and expansive global reach of both firms in the construction of this unique platform designed for the next level of hedge fund industry growth and expansion.”*

#### **Background to partnership**

The partnership means that ASI will be the first asset manager to offer a range of products that track the HFR investable indices.

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.

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## **Notes to editors**

### **About HFR®**

HFR (Hedge Fund Research, Inc.) is the global leader in the alternative investment industry, specializing in the indexation and analysis of hedge funds. Established in 1992, HFR calculates over 200 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, Hedge Fund Research is The Institutional Standard.

### **About Aberdeen Standard Investments**

- Aberdeen Standard Investments has relationships with around 500 financial sponsors across approximately 1000 funds globally.
- Aberdeen Standard Investments is a leading global asset manager dedicated to creating long-term value for our clients, and is a brand of the investment businesses of Aberdeen Asset Management and Standard Life Investments.
- With over 1,000 investment professionals we manage \$669.1 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 June 30, 2019.

### **Important Information**

Aberdeen Standard Investments is a brand of the investment businesses of Aberdeen Asset Management and Standard Life Investments.

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