HFRI EXTENDS ‘PERFECT 2017’ THROUGH SEPTEMBER

Equity strategies including Healthcare, Energy lead 11th consecutive monthly gain
Longest calendar year streak without decline since 2003;

CHICAGO, (October 6, 2017) – Hedge funds posted performance gains in September to conclude the third quarter, extending a record streak of HFRI performance for the 11th consecutive month. The HFRI Fund Weighted Composite Index® (FWC) advanced +0.5 percent for the month, led by gains in Equity Hedge and Event-Driven strategies, as reported today by HFR®, the established global industry leader in the indexation, analysis and research of the global hedge fund industry.

Risk Parity strategies posted mixed performance in September, with the HFR Risk Parity Vol 10 Index gaining +0.11 percent, the HFR Risk Parity Vol 12 Index adding +0.42 percent, and the HFR Risk Parity Vol 15 Index falling -0.26 percent. The September gain for the Vol 10 Index brings YTD performance to +8.5 percent, approaching the +10.0 percent return in 2016.

The gain in September for the HFRI FWC is the 11th consecutive monthly gain and the 18th in the last 19 months. This is also the first time that the HFRI FWC has been positive in each of the first nine months of a calendar year since 2003, when the HFRI was positive in all 12 months. The gain also extends the record Index Value to 13,687, the tenth consecutive record.

HFRI performance was led by Equity Hedge (EH) and Event-Driven (ED) strategies, with the HFRI Equity Hedge (Total) Index gaining +1.4 percent, while the HFRI Event-Driven (Total) Index adding +0.9 percent for the month; the gain for EH brings YTD performance to +9.6 percent, the strongest gain since 2013. EH sub-strategy performance was led by Healthcare-focused strategies, with the HFRI Healthcare Index advancing +2.7 percent for the month; the Index leads all sub-strategy Indices for 2017 with a gain of +16.5 percent. The HFRI Energy/Basic Materials Index and HFRI Fundamental
Value Indices gained +2.21 and +2.15 percent, respectively, for September. ED sub-strategy performance was led by Special Situations and Shareholder Activist strategies, with the HFRI Special Situations Index advancing +1.6 percent and the HFRI Activist Index gaining +1.2 percent for the month. The HFRI Emerging Markets (Total) Index added +0.5 percent in September, with leading contribution from the HFRI EM: Latin America Index, which advanced +2.8 percent.

Fixed income-based Relative Value Arbitrage (RVA) strategies also advanced for the month, with the HFRI Relative Value (Total) Index gaining +0.5 percent, also the 18th gain in the last 19 months. RVA sub-strategy performance was led by Yield Alternative and Volatility trading strategies, with the HFRI RVA: Yield Alternatives Index advancing +1.0 percent, while the HFRI Volatility Index added +0.8 percent.

Macro strategies fell in September as declines in quantitative, trend-following CTA strategies only partially offset gains in Discretionary strategies. The HFRI Macro (Total) Index declined -1.2 percent for the month, with a negative contribution of -2.6 percent from the HFRI Macro: Systematic Diversified Index. Other Macro sub-strategies, including Active Trading, Discretionary Thematic, and Multi-Strategy, posted partially offsetting gains.

“Hedge fund gains have continued throughout the year though the drivers of performance have often shifted from month to month, with Healthcare, Energy and Activist strategies leading in September. Realized volatility remained muted and equities gained, with asset-specific volatility concentrated in the Currency and Commodity markets, specifically US Dollar/British Pound Sterling and oil,” stated Kenneth J. Heinz, President of HFR. “While expectations for successful tax reform legislation have contributed to recent optimism, many managers are positioning for a continuum of scenarios related to this, which is likely to drive strong industry performance and growth into 2018.”

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