FOR IMMEDIATE RELEASE

Contacts:

Hedge Fund Research, Inc.	**MacMillan Communications**	**CitySavvy**
Kenneth Heinz	Mike MacMillan/Chris Sullivan	Henrietta Hirst
Chicago/312.658.0955	New York/212.473.4442	London/+44 (0) 20 3691 7560
info@hfr.com @HFRInc @KennethJHeinz	chris@macmillancom.com	henrietta@citysavvy.com

HFRI SURGES TO BEGIN 2019

Equity Hedge, Emerging Markets lead strongest month since Sep 2010; Energy, Fundamental Value, Special Sits, and Risk Parity lead gains

CHICAGO, (February 7, 2019) – Hedge funds surged in January to begin 2019, with the HFRI Fund Weighted Composite Index® (FWC) posting the strongest monthly gain since September 2010. The HFRI FWC jumped +3.5 percent for the month, led by Equity Hedge, Emerging Markets and Event-Driven strategies, as reported today by HFR, the established global leader in the indexation, analysis and research of the global hedge fund industry.

Risk Parity and Risk Premia strategies also posted strong gains in January, led by the HFR Risk Parity Vol 15 Index which surged +8.7 percent for the month. The HFR BSRP Multi-Asset Index advanced +4.0 percent for the month, while the HFR BSRP Currency Index returned +3.76 percent. Fund of Hedge Funds also gained, with the HFRI Fund of Funds Composite Index advancing +2.6 percent, while the HFRI-I Liquid Alt UCITS Index gained +1.4 percent.

January HFRI gains were led by Equity Hedge (EH) strategies, as the HFRI Equity Hedge (Total) Index surged +5.5 percent, the strongest month since May 2009, reversing the December 2018 decline of -3.7 percent. EH sub-strategy performance was led by the HFRI EH: Sector-Energy/Basic Materials Index, which vaulted +9.0 percent, the HFRI EH: Fundamental Value Index, which surged +7.1 percent, and the HFRI EH: Sector-Healthcare Index, which added +5.6 percent. Emerging Markets hedge funds also surged in January, as the HFRI Emerging Markets (Total) Index jumped +5.4 percent, led by the HFRI EM: Latin America

Index and HFRI EM: Russia/Eastern Europe Index, which returned +7.6 and +7.4 percent, respectively.

The HFRI Event-Driven (Total) Index advanced +3.5 percent in January, reversing the declines from the prior two months, as well as FY 2018. Event-Driven (ED) sub-strategy performance was led by the HFRI ED: Special Situations Index, which surged +6.3 percent, and the HFRI ED: Activist Index, which jumped +5.0 percent. The HFRI ED: Distressed Index and HFRI ED: Merger Arbitrage Index also advanced in January, returning +2.8 and +1.4 percent, respectively.

Fixed income-based Relative Value Arbitrage hedge funds advanced in January, with the HFRI Relative Value (Total) Index gaining +3.1 percent, reversing the December 2018 decline of -1.6 percent, as well as the narrow FY 2018 decline of -0.2 percent. RVA sub-strategy performance was led by the HFRI RV: Yield Alternatives Index, which surged +5.5 percent, the HFRI RV: Volatility Index, which advanced +4.3 percent, and the HFRI RV: FI-Corporate Index, which returned +3.7 percent. Credit Multi-strategy funds in the HFRI RV: Multi-Strategy Index added +2.4 percent in January.

The defensive HFRI Macro (Total) Index posted a moderate decline of -0.3 percent in January, reversing a negatively-correlated gain from the prior month. Macro sub-strategy declines were led by quantitative, trend-following CTA strategies, as the HFRI Macro: Systematic Diversified Index fell -1.6 percent, which also reversed the negatively-correlated December 2018 gain of +1.3 percent. Partially offsetting the CTA losses, the HFRI Macro: Multi-Strategy Index gained +1.9 percent and the HFRI Macro: Discretionary Thematic Index added +1.5 percent.

“High beta strategies led the hedge fund industry to the strongest monthly gain in over eight years, as global equity markets posted a sharp rebound off of late December lows in January on optimism over US trade and economy in 2019,” stated Kenneth J. Heinz, President of HFR. “The combination of beta driven gains in January following defensive outperformance in December highlights not only the powerful combination of tactical adjustment and maintaining diversified exposure across multiple hedge fund strategies, including risk parity and risk premia exposures. While investor optimism dominated in January, significant macroeconomic uncertainty still exists, increasing the likelihood that recent trends toward elevated realized volatility will remain and continue to drive industry performance.”

Follow HFR on Twitter: @**HFRInc**

Follow Ken Heinz on Twitter: **@KennethJHeinz**

Follow HFR on Weibo: @**HFRAsia**

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 produces the HFRI, HFRX and HFRU Indices, the industry's most widely used benchmarks of global hedge fund performance. HFR calculates over 100 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.**

# # #