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HFRI POSTS MIXED PERFORMANCE IN VOLATILE SEPTEMBER

Quant Trend-Following CTAs reverse prior month gains as U.S. rates rise; HFRI Event-Driven, RVA, Equity Hedge advance for month

CHICAGO, (October 7, 2019) – Hedge funds posted mixed performance in the volatile month of September, as quantitative, trend-following CTAs declined, reversing August gains, on rising U.S. interest rates, while equity markets traded in a wide intra-month range. The HFR Asset Weighted Composite Index posted a modest gain of +0.01 percent in September, while the HFRI Fund Weighted Composite Index® declined -0.27 percent for the month, with gains in Event-Driven, Equity Hedge and RVA partially offsetting Macro declines, according to data released today by HFR®, the established global leader in the indexation, analysis and research of the global hedge fund industry.

The HFRI 500 Fund Weighted Composite Index, an investible index of 500 leading hedge funds, declined -0.3 percent in September. Liquid Alternative UCITS strategies posted a narrow gain for the month, with the HFRI-I Liquid Alternative UCITS Index advancing +0.11 percent, led by a +0.58 percent gain in the HFRI-I Liquid Alternative UCITS Relative Value Index. Bank Risk Premia strategies also posted a mixed performance for the month, with the HFR Bank Systematic Risk Premia Commodity Index posting a steep decline of -9.3 percent, which was only partially offset by the HFR Bank Systematic Risk Premia Currency Index, which advanced +2.93 percent. The HFR Risk Parity Vol 12 Index gained +0.3 percent, extending the YTD return to +17.1 percent

Macro hedge fund strategies led HFRI declines in September, with the HFRI Macro (Total) Index falling -2.2 percent, nearly reversing the August return of +2.5 percent. Macro sub-strategy declines were driven by quantitative, trend-following CTA's, as the HFRI Macro: Systematic Diversified/CTA Index fell -3.6 percent, largely offsetting the August return of +4.05 percent. HFRI Macro Currency and Discretionary Thematic Indices posted partially-offsetting gains of +0.5 and +0.9 percent for the month. Larger Macro funds outperformed smaller, with the HFRI Macro Index (Asset Weighted) posting a more narrow decline of -0.37 percent.

Fixed income-based Relative Value Arbitrage (RVA) strategies led HFRI gains for September, as U.S. interest rates rose above record lows in August. The HFRI Relative Value (Total) Index gained +0.76 percent for the month, extending YTD performance +5.8 percent. All RVA sub-strategies advanced in the month, led by the HFRI RV: Yield Alternatives Index, which returned +1.7 percent and extended YTD performance to +11.7 percent, and the HFRI RV: Corporate Index, which added +1.0 percent in September.

Event-Driven (ED) and Equity Hedge (EH) strategies also advanced for the month, as equity traded in a volatile range and IPOs showed signs of weakness. The HFRI Event-Driven (Total) Index gained +0.35 percent in September, with contributions from Activist and Credit Arbitrage sub-strategies, with the HFRI ED: Activist Index advancing +1.0 percent, while the HFRI ED: Credit Arbitrage Index gained +0.7 percent. Similarly, the HFRI Equity Hedge (Total) Index added +0.4 percent for the month, extending YTD performance to +8.1 percent, the leading area of hedge fund strategy performance for the year. EH sub-strategy performance in September was led by the HFRI EH: Multi-Strategy Index, which gained +1.7 percent, and the HFRI EH: Quantitative Directional Index, which added +1.6 percent.

"Hedge funds posted mixed strategy performance in September, essentially flat from an asset-weighted perspective, with gains across credit, equity and event-driven strategies offset by declines in quantitative, trend-following strategies, as CTA's experienced a sharp reversal of the prior month's gains," stated Kenneth J Heinz, President of HFR. "Hedge fund managers and institutional investors are both continuing to position for acceleration of macroeconomic volatility and geopolitical tensions, which now include not only civil unrest in Hong Kong, Brexit uncertainty, slow European growth, and ongoing trade negotiations, but also a slowing IPO market, as well as ongoing impeachment investigations in the US. Managers positioned for opportunities created by these fluid drivers of financial markets are likely to lead industry growth into 2020."

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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.**

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