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HEALTHCARE, TECHNOLOGY LEAD HFRI GAINS INTO YEAR-END

*HFRI Equity Hedge Index on pace to eclipse 2017 gain;
Risk Parity leads all strategies YTD with record surge*

CHICAGO, (December 6, 2019) – Heading into year-end, hedge funds extended their run of positive performance in November with broad-based gains across all strategies, led by the high-beta exposure sub-strategies, Healthcare, Technology, and Fundamental Value. The HFRI Fund Weighted Composite Index[®] gained +1.2 percent in November, as optimism regarding U.S. economic growth outweighed risks and negative sentiment around trade/tariff negotiations and impeachment proceedings, 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, advanced +0.8 percent in November, while the HFRI-I Liquid Alternative UCITS Index added +0.43 percent, led by a +0.62 percent return in the HFRI-I Liquid Alternative UCITS Equity Hedge Index.

Powerful risk-on sentiment drove gains in Bank Risk Premia strategies for the month, as the HFR Bank Systematic Risk Premia Credit Index surged +4.0 percent, while the HFR Bank Systematic Risk Premia Currency Index gained +2.7 percent. The HFR Risk Parity Vol 12 Index led risk parity exposures in November, adding +0.25 percent for the month, while the HFR Risk

Parity 15 Vol Index continues to lead YTD performance with its record +27.1 percent return, reflecting the broad-based nature of gains across 4 major asset classes in 2019.

The HFRI Equity Hedge (Total) Index led main strategy performance for the month, advancing +2.0 percent and bringing the YTD return to +11.4 percent, which narrowly trails, but is on pace to eclipse, the 2017 gain of +13.3 percent. Similar to October, EH sub-strategies were again led by the HFRI EH: Healthcare Index, which surged +6.1 percent in November, while the HFRI EH: Quantitative Directional Index jumped +3.4 percent.

Event-Driven (ED) and fixed income-based Relative Value Arbitrage (RVA) strategies also advanced for the month, as M&A activity remained vibrant while high yield credit gained. The HFRI Event-Driven (Total) Index gained +0.9 percent, while the HFRI Relative Value (Total) Index added +0.4 percent in November. ED sub-strategy performance was led by the HFRI ED: Special Situations Index, which advanced +1.8 percent in November. For the year, ED sub-strategy performance continues to be led the HFRI ED: Activist Index, which has surged +13.1 percent thus far in 2019. RVA was led by the HFRI RV: Multi-Strategy Index in November, which advanced +0.8 percent, while the HFRI RV: Yield Alternatives Index leads RV sub-strategies YTD with a +9.1 percent return.

Macro strategies advanced in November, partially reversing the October decline, led by quantitative trend-following CTA strategies. The HFRI Macro (Total) Index returned +0.3 percent for the month, driven by the HFRI Macro: Systematic Diversified Index, which gained +1.0 percent. The HFRI Macro: Active Trading Index added +0.6 percent in November and leads Macro sub-strategies with a YTD return of +8.4 percent.

“Broad-based gains across hedge funds, as well as risk parity, risk premia and liquid alternatives strategies underscores the underlying strength and correlation among the four major asset classes in recent months and leading into year-end 2019,” stated Kenneth J. Heinz, President of HFR. “This recent asset correlation represents both a performance tailwind benefit as well as a risk heading into 2020. While benefitting from this trend, managers are also positioning for interest rate volatility and other potential geopolitical and macroeconomic catalysts for volatility including Brexit scenarios, ongoing trade negotiations, impeachment proceeding, and the US election. Tactical exposure to opportunities created by these catalysts and trends is likely to define performance in early 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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