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HFRI SURGES TO BEST GAIN SINCE 2009 AS MANAGERS NAVIGATE PANDEMIC VOLATILITY

*Equity Hedge, Event-Driven lead surge following March swoon;
Volatile HFRI Energy/Basic Materials jumps over 14 percent*

CHICAGO, (May 7, 2020) – Hedge funds surged to the strongest monthly gain in over 10 years in April, as managers positioned for the re-opening of global economies which have been shut down as a result of the coronavirus pandemic, while also navigating historic volatility in oil and commodity markets. The HFRI Fund Weighted Composite Index® (FWC) jumped +4.8 percent for the month, with gains led by Equity Hedge, Event-Driven, Energy/Basic Materials, and Activist strategies, as reported today by HFR®, the established global leader in the indexation, analysis and research of the global hedge fund industry. The investable HFRI 500 Hedge Fund Composite Index gained +4.3 percent for the month, improving YTD performance to -5.3 percent, which tops the YTD decline of the DJIA by over 900 basis points (bps) through April.

The monthly gain of the HFRI FWC represents the sixth-highest month of performance in the history of the index, dating back to January 1990. The top decile of HFRI FWC constituents vaulted +19.7 percent for the month, while the bottom decile fell -4.1 percent, representing a dispersion of 23.8 percentage points.

Equity Hedge surged to strong gains in April, led by recoveries in Energy/Basic Materials and Fundamental Value sub-strategies. The HFRI Equity Hedge (Total) Index jumped +6.8 percent for the month, as global equity markets surged on expectations of global economy re-openings in the coming months, despite continued high levels of realized volatility and uncertainty around the impact that the global shutdown has had on aggregate employment. Equity Hedge performance was led by the volatile

HFRI EH: Energy/Basic Materials Index, which soared +14.5 percent for the month, also recovering from a steep decline in March. The HFRI EH: Fundamental Growth Index jumped +8.0 percent in April, while HFRI EH: Fundamental Value Index advanced +7.3 percent.

The equity- and credit-sensitive HFRI Event-Driven (Total) Index surged +6.4 percent in April, recovering from March declines as both credit and equity markets rebounded from late March lows. The April gain represents the strongest-ever monthly performance for the ED Index since inception in 1990, swinging in an extreme manner after posting its lowest-ever monthly return in March. All ED sub-strategies posted strong gains, led by the HFRI ED: Activist and the HFRI ED: Special Situations Indices, which surged +10.3 and +9.2 percent, respectively, for the month, partially reversing steep declines from the prior month. The HFRI ED: Merger Arbitrage Index jumped +5.9 percent in April, as credit and M&A deal spreads tightened following historic March widening, while the HFRI ED: Multi-Strategy Index added +5.0 percent for the month.

Risk Parity and Systemic Bank Risk Premia strategies also gained for the month, with the HFR Risk Parity Vol 15 Index surging +4.5 percent, as equity, credit and commodities all advanced. Risk Premia strategies were led by commodity exposures, with the HFR Bank Systematic Risk Premia Commodity Index advancing +4.3 percent, while the HFR BSRP Rates Index added +3.9 percent. UCITS-compliant liquid alternative funds also gained for the month, with the HFRI-I Liquid Alternatives UCITS Index advancing +2.6 percent, led by a +5.2 percent return for the HFRI-I LAU Event Driven UCITS Index.

Fixed income-based Relative Value Arbitrage strategies also gained in April, with the investable HFRI 500 Relative Value Index jumping +2.7 percent for the month as arbitrage spreads tightened from historic widening in March. RVA sub-strategy performance was led by the HFRI RV: Fixed Income-Corporate Index, which jumped +4.0 percent, and the HFRI RV: Multi-Strategy Index, which gained +3.5 percent.

Uncorrelated Macro strategies also gained in April, led by Multi-Strategy and Discretionary Thematic sub-strategies. The investable HFRI 500 Macro Index advanced +0.8 percent for the month, with contributions from the HFRI Macro: Multi-Strategy Index, which gained +3.4 percent, and the HFRI Macro: Discretionary Thematic Index, which advanced +3.0 percent.

“Hedge funds posted historic gains in April, propelled by Event-Driven and Equity Hedge strategies as equity and credit markets recovered from late March lows, while credit and M&A deal spreads contracted from the extreme risk aversion of the prior month,” stated Kenneth J. Heinz, President of HFR. “While the April recovery was both strong and broad-based, managers are actively positioning for both continued, high-realized volatility as well as the expanded opportunity set for long/short investing, encompassing trading through the current pandemic conditions and adjusting for the post-

pandemic environment. It is likely that the state of macroeconomic trading and investing will remain volatile and fluid in coming months, creating dynamic opportunities for managers to generate outperformance through the remainder of the year.”



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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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