



FOR IMMEDIATE RELEASE

Contacts:

Hedge Fund Research, Inc.

Kenneth Heinz

Chicago/312.658.0955

info@hfr.com

[@HFRInc](https://twitter.com/HFRInc)

[@KennethJHeinz](https://twitter.com/KennethJHeinz)

MacMillan Communications

Mike MacMillan/Chris Sullivan

New York/212.473.4442

chris@macmillancom.com

CitySavvy

Henrietta Hirst

London/+44 (0) 20 3691 7560

henrietta@citysavvy.com

EMERGING MARKETS HEDGE FUNDS NAVIGATE TURKISH LIRA, ROUBLE & RENMINBI VOLATILITY

*HFRI MENA, Russia lead 2018 EM performance;
India, Latin Am gain in July to pare steep YTD losses*

CHICAGO, (August 24, 2018) – Emerging Markets hedge funds actively navigated the surge in EM asset volatility into 3Q18 including the plunging Turkish Lira, as well as volatile financial market conditions and falling currencies across Latin America, Russia and China.

EM hedge fund performance was mixed as funds navigated these fluid dislocations, with the HFRI Emerging Markets (Total) Index gaining +0.3 percent in July, paring the YTD decline to -3.4 percent. By way of comparison, the HFRI Fund Weighted Composite Index[®], which includes hedge funds globally of all strategies and regional investment focus areas, has gained +1.4 percent YTD through July.

Total Emerging Market hedge fund capital remained little changed through mid-year 2018, declining slightly from the 1Q record to \$231.0 billion (RMB: 1.58 trillion, Brazilian Real: 920 billion, Indian Rupee: 16.1 trillion, Russian Rouble: 15.5 trillion, Saudi Real: 866 billion), as reported today by HFR[®], the established global leader in the indexation, analysis and research of the global hedge fund industry.

EM hedge fund performance for 2018 has so far been led by the HFRI MENA Index, which gained +0.4 percent in July, bringing YTD 2018 performance to an advance of +5.9 percent. MENA-focused hedge funds had been defensively positioned and largely insulated from

the intense volatility which has developed as a result of the plunge in the Turkish Lira, with developments regarding trade and tariff negotiations, as well as political components, remaining fluid at present. The HFRI EM: Russia/Eastern Europe Index posted a narrow advance for both July and YTD 2018 despite the plunge in the Russian Rouble, with the Index advancing +0.6 percent in July and +0.3 percent for 2018. The gain for the Index falls slightly below the performance of Russian equities (YTD through July) though is well ahead of the sharp decline the Rouble, which has accelerated through August. Total hedge fund capital managed by funds focused on Russia/Eastern Europe fell to \$29.9 billion, a narrow decline over the prior quarter.

Hedge funds focused on investing in volatile Latin America and India posted sharp gains in July, paring steep YTD declines from the first half of the year. The HFRI EM: Latin America Index gained +4.3 percent in July, paring the YTD decline to -5.3 percent, as losses in the Brazilian Real accelerated and political unrest in Venezuela escalated. Total hedge fund capital invested in funds focused on Latin America declined to \$6.5 billion through 2Q18. The HFRI EM: India Index gained +2.8 percent in July, also paring the steep YTD decline to -12.4 percent.

Chinese hedge funds also navigated intense equity and currency volatility through mid-2018, with the HFRI EM: China Index falling -2.0 percent in July and -4.7 percent YTD 2018, topping the Shanghai Composite Index by over 800 basis points, while the Renminbi has declined over -5.0 percent vs. the US Dollar YTD 2018 through mid-August. Total hedge fund capital managed by funds focused in Emerging Asia declined to \$54.9 billion, nearly unchanged from the \$55.1 billion to begin 2018.

Total hedge fund capital globally, across all funds and strategies, increased to a record level of \$3.232 trillion through the midpoint of 2018.

“Emerging markets hedge funds navigated extreme dislocations through mid-2018 as trade tariff negotiations and pressure accelerated and combined with other political situations contributing to a dramatic fall in the Turkish Lira, while other EM currencies, including the Russian Rouble and Brazilian Real also posted steep declines,” stated Kenneth J. Heinz. “While these types of dislocations are difficult to forecast, EM hedge funds have been positioned defensively through the early 2018 stages of tariff proposals and the gradual increase in US dollar strength, before the recent dramatic acceleration of EM currency declines. For experienced EM hedge funds, equity and currency losses, as well as increased market volatility, have created valuable opportunities as arbitrage spreads widen, which will likely drive strong gains in 2H18.”

 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.**

###