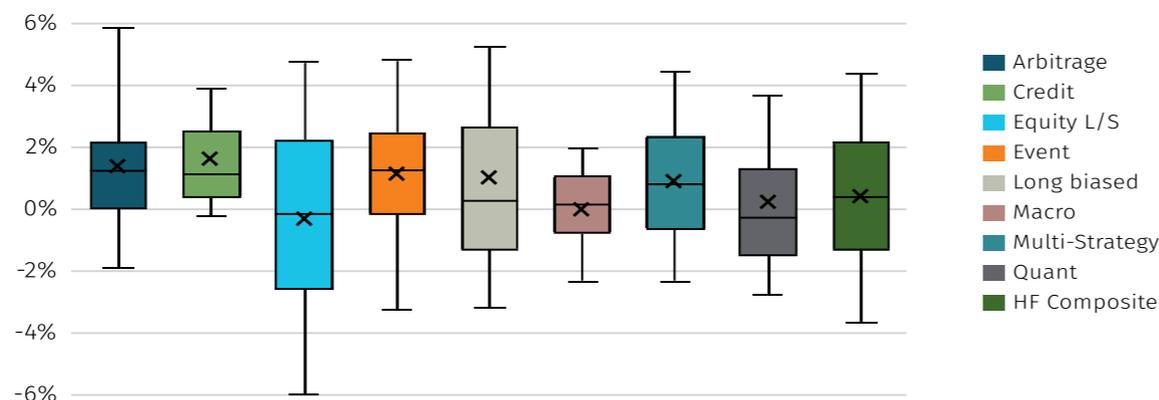
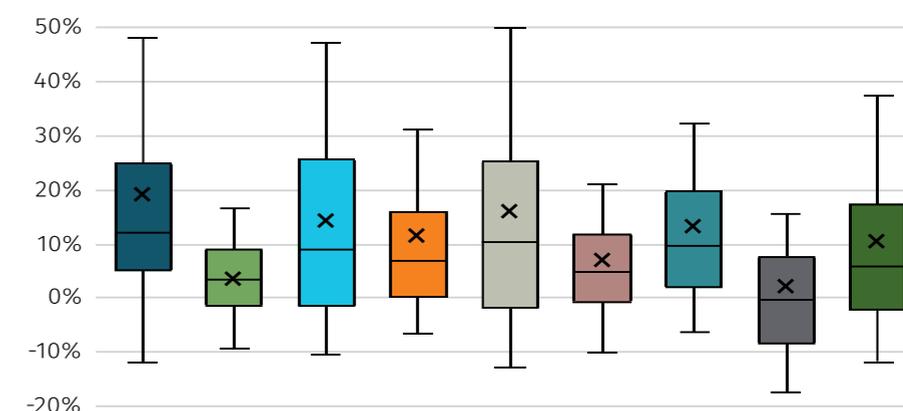


	1 month return <sup>1</sup>	3 month return <sup>1</sup>	YTD return <sup>1</sup>
Arbitrage	1.90%	6.46%	1.90%
Credit	1.76%	7.29%	1.76%
Equity L/S	-2.54%	7.65%	-2.54%
Event	0.66%	10.28%	0.66%
Long biased	0.55%	12.20%	0.55%
Macro	-0.04%	5.43%	-0.04%
Multi-Strategy	-0.37%	5.27%	-0.37%
Quant	-1.54%	1.68%	-1.54%
HF Composite	-0.40%	7.18%	-0.40%

January 2021 - Strategy Performance <sup>2</sup>



12 months to January 2021 - Strategy Performance <sup>2</sup>



HEDGE FUNDS

MARKETS

**Hedge Fund Composite** ↓ Strategies monitored by Aurum's Hedge Fund Data Engine generated mixed returns in January, but the attention was on the performance of equity long/short funds and multi-strategy platforms impacted by the retail short squeeze. The average hedge fund return in January across all strategies was -0.40%. Performance dispersion was similar to that observed in December.

**Long biased** ↑ Despite equity market volatility in Europe and the US, long biased funds monitored by Aurum's Hedge Fund Data Engine generated modestly positive returns in January of 0.55%. Most sub-strategies were positive for the month, with the strongest performing sub-strategy being long biased commodities, which was up 1.58% for the month.

**Quant** ↓ Quant funds monitored by Aurum's Hedge Fund Data Engine returned an average of -1.54% in January, continuing the run of generally poor performance for the strategy. It remains the only master strategy monitored by Aurum with negative returns over the past 12 months. Most sub-strategies generated negative performance during January, with the exception of risk premia, which was up 1.58% for the month.

**Equity Long/Short** ↓ In a historic, newsworthy month the equity long/short strategy peer group monitored by Aurum's Hedge Fund Data Engine returned -2.54% on average in January. Global, US and sector-focused funds were the poorest performers as retail investors triggered a short squeeze on a number of widely shorted stocks. Dispersion was very broad.

**Macro** ▬ Macro funds monitored by Aurum's Hedge Fund Data Engine returned an average of -0.04% in January. The commodities and FIRV sub-strategies had positive performance for the month, whilst emerging markets macro and global macro both lost money on the month. Dispersion was tighter than that seen in December.

**Multi-Strategy** ↓ Multi-strategy funds monitored by Aurum's Hedge Fund Data Engine returned an average of -0.37% in January. The largest multi-strategy funds (AUM >\$5bn), including some that were notably involved in the retail short squeeze at the end of the month, were the poorest performers, losing -1.25%. All smaller AUM groups of funds generated positive performance.

**Major Events** President Biden's inauguration was preceded by tumultuous and violent events in the US. The Capitol building was stormed by violent pro-Trump rioters. President Trump's inflammatory rhetoric that preceded the riot resulted in impeachment proceedings against him on the charge of inciting an insurrection. Market volatility spiked at the end of the month, fuelled by a short squeeze by retail investors in heavily-short names, including GameStop.

**Equities** ↓ Developed market equity indices delivered largely negative performance in January. US equity indices were hit by the broader deleveraging, incited by the retail investor groundswell surrounding certain stocks. European equities made losses throughout the month. Emerging market and Asian equities outperformed, Chinese equities in particular, supported by positive economic data reports.

**Government Bonds** ↓ Poorer-than-expected US GDP data resulted in US Treasury yields increasing at the end of the month, with the yield curve slightly steepening. UK Gilt yields also increased as the country entered another full lockdown. Peripheral and core European bond yields increased mid-month, but as volatility in equity markets increased at month end, core European yields reduced somewhat.

**Corporate Bonds** ▬ Corporate bond performance was mixed during January. High yield continued to outperform investment grade; poorer quality high yield credit was the strongest performer. In Emerging markets, only hard currency corporate credit was positive for the month.

**Currencies** As risk-on sentiment reversed at month end, the US dollar, a safe haven currency, strengthened. Emerging market currencies weakened significantly against the US dollar. Sterling strengthened during the month as the UK's vaccine programme steamed ahead.

**Commodities** ↑ Oil prices increased markedly as Saudi Arabia announced a reduction in production. Precious metals lost money at the beginning of the month, but as investors risk appetite reduced to month end, those losses were reduced. Industrial metals were a mixed picture; oversupply of zinc resulted in prices falling, nickel made strong gains as the EU escalated a challenge at the WTO over Indonesia's export curbs on nickel ore.

<sup>1</sup>Asset Weighted average strategy performance

<sup>2</sup>The box represents the interquartile range, the middle line represents the median, the 'x' represents the mean, while the whiskers show the extreme values represented by the 10th and 90th percentiles.

Aurum's Hedge Fund Data Engine is a proprietary database maintained by Aurum Research Limited ("ARL") containing data on just under 4,000 active hedge funds representing in excess of \$2.9 trillion of assets as at December 2020. Data from the Hedge Fund Data Engine is provided on the following basis: (1) Aurum's Hedge Fund Data Engine is provided for informational purposes only; (2) information and data included in the Hedge Fund Data Engine is derived from multiple sources including Aurum's own research, regulatory filings, public registers and other data providers and are provided on an "as is" basis; (3) Aurum does not perform any audit or verify the information provided by third parties; (4) Aurum is not responsible for and does not warrant the correctness, accuracy, or reliability of the data in the Hedge Fund Data Engine; (5) any constituents and data points in the Hedge Fund Data Engine may be removed at any time; (6) the completeness of the data may vary in the Hedge Fund Data Engine; (7) Aurum does not warrant that the data in the Hedge Fund Data Engine will be free from any errors, omissions or inaccuracies; (8) the information in the Hedge Fund Data Engine does not constitute an offer or a recommendation to buy or sell any security or financial product or vehicle whatsoever or any type of tax or investment advice or recommendation; (9) past performance is no indication of future results; and (10) Aurum reserves the right to change its Hedge Fund Data Engine methodology at any time and may elect to suppress or change underlying data should it be considered optimal for representation and/or accuracy. Coverage Indicator of Eligible Funds Having Reported (as at 22/02/2021). By fund assets (Jan): 72%. By no. of funds (Jan): 56%. For further detail on the strategy definitions visit <https://www.aurum.com/hedge-fund-strategy-definitions/>

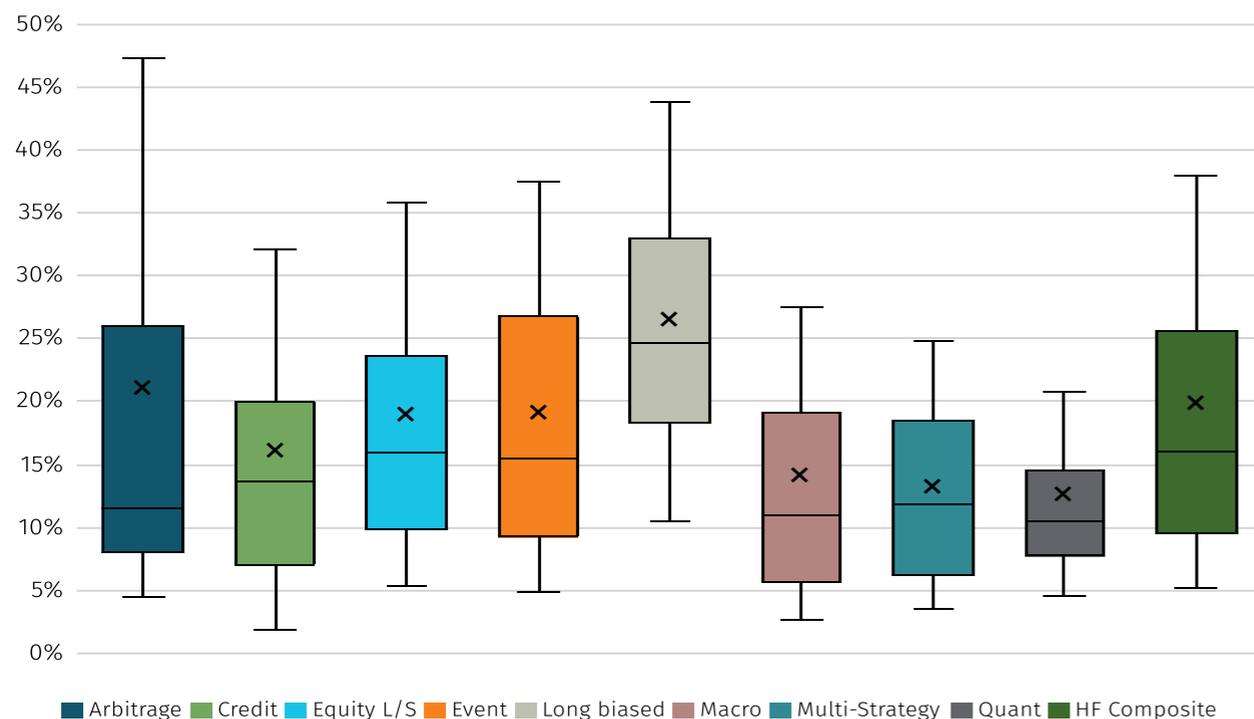
12 Month Correlation Matrix

	Arbitrage	Credit	Equity L/S	Event	Long biased	Macro	Multi-Strategy	Quant
Arbitrage	1.00	0.89	0.68	0.79	0.74	0.82	0.81	0.67
Credit		1.00	0.84	0.91	0.89	0.93	0.89	0.72
Equity L/S			1.00	0.96	0.95	0.94	0.96	0.88
Event				1.00	0.99	0.96	0.94	0.86
Long biased					1.00	0.96	0.91	0.85
Macro						1.00	0.95	0.85
Multi-Strategy							1.00	0.87
Quant								1.00

Net Performance<sup>1</sup>

	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Rolling 12 month return
Arbitrage	1.71%	-2.77%	1.01%	0.85%	2.18%	2.04%	1.05%	0.95%	0.27%	1.98%	2.45%	1.90%	14.37%
Credit	-0.61%	-12.79%	2.45%	2.80%	2.63%	1.32%	1.33%	0.61%	0.32%	3.38%	1.99%	1.76%	4.17%
Equity L/S	-1.94%	-8.08%	5.75%	3.35%	2.23%	2.40%	2.94%	-0.01%	0.12%	5.68%	4.52%	-2.54%	14.42%
Event	-1.70%	-7.86%	4.50%	2.41%	2.06%	2.04%	2.51%	0.01%	-0.14%	5.61%	3.73%	0.66%	13.97%
Long biased	-4.22%	-12.05%	6.82%	3.13%	2.32%	3.92%	3.30%	-1.80%	-0.52%	7.70%	3.60%	0.55%	11.72%
Macro	-0.48%	-6.05%	2.14%	2.58%	1.25%	2.00%	1.69%	-0.87%	0.15%	2.99%	2.41%	-0.04%	7.68%
Multi-Strategy	0.30%	-3.98%	3.04%	1.98%	2.41%	1.95%	1.38%	0.76%	0.54%	2.37%	3.21%	-0.37%	14.22%
Quant	-3.06%	-4.37%	0.60%	-0.08%	-0.89%	1.28%	-0.01%	-1.26%	-1.00%	0.49%	2.77%	-1.54%	-7.03%
HF Composite	-2.02%	-8.16%	3.76%	2.31%	1.71%	2.28%	1.99%	-0.46%	-0.14%	4.24%	3.23%	-0.40%	7.97%

12 month volatility dispersion (standard deviation)<sup>2 3</sup>



Net flows and AUM change<sup>4</sup> - January 2021



<sup>3</sup>Asset weighted 12 month volatility.

<sup>4</sup>P&L/AUM shows the percentage change in AUM accounted for by performance, split by strategy. Net flows/AUM shows the percentage change in AUM accounted for by subscriptions and redemptions, split by strategy.

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