October 2022 - Strategy Performance [1]

	1 month return	3 month return	YTD return
Arbitrage	-0.40%	1.36%	3.13%
Credit	0.09%	-1.47%	-5.43%
Equity L/S	1.32%	-1.38%	-11.73%
Event	1.55%	-0.04%	-5.66%
Long biased	2.55%	-7.66%	-17.38%
Macro	0.89%	3.17%	4.62%
Multi-Strategy	0.44%	2.42%	7.41%
Quant	-0.13%	3.42%	12.16%
HF Composite	0.82%	-0.33%	-3.72%

October 2022 - Strategy Performance [1]
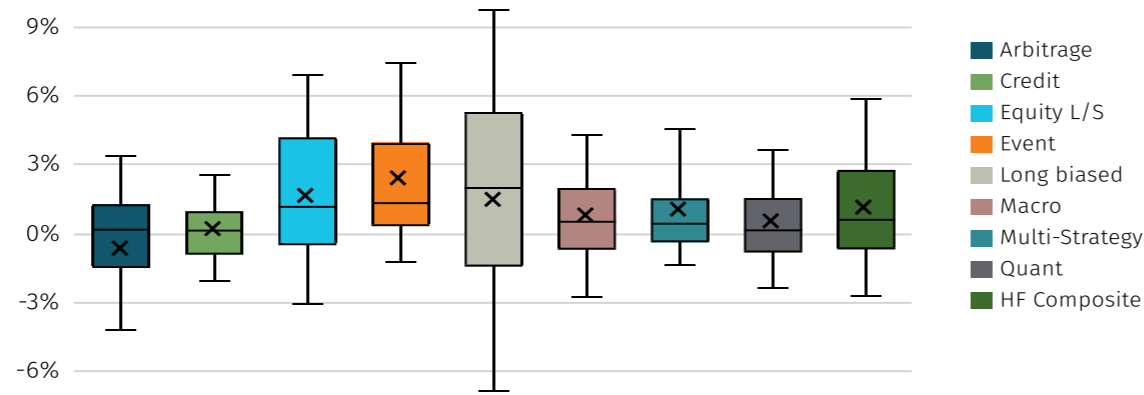
12 months to October 2022 - Strategy Performance [1]

Legend: Arbitrage, Credit, Equity L/S, Event, Long biased, Macro, Multi-Strategy, Quant, HF Composite
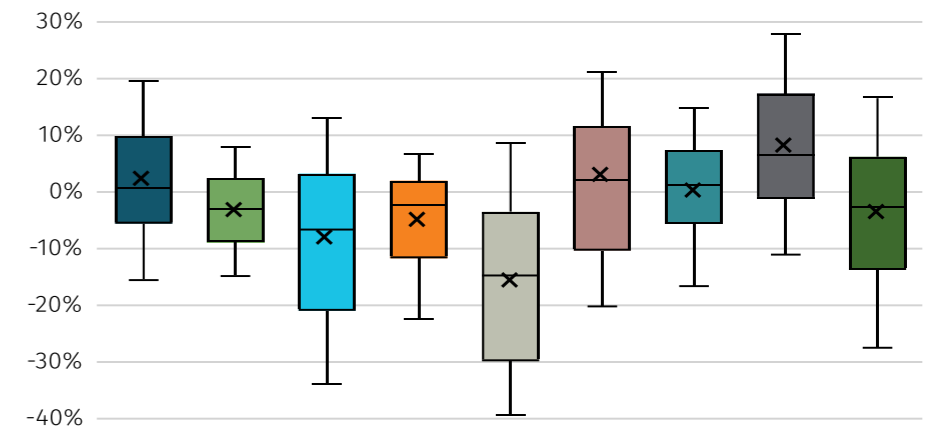
HEDGE FUNDS

Hedge Fund Composite ↑
Hedge fund returns were generally positive in October. The average hedge fund net return across all strategies was 0.82%. All strategies, except two, had positive performance. Strategies with a higher beta to equities outperformed. October's performance dispersion was similar to September's.

Long biased ↑
Long biased funds monitored by Aurum's Hedge Fund Data Engine returned an average of 2.55% in October, the strongest performing strategy during the month. It remains the weakest performing strategy year-to-date. The best performing sub-strategy was long biased - commodities, which was up 2.68%.

Quant ↓
Quant funds monitored by Aurum's Hedge Fund Data Engine returned -0.13% on average in October. Quant remains the strongest performing strategy year-to-date, where it is up 12.16%. Sub-strategy performance varied, ranging from quant macro– down 3.89% to risk premia up 4.34%.

Equity Long/Short ↑
Equity long/short funds returned an average of 1.32% in October. Equity long/short is the second weakest master strategy monitored by Aurum's Hedge Fund Data Engine year-to-date. Most sub-strategies had positive performance, with the notable exception of Asia Pacific long/short, which struggled amidst weakness in Chinese and Hong Kong equities.

Macro ↑
Macro funds monitored by Aurum's Hedge Fund Data Engine generated an average net return of 0.89% in October. All sub-strategy returns were positive. Fixed income relative value was the strongest performing sub-strategy. Despite positive returns in October, macro emerging markets was the weakest performing sub-strategy, and is the only sub-strategy with negative returns year-to-date.

Multi-strategy ↑
Multi-strategy funds monitored by Aurum's Hedge Fund Data Engine returned an average of 0.44% in October. It is the second-strongest performing strategy group year-to-date. Smaller funds, with an AUM of under $0.5bn, performed more strongly than larger counterparts.

MARKETS

Major Events
October was a news-heavy month. The run-up to the US midterms; the appointment of a new Chancellor and Prime Minister in the UK; further COVID lockdowns in China; Xi Jinping's historic third term as the General Secretary of the Chinese Communist Party; and escalations in the Russian invasion of Ukraine created a febrile geopolitical climate. Despite this, equity markets generally rebounded, supported by some strong corporate earnings and expectations that the Fed will slow the pace of rate hikes.

Equities ↑
European and US markets staged a material recovery in October, although remain firmly in the red year-to-date. Positive European earnings reports, and speculation that the pace of Fed rate hikes will slow soon boosted sentiment. Chinese equities notably underperformed, impacted by bearish market responses to Xi Jinping's re-appointment as General Secretary of the Chinese Communist Party and continuing COVID-related lockdowns.

Government Bonds ↓
US Treasury yields rose in October. The 3m/10y yield curve inverted, reflective of market expectations of an impending recession. In the UK, the appointment of Jeremy Hunt as Chancellor and the subsequent elevation of Rishi Sunak to the role of Prime Minister were well received by markets; gilt yields fell significantly by month-end. Peripheral European bond yields fell by more than core European.

Corporate Bonds ▬
Corporate bond performance was mixed in October. All major credit indices have negative performance year-to-date. US high yield bonds outperformed investment grade. Emerging market corporate bonds were the worst performers during the month.

Currencies
The US dollar weakened in October, ending a four-month run of gains, and reflecting shifting market sentiment on the pace of future Fed rate hikes. As the volatile political situation in the UK calmed, so too did sterling, which ended the month up. Similarly, in Brazil, the real appreciated following the presidential election. The Japanese yen continued to weaken as a consequence of the Bank of Japan's commitment to super-dovish policies.

Commodities ↑
Oil prices increased as Saudi Arabia cut production and concerns with US storage shortages grew. Mild weather in Europe and excess supply in the US caused gas prices to fall. As markets became more "risk-on", gold prices fell.

All figures and charts use asset weighted net returns unless otherwise stated

[1]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, equally weighted.

12 Month Correlation Matrix	Arbitrage	Credit	Equity L/S	Event	Long biased	Macro	Multi-Strategy	Quant
Arbitrage	1.00	-0.16	-0.53	-0.31	-0.60	0.06	0.73	0.53
Credit		1.00	0.60	0.89	0.82	0.55	0.16	-0.23
Equity L/S			1.00	0.79	0.78	0.30	-0.07	-0.30
Event				1.00	0.88	0.59	0.03	-0.13
Long biased					1.00	0.27	-0.23	-0.42
Macro						1.00	0.25	0.44
Multi-Strategy							1.00	0.51
Quant								1.00

Net Performance	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Rolling 12 month return
Arbitrage	0.50%	-0.20%	1.07%	0.76%	0.40%	1.51%	-1.65%	0.44%	-0.78%	1.09%	0.68%	-0.40%	3.43%
Credit	-0.28%	0.56%	-0.33%	-0.54%	0.02%	-0.73%	-1.10%	-2.52%	1.14%	0.54%	-2.09%	0.09%	-5.17%
Equity L/S	-2.79%	-0.05%	-4.62%	-1.23%	-0.51%	-3.16%	-1.56%	-1.98%	2.20%	0.09%	-2.76%	1.32%	-14.25%
Event	-0.96%	1.37%	-1.68%	-0.37%	0.80%	-1.16%	-1.44%	-3.59%	1.77%	0.26%	-1.83%	1.55%	-5.28%
Long biased	-1.71%	2.06%	-3.56%	-0.79%	0.33%	-4.44%	-0.76%	-6.56%	5.17%	-2.83%	-7.34%	2.55%	-17.12%
Macro	-1.08%	0.92%	0.51%	-0.81%	1.77%	0.98%	0.25%	-1.64%	0.36%	1.88%	0.37%	0.89%	4.44%
Multi-Strategy	0.52%	1.19%	0.84%	0.38%	0.66%	1.90%	-0.82%	1.11%	0.72%	1.46%	0.51%	0.44%	9.24%
Quant	-1.22%	2.61%	0.98%	0.68%	3.96%	3.74%	-0.40%	1.36%	-2.02%	1.32%	2.21%	-0.13%	13.69%
HF Composite	-1.20%	0.98%	-1.62%	-0.46%	0.84%	-0.68%	-1.00%	-1.71%	1.22%	0.41%	-1.54%	0.82%	-3.95%

12 month volatility dispersion (standard deviation)[1] [2]

Legend: Arbitrage, Credit, Equity L/S, Event, Long biased, Macro, Multi-Strategy, Quant, HF Composite

Net flows and AUM change[3] – October 2022

Legend: PnL/AUM, Net Flows/AUM
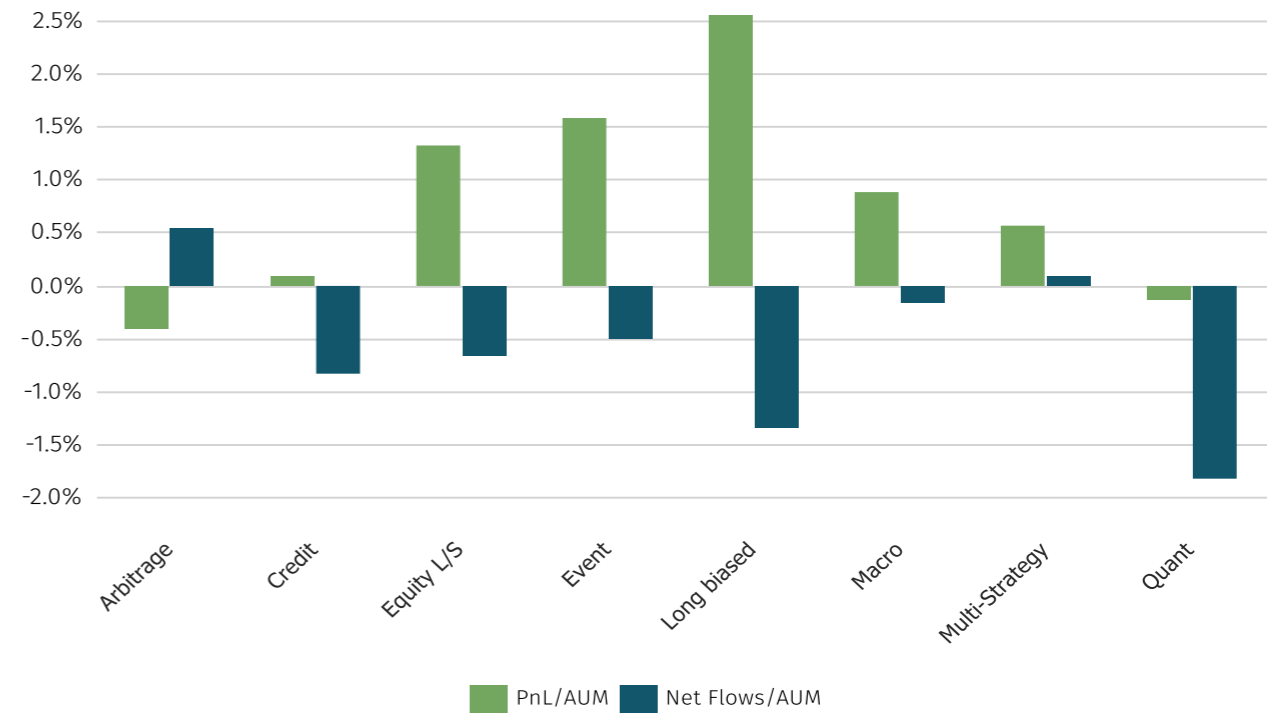
[2]Asset weighted 12 month volatility.

[3]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.

Aurum's Hedge Fund Data Engine is a proprietary database maintained by Aurum Research Limited ("ARL") containing data on just under 3,000 active hedge funds representing in excess of $3.1 trillion of assets as at June 2022. 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 supress or change underlying data should it be considered optimal for representation and/or accuracy. Coverage Indicator of Eligible Funds Having Reported (as at 17/11/2022). By fund assets (OCT): 72%. By no. of funds (OCT): 66%. For further detai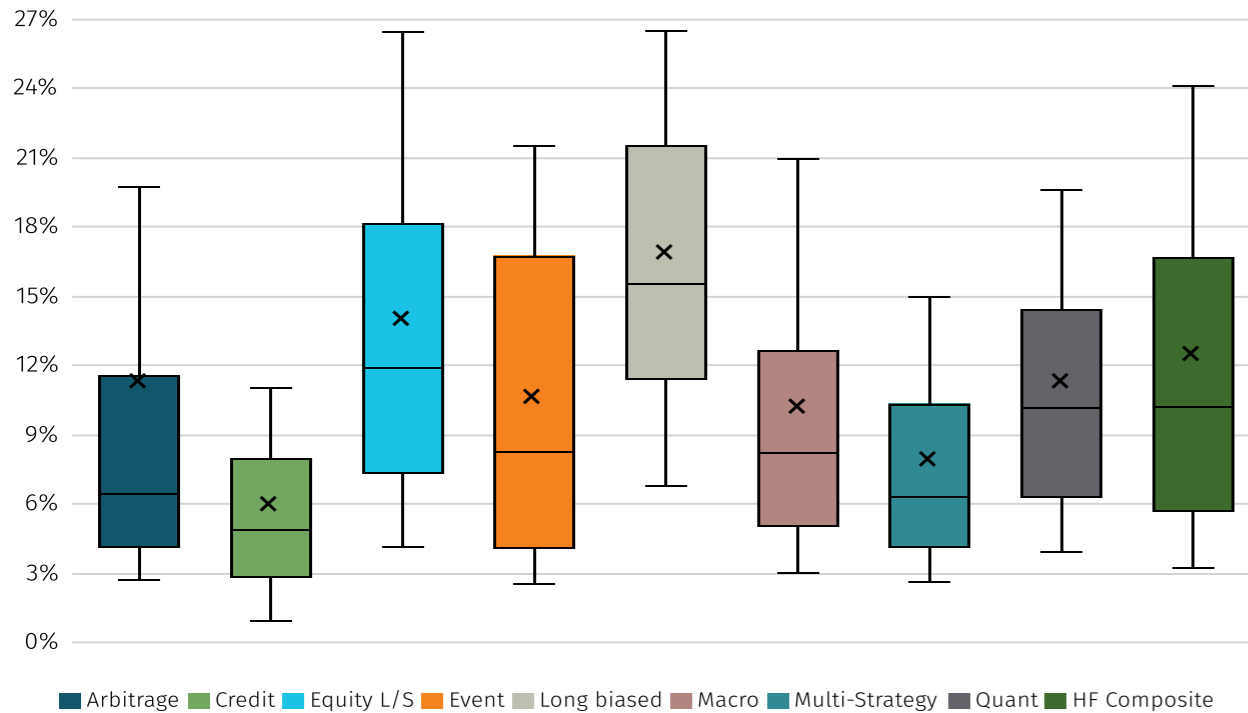l on the strategy definitions visit https://www.aurum.com/hedge-fund-strategy-definitions/