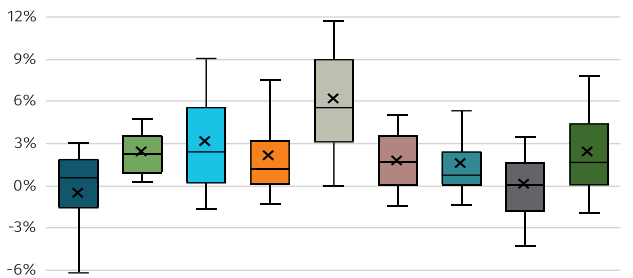
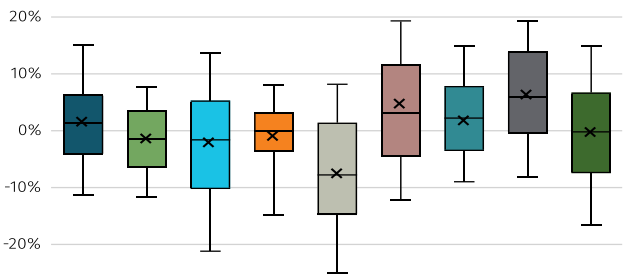
	1 month return	3 month return	YTD return
Arbitrage	0.01%	0.14%	0.01%
Credit	2.54%	4.31%	2.54%
Equity L/S	3.35%	5.86%	3.35%
Event	2.47%	3.60%	2.47%
Long biased	4.89%	9.63%	4.89%
Macro	1.58%	3.65%	1.58%
Multi-Strategy	0.51%	2.19%	0.51%
Quant	-1.34%	-4.31%	-1.34%
HF Composite	1.83%	3.20%	1.83%

January 2023 - Strategy Performance [1]



12 months to January 2023 - Strategy Performance [1]



HEDGE FUNDS

Hedge fund composite ↑

Hedge fund returns were generally positive in January. The average hedge fund net return across all strategies was 1.83%. Strategy performance was generally positive, only one of the master strategies had negative returns. Strategies with a higher beta to equities outperformed. Hedge fund performance dispersion was wider than observed in December.

Long biased ↑

Long biased funds monitored by Aurum's Hedge Fund Data Engine returned an average of 4.89% in January, the best performing strategy during the month. Sub-strategy returns were all positive in January, the strongest performing sub-strategy was long biased – equity, up 6.45%.

Quant ↓

Quant funds monitored by Aurum's Hedge Fund Data Engine returned -1.34% on average in January, the weakest performing strategy during the month. Quant macro/GAA was the weakest performing sub-strategy, down 4.29%. All sub-strategies had negative performance, with the exception of risk premia, which was up 3.05%.

Equity long/short ↑

Equity long/short funds returned an average of 3.35% in January, benefiting from the broadly risk-on sentiment in the market and rallying global equities. All sub-strategies had positive performance, ranging from Asia Pacific long/short, up 5.58%, to fundamental equity market neutral, up 0.63%.

Macro ↑

Macro funds monitored by Aurum's Hedge Fund Data Engine generated an average net return of 1.58% in January. All sub-strategy returns were positive. Macro emerging markets was the strongest performing sub-strategy, up 3.53%, benefiting, in part, from indications that China is past the peak of its COVID-19 surge following the lift of COVID-zero policies.

Multi-strategy ↑

Multi-strategy funds monitored by Aurum's Hedge Fund Data Engine returned an average of 0.51% in January. Medium-sized funds, with an AUM of over $0.5bn - $2bn, outperformed smaller and larger counterparts.

MARKETS

Major events

Inflationary pressures appeared to abate somewhat in January in the US and Europe. Markets responded to this positively, and risk-on sentiment returned. Global growth projections for 2023 were revised down by most forecasters. The ECB reiterated its commitment to raising rates. Amidst this faltering economic backdrop, some market participants questioned the fundamental basis for the positive market sentiment. Ukraine's major allies agreed to supply tanks and an expanded military aid package.

Equities ↑

January was a positive month for global equities, supported by lower-than-expected inflation data in the US and Europe, and a positive US jobs report. Global equity indices returned to levels last seen in August 2022, before the Jackson Hole summit. Higher beta, more volatile stocks outperformed. Emerging market equities were supported by the risk-on sentiment.

Government bonds ↑

Government bond yields generally fell in January. The US 2/10-year yield curve inverted further; an indication that markets are pricing in a recession. Japanese government bonds were an exception, with bond yields rising.

Corporate bonds ↑

The shift to risk-on sentiment in January was supportive for corporate bonds. All major credit indices had positive performance in January. US high yield bonds were the best performers. Emerging market bond indices also performed strongly.

Currencies

The US dollar weakened in January. The Russian ruble was the strongest-performing major currency against the US dollar, as the Russian central bank made a number of interventions into FX markets. The South African rand was the only major currency to weaken against the US dollar, as South Africa's failing energy infrastructure dampened the country's economic outlook. Croatia adopted the euro on the 1st of January, the 20th country to do so.

Commodities –

Gold continued to benefit from the weaker US dollar. Natural gas prices continued to fall through January as demand fell in response to milder US weather. Industrial metals benefited from increased demand, driven by China's reopening. Sugar prices surged on supply concerns.

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

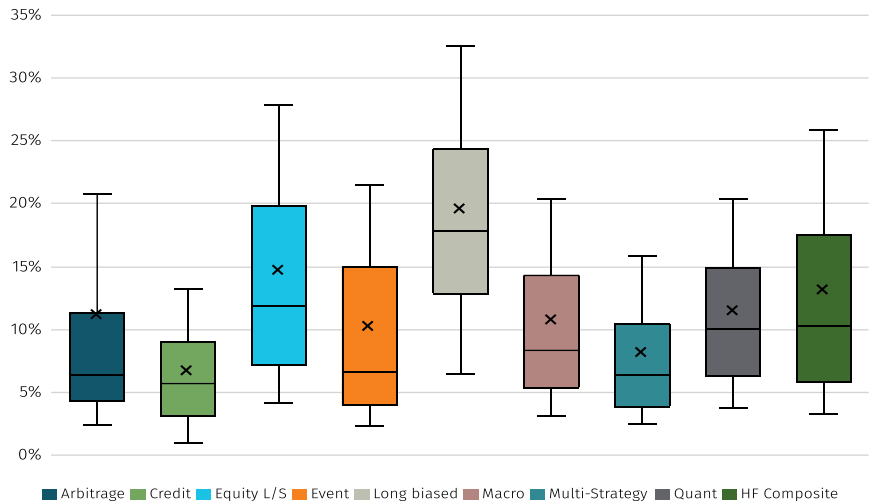
[1]The box represents the interquartile range, the middle line represents the median, the 'x' represents the mean, while the whiskers show the extreme values represented by the 10th and 90th percentiles, equally weighted.

Aurum's Hedge Fund Data Engine is a proprietary database maintained by Aurum Research Limited ("ARL") containing data on around 3,500 active hedge funds representing around $3 trillion of assets as at December 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 17/02/2023). By fund assets (JAN): 70%. By no. of funds (JAN): 62%. F or further detail on the strategy definitions visit https://www.aurum.com/hedge-fund-strategy-definitions/

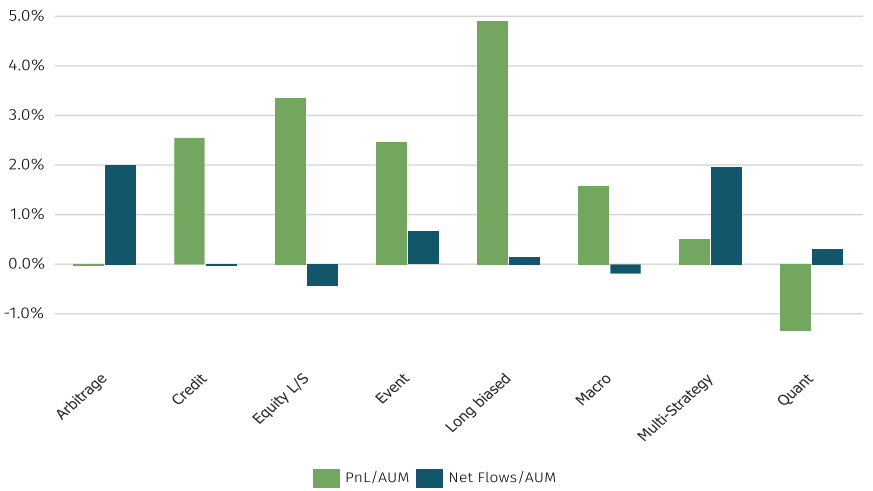
12 Month Correlation Matrix	Arbitrage	Credit	Equity L/S	Event	Long biased	Macro	Multi-Strategy	Quant
Arbitrage	1.00	-0.22	-0.45	-0.30	-0.61	0.18	0.81	0.68
Credit		1.00	0.89	0.93	0.87	0.64	0.05	-0.56
Equity L/S			1.00	0.87	0.91	0.37	-0.14	-0.77
Event				1.00	0.89	0.62	-0.04	-0.49
Long biased					1.00	0.34	-0.31	-0.75
Macro						1.00	0.30	0.10
Multi-Strategy							1.00	0.43
Quant								1.00

Net Performance	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Rolling 12 month return
Arbitrage	0.75%	0.40%	1.49%	-1.65%	0.61%	-0.90%	1.45%	0.71%	-0.37%	-0.93%	1.07%	0.01%	2.61%
Credit	-0.55%	0.02%	-0.74%	-1.12%	-2.57%	1.15%	0.53%	-2.10%	0.08%	1.31%	0.41%	2.54%	-1.13%
Equity L/S	-1.18%	-0.51%	-3.08%	-1.55%	-1.93%	2.13%	0.11%	-2.74%	1.19%	2.37%	0.05%	3.35%	-1.99%
Event	-0.35%	0.80%	-1.15%	-1.44%	-3.55%	1.77%	0.25%	-1.82%	1.60%	1.22%	-0.12%	2.47%	-0.49%
Long biased	-0.75%	0.25%	-4.25%	-0.74%	-6.11%	4.54%	-2.31%	-6.22%	1.79%	5.75%	-1.16%	4.89%	-5.11%
Macro	-0.71%	1.70%	1.00%	0.17%	-1.50%	0.24%	1.80%	0.32%	0.76%	0.68%	1.34%	1.58%	7.59%
Multi-Strategy	0.30%	0.68%	1.82%	-0.80%	0.95%	0.78%	1.40%	0.38%	0.58%	0.09%	1.58%	0.51%	8.55%
Quant	0.67%	3.93%	3.72%	-0.39%	1.35%	-1.95%	1.32%	2.18%	-0.29%	-3.16%	0.15%	-1.34%	6.11%
HF Composite	-0.44%	0.84%	-0.69%	-1.01%	-1.75%	1.21%	0.43%	-1.50%	0.73%	1.01%	0.33%	1.83%	0.93%

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



Net flows and AUM change[3] - January 2023



[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.

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