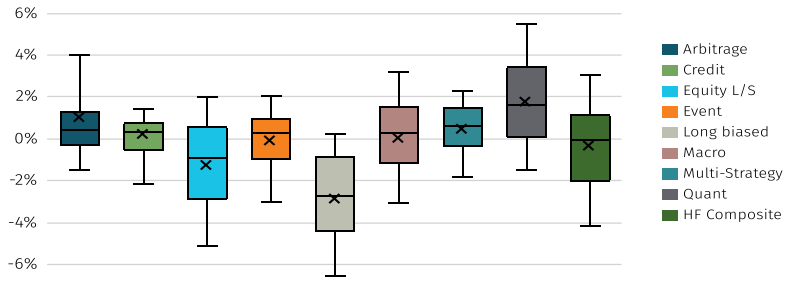
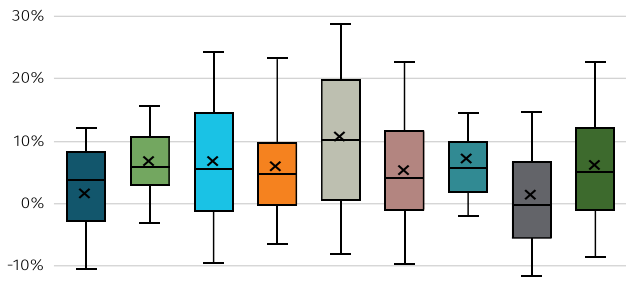
	1 month return	3 month return	YTD return
Arbitrage	0.75%	1.76%	2.33%
Credit	0.26%	1.80%	5.64%
Equity L/S	-1.57%	-0.84%	5.25%
Event	-0.18%	1.52%	4.75%
Long biased	-3.05%	-2.30%	2.19%
Macro	0.52%	2.13%	2.62%
Multi-Strategy	1.14%	2.91%	5.89%
Quant	2.58%	3.44%	4.46%
HF Composite	0.08%	1.33%	4.80%

September 2023 - Strategy Performance [1]



12 months to September 2023 - Strategy Performance [1]



HEDGE FUNDS

Hedge fund composite ↑

Hedge fund performance was moderately positive in September; the average hedge fund net return across all strategies was 0.08%. The strongest performing strategy during the month was quant. Most underlying strategies had positive average net asset weighted returns, with the exception of strategies with a higher beta to equities. Hedge fund performance dispersion was similar to that observed in August.

Long biased ↓

Long biased funds monitored by Aurum's Hedge Fund Data Engine returned an average of -3.05% in September, the weakest-performing strategy for a second month. Sub-strategy returns were mostly negative, but the exception was long biased – commodities, up 0.19%. The worst-performing sub-strategy was long biased – equity, down 3.14%.

Quant ↑

Quant funds monitored by Aurum's Hedge Fund Data Engine returned 2.58% on average in September, the best performing strategy during the month. All sub-strategy returns were positive, with the exception of risk premia. Quant macro/GAA was the best-performing sub-strategy, up 3.34%.

Equity long/short ↓

Equity long/short funds returned an average of -1.57% in September, amidst ongoing weakness in equity markets. Sub-strategy returns were all negative, although there was some dispersion, from fundamental equity market neutral, down 0.18% to US long/short equity, down 2.49%.

Macro ↑

Macro funds monitored by Aurum's Hedge Fund Data Engine generated an average net return of 0.52% in September. Sub-strategy returns varied, from macro emerging markets, down 1.38% to global macro, up 1.19%.

Multi-strategy ↑

Multi-strategy funds monitored by Aurum's Hedge Fund Data Engine returned an average of 1.14% in September. The largest funds (with an AUM of >$5bn) were the strongest performers.

MARKETS

Major events

Following the September meeting of the Fed, the majority of FOMC participants indicated that they expect another interest rate hike before the end of the year. The ECB indicated that a prolonged period of elevated rates may be necessary. Equity markets in particular responded negatively; September was the worst month for global equities year to date.

Equities ↓

Most major equity indices lost ground in September, the worst month YTD. US equities performed particularly poorly, with the possibility of a US government federal shutdown and the possibility of further rate hikes this year weighing on investor sentiment. Chinese equity weakness persisted amidst wider economic weakness and specific issues in the property and financial sectors. Following losses earlier in the month, European equity indices partially recovered at month-end, as inflation readings declined.

Government bonds ↓

All major economies' 10-year bond yields increased during September. The US 2/10y yield curve remains inverted, but less acutely than during the summer. US and European yields increased; however European yields fell somewhat at month-end with positive data releases from the ECB. UK bond yields increased after a marginal decrease in UK inflation and the Bank of England's marginal decision to hold interest rates.

Corporate bonds ↓

Credit indices across the quality spectrum lost ground in September in the broadly risk-off environment. US dollar leveraged loans were the exception, making modest positive gains. Emerging markets and US investment grade credit particularly underperformed.

Currencies

The US dollar strengthened against all major currencies in September, benefiting from equity market weakness and the possibility of a longer-than-expected period of elevated interest rates.

Commodities ↑

Oil prices increased in September, on concerns about supply cuts. Natural gas prices fell on forecasts of a mild US winter. Precious metals prices fell as the US dollar made gains. Most agricultural commodity prices fell. Industrial metals prices generally fell; nickel prices were particularly volatile.

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

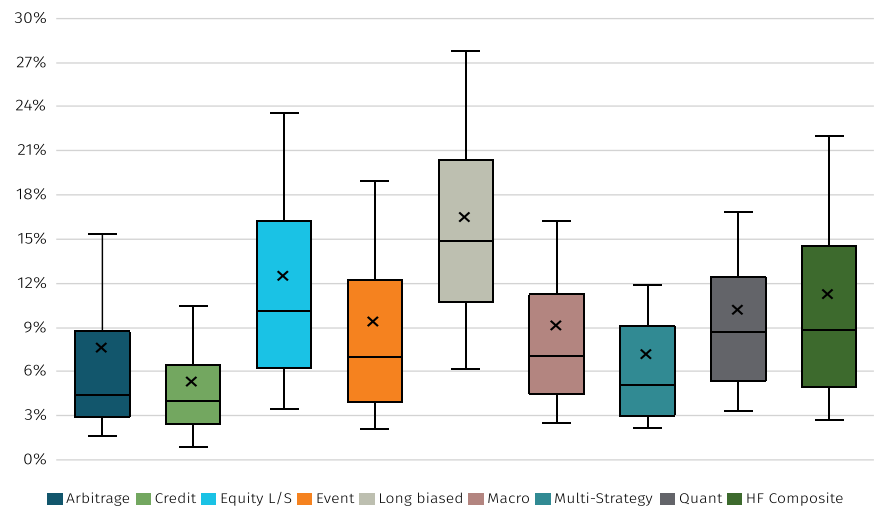
[1]The box represents the interquartile range, the middle line represents the median, the 'x' represents the mean, while the whiskers show the extreme values represented by the 10th and 90th percentiles, equally weighted.

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 June 2023. 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 20/10/2023). By fund assets (SEP): 75%. By no. of funds (SEP): 68%. For further detail on the strategy definitions visit https://www.aurum.com/hedge-fund-strategy-definitions/

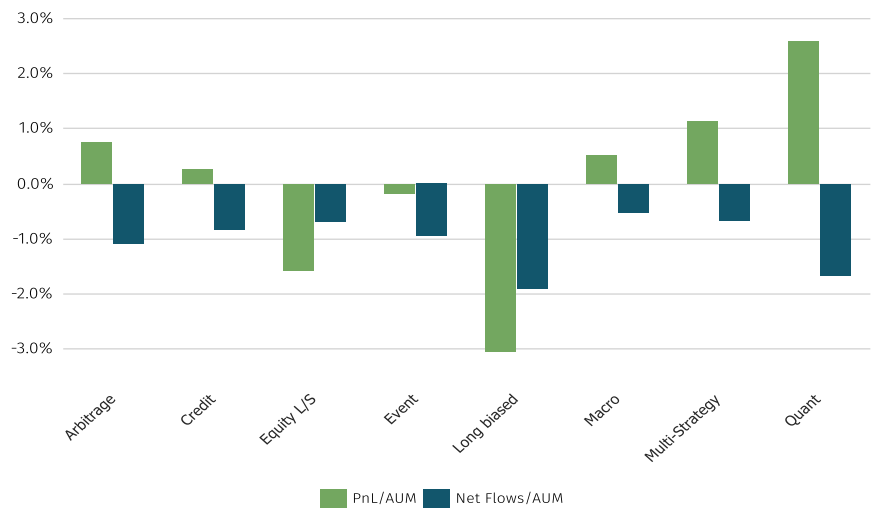
12 Month Correlation Matrix	Arbitrage	Credit	Equity L/S	Event	Long biased	Macro	Multi-Strategy	Quant
Arbitrage	1.00	-0.23	-0.67	-0.51	-0.80	0.11	0.68	0.66
Credit		1.00	0.73	0.73	0.65	0.73	-0.03	-0.28
Equity L/S			1.00	0.76	0.90	0.40	-0.46	-0.69
Event				1.00	0.82	0.61	-0.10	-0.30
Long biased					1.00	0.28	-0.53	-0.73
Macro						1.00	0.47	0.12
Multi-Strategy							1.00	0.60
Quant								1.00

Net Performance	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Rolling 12 month return
Arbitrage	-0.60%	-0.99%	0.99%	0.04%	0.52%	-0.20%	-0.04%	0.41%	-0.18%	0.37%	0.63%	0.75%	1.70%
Credit	0.11%	1.35%	0.39%	2.23%	0.19%	-0.42%	0.61%	0.24%	0.89%	1.08%	0.45%	0.26%	7.61%
Equity L/S	1.42%	2.49%	-0.08%	3.47%	-1.16%	0.43%	0.79%	0.83%	1.71%	1.24%	-0.50%	-1.57%	9.33%
Event	1.61%	1.23%	-0.21%	2.52%	-0.17%	-0.23%	0.04%	-0.97%	2.00%	1.54%	0.16%	-0.18%	7.52%
Long biased	2.22%	6.00%	-2.32%	5.10%	-2.99%	1.69%	-0.04%	-2.05%	3.05%	3.03%	-2.19%	-3.05%	8.17%
Macro	0.75%	0.69%	1.34%	1.70%	-0.18%	-1.92%	0.11%	-0.07%	0.89%	1.28%	0.31%	0.52%	5.50%
Multi-Strategy	0.62%	0.15%	1.59%	0.63%	0.68%	-0.04%	0.54%	0.24%	0.81%	0.43%	1.32%	1.14%	8.40%
Quant	-0.21%	-2.91%	0.26%	-1.19%	2.04%	-2.13%	1.01%	0.13%	1.19%	0.02%	0.82%	2.58%	1.47%
HF Composite	0.85%	1.10%	0.21%	2.04%	-0.20%	-0.31%	0.50%	-0.05%	1.42%	1.14%	0.11%	0.08%	7.08%

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



Net flows and AUM change[3] - September 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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