AURUM

Credit

Credit strategy analytics pack

12 months to December 2023

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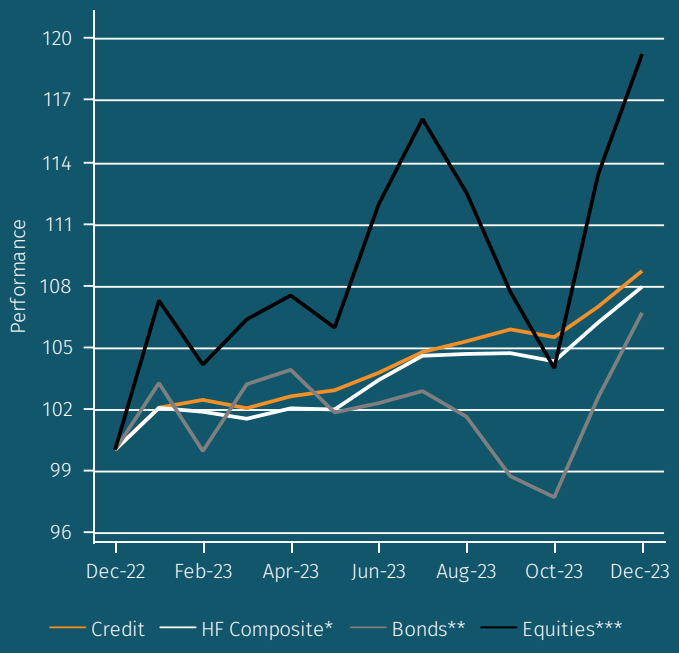
MASTER STRATEGY vs INDICES NET RETURN (1 YR)

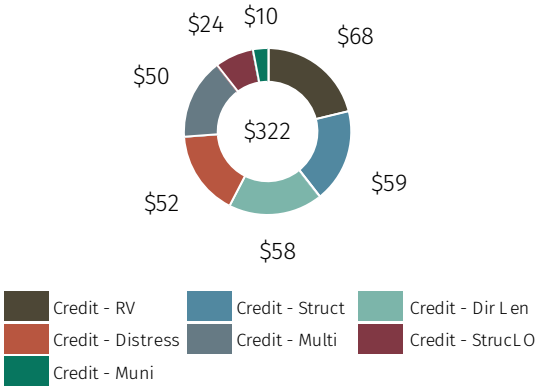


**HF Composite = Aurum Hedge Fund Data Engine Asset Weighted Composite Index.*
***Bonds = S&P Global Developed Aggregate Ex Collateralized Bond (USD).*
****Equities = S&P Global BMI.*

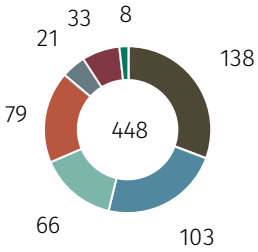
All figures and charts use asset weighted net returns unless otherwise stated. All Hedge Fund data is sourced from Aurum Hedge Fund Data Engine. Data included in this report is dated as at 18th January 2024.

For definitions on how the Strategies and Sub-Strategies are defined please refer to https://www.aurum.com/hedge-fund-strategy-definitions/ , and for information on index methodology, weighting and composition please refer to https://www.aurum.com/aurum-strategy-engine/

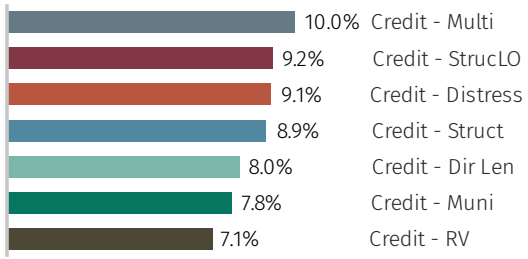
AUM ($BN) – DECEMBER 2023



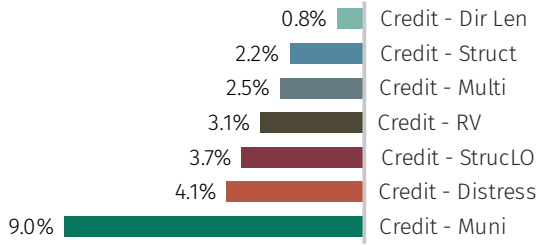
NO. OF FUNDS – DECEMBER 2023



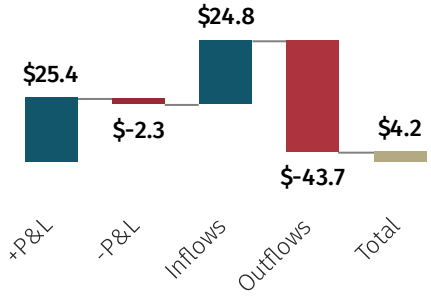
SUB-STRATEGY NET RETURN (1 YR)



STANDARD DEVIATION (1 YR)



AUM CHANGE $BN (1 YR)



NET RETURN OF MASTER AND SUB STRATEGIES (1 YR)

	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	1 YR
Credit	**2.05%**	**0.37%**	**-0.40%**	**0.57%**	**0.29%**	**0.82%**	**0.97%**	**0.50%**	**0.55%**	**-0.36%**	**1.41%**	**1.62%**	**8.70%**
Credit - Multi	1.60%	0.85%	-0.34%	0.83%	0.76%	0.59%	0.66%	0.64%	1.84%	-0.53%	0.97%	1.70%	9.95%
Credit - StrucLO	2.57%	-0.27%	0.06%	0.85%	-0.13%	0.64%	1.14%	0.44%	-0.25%	-0.49%	2.25%	2.05%	9.17%
Credit - Distress	2.86%	0.30%	-1.08%	0.27%	0.34%	1.55%	1.00%	0.56%	0.22%	-1.06%	1.71%	2.17%	9.12%
Credit - Struct	1.37%	0.68%	-0.75%	0.65%	0.33%	0.67%	1.47%	0.94%	0.71%	0.03%	1.28%	1.24%	8.95%
Credit - Dir Len	1.09%	0.49%	0.38%	0.69%	0.42%	0.85%	0.79%	0.35%	0.73%	0.43%	0.62%	0.91%	8.04%
Credit - Muni	3.63%	-2.01%	1.55%	0.49%	-0.24%	0.46%	0.42%	-1.26%	-2.79%	-1.38%	6.32%	2.68%	7.78%
Credit - RV	2.74%	0.29%	-0.70%	0.37%	-0.06%	0.65%	0.96%	0.39%	0.30%	-0.39%	1.10%	1.27%	7.09%
HF Composite*	**2.04%**	**-0.18%**	**-0.33%**	**0.50%**	**-0.06%**	**1.40%**	**1.14%**	**0.08%**	**0.04%**	**-0.38%**	**1.80%**	**1.64%**	**7.93%**
Bonds**	**3.25%**	**-3.20%**	**3.25%**	**0.68%**	**-1.99%**	**0.44%**	**0.58%**	**-1.21%**	**-2.85%**	**-1.04%**	**4.96%**	**4.02%**	**6.67%**
Equities***	**7.26%**	**-2.90%**	**2.11%**	**1.09%**	**-1.46%**	**5.64%**	**3.72%**	**-3.08%**	**-4.29%**	**-3.44%**	**9.05%**	**5.16%**	**19.24%**

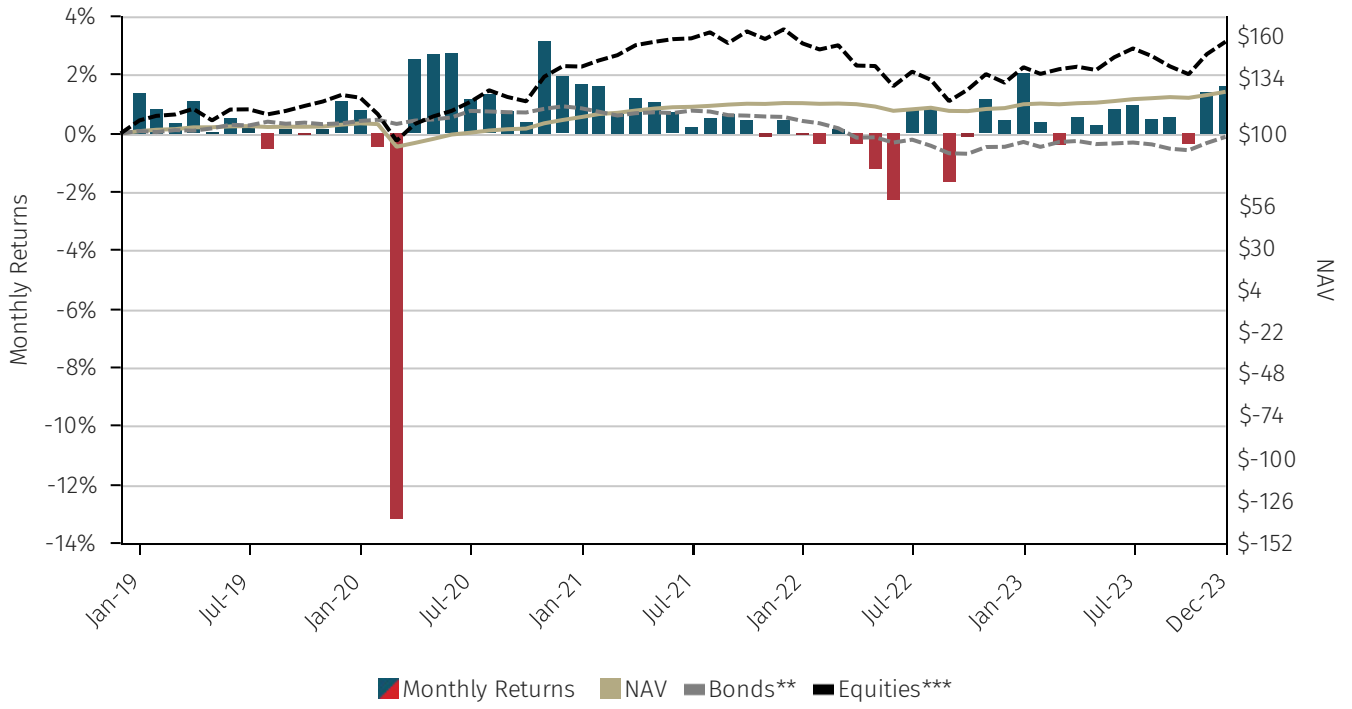
NET RETURN (5 YR) PERIOD TO DECEMBER 2023

Performance	2023	2022	2021	2020	2019	5Yr CAR	5Yr Vol	5Yr Sharpe
Credit	**8.70%**	**-2.63%**	**9.59%**	**2.78%**	**5.33%**	**4.66%**	**7.04%**	**0.38**
Credit - Multi	9.95%	-1.62%	12.40%	8.56%	2.85%	6.31%	5.88%	0.71
Credit - Dir Len	8.04%	3.69%	7.41%	3.31%	6.91%	5.85%	3.21%	1.12
Credit - Distress	9.12%	-3.50%	15.14%	3.78%	4.17%	5.56%	8.65%	0.42
Credit - RV	7.09%	-3.24%	4.81%	5.42%	7.23%	4.19%	5.64%	0.38
Credit - Muni	7.78%	-9.34%	5.84%	6.84%	10.35%	4.05%	7.56%	0.28
Credit - Struct	8.95%	-3.48%	10.42%	-3.16%	5.25%	3.43%	10.34%	0.18
Credit - StrucLO	9.17%	-8.58%	3.62%	0.98%	5.59%	1.97%	7.05%	0.01
HF Composite*	**7.93%**	**-2.18%**	**7.77%**	**9.08%**	**10.31%**	**6.48%**	**5.90%**	**0.73**
Bonds**	**6.67%**	**-16.69%**	**-5.59%**	**9.84%**	**6.19%**	**-0.43%**	**7.54%**	**-0.31**
Equities***	**19.24%**	**-20.04%**	**16.02%**	**14.34%**	**23.65%**	**9.35%**	**18.25%**	**0.46**

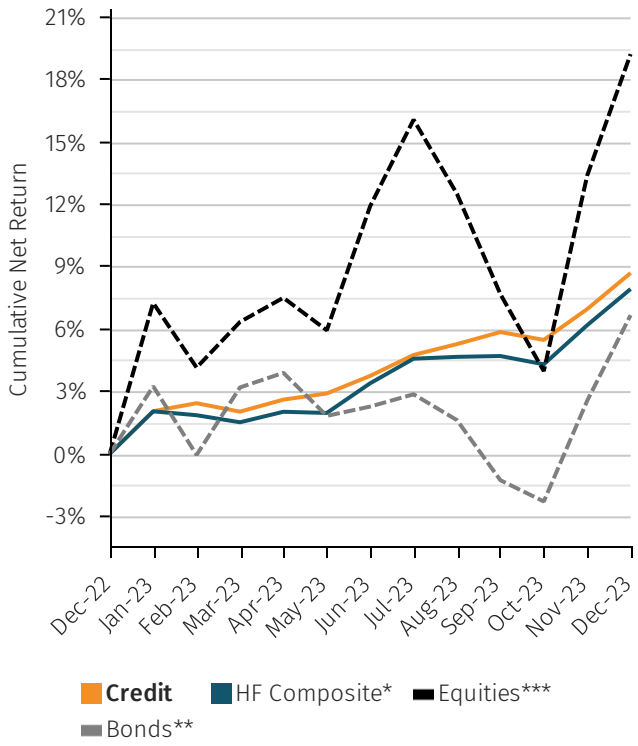
**HF Composite = Aurum Hedge Fund Data Engine Asset Weighted Composite Index.*
***Bonds = S&P Global Developed Aggregate Ex Collateralized Bond (USD). ***Equities = S&P Global BMI.*
Source: Aurum Hedge Fund Data Engine.

Master strategy performance

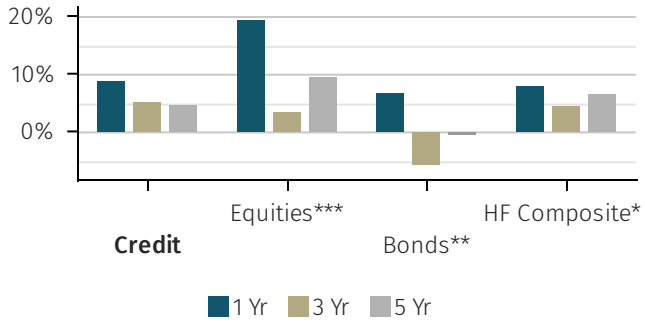
NET MONTHLY RETURN (5 YR)



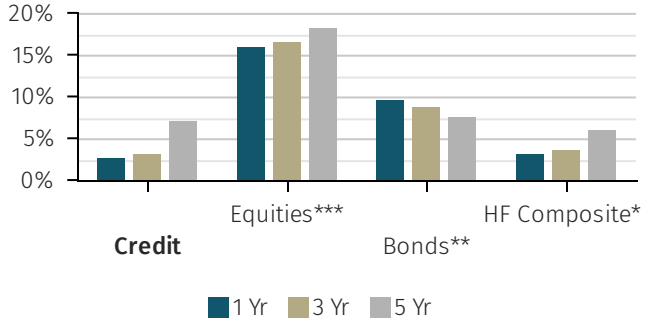
COMPARATIVE RETURN VS HF COMPOSITE (1 YR)



NET RETURN (ANNUALISED)



VOLATILITY (ANNUALISED)



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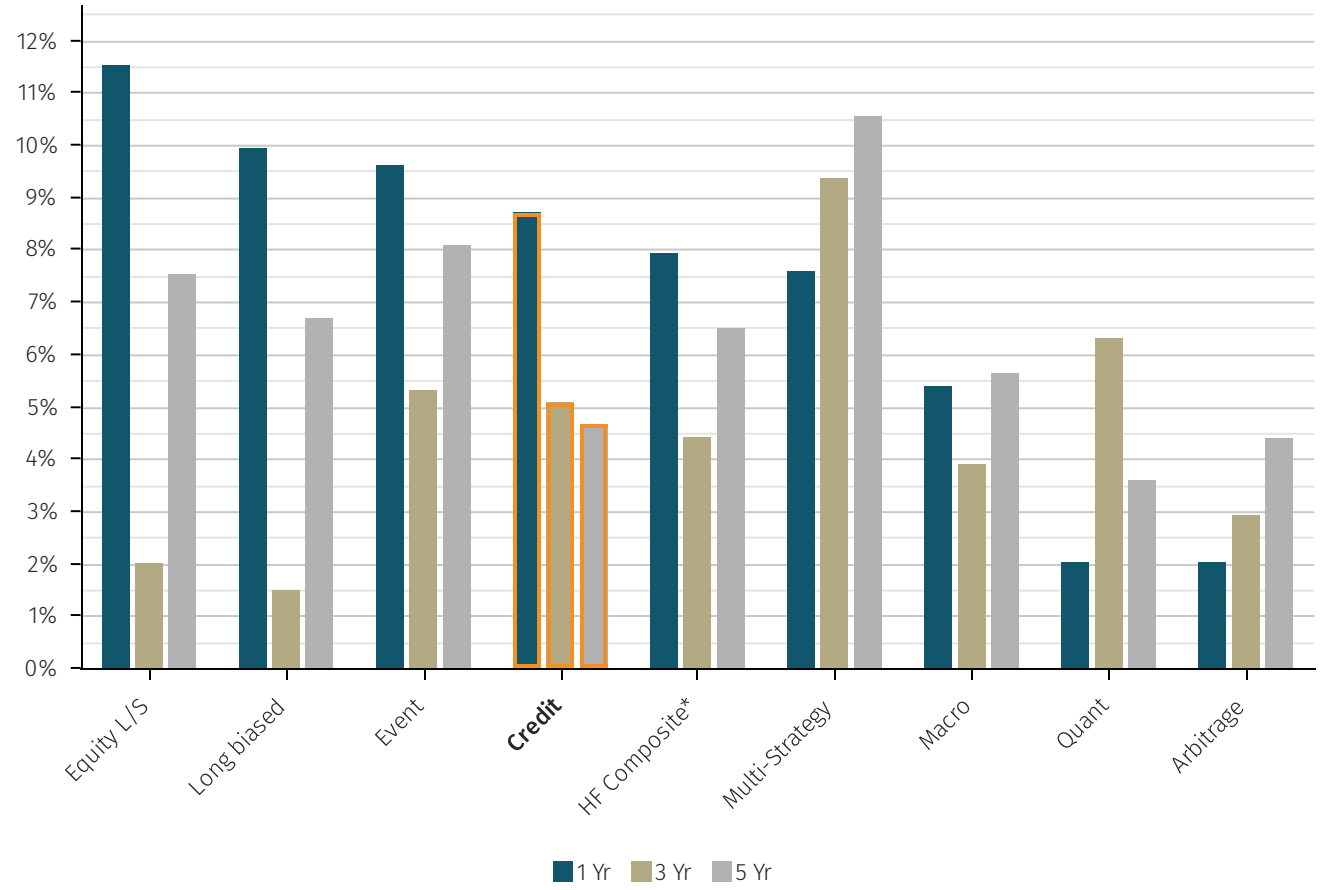
Source: Aurum Hedge Fund Data Engine.

MASTER STRATEGY NET ANNUALISED RETURNS

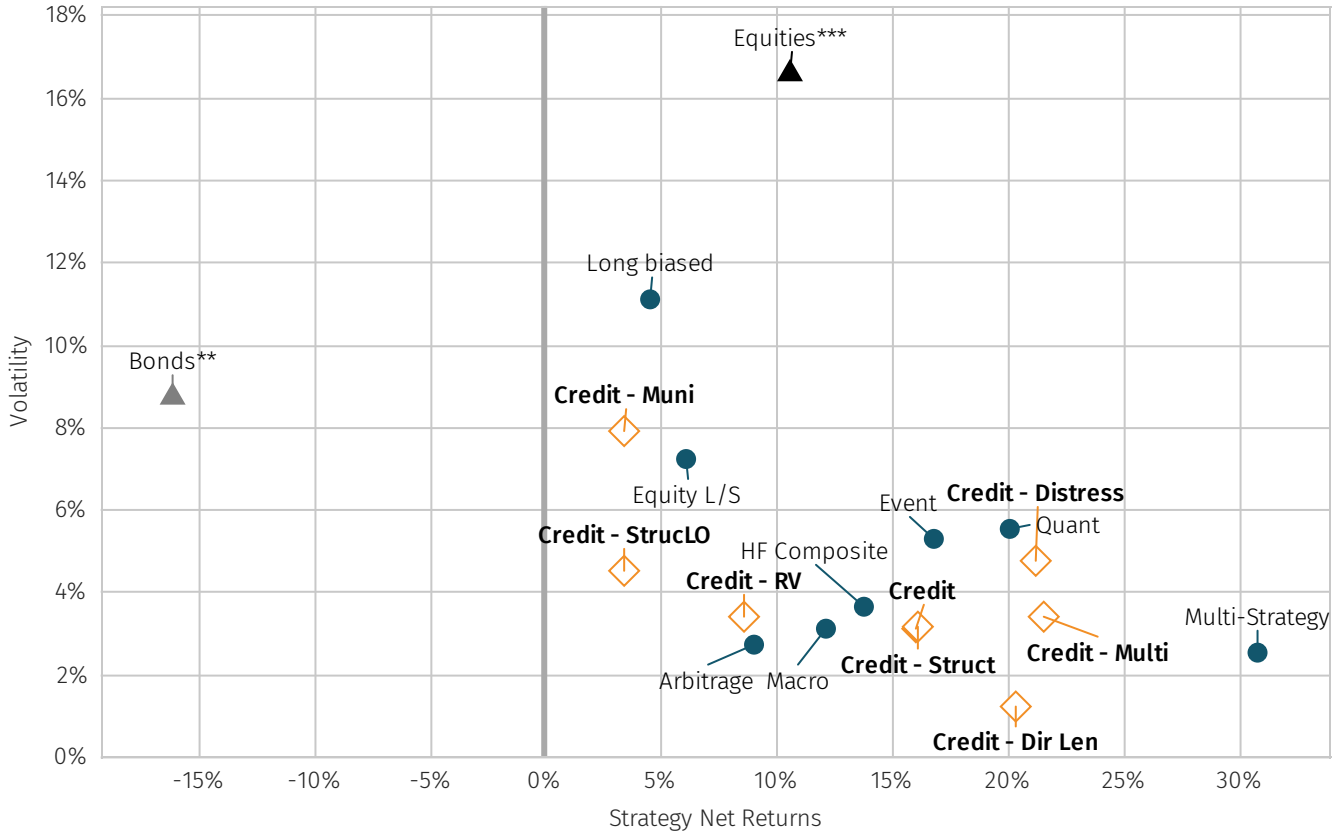


HIERARCHICAL ANNUALISED NET RETURN TO DECEMBER 2023

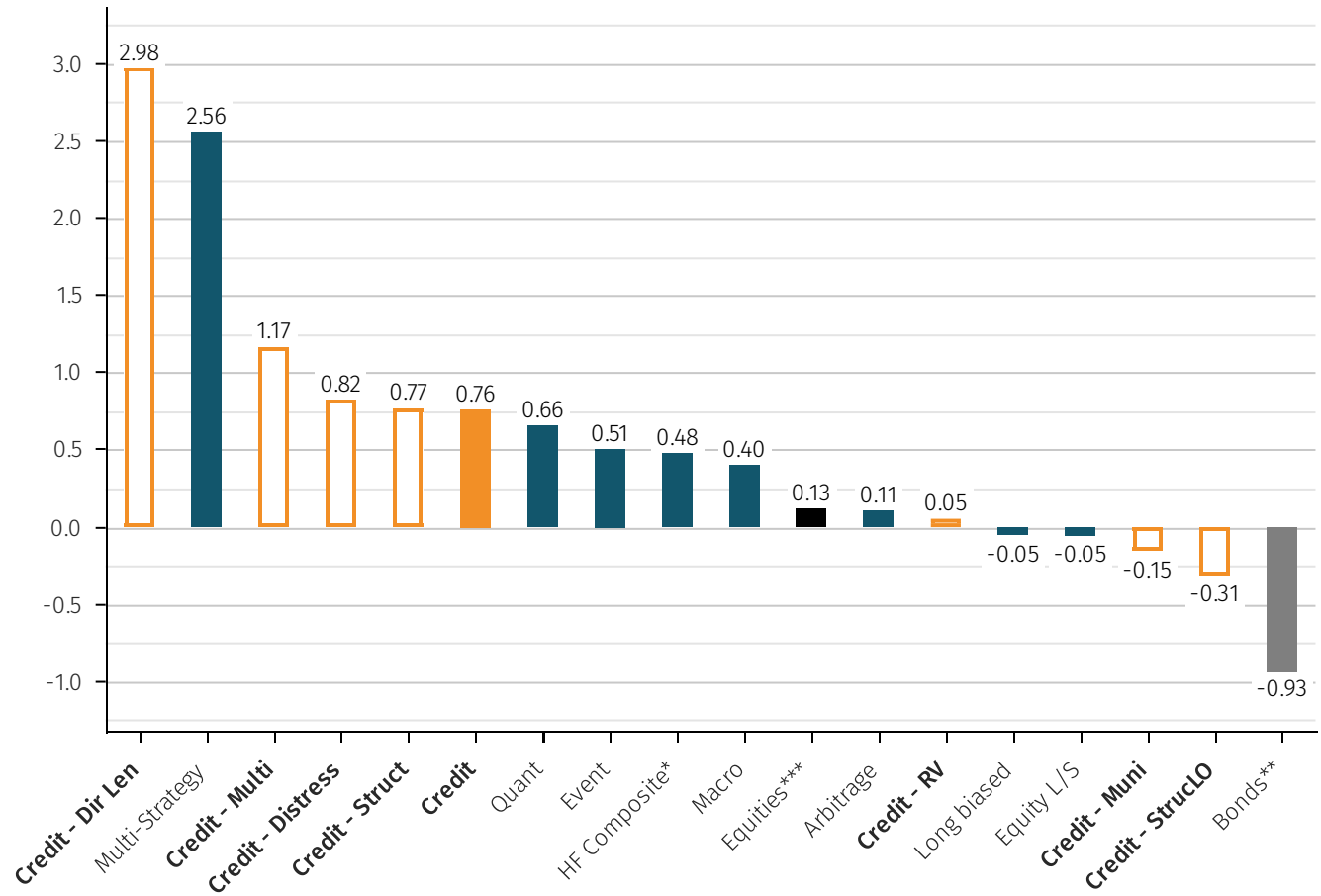
1 YEAR	3 YEAR	5 YEAR	10 YEAR
Equity L/S 11.5%	**Multi-Strategy** 9.4%	**Multi-Strategy** 10.5%	**Multi-Strategy** 7.7%
Long biased 9.9%	**Quant** 6.3%	**Event** 8.1%	**Event** 5.2%
Event 9.6%	**Event** 5.3%	**Equity L/S** 7.5%	**Equity L/S** 4.9%
Credit **8.7%**	**Credit** **5.1%**	**Long biased** 6.7%	**HF Composite*** 4.5%
HF Composite* 7.9%	**HF Composite*** 4.4%	**HF Composite*** 6.5%	**Long biased** 4.3%
Multi-Strategy 7.6%	**Macro** 3.9%	**Macro** 5.6%	**Credit** **4.0%**
Macro 5.4%	**Arbitrage** 2.9%	**Credit** **4.7%**	**Macro** 3.5%
Quant 2.0%	**Equity L/S** 2.0%	**Arbitrage** 4.4%	**Quant** 3.4%
Arbitrage 2.0%	**Long biased** 1.5%	**Quant** 3.6%	**Arbitrage** 2.6%

**HF Composite = Aurum Hedge Fund Data Engine Asset Weighted Composite Index.*
Source: Aurum Hedge Fund Data Engine.

STRATEGY NET TOTAL RETURN VS ANNUALISED VOL (3 YR)



SHARPE RATIO BY HEDGE FUND STRATEGY (3 YR)†



Source: Aurum Hedge Fund Data Engine, Bloomberg. †Risk Free Rate = period average of 3-month LIBOR-SOFR Risk Free Rate 5.34%
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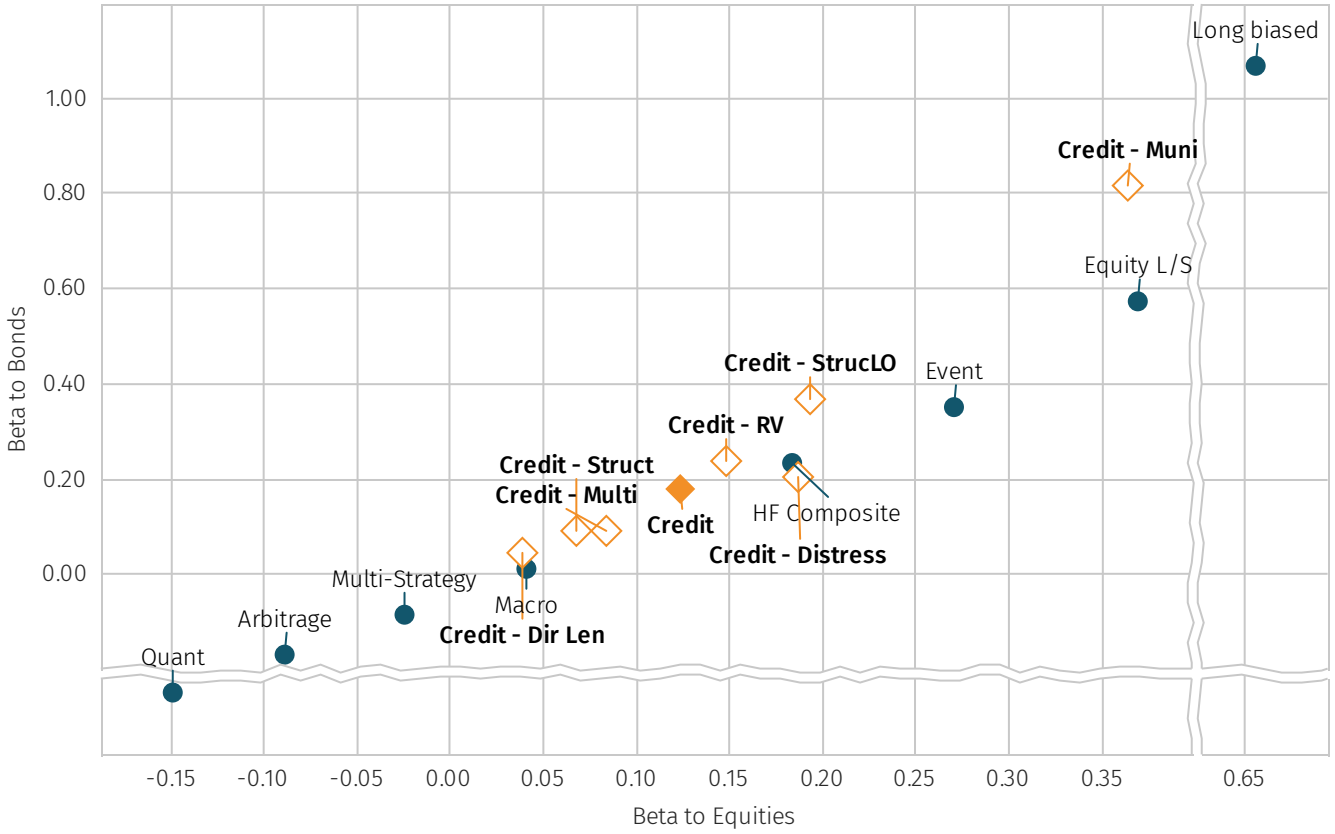
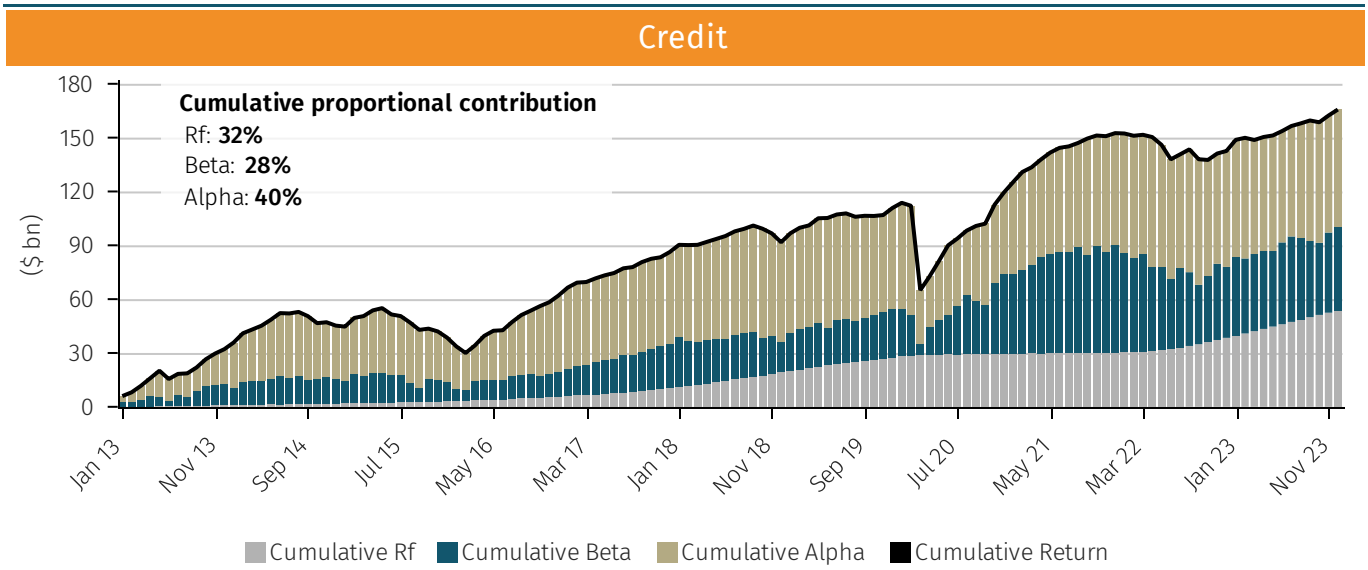
***Bonds = S&P Global Developed Aggregate Ex Collateralized Bond (USD).*

BETA TO BONDS AND BETA TO EQUITIES (3 YR) PERIOD TO DECEMBER 2023



MASTER STRATEGY - DECOMPOSING DOLLAR PERF. INTO ALPHA, BETA AND RISK FREE (RF) COMPONENTS



*These charts decompose the Hedge Fund Composite dollar returns into beta, alpha and risk free ("Rf") components, as follows: alpha = actual return – Rf – beta * (market return – Rf).*

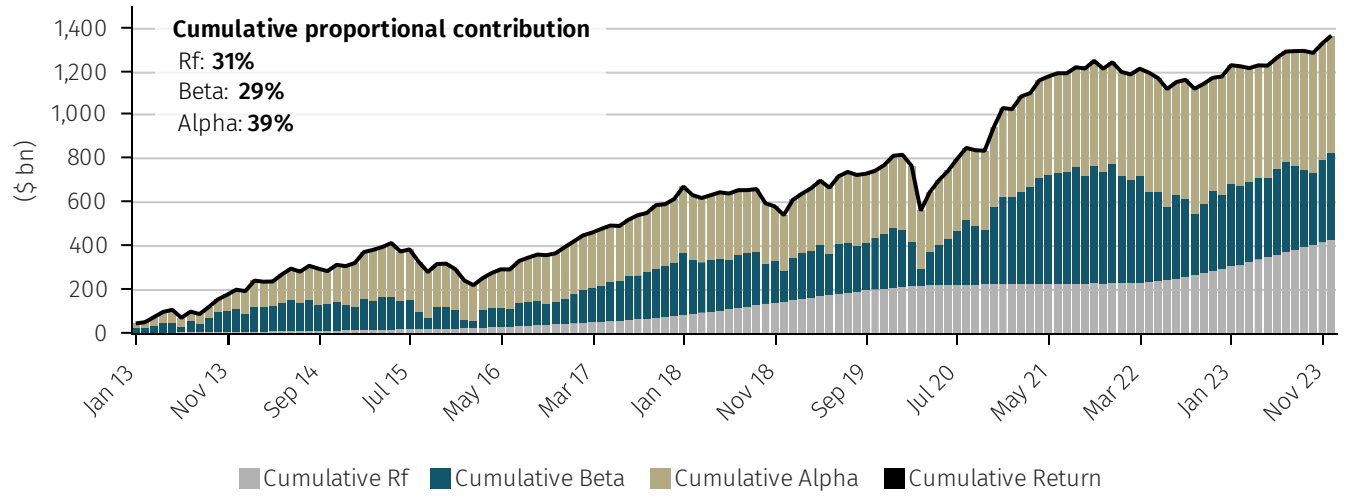
Where Rf is the risk free rate as defined by a rolling 3-month LIBOR-SOFR, where market return is that of S&P Global BMI ('the market index') and where beta has been calculated with respect to each underlying fund observed on a 60m rolling basis to the market index. The monthly alpha, beta and Rf components are then applied to each underlying fund's dollar performance for a particular month, and then at a master strategy or industry level the individual fund dollar contributions are aggregated up.

For note, beta can be negative in certain cases, creating negative dollar attributions. These are offset by corresponding positive alpha contributions.

Source: Aurum Hedge Fund Data Engine, Bloomberg. Risk Free Rate = period average of 3-month LIBOR-SOFR Risk Free Rate 5.34%
**HF Composite = Aurum Hedge Fund Data Engine Asset Weighted Composite Index. Equities = S&P Global BMI. Bonds = S&P Global Developed Aggregate Ex Collateralized Bond (USD).*

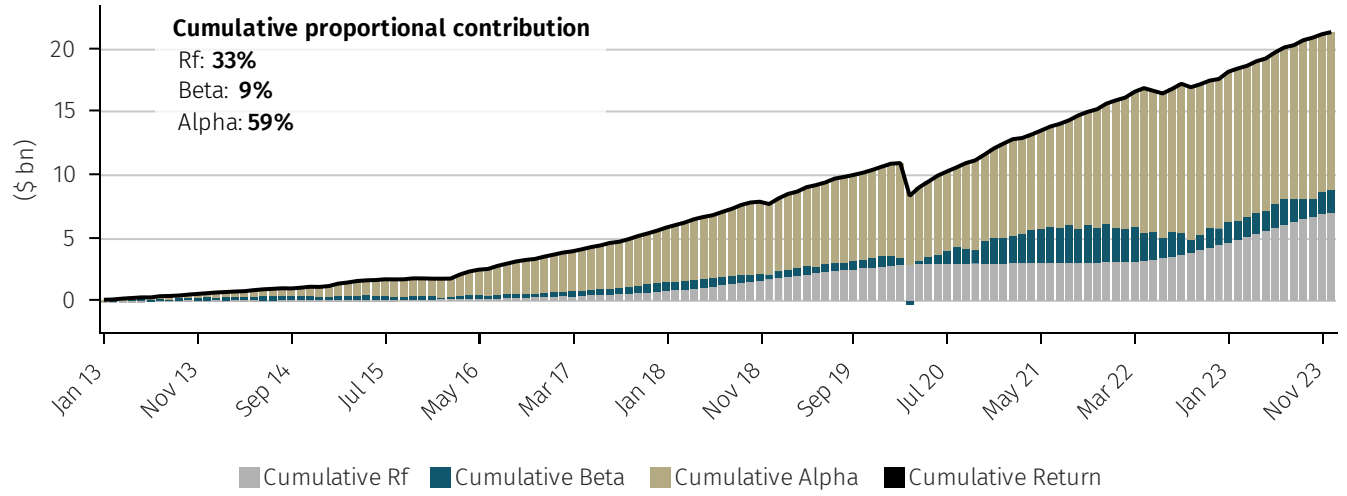
HF COMPOSITE* - DECOMPOSING DOLLAR PERF. INTO ALPHA, BETA AND RISK FREE (RF) COMPONENTS

HF Composite*

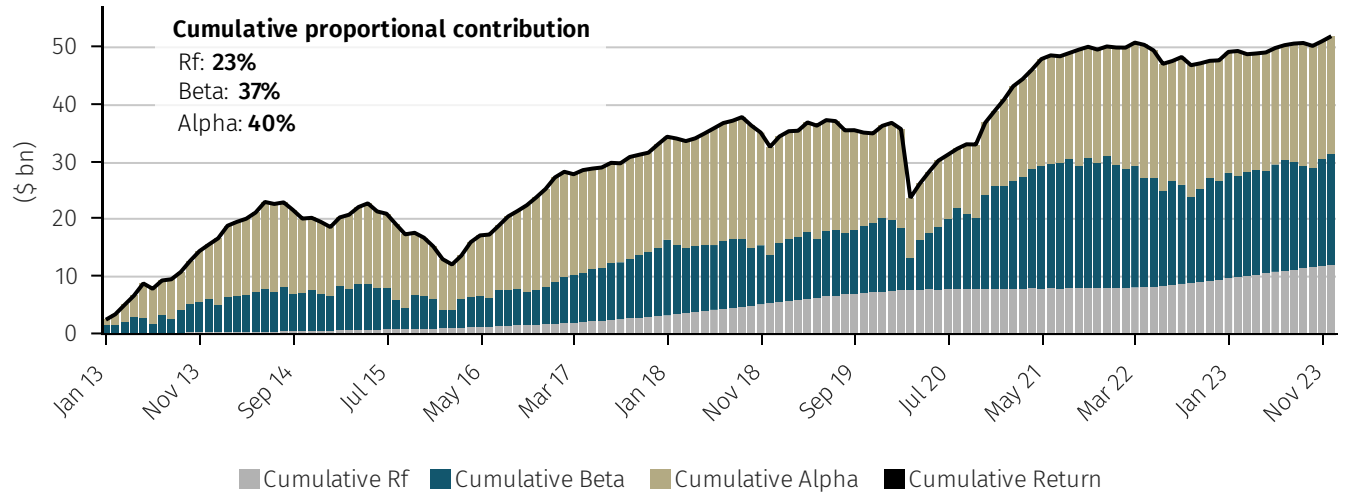


SUB-STRATEGY - DECOMPOSING DOLLAR PERF. INTO ALPHA, BETA AND RISK FREE (RF) COMPONENTS

Credit - Dir Len

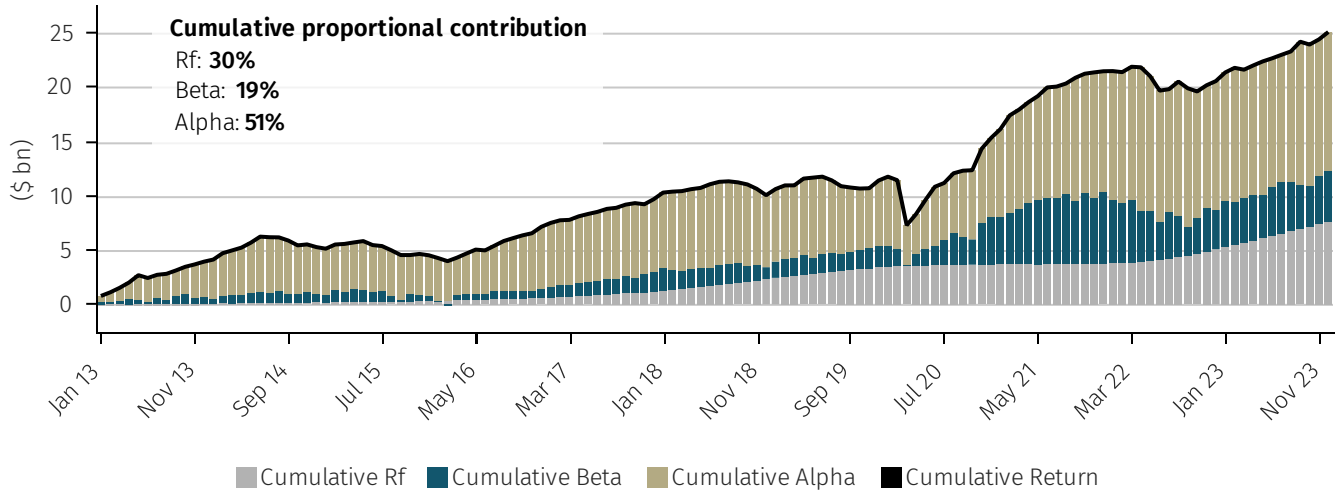


Credit - Distress

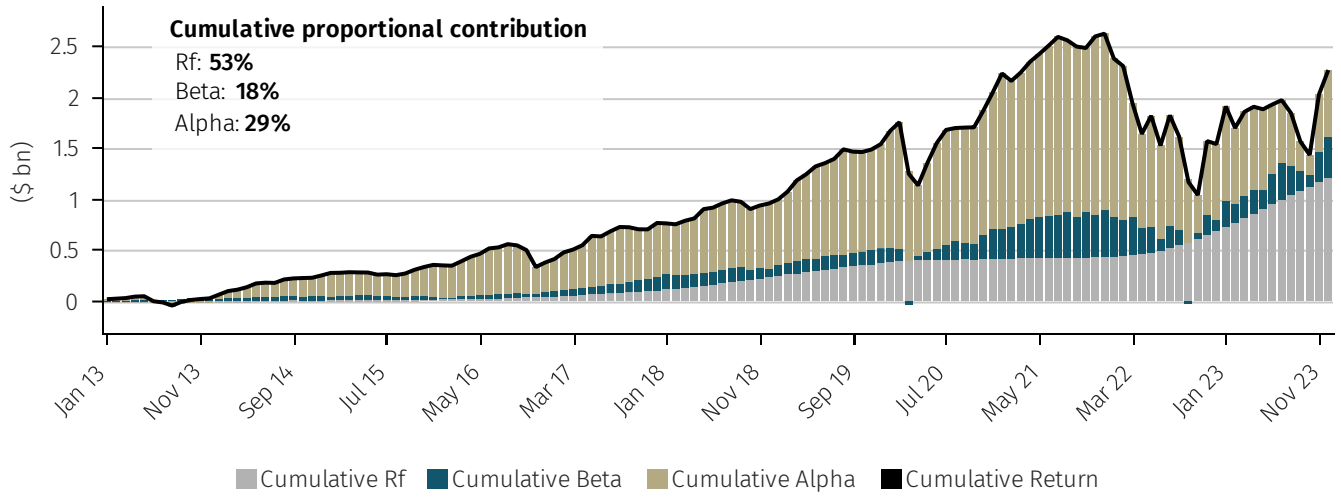


Source: Aurum Hedge Fund Data Engine, Bloomberg. Risk Free Rate = period average of 3-month LIBOR-SOFR Risk Free Rate 5.34%
**HF Composite = Aurum Hedge Fund Data Engine Asset Weighted Composite Index.*

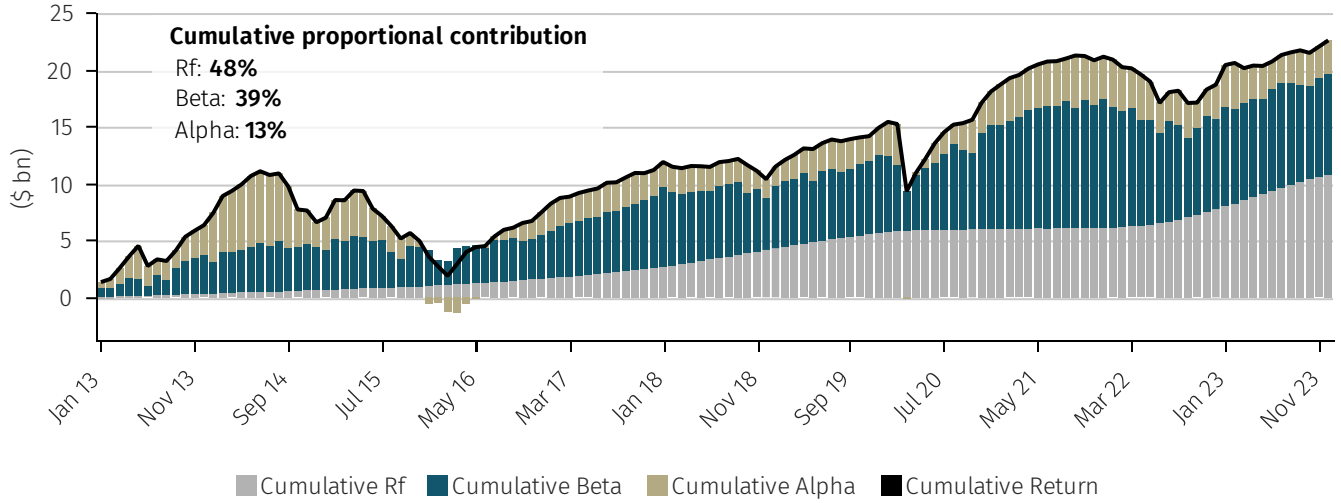
Credit - Multi



Credit - Muni

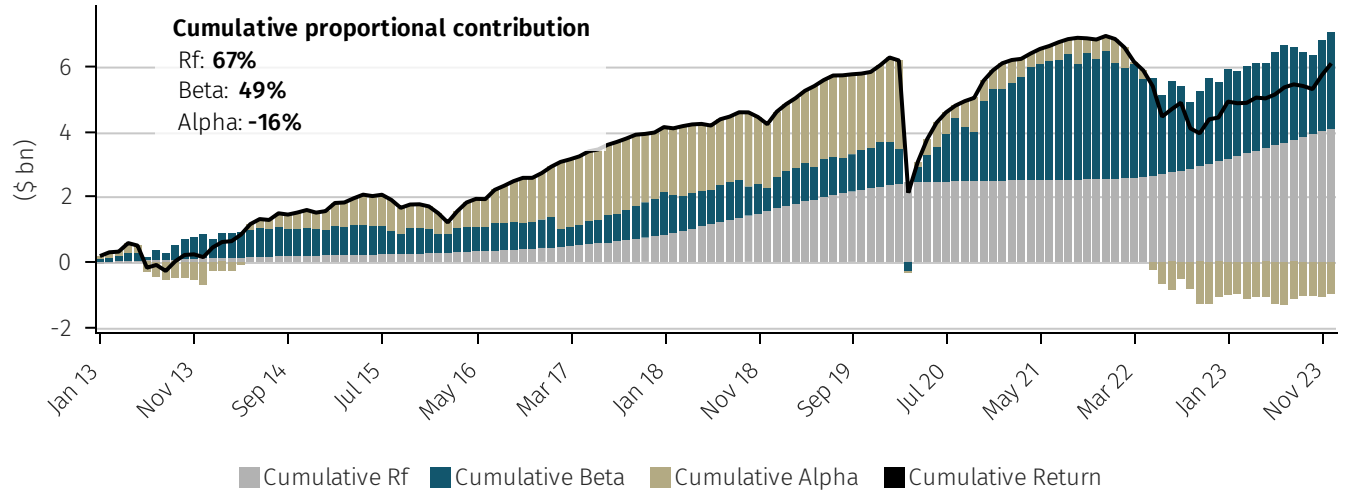


Credit - RV

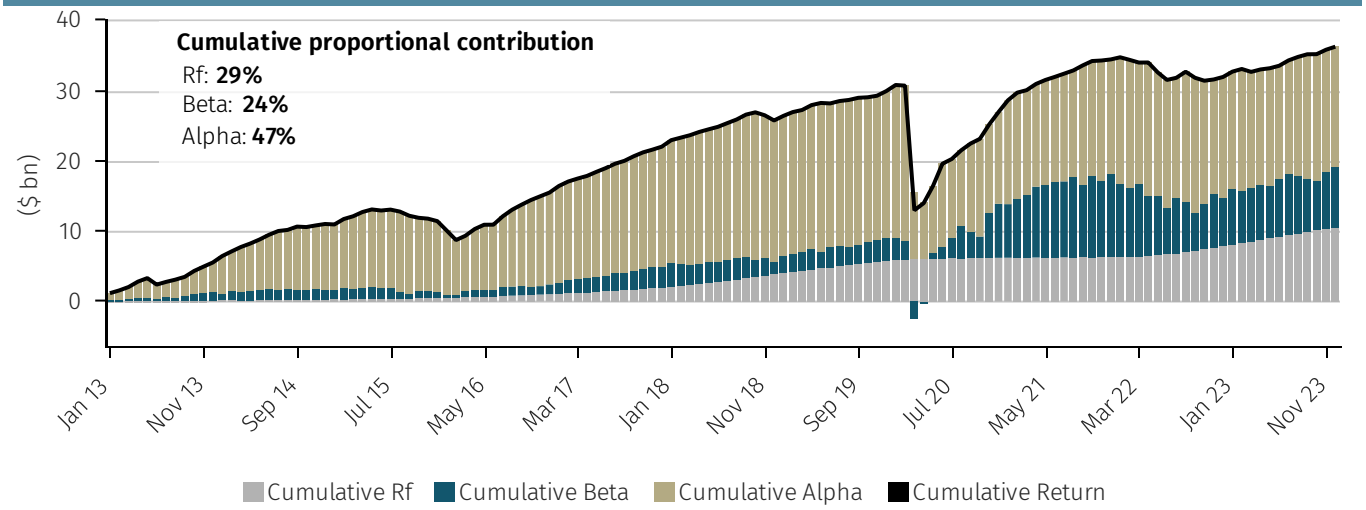


Source: Aurum Hedge Fund Data Engine, Bloomberg. Risk Free Rate = period average of 3-month LIBOR-SOFR Risk Free Rate 5.34%
**HF Composite = Aurum Hedge Fund Data Engine Asset Weighted Composite Index.*

Credit - StrucLO



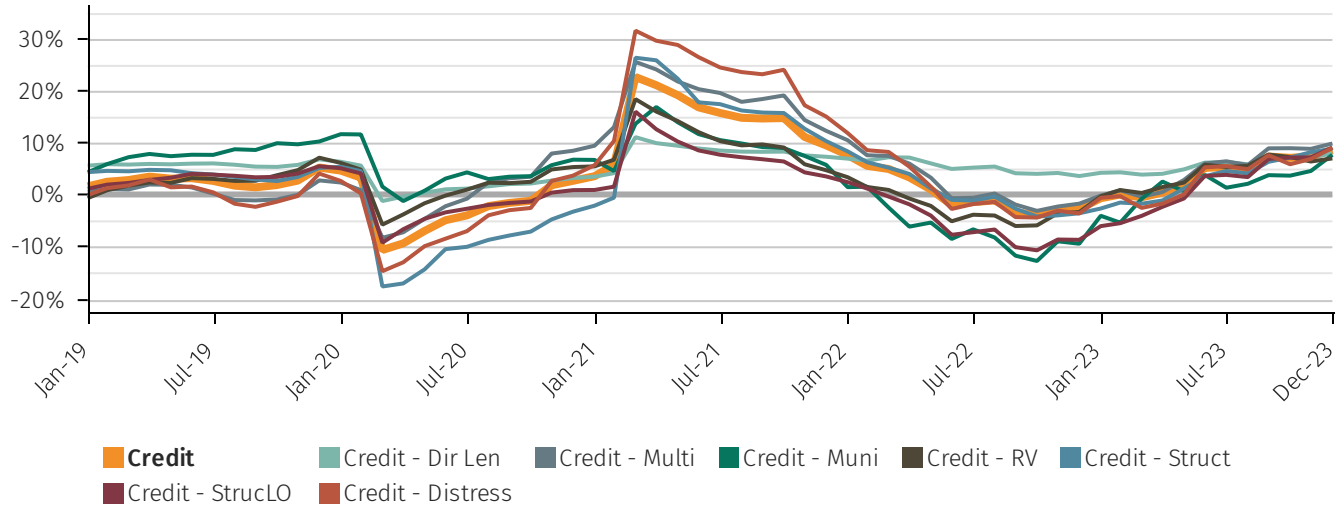
Credit - Struct



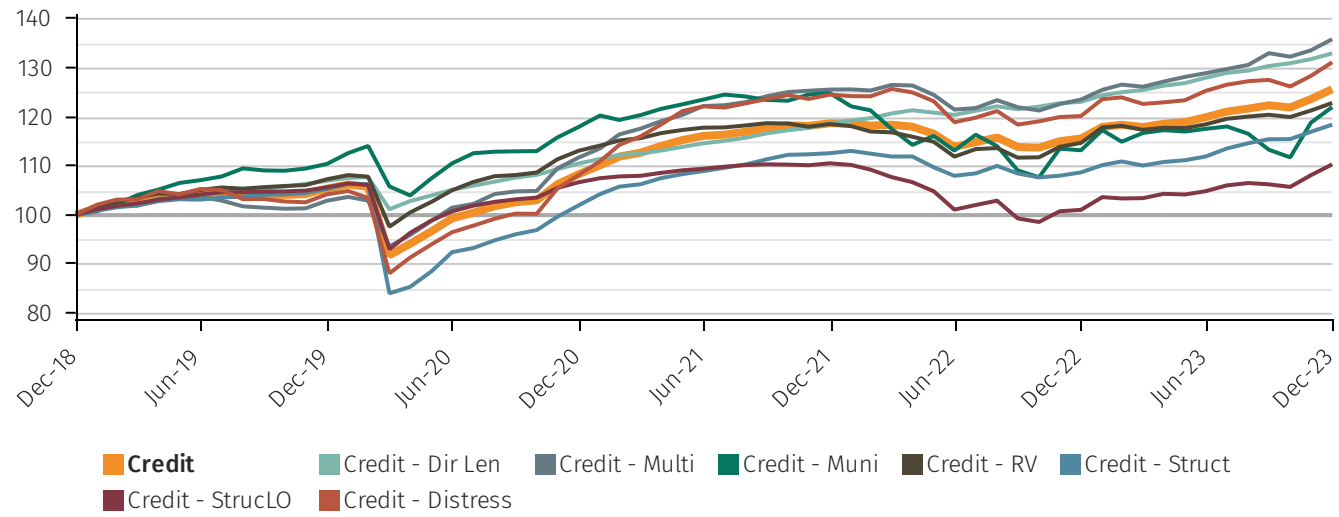
Source: Aurum Hedge Fund Data Engine, Bloomberg. Risk Free Rate = period average of 3-month LIBOR-SOFR Risk Free Rate 5.34%
**HF Composite = Aurum Hedge Fund Data Engine Asset Weighted Composite Index.*

Sub-strategy performance

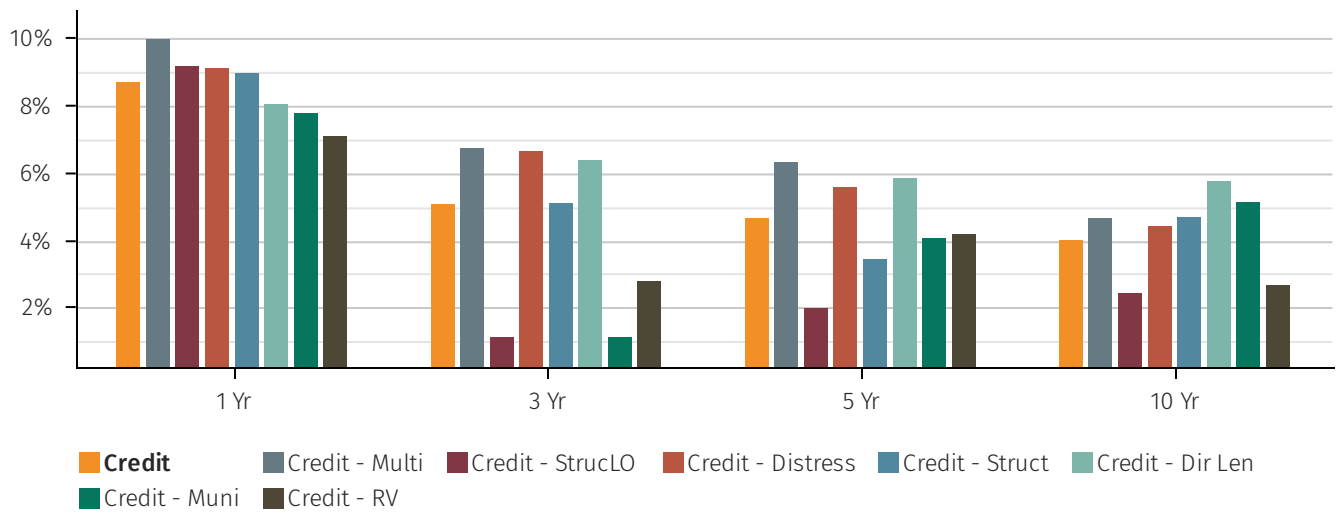
ROLLING 12 MONTH NET RETURN (5 YR)



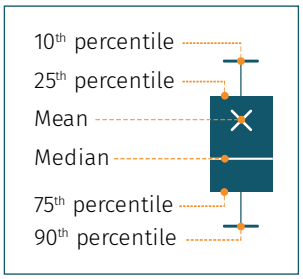
CUMULATIVE NET RETURN (5 YR)



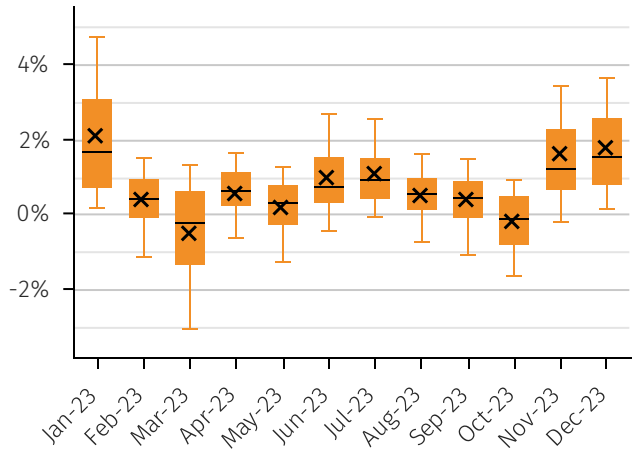
COMPOUND RETURN (ANNUALISED)



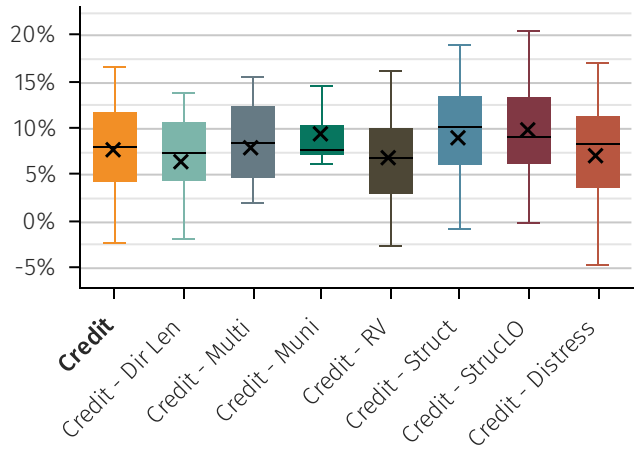
Performance dispersion



MASTER STRATEGY NET RETURN DISTRIBUTION

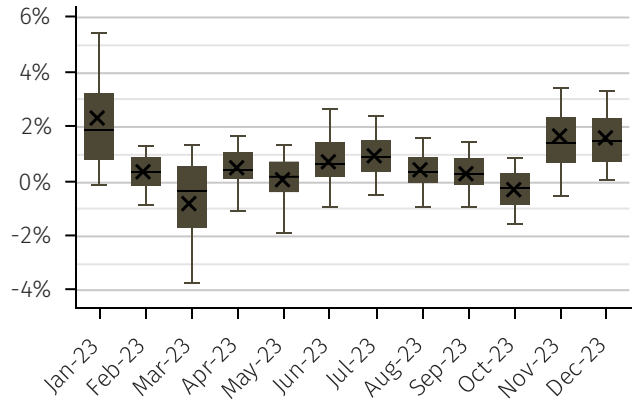


SUB-STRATEGY NET RETURN (1 YR)

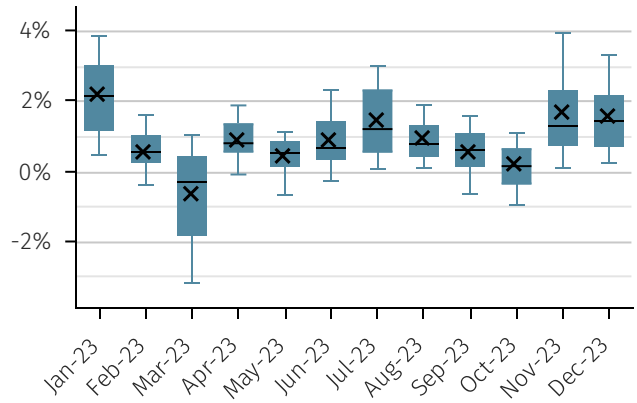


SUB-STRATEGIES NET MONTHLY RETURN DISTRIBUTION

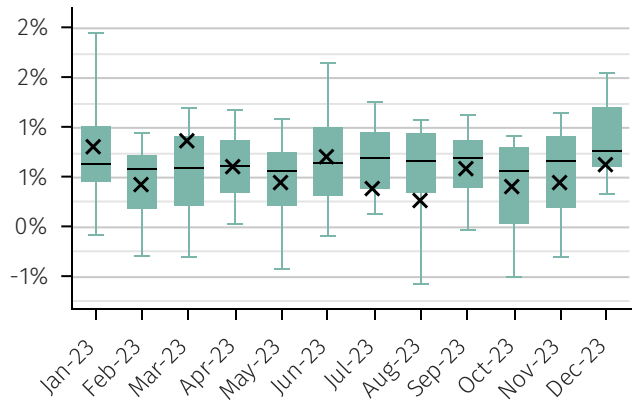
Credit - RV



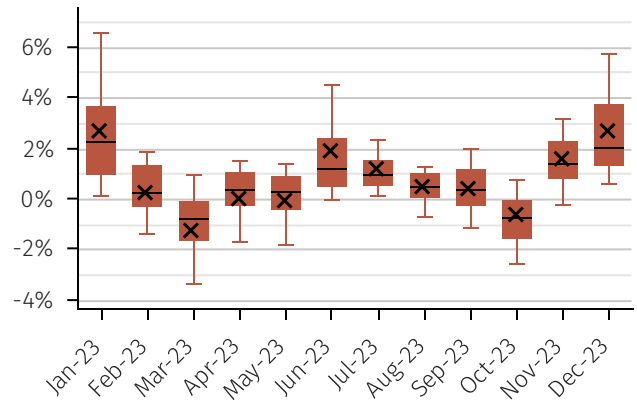
Credit - Struct



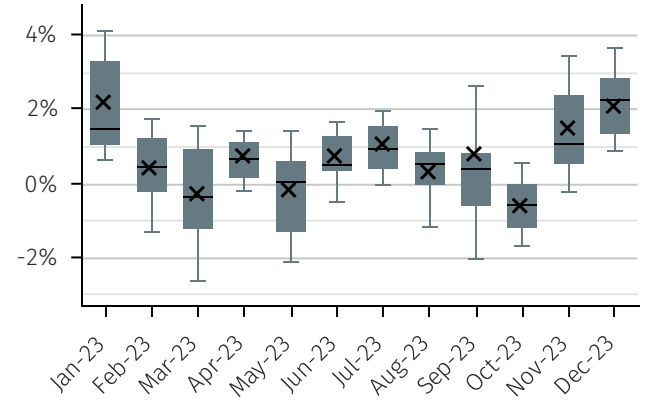
Credit - Dir Len



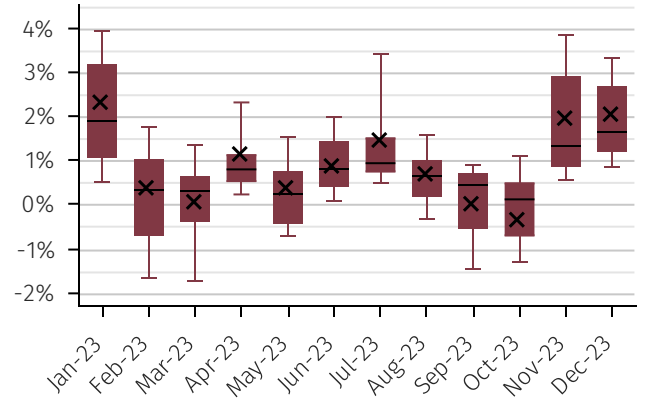
Credit - Distress



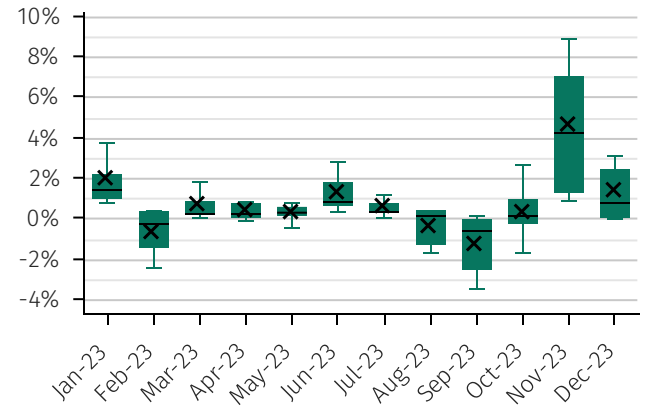
Credit - Multi



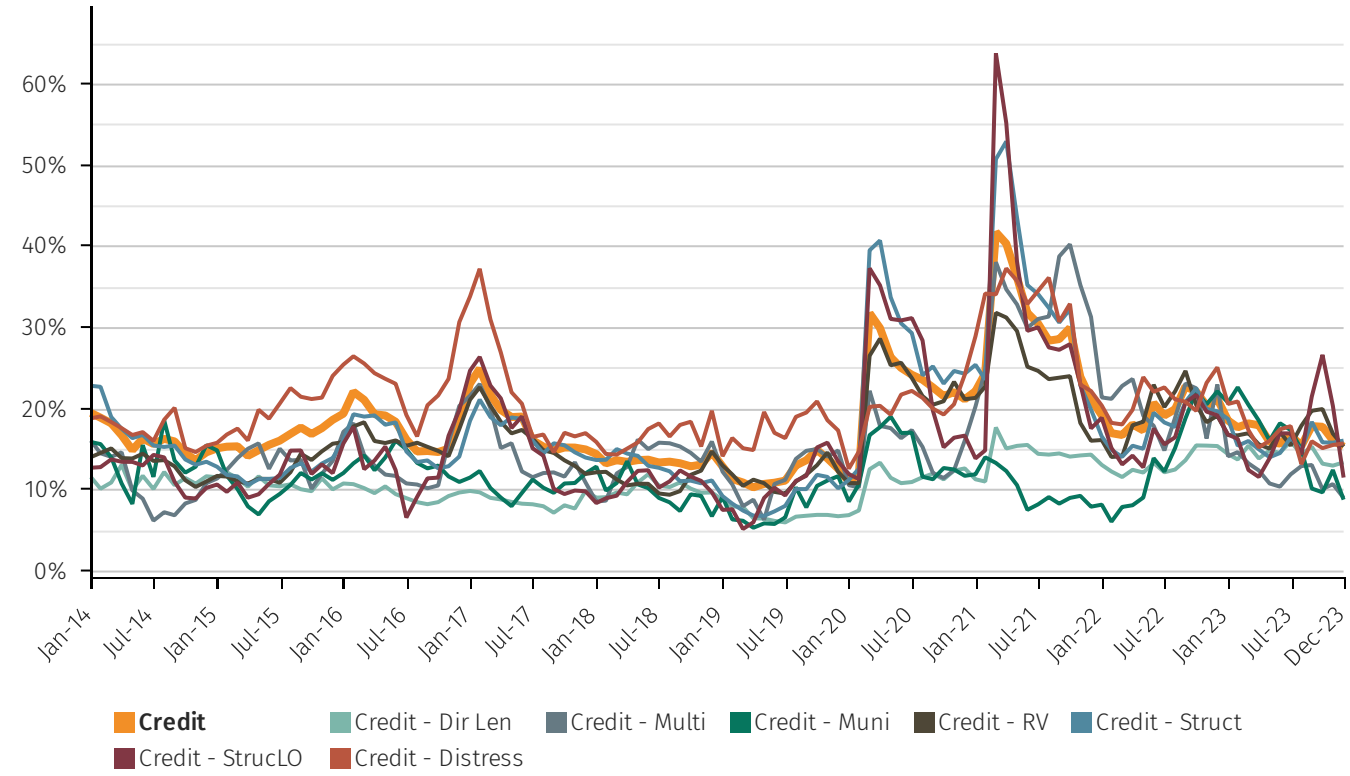
Credit - StrucLO



Credit - Muni

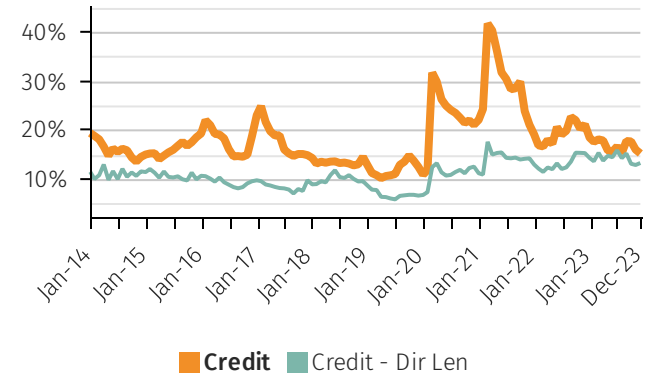


10th – 90th PERCENTILE 12M ROLLING PERFORMANCE SPREAD

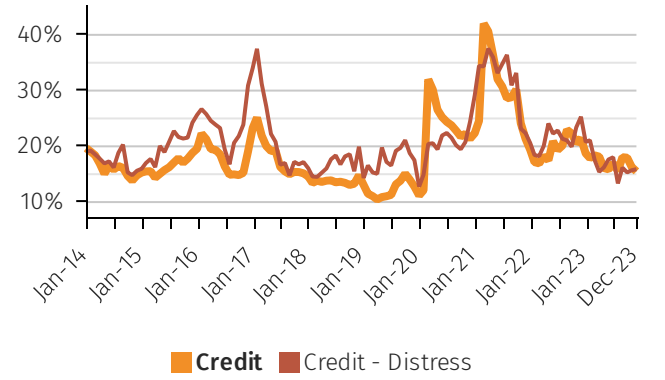


10th – 90th PERCENTILE 12M ROLLING PERFORMANCE SPREAD - SUB STRATEGY VS MASTER STRATEGY

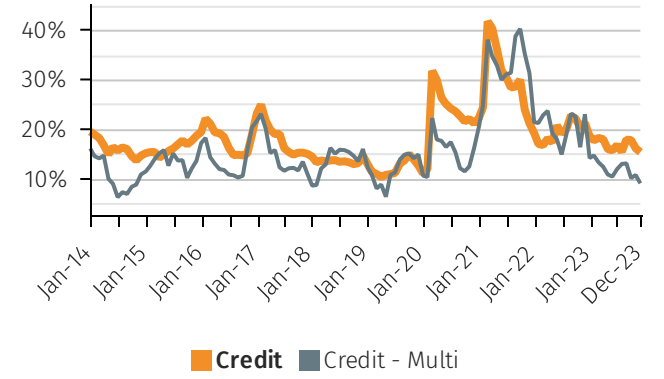
Credit - Dir Len



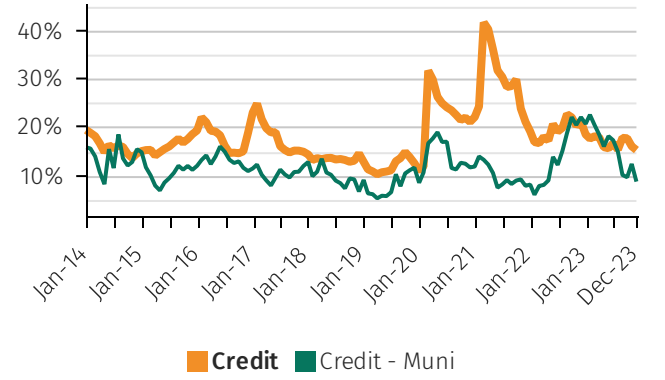
Credit - Distress



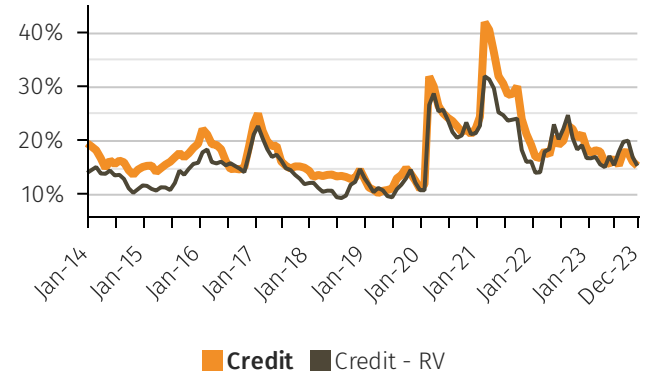
Credit - Multi



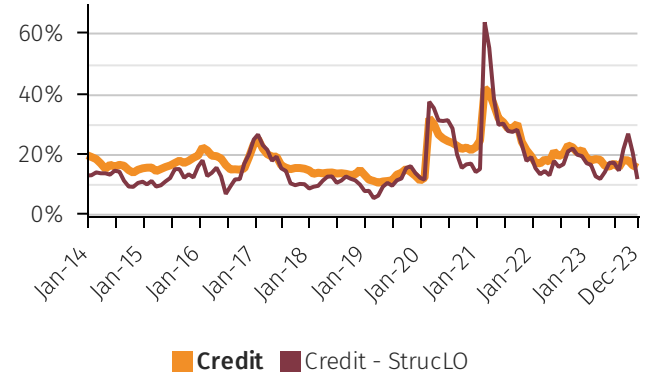
Credit - Muni



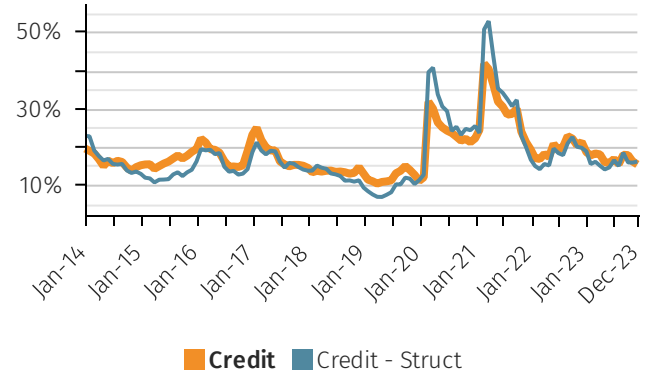
Credit - RV



Credit - StrucLO

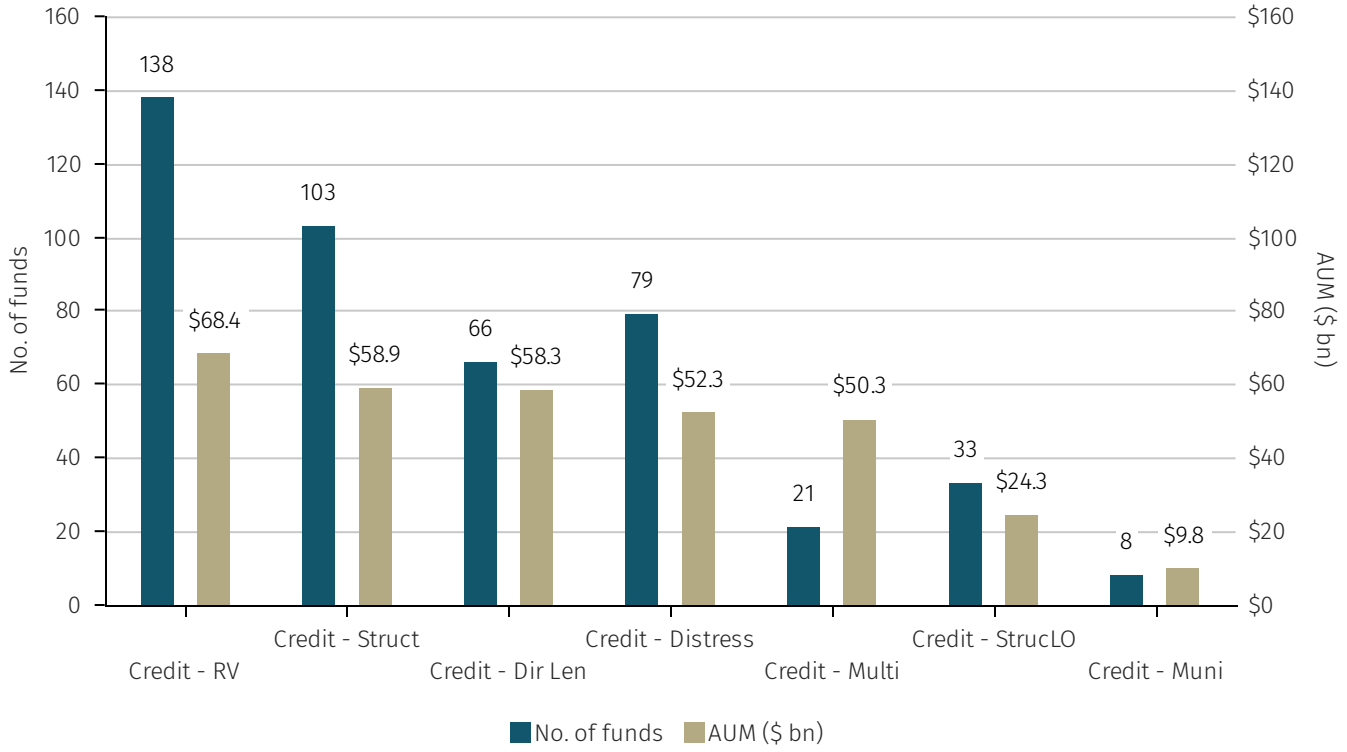


Credit - Struct

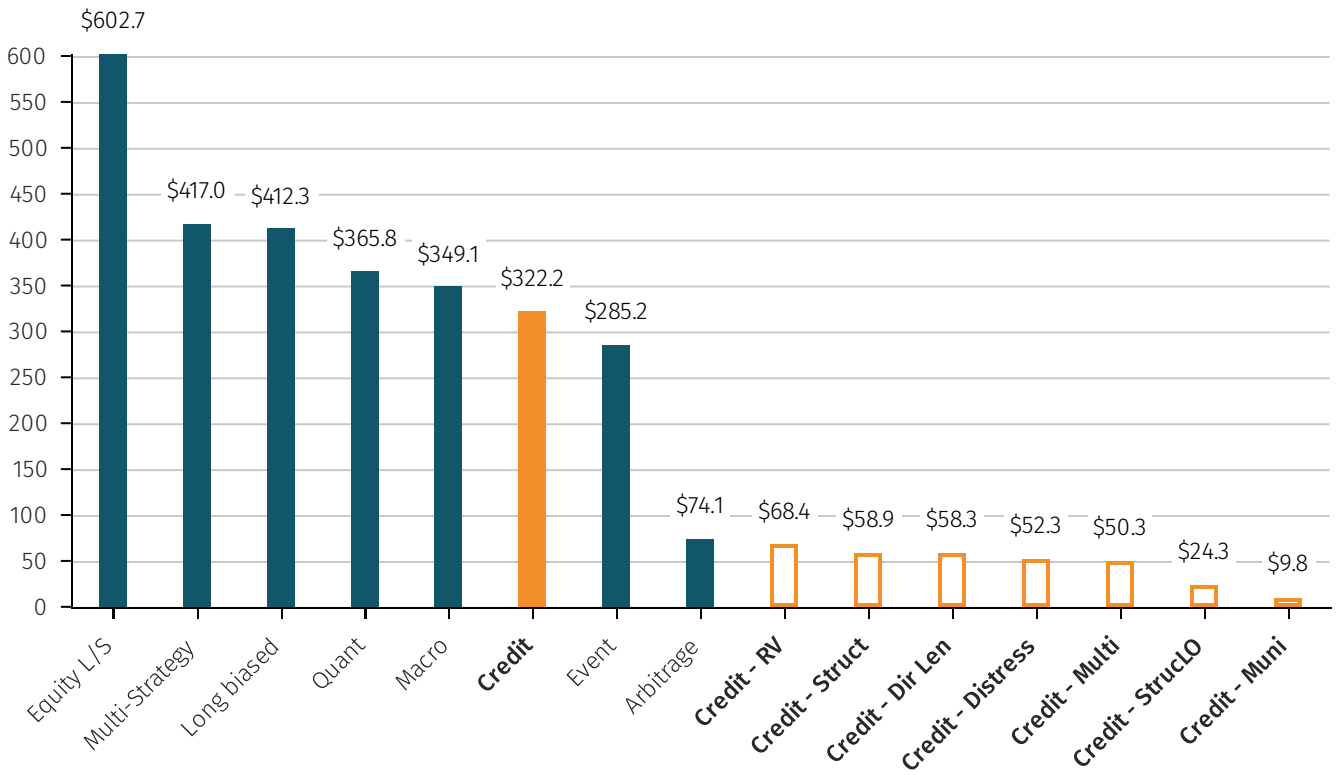


Assets and flows

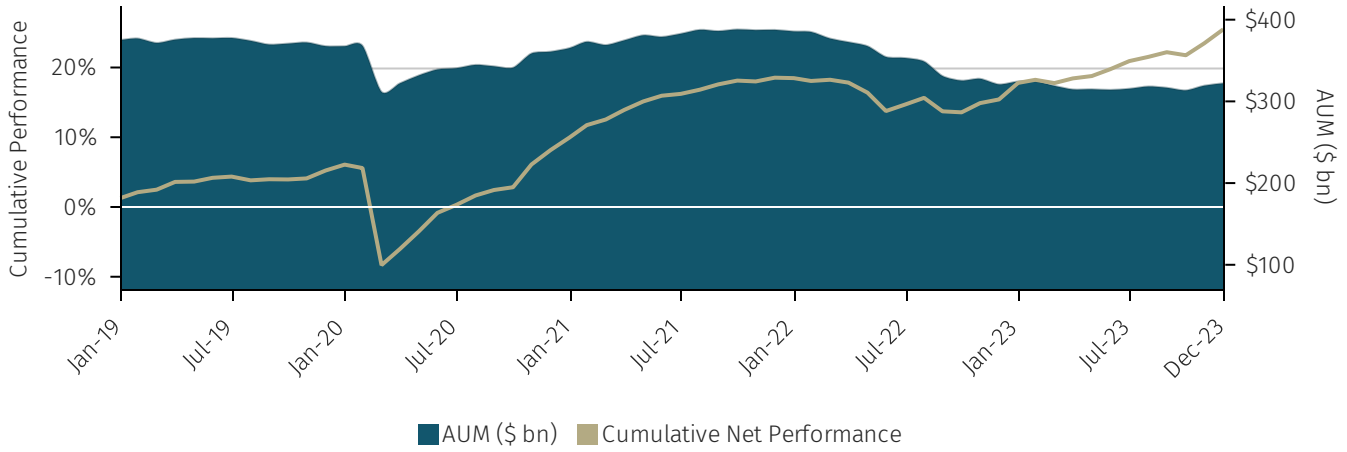
NUMBER OF FUNDS AND AUM BY SUB-STRATEGY



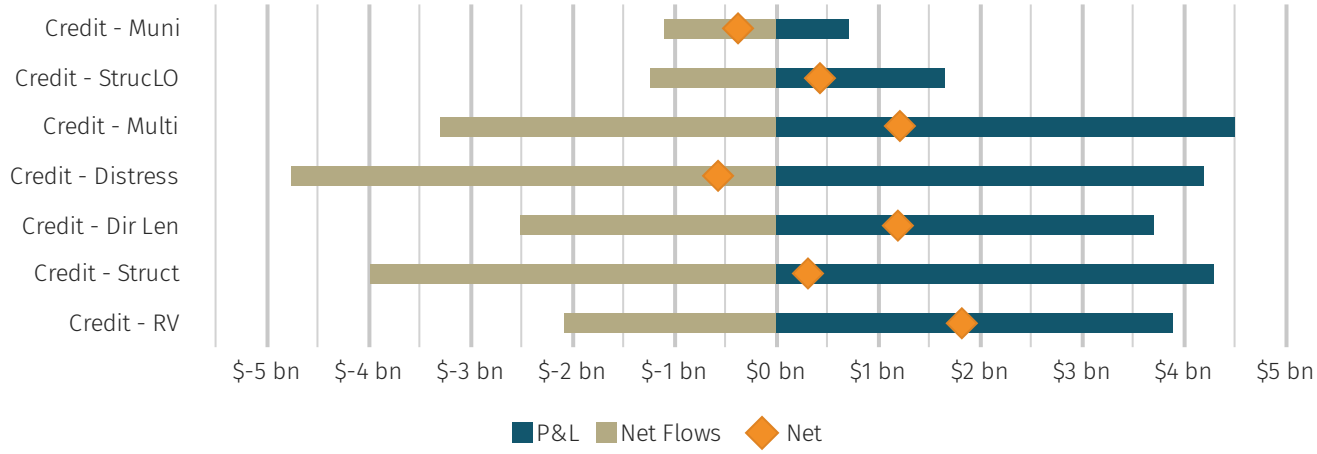
CURRENT AUM OF MASTER STRATEGY ($ BN)



MASTER STRATEGY ASSETS (5 YR)*



12-MONTH CHANGE IN AUM BY SUB-STRATEGY PERIOD ENDING DECEMBER 2023



Terms and conditions

	Median redemption notice (days)	Median redemption frequency	Weighted avg. redemption total (days)[1]	Weighted avg. management fee	Weighted avg. performance fee
Credit	**65**	**Quarterly**	**170**	**1.33%**	**17.26%**
Direct lending (Dir Len)	75	Quarterly	210	1.35%	14.19%
Distressed (Distress)	90	Quarterly	262	1.58%	19.67%
Multi-strategy (Multi)	90	Quarterly	150	1.28%	17.76%
Municipal (Muni)	60	Quarterly	124	0.96%	5.44%
Credit RV (RV)	45	Monthly	102	1.22%	16.58%
Structured credit (Struct)	90	Quarterly	166	1.43%	17.93%
Structured credit LO (Struc LO)	30	Monthly	15	0.60%	15.13%

[1]Weighted Avg. Redemption Total (Days) is the weighted average of both redemptions notice days and redemption frequency days.

Definitions

CREDIT

Strategies that focus the vast majority of their trading on debt instruments, or instruments that are far more 'debt-like' in nature.

Credit – Credit RV (RV)

The strategy focuses on investing in investment and non investment grade securities, primarily corporate debt. The strategy takes a balanced long/short approach where the short position may be outright, related by sector, and/or within the same capital structure. Whilst not heavily trading oriented (given the associated costs) the strategy is more event-focused than passive and as such tends to have shorter investment horizons than something like the Distressed category.

Credit – Direct lending (Dir Len)

Direct lending typically involves investing in first lien loans to middle market companies but can also encompass many other forms of middle market lending, including second lien debt, mezzanine debt and unitranche debt.

Credit – Distressed credit (Distress)

Strategy typically invests in non-investment grade corporate – and sometimes sovereign – debt, which is frequently stressed (e.g. performing, but priced at a significant discount to par) or defaulted (e.g. where a balance sheet restructuring will occur). Some also invest in deeply discounted and/or subordinate structured product. Time horizon is typically longer dated.

Credit – Multi-credit (Multi)

Broad credit focused strategy where a significant portfolio of their P&L is generated from a combination of relative value credit, distressed credit and/or structured credit.

Credit – Municipal credit (Muni)

This strategy aims to generate a comparatively substantial income and achieve an additional overall return by actively overseeing collections of both tax-exempt and taxable municipal bonds. The emphasis of this strategy lies in enhancing performance by pinpointing sectors and securities in longer-term municipal bonds that are undervalued, thereby capitalising on yields and price returns through strategic duration positioning.

Credit – Structured credit (Struct)

The strategy involves investing in synthetic structured credit and cash structured products including ABS, CLOs, CMBS, and RMBS. Investors can achieve higher returns, portfolio diversification, and tailored credit risk exposures. Repayment is supported by borrowers' contractual obligations, making structured credit an avenue for increased flexibility and potential gains in investment portfolios.

Credit – Structured credit LO (Struc LO)

Long only or overwhelmingly long-biased structured credit strategy with some leverage. The managers add value through security selection and can take advantage of depressed security prices through wide spreads. The strategy benefits from tightening credit spreads and falling interest rates.

Bond and equity indices

The S&P Global BMI and S&P Global Developed Aggregate Ex Collateralized Bond (USD) Total Return Index (the "S&P Indices") are products of S&P Dow Jones Indices LLC, its affiliates and/or their licensors and has been licensed for use by Aurum Research Limited. Copyright © 2021 S&P Dow Jones Indices LLC, its affiliates and/or their licensors. All rights reserved. Redistribution or reproduction in whole or in part are prohibited without written permission of S&P Dow Jones Indices LLC. For more information on any of S&P Dow Jones Indices LLC's indices please visit www.spdji.com. S&P® is a registered trademark of Standard & Poor's Financial Services LLC and Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC. Neither S&P Dow Jones Indices LLC, Dow Jones Trademark Holdings LLC, their affiliates nor their third party licensors make any representation or warranty, express or implied, as to the ability of any index to accurately represent the asset class or market sector that it purports to represent and neither S&P Dow Jones Indices LLC, Dow Jones Trademark Holdings LLC, their affiliates nor their third party licensors shall have any liability for any errors, omissions, or interruptions of any index or the data included therein.

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Note regarding decomposition returns

Please note that the charts and figures which reference the decomposition of dollar performance into alpha, beta and risk free components only use data from January 2013, unlike other charts and figures which use data for the full 10 year period, namely August 2012. This variance in time period used to present data is due to there being insufficient data to accurately construct a decomposition for the period of August 2012 to December 2012.

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An investment in a hedge fund should be considered a speculative investment. Past performance is no guarantee of future returns.

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