

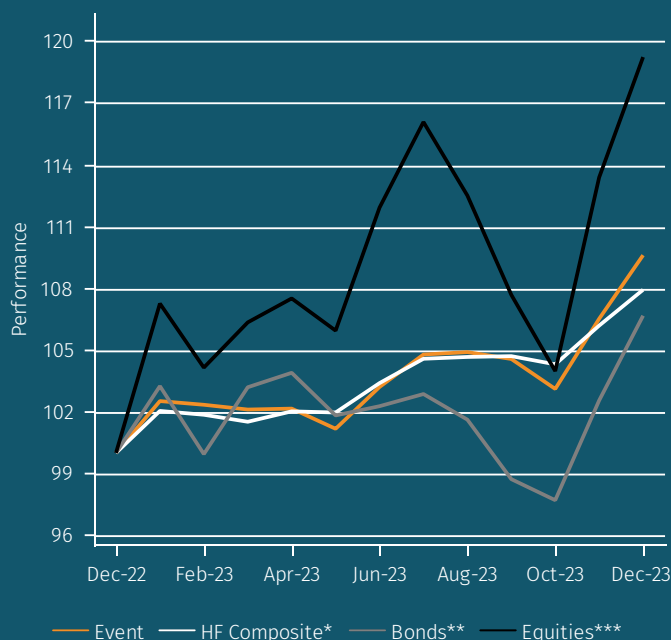
## Event strategy analytics pack

12 months to December 2023

### Inside this report:

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### MASTER STRATEGY vs INDICES NET RETURN (1 YR)

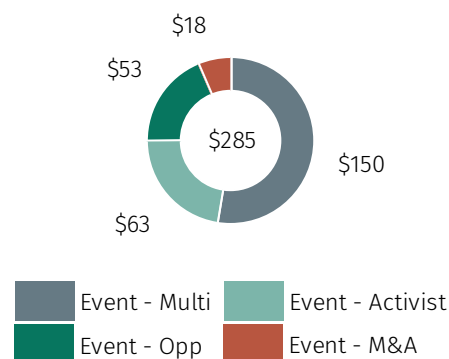


\*HF Composite = Aurum Hedge Fund Data Engine Asset Weighted Composite Index.  
 \*\*Bonds = S&P Global Developed Aggregate Ex Collateralized Bond (USD).  
 \*\*\*Equities = S&P Global BMI.

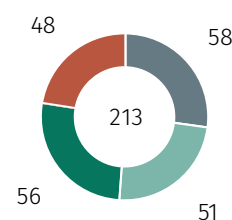
All figures and charts use asset weighted net returns unless otherwise stated. All Hedge Fund data is sourced from Aurum Hedge Fund Data Engine. Data included in this report is dated as at 18<sup>th</sup> January 2024.

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/>

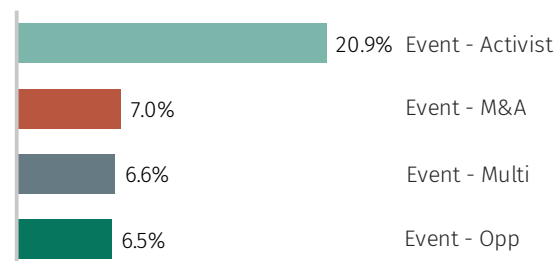
### AUM (\$BN) – DECEMBER 2023



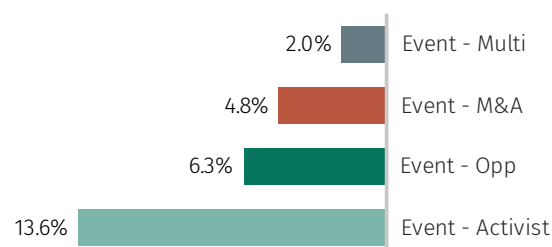
### NO. OF FUNDS – DECEMBER 2023



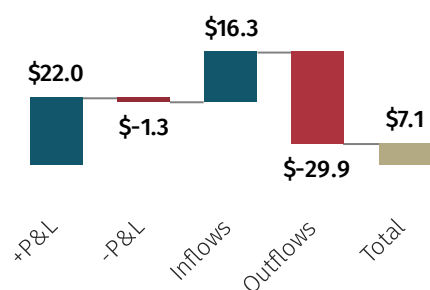
### SUB-STRATEGY NET RETURN (1 YR)



### STANDARD DEVIATION (1 YR)



### AUM CHANGE \$BN (1 YR)



## NET RETURN OF MASTER AND SUB STRATEGIES (1 YR)

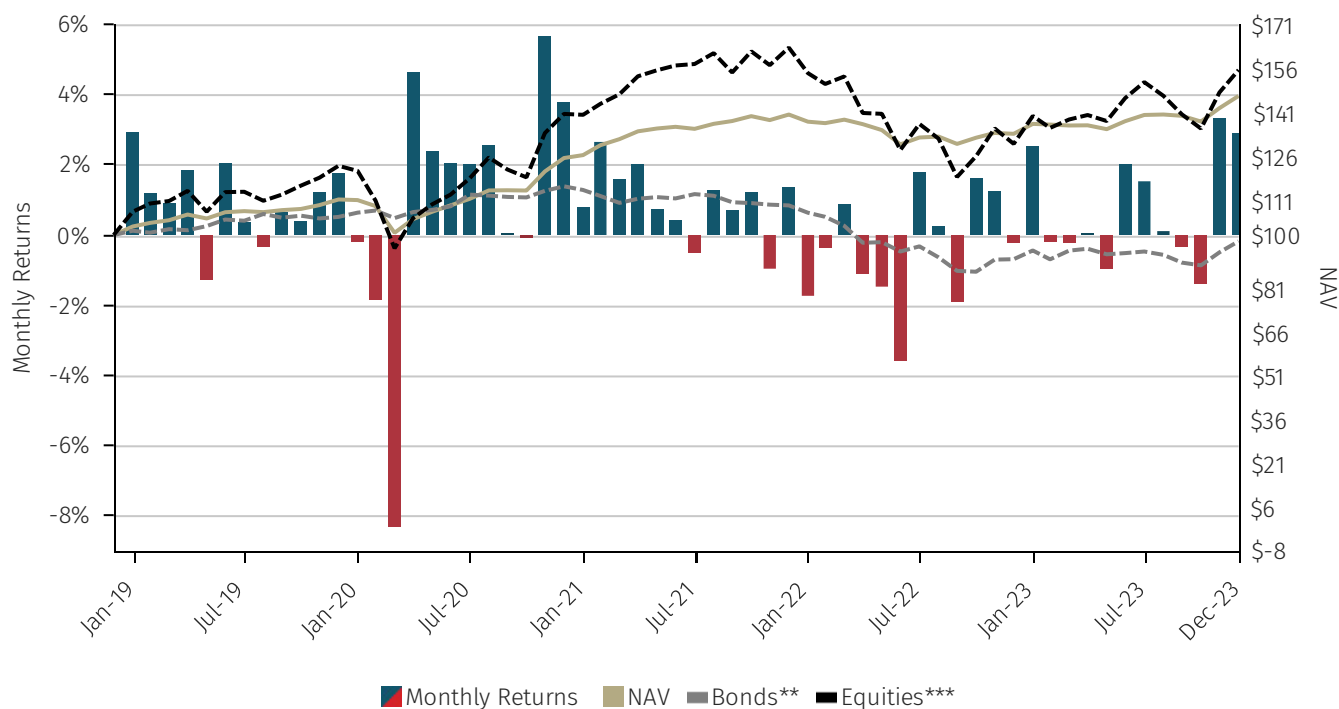
	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	1 YR
<b>Event</b>	2.52%	-0.18%	-0.23%	0.04%	-0.96%	2.01%	1.53%	0.11%	-0.32%	-1.39%	3.31%	2.90%	9.61%
Event - Activist	6.42%	-0.22%	-0.18%	-0.09%	-1.52%	5.13%	3.11%	-1.48%	-1.77%	-3.84%	7.36%	7.07%	20.92%
Event - M&A	0.06%	-0.06%	0.09%	0.24%	-2.65%	1.27%	0.99%	2.67%	1.18%	-0.49%	1.86%	1.75%	7.03%
Event - Multi	1.13%	-0.06%	0.27%	0.12%	-0.22%	1.06%	0.85%	0.35%	0.42%	-0.15%	1.33%	1.33%	6.62%
Event - Opp	2.41%	-0.38%	-1.29%	-0.04%	-1.25%	1.16%	1.46%	0.42%	-0.86%	-1.78%	4.09%	2.53%	6.45%
<b>HF Composite*</b>	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%
<b>Bonds**</b>	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%
<b>Equities***</b>	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

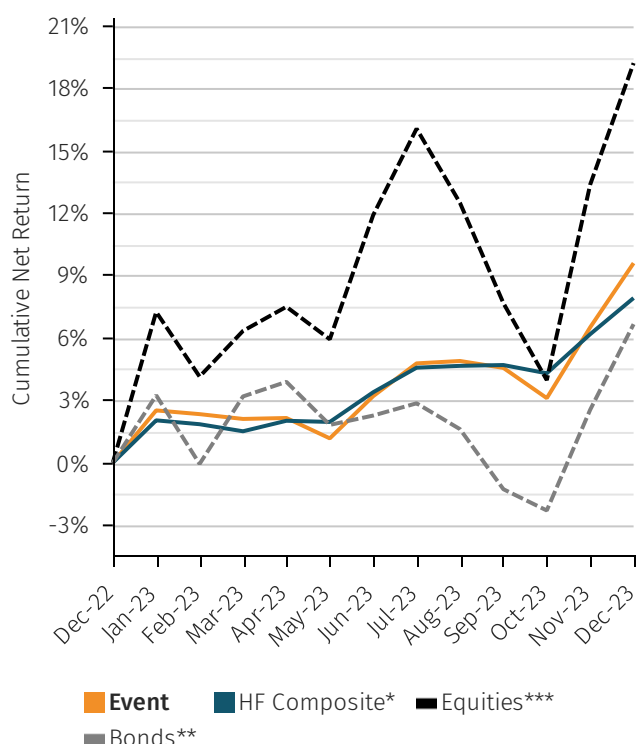
Performance	2023	2022	2021	2020	2019	5Yr CAR	5Yr Vol	5Yr Sharpe
<b>Event</b>	9.61%	-4.66%	11.77%	12.63%	12.14%	8.09%	7.08%	0.83
Event - Activist	20.92%	-10.04%	19.19%	23.04%	23.64%	14.55%	15.50%	0.82
Event - Multi	6.62%	0.96%	10.44%	9.34%	9.04%	7.22%	3.84%	1.28
Event - Opp	6.45%	-11.06%	9.85%	13.61%	12.00%	5.76%	8.34%	0.46
Event - M&A	7.03%	2.12%	6.17%	6.94%	5.68%	5.57%	5.76%	0.60
<b>HF Composite*</b>	7.93%	-2.18%	7.77%	9.08%	10.31%	6.48%	5.90%	0.73
<b>Bonds**</b>	6.67%	-16.69%	-5.59%	9.84%	6.19%	-0.43%	7.54%	-0.31
<b>Equities***</b>	19.24%	-20.04%	16.02%	14.34%	23.65%	9.35%	18.25%	0.46

# Master strategy performance

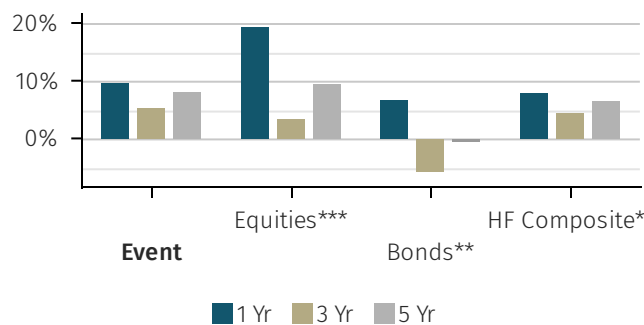
## NET MONTHLY RETURN (5 YR)



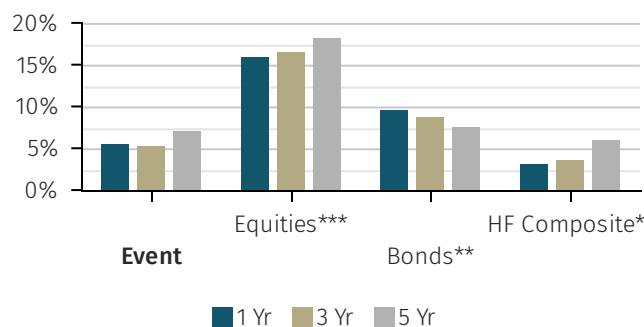
## COMPARATIVE RETURN VS HF COMPOSITE (1 YR)



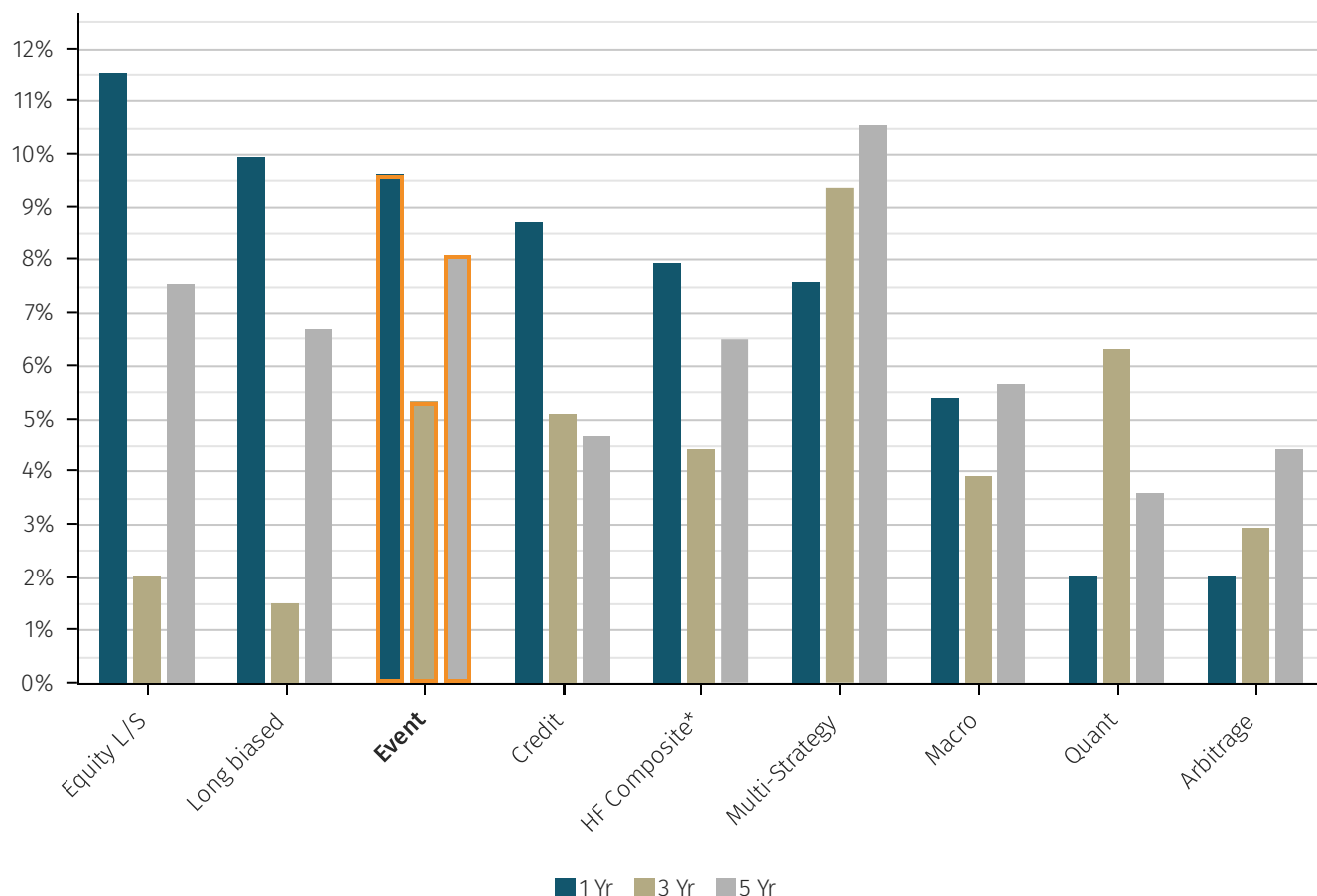
## NET RETURN (ANNUALISED)



## VOLATILITY (ANNUALISED)



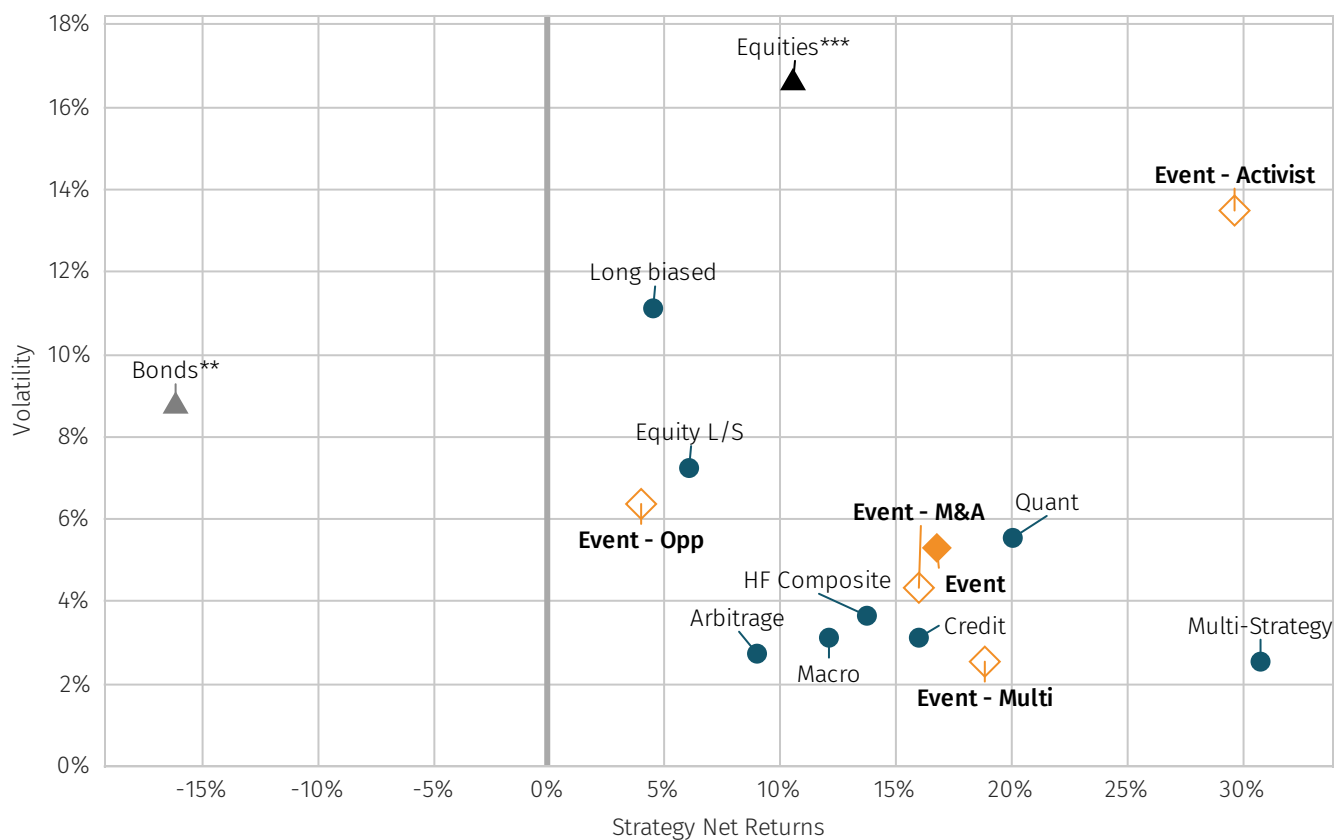
## MASTER STRATEGY NET ANNUALISED RETURNS



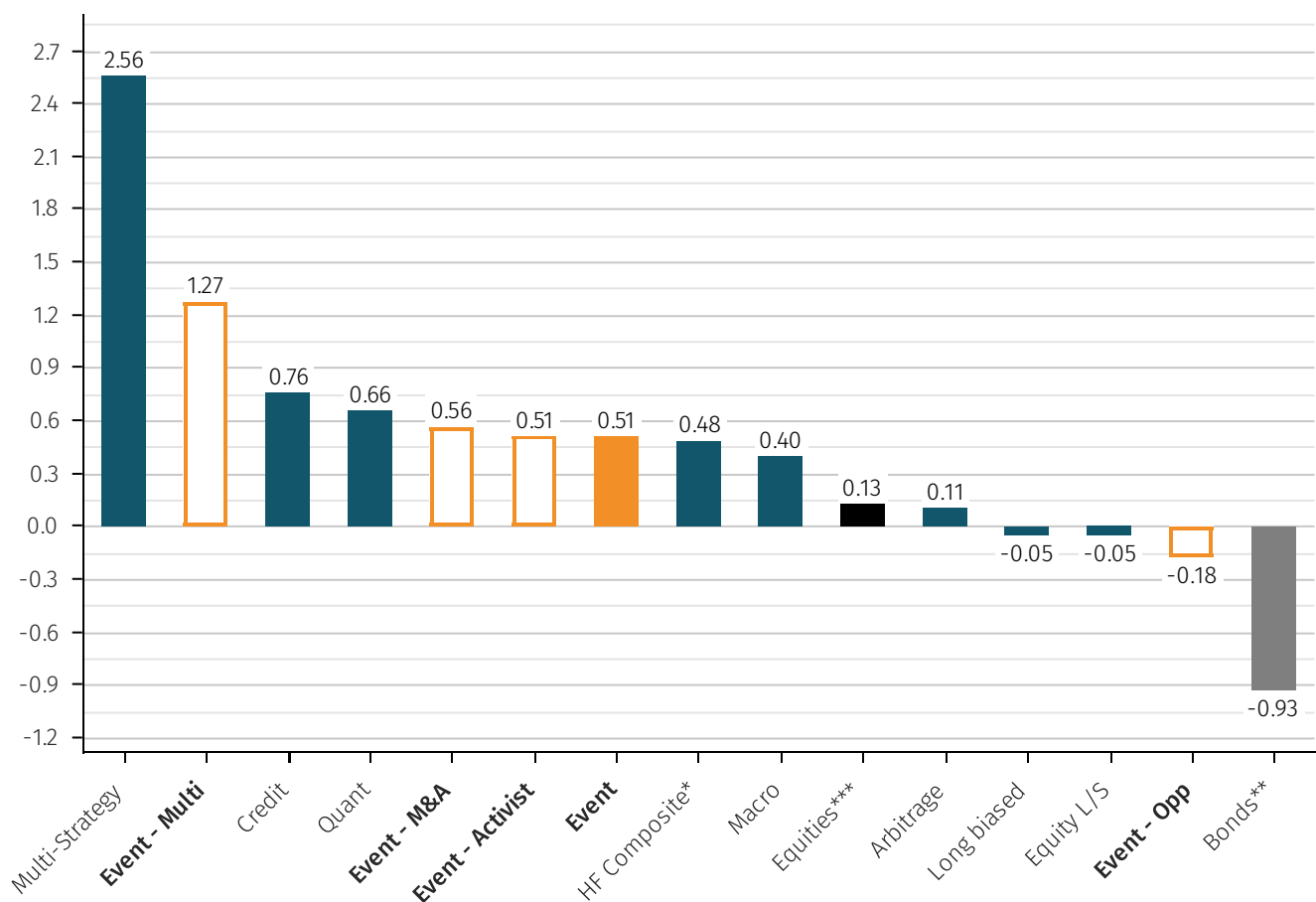
## HIERARCHICAL ANNUALISED NET RETURN TO DECEMBER 2023

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

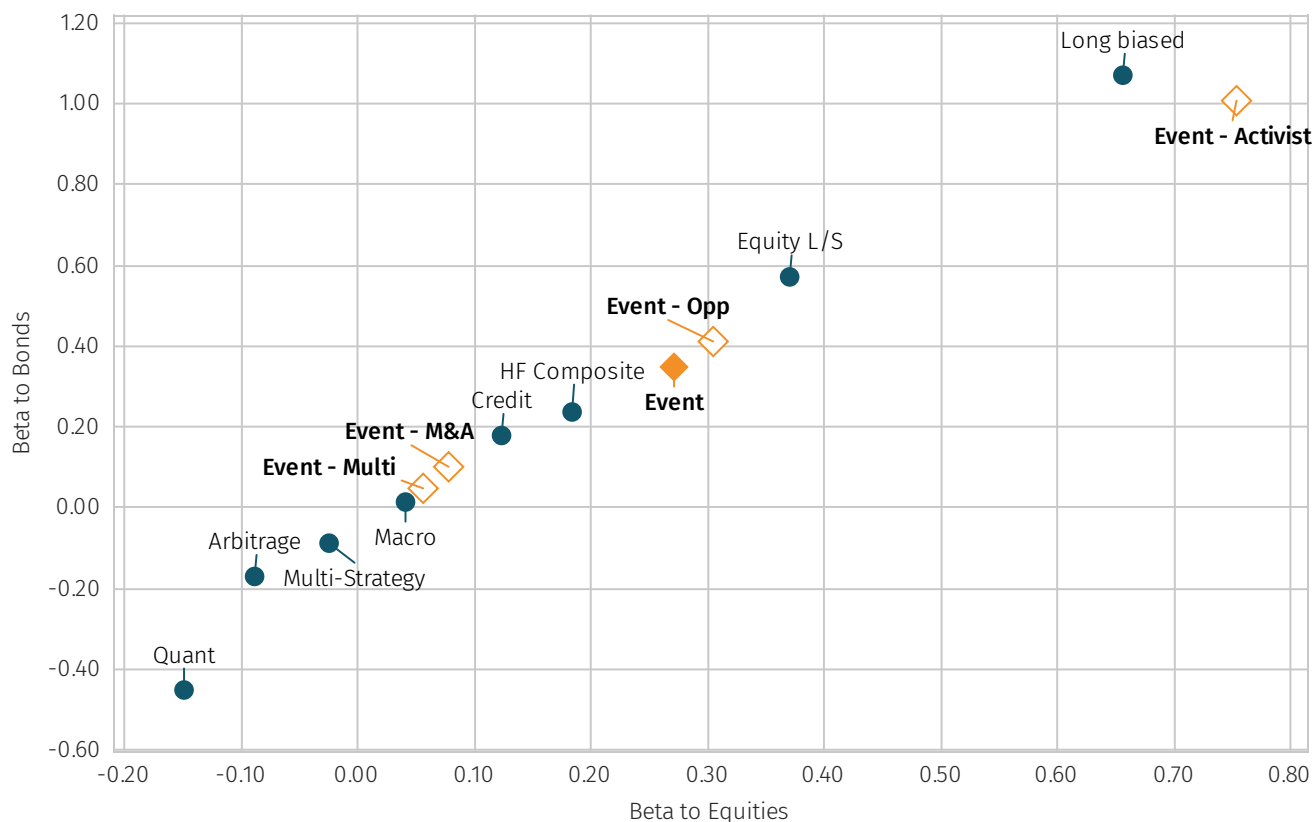
## STRATEGY NET TOTAL RETURN VS ANNUALISED VOL (3 YR)



## SHARPE RATIO BY HEDGE FUND STRATEGY (3 YR)<sup>†</sup>

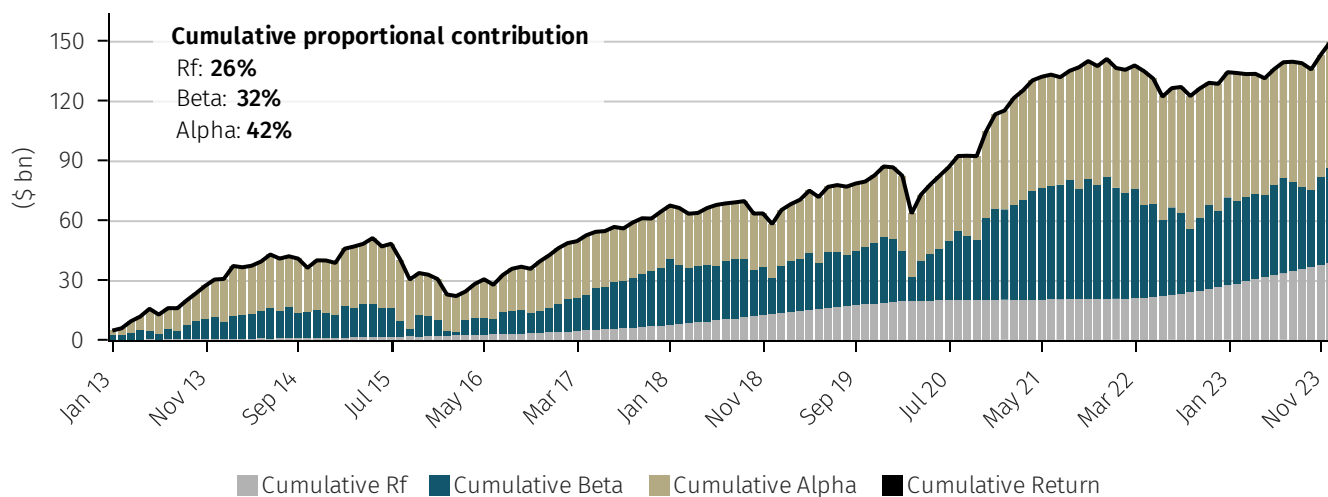


## BETA TO BONDS AND BETA TO EQUITIES (3 YR) PERIOD TO DECEMBER 2023



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

### Event



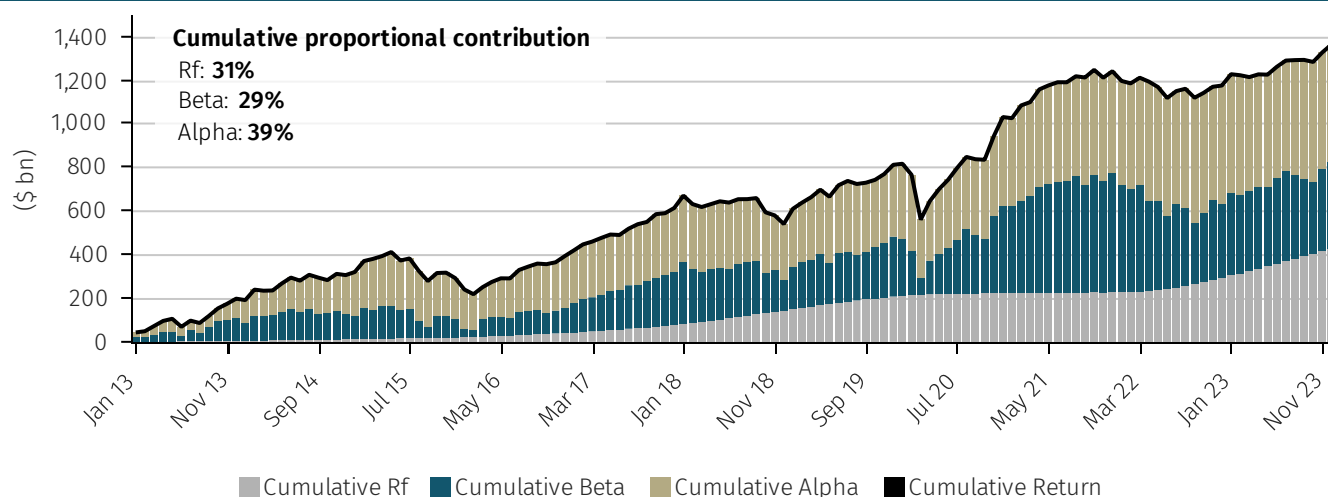
These charts decompose the Hedge Fund Composite dollar returns into beta, alpha and risk free ("Rf") components, as follows:  $\alpha = \text{actual return} - R_f - \beta * (\text{market return} - R_f)$ .

Where  $R_f$  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  $R_f$  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.

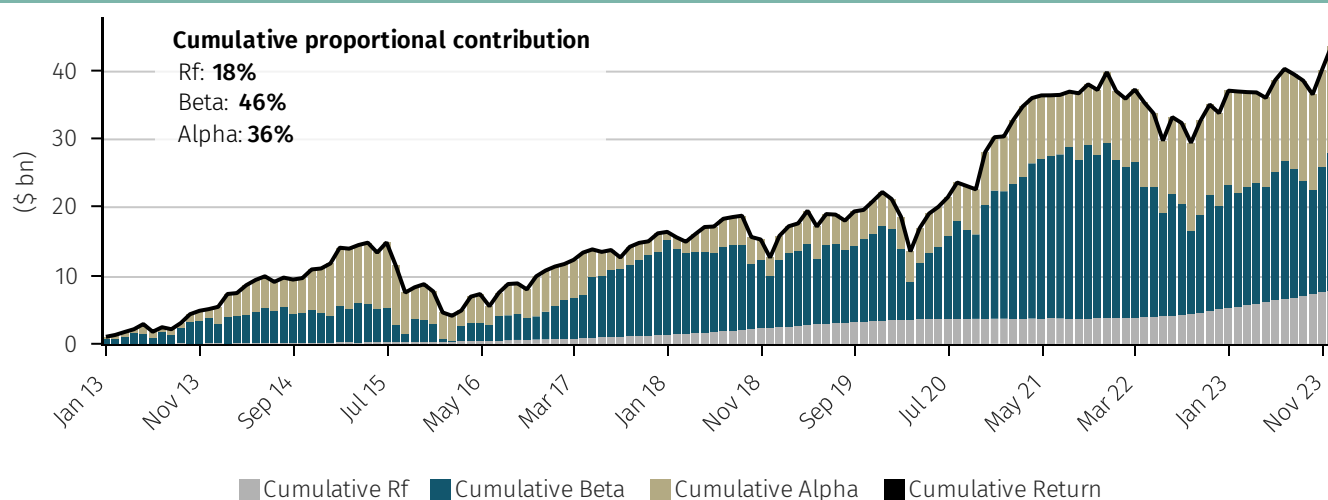
## HF COMPOSITE\* - DECOMPOSING DOLLAR PERF. INTO ALPHA, BETA AND RISK FREE (RF) COMPONENTS

### HF Composite\*

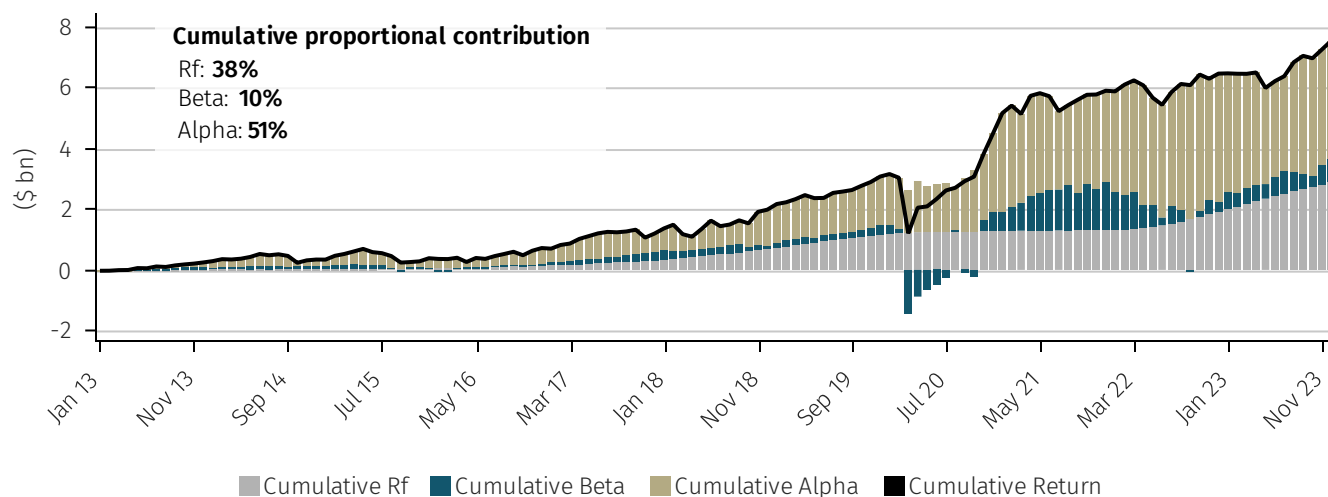


## SUB-STRATEGY - DECOMPOSING DOLLAR PERF. INTO ALPHA, BETA AND RISK FREE (RF) COMPONENTS

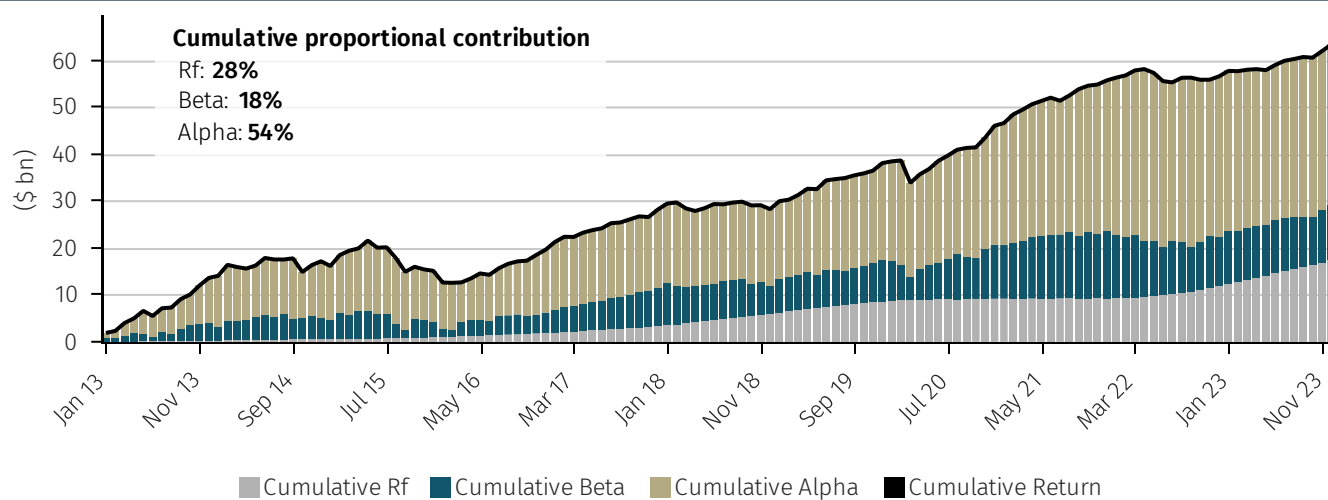
### Event - Activist



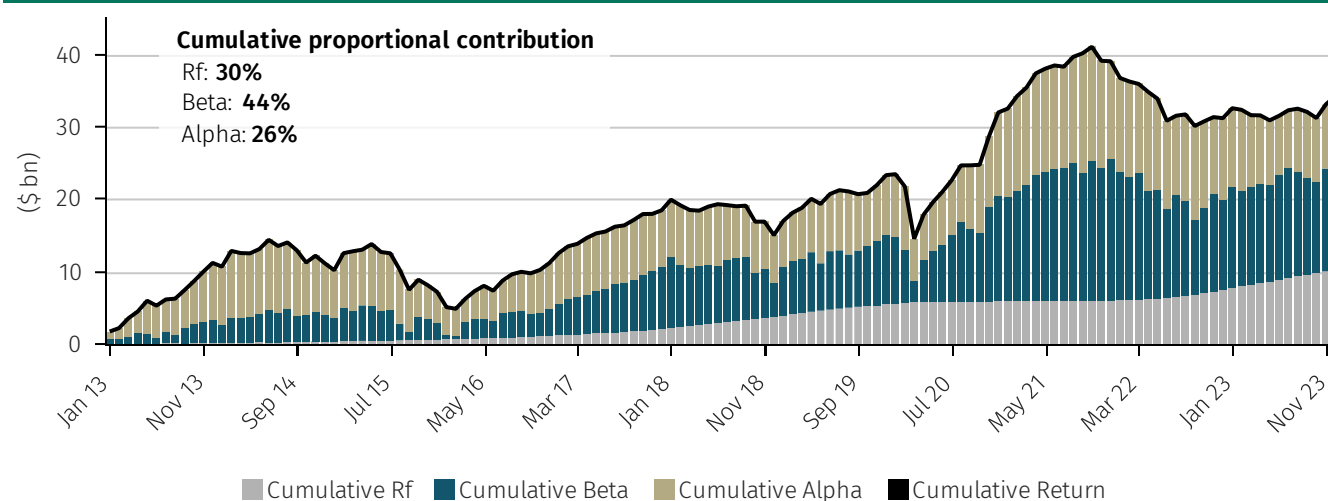
### Event - M&A



## Event - Multi



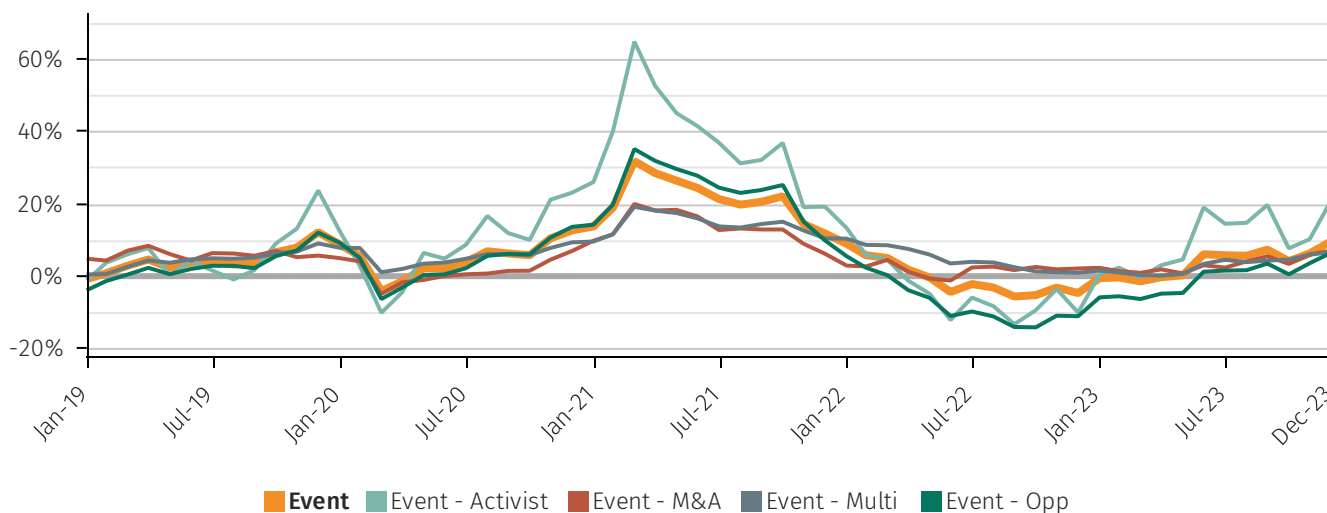
## Event - Opp



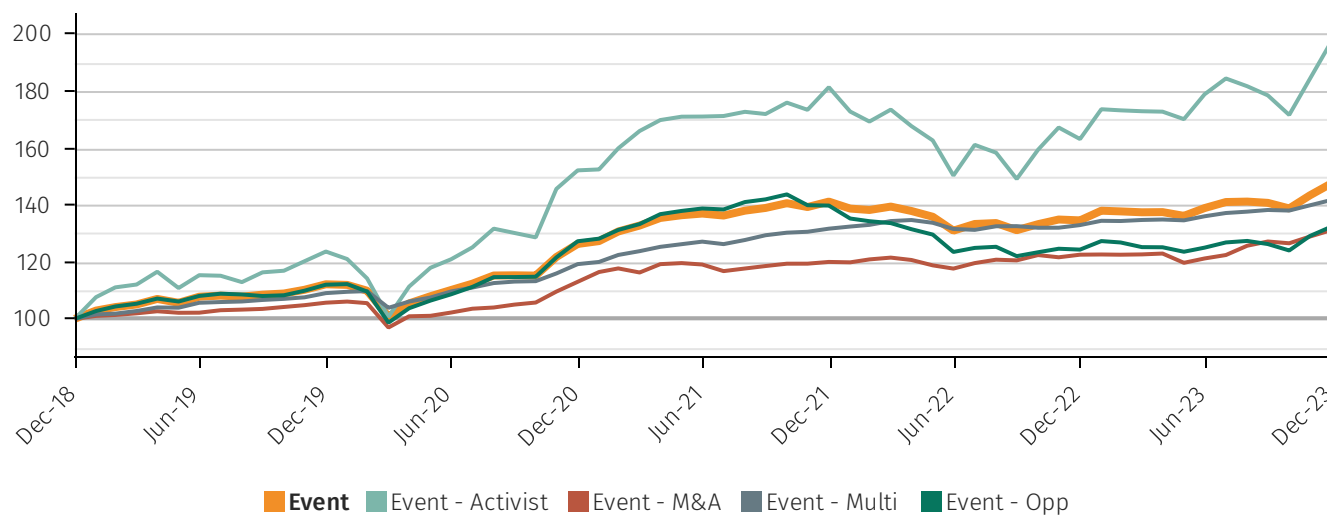


## Sub-strategy performance

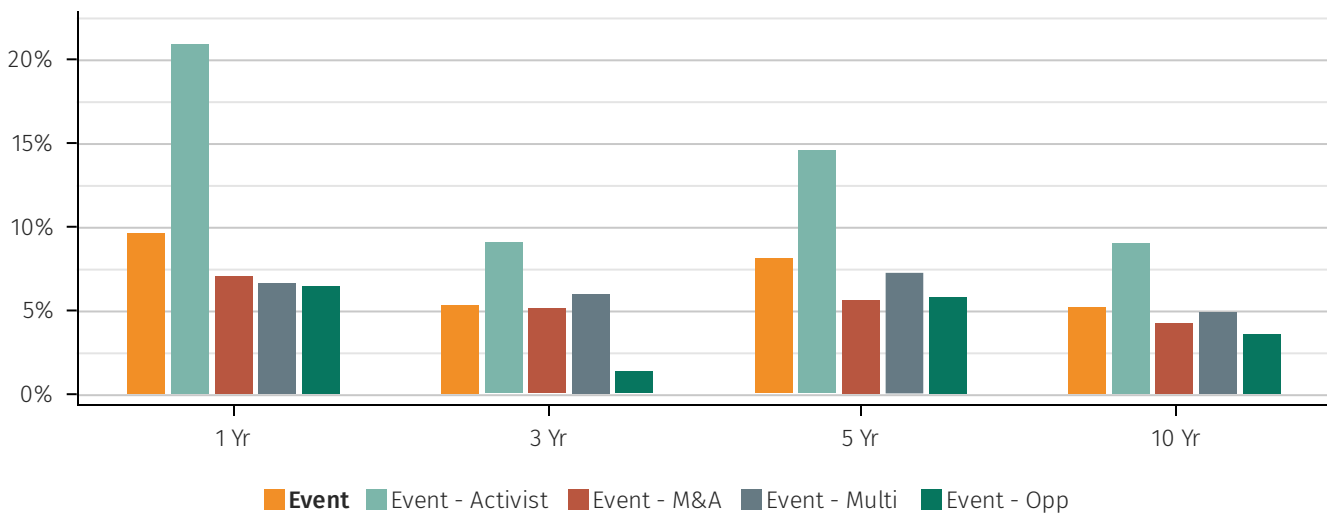
### ROLLING 12 MONTH NET RETURN (5 YR)



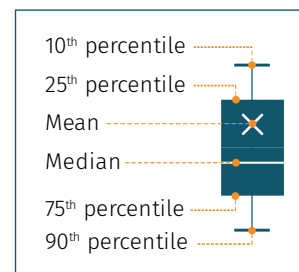
### CUMULATIVE NET RETURN (5 YR)



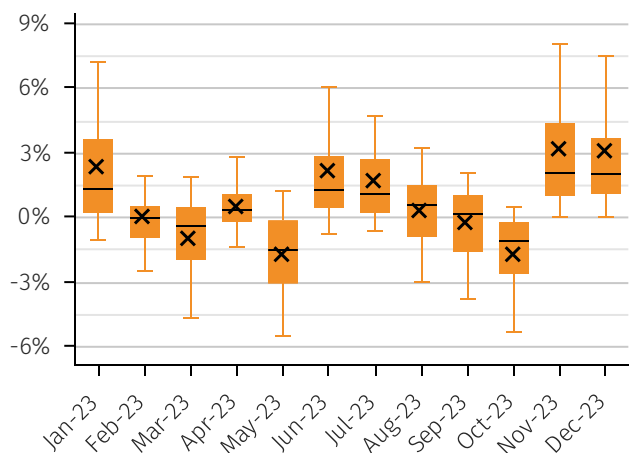
### COMPOUND RETURN (ANNUALISED)



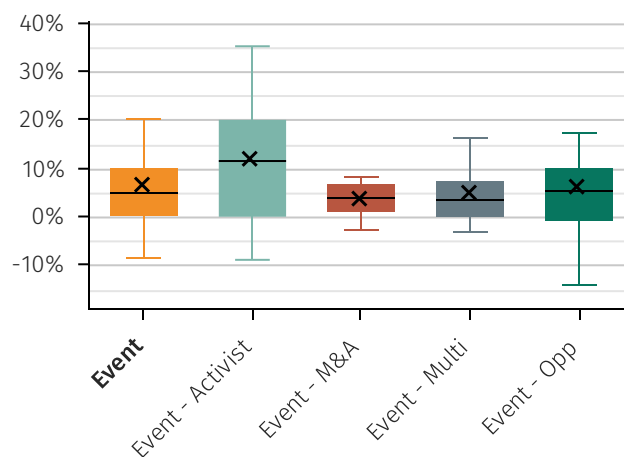
## Performance dispersion



### MASTER STRATEGY NET RETURN DISTRIBUTION

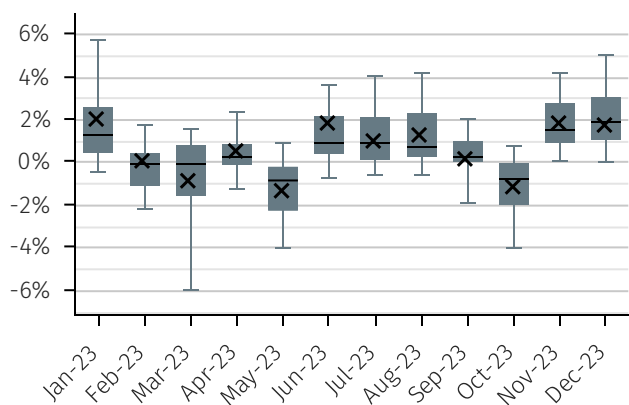


### SUB-STRATEGY NET RETURN (1 YR)

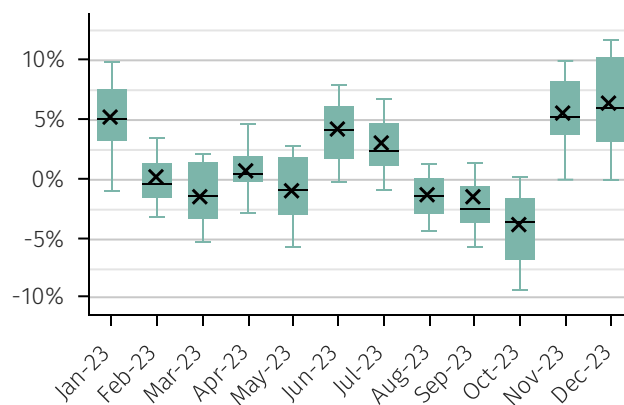


### SUB-STRATEGIES NET MONTHLY RETURN DISTRIBUTION

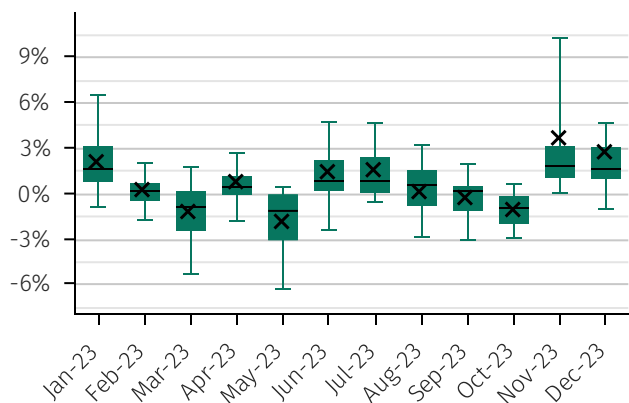
#### Event - Multi



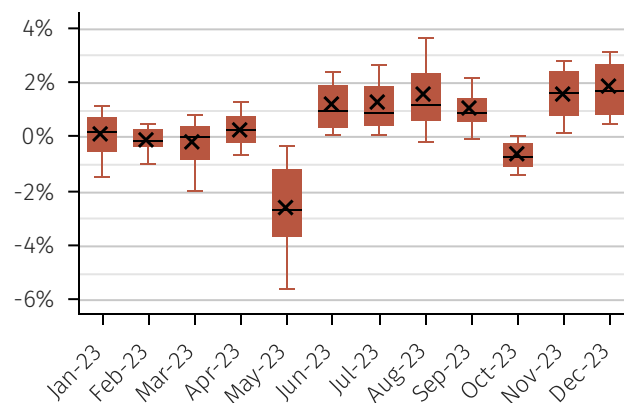
#### Event - Activist



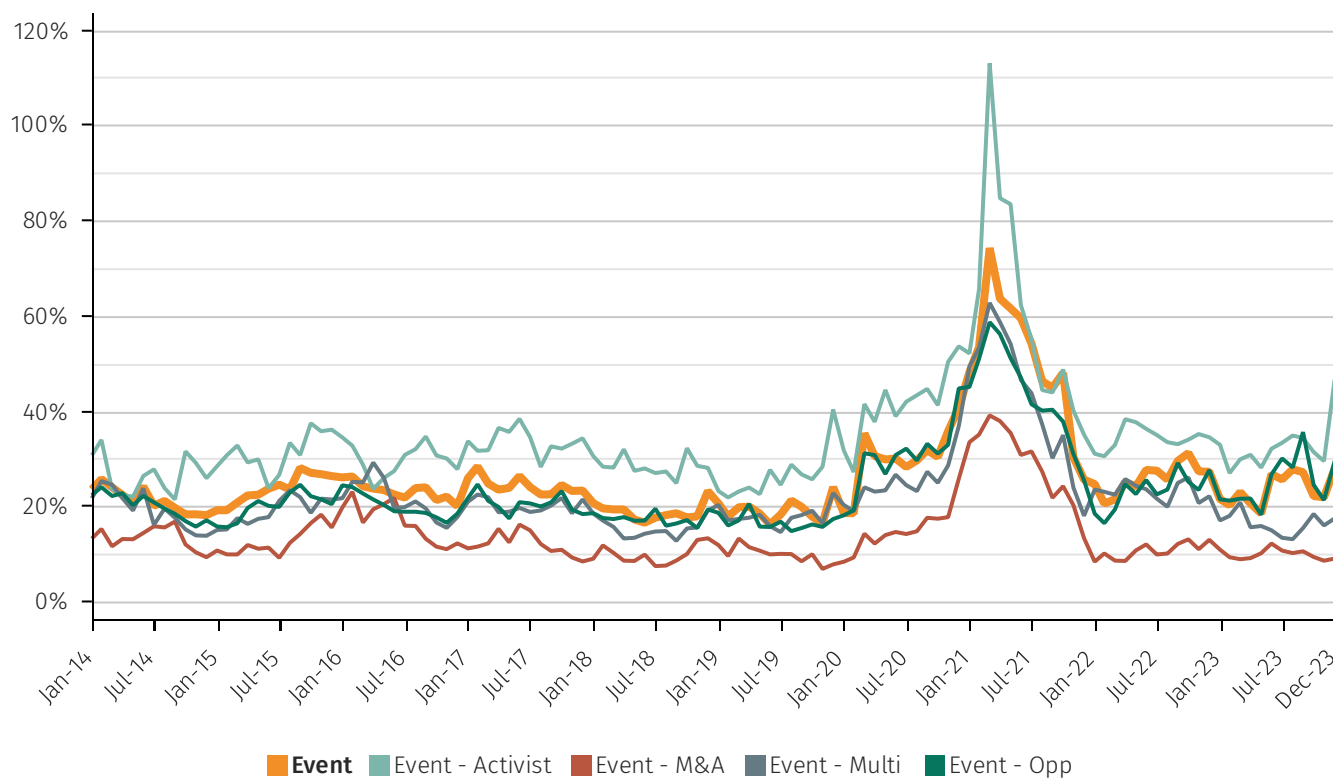
#### Event - Opp



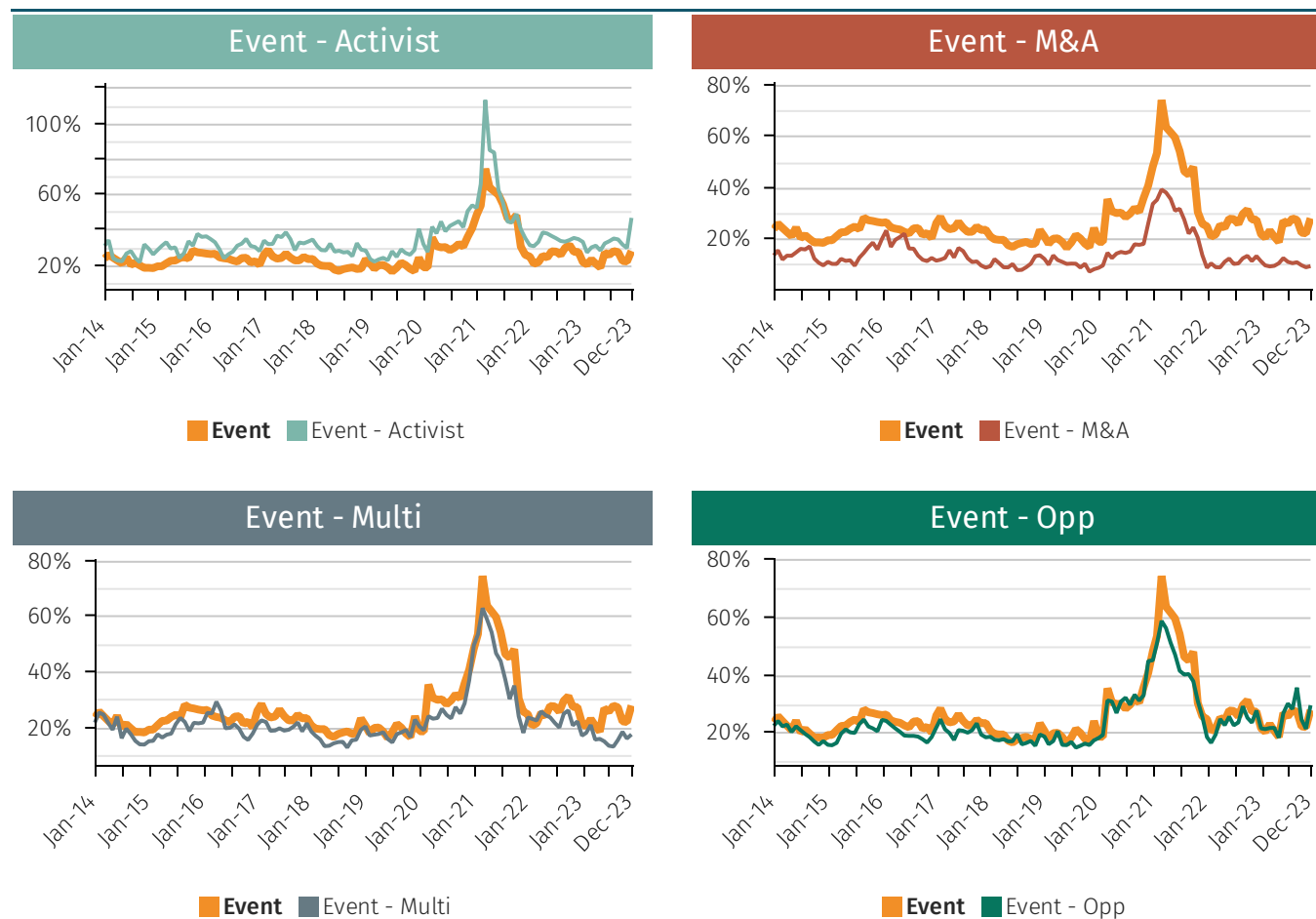
#### Event - M&A



## 10<sup>th</sup> – 90<sup>th</sup> PERCENTILE 12M ROLLING PERFORMANCE SPREAD

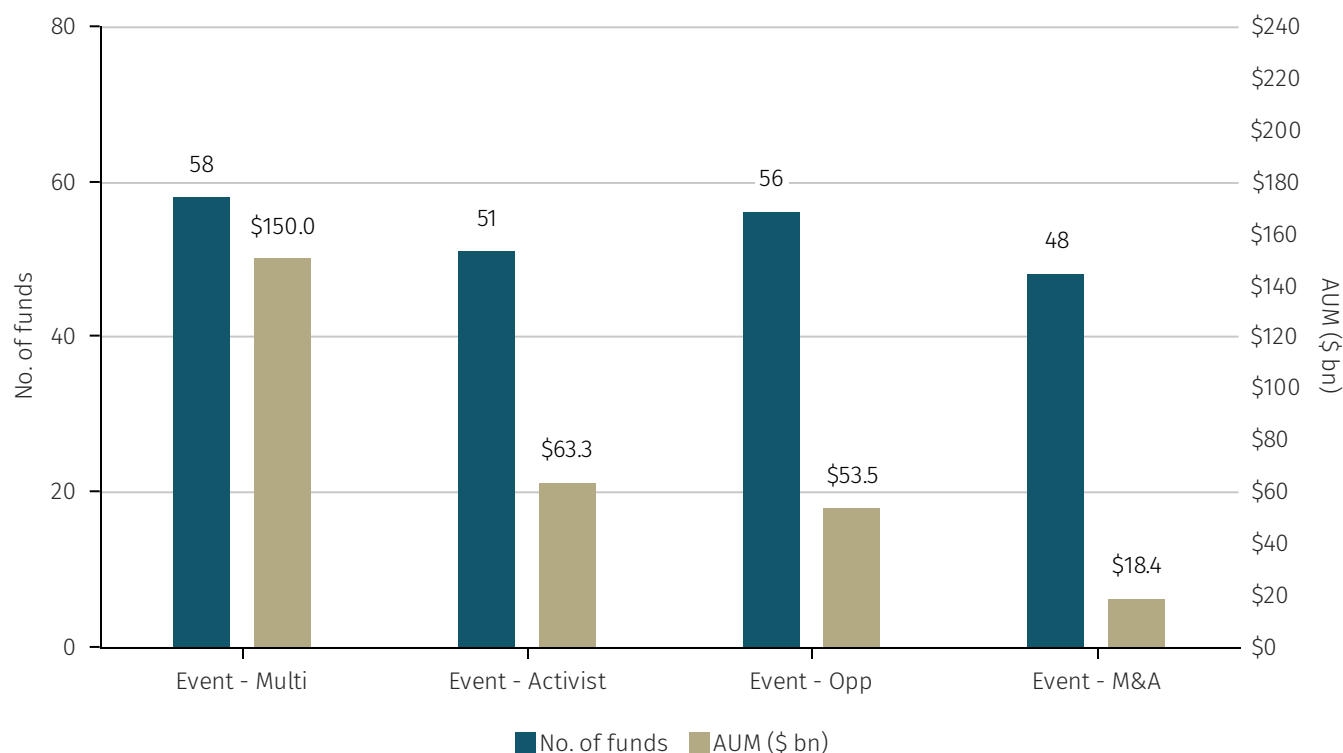


## 10<sup>th</sup> – 90<sup>th</sup> PERCENTILE 12M ROLLING PERFORMANCE SPREAD - SUB STRATEGY VS MASTER STRATEGY

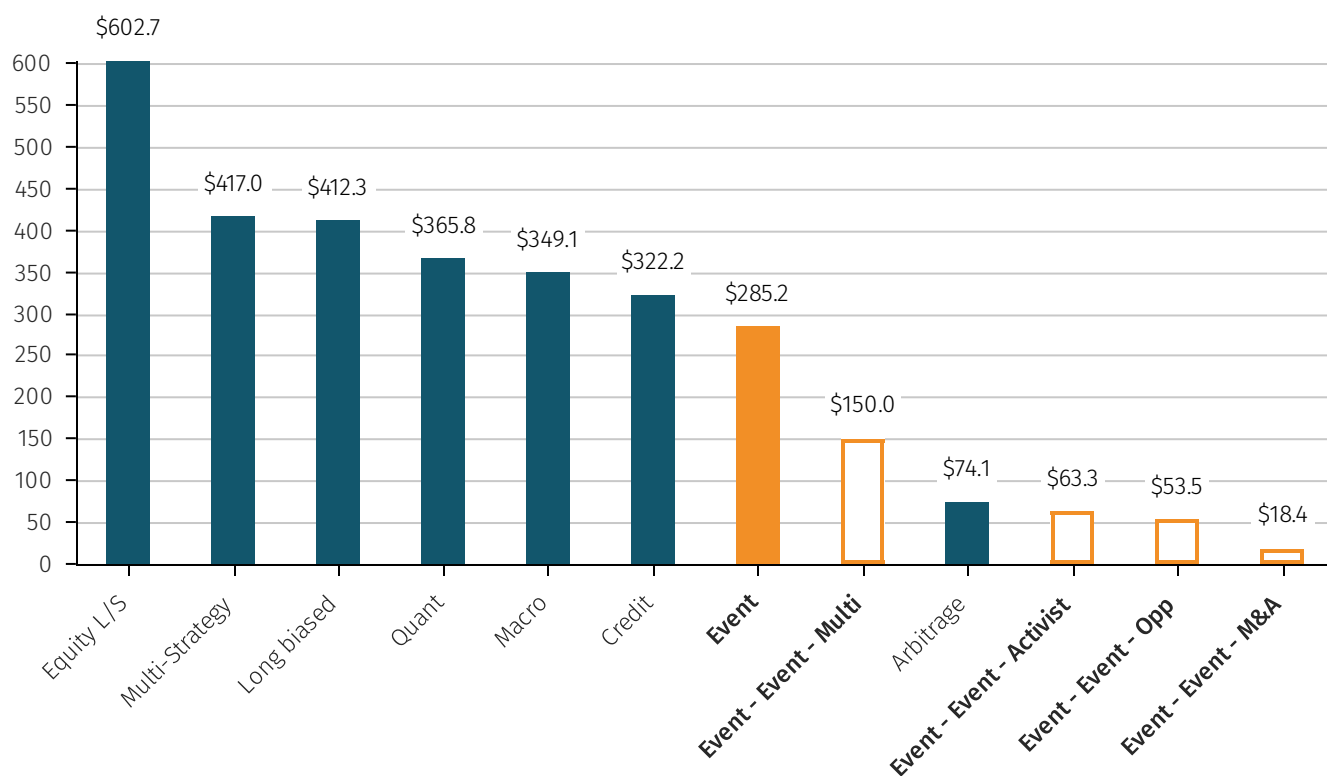


## Assets and flows

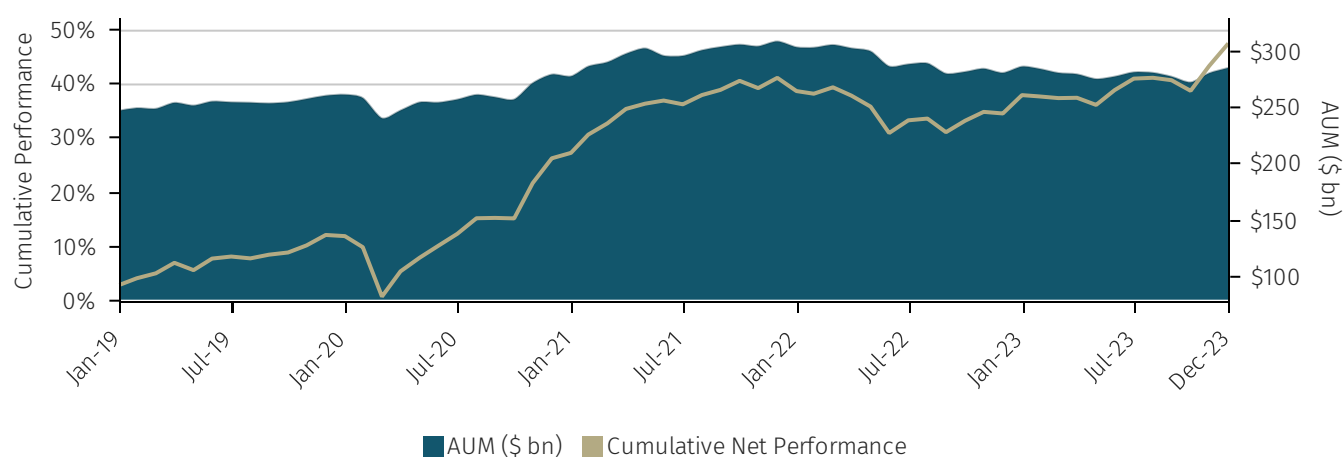
### NUMBER OF FUNDS AND AUM BY SUB-STRATEGY



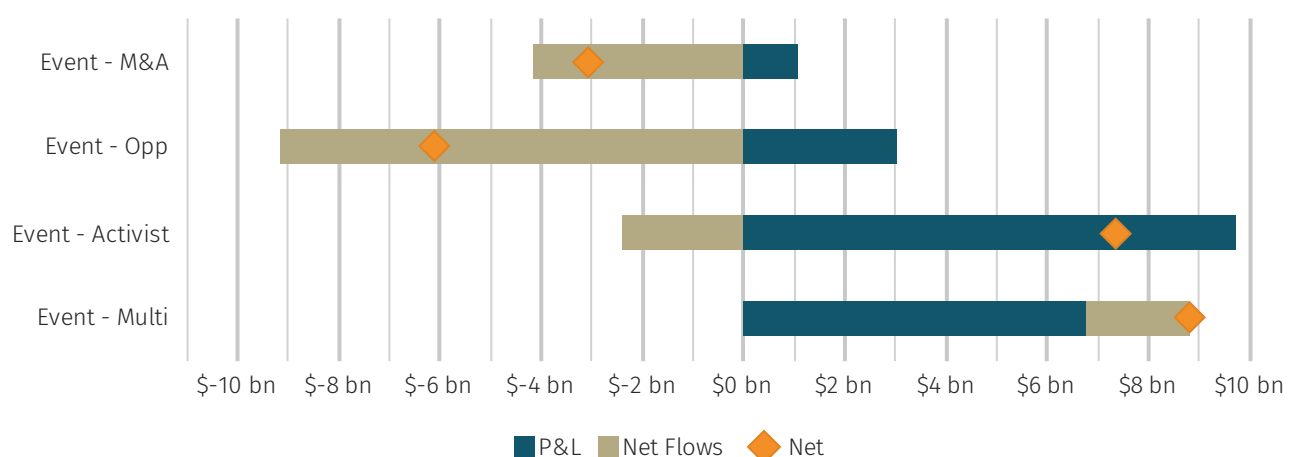
### CURRENT AUM OF MASTER STRATEGY (\$ BN)



## MASTER STRATEGY ASSETS (5 YR)\*



## 12-MONTH CHANGE IN AUM BY SUB-STRATEGY



## Terms and conditions

	Median redemption notice (days)	Median redemption frequency	Weighted avg. redemption total (days) <sup>1</sup>	Weighted avg. management fee	Weighted avg. performance fee
<b>Event</b>	<b>60</b>	<b>Quarterly</b>	<b>197</b>	<b>1.48%</b>	<b>19.41%</b>
Activist (Event – Activist)	90	Quarterly	215	1.48%	18.90%
Merger arbitrage (Event – M&A)	30	Monthly	67	1.35%	18.05%
Multi-strategy (Event - Multi)	60	Quarterly	224	1.48%	19.94%
Opportunistic (Event - Opp)	60	Quarterly	164	1.54%	19.43%

<sup>1</sup>Weighted Avg. Redemption Total (Days) is the weighted average of both redemptions notice days and redemption frequency days.

# Definitions

## Event

Broad strategy category covering funds that invest in securities of companies facing announced and anticipated corporate events. This includes, but is not limited to: M&A, Spin-offs, Company restructurings, some distressed situations (although if this is the dominating part of the strategy it will be classified as 'credit-distressed'). The strategy identifies mispriced securities with favourable risk/reward characteristics based upon differentiated views of value-unlocking catalysts, event-probabilities and post-event valuations.

## Activist (Event – Activist)

Activist hedge funds invest in companies that they feel are undervalued and the managers then attempt to drive the value creation process by influencing corporate management to undertake initiatives that they feel will benefit shareholders. This can include a number of activities, including but not limited to: capital structure restructuring, change in operating strategy/capital allocation, change in the board/management, change in corporate governance or the outright sale of the enterprise. Funds typically own large stakes in the companies they invest in as investors need to be a large enough shareholder to influence management.

## Merger arbitrage (Event – M&A)

Strategy typically involves taking positions in the securities of a company being acquired in a merger or acquisition. Due to the risk of a deal-break as well as time value of money, the securities typically trade at a discount to the deal-price/value (deal-spread). Primary risk is when deals break, which can lead to asymmetric losses to the downside. Funds will typically trade cash deals and also share-for-share deals, where the fund will short the securities they expect to receive upon deal closure (locking in the deal spread). In addition to M&A, managers may also invest in other situations that involve process driven catalysts.

## Multi-strategy (Event – Multi)

Whilst these are funds investing across multiple strategies, they are characterised by their overwhelming focus on the broad event-driven space and therefore placed in their own category. Such funds consistently generate a significant portion of their P&L from the primary event-driven investing categories: merger arbitrage, soft-catalyst event-driven situations (spin-offs, spin-outs, share-class arbitrage, non-mandatory shareholder elections, index-rebalancing, holdco/subsidiary relative value trade, high probability potential merger 'targets', etc.) and/or activist investing. Some funds may also allocate a portion of their capital to Distressed (which can fall under the category of event-driven investing), however, if the majority of the risk is consistently in the distressed arena, it falls under the 'credit/distressed' categorisation.

## Opportunistic (Event – Opp)

Has some similarities to the event-driven 'multi-strategy' classification however, as the name suggests, these funds tend to be very opportunistic and dynamically adjust their capital allocation between various event-driven trades. These funds tend to also be more value and soft catalyst oriented. Such funds may also place 'special situations' trades, looking to unlock value taking various positions in the capital structure (i.e., could be debt or equity). Opportunistic funds have the flexibility to trade all areas of the event space (M&A, Activist, soft catalyst and distressed investing) but will do so on an opportunistic basis, they also may concentrate a large portion (or even at times all) of the risk in a specific area, unlike event driven - multi-strategy funds, which are typically always allocated across multiple sub-strategies at all times.

## 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](http://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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