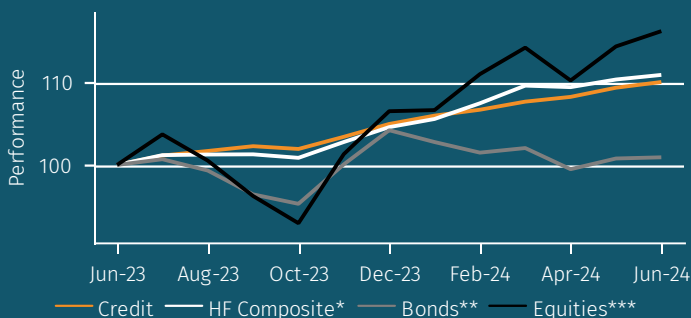


## Credit strategy analytics pack H1 2024

### Inside this report:

Master strategy performance	3
Sub-strategy performance	9
Performance dispersion	10
Assets and flows	12
Terms and conditions	13
Definitions	14

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



### About Aurum

Aurum is an investment management firm focused on selecting hedge funds and managing fund of hedge fund portfolios for some of the world's most sophisticated investors.

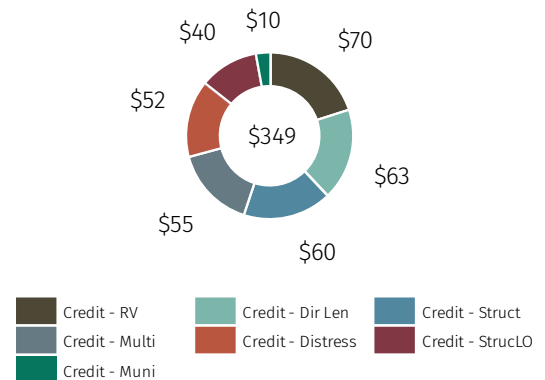
Aurum conducts extensive research and analysis on hedge funds and hedge fund industry trends. This research paper is designed to provide data and insights with the objective of helping investors to better understand hedge funds and their benefits.

\*HF Composite = Aurum Hedge Fund Data Engine Asset Weighted Composite Index.  
 \*\*Bonds = Bloomberg Global Aggregate Bond Index.  
 \*\*\*Equities = S&P Global BMI.  
 Risk Free Rate = period average of 3-month LIBOR-SOFR.

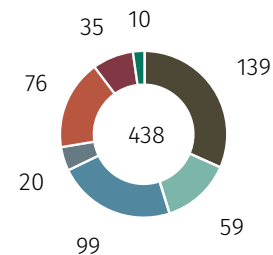
All figures and charts use asset weighted net returns unless otherwise stated. All Hedge Fund data is sourced from Aurum Hedge Fund Data Engine. Data included in this report is dated as at 15 July 2024.

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/>

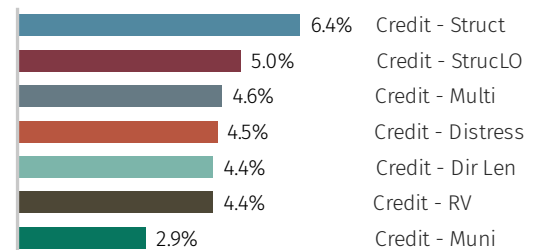
### AUM (\$BN) – JUNE 2024



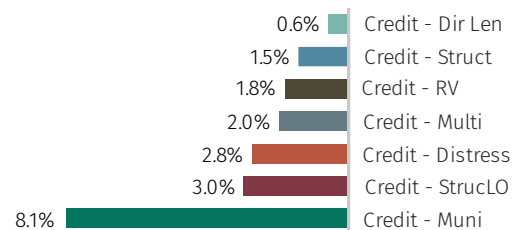
### NO. OF FUNDS – JUNE 2024



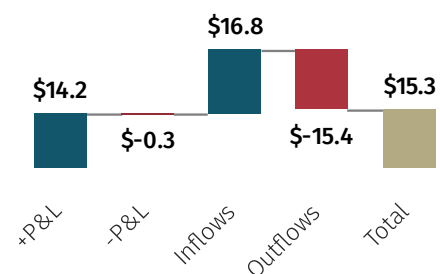
### SUB-STRATEGY NET RETURN (H1)



### STANDARD DEVIATION (1 YR)



### AUM CHANGE \$BN (H1)



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

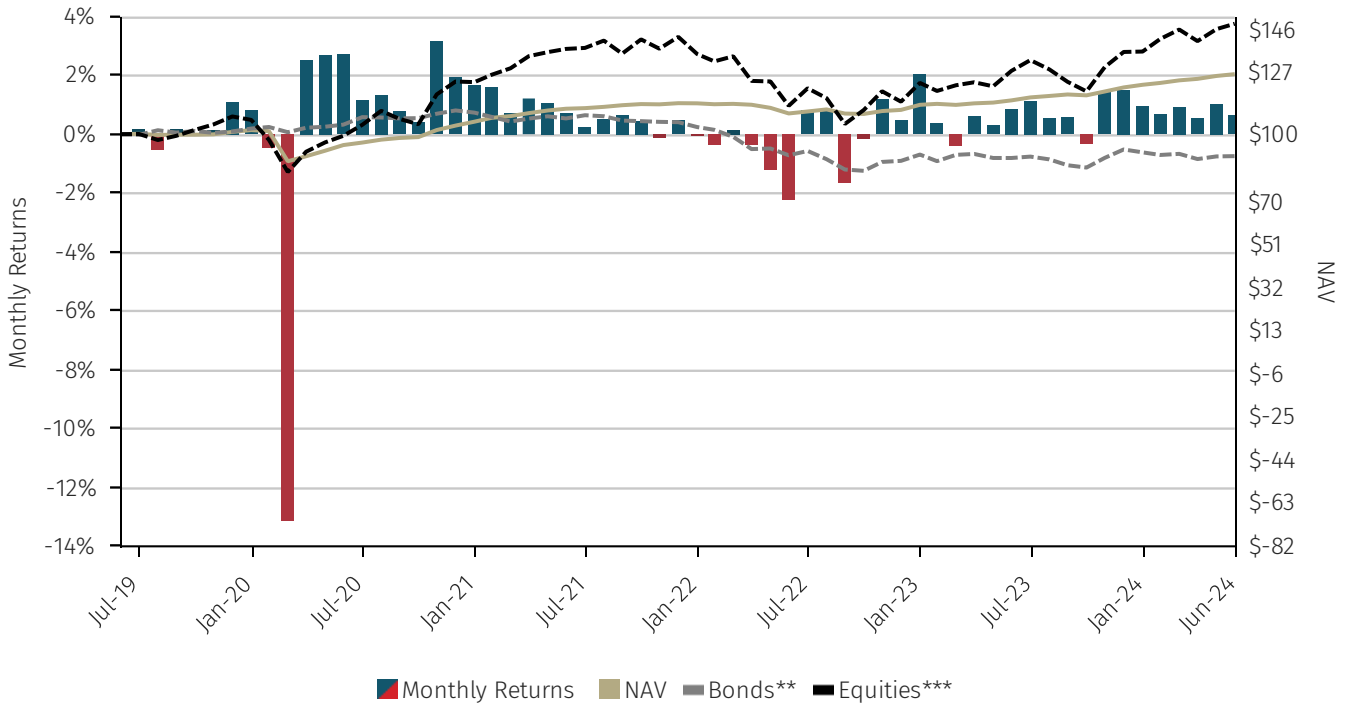
	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	YTD	1 YR
<b>Credit</b>	1.14%	0.55%	0.57%	-0.33%	1.45%	1.51%	0.97%	0.68%	0.92%	0.54%	1.03%	0.64%	4.87%	10.10%
Credit - StrucLO	2.53%	0.95%	0.29%	-0.23%	2.21%	2.43%	1.19%	0.61%	0.81%	0.67%	1.24%	0.42%	5.04%	13.89%
Credit - Struct	1.48%	0.94%	0.71%	0.02%	1.24%	1.31%	1.63%	0.81%	1.10%	0.90%	0.98%	0.80%	6.38%	12.59%
Credit - Multi	0.66%	0.64%	1.84%	-0.53%	0.94%	1.42%	0.68%	0.70%	0.84%	0.65%	1.21%	0.47%	4.63%	9.92%
Credit - Distress	1.00%	0.56%	0.19%	-1.03%	1.71%	2.15%	0.44%	0.92%	1.00%	0.49%	1.19%	0.40%	4.53%	9.37%
Credit - RV	0.98%	0.39%	0.31%	-0.35%	1.34%	1.39%	1.08%	0.48%	1.04%	0.14%	0.98%	0.62%	4.41%	8.71%
Credit - Dir Len	0.78%	0.35%	0.76%	0.31%	0.64%	0.60%	0.82%	0.64%	0.82%	0.77%	0.75%	0.55%	4.43%	8.07%
Credit - Muni	0.42%	-1.26%	-2.79%	-1.37%	6.31%	2.57%	0.61%	0.38%	0.22%	-0.89%	0.23%	2.36%	2.91%	6.68%
<b>HF Composite*</b>	1.19%	0.07%	0.02%	-0.42%	1.91%	1.76%	0.95%	1.81%	2.00%	-0.17%	0.85%	0.51%	6.08%	10.96%
<b>Bonds**</b>	0.69%	-1.37%	-2.92%	-1.20%	5.04%	4.16%	-1.38%	-1.26%	0.55%	-2.52%	1.31%	0.14%	-3.16%	0.93%
<b>Equities***</b>	3.72%	-3.08%	-4.29%	-3.44%	9.05%	5.16%	0.13%	4.10%	2.91%	-3.50%	3.76%	1.63%	9.15%	16.29%

## NET RETURN (5 YR) PERIOD TO JUNE 2024

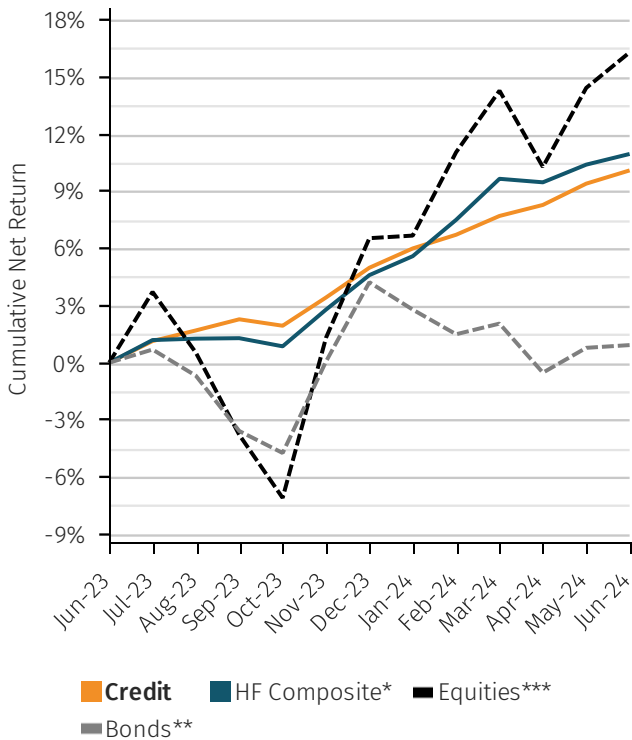
Performance	2024	2023	2022	2021	2020	5Yr CAR	5Yr Vol	5Yr Sharpe
<b>Credit</b>	4.87%	8.98%	-2.61%	9.55%	2.77%	4.83%	7.02%	0.36
Credit - Multi	4.63%	9.58%	-1.70%	12.40%	8.55%	6.42%	5.85%	0.68
Credit - Dir Len	4.43%	7.58%	3.70%	7.38%	3.34%	5.87%	3.17%	1.05
Credit - Distress	4.53%	9.09%	-3.39%	15.08%	3.75%	5.42%	8.58%	0.38
Credit - RV	4.41%	7.74%	-3.23%	4.81%	5.44%	4.19%	5.63%	0.33
Credit - Struct	6.38%	9.00%	-3.49%	10.42%	-3.16%	4.09%	10.37%	0.21
Credit - Muni	2.91%	7.70%	-9.44%	5.86%	6.84%	3.19%	7.60%	0.13
Credit - StrucLO	5.04%	12.95%	-8.58%	3.62%	0.99%	2.85%	7.16%	0.09
<b>HF Composite*</b>	6.08%	8.26%	-2.37%	7.81%	9.06%	6.40%	5.84%	0.68
<b>Bonds**</b>	-3.16%	5.72%	-16.25%	-4.71%	9.20%	-2.02%	7.47%	-0.56
<b>Equities***</b>	9.15%	19.24%	-20.04%	16.02%	14.34%	8.29%	17.72%	0.40

# Master strategy performance

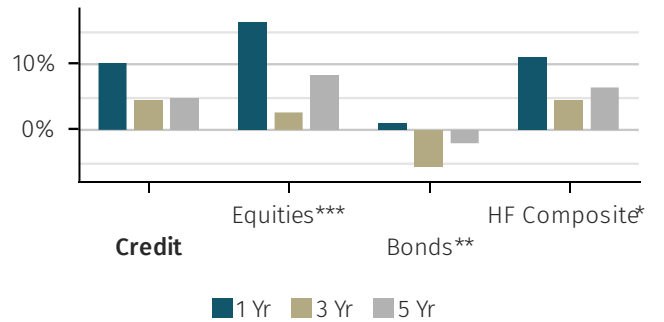
## NET MONTHLY RETURN (5 YR)



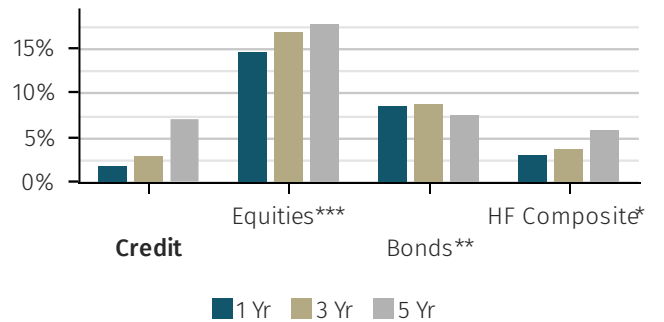
## COMPARATIVE RETURN VS HF COMPOSITE (1 YR)



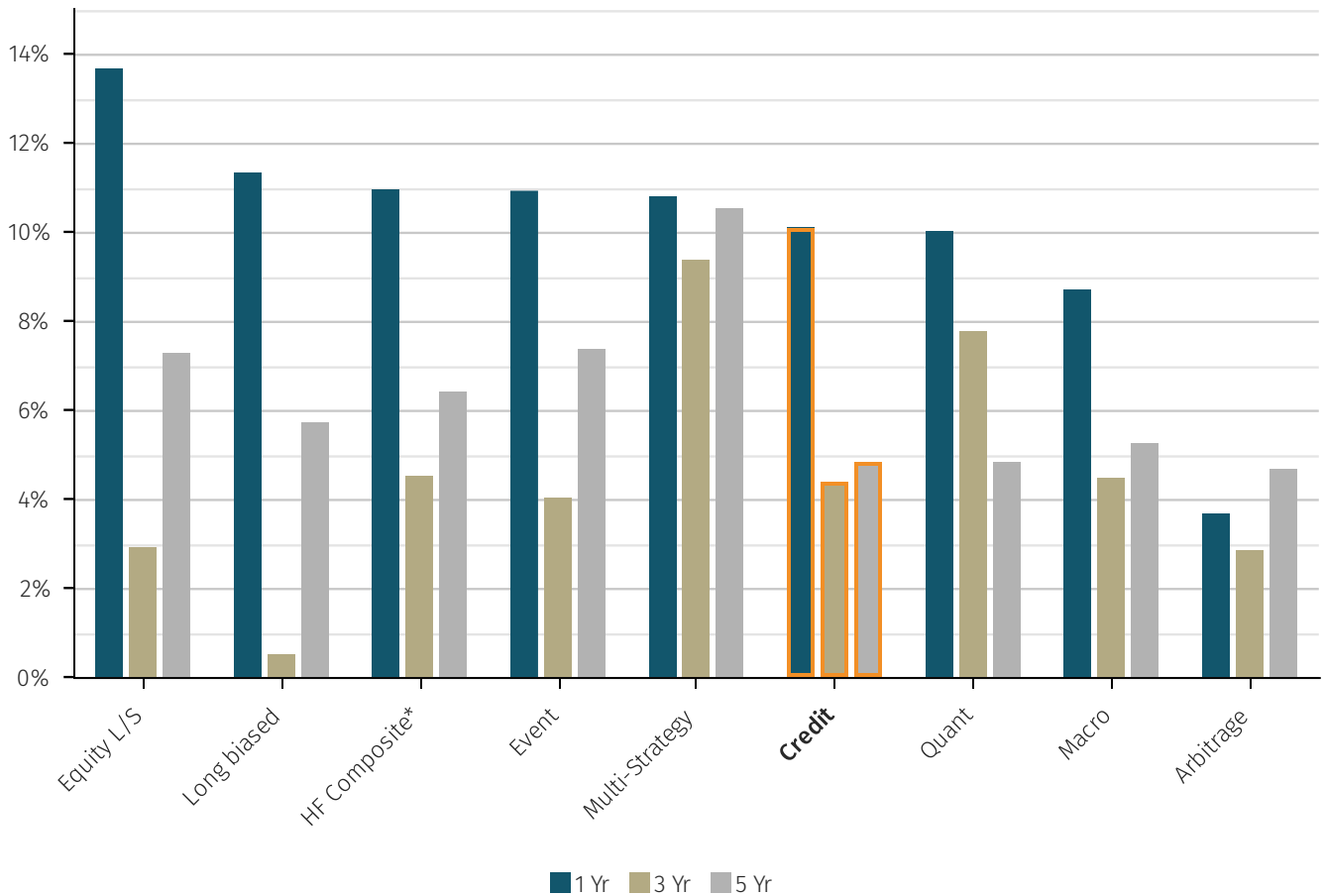
## NET RETURN (ANNUALISED)



## VOLATILITY (ANNUALISED)



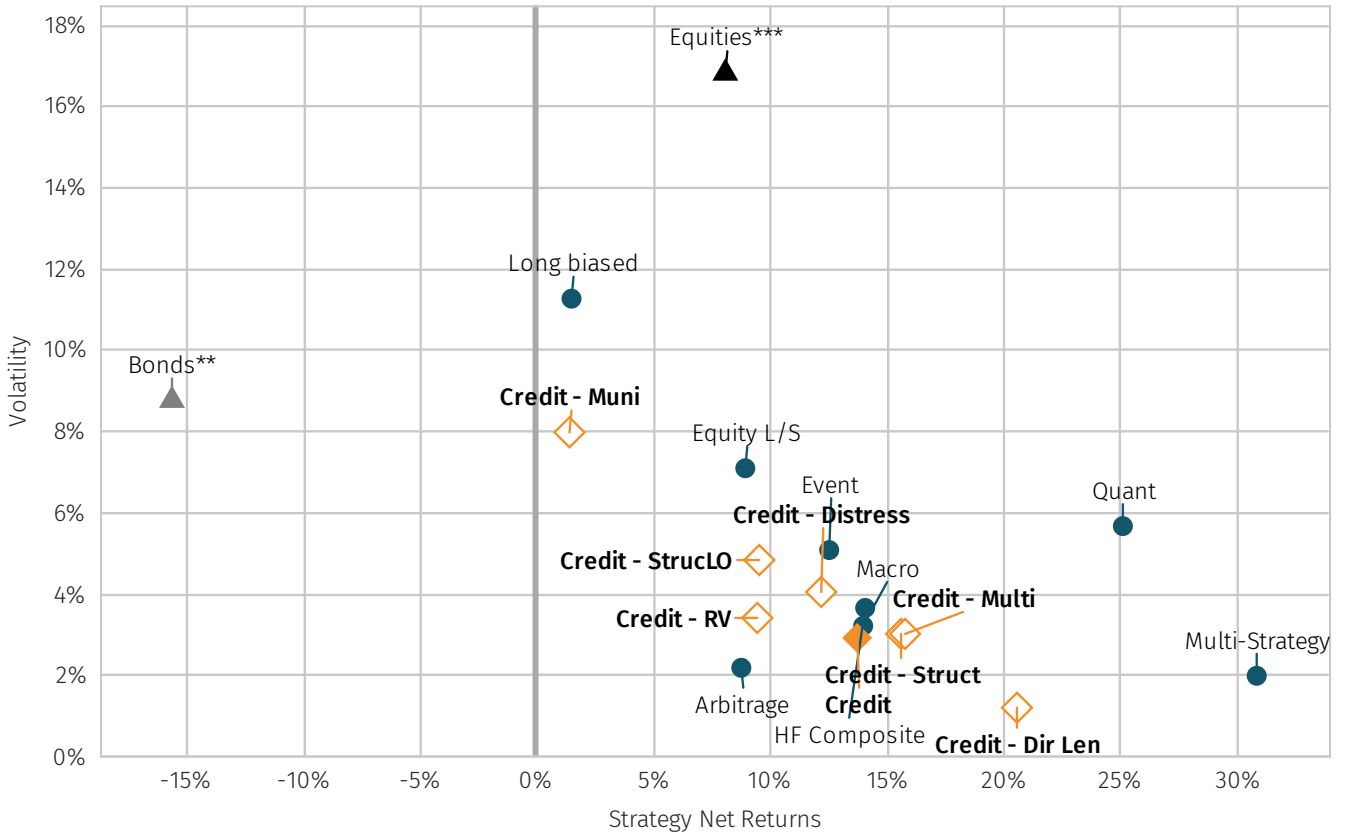
## MASTER STRATEGY NET ANNUALISED RETURNS



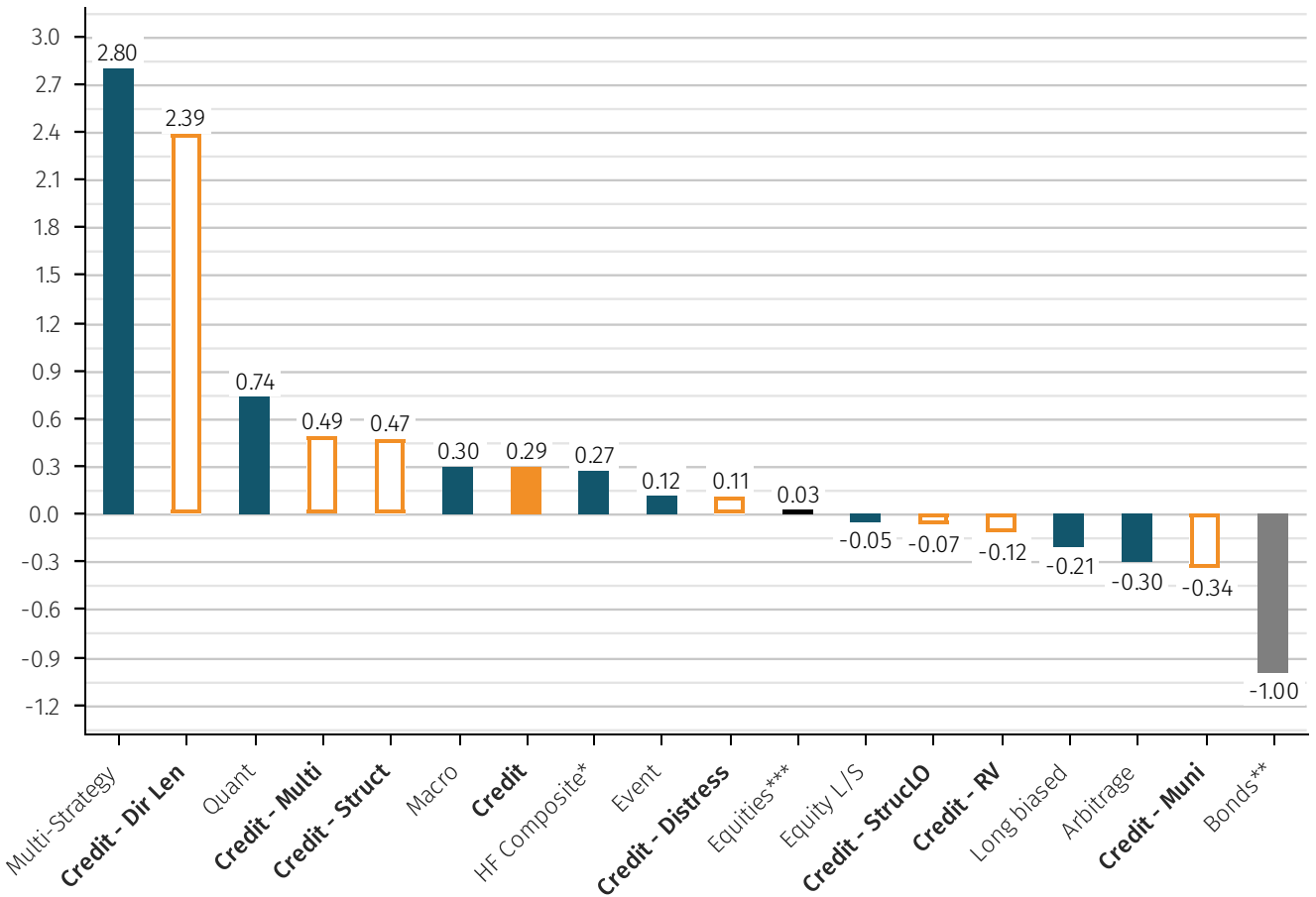
## HIERARCHICAL ANNUALISED NET RETURN TO JUNE 2024

6 MONTHS	1 YEAR	3 YEAR	5 YEAR	10 YEAR
<b>Quant</b> 18.2%	<b>Equity L/S</b> 13.7%	<b>Multi-Strategy</b> 9.4%	<b>Multi-Strategy</b> 10.5%	<b>Multi-Strategy</b> 7.9%
<b>Equity L/S</b> 17.0%	<b>Long biased</b> 11.3%	<b>Quant</b> 7.8%	<b>Event</b> 7.4%	<b>Equity L/S</b> 5.3%
<b>Multi-Strategy</b> 12.6%	<b>HF Composite*</b> 11.0%	<b>HF Composite*</b> 4.5%	<b>Equity L/S</b> 7.3%	<b>Event</b> 5.1%
<b>HF Composite*</b> 12.5%	<b>Event</b> 10.9%	<b>Macro</b> 4.5%	<b>HF Composite*</b> 6.4%	<b>HF Composite*</b> 4.7%
<b>Long biased</b> 11.3%	<b>Multi-Strategy</b> 10.8%	<b>Credit</b> 4.4%	<b>Long biased</b> 5.7%	<b>Long biased</b> 4.3%
<b>Credit</b> 10.0%	<b>Credit</b> 10.1%	<b>Event</b> 4.0%	<b>Macro</b> 5.2%	<b>Credit</b> 4.0%
<b>Event</b> 9.0%	<b>Quant</b> 10.0%	<b>Equity L/S</b> 2.9%	<b>Credit</b> 4.8%	<b>Quant</b> 4.0%
<b>Macro</b> 7.0%	<b>Macro</b> 8.7%	<b>Arbitrage</b> 2.8%	<b>Quant</b> 4.8%	<b>Macro</b> 3.9%
<b>Arbitrage</b> 4.3%	<b>Arbitrage</b> 3.7%	<b>Long biased</b> 0.5%	<b>Arbitrage</b> 4.7%	<b>Arbitrage</b> 2.6%

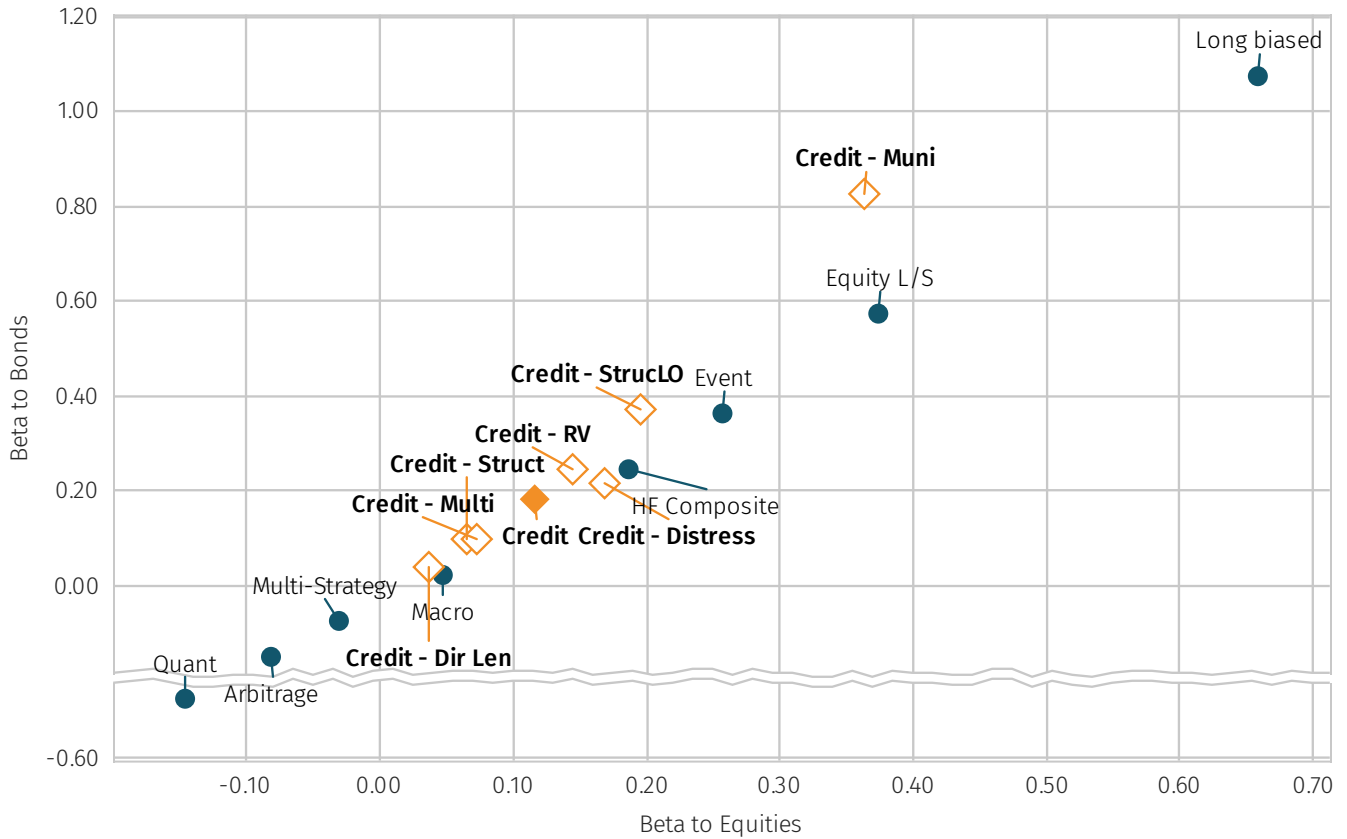
STRATEGY NET TOTAL RETURN VS ANNUALISED VOL (3 YR)



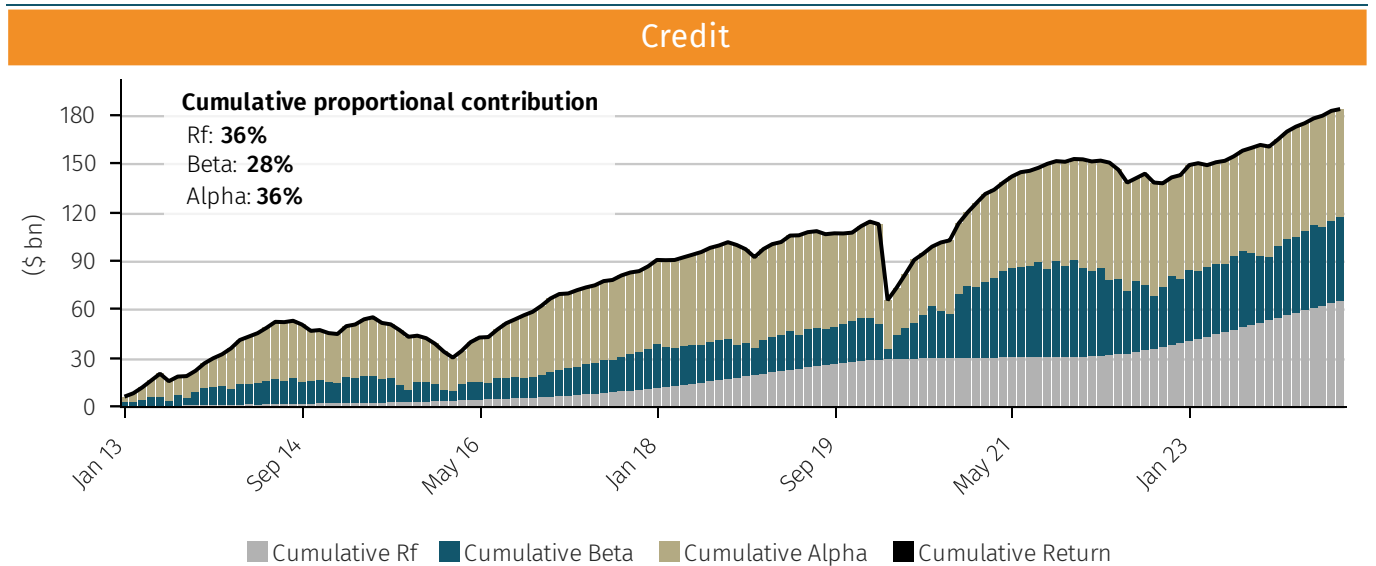
SHARPE RATIO BY HEDGE FUND STRATEGY (3 YR)



**BETA TO BONDS AND BETA TO EQUITIES (3 YR) PERIOD TO JUNE 2024**



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



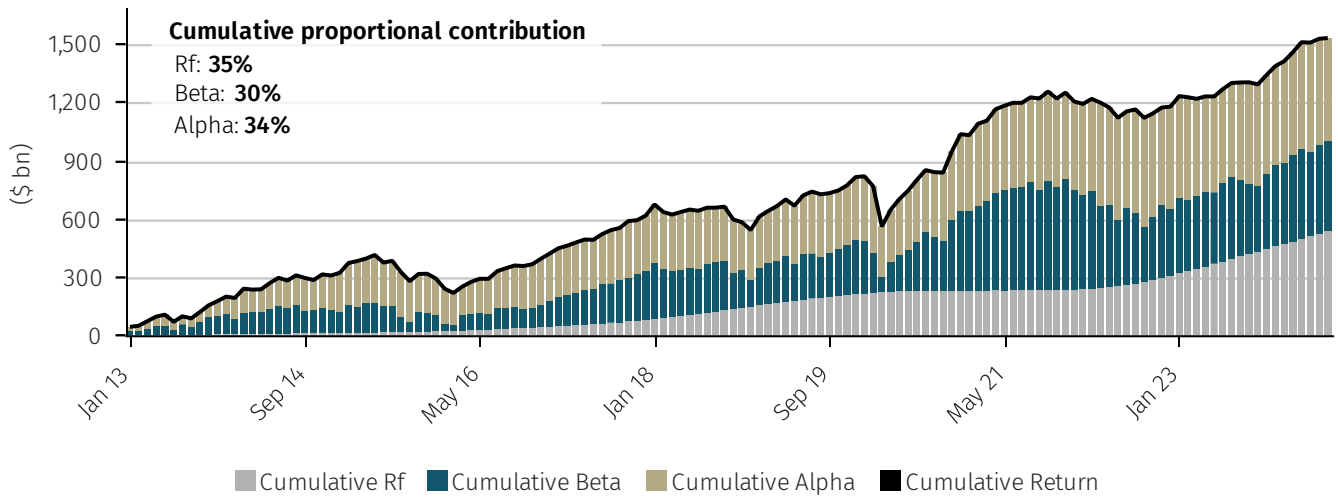
These charts decompose the Hedge Fund Composite dollar returns into beta, alpha and risk free ("Rf") components, as follows:  $\alpha = \text{actual return} - R_f - \beta * (\text{market return} - R_f)$ .

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.

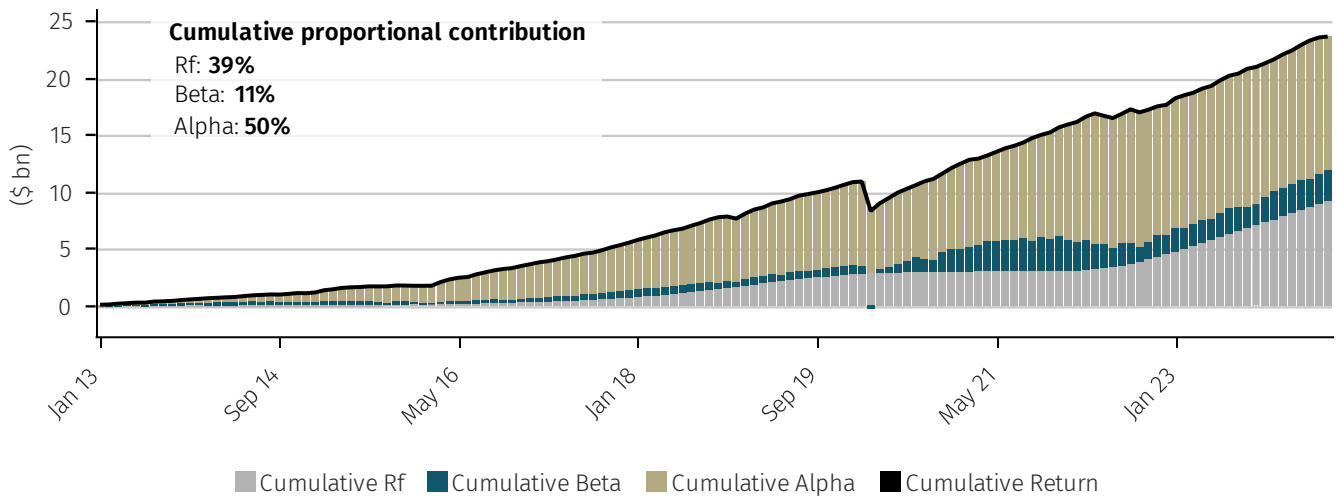
HF COMPOSITE\* - DECOMPOSING DOLLAR PERF. INTO ALPHA, BETA AND RISK FREE (RF) COMPONENTS

HF Composite\*

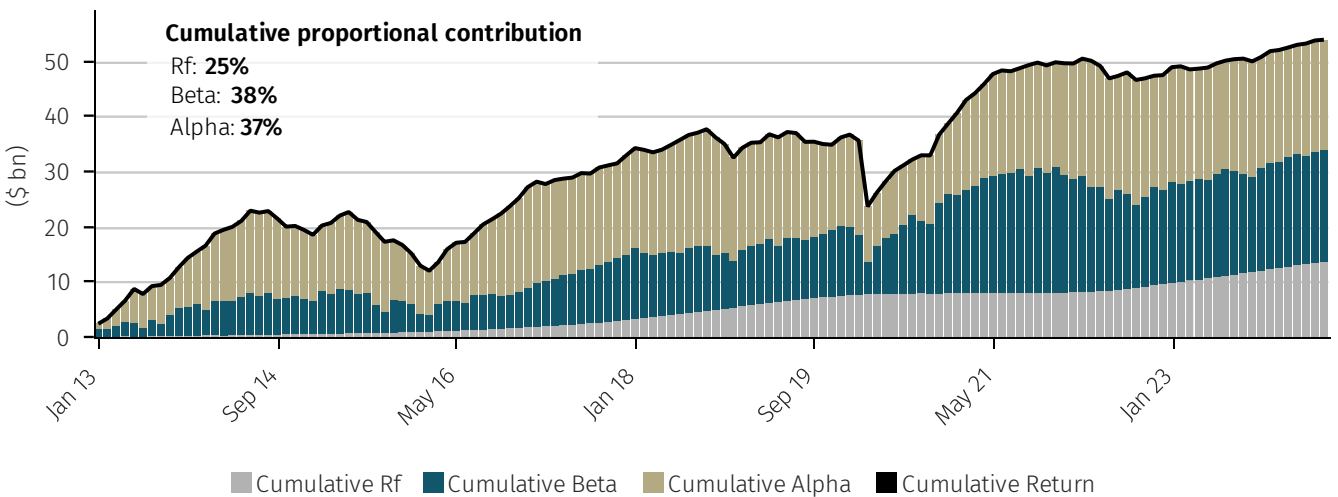


SUB-STRATEGY - DECOMPOSING DOLLAR PERF. INTO ALPHA, BETA AND RISK FREE (RF) COMPONENTS

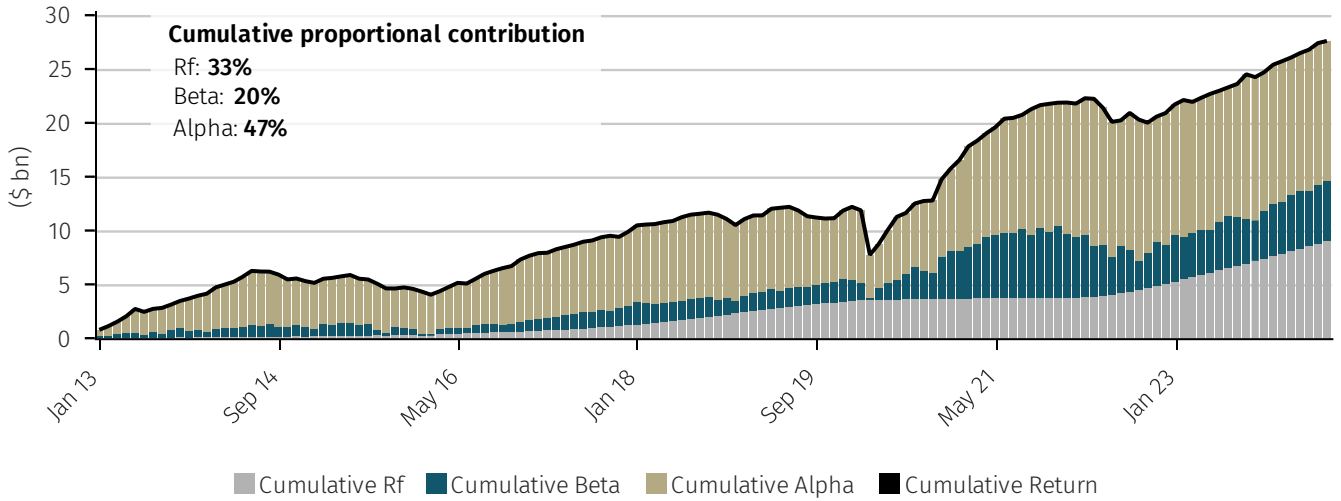
Credit - Dir Len



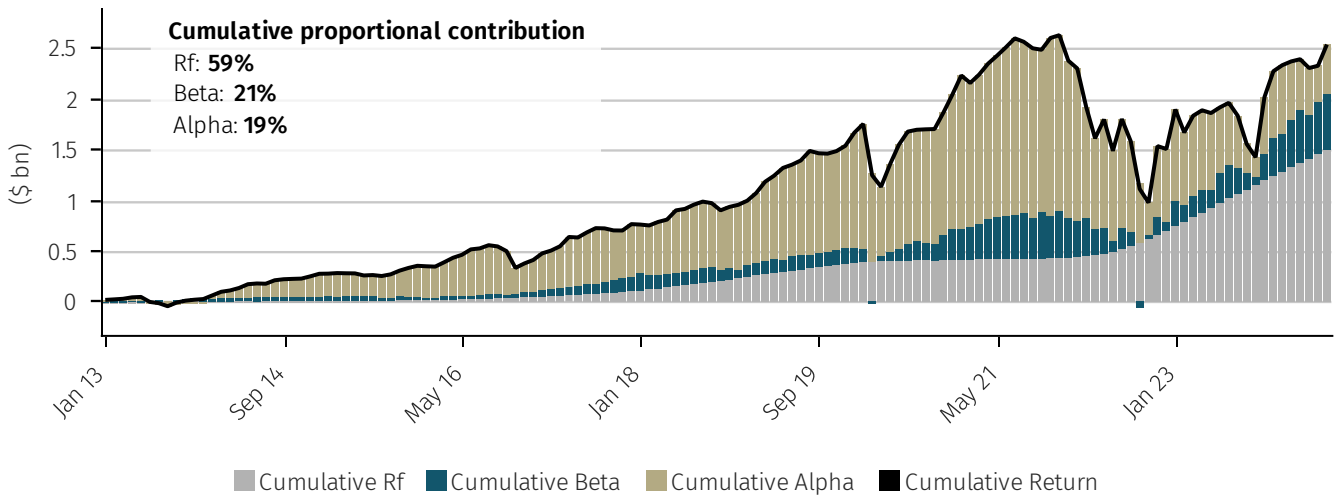
Credit - Distress



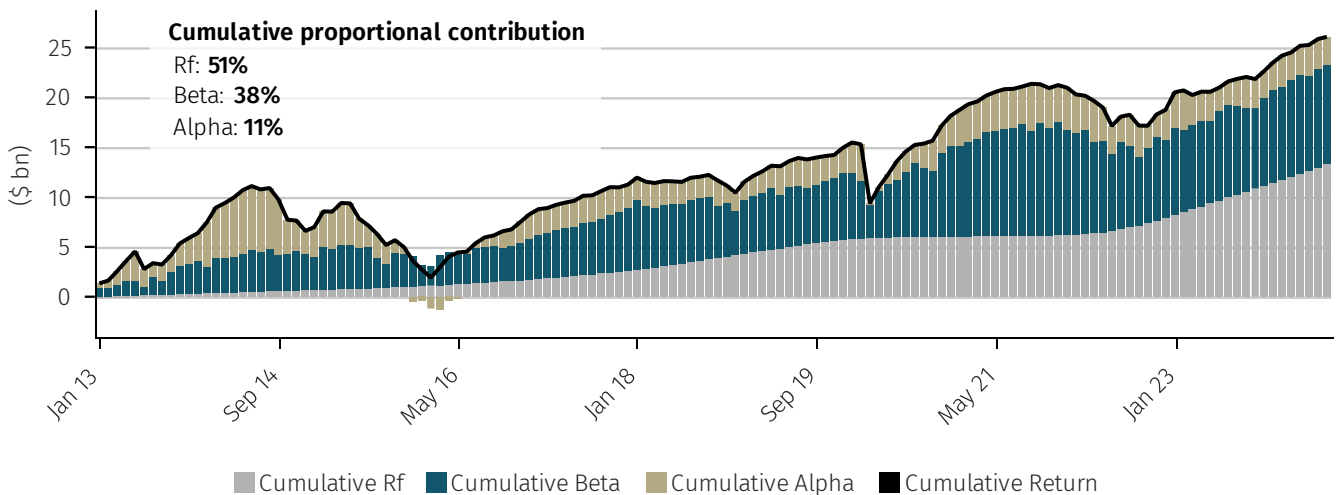
### Credit - Multi



### Credit - Muni

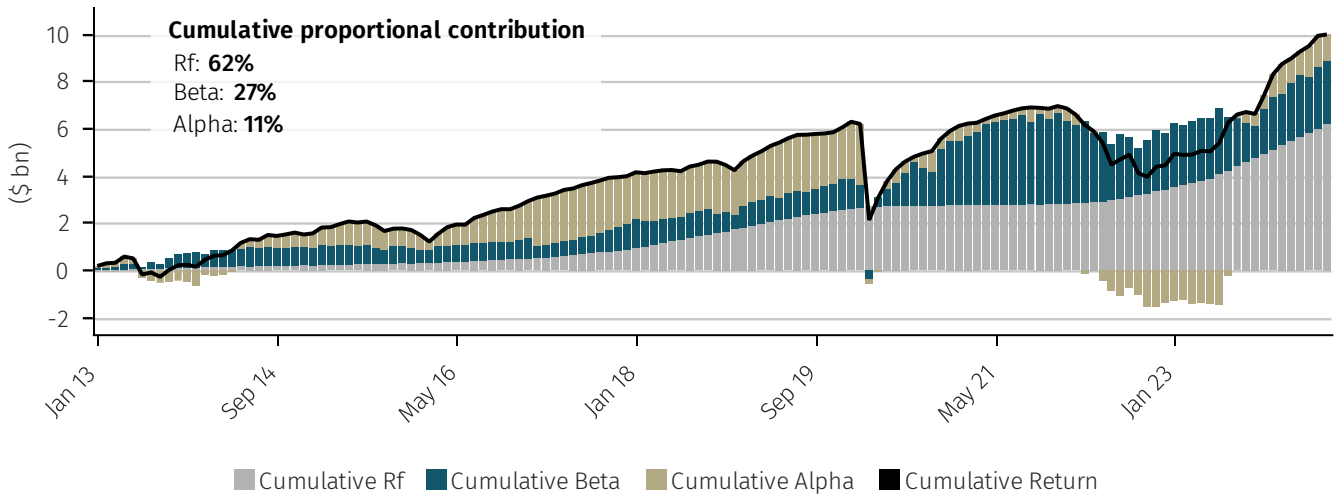


### Credit - RV

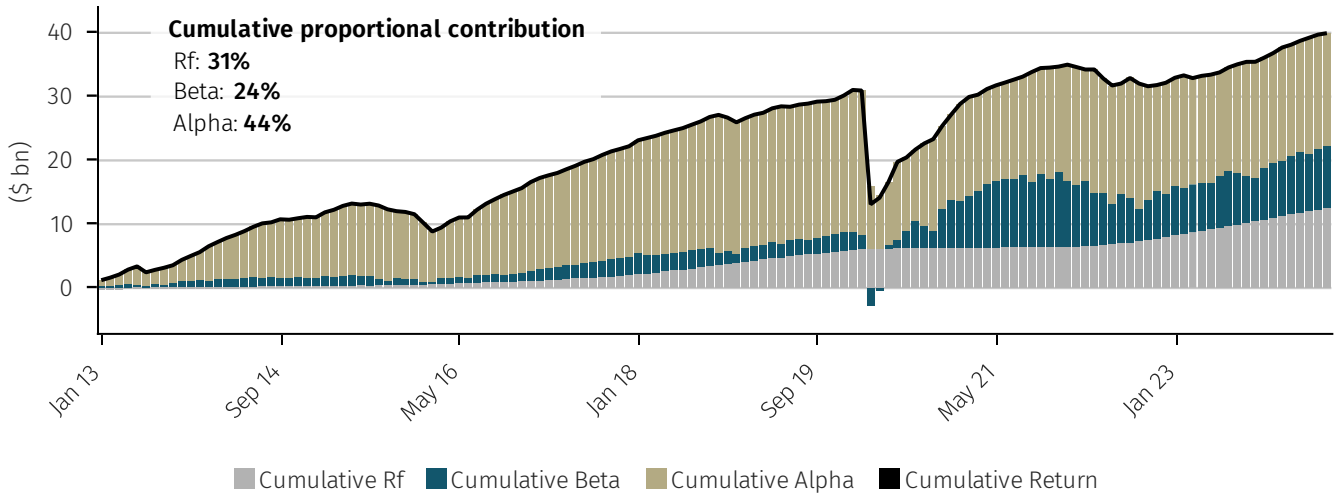




## Credit - StrucLO

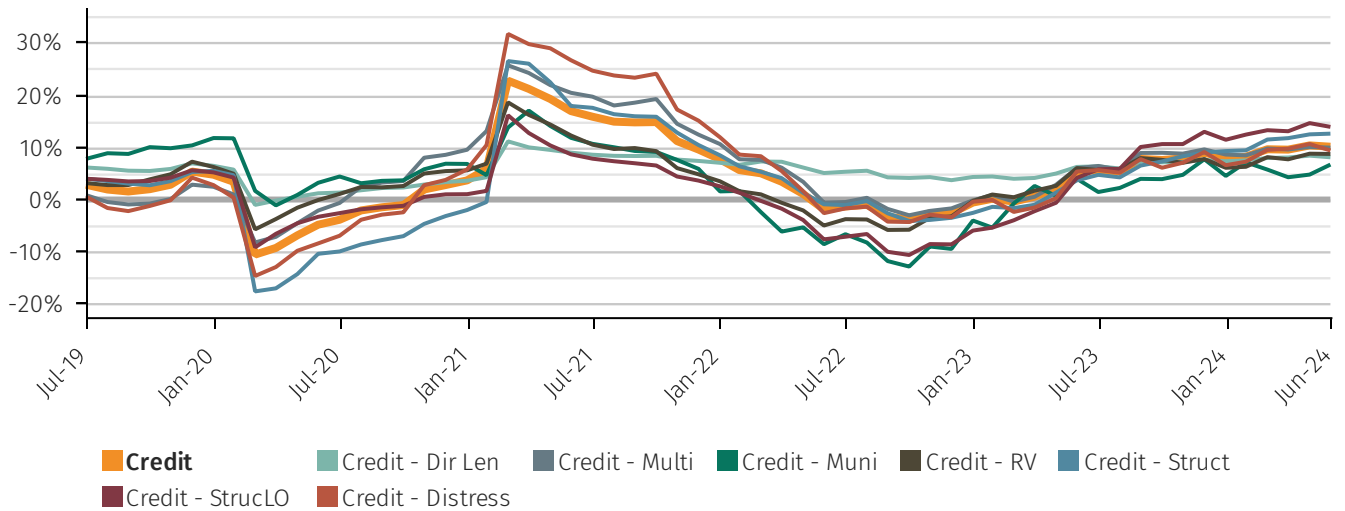


## Credit - Struct

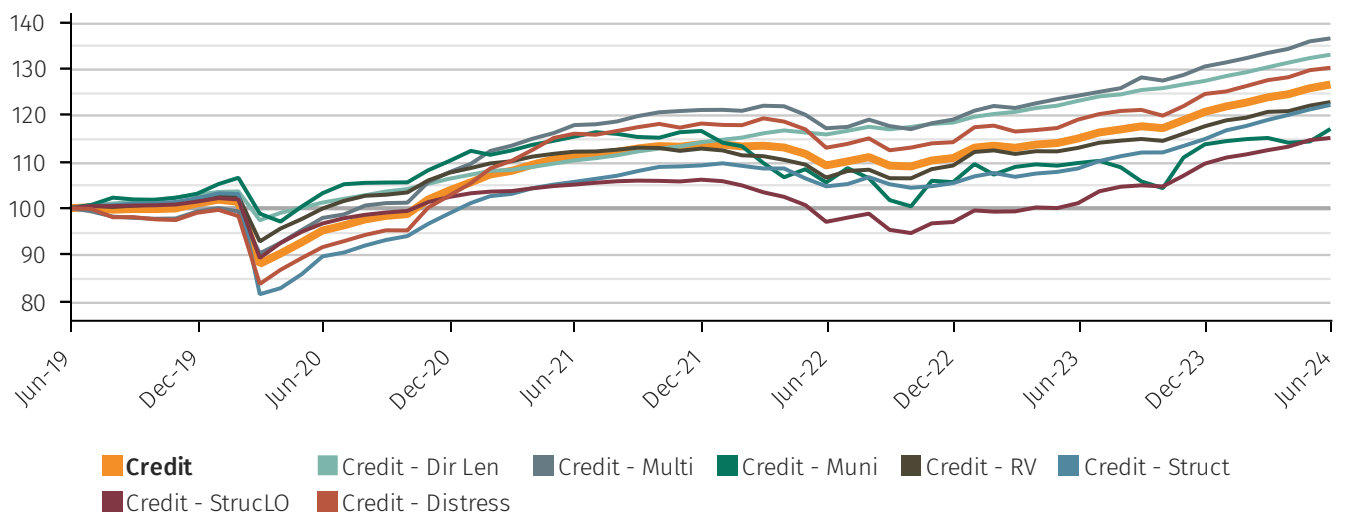


# Sub-strategy performance

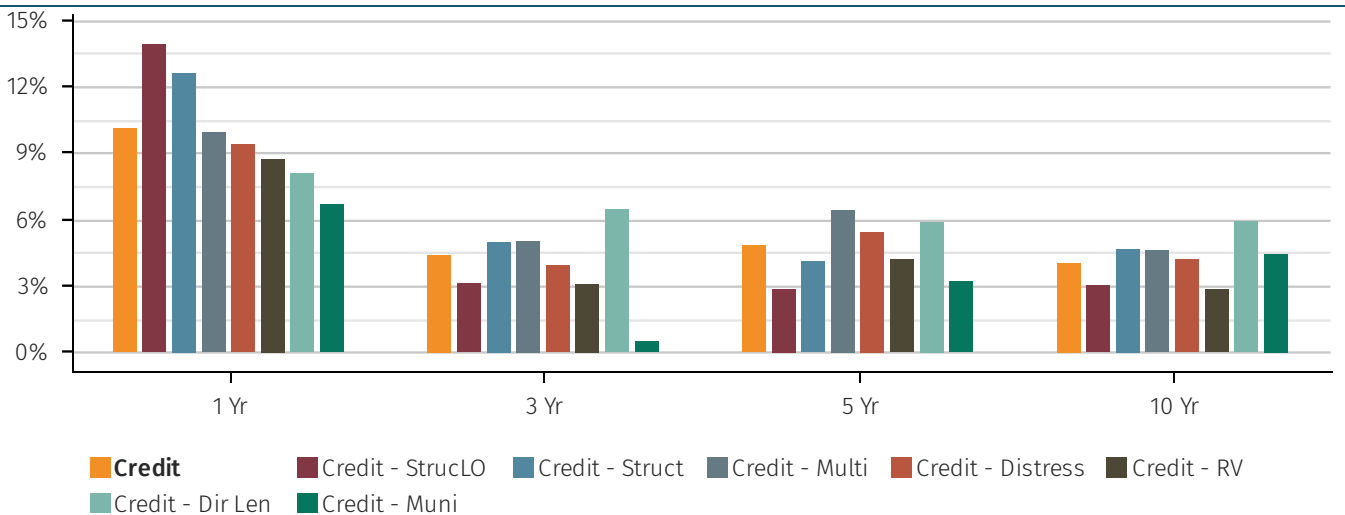
## ROLLING 12 MONTH NET RETURN (5 YR)



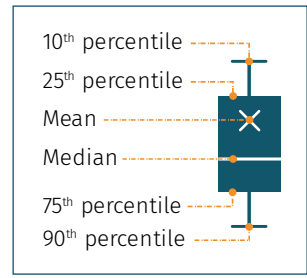
## CUMULATIVE NET RETURN (5 YR)



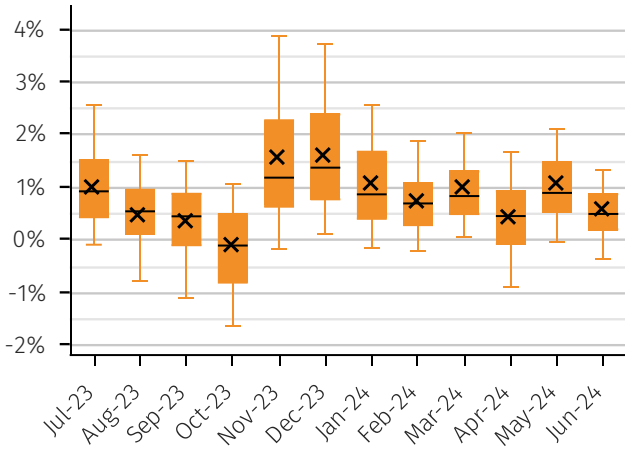
## COMPOUND RETURN (ANNUALISED)



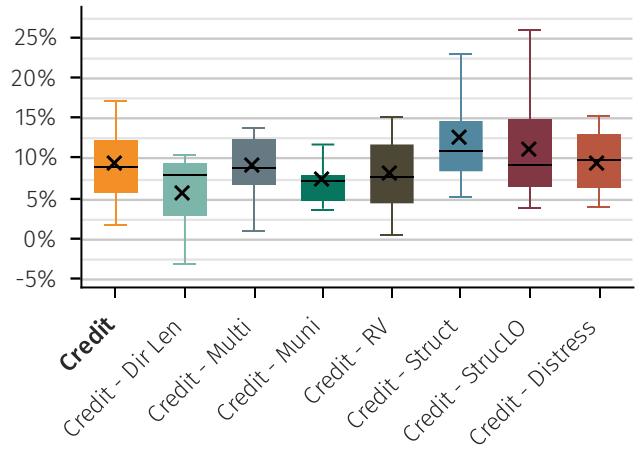
# Performance dispersion



### MASTER STRATEGY NET RETURN DISTRIBUTION

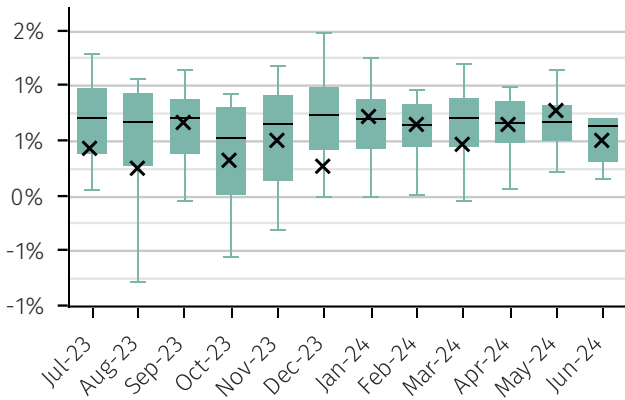


### SUB-STRATEGY NET RETURN (H1)

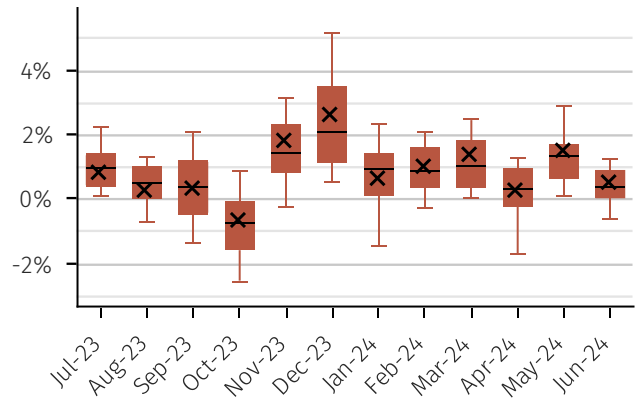


### SUB-STRATEGIES NET MONTHLY RETURN DISTRIBUTION

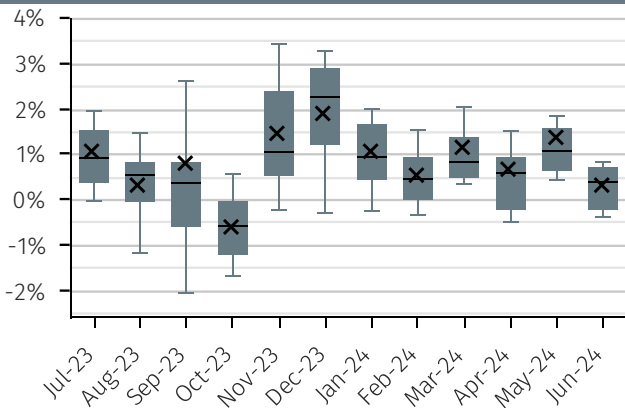
#### Credit - Dir Len



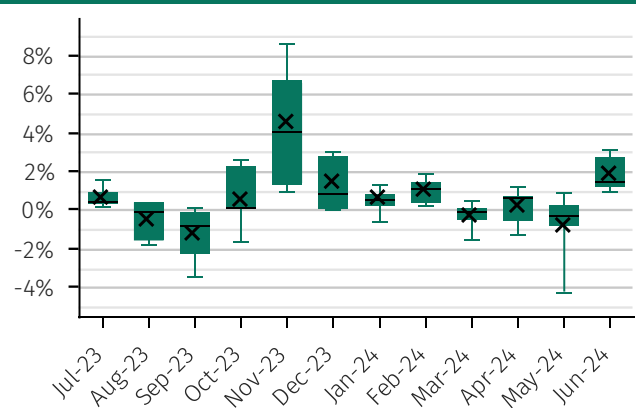
#### Credit - Distress



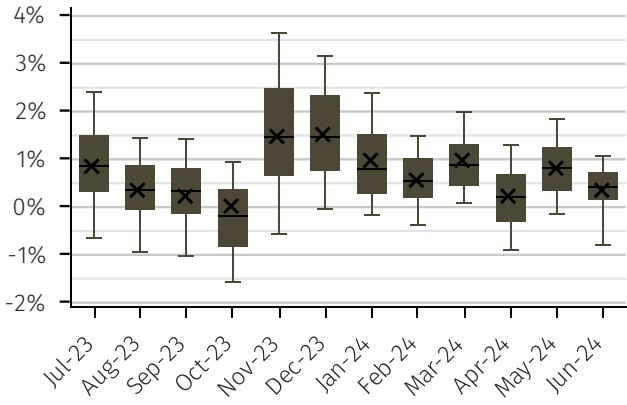
#### Credit - Multi



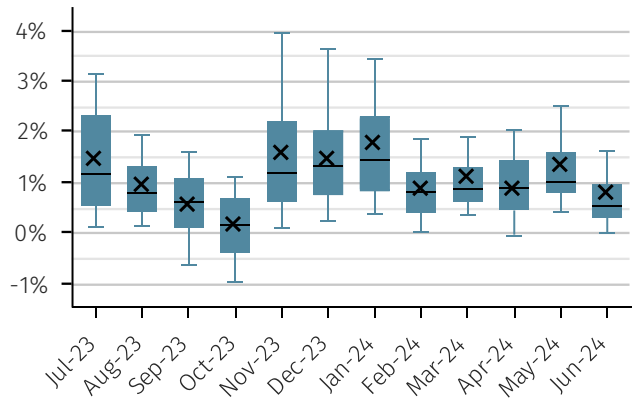
#### Credit - Muni



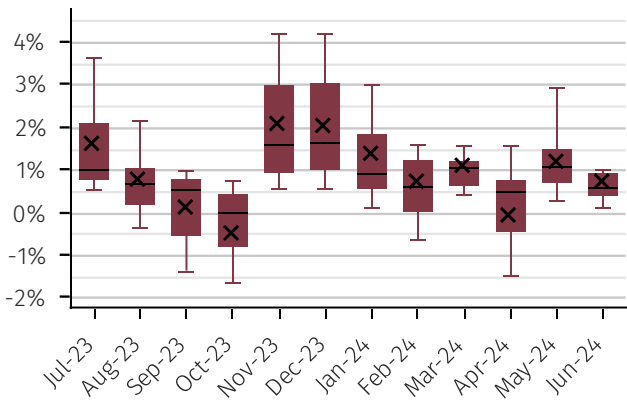
### Credit - RV



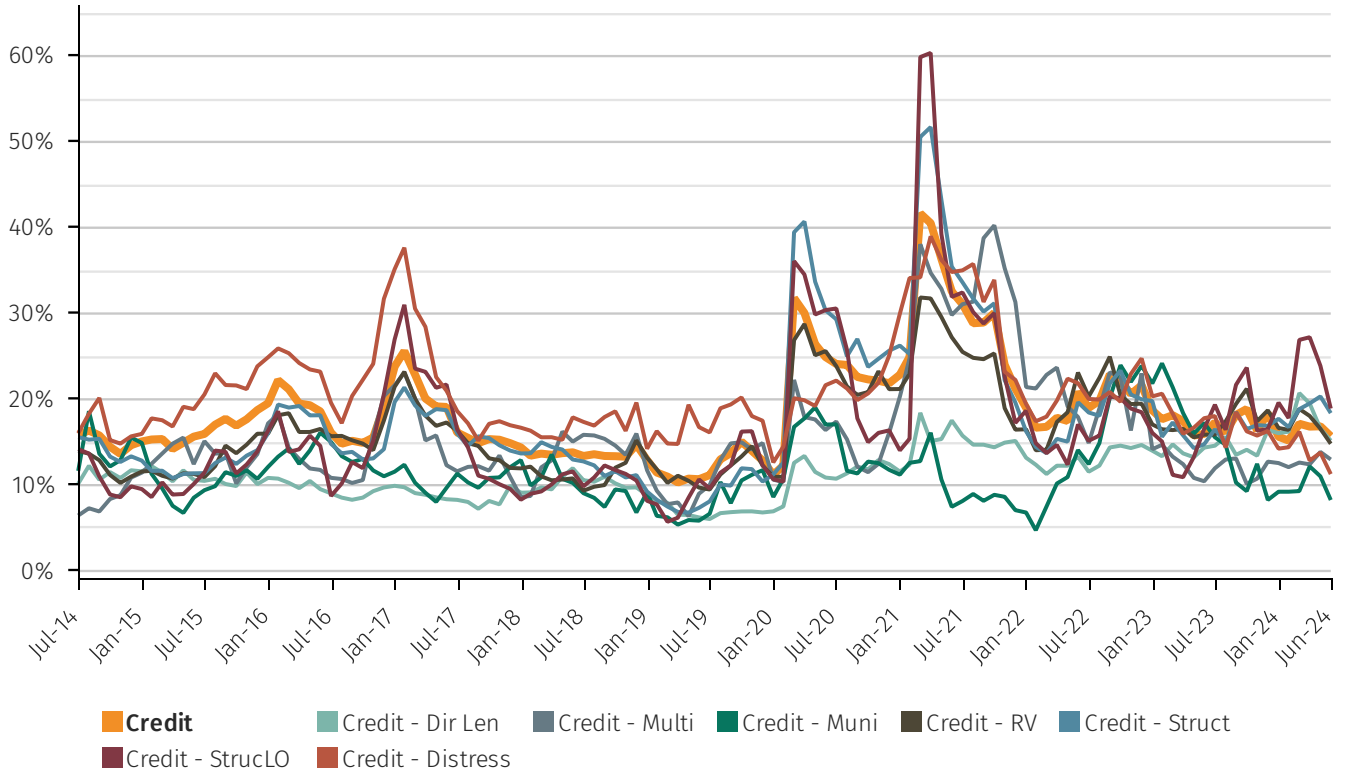
### Credit - Struct



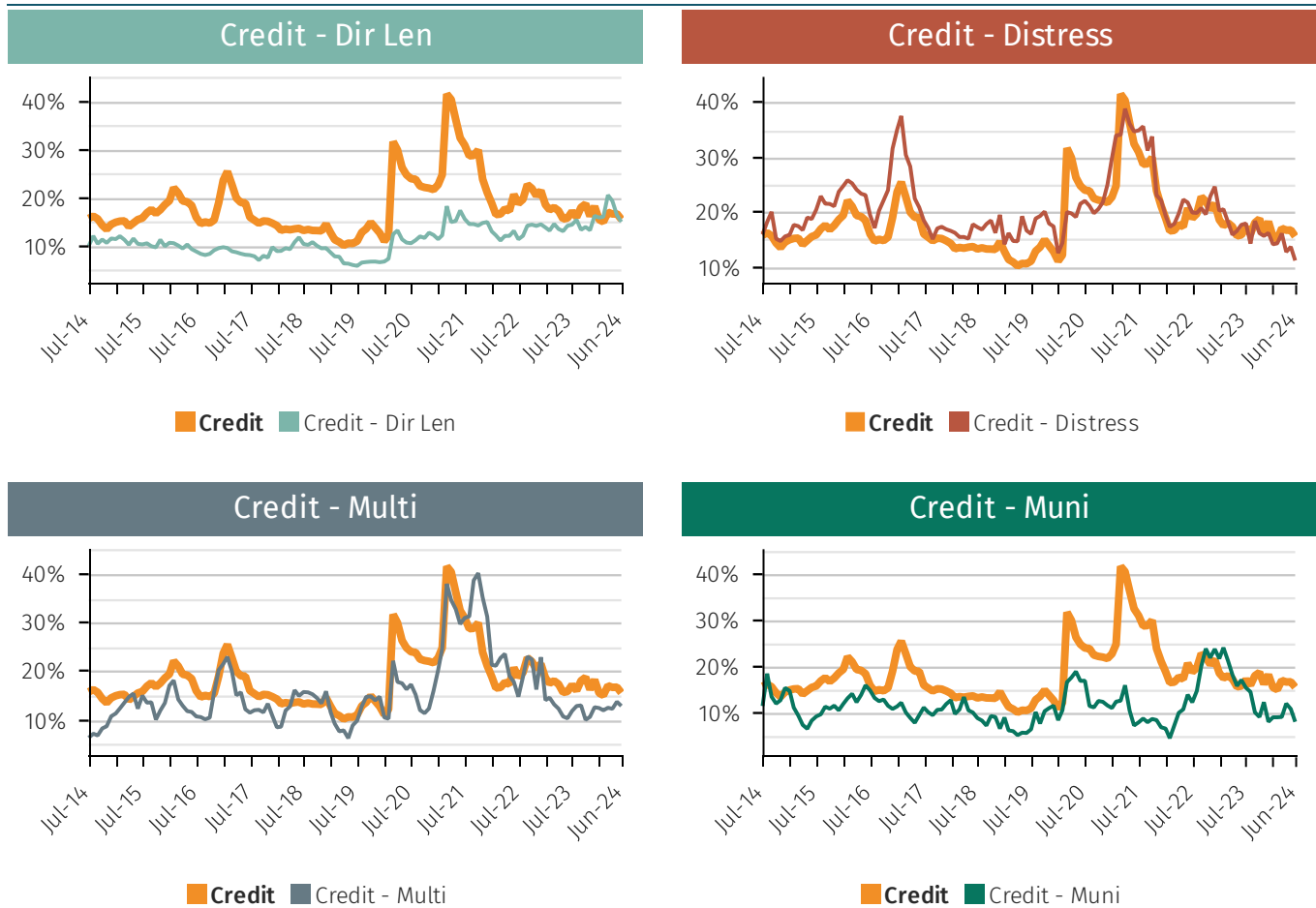
### Credit - StrucLO



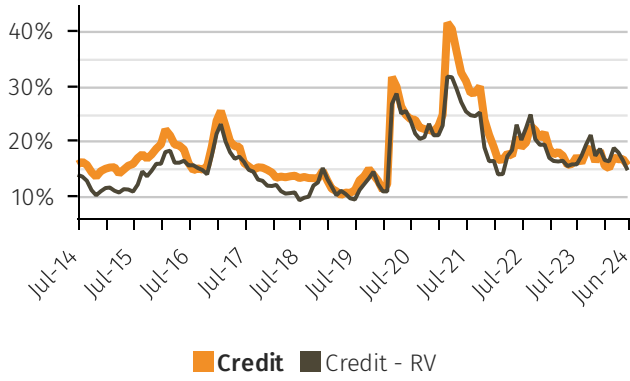
10<sup>th</sup> – 90<sup>th</sup> PERCENTILE 12M ROLLING PERFORMANCE SPREAD



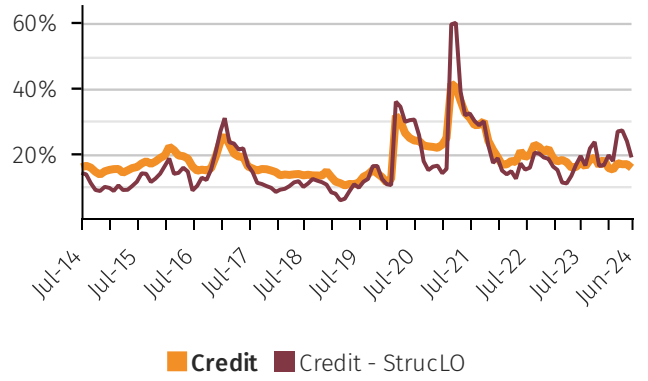
10<sup>th</sup> – 90<sup>th</sup> PERCENTILE 12M ROLLING PERFORMANCE SPREAD - SUB STRATEGY VS MASTER STRATEGY



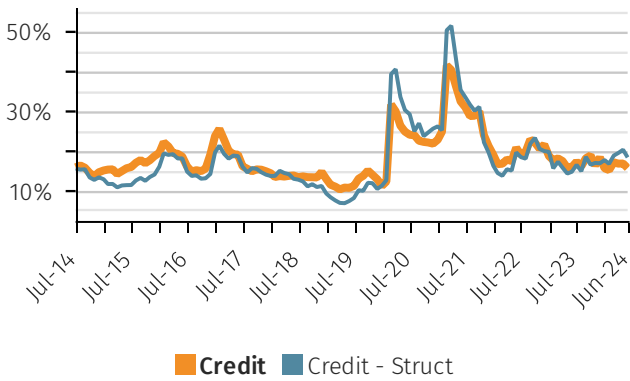
### Credit - RV



### Credit - StrucLO

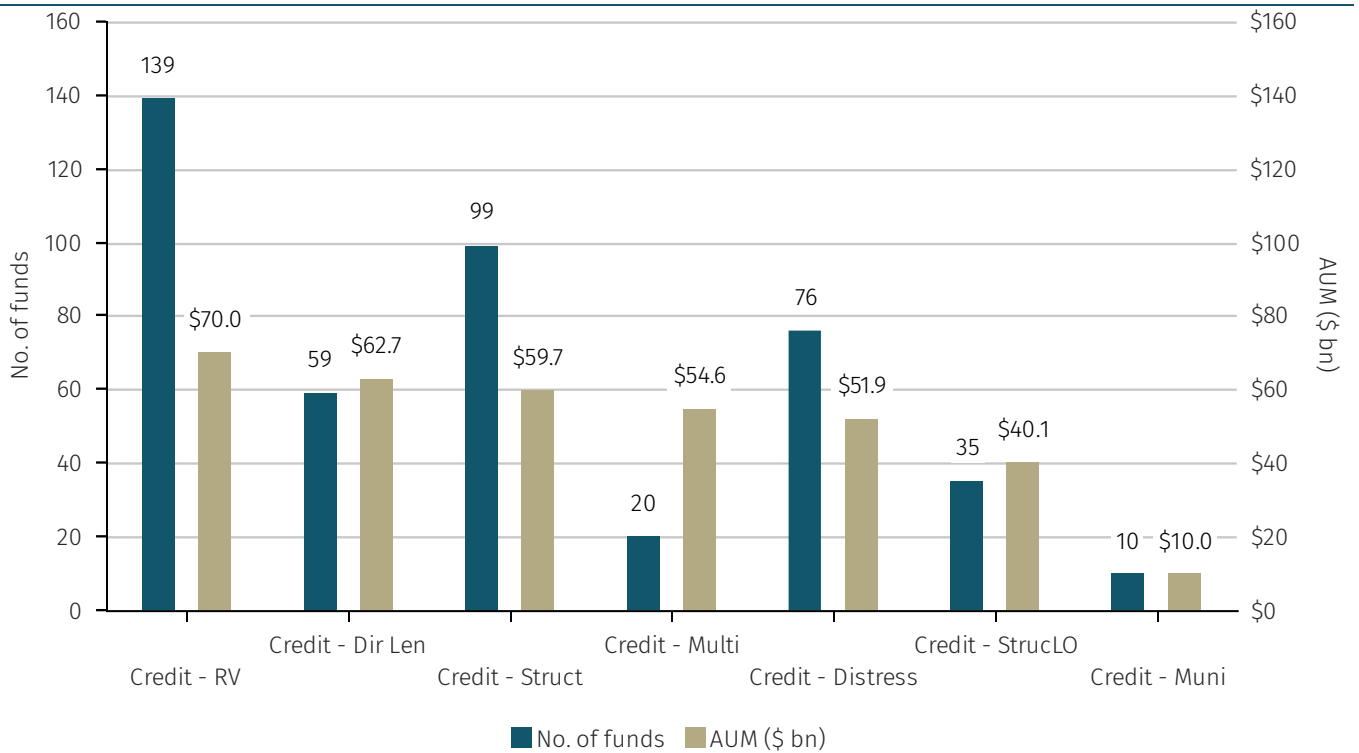


### Credit - Struct

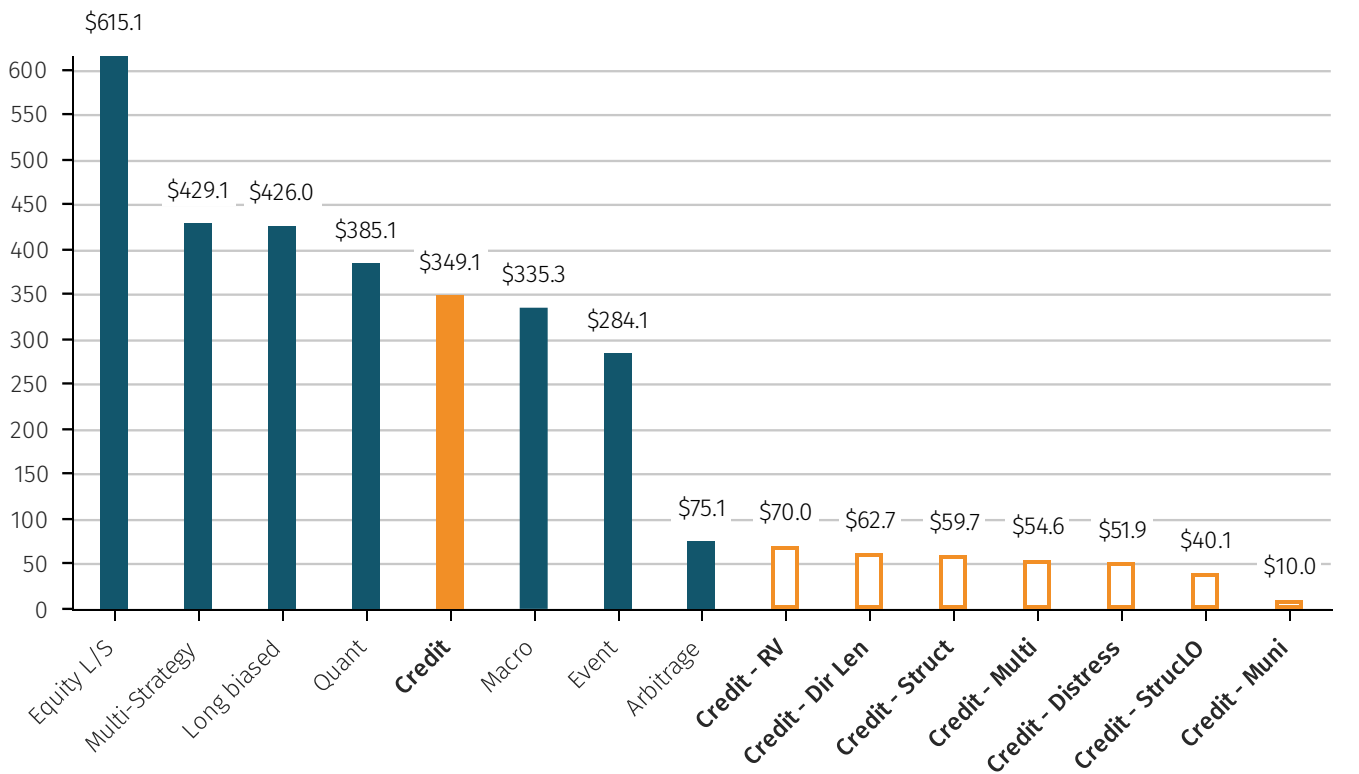


# Assets and flows

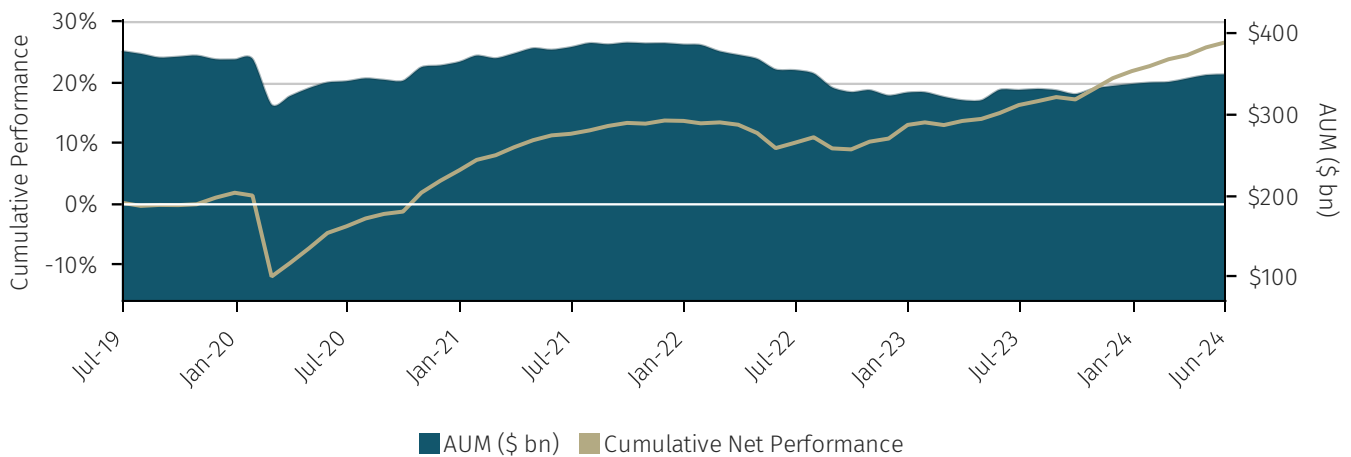
## NUMBER OF FUNDS AND AUM BY SUB-STRATEGY



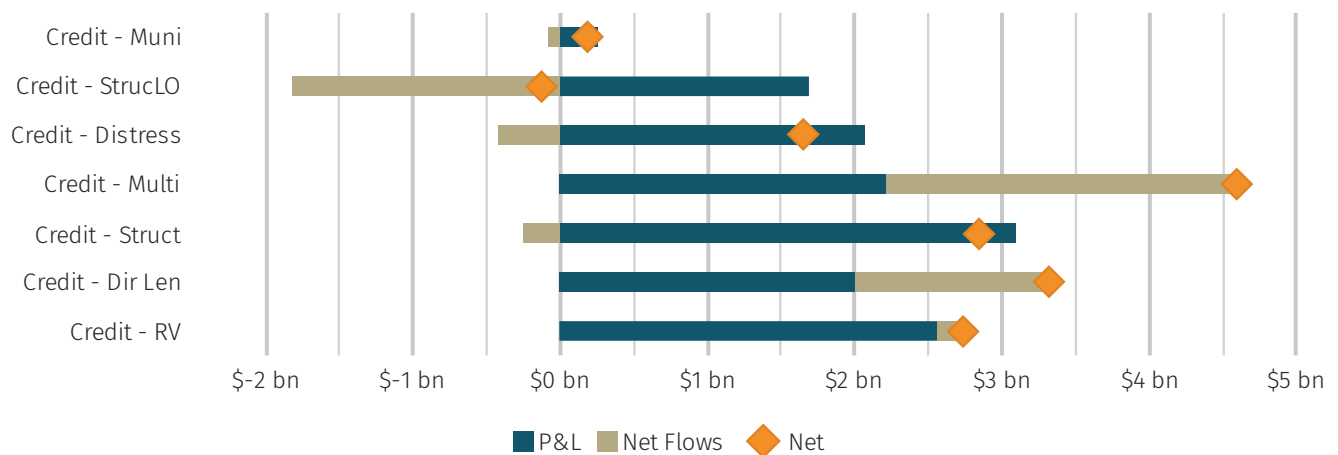
## CURRENT AUM OF MASTER STRATEGY (\$ BN)



## MASTER STRATEGY ASSETS (5 YR)\*



## 6-MONTH CHANGE IN AUM BY SUB-STRATEGY PERIOD ENDING JUNE 2024



## 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>Credit</b>	<b>65</b>	<b>Quarterly</b>	<b>170</b>	<b>1.33%</b>	<b>17.26%</b>
Direct lending (Dir Len)	75	Quarterly	210	1.35%	14.19%
Distressed (Distress)	90	Quarterly	262	1.58%	19.67%
Multi-credit (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%

<sup>1</sup>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 (Distressed)

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 Index**

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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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