



Hedge Fund Performance: Event-Driven Leads The Pack in April

Lyxor UCITS Peer Group Performance	Last week*	MTD	YTD	# of funds
MSCI World	-0.3%	4.2%	10.8%	
Event-Driven: Special Situations	-0.2%	1.9%	6.7%	6
L/S Equity Directional	0.0%	1.8%	3.8%	51
Event-Driven: Merger Arbitrage	0.3%	1.6%	3.3%	21
Global Lyxor UCITS Peer Group	-0.1%	1.2%	2.5%	213
Risk Premia	-0.2%	0.9%	3.6%	15
CTAs	-0.2%	0.8%	3.3%	26
Global Macro	-0.2%	0.7%	0.3%	51
L/S Equity Market Neutral	0.0%	0.9%	2.6%	20
Bloomberg Barclays Global Aggregate Bond Index	0.1%	0.5%	-2.0%	
L/S Credit	0.0%	0.4%	0.3%	23

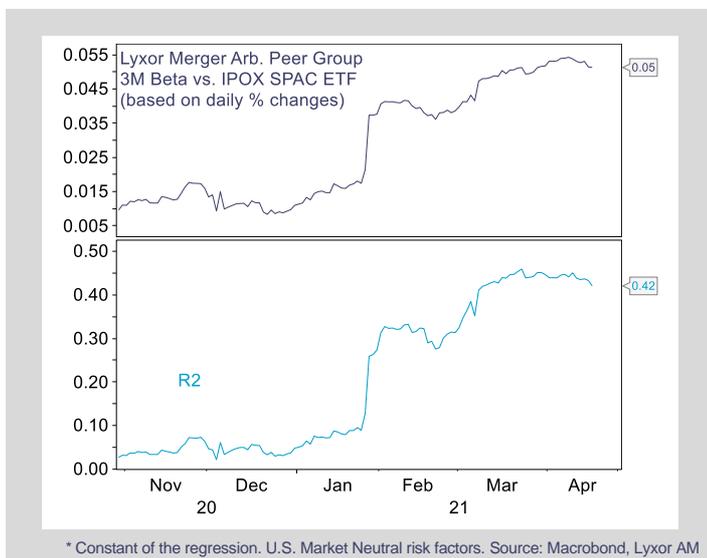
\*Last Week: April 16<sup>th</sup> to April 23<sup>rd</sup>. MTD and YTD as of April 23<sup>rd</sup>. Source: Bloomberg, Lyxor AM

Hedge fund strategies were flat last week as the MSCI World lost some ground (-0.3%) and the Global Aggregate Bond Index was flat. There was very little dispersion between alternative strategies, and Merger Arbitrage outperformed, up +0.3%.

On a month-to-date basis, the bounce back in fixed income benchmarks was supportive for some strategies that faced difficulties in Q1, in particular EM and Systematic Macro strategies, as well as L/S Credit. They nonetheless continued to underperform in April. Concurrently, Event-Driven continued to perform well with Special Situations and Merger Arbitrage up in the range of +1.5-2%. Directional L/S Equity strategies also benefited from the rebound in global equity markets.

Going forward, we continue to prefer Event-Driven vs. L/S Equity and CTAs vs. Global Macro.

SPACs as an Important Engine of Performance for Merger Arbitrage



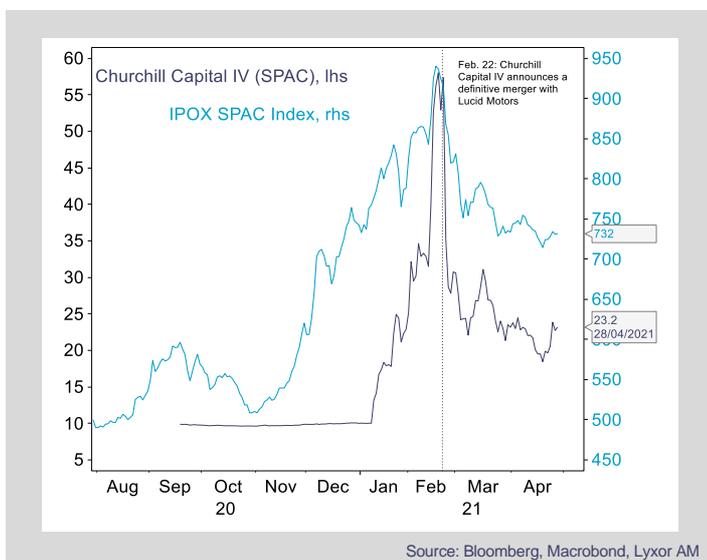
Merger Arbitrage strategies have embraced the SPAC wave in recent quarters to the point that it has become an important engine of performance at present.

We estimate that daily variations in the IPOX SPAC ETF contributed to explain more than 40% of the Lyxor Merger Arbitrage Peer Group daily returns over the past three months. Our Peer Group incorporates 12 UCITS strategies (equally weighted, see methodology at the end of this report).

Yet, Merger Arbitrage strategies smooth out significantly the volatility of the SPAC market\*. We estimate the beta to the SPAC market is as low as 5%, which implies that a -10% fall in the IPOX SPAC ETF translates into a -0.5% fall in Merger Arbitrage returns.

\* The realized volatility of the SPAC index stands above 30%, i.e. almost 3x times more than the realized volatility of global equities in the past 3 months.

Some Good News in a Market that has Become Less Exuberant



Churchill Capital IV (“CCIV”) is the largest SPAC deal agreed to date and is emblematic of the market from that perspective, with a trust value in excess of USD 2bn and a market capitalization close to USD 5bn.

It announced on Feb 22<sup>nd</sup> a definitive merger with Lucid Motors, an Arizona-based electric vehicle company and reportedly Tesla’s rival. Lucid Motors would go public in a \$24bn mega merger, signaling that SPACs are also taking on bigger acquisitions.

Since then the CCIV stock price fell more than 60% until mid-April, in a market that has become less exuberant. But since April 20<sup>th</sup>, the stock rebounded, up +25%. Renewed interest is based on speculation of a potential partnership to make EV cars with Apple.

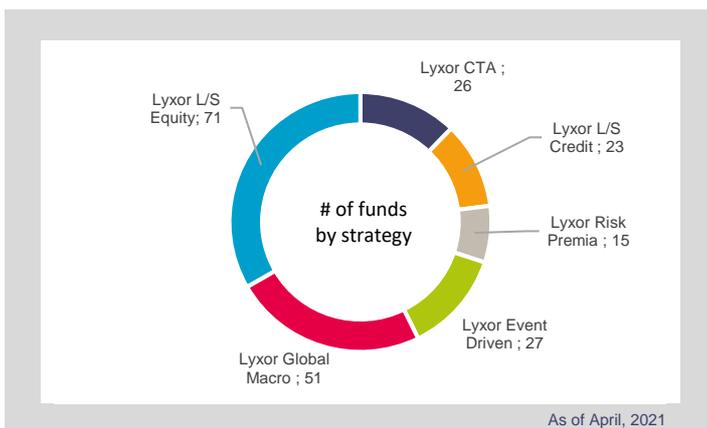
## METHODOLOGICAL APPENDIX

The information contained in this report on the performance of hedge funds is based on publicly available information. The universe of underlying funds is relatively stable but varies depending on the criteria of inclusion presented below. It is based on an unbiased selection from our hedge fund analyst team.

Performance is calculated on a weekly basis, as of end-Tuesday, using an arithmetic average (equally weighted average).

Regarding share classes used in these peer groups, we selected the primary share class as referenced in Bloomberg. Non-USD share classes are hedged in USD based on hedging costs available on Bloomberg.

### Lyxor Hedge Fund Peer Groups: number of funds by strategy



- 213 strategies across the main categories in the industry
- USD 186 billion of assets under management

### Criteria of inclusion

The criteria of inclusion are fourfold:

- We only include UCITS strategies;
- Assessment by Lyxor's Hedge Fund selection team based on funds' materials or manager interaction;
- We only include strategies with assets under management of at least USD 50 million; and
- We only include strategies with at least a one-year track record.

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