CB Equity Arbitrage Portfolio (EUR)
Report Q2 2023

AHEAD Wealth Solutions | Crossbow Partners Experience & Discipline

Target
Stable positive returns that are independent of stock market and bond market movements.

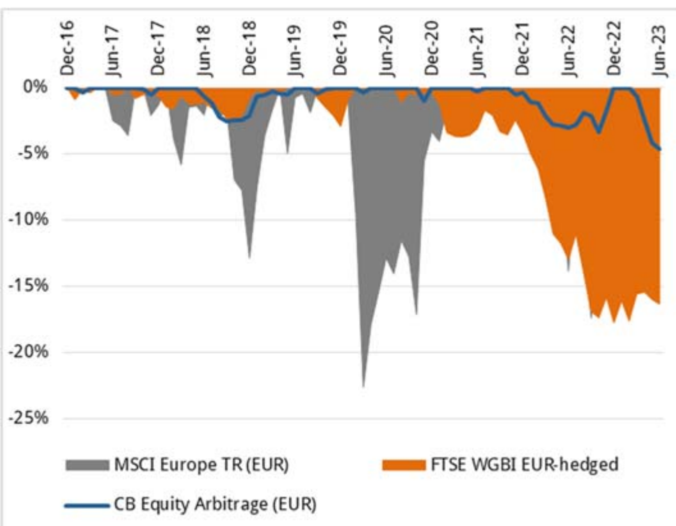
Concept
Allocations to specialised, highly experienced managers who exploit both behavioural and structural price inefficiencies. Focus on market neutral and liquid equity strategies that require little to no leverage.

Use
Diversified portfolio across sub-strategies, investment styles, asset classes, regions and time horizons. The very low correlation to traditional markets makes the portfolio suitable as a diversifier.

How this has worked so far

	Return				Risk: Volatility		Risk: Max. loss	
	Q2 2023	YTD 2023	3 years	5 years	3 years	5 years	3 years	5 years
CB Equity Arbitrage Portfolio (EUR)	-4.00%	-0.09%	2.75%	2.96%	4.18%	3.59%	-4.61%	-4.61%
Hedge Funds (HFRI Equity Market Neutral)	0.13%	0.32%	2.77%	0.26%	2.56%	2.79%	-1.84%	-7.26%
Bonds (FTSE World Government Bond)	-2.26%	0.61%	-7.67%	-3.68%	8.32%	7.08%	-28.58%	-28.58%

Limitation of losses



Low correlation to equities, bonds and hedge funds

	1	2	3	4
1 CB Equity Arbitrage (EUR)	1.00	0.17	0.12	0.25
2 FTSE WGBI EUR-hedged	0.17	1.00	0.16	-0.12
3 MSCI Europe TR Index (EUR)	0.12	0.16	1.00	0.49
4 HFRI EH: Equity Market Neutral Index (EUR)	0.25	-0.12	0.49	1.00

The portfolio has a low correlation to equities, bonds and market-neutral hedge fund strategies. This means that the value of the portfolio develops relatively independently compared to the movements of traditional investments and hedge funds.

Comment second quarter 2023

The portfolio gave back the strong gains from Q1 in Q2 and stands at -0.1% YTD at the end of June.

The losses were mainly due to the market neutral strategies, with equity arbitrage exposure also ending the quarter slightly negative.

Relative value-based strategies in Japan suffered losses as marginal inflows all went to growth stocks while value stocks were disregarded. Higher spreads had a negative impact on performance. Capital Structure Arbitrage strategies in China had a very difficult period. The manager attributes this to an imbalance between the supply and demand of securities. However, he is optimistic that patient investors can make a lot of money in this area.

Market-neutral equity strategies in Europe posted slight losses. Fundamental long/short equity portfolio managers struggled the most, with trading-oriented traders making gains.

Equity arbitrage strategies operated uncorrelated to the markets as usual, but were unable to skim off enough arbitrage opportunities due to the sharp drop in equity market volatility.