

## Video Title

### Audio Transcript

1  
00:00:01.085 --> 00:00:02.085

The video starts with a grayscale cityscape playing in the background, GCM Grosvenor's logo is centered in white over it and the title "Hedge Funds: Separating Myth from Reality" appears in white text in the center of the screen. There are important disclosures at the bottom of the screen. "GCM Grosvenor (NASDAQ: GCMG) is a global alternative asset management solutions provider across private equity, infrastructure, real estate, credit, and absolute return strategies. Investments in alternatives are speculative and involve substantial risk, including strategy risk, manager risk, market risks, and structural/operational risks, and may result in the possible loss of your entire investment. Past performance is not necessarily indicative of future results. The views expressed are for informational purposes only and are not intended to serve as a forecast, a guarantee of future results, investment recommendations or an offer to buy or sell securities by GCM Grosvenor. All expressions of opinion are subject to change without notice in reaction to shifting market, economic, or political conditions. The investment strategies mentioned are not personalized to your financial circumstances or investment objectives, and differences in account size, the timing of transactions and market conditions prevailing at the time of investment may lead to different results. Certain information included herein may have been provided by parties not affiliated with GCM Grosvenor. GCM Grosvenor has not verified such information and makes no representation or warranty as to its accuracy or completeness. The entire video is narrated by David Richter.

GCM Grosvenor's

2  
00:00:02.085 --> 00:00:06.045

latest white paper is a data rich resource, explaining key

3  
00:00:06.045 --> 00:00:09.045

The video changes to show David Richter sitting in front of a window. His name and title, Managing Director, Absolute Return Strategies, appears on the bottom right hand side of the screen.

themes in hedge fund performance and portfolio construction.

4  
00:00:09.225 --> 00:00:11.485

One of the major topics we examine is the role

5  
00:00:11.485 --> 00:00:14.925

of hedge funds in a well constructed multi-asset portfolio.

6  
00:00:15.825 --> 00:00:18.525

We consider hedge funds to be a crucial component

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00:00:18.585 --> 00:00:20.485

of such a portfolio due

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00:00:20.565 --> 00:00:22.685

to their attractive performance characteristics,

9

00:00:23.525 --> 00:00:26.645

downside mitigation and diversification benefits.

10

00:00:26.895 --> 00:00:29.525

The video changes to show a different angle of David, still seated in the same position.

While long only equities have recently performed

11

00:00:29.525 --> 00:00:31.845

exceptionally well, a return

12

00:00:31.865 --> 00:00:35.325

to a more normal market regime could present challenges

13

00:00:35.385 --> 00:00:38.405

for portfolios overly reliant on long only strategies.

14

00:00:39.095 --> 00:00:41.765

We've already seen signs of this this past month,

15

00:00:41.825 --> 00:00:44.285

The screen changes to a chart titled "The Sharpe Ratio of the S&P has been extremely elevated since the Global Financial Crisis." The chart shows rolling 5-year periods from 1960-2020. The pattern shows increase, decrease, increase, decrease, increase, decrease, with the latest increase happening from 2015-2020. The median is around 0.20 with spikes in 1990-2005 and 2015-2020 reaching 1+. The chart source is GCM Grosvenor, S&P. Returns as of March 2024. Reflects pure price return of S&P 500. A footnote states that "past performance is not indicative of future results."

but a more choppy environment has historically been a

16  
00:00:44.285 --> 00:00:45.445

tailwind for hedge funds

17  
00:00:45.865 --> 00:00:48.765

and investors typically benefit from this diversifying

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00:00:48.765 --> 00:00:51.405

component, which is also liquid enough

19  
00:00:51.405 --> 00:00:53.405

to capitalize on dislocations.

20  
00:00:53.795 --> 00:00:56.805

The video goes back to David.

Importantly, we believe hedge funds are better positioned

21  
00:00:56.965 --> 00:00:59.765

than traditional fixed income to meet this need.

22  
00:01:00.445 --> 00:01:03.125

Investor flows corroborate this value proposition, showing

23  
00:01:03.255 --> 00:01:06.005

The video changes to show a chart titled "The hedge fund industry has experienced consistent growth since the 1990s" slowing being animated to show growth starting at under \$500 in 1990 to nearly \$4,500 in 2024. The source is GCM Grosvenor, HFRI Industry Reports Q1 2024.

continuous growth in the hedge fund industry since the

24  
00:01:06.205 --> 00:01:07.925

1990s. For example,

25  
00:01:08.135 --> 00:01:11.805

today, hedge funds currently sit at an all time high in

26  
00:01:11.805 --> 00:01:14.285

terms of assets under management, and there is strong

27  
00:01:14.285 --> 00:01:18.485

The video changes back to David.

and increasing demand for particularly the elite, persistent,

28  
00:01:18.665 --> 00:01:20.485

and in demand firms.

29  
00:01:21.165 --> 00:01:23.885

A valued partner can help secure capacity with many

30  
00:01:23.885 --> 00:01:25.485

of these highly sought

31  
00:01:25.485 --> 00:01:28.925

after funds, potentially approving performance outcomes.

32  
00:01:29.905 --> 00:01:31.045

In our latest white paper,

33  
00:01:31.185 --> 00:01:32.605

we also address the myth

34  
00:01:32.675 --> 00:01:35.365

that the best hedge funds are difficult to access

35  
00:01:35.505 --> 00:01:38.285

and unfriendly to limited partners.

36  
00:01:38.625 --> 00:01:41.605

But we also affirm several realities, including

37  
00:01:41.915 --> 00:01:44.165

that an allocation of hedge funds can be crucial

38  
00:01:44.705 --> 00:01:46.325

for multi-asset portfolios

39  
00:01:46.325 --> 00:01:48.805

to move them along via efficient frontier.

40  
00:01:49.465 --> 00:01:53.205

And moreover, that now may be a particularly opportune time

41  
00:01:53.385 --> 00:01:54.445

to invest in hedge funds,

42  
00:01:54.455 --> 00:01:57.805

given the strategy tailwinds, increased riskiness

43  
00:01:57.805 --> 00:01:59.205

of long only strategies,

44  
00:01:59.705 --> 00:02:02.405

and the specific opportunity set for certain

45  
00:02:03.205 --> 00:02:04.405

globally elite firms.

46

00:02:05.145 --> 00:02:07.805

In the full piece, we delve deeper into these insights,

The end screen is a drone shot moving over the Chicago River with the text "Download 'Hedge Funds: Separating Myth from Reality' at GCMGrosvenor.com. Questions? Contact ARS@gcmgrosvenor.com" overlay. It eventually fades out to a blue background with a white GCM Grosvenor logo in the middle.

47

00:02:08.045 --> 00:02:11.205

illustrating why we believe hedge funds are a vital part

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00:02:11.745 --> 00:02:13.685

of a properly constructed portfolio.

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00:02:14.625 --> 00:02:16.525

Please feel free to download our paper

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00:02:16.585 --> 00:02:18.765

to understand the benefits hedge funds can bring

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00:02:18.765 --> 00:02:22.845

The end screen is a drone shot moving over the Chicago River with the text "Download 'Hedge Funds: Separating Myth from Reality' at GCMGrosvenor.com. Questions? Contact ARS@gcmgrosvenor.com" overlay. It eventually fades out to a blue background with a white GCM Grosvenor logo in the middle.

to your portfolio, and why now is an ideal time to invest.