

CITCO

Citco Monthly Hedge Fund Update

DECEMBER 2025



Executive Summary



PERFORMANCE

Funds rounded the year off with another positive month in December, with almost three quarters of strategies seeing gains.

Funds administered by the Citco group of companies (Citco) saw an overall weighted average return of 1.9%, with Global Macro, Commodity and Multi-Strategy funds standing out.

Global Macro funds were the top performers in December, with a weighted average return of 4.7%, followed by Commodities strategies at 2.3%, and Multi-Strategy funds at 2.1%.

Equities also finished the year in the green, with a weighted average return of 1.6%, while Event Driven funds came in at 0.7%. Only Fixed Income Arbitrage strategies were in negative territory, with a weighted average return of -0.2%.

On an assets under administration (AUA) basis, all categories were positive in December, but it was the largest funds that saw the highest returns. Funds with more than \$3bn of AUA had a weighted average return of 2.1%, followed by the \$1bn-\$3bn and \$500m-\$1bn categories, both at 1.6%. Funds with between \$200m-\$500m of AUA had a weighted average return of 1.4%, while the smallest funds with less than \$200m of AUA came in at 0.6%.

Some 73% of funds were positive in December, while the spread between the best and worst performers was consistent with previous months, at 6.3%.



CAPITAL FLOWS

Hedge funds saw \$16.1bn of net outflows in the final month of 2025, once again repeating patterns typically seen at year-end, although outflows were significantly lower than the previous December's tally of \$22bn.

Subscriptions of \$23.7bn were below redemptions of \$39.8bn, with outflows seen across most strategy types and fund size categories.

Reversing recent inflows, Multi-Strategy funds had the highest net outflows in December, at \$6.2bn, but they remain positive across 2025 as a whole after being a focal point for investors throughout the year¹.

Equity funds had net outflows of \$4.8bn, followed by Fund of Funds at \$3.4bn and Global Macro at \$1.1bn. Other strategies saw smaller outflows, while Emerging Markets and Hybrid funds saw net inflows of \$0.4bn and \$0.5bn respectively.

The largest funds with more than \$10bn of AUA had the highest net outflows of \$6.1bn in December, but they remain positive for 2025 overall, having taken the vast majority of net inflows throughout the year.

Meanwhile, funds with between \$5bn-\$10bn of AUA had net outflows of \$3.1bn, followed by funds with between \$1bn-\$5bn of AUA, at \$2.7bn. The smallest funds with less than \$1bn of AUA also saw net outflows of \$4.1bn.

On a regional basis, outflows were concentrated on the Americas, with \$13.7bn of net outflows, while Europe saw net outflows of \$2bn, and Asia was near flat, with outflows of just \$0.4bn.



360-DEGREE HEDGE FUND SOLUTIONS - STRATEGIC PARTNERSHIP MODELS

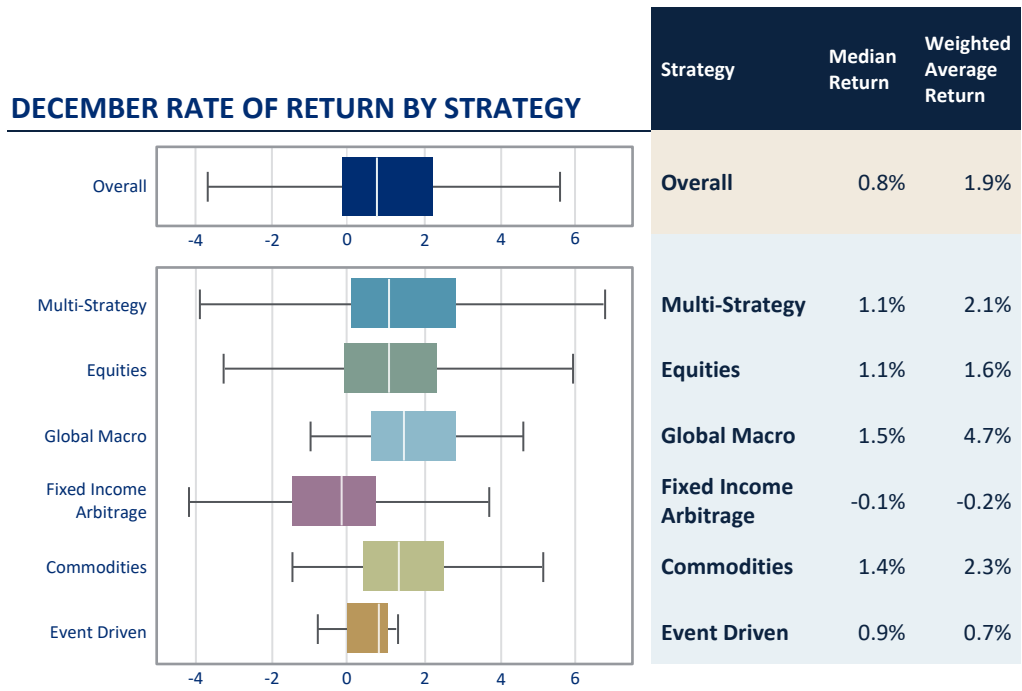
Changes to internal shadow footprints, and a shift from traditional 'full shadow' models toward more sophisticated oversight frameworks, are now being seen more frequently across hedge funds, with two transformative partnership approaches emerging at the forefront of fund operations: strategic staff augmentation and technology co-sourcing solutions.

These models are redefining how investment managers optimize their internal operational infrastructure and lever external expertise in ways that were not possible in the past. Citco explores these models and what they could mean for managers in this [new article](#).

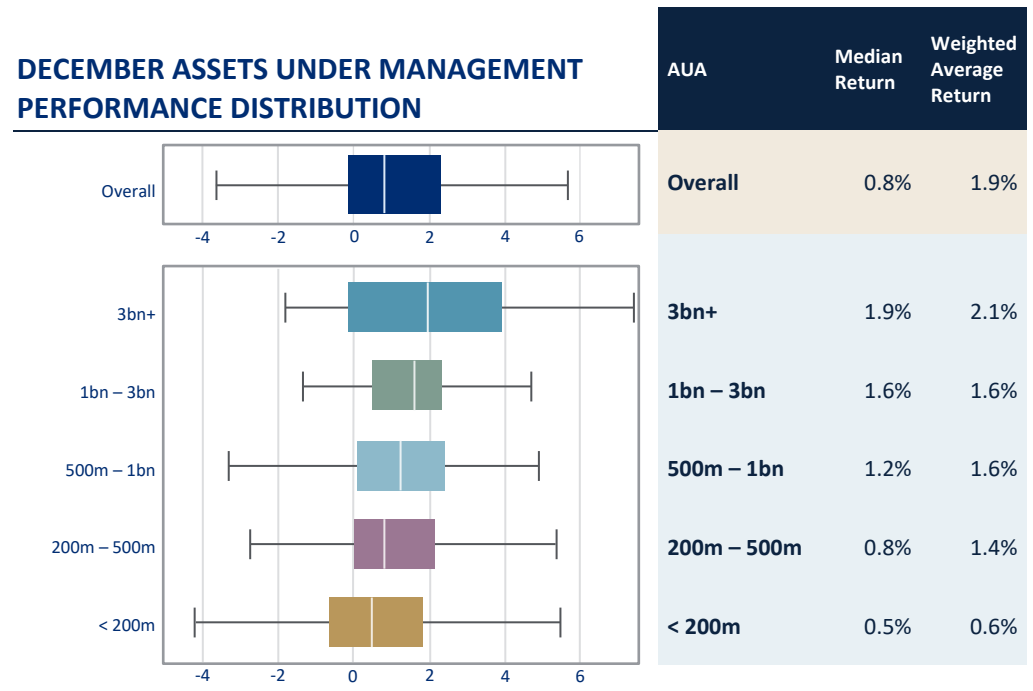
1. Full details for 2025 will be available in Citco's 2025 Hedge Fund Report

Performance

Monthly Performance Growth by Strategy²



Monthly Performance by Assets Under Administration

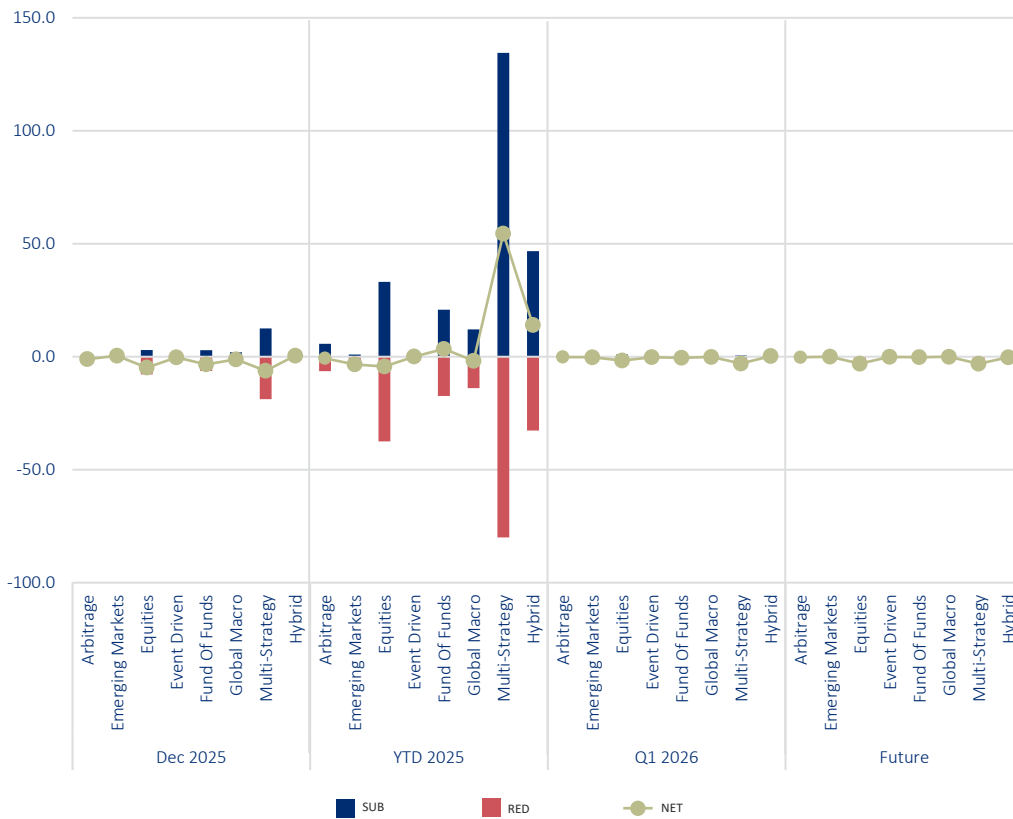


² Based upon December month-end business day 1 through business day 5 deliverables for Middle Office/Valuation P&L/Fund Accounting. Citco only includes returns for those strategies where we believe we have sufficient daily service delivery on that strategy.

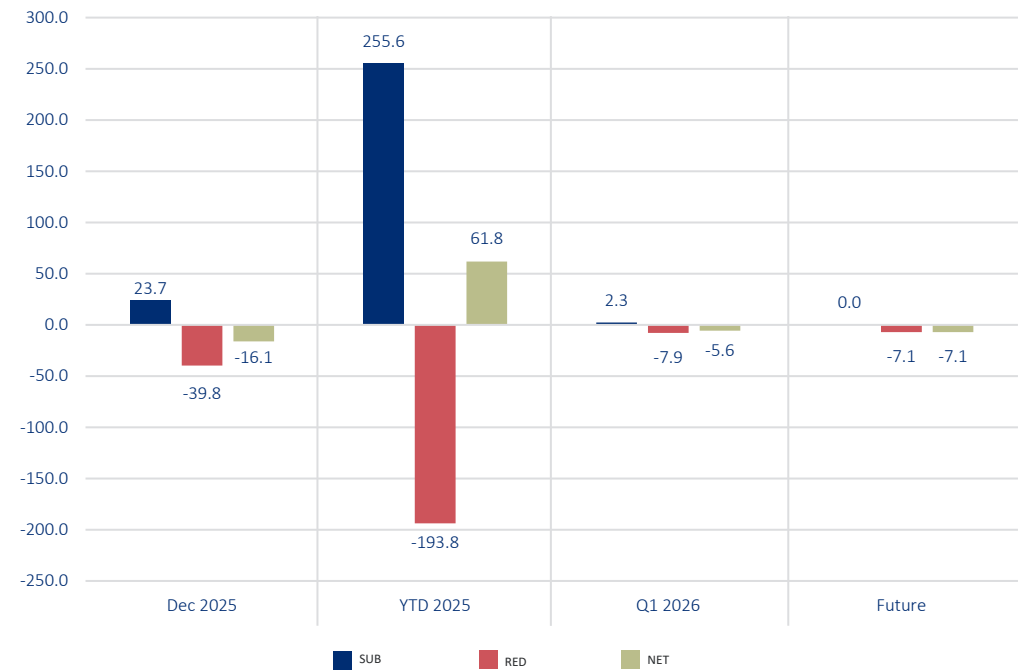


Overview of Investor Flows

CAPITAL FLOWS BY STRATEGY

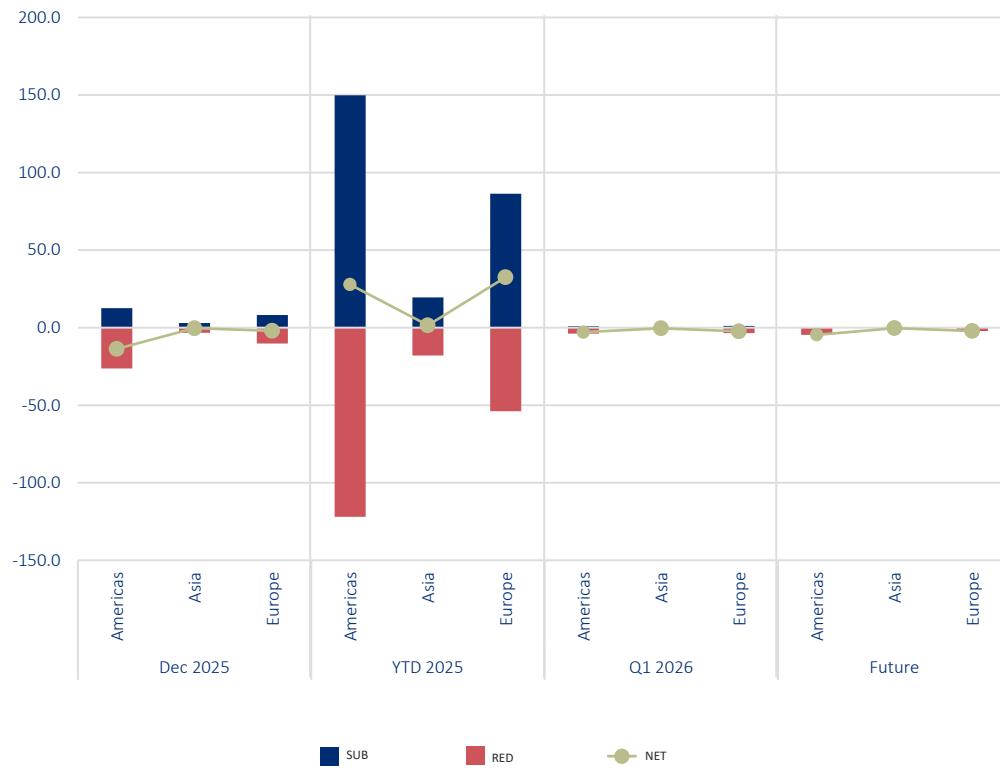


OVERALL CAPITAL FLOWS

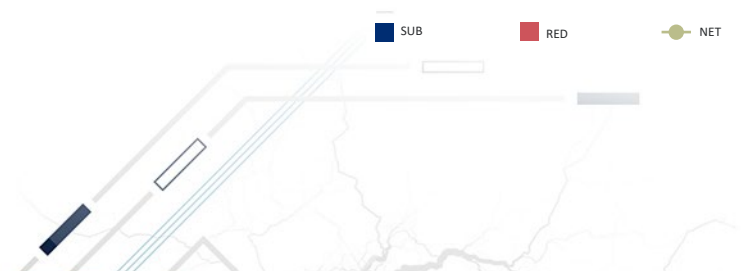
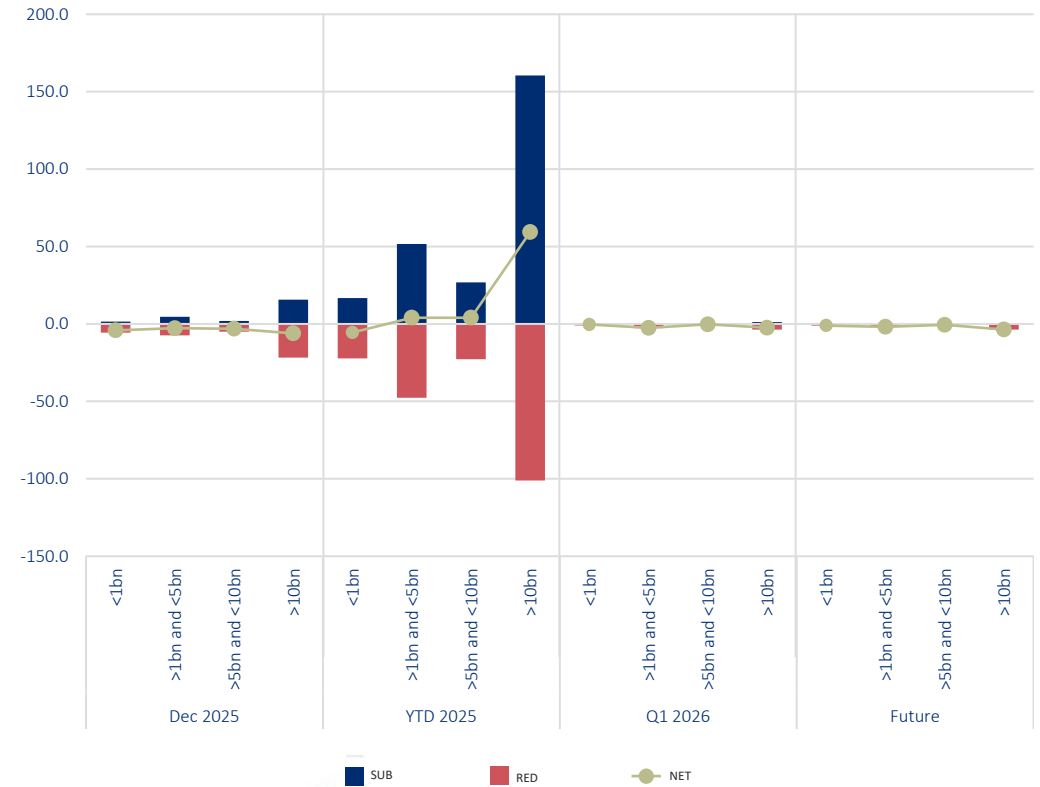


Overview of Investor Flows

CAPITAL FLOWS BY REGION

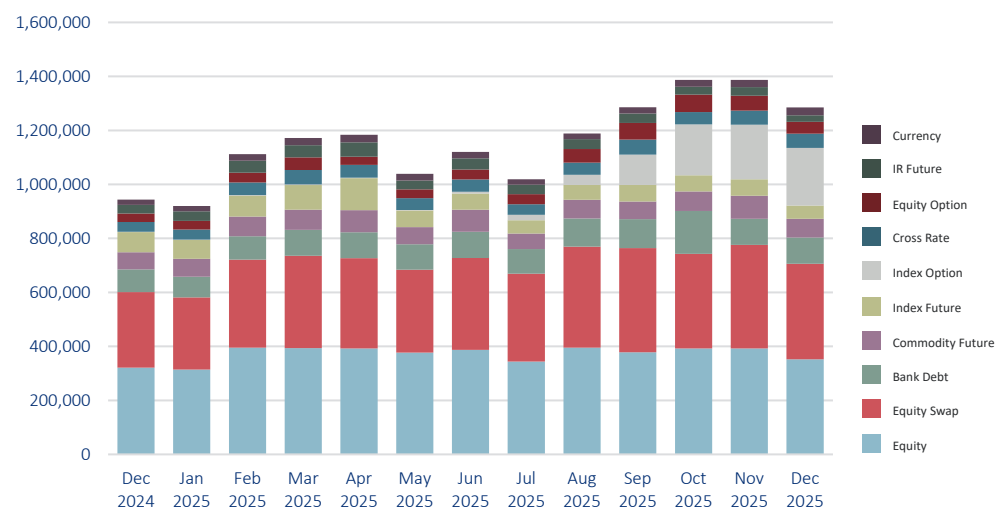


CAPITAL FLOWS BY ASSETS UNDER ADMINISTRATION



Insights into Trade Volumes

TRADE VOLUMES



Trade volumes dipped in December versus the previous month, but despite the decline the final quarter still set a record for trade activity. December’s daily average trade volume was down 6.9% compared to November, but it still ranked as the fourth-highest month of 2025.

Year-end trading activity was lower across most of Citco’s client base, with similar trends observed across products, while market volatility reached its lowest point of the year, signaling a relatively calm environment in equity markets.

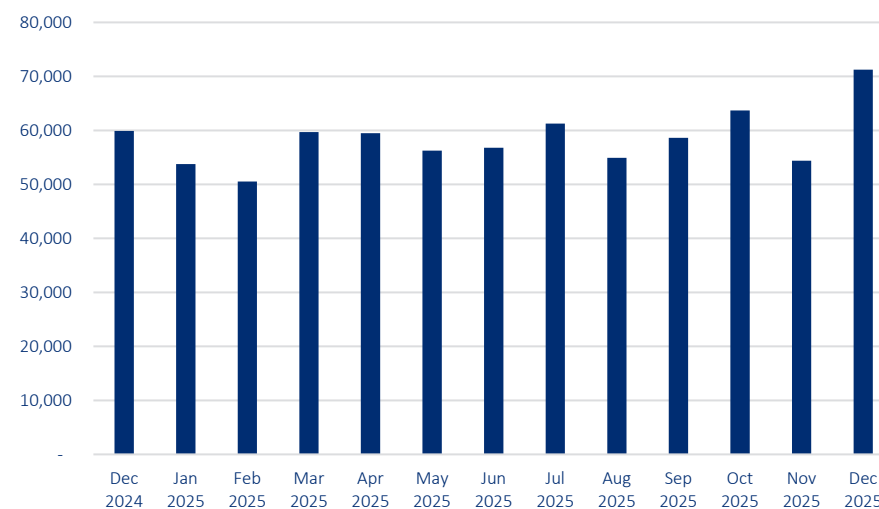
Citco saw trades in listed fixed income and index derivatives see the sharpest pullbacks, falling between 35-50% compared to November. This contrasts with the broad-based participation seen earlier in the quarter, as activity tapered across strategies. Despite these shifts, Citco’s infrastructure continued to demonstrate resilience and scalability, achieving a Straight-Through Processing (STP) rate of 97.16%, even as Q4 volumes remained historically high.

3. Data on payments volumes are constituted by all dispatched payments including Letter of Acceptances (LOAs).

4. Excludes all payments to investors/limited partners.

Insights³ into Payments⁴, Treasury and Collateral

MONTHLY TREASURY VOLUMES



Treasury payments broke a new monthly record in December above 70,000 as activity increased at year-end.

Citco processed 71,240 payments in December, breaking October’s previous peak of 63,395. December 2025’s figure was significantly ahead of the same month last year when treasury payment volumes totaled just under 60,000.

Treasury activity has peaked every December since Citco started producing these reports, and the figures have continued to grow every year. This December’s figures are more than double the volumes seen in the corresponding December in 2020.

CITCO

