



AQR Delphi Long-Short Equity: A Defensive and Diversifying Strategy Q4 2022

The AQR Delphi Long-Short Equity Strategy (“Delphi” or “the Strategy”) aims to deliver equity-like returns, annually, over the long-term with a moderate level of market exposure. The Strategy favors low-risk, high-quality stocks across a highly diversified long-short global equity portfolio of large and small cap stocks. It is structured to provide a highly diversifying source of returns in order to complement existing allocations that are often underweight low-risk and high-quality “defensive” stocks.

Exhibit 1: Recent Performance

	Delphi Long-Short Equity Composite Net Returns	Beta-Adjusted Benchmark	MSCI World
October 2022	5.3%	3.7%	7.2%
November 2022	4.9%	3.1%	5.8%
December 2022	-2.5%	-2.3%	-5.0%
Q4 2022	7.7%	4.3%	7.7%
2022	-6.0%	-6.9%	-15.4%
Since Inception (Ann.)	12.9%	5.0%	10.7%

Source: AQR, Bloomberg. Delphi Long-Short Equity Composite returns represent unaudited net returns prepared by AQR. Delphi L/S Beta-Adjusted Benchmark: From 11/1/12 – 10/31/18 is a 45% weighting to MSCI World Total Return Unhedged Index in USD and 55% weighting to ICE BofAML 3 Month T-Bill Index. From 11/1/18 onwards is a 50% weighting to MSCI World Net Total Return Hedged Index in USD and 50% weighting to ICE BofAML 3 Month T-Bill Index. Net performance is calculated based on a 0.6% mgmt. fee and a 15% performance fee over the Delphi L/S Beta-Adjusted Benchmark. Performance for the month ending December 31, 2022 is estimated and subject to change. Past performance is not a reliable indicator of future performance. Please read important disclosures in the Appendix. The GIPS Composite Reports for the Delphi Long-Short Equity Composite can be found in the back Appendix.

In the fourth quarter, amid another volatile period for equity markets, the Delphi strategy generated positive returns. The Delphi Composite returned +7.7% (net of fees) while the MSCI World (hedged to USD) was up +7.7% and the official beta-adjusted benchmark was up +4.3%. For the full year of 2022, the Delphi Composite returned -6.0% (net of fees) while the MSCI World (hedged to USD) was down -15.4% and the official beta-adjusted benchmark was down -6.9%.

2022 was a challenging year for global equity markets as concerns over persistently high inflation and global central banks’ aggressive monetary tightening in response to it raised concerns about a contraction in global economic growth and corporate earnings. The fourth quarter saw some reprieve in the sell-off on increased optimism that inflation pressures were beginning to subside and that a hard-landing for the global economy could potentially be avoided. However, this optimism ebbed somewhat in December as global central banks reiterated the need for further tightening.

As a result, the Strategy’s passive market exposure contributed roughly +4.3% during the fourth quarter but detracted over the full year by about -6.9%. The active stock selection component of Delphi, which prefers more defensively-oriented stocks, contributed positively during both periods, adding approximately +3.4% during the fourth quarter and +0.9% for the full year net of fees.

As a reminder, the Strategy’s active security selection seeks defensive exposure, going long stocks that are lower risk and higher quality than their peers while shorting companies that are riskier and lower



quality. We also include some exposure to Value themes to avoid overpaying for these defensive characteristics.

The positive performance from active stock selection in both periods was due to outperformance from low-risk securities, measured by low beta and low volatility, as well as from cheaper, Value, securities. Low Risk was the larger contributor for the fourth quarter, while Value contributed more modestly, but was the main driver for the full year period. Fundamentally high-quality stocks continued to underperform in the fourth quarter, detracting further from a more challenging year for the Quality theme.

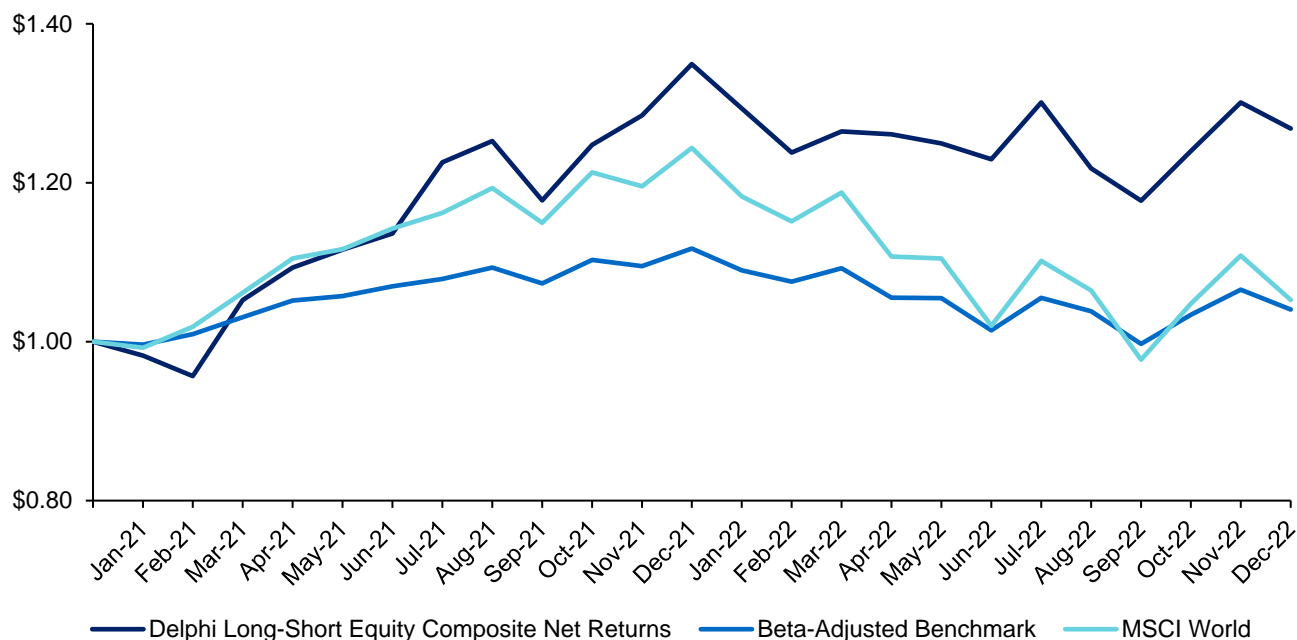
The Delphi strategy tended to outperform in most sectors during both periods. The largest gains in the fourth quarter came from within Health Care, Consumer Discretionary, and Financials, while stock selection within Health Care, Consumer Staples and Communication Services drove gains for the year.

From a regional perspective, relative outperformance was driven by stock selection within the U.S. for both the fourth quarter and the full year, while stock selection within Canada also added to a lesser extent. Stock selection within the other regions detracted during both periods, with European stock selection detracting the most, albeit modestly.

Exhibit 2: Hypothetical Growth of a Dollar

AQR Delphi Long-Short Equity Monthly Performance (Net of Fees)

January 1, 2021 – December 31, 2022



Source: AQR, Bloomberg. Delphi Long-Short Equity Composite returns represent unaudited net returns prepared by AQR. Delphi L/S Beta-Adjusted Benchmark: From 11/1/12 – 10/31/18 is a 45% weighting to MSCI World Total Return Unhedged Index in USD and 55% weighting to ICE BofAML 3 Month T-Bill Index. From 11/1/18 onwards is a 50% weighting to MSCI World Net Total Return Hedged Index in USD and 50% weighting to ICE BofAML 3 Month T-Bill Index. Net performance is calculated based on a 0.6% mgmt. fee and a 15% performance fee over the Delphi L/S Beta-Adjusted Benchmark. Performance for the month ending December 31, 2022 is estimated and subject to change. Past performance is not a reliable indicator of future performance. Please read important disclosures in the Appendix.



I. Performance

Delphi delivered a positive net of fee performance of +7.7% in Q4 2022, bringing the full year performance to -6.0% net of fees, outperforming the beta adjusted benchmark and HFRI Equity Hedge Index over both periods (shown in *Exhibit 3* below).

Summary

Exhibit 3: AQR Delphi Long-Short Equity Composite Net Returns

November 1, 2012 – December 31, 2022

	Delphi Long-Short Equity Composite Net Returns	Beta-Adjusted Benchmark*	HFRI Equity Hedge Index – Asset Weighted	Credit Suisse Long/Short Equity Index
2012 (Nov. – Dec.)	-4.9%	1.5%	2.6%	2.3%
2013	17.8%	11.4%	18.8%	17.7%
2014	16.5%	2.3%	2.7%	5.5%
2015	22.9%	-0.1%	1.4%	3.6%
2016	14.3%	3.7%	2.2%	-3.4%
2017	25.6%	10.1%	11.8%	13.4%
2018	1.8%	-3.2%	-5.9%	-4.6%
2019	20.4%	14.8%	12.8%	12.2%
2020	-4.3%	8.1%	9.0%	7.9%
2021	34.9%	11.7%	8.2%	8.3%
2022	-6.0%	-6.9%	-8.6%	-5.8%
Q4 2022	7.7%	4.3%	4.2%	5.6%
1-Year	-6.0%	-6.9%	-8.6%	-5.8%
3-Year (Ann.)	6.7%	4.0%	2.5%	3.3%
5-Year (Ann.)	8.3%	4.6%	2.7%	3.3%
7-Year (Ann.)	11.4%	5.2%	3.9%	3.7%
10-Year (Ann.)	13.7%	5.0%	4.9%	5.2%

Summary (Since November 1, 2012)

Since Inception (Ann.)	12.9%	5.0%	5.1%	5.4%
Ann. Volatility	12.6%	6.7%	7.4%	6.6%
Sharpe Ratio	1.0	0.6	0.6	0.7
Correlation to Delphi L/S		0.5	0.2	0.4

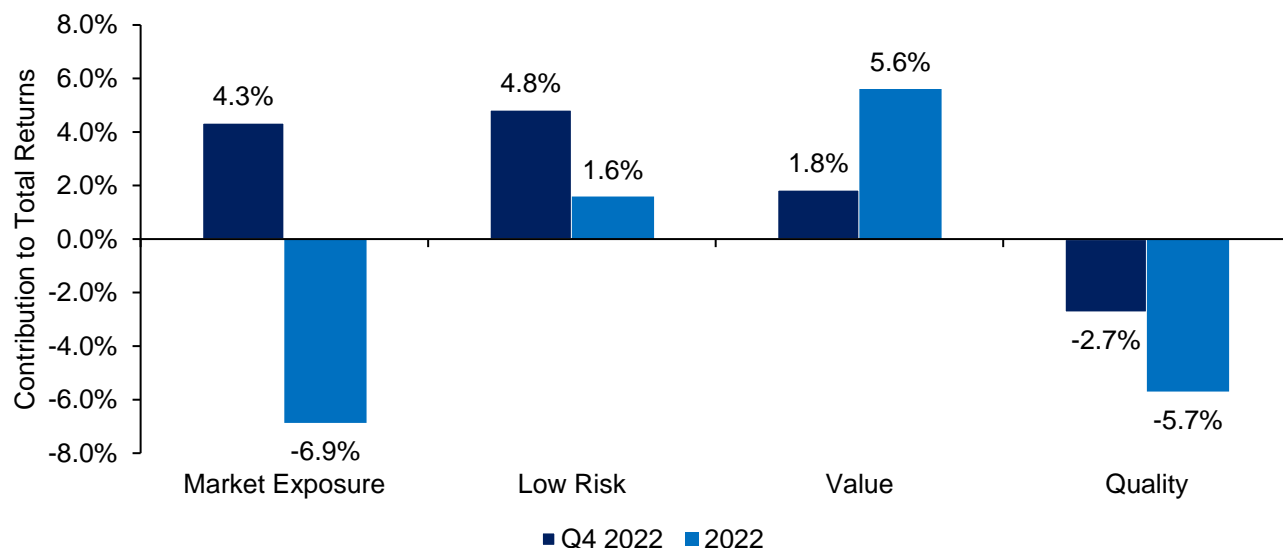
Source: AQR, Bloomberg. Delphi Long-Short Equity Composite returns represent unaudited net returns prepared by AQR. Delphi L/S Beta-Adjusted Benchmark: From 11/1/12 – 10/31/18 is a 45% weighting to MSCI World Total Return Unhedged Index in USD and 55% weighting to ICE BofAML 3 Month T-Bill Index. From 11/1/18 onwards is a 50% weighting to MSCI World Net Total Return Hedged Index in USD and 50% weighting to ICE BofAML 3 Month T-Bill Index. Net performance is calculated based on a 0.6% mgmt. fee and a 15% performance fee over the Delphi L/S Beta-Adjusted Benchmark. Performance for the month ending December 31, 2022 is estimated and subject to change. Past performance is not a reliable indicator of future performance. Please read important disclosures in the Appendix. Other portfolios that trade similar securities and/or strategies as those portfolios included in this composite, but do not meet this composite's strategy criteria, are excluded from this composite and reside in one or more separate composites, which are available upon request.



Thematic Performance

Q4 2022 gains were roughly split between the Strategy's market exposure (+4.3%) and gains from the active stock selection component (+3.9%). Active stock selection gains for the quarter were driven by the Low Risk (+4.8%) and Value (+1.8%) themes, while Quality (-2.7%) partially offset. Negative performance for the full year of 2022 was driven primarily by the Strategy's market exposure (-6.9%), while gains from active stock selection (+1.5%) somewhat offset. Thematically, gains in 2022 were driven mostly by Value (+5.6%) and to a lesser extent Low Risk (+1.6%), while Quality (-5.7%) detracted.

Exhibit 4: Q4 2022 and 2022 Investment Theme Contribution to Total Returns



Source: AQR, Bloomberg. Performance for month ending December 31, 2022 is estimate and subject to change. Performance shown of the AQR Delphi Long-Short Equity Strategy representative account with the longest track record. Data shown is from a representative account with a unique tracking error and account guidelines and may not be fully representative of other Delphi Long-Short Equity portfolios AQR may manage. Gross performance results do not reflect the deduction of investment advisory fees and other expenses, which would reduce an investor's actual return. Past performance is not a reliable indicator of future performance. Attribution is subject to change at any time without notice. Please see additional performance disclosures in the Appendix.

The active portion of the Delphi strategy tended to outperform in most sectors during both periods. The largest gains in the fourth quarter came from within Health Care, Consumer Discretionary, and Financials, while stock selection within Health Care, Consumer Staples and Communication Services drove gains for the full year period.

From a regional perspective, relative outperformance was driven by stock selection within the U.S. for both the fourth quarter and the full year, while stock selection within Canada also added to a lesser extent. Stock selection in the other regions detracted in both periods, with European stock selection detracting the most, albeit modestly.



II. Delphi Overview and Investment Objectives

The overall investment objective of the AQR Delphi Long-Short Equity alternative strategy is twofold: both to deliver equity-like returns, annually, over the long term with a moderate level of market exposure, and to provide diversification to other investment portfolios.

The Strategy favors lower risk, or defensive, stocks. This includes stocks that are exposed to lower market risk (e.g., lower beta stocks) and stocks that are exposed to lower business cycle risk (generally described as higher quality stocks). The Delphi strategy will seek to invest long in lower risk, higher quality stocks, and invest short in higher risk, lower quality stocks, while providing a modest level of passive market exposure. We also consider valuation in the investment process, with the goal of avoiding overpaying for low-risk stocks and avoiding shorting high-risk stocks at too low of a price.

The underlying investment drivers of the AQR Delphi Long-Short Equity Strategy are supported by:

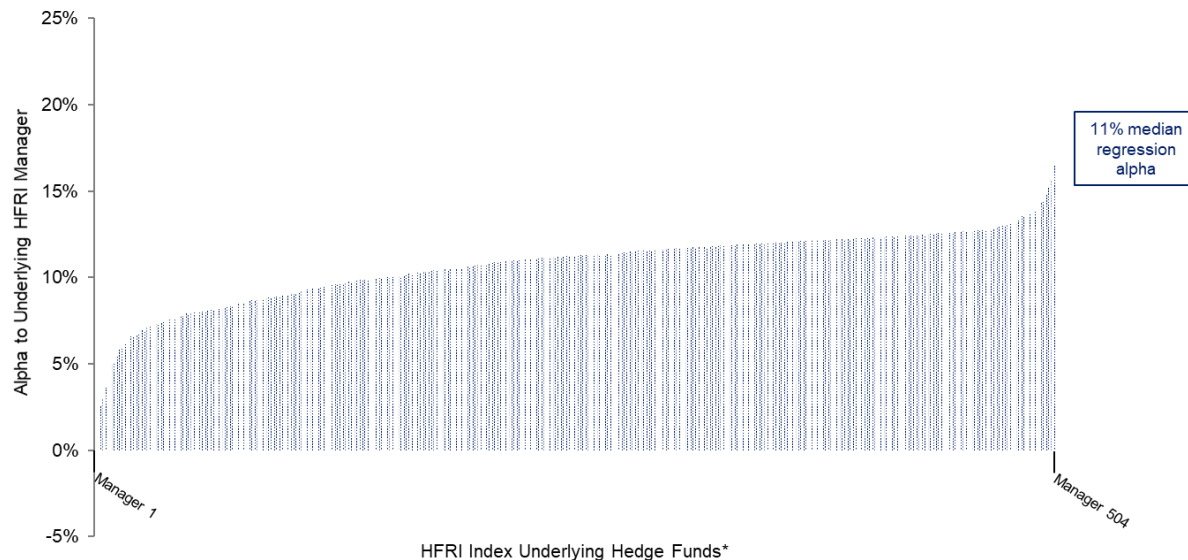
- **Persistent Structural Influences:** While there are several possible explanations for the low-risk anomaly, perhaps the most prominent is the theory of leverage aversion. The theory states that all investors seek higher returns, but many are unable or unwilling to utilize leverage which forces them to overweight risky securities, pushing prices up and lowering their rates of return. At the same time these investors underweight safer securities, lowering prices and raising their rates of return.
- **Persistent Behavioral Patterns:** There is a well-documented phenomenon that over the long-term, higher quality stocks tend to outperform lower quality stocks. Theories related to a quality premium suggest assets with larger and/or more stable future expected cash flows tend to command higher subsequent returns than their opposites. This may relate to investors preferring safer companies with less business cycle risk and demonstrating a willingness to pay a premium for these characteristics.
- **Strong Empirical Evidence:** As demonstrated by our extensive research, please see “*Additional Information*” section for academic paper links.

The sources of excess return that the Delphi Long-Short Equity Strategy seeks to capture do not appear to be widely captured by other Hedge Fund managers, as shown in *Exhibit 5*.



Exhibit 5: Delphi Regression Alpha Over HFRI Index Underlying Hedge Funds*

November 1, 2012 – December 31, 2022

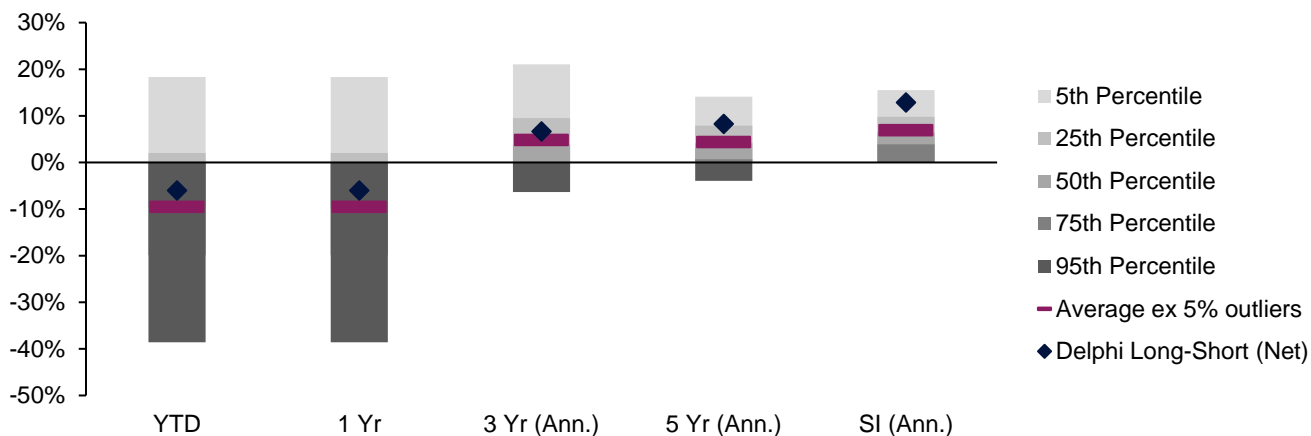


*HFRI Equity Hedge Index is made up of managers who maintain at least 50% exposure to, and may in some cases be entirely invested in, equities, both long and short.

Source: AQR. Time period is based on the inception of the AQR Delphi Long-Short Equity Strategy. We require at least 36 months of overlap with AQR for a manager to be included in the calculation. Some managers do not have returns over the complete period from November 1, 2012 to December 31, 2022 due to incomplete reporting as of the creation of this chart. Regression alpha sorted from smallest to largest of live net of fee returns of Delphi Long-Short Equity Composite as of December 31, 2022 on each single manager's net return, excess of cash. From inception to 10/31/2018, net returns are calculated based on 0.6% model mgmt. fee, 15% performance fee (over (0.45 * MSCI World) (0.55 * T Bills) hurdle) per annum. From 11/01/2018 onward, net returns are calculated based on 0.6% model mgmt. fee, 15% performance fee (over 50/50 MSCI World 100% Hedged to USD Net Total Return / T Bills hurdle) per annum. Cash is the ICE BofA 3-Month T-Bill Index in USD. Net returns need to be available in USD. Data shown is from the Delphi Long-Short Equity Composite with a unique tracking error and account guidelines and may not be fully representative of other portfolios AQR may manage. There is no guarantee, express or implied, that this strategy will continue to outperform in the future. Past performance is not a reliable indicator of future performance.

Not only has correlation between other alternative long-short equity hedge funds been low, since inception Delphi has outperformed many of its peers over longer time horizons (see *Exhibit 6*), including periods of both negative equity market performance (2018 and 2022) and positive equity market performance (2019).

Exhibit 6: Delphi Long-Short Equity Strategy Performance vs. Long-Short Equity Universe



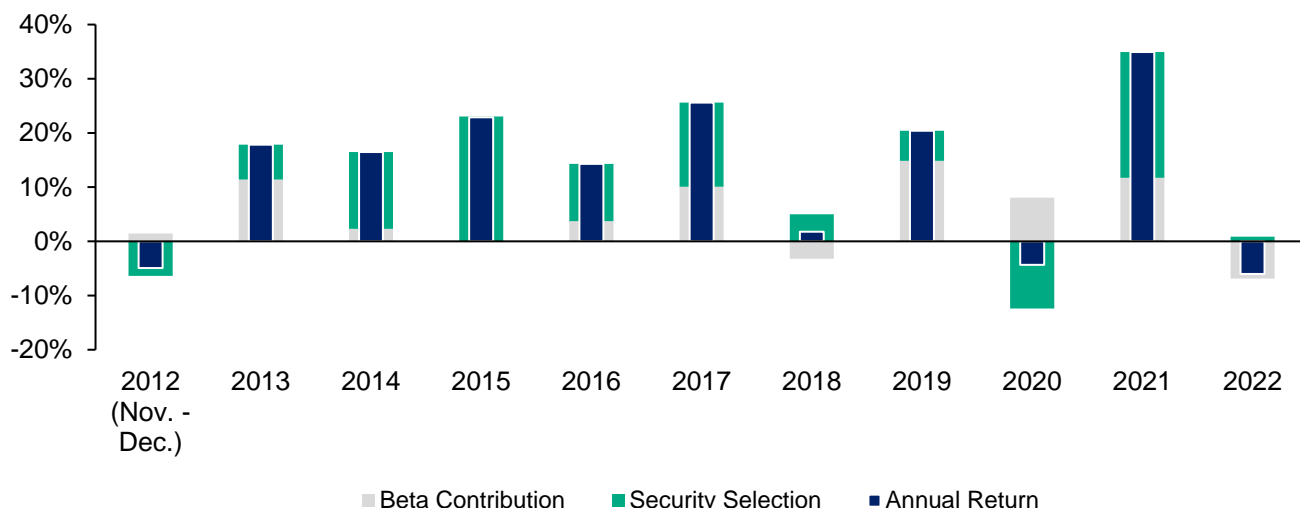
Source: AQR, Evestment. Net performance data from Evestment using Long-Short Equity category as of December 31, 2022, Global in USD. Delphi Long-Short Equity net returns calculated using 0.6% model fee and 15% performance fee hurdle over beta adjusted MSCI World Benchmark. Beta Adjusted MSCI World represents a 45% allocation to MSCI World 100% Hedged to USD and 55% allocation to ICE BAML 3 Month Treasury Bills from Strategy Inception to October 31, 2018 and 50% allocation to MSCI World 100% Hedged to USD Net Total Return and 50% allocation to ICE BAML 3 Month Treasury Bill Index since November 1, 2018. Past performance is not a reliable indicator of future results.



The Delphi Long-Short Equity Strategy is expected to capture returns from both its market exposure (the beta contribution) and the added value from favoring low-risk, high-quality stocks at a reasonable price (the return from security selection). *Exhibit 7a* demonstrates that the bulk of excess returns since inception have been derived from effective stock selection. As *Exhibit 7b* demonstrates, this is in contrast to its competitive peer group which in aggregate has appeared to derive much of its historical performance from market beta, perhaps not coincidentally during a period of time when equity market returns tended to be high.

Exhibit 7a: Annual Delphi Long-Short Attribution (Net of Fees)

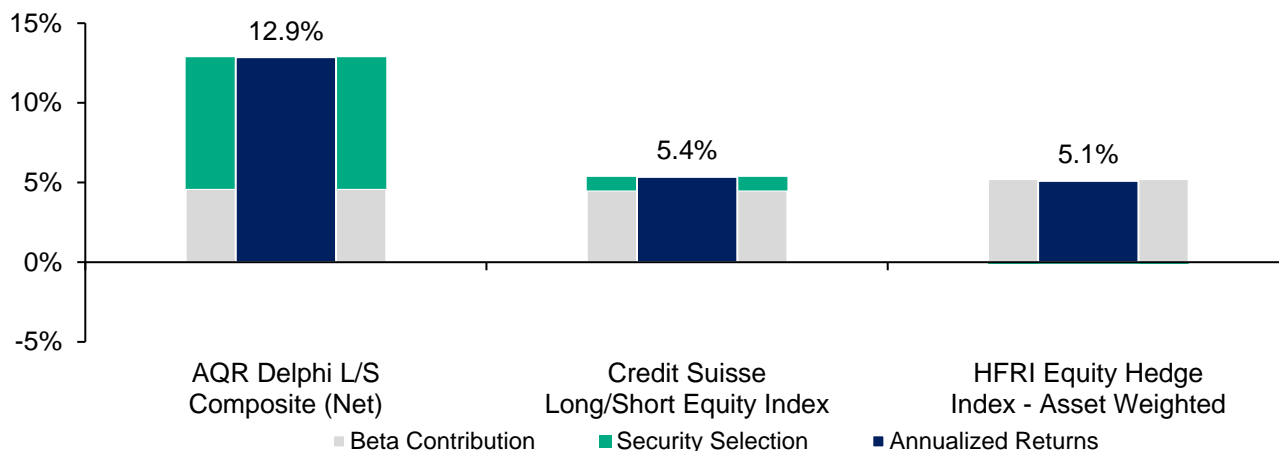
November 1, 2012 – December 31, 2022



Source: AQR. Performance for the month ending December 31, 2022 is estimated and subject to change. Delphi Long-Short Equity Composite returns represent unaudited net returns prepared by AQR. Delphi L/S Beta-Adjusted Benchmark: From 11/1/12 – 10/31/18 is a 45% weighting to MSCI World Total Return Unhedged Index in USD and 55% weighting to ICE BofAML 3 Month T-Bill Index. From 11/1/18 onwards is a 50% weighting to MSCI World Net Total Return Hedged Index in USD and 50% weighting to ICE BofAML 3 Month T-Bill Index. Representative account was chosen as the account with the longest track record and may not be representative of other Delphi Long-Short accounts AQR manages. Past performance is not a reliable indicator of future performance. Please read important disclosures in the Appendix. Beta to MSCI World Net Total Return Hedged Index in USD is calculated using monthly returns. Beta contribution calculated as product of the portfolio's unique realized beta over the period and the returns of the MSCI World 100% Hedged to USD NETR Index. Security selection refers to the residual between the portfolio's performance over the period and the beta contribution. Attribution is subject to change at anytime without notice.

Exhibit 7b: Annualized Performance Comparison Since Delphi Long-Short Equity Inception

November 1, 2012 – December 31, 2022



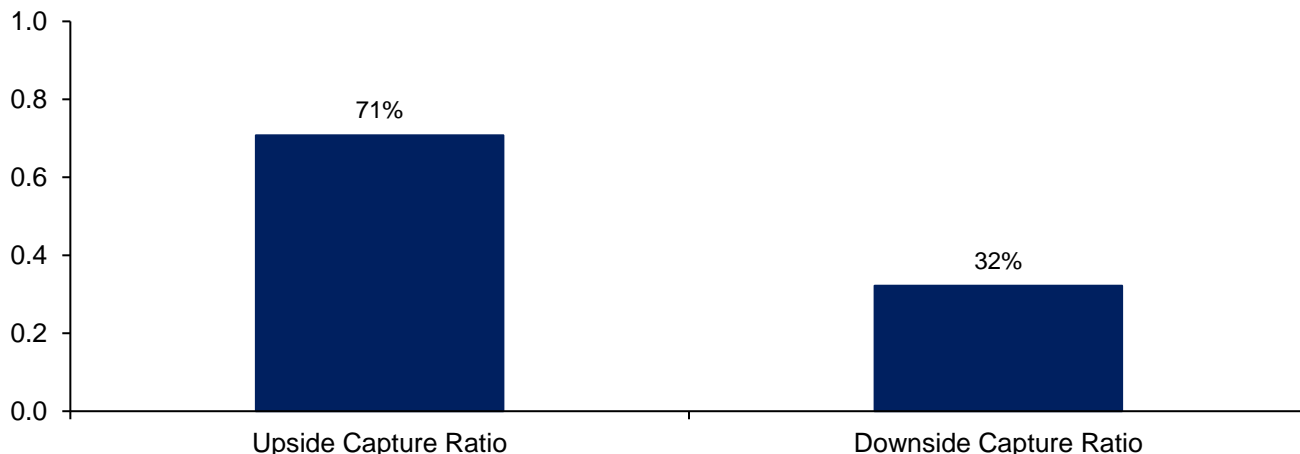
Source: AQR, Bloomberg. Delphi Long-Short Equity Composite returns represent unaudited net returns prepared by AQR. Delphi L/S Beta-Adjusted Benchmark: From 11/1/12 – 10/31/18 is a 45% weighting to MSCI World Total Return Unhedged Index in USD and 55% weighting to ICE BofAML 3 Month T-Bill Index. From 11/1/18 onwards is a 50% weighting to MSCI World Net Total Return Hedged Index in USD and 50% weighting to ICE BofAML 3 Month T-Bill Index. Security selection refers to the residual between the portfolio's performance over the period and the beta contribution. Net performance is calculated based on a 0.6% mgmt. fee and a 15% performance fee over the Delphi L/S Beta-Adjusted Benchmark. Performance for the month ending December 31, 2022 is estimated and subject to change. Past performance is not a reliable indicator of future performance. Please read important disclosures in the Appendix. Beta to MSCI World Net Total Return Hedged Index in USD is calculated using monthly returns. Beta contribution calculated as product of the portfolio's unique realized beta over the period and the returns of the MSCI World 100% Hedged to USD NETR Index.



In keeping with its objective, the AQR Delphi Long-Short Equity Strategy has also asymmetrically captured market upside and downside as shown in *Exhibit 8*. This chart shows the percentage of market upside and market downside which has historically been “captured” by the Strategy, and indicates that Delphi has participated far more in market increases than in market drops.

Exhibit 8: Upside and Downside Ratios of Delphi (Net) to MSCI World Index

November 1, 2012 – December 31, 2022



Source: AQR, Bloomberg. Delphi Long-Short Equity Composite returns represent unaudited net returns prepared by AQR. Delphi L/S Beta-Adjusted Benchmark: From 11/1/12 – 10/31/18 is a 45% weighting to MSCI World Total Return Unhedged Index in USD and 55% weighting to ICE BofAML 3 Month T-Bill Index. From 11/1/18 onwards is a 50% weighting to MSCI World Net Total Return Hedged Index in USD and 50% weighting to ICE BofAML 3 Month T-Bill Index. Security selection refers to the residual between the portfolio's performance over the period and the beta contribution. Net performance is calculated based on a 0.6% mgmt. fee and a 15% performance fee over the Delphi L/S Beta-Adjusted Benchmark. Performance for the month ending December 31, 2022 is estimated and subject to change. The upside capture ratio for Delphi is calculated by taking the Delphi Long-Short Equity Composite monthly return during months when the MSCI World Index had a positive return and dividing it by the MSCI World Index return during that same month. The downside capture ratio is calculated by taking the Delphi Long-Short Equity Composite monthly return during the periods of negative MSCI World Index performance and dividing it by the MSCI World Index return. The upside and downside capture ratios are calculated by taking the arithmetic average for both Delphi Long/Short and MSCI World Index returns during the up and down months, respectively, over the live time period.

The suite of Delphi Strategies includes investment portfolios which are available to a variety of investors via a hedge fund (partnership) structure, via a tax-advantaged (also partnership) structure where the focus is both on pretax performance plus material after-tax benefit for US taxable investors, and for non-US investors as a UCITS fund.



III. Outlook

Looking ahead, we would expect the Delphi Long-Short Equity Strategy to be well positioned to outperform. If we continue to experience increased macro uncertainties, the Strategy could potentially outperform as investors have historically favored high quality companies with strong fundamentals during such periods, while the low-risk exposure continues to be structurally remunerative over time. As a reminder, at AQR we view Delphi both as a component of an investor's overall portfolio, and as an "alternative" allocation; as such, by providing a lowly-correlated stream of returns to traditional equity market and fixed income allocations. We would anticipate that while Delphi has delivered strong performance over the bull market cycle since its inception, it may also offer important diversification benefits should economic conditions deteriorate in the future, as demonstrated during the more challenging 2022.

IV. Additional Information

AQR has been managing stock selection strategies since the Firm was founded. Our investment approach is grounded in the practical application of ideas that have been researched and developed over the past 20+ years. Our research is team-based and continuous - as we develop new ideas, these are vetted and added to our investment models. We use a broad array of signals going well beyond the simple definitions we describe in our published research.



Historical Performance

Delphi Long-Short Equity Composite Net Returns

November 1, 2012 – December 31, 2022

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2012											-0.2%	-4.8%	-4.9%
2013	3.3%	3.3%	5.7%	2.4%	-4.8%	1.0%	1.2%	-4.5%	4.1%	5.3%	-0.4%	0.5%	17.8%
2014	-6.6%	3.3%	4.7%	0.5%	2.3%	-0.7%	-1.0%	2.1%	0.3%	7.3%	3.4%	0.5%	16.5%
2015	2.2%	1.6%	0.1%	-0.3%	0.7%	-2.0%	8.1%	-5.3%	7.9%	6.1%	0.1%	2.2%	22.9%
2016	6.8%	-0.2%	3.5%	-3.1%	1.9%	2.1%	1.1%	-1.4%	-0.4%	-1.3%	0.6%	4.1%	14.3%
2017	-2.4%	4.7%	2.2%	3.4%	4.9%	-3.1%	1.5%	0.6%	2.7%	5.1%	5.6%	-1.7%	25.6%
2018	2.8%	-4.1%	1.6%	-0.5%	3.2%	-0.6%	2.0%	2.2%	0.0%	-5.7%	3.7%	-2.4%	1.8%
2019	-0.9%	6.7%	2.5%	0.6%	0.6%	3.5%	1.4%	3.7%	-1.5%	1.2%	1.8%	-0.6%	20.4%
2020	2.8%	-12.8%	3.4%	4.5%	5.1%	-1.2%	1.2%	2.3%	0.0%	-4.6%	-3.3%	-0.5%	-4.3%
2021	-1.8%	-2.6%	10.0%	3.9%	2.1%	1.8%	7.9%	2.2%	-6.0%	5.9%	3.0%	5.0%	34.9%
2022	-4.1%	-4.3%	2.2%	-0.3%	-0.9%	-1.6%	5.8%	-6.4%	-3.3%	5.3%	4.9%	-2.5%	-6.0%

Source: AQR. Delphi Long-Short Equity Composite returns represent unaudited net returns prepared by AQR. Net performance is calculated based on a 0.6% mgmt. fee and a 15% performance fee over the Delphi L/S Beta-Adjusted Benchmark. Delphi L/S Beta-Adjusted Benchmark: From 11/1/12 – 10/31/18 is a 45% weighting to MSCI World Total Return Unhedged Index in USD and 55% weighting to Merrill Lynch 3 Month T-Bill Index. From 11/1/18 onwards is a 50% weighting to MSCI World Net Total Return Hedged Index in USD and 50% weighting to Merrill Lynch 3 Month T-Bill Index. Performance for the month ending December 31, 2022 is estimated and subject to change. Past performance is not a reliable indicator of future performance.



The GIPS Composite Reports for the Delphi Long Short Equity Strategy can be found in the Disclosures.

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Broad-based securities indices are unmanaged and are not subject to fees and expenses typically associated with managed accounts or investment funds. Investments cannot be made directly in an index.

The MSCI World Index refers to MSCI World 100% Hedged to USD Net Total Return Index and is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets.

The Credit Suisse Long/Short Equity Hedge Fund Index is a subset of the Credit Suisse Hedge Fund Index that measures the aggregate performance of long/short equity funds. Long/short equity funds typically invest in both long and short sides of equity markets, generally focusing on diversifying or hedging across particular sectors, regions or market capitalizations. Managers typically have the flexibility to shift from value to growth; small to medium to large capitalization stocks; and net long to net short. Managers can also trade equity futures and options as well as equity related securities and debt or build portfolios that are more concentrated than traditional long-only equity funds.

(Source: https://lab.credit-suisse.com/#/en/index/HEDG/HEDG_LOSHO/overview)

HFRI Equity Hedge (Total) Index – Equity Hedge: Investment Managers who maintain positions both long and short in primarily equity and equity derivative securities. A wide variety of investment processes can be employed to arrive at an investment decision, including both quantitative and fundamental techniques; strategies can be broadly diversified or narrowly focused on specific sectors and can range broadly in terms of levels of net exposure, leverage employed, holding period, concentrations of market capitalizations and valuation ranges of typical portfolios. EH managers would typically maintain at least 50% exposure to, and may in some cases be entirely invested in, equities, both long and short.

(Source: <https://www.hedgefundresearch.com/hfri-indices-index-descriptions>)

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GIPS Report

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AQR Capital Management, LLC

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Other discretionary portfolios that trade similar securities and/or strategies as those portfolios included in this composite, but do not meet this composite's strategy criteria, are excluded from this composite and reside in one or more separate composites, which are available upon request.

Calculation Methodology: All portfolios are valued daily, weekly, intra-monthly or monthly as defined by Firm policy. The Modified Dietz calculation methodology is used when calculating monthly and intra-month returns. Mutual funds and UCITS are valued daily and performance is calculated on a daily basis. Gross of fees returns are calculated gross of management and performance fees, administrative and custodial costs, and net of transaction costs beginning January 1, 2010. Prior to January 1, 2010, gross of fees returns are gross of management and performance fees, and net of administrative, custodial, and transaction costs. Additional information regarding fees and the calculation of gross and net performance is available upon request.

The dispersion measure is the equal-weighted standard deviation of accounts in a composite for the entire year and is calculated using gross returns. Dispersion is not considered meaningful for periods shorter than one year or for periods during which a composite contains five or fewer accounts for the full period. The three-year annualized ex-post standard deviation measure is calculated using gross returns and is inapplicable when 36 monthly returns are not available.

Returns are calculated net of all withholding taxes on foreign dividends. Accruals for fixed income and equity securities are included in calculations. AQR's management or advisory fees are described in Part 2A of its Form ADV. In addition, AQR funds may have a redemption charge up to 2.00% based on gross redemption proceeds that may be charged upon early withdrawals. Consultants supplied with gross results are to use this data in accordance with SEC, CFTC and NFA guidelines.

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Performance Disclosures

AQR Capital Management, LLC
Delphi Long-Short Equity Composite
11/1/2012 – 12/31/2021

Year	Gross Return %	Net Return 1 %	Net Return 2 %	Net Return 3 %	Benchmark * Return %	Number of Portfolios	Composite 3-Yr StDev %	Benchmark * 3-Yr StDev %	Composite Assets (\$M)	Total Firm Assets (\$M)
2012	-4.82	-5.04	-4.91	-4.93	1.46	1	N/A	N/A	9.17	71,122.42
2013	18.53	16.91	17.83	16.47	11.41	1	N/A	N/A	12.72	98,302.69
2014	19.54	17.90	16.49	16.85	2.32	1	N/A	N/A	15.42	122,655.99
2015	27.72	25.97	22.90	24.16	-0.15	1	13.05	4.82	13.54	142,173.39
2016	16.85	15.24	14.29	14.47	3.71	1	12.80	4.88	13.61	175,089.36
2017	29.09	27.33	25.60	25.47	10.08	1	12.53	4.58	15.27	223,432.52
2018	3.26	1.83	1.77	2.48	-3.22	2	11.20	4.77	24.28	193,554.78
2019	22.12	20.45	20.42	19.38	14.85	2	10.46	5.28	100.27	185,575.93
2020	-3.75	-5.09	-4.33	-4.42	8.06	2	12.87	8.59	306.10	139,714.13
2021	37.27	35.41	34.93	33.24	11.72	2	14.68	7.99	456.59	123,007.08

*Custom Benchmark: 45% MSCI World Unhedged / 55% ML US 3-Month T-Bill Index from inception through October 2018. Beginning November 2018, 50% MSCI World Hedged to USD Net Total Return / 50% ML US 3-Month T-Bill Index

Net Return 1 calculated based on 1.40% management fee per annum

Net Return 2 calculated from inception through October 2018 based on 0.60% management fee and 15.00% performance fee (over 45% MSCI World Unhedged / 55% ML US 3-Month T-Bill Index hurdle) per annum. Beginning November 2018, calculated based on 0.60% management fee and 15.00% performance fee (over 50% MSCI World Hedged to USD Net Total Return / 50% ML US 3-Month T-Bill Index hurdle) per annum

Net Return 3 calculated based on 0.70% management fee and 10% performance fee (over ML US 3-Month Treasury Bill Index hurdle) per annum

Composite Description: The Delphi Long-Short Equity Composite (the "Composite") was created in November 2012. The investment objective of the Composite strategy (the "Strategy") is to provide capital appreciation. The Firm will target a beta of approximately 0.5 to global equity markets and targets a long-term average annualized tracking error of 10% relative to its beta-adjusted Benchmark. The Strategy pursues its investment objective by seeking to invest on a long basis in attractively values, high quality and low beta assets, and on a short basis in expensive, low quality and high beta assets. The Composite is denominated in USD.

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Benchmark: Beginning November 2018, the Composite benchmark is a custom blended benchmark rebalanced daily and weighted approximately 50% MSCI World (100% Hedged to USD Net Total Return) and 50% ICE Bank of America ML US 3-Month Treasury Bill Index (the "Benchmark"). From inception through October 2018, the custom benchmark was weighted approximately 45% MSCI World and 55% ICE Bank of America ML US 3-Month Treasury Bill Index. Additional information on AQR's custom benchmarks is available upon request. The investments in the Composite may vary substantially from those in the Benchmark.

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