

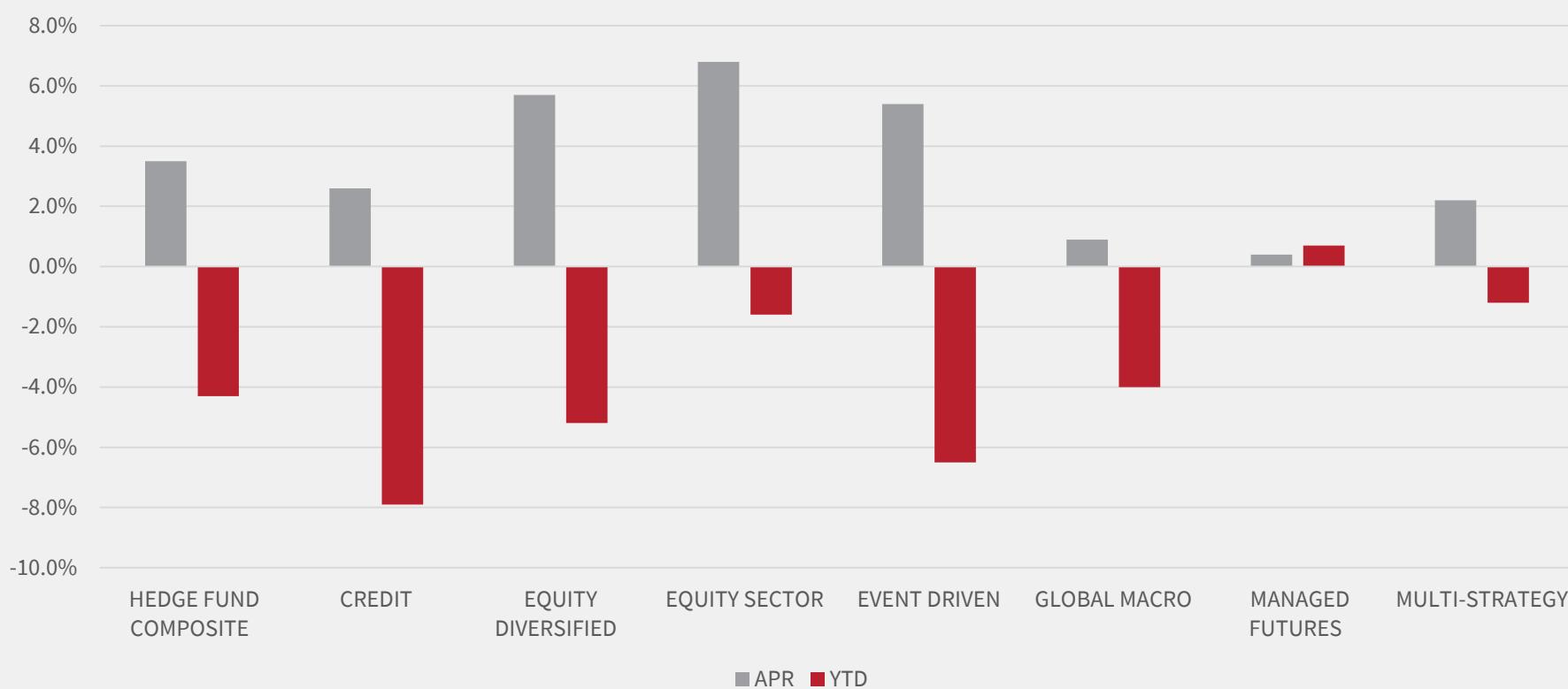
PIVOTAL INDICES

PivotalPath, on behalf of \$100B in client hedge fund capital, tracks over 200,000 data points across more than 2,000 hedge funds and 40+ different strategies. Our monthly report includes year-to-date hedge fund performance, as well as 12-month rolling alpha across eight core hedge fund strategies. We also provide the average monthly performance of funds within separate AUM bands.

Key Takeaway: Hedge funds were up across the board in April, though less than broad market indices. Year-to-date, hedge funds continue to outpace equity markets, with the PivotalPath Hedge Fund Composite returning -4.3% while the S&P is down more than twice that, returning -9.9% through month end.

Strategy Highlights: PivotalPath's Composite Dispersion Indicator, which measures the dispersion of net returns across all funds in the Composite, remains elevated. While off its all-time high of 10.8% in March, April saw dispersion of 6.0%, well above the previous 12 month average of 3.6%.

April & YTD 2020 Hedge Fund Performance



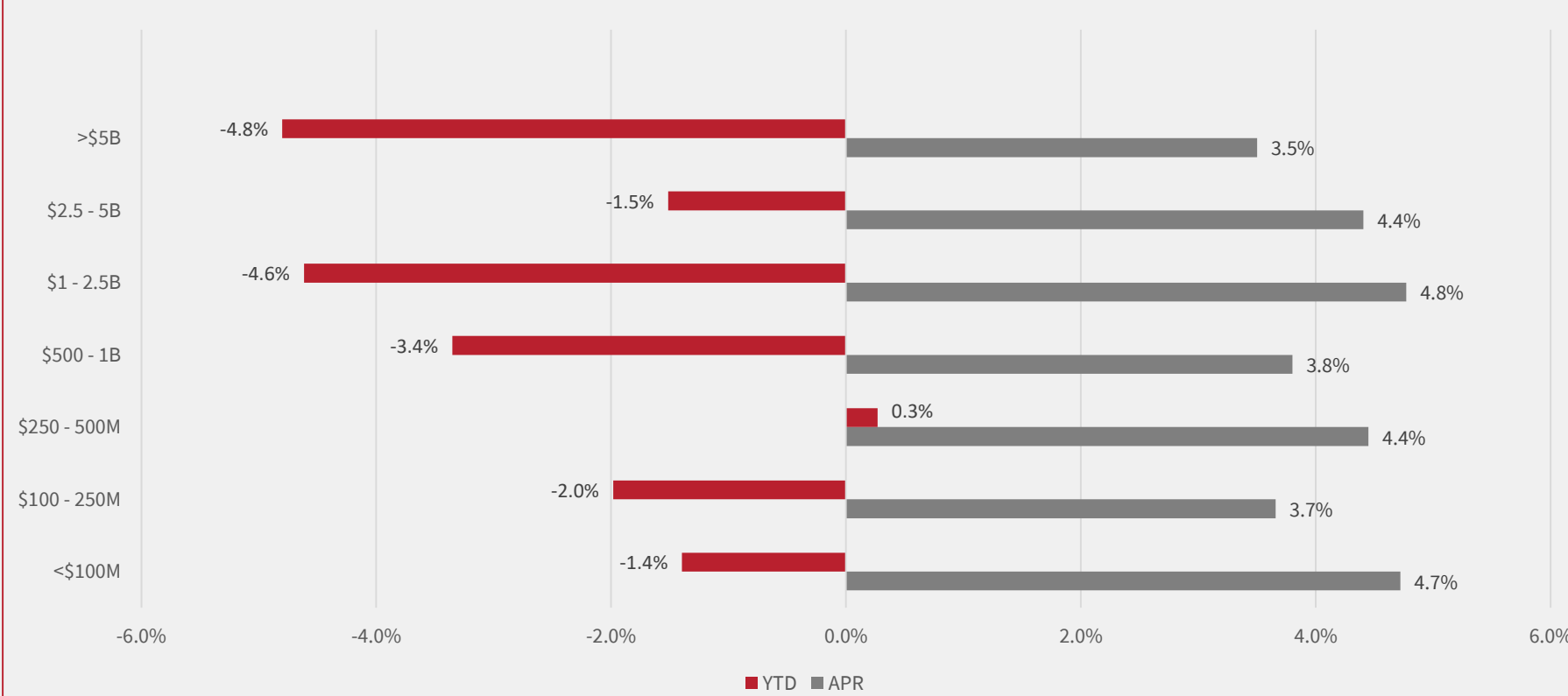
The chart below depicts alpha-generation for each PivotalIndex, ranked from best to worst. Each strategy is color-coded for easy tracking. For the last 12 months, more than 12% separated the top alpha-generating strategy (Managed Futures) from the bottom (Credit).

Leaderboard: Hedge Fund Alpha Relative to S&P 500

Q1 '20	APR '20	2017	2018	2019
5.6% Managed Futures	6.1% Managed Futures	11.9% Equity Sector	2.1% Credit	7.8% Managed Futures
0.9% Global Macro	1.1% Multi-Strategy	11.6% Equity Diversified	1.3% Equity Sector	5.0% Equity Sector
0.5% Equity Sector	0.5% Equity Diversified	9.2% Event Driven	1.1% Multi-Strategy	4.6% Multi-Strategy
0.0% Composite	-0.5% Equity Sector	6.6% Multi-Strategy	-0.4% Event Driven	3.2% Composite
-0.3% Multi-Strategy	-1.1% Composite	5.9% Composite	-0.6% Composite	2.7% Equity Diversified
-0.4% Equity Diversified	-1.2% Global Macro	4.3% Credit	-1.6% Managed Futures	2.5% Global Macro
-1.2% Credit	-4.2% Event Driven	-0.7% Global Macro	-2.4% Equity Diversified	2.3% Event Driven
-2.6% Event Driven	-6.1% Credit	-7.2% Managed Futures	-2.6% Global Macro	2.0% Credit

While performance was fairly evenly distributed across AUM bands in April, larger funds have tended to underperform their smaller brethren YTD.

Average 2020 Performance By AUM



Pivotal Point of View

Here is what the data means for hedge funds, institutional investors and markets overall:

- ✓ Hedge fund performance continued to exhibit significant dispersion of returns in April. To wit, based on the 2,000+ managers we track, top quartile performers are up 11.6% YTD, while those in the bottom quartile have returned -17.5% YTD.
- ✓ We recently added two proprietary customized baskets to our research platform, PivotalBase: the PivotalPath Social Distance Winners Basket and the PivotalPath Social Distance Losers Basket. The Winners are companies that should benefit from working/staying at home. The Losers are companies that depend on people to travel and leave their homes. The research team is currently working on a piece that explains how equity long/short funds have been selling the Winners as they have rallied while holding onto the Losers in hopes of a future recovery. This was especially true in April, as beta led quality.
- ✓ We are thrilled to announce our research partnership with the Institute for Private Capital (IPC). Launched by UNC Kenan-Flagler, IPC focuses on the intersection of public and private markets. This research partnership between IPC and PivotalPath marks an important step in expanding the availability of high-quality hedge fund indices for academic researchers, and the ability to co-author valuable research.
- ✓ Both funds and allocators continue to adapt to manager conferences and meetings in a remote, COVID-19 world. The PivotalPath research team had planned to attend the annual Goldman Sachs Emerging Managers Conference earlier this year, typically an invaluable forum for meeting and evaluating pre-launch and newly launched funds. Despite the event's cancellation, PivotalPath's research team conducted 25 virtual manager meetings, and posted those notes and marketing materials, along with our peer group analysis, to recreate much of the conference's benefits for our clients. For investors, this substitution has had the added benefit of allowing for more in-depth conversations with participating managers.
- ✓ In the midst of the COVID-19 pandemic, many investors continue to state they will not allocate capital to any new manager without looking them directly in the eye from < 6 ft. away. We believe allocators will need to adapt, finding alternatives to supplement their existing research process, both now and in the future. This notion has been covered by other industry members as well: Shadmoor Advisors has a thoughtful piece on remote ODD available [here](#) and Institutional Investor recently published an [opinion piece](#) positing ways to replicate the benefits of onsite meetings, without the risks.

For access to underlying data and additional research, visit www.pivotalpath.com

Source: PivotalPath data through 05/10/2020. Historic performance available on Bloomberg. Tickers: P2HFCCI, P2CRDI, P2EQDI, P2EQSI, P2EVDI, P2GBMI, P2MFTI & P2MSTI.

PIVOTAL PATH