

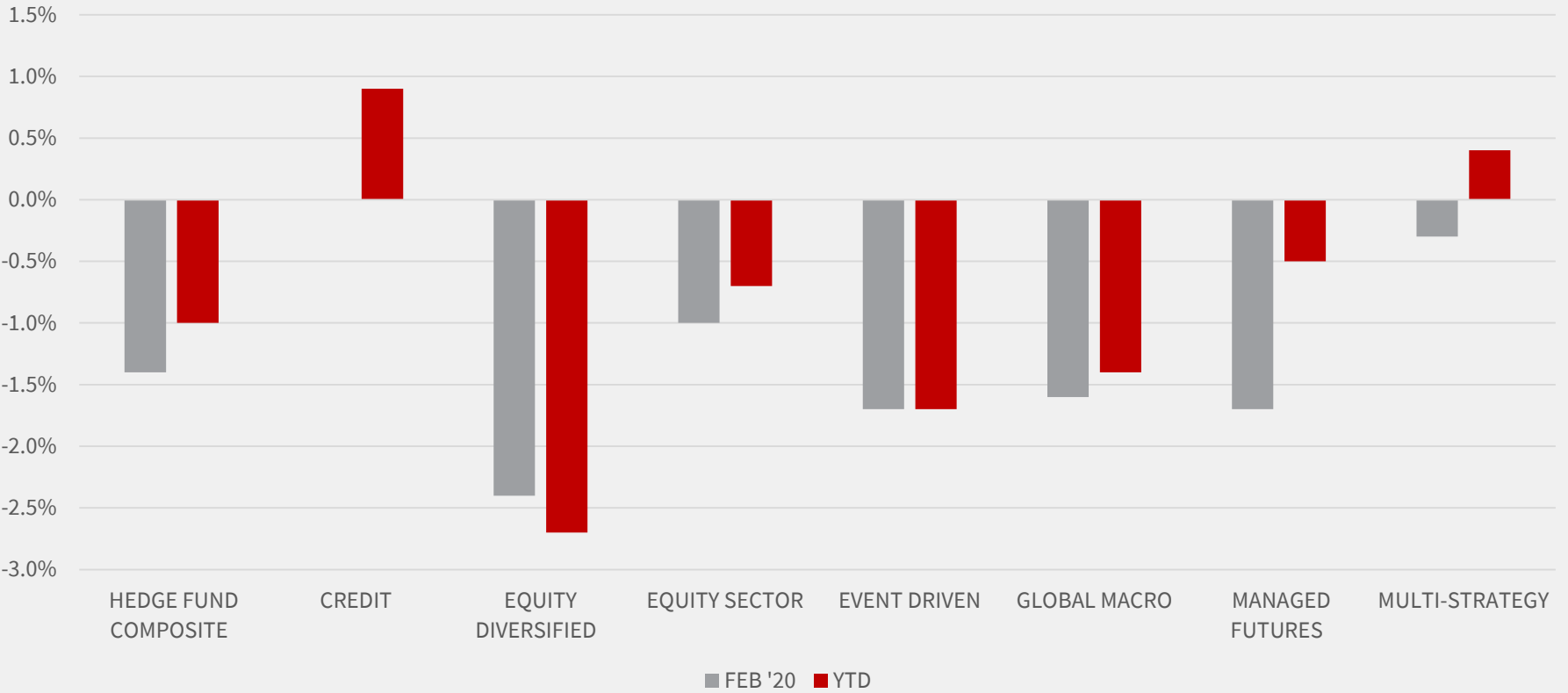
PIVOTAL INDICES

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: In the face of the worst month for global markets in almost ten years, hedge fund performance held up relatively well in February. Additionally, all strategies generated positive alpha for the fourth consecutive month.

Strategy Highlights: While the Hedge Fund Composite Index was down 1.4% in February, PivotalPath's Dispersion Indicator was at its highest since the 4th quarter of 2018, meaning there is a significant spread between this month's winners and losers.

February 2020 & YTD Performance



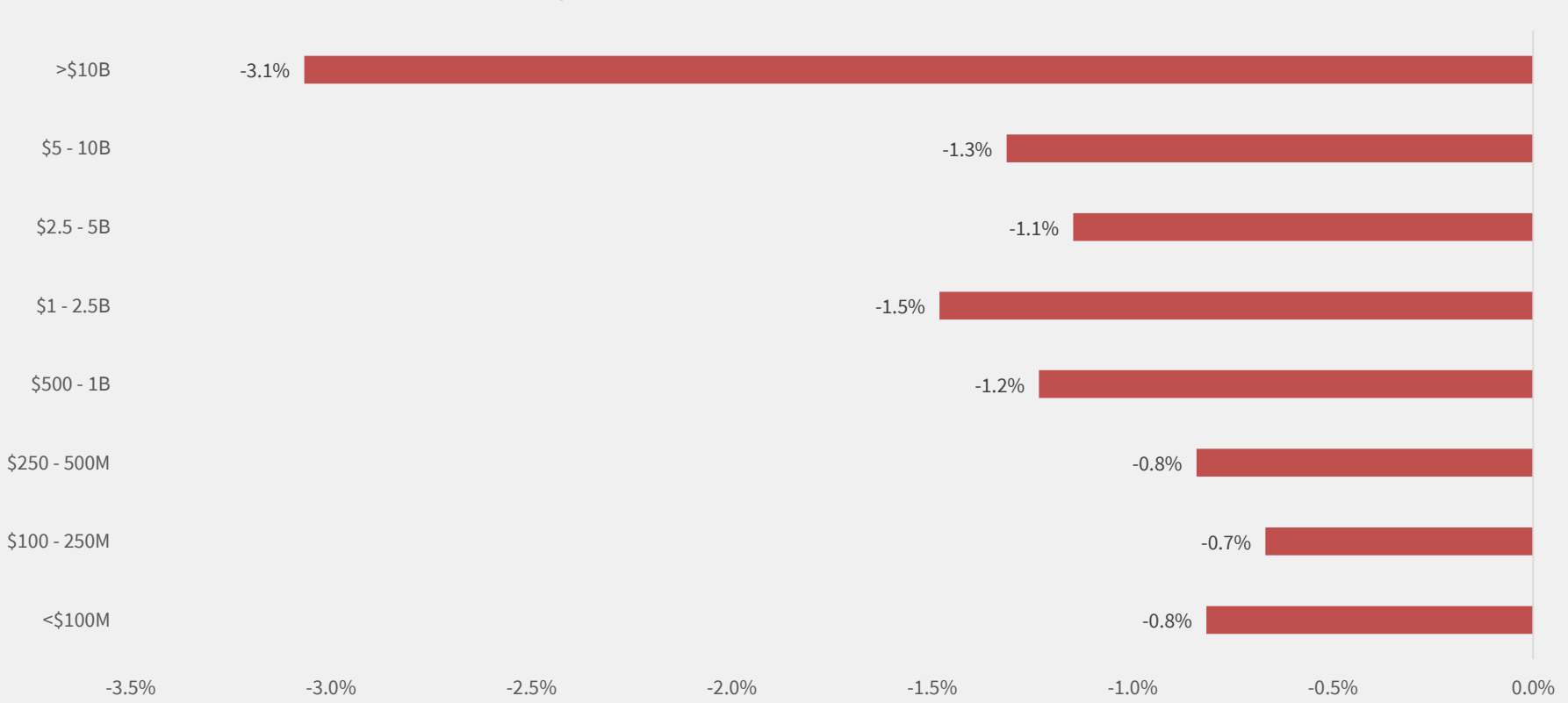
The chart below depicts alpha-generation for each PivotalIndex, ranked from best to worst. Each strategy is color-coded for easy tracking. For the fourth month since November 2019, all strategies generated positive alpha.

Alpha Leaderboard Relative to S&P 500

JAN '20	FEB '20	2017	2018	2019
7.9% Managed Futures	6.6% Managed Futures	11.9% Equity Sector	2.1% Credit	7.8% Managed Futures
5.3% Equity Sector	6.4% Equity Sector	11.6% Equity Diversified	1.3% Equity Sector	5.0% Equity Sector
5.1% Multi-Strategy	4.2% Credit	9.2% Event Driven	1.1% Multi-Strategy	4.6% Multi-Strategy
3.3% Composite	3.2% Multi-Strategy	6.6% Multi-Strategy	-0.4% Event Driven	3.2% Composite
3.1% Credit	3.1% Composite	5.9% Composite	-0.6% Composite	2.7% Equity Diversified
2.4% Equity Diversified	2.3% Equity Diversified	4.3% Credit	-1.6% Managed Futures	2.5% Global Macro
2.3% Event Driven	1.8% Event Driven	-0.7% Global Macro	-2.4% Equity Diversified	2.3% Event Driven
1.8% Global Macro	1.4% Global Macro	-7.2% Managed Futures	-2.6% Global Macro	2.0% Credit

Managers with over \$10B underperformed all other AUM categories by over 200%. Risk Premia, Event Driven and Global Long/Short funds were the top detractors in this bracket.

Average Performance by AUM - February 2020



Pivotal Point of View

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

- ✓ Hedge funds served one of their main purposes in February, protecting capital on the downside. We are currently working on a piece that explains why hedge funds fared much better than the overall equity market last month. The spread between PivotalPath's Hedge Fund Composite Index and S&P 500 performance was one of the highest since the financial crisis of 2008. Our upcoming analysis will explain February's outperformance, and we will be looking closely at March data to see if this spread holds for the first quarter.
- ✓ The top performing sub-strategies during February were Discretionary Global Macro (+1.8%), Multi-PM Global Macro (+1.4), and Convertible Bond Arbitrage (+1.2). Most macro managers benefited from short rates/long duration trades while convertible bond arbitrage strategies are generally long convexity and thus should do well in more volatile environments.
- ✓ Conversely, the worst performing sub-strategies in February were European Activist (-10.4%), Risk Premia (-5.2%), and European Long/Short Equity (-4.7%). European-focused strategies suffered as European equities lost more than most other major markets (MSCI Europe was down 9.3% during the month). European activist strategies were hit particularly hard as managers in the space are generally more concentrated, longer-biased, and have more beta to the market. Losses for risk premia strategies were predominantly within equities.
- ✓ Since our last edition, nearly all industry conferences have been cancelled due to the coronavirus. Such conferences include the GS Emerging Managers Conference, the EnTrust Global Investment Summit, and the MS Spring Hedge Fund Forum. Meanwhile, TD Cap Intro held a Virtual Alternative Investment Summit last week and another prime brokerage group recently sought our feedback on them hosting a virtual cap intro conference in the future. Given more and more industry participants are working remotely and are reluctant to travel/attend gatherings, virtual events could become the new norm in 2020.

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

Source: PivotalPath data as of 03/10/2020. Full performance history of PivotalIndices available on Bloomberg under tickers P2HFCL, P2CRDI, P2EQDI, P2EQSI, P2EVDI, P2GBMI, P2MFTI & P2MSTI.

PIVOTAL PATH