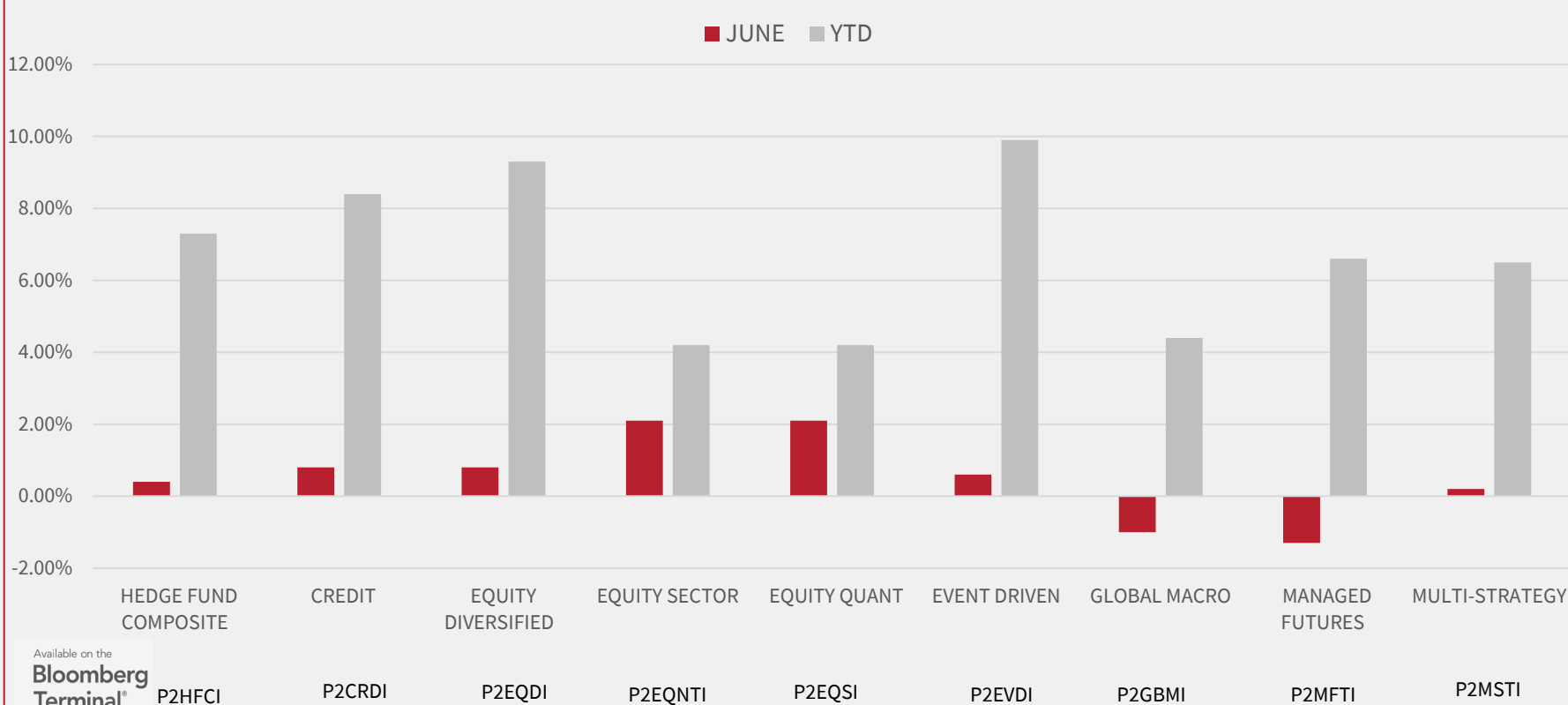


PivotalPath, on behalf of over \$150B in client hedge fund capital, tracks over 200,000 data points across more than 2,400 institutionally-relevant hedge funds, spanning >\$2.5T of industry assets. Our monthly report contextualizes these data points, including analysis of hedge fund performance, as well as 12-year rolling alpha across high-level strategies. We also provide average monthly performance of funds within separate AUM bands.

Key Takeaways: The PivotalPath Hedge Fund Composite Index added 40 basis points in June, bringing the index up 7.3% YTD. While the index has underperformed the S&P 500 on an absolute basis by 7% in 2021, it outperformed on a risk-adjusted basis while producing significant alpha relative to the S&P 500.

Strategy Highlights: All broad indices generated positive returns except for Global Macro and Managed Futures which were down 1% and 1.3% respectively. The Equity Sector Index, which houses several meaningful sub-strategies, generated the highest returns coinciding with strong equity markets. TMT and Energy led the way, up 3.4% and 2.2% respectively. Financials gave back May's gain, falling 1.5% for the month. Year to Date, within Global Macro, Commodities continue to lead the way gaining 14.5% while Risk Premia rebounded from a difficult 2020.

2021 Hedge Fund Performance



The chart below depicts alpha-generation for each Pivotal Index, ranked from high to low. Each strategy is color-coded for easy tracking. For the 12-month rolling period ending in June, all sectors generated positive alpha relative to the S&P 500, with the PivotalPath Composite generating 8.9%. Event Driven, followed by Credit and Multi-Strat continue to top the charts while Managed Futures still produced solid alpha at the bottom.

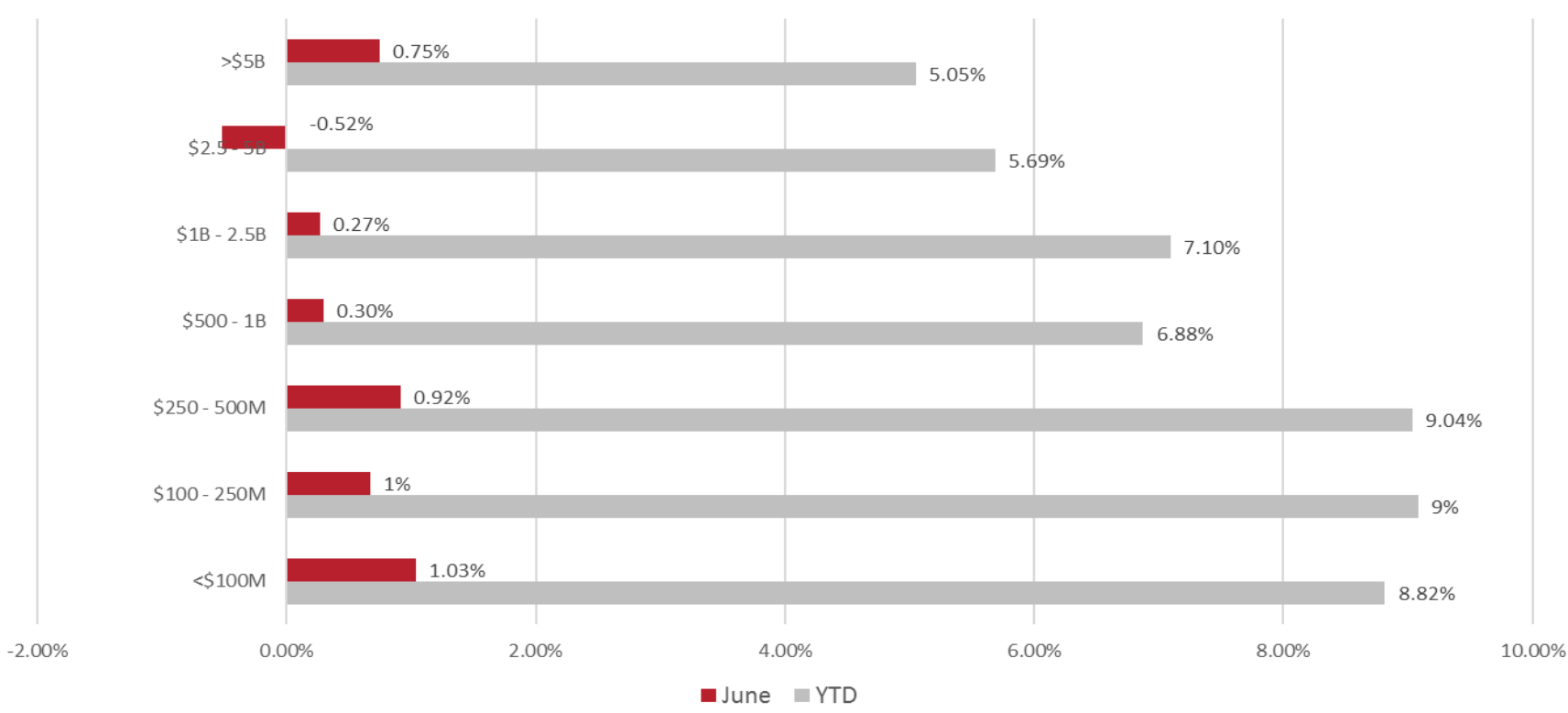
Alpha Leaderboard

12M Rolling Over S&P 500

Q1 2021	April 2021	May 2021	June 2021	2017	2018	2019	2020
20.0% Event Driven	19.9% Event Driven	18.4% Event Driven	16.5% Event Driven	11.9% Equity Sector	2.1% Credit	7.8% Managed Futures	19.4% Equity Sector
16.1% Credit	16.1% Multi-Strategy	15.1% Credit	12.1% Credit	11.6% Equity Diversified	1.3% Equity Sector	5.0% Equity Sector	10.8% Multi-Strategy
15.2% Multi-Strategy	15.9% Credit	14.9% Multi-Strategy	10.8% Multi-Strategy	9.2% Event Driven	1.1% Multi-Strategy	4.6% Multi-Strategy	9.3% Event Driven
13.9% Equity Sector	13.8% Equity Sector	11.3% Composite	8.9% Composite	6.6% Multi-Strategy	-0.4% Event Driven	3.2% Composite	6.6% Composite
12.0% Composite	11.8% Composite	10.3% Equity Diversified	6.9% Global Macro	5.9% Composite	-0.6% Composite	2.7% Equity Diversified	5.1% Equity Diversified
10.0% Equity Diversified	10.8% Equity Diversified	9.4% Equity Sector	6.9% Equity Diversified	4.3% Credit	-1.6% Managed Futures	2.5% Global Macro	2.5% Credit
5.9% Global Macro	4.5% Global Macro	6.5% Global Macro	6.8% Equity Sector	-0.7% Global Macro	-2.4% Equity Diversified	2.3% Event Driven	0.9% Managed Futures
1.1% Managed Futures	1.8% Managed Futures	5.3% Managed Futures	5.0% Managed Futures	-7.2% Managed Futures	-2.6% Global Macro	2.0% Credit	0.5% Global Macro

June saw continued outperformance of smaller funds relative to their larger peers, however the funds >\$5B and those under \$500mm converged. One month doesn't define a trend but we will be watching to see if the larger funds will continue to hold their own against their smaller brethren.

2021 Average Performance by AUM



Pivotal Point of View 2021 First Half Highlights

- 2021 Leaders** If the year ended here, **Credit** would produce its best year since 2016 led by **Distressed** +15% and **Credit Multi-Strat** +9.4%. **Equity Diversified** continues to do well generating 9.3% led by **U.S. Long Short** +11.3% followed by **Europe Long Short** and **Asia Long Short** +10.5% and +7.6% respectively.
- Turnaround Stories** **Equity Quant** generated 6.4% through mid-year which would be its best full year calendar year performance since 2017. **Risk Premia** has also experienced a significant turnaround gaining 8.5% after losing 11.3% in 2020.
- Equity Sector** **Financials** and **Energy** led the way through June, up 14.6% and 11.9% respectively compared to little gains in **Healthcare** and **TMT**. This is on the heels of years of dominance by **Healthcare** and **TMT** emphasized by returns of 26% and 35% respectively in 2020. The change in leadership can be partially attributed to the shift from growth to value highlighted below.
- Market Observations** Growth vs Cyclical
PivotalPath's U.S. Growth Sectors Basket outperformed our **U.S. Cyclical Basket** in June. YTD However, **Cyclicals** lead **Growth** by ~11%. For context, **Cyclicals** has not outpaced **Growth** since 2016 and 2010 before that.
- Meme Stocks
Hedge Funds in general do not appear to have significant exposure to meme stocks. PivotalPath systematically evaluated over 1,000 institutional quality funds across 20+ strategies against the **PivotalPath Meme Stock Basket**. While most hedge funds have little sensitivity to this risk factor, **Equity Quant** is one of the few with significantly negative correlation to this factor over the preceding 12 months.
- Industry Risk Subsidies
Using a rolling measure of volatility, The **PivotalPath Composite Index** peaked at 11% in December 2020. It has since fallen back to roughly half that value at ~5.5%, much closer to its historical average. The monthly **PivotalPath Dispersion Indicator**, after hitting an all time high in March of 2020 of 11.7%, (using data going back to 1998), fell back to its 10-year monthly average of ~3%. These proprietary risk measurements indicate a drop in industry risk taking beyond the level one should expect from the drop in general equity and bond market volatility.

For access to sub-indices, underlying funds and additional research, visit www.pivotalpath.com

Source: PivotalPath data as of 07/12/2021. Historic performance available on Bloomberg.
Tickers: P2HFCI, P2CRDI, P2EQDI, P2EQNTI, P2EQSI, P2EVDI, P2GBMI, P2MFTI & P2MSTI