

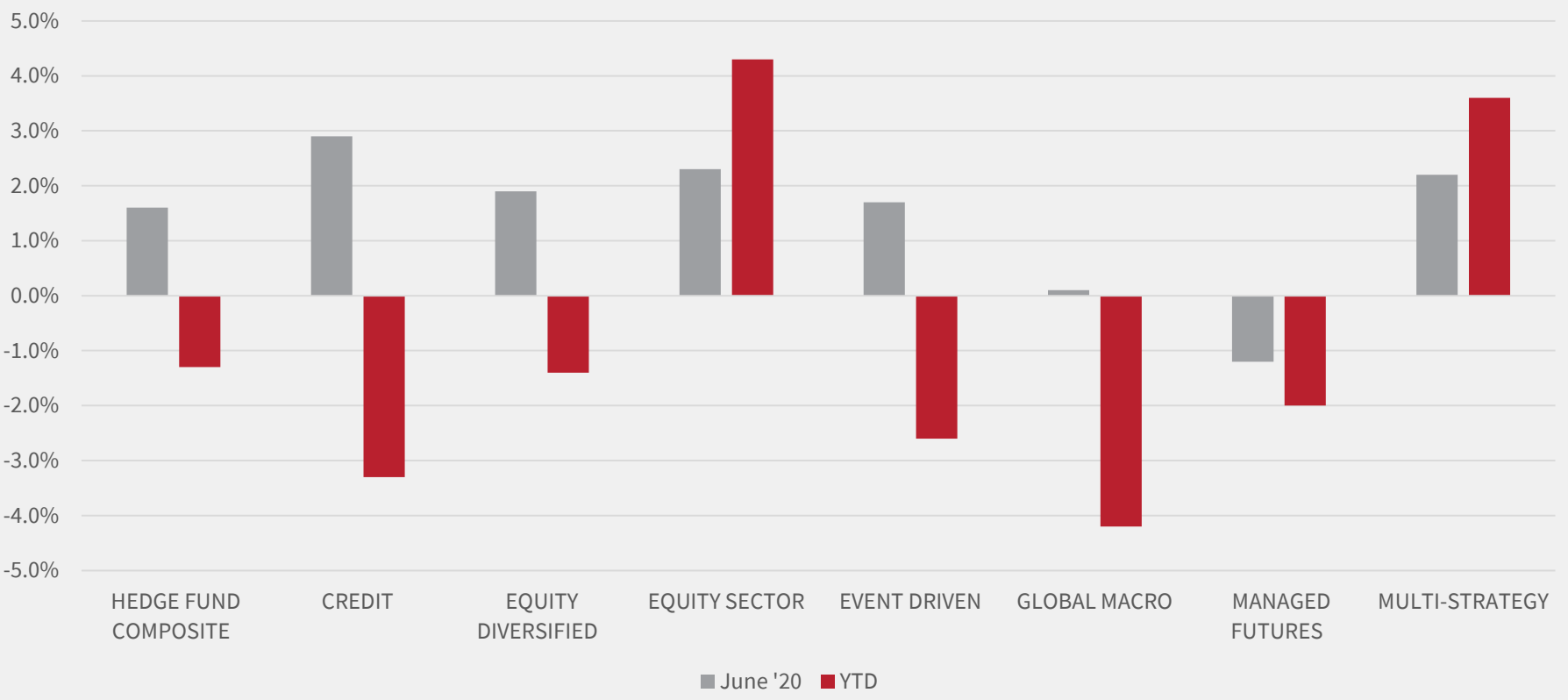
# PIVOTAL INDICES

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 average monthly performance of funds within separate AUM bands.

**Key Takeaway:** Hedge funds were up broadly in June, with the exception of Risk Premia (-2.1%) and Managed Futures (-1.2%). YTD, hedge funds have outpaced the S&P 500 (-4.0%) as the PivotalPath Hedge Fund Composite Index returned -1.3% through month end.

**Strategy Highlights:** The high-level indices below are comprised of over 40 investment sub-strategies. On the sub-strategy level, Global Macro houses both the year's biggest winner (Commodities, up 22% YTD) and the biggest loser, (Risk Premia, down 15.4% YTD). Equity Sector continues to rank amongst the top performers, both MTD and YTD, driven by Healthcare and TMT managers.

June & YTD 2020 Hedge Fund Performance



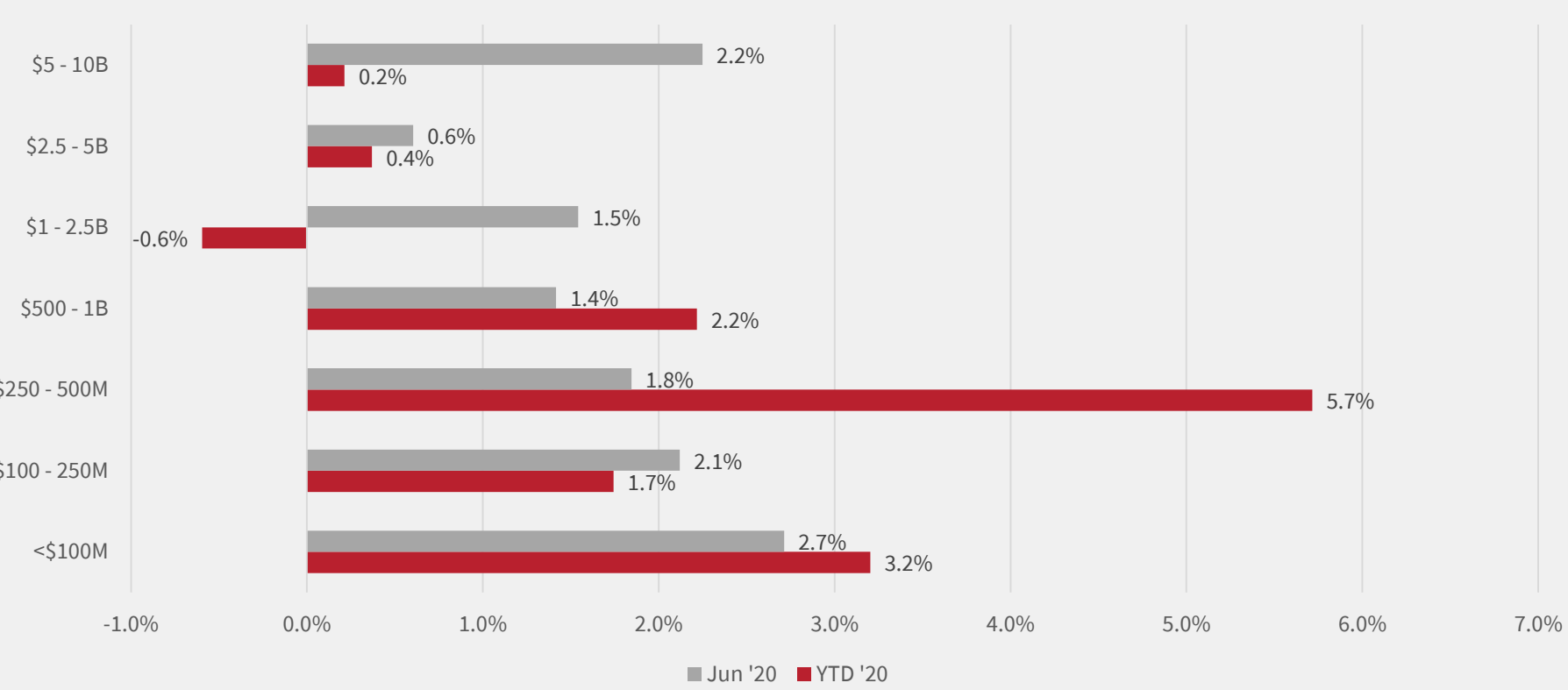
The chart below depicts alpha-generation for each PivotalIndex, ranked from best to worst. Each strategy is color-coded for easy tracking. For the last 12 months, more than 12% separated the top alpha-generating strategy (Equity Sector) from the bottom (Credit).

Alpha Leaderboard Relative to S&P 500

| Q1 '20                      | APR '20                    | MAY '20                     | JUN '20                    | 2017                        | 2018                        | 2019                       |
|-----------------------------|----------------------------|-----------------------------|----------------------------|-----------------------------|-----------------------------|----------------------------|
| 5.6%<br>Managed Futures     | 6.1%<br>Managed Futures    | 4.0%<br>Equity Sector       | 7.6%<br>Equity Sector      | 11.9%<br>Equity Sector      | 2.1%<br>Credit              | 7.8%<br>Managed Futures    |
| 0.9%<br>Global Macro        | 1.1%<br>Multi-Strategy     | 2.1%<br>Managed Futures     | 3.9%<br>Multi-Strategy     | 11.6%<br>Equity Diversified | 1.3%<br>Equity Sector       | 5.0%<br>Equity Sector      |
| 0.5%<br>Equity Sector       | 0.5%<br>Equity Diversified | 1.1%<br>Multi-Strategy      | 2.0%<br>Equity Diversified | 9.2%<br>Event Driven        | 1.1%<br>Multi-Strategy      | 4.6%<br>Multi-Strategy     |
| 0.0%<br>Composite           | -0.5%<br>Equity Sector     | 0.1%<br>Global Macro        | 0.3%<br>Composite          | 6.6%<br>Multi-Strategy      | -0.4%<br>Event Driven       | 3.2%<br>Composite          |
| -0.3%<br>Multi-Strategy     | -1.1%<br>Composite         | -2.1%<br>Composite          | -0.2%<br>Managed Futures   | 5.9%<br>Composite           | -0.6%<br>Composite          | 2.7%<br>Equity Diversified |
| -0.4%<br>Equity Diversified | -1.2%<br>Global Macro      | -2.1%<br>Equity Diversified | -0.9%<br>Event Driven      | 4.3%<br>Credit              | -1.6%<br>Managed Futures    | 2.5%<br>Global Macro       |
| -1.2%<br>Credit             | -4.2%<br>Event Driven      | -4.6%<br>Event Driven       | -1.8%<br>Global Macro      | -0.7%<br>Global Macro       | -2.4%<br>Equity Diversified | 2.3%<br>Event Driven       |
| -2.6%<br>Event Driven       | -6.1%<br>Credit            | -8.7%<br>Credit             | -4.6%<br>Credit            | -7.2%<br>Managed Futures    | -2.6%<br>Global Macro       | 2.0%<br>Credit             |

Categorized by AUM, performance was up across managers of all sizes in June.

Average Performance By AUM



## Pivotal Point of View

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

- ✓ Across PivotalPath's hedge fund universe, 56% of managers have reported positive performance YTD.
- ✓ Despite extreme market volatility and high levels of global uncertainty, hedge funds have continued to launch in 2020. The majority of launches have been either Equity Diversified or Equity Sector managers, with an average launch size in excess of \$200 million.
- ✓ Numerous companies are in the global race to develop a COVID-19 vaccine, and those who are further along in development have seen their stock prices soar in 2020. As a result, we created the [PivotalPath COVID-19 Vaccine Developer SMID-Cap Basket](#) to reflect this exposure. This basket includes nine companies below \$10 billion in market capitalization that are working on a vaccine. Over the past six months, the basket has skyrocketed as vaccine developments significantly move the needle for these smaller stocks. The basket was up 61.1% in June and 989.8% YTD.
- ✓ Tech stocks have been on everyone's mind recently – they represent the largest portion of the stock market today, have outperformed significantly, and investors have many reasons for buying them. A new reason might be for their defensive characteristics. Tech being defensive contrasts with cyclical companies or sectors, which will typically do worse in a market downturn; these companies typically provide products or services that are considered to be expensive or “nice-to-haves,” that consumers can drop in tough times.

For access to underlying data and additional research, visit [www.pivotalpath.com](http://www.pivotalpath.com)

Source: PivotalPath data through 07/10/2020. Historic performance available on Bloomberg. Tickers: P2HFCEI, P2CRDI, P2EQDI, P2EQSI, P2EVDI, P2GBMI, P2MFTI & P2MSTI.

PIVOTAL PATH