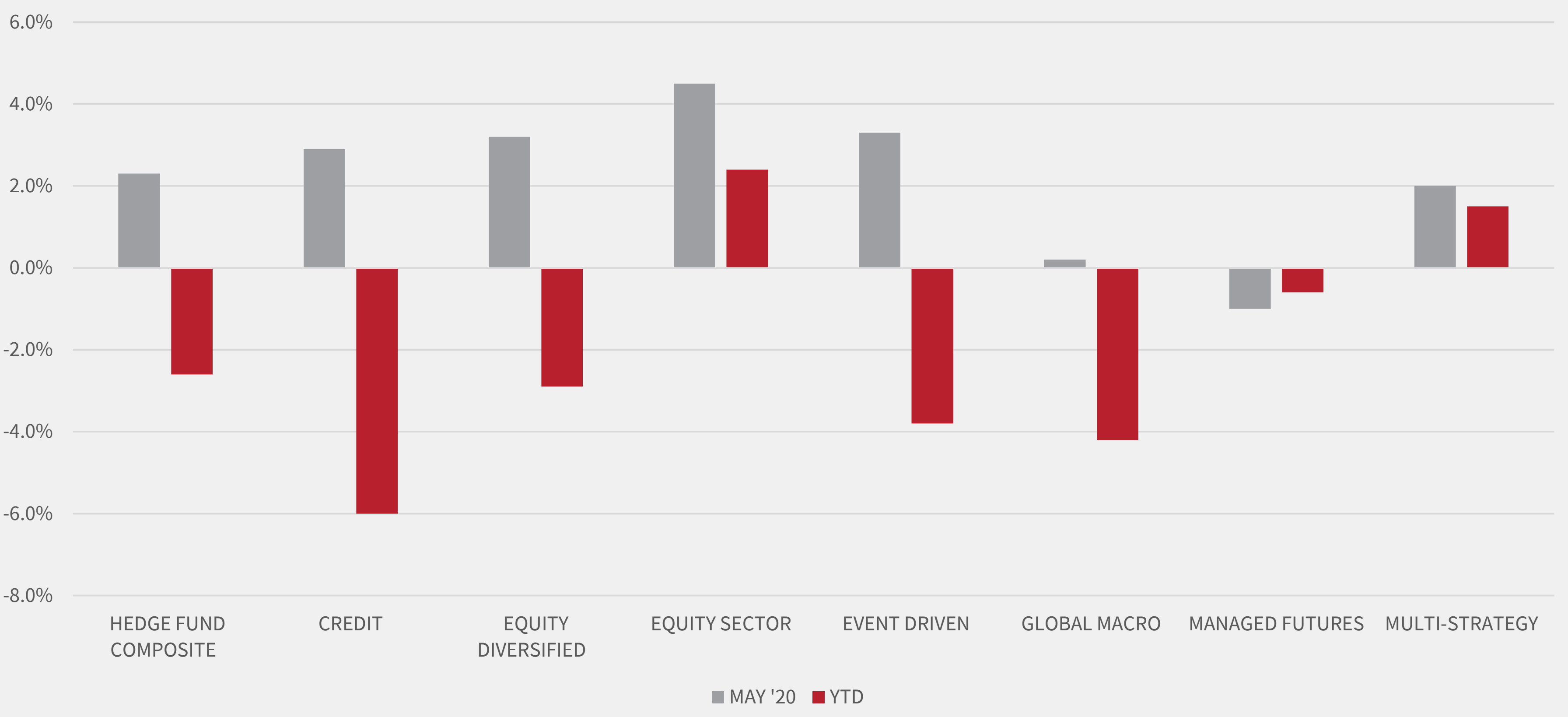
PIVOTAL INDICES

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 May, with the exception of Risk Premia (-1.4%) and Managed Futures (-1.0%). YTD, hedge funds outpaced both the Dow (-11.1%) and the S&P (-5.0%), while the PivotalPath Hedge Fund Composite Index returned -2.6% through month end.

Strategy Highlights: The high-level indices below are comprised of over 40 investment sub-strategies. On the sub-strategy level, Credit, weighed down by Distressed and Structured Credit/MBS managers, is 2020's laggard (-6.0%). Meanwhile, Equity Sector, buoyed by Healthcare, TMT and, in May, Energy, tops the charts, up +4.5% for the month and +2.4% YTD.

May & YTD Hedge Fund Performance



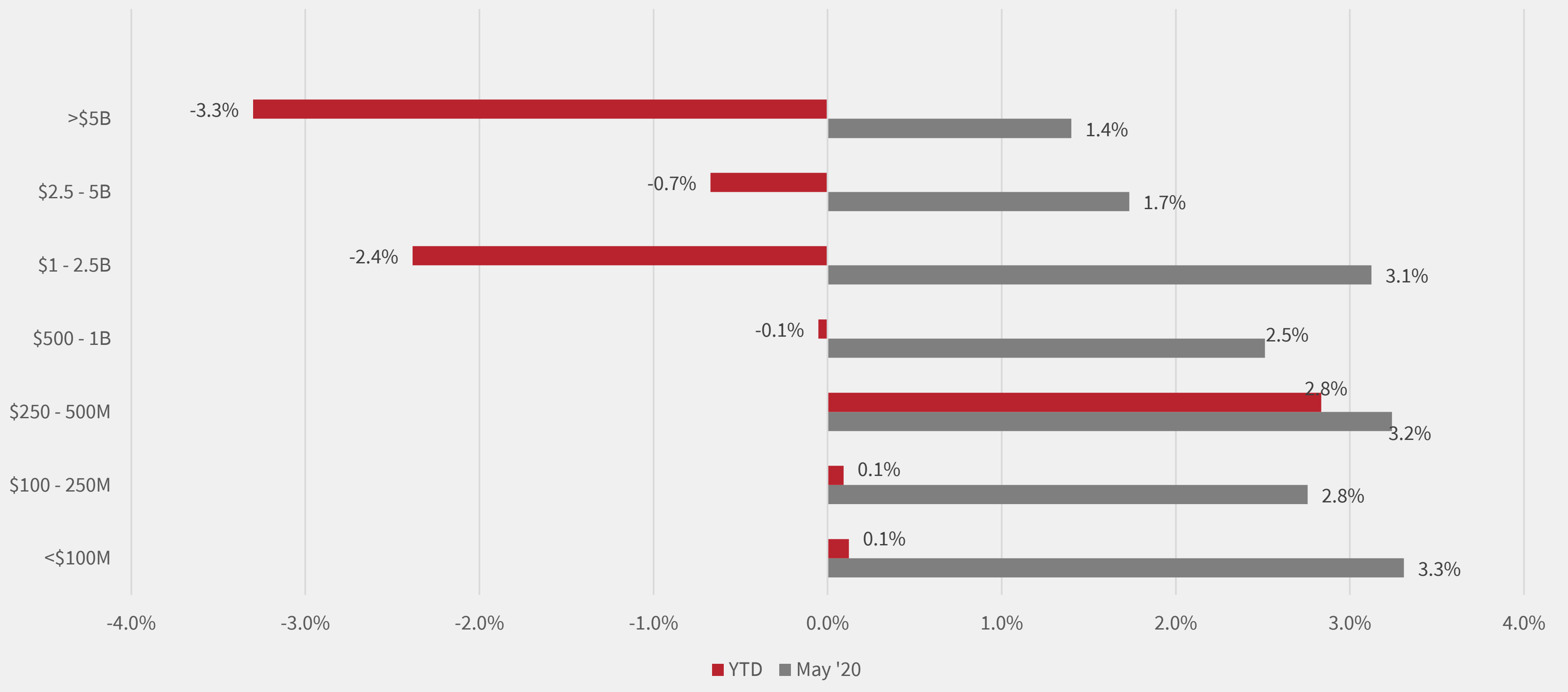
The chart below depicts alpha-generation for each PivotalIndex, ranked from best to worst. Each strategy is color-coded for easy tracking. For the last 12 months, more than 12% separated the top alpha-generating strategy (Equity Sector) from the bottom (Credit).

Alpha Leaderboard Relative to S&P 500

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

Categorized by AUM, performance was up across managers of all sizes in May. However, YTD, funds with more than $1B in AUM trailed their smaller brethren significantly.

Average Performance by AUM



Pivotal Point of View

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

- ✓ Following months of record-setting performance dispersion, May returned to historical norms. The PivotalPath Dispersion Indicator clocked in at 3.9% for our hedge fund composite index, still above the long-term average of 2.9% for January 2000 - December 2019, but within the realm.

- ✓ Earlier this month, we published a study titled A Tale of Two Months. As mentioned above, while dispersion and volatility declined in May, March and April saw unprecedented levels, both in financial markets and hedge fund performance. Those two months provide the perfect backdrop to study managers under vastly different market regimes: 43 trading days serve as a microcosm to understand, even *predict*, manager performance, based on a measurement of "quality."

- ✓ PivotalPath's Social Distance Winners and Losers Baskets were both up in May, +15.5% and +6.1%, respectively. However, YTD, over 100% separates the performance of Winners, +61.1%, from Losers, -45.9%, despite correlating by 0.8 as recently as YE 2019. Understanding managers' views and positioning relative to these baskets will continue to explain performance in 2020.

- ✓ Healthcare has been a top-performing strategy, both in May (+4.5%) and YTD (+3.7%). At first glance, investors may attribute this outperformance to large-cap names like Moderna and Gilead, presumed leaders in the global race for a COVID-19 vaccine. We developed the PivotalPath COVID-19 Vaccine Developer Large-Cap Basket to delve deeper. While strong YTD performance in healthcare ETFs could be attributed to constituents of this basket, hedge fund managers largely view these stocks as priced to perfection, with already limited risk/reward tradeoffs. Instead, managers continue to find opportunities in uncorrelated, catalyst-driven investments, particularly small and mid-cap names. Please look out for our upcoming insight on this topic where we'll dive into the data, along with insights sourced directly from healthcare managers.

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

Source: PivotalPath data through 06/10/2020. Historic performance available on Bloomberg.
Tickers: P2HFCI, P2CRDI, P2EQDI, P2EQSI, P2EVDI, P2GBMI, P2MFTI & P2MSTI.

PIVOTAL PATH