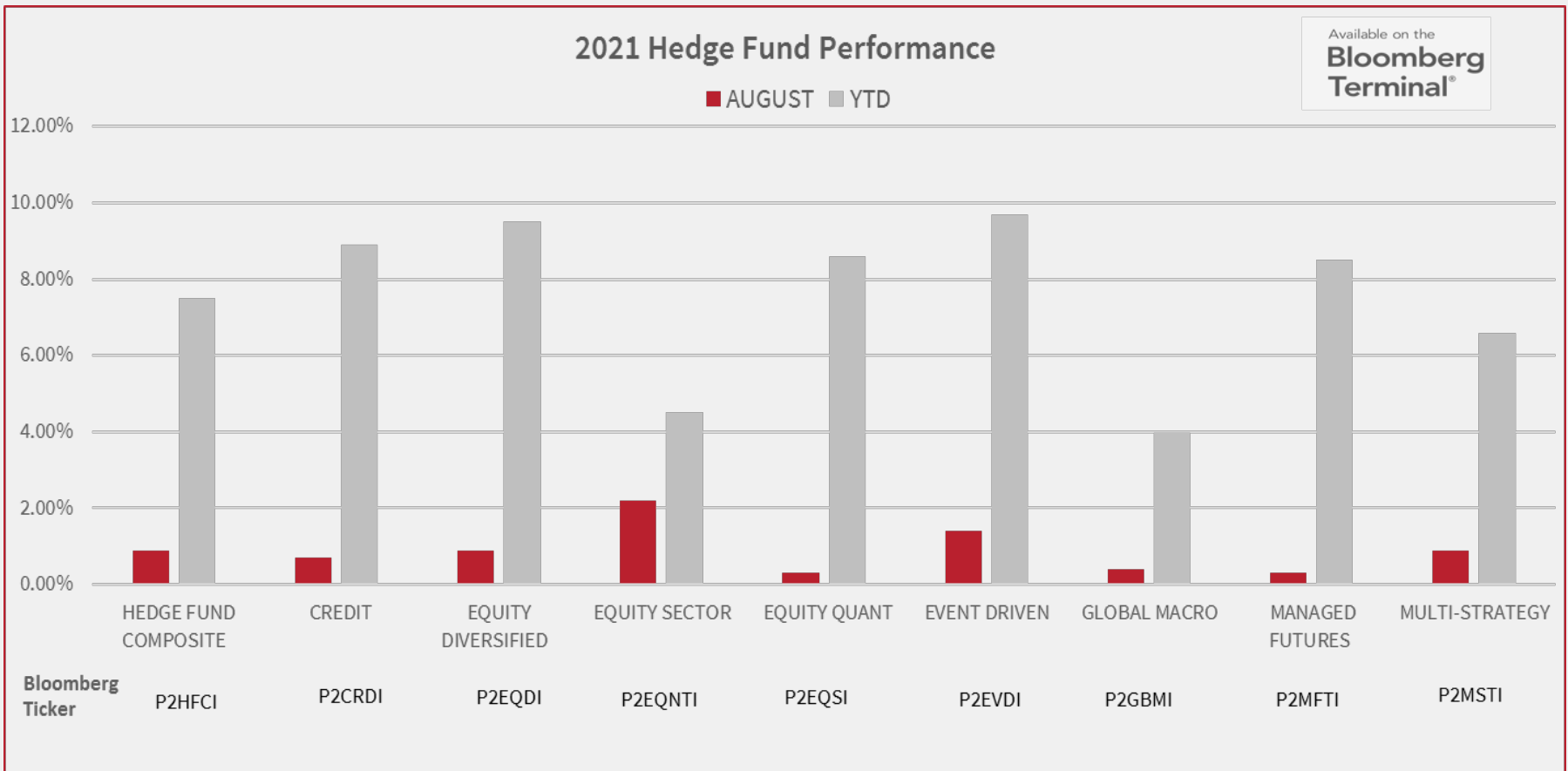


PivotalPath, on behalf of over \$150B in client hedge fund capital, tracks over 2,400 institutionally-relevant hedge funds, spanning >\$2.5T of industry assets. Our monthly report contextualizes these data points, including analysis of hedge fund performance, as well as 12-year rolling alpha across high-level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

Key Takeaways: The PivotalPath Hedge Fund Composite Index added 0.9% in August, bringing the index to +7.5% YTD. While the S&P 500 continues to generate higher returns relative to the Composite, (2.1% in August and 14.1% YTD), the Composite Index has generated better on a risk-adjusted basis (Sharpe Ratio of 2.9 vs. 2.3), while producing significant alpha (7%) and low beta (0.3) relative to the S&P 500 over the last year.

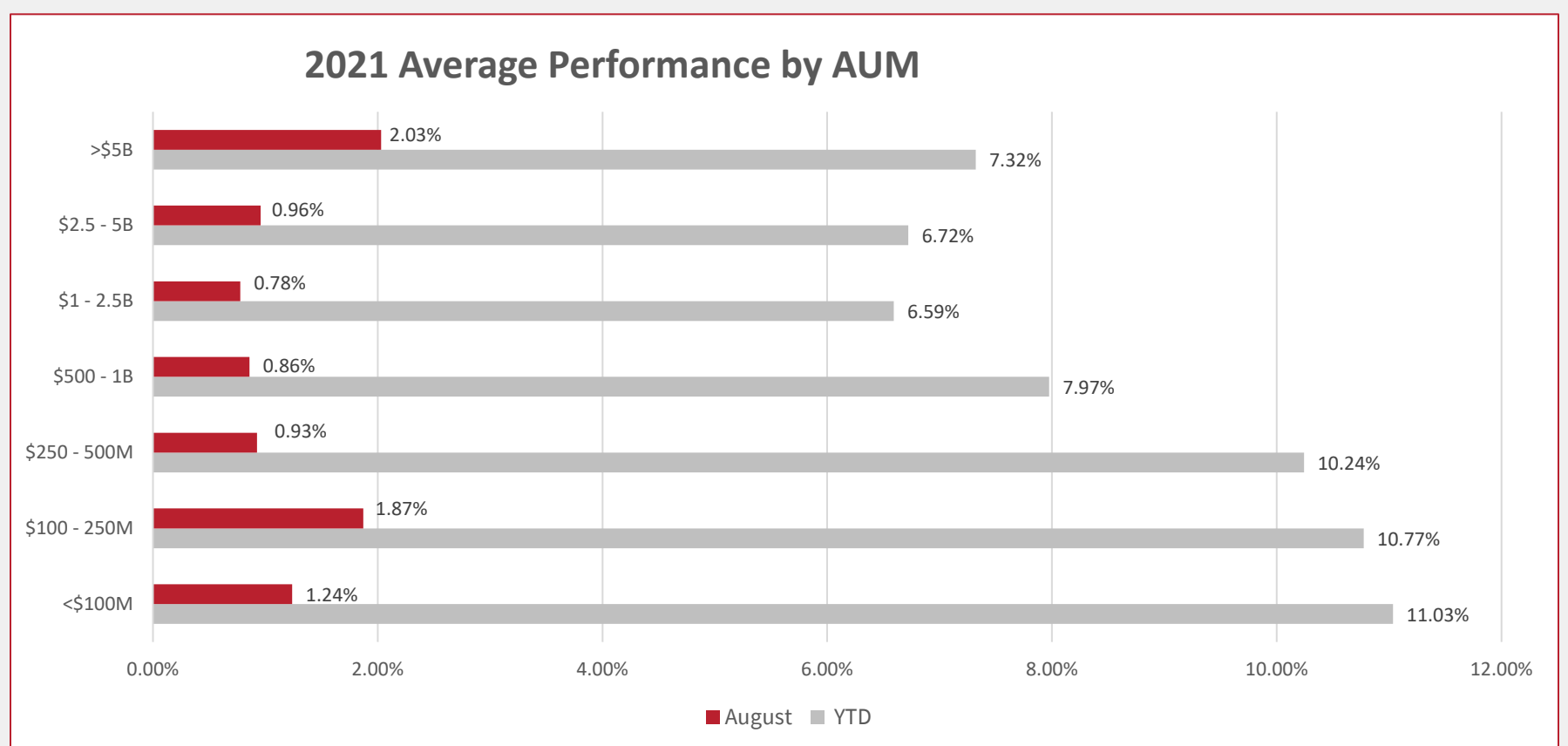
Strategy Highlights: Unlike July, all high-level indices were positive for the month of August. The Equity Sector Index, which had struggled through July performed well in August, returning 2.4%. It's sub-indices including TMT, Financials and Healthcare returned 2.5%, 2.7% and 2.6% respectively and are now all positive for the year. Equity Diversified generated 0.9% in August and is +9.5% YTD, and Equity Index Performance was positive in all geographic areas. Lastly, the Event Driven sector continues to perform, delivering 1.6% in August and +9.9% YTD.



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 August, all sectors continue to generate positive alpha relative to the S&P 500, with Event Driven continuing to lead the way. Equity Diversified fell to the bottom of the group with Credit and Multi Strat continuing to produce stable alpha.

Q1 2021	Q2 2021	Jul-21	Aug-21	2017	2018	2019	2020
20% Event Driven	15.6% Event Driven	12.5% Event Driven	11.2% Event Driven	11.9% Equity Sector	2.1% Credit	7.8% Managed Futures	19.4% Equity Sector
17.4% Multi-Strategy	12.8% Multi-Strategy	11.3% Multi-Strategy	10.7% Credit	11.6% Equity Diversified	1.3% Equity Sector	5.0% Equity Sector	10.8% Multi-Strategy
17% Credit	12.4% Credit	11.1% Credit	9.9% Multi-Strategy	9.2% Event Driven	1.1% Multi-Strategy	4.6% Multi-Strategy	9.3% Event Driven
15.7% Equity Sector	9.1% Composite	7.9% Composite	6.8% Composite	6.6% Multi-Strategy	-0.4% Event Driven	3.2% Composite	6.6% Composite
12.5% Composite	9.0% Equity Sector	7.6% Equity Sector	6.8% Global Macro	5.9% Composite	-0.36% Composite	2.7% Equity Diversified	5.1% Equity Diversified
11.1% Equity Diversified	7.2% Equity Diversified	6.3% Equity Diversified	6.2% Equity Sector	4.3% Credit	-1.6% Managed Futures	2.5% Global Macro	2.5% Credit
4.6% Global Macro	5.5% Managed Futures	5.4% Managed Futures	4.8% Managed Futures	-0.7% Global Macro	-2.4% Equity Diversified	2.3% Event Driven	0.9% Managed Futures
0.9% Managed Futures	5.0% Global Macro	53.8% Global Macro	4.8% Equity Diversified	-7.2% Managed Futures	-2.6% Global Macro	2.0% Credit	0.5% Global Macro

YTD, smaller funds continue to outperform their larger peers. However, in August the largest funds (>\$5B) outperformed. One month, however, doesn't make a trend...



The Pivotal Point of View Commentary

- Most everything went up in August. From all of PivotalPath's broad hedge fund indices, to many global equity indices along with most of the sectors that comprise them, to notable risk factors including growth and value. In fact, both PivotalPath's U.S. Cyclical Sectors Basket AND U.S. Growth Sectors Basket generated positive returns of 1.5% and 2.6% respectively.
- Equity Sector Index in focus:**
 - As mentioned above, the Equity Sector Index generated strong overall returns of 2.2% in August. Of note, each of the sub-indices contributed positively; consistency has been quite rare in the battle between value focused sectors such as Financials, Consumer and Energy, relative to growth-oriented sectors in Healthcare and Technology.
 - Energy:** Even with Crude Oil losing 7.4% in August, the hedge funds that trade it in the Energy / Utilities / Industrials Index still managed to generate a positive return of 1.7%.
 - Healthcare:** There was some notable dispersion within the Healthcare Index, (60% higher than its ten year monthly average). The upper quartile of managers produced 5.2%, while the bottom quartile lost only 1.6%. This dispersion can be explained by those managers focused on mid- and large-cap biotech as the S&P Biotech (XBI) gained 7.7% on the month on the heels of formal FDA approval of Pfizer's Covid vaccine, compared to those more focused on small-cap biotech, as exemplified by PivotalPath's Small Cap Biotech Basket which fell ~8%.
 - TMT:** The Technology/Media/Telecom Index returned 2.4%, even as our Social Distance Winners Basket fell 2% (though is still up 15.5% YTD). Strong returns from PivotalPath's FAANG Basket (+6%) and SaaS Basket (+4%) helped lead the long bets higher.

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

Source: PivotalPath data as of 09/14/2021. Historic performance available on Bloomberg.
Tickers: P2HFCI, P2CRDI, P2EQDI, P2EQNTI, P2EQSI, P2EVDI, P2GBMI, P2MFTI & P2MSTI