

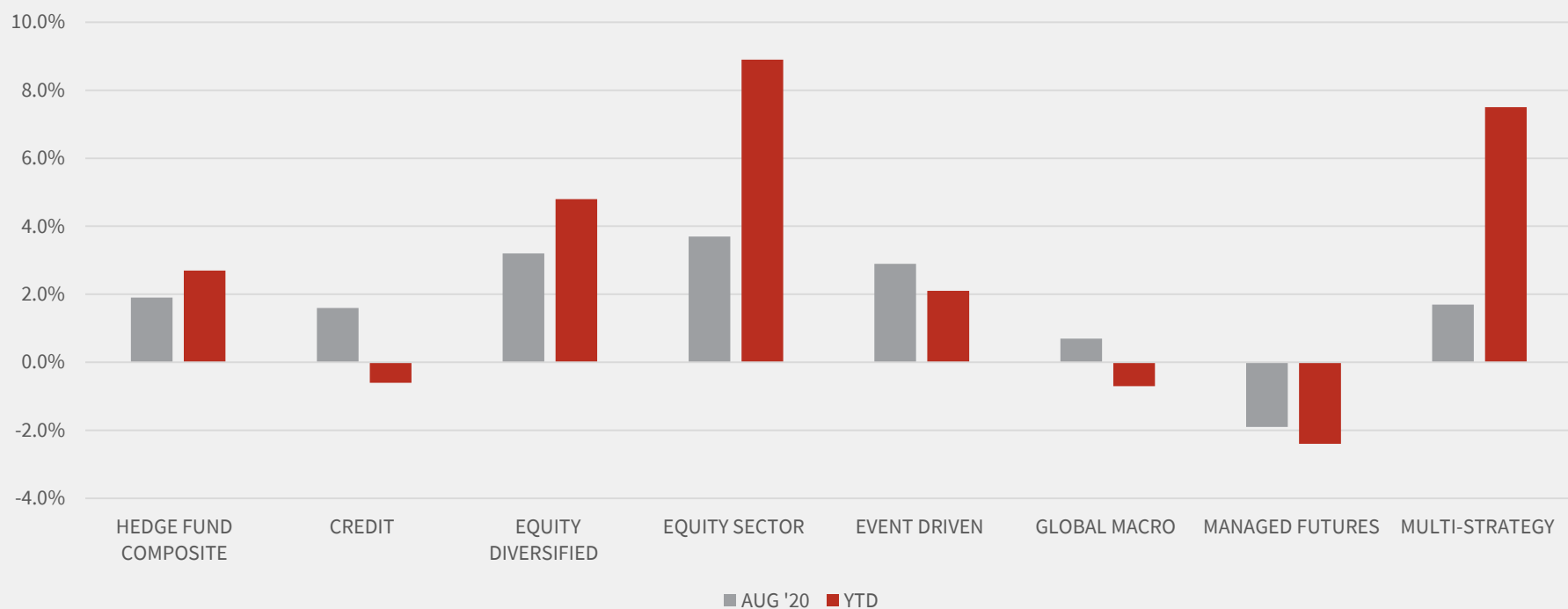
# PIVOTAL INDICES

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 August, led by equity-focused managers and multi-strategy funds. Managed futures lagged on both a monthly and YTD basis.

**Strategy Highlights:** The high-level indices below comprise over 40 investment sub-strategies. On the sub-strategy level, Equity Sector houses both one of the year's biggest winners (TMT, up 20.7% YTD) and its biggest loser (Financials, down 11.8% YTD). However, in August, both sub-strategies were at the top of the charts, with Financials up 4.7% and TMT up 4.1%.

AUG & YTD 2020 Hedge Fund Performance



Available on the  
**Bloomberg Terminal**

P2HFCI  
P2CRDI

P2EQDI  
P2EQSI

P2EVDI  
P2GBMI

P2MFTI  
P2MSTI

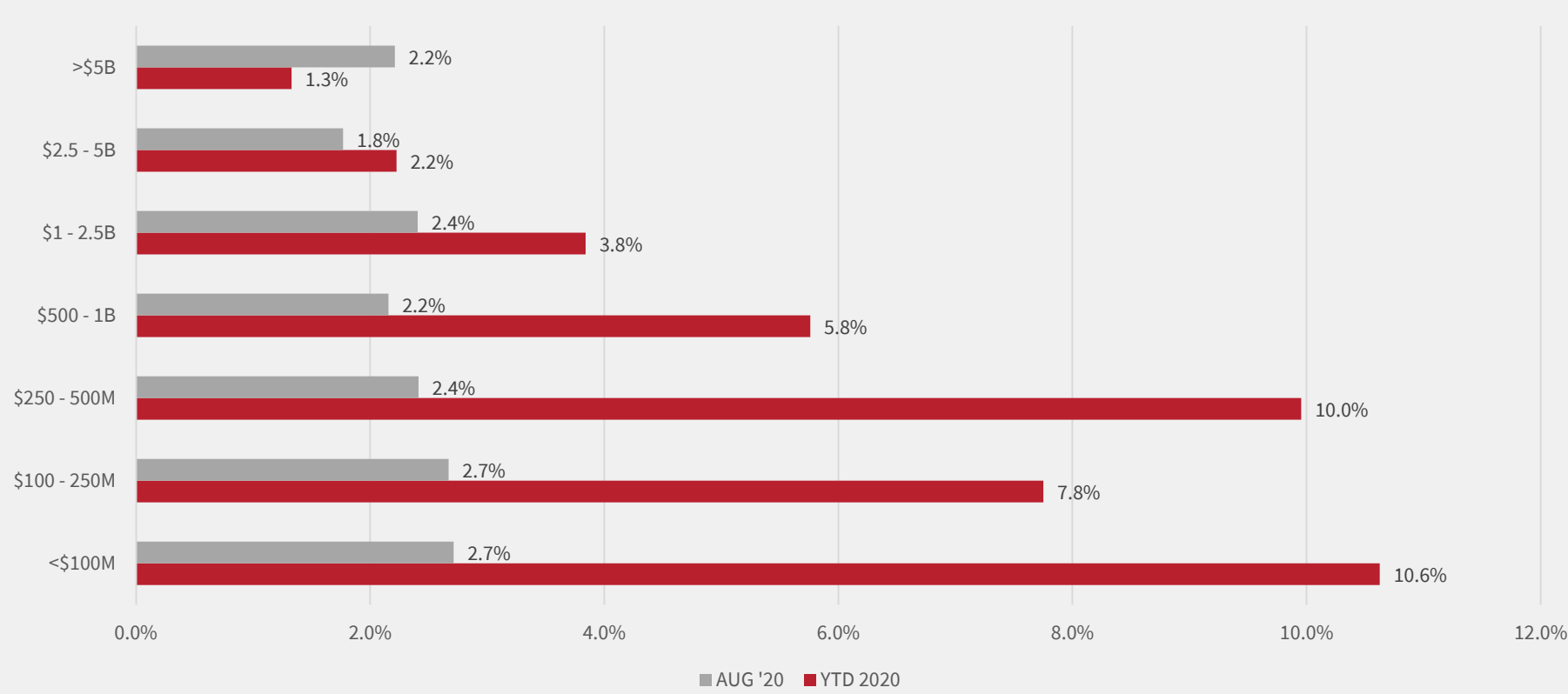
The chart below depicts alpha-generation for each PivotalIndex, ranked from best to worst. Each strategy is color-coded for easy tracking. For the last 12 months, more than 15% separated the top alpha-generating strategy (Equity Sector) from the bottom (Managed Futures), while 75% of strategies generated negative alpha.

Alpha Leaderboard Relative to S&P 500

Q1 '20	Q2 '20	JUL '20	AUG '20	2017	2018	2019
5.6% Managed Futures	6.0% Equity Sector	3.9% Multi-Strategy	6.1% Equity Sector	11.9% Equity Sector	2.1% Credit	7.8% Managed Futures
0.9% Global Macro	3.9% Multi-Strategy	2.5% Equity Sector	4.4% Multi-Strategy	11.6% Equity Diversified	1.3% Equity Sector	5.0% Equity Sector
0.5% Equity Sector	2.0% Equity Diversified	1.3% Equity Diversified	-0.7% Equity Diversified	9.2% Event Driven	1.1% Multi-Strategy	4.6% Multi-Strategy
0.0% Composite	0.3% Composite	-0.5% Global Macro	-1.9% Composite	6.6% Multi-Strategy	-0.4% Event Driven	3.2% Composite
-0.3% Multi-Strategy	-0.2% Managed Futures	-1.0% Composite	-1.9% Event Driven	5.9% Composite	-0.6% Composite	2.7% Equity Diversified
-0.4% Equity Diversified	-1.0% Event Driven	-3.6% Event Driven	-2.9% Global Macro	4.3% Credit	-1.6% Managed Futures	2.5% Global Macro
-1.2% Credit	-2.5% Global Macro	-3.9% Managed Futures	-6.5% Credit	-0.7% Global Macro	-2.4% Equity Diversified	2.3% Event Driven
-2.6% Event Driven	-5.7% Credit	-7.5% Credit	-9.3% Managed Futures	-7.2% Managed Futures	-2.6% Global Macro	2.0% Credit

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

Average Performance By AUM



## Pivotal Point of View

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

✓ YTD, six fund strategies are members of the double-digit return club, four at the top, two at the bottom:

- Technology/Media/Telecom: 20.7%
- Commodities: 20.4%
- Asia Long/Short Equity: 13.8%
- Convertible Bond Arbitrage: 11.0%
- Risk Premia: -10.9%
- Financials: -11.8%

✓ This month, 76% of managers reported positive performance. On a YTD basis, 68% of managers are in the black, while 32% have yet to break even.

✓ Hedge fund industry professionals, from allocators to Prime Brokers, share a wide-spread belief that alpha will decline during the latter part of the year. While 2020 has seen significant alpha-generation across strategies, we did observe a decline in alpha over the recent rolling year period. We will be monitoring whether this is a monthly aberration or the start of a year-end trend.

✓ Our allocator clients continue to remain interested in adding to their hedge fund portfolios. In particular, they are focused on Multi-Strat, Distressed and Sector-Focused funds. In the next few weeks alone, our research team will meet with almost 100 managers on behalf of these clients.

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

Source: PivotalPath data through 09/11/2020. Historic performance available on Bloomberg. Tickers: P2HFCI, P2CRDI, P2EQDI, P2EQSI, P2EVDI, P2GBMI, P2MFTI & P2MSTI.

PIVOTAL PATH