August 2021

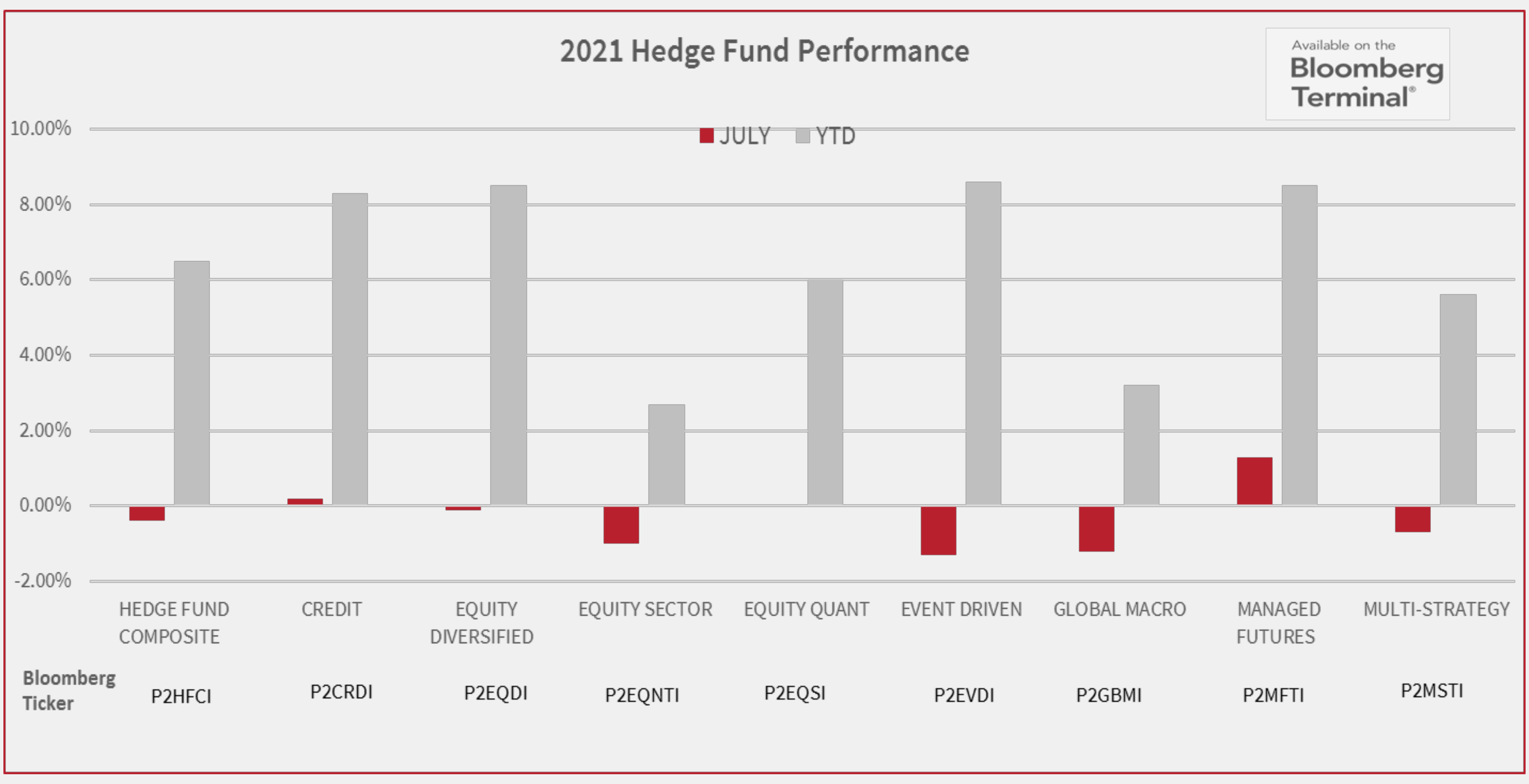
PIVOTAL POINT OF VIEW

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 was down 40 basis points in July, bringing the index to +6.5%% YTD. While the index underperformed the S&P 500 on an absolute basis by 2.68% in July and 10.3% YTD, it outperformed on a risk-adjusted basis, producing significant alpha relative to the S&P 500.

Look for the launch of our Pivotal Indices product in September

Strategy Highlights: With the exception of Credit and Managed Futures, all broad indices generated negative returns in July. YTD all indices remain positive from both a return and alpha (relative to the S&P 500) perspective, as can be seen in the Alpha Leaderboard below. Our Equity Sector Index, which is the weakest performing index this year returning +2.7%, exhibited significant dispersion among underlying sectors. Healthcare saw the greatest weakness followed by Consumer/Retail.



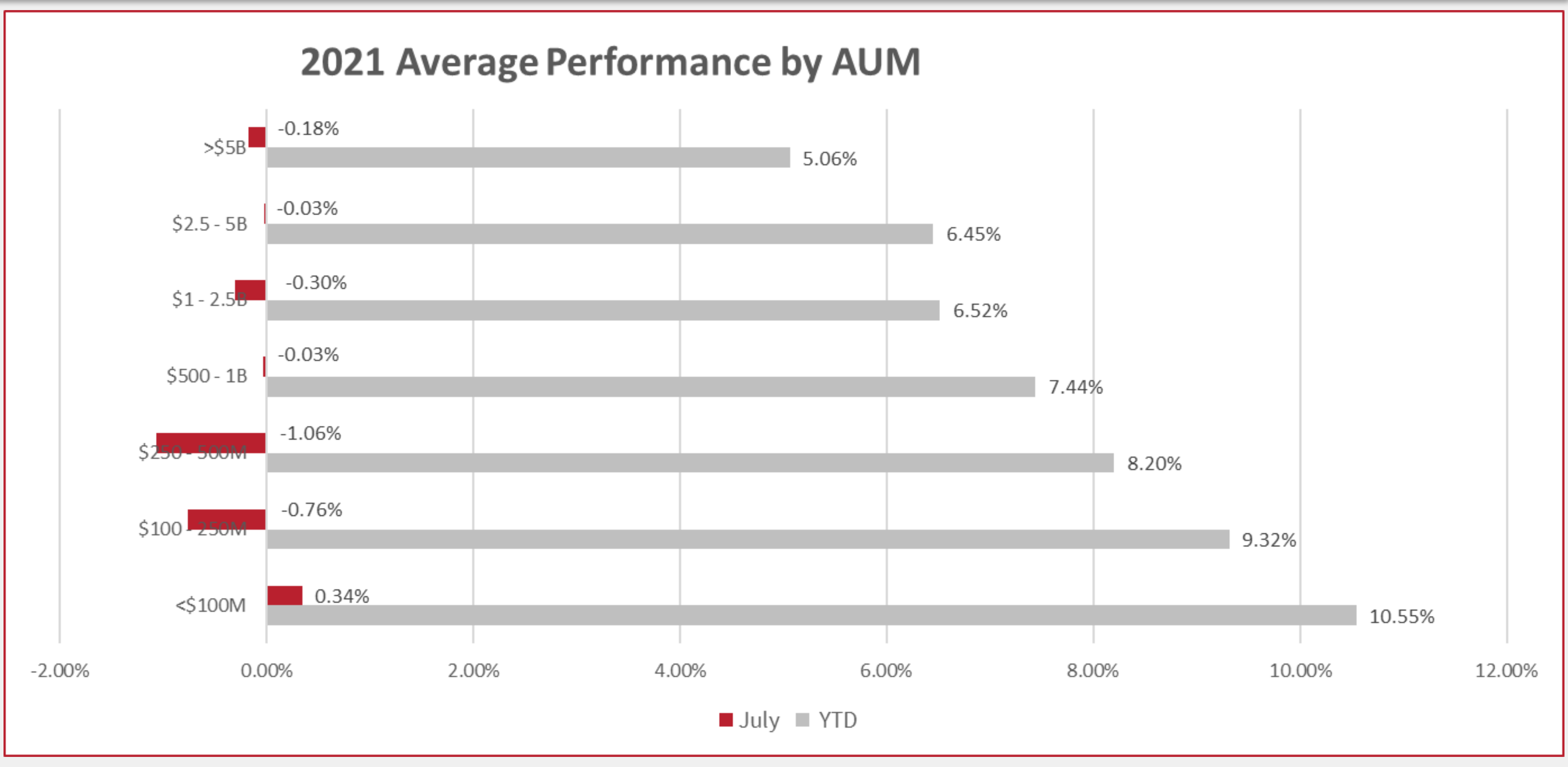
The chart below depicts alpha-generation for each Pivotal Index, ranked from high to low. Each strategy is color-coded for easy tracking. For the 12-month rolling period ending in July, all sectors generated positive alpha relative to the S&P 500, with Credit and Event Driven continuing to lead the way. Global Macro remains near the bottom with Managed Futures generating improved rolling alpha in July.

Alpha Leaderboard

12M Rolling Over S&P 500

Q1 2021	Q2 2021	July 2021	2017	2018	2019	2020
20.0% Event Driven	15.6% Event Driven	13.2% Credit	11.9% Equity Sector	2.1% Credit	7.8% Managed Futures	19.4% Equity Sector
17.4% Multi-Strategy	12..0% Credit	13.1% Event Driven	11.6% Equity Diversified	1.3% Equity Sector	5.0% Equity Sector	10.8% Multi-Strategy
17.0% Credit	11.7% Multi-Strategy	11.1% Multi-Strategy	9.2% Event Driven	1.1% Multi-Strategy	4.6% Multi-Strategy	9.3% Event Driven
15.7% Equity Sector	9.0% Equity Sector	8.3% Composite	6.6% Multi-Strategy	-0.4% Event Driven	3.2% Composite	6.6% Composite
12.5% Composite	8.9% Composite	7.9% Equity Sector	5.9% Composite	-0.6% Composite	2.7% Equity Diversified	5.1% Equity Diversified
11.1% Equity Diversified	7.0% Equity Diversified	6.4% Managed Futures	4.3% Credit	-1.6% Managed Futures	2.5% Global Macro	2.5% Credit
4.6% Global Macro	5.5% Managed Futures	6.3% Equity Diversified	-0.7% Global Macro	-2.4% Equity Diversified	2.3% Event Driven	0.9% Managed Futures
0.9% Managed Futures	5.1% Global Macro	2.5% Global Macro	-7.2% Managed Futures	-2.6% Global Macro	2.0% Credit	0.5% Global Macro

July saw continued outperformance of the smallest funds relative to their larger peers with only funds under $100M posting positive absolute performance.



The Pivotal Point of View Commentary

- The Equity Sector Index, which houses several meaningful sub-strategies, had a difficult July overall. Healthcare generated the largest loss, down 3.3%. And within Healthcare, funds with a focus on biotech experienced even larger losses due to rate concerns, product pricing fears and a lack of M&A activity. In addition, small-cap focused managers performed significantly worse than large-cap focused peers, exemplified by the 8.8% loss in the PivotalPath Small-Cap Biotech Basket, which is down 10.8% YTD.

- In the consumer sector, July saw a reversal of the Covid-19 re-opening trade due to concerns over the spike in the Delta variant globally. In fact, our Social Distance Losers Basket generated a loss of 9.5% in July compared to a gain of 5.1% in our Social Distance Winners basket.

- Our Global Macro Index, which lost 1.2% on average, would have generated greater losses without another gain in Risk Premia. On the negative side, managers with large losses were hurt by a short squeeze in the bond market. More specifically, funds that were short bonds/long rates were caught on the wrong side of that trade.

- Lastly, the Equity Diversified Index saw significant dispersion within the sub-sectors. China managers invested in internet and education were hurt as the Asia Long Short sub-index declined 2.7%. Investors in China were reminded to take the long view.

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

PIVOTAL PATH

Source: PivotalPath data as of 08/11/2021. Historic performance available on Bloomberg.
Tickers: P2HFCI, P2CRDI, P2EQDI, P2QNTI, P2EQSI, P2EVDI, P2GBMI, P2MFTI & P2MSTI