

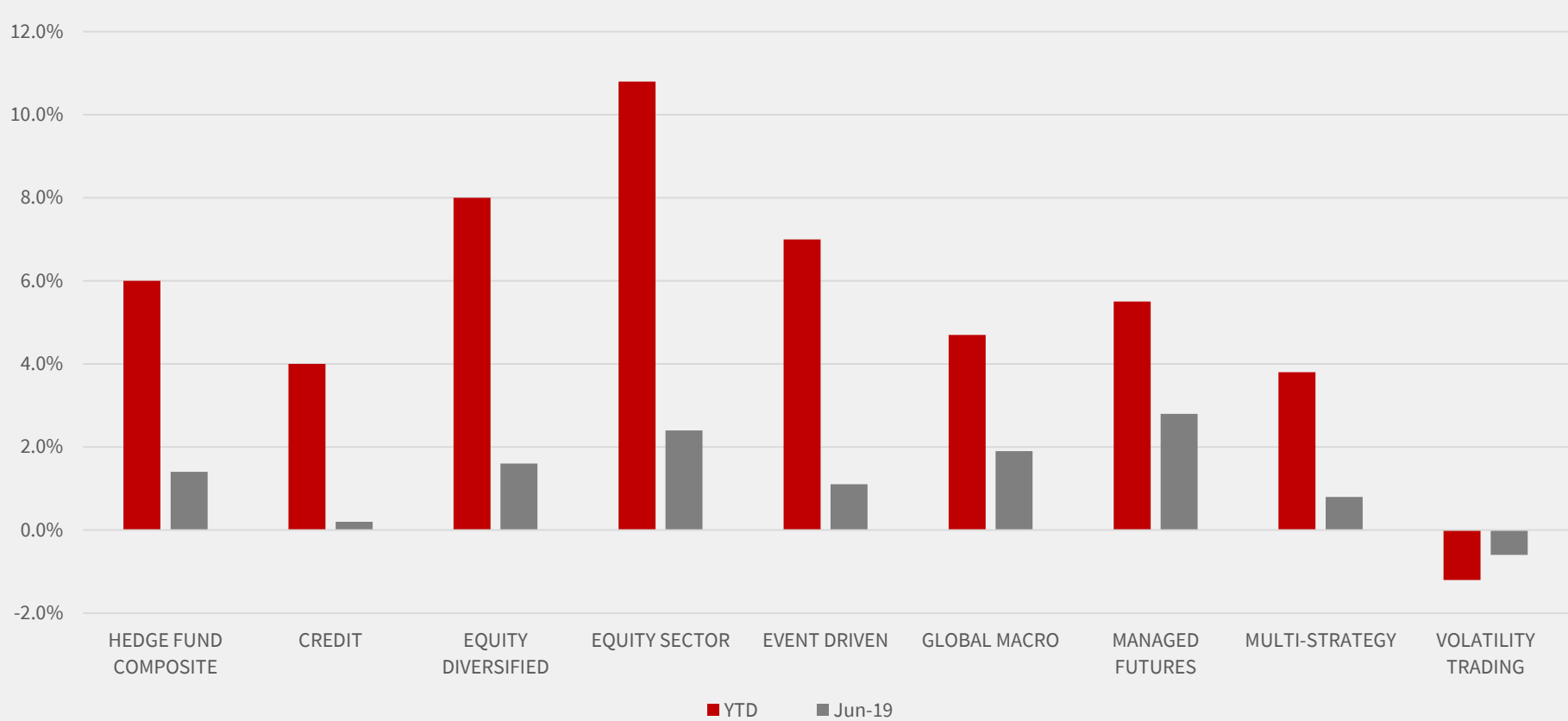
PIVOTAL INDICES

PivotalPath tracks over **175,000 data points** across more than **1,750 hedge funds** and **40+ different strategies**. Our monthly report includes year-to-date hedge fund performance, as well as 12-month rolling alpha across nine core hedge fund strategies. We also track performance within 8 AUM bands.

Key takeaway: Hedge funds came back swinging in June, though not all gains were shared equally.

Strategy Scoreboard: Equity Sector strategies continued to be the best performing throughout 2019 so far, yet Managed Futures fared best during the month of June.

2019 YTD & JUNE PERFORMANCE



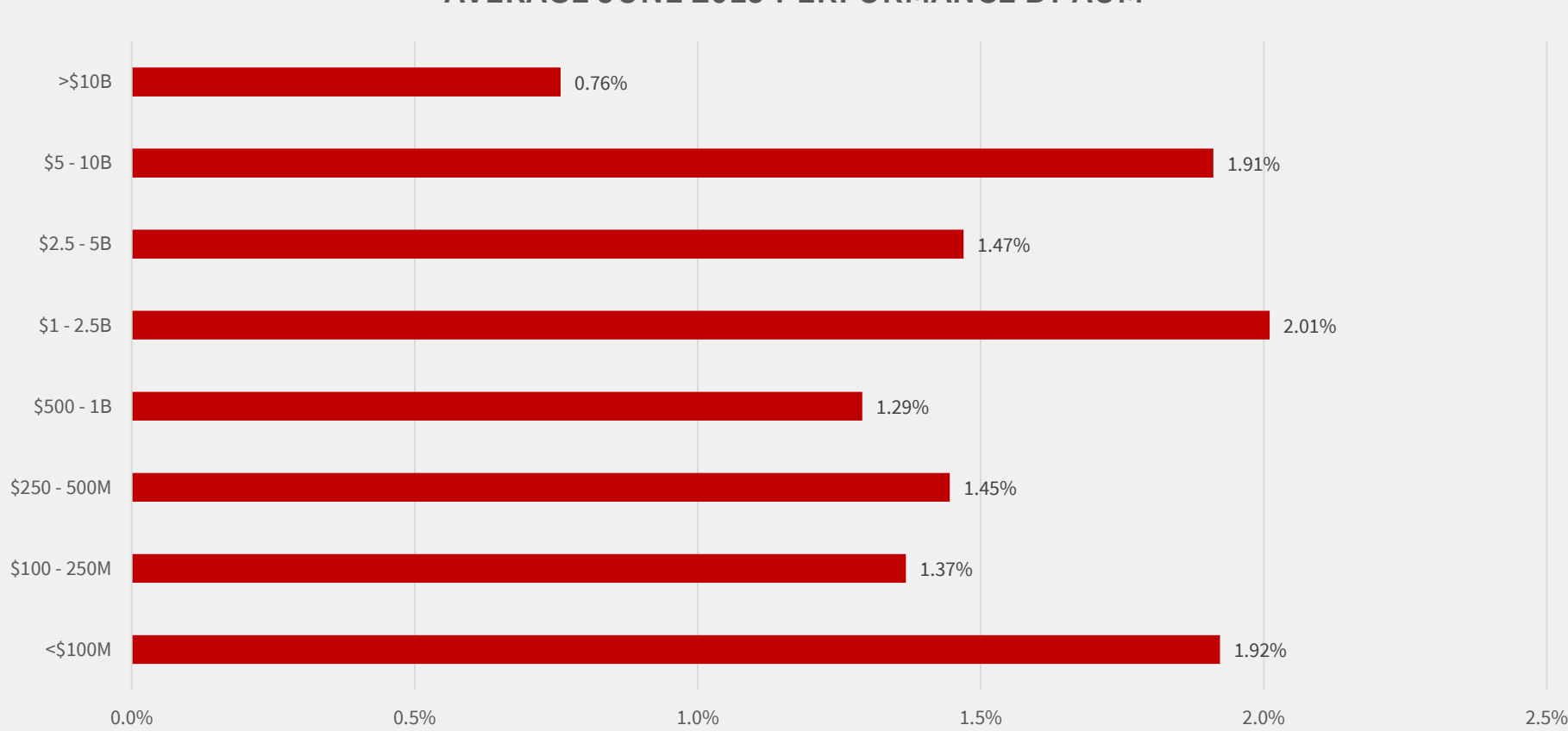
The chart below depicts alpha generation for each PivotalPath Index, ranked from best to worst. Each strategy is color-coded for easy tracking. In June, Managed Futures continued to top the rankings while Equity Sector and Equity Diversified remained at the bottom for the 3rd month in a row.

12M ROLLING ALPHA OVER THE S&P 500

Q1 2019	APR 2019	MAY 2019	JUN 2019	2018	2017	2016
3.0% Managed Futures	2.5% Managed Futures	2.3% Managed Futures	3.2% Managed Futures	2.1% Credit	11.9% Equity Sector	7.1% Credit
2.4% Event Driven	1.2% Event Driven	1.9% Credit	1.5% Global Macro	1.7% Volatility Trading	11.6% Equity Diversified	5.9% Global Macro
1.1% Credit	1.2% Multi-Strategy	1.9% Event Driven	1.4% Volatility Trading	1.3% Equity Sector	9.2% Event Driven	5.9% Volatility Trading
0.9% Multi-Strategy	0.9% Credit	1.9% Volatility Trading	1.1% Credit	1.1% Multi-Strategy	6.6% Multi-Strategy	5.4% Managed Futures
-0.2% Composite	-0.4% Volatility Trading	0.4% Multi-Strategy	1.1% Multi-Strategy	-0.4% Event Driven	5.9% Composite	2.9% Multi-Strategy
-0.6% Equity Sector	-0.5% Composite	0.1% Composite	0.4% Event Driven	-0.6% Composite	4.3% Credit	2.9% Event Driven
-1.0% Global Macro	-1.0% Global Macro	-0.1% Global Macro	0.2% Composite	-1.6% Managed Futures	-0.7% Global Macro	2.4% Composite
-1.1% Volatility Trading	-1.7% Equity Sector	-1.3% Equity Sector	-1.4% Equity Sector	-2.4% Equity Diversified	-0.8% Volatility Trading	-1.8% Equity Sector
-2.4% Equity Diversified	-2.9% Equity Diversified	-2.0% Equity Diversified	-2.1% Equity Diversified	-2.6% Global Macro	-7.2% Managed Futures	-3.2% Equity Diversified

In a strong reversal from May, funds in all AUM bands experienced gains during the month of June. This month, funds in the \$1B-\$2.5B range did the best. Once funds crossed the \$10B in AUM line, performance dropped below 1.0%.

AVERAGE JUNE 2019 PERFORMANCE BY AUM



PIVOTAL POINT OF VIEW

Here is what the data means for hedge funds, institutional investors, and markets overall...

- ✓ Hedge Funds came back in June after a difficult month in May, when strategies across the board experienced declines. The best performing strategies in June were Managed Futures, Equity Sector, and Global Macro. Interestingly, Managed Futures also topped our monthly Alpha ranking, whereas Equity Sector hovered toward the bottom.
- ✓ The first 4 months of 2019 saw managers with high beta to leveraged companies outperforming. This trend inverted itself in May but was back in action for June.
- ✓ Based on our proprietary analysis, hedge funds perform best when rates are high or rising (as long as the rate of change is within reasonable limits). When rates vary between 2.0 – 4.0%, there is a positive correlation to overall asset class performance. Once rates fall below 2.0%, particularly as part of a negative swing on rates, hedge fund performance declines. Stay tuned for additional thoughts on this topic ahead of the Fed's July 30-31 meeting!

For more research, insights, and analysis, visit www.pivotalpath.com

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