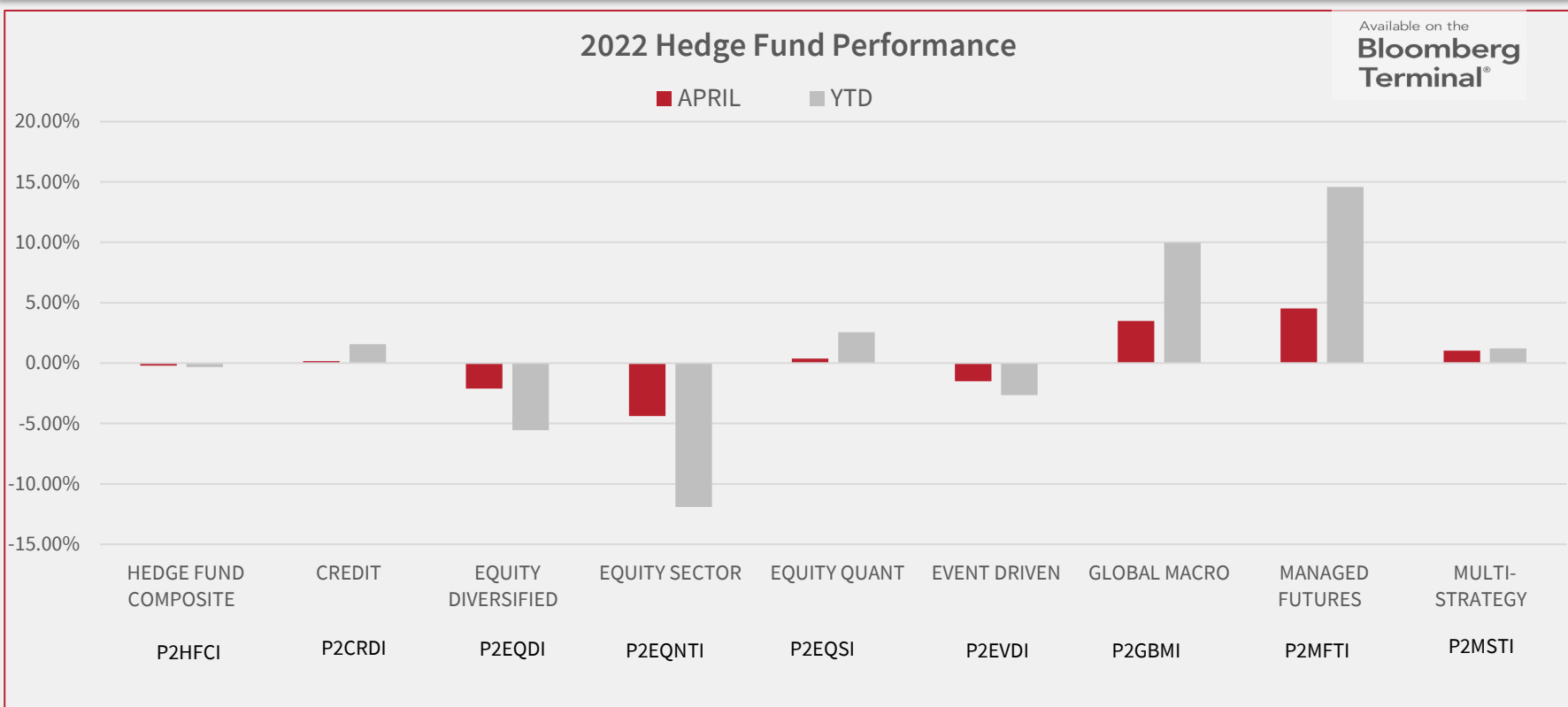


PivotalPath, on behalf of over \$200B in client hedge fund capital, tracks over 2,500 institutionally-relevant hedge funds, spanning >\$2.5T of industry assets. Our monthly report contextualizes these data points, including analysis of hedge fund performance, as well as 12-year rolling alpha across high-level strategies. We also provide average monthly performance of funds within separate AUM bands.

Key Takeaways: The PivotalPath Hedge Fund Composite Index lost 0.2% in April, once again outperforming major indices. The S&P 500 and Nasdaq declined 8.7% and 13.3%, respectively, during the month. Year-to-date the PivotalPath Composite is down 0.3% versus the S&P's decline of 12.9% and Nasdaq's decline of 21.2%.

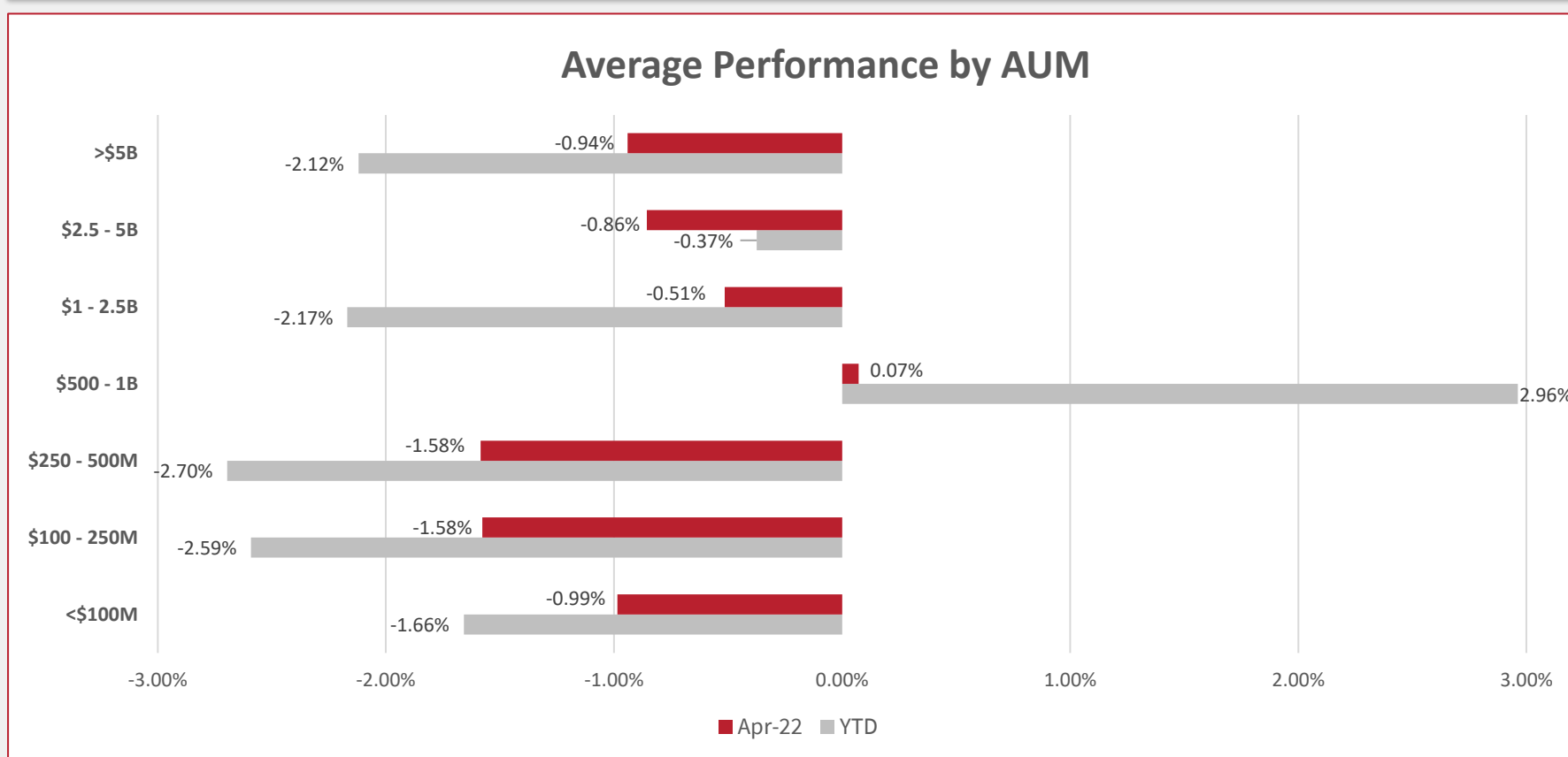
Strategy Highlights: Managed Futures and Global Macro continue to lead all strategies, generating 4.5% and 3.5% respectively in April and 14.6% and 10.0% YTD. Global Macro performance was driven by Commodities, Risk Premia and Quantitative sub-strategies which were up 6.0%, 4.7% and 4.2% in April, respectively. The Equity Sector Index lost 4.4% for the month and continues to be the worst performing index, losing 11.9% YTD. The YTD decline is mainly due to poor performance in TMT, Healthcare and Consumer sub-indices.



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 March, Managed Futures and Global Macro continue to produce the highest alpha while Equity Sector and Equity Diversified continued to generate significant negative alpha relative to the S&P 500.

Q1 2022	Apr-22	2018	2019	2020	2021
12.0% Managed Futures	16.6% Managed Futures	2.1% Credit	7.8% Managed Futures	19.4% Equity Sector	10.5% Credit
9.5% Global Macro	10.5% Global Macro	1.3% Equity Sector	5.0% Equity Sector	10.8% Multi-Strategy	9.80% Multi-Strategy
7.0% Credit	5.6% Credit	1.1% Multi-Strategy	4.6% Multi-Strategy	9.3% Event Driven	5.9% Event Driven
4.7% Multi-Strategy	4.6% Multi-Strategy	-0.4% Event Driven	3.2% Composite	6.6% Composite	3.1% Composite
1.4% Composite	1.4% Composite	-0.36% Composite	2.7% Equity Diversified	5.1% Equity Diversified	3.0% Global Macro
-0.3% Event Driven	-1.2% Event Driven	-1.6% Managed Futures	2.5% Global Macro	2.5% Credit	0.7% Managed Futures
-3.8% Equity Diversified	-4.2% Equity Diversified	-2.4% Equity Diversified	2.3% Event Driven	0.9% Managed Futures	-0.3% Equity Diversified
-14.6% Equity Sector	-14.7% Equity Sector	-2.6% Global Macro	2.0% Credit	0.5% Global Macro	-7.8% Equity Sector

April's negative absolute performance brought most AUM categories into negative territory for the year. The one exception was the \$500mm to \$1B range due to some extreme outperformance within Global Macro along with numerous Managed Futures and Multi-Strat funds within the AUM band.



The Pivotal Point of View Commentary

➤ **The backdrop:**

- A sea of red across and within global equity and bond markets while energy, treasury yields, USD, and inflation continue to rise
- Commodities continue to be pushed higher due to supply concerns stemming from the war in Ukraine to renewed Covid-driven shutdowns in China. Natural gas led the way higher again, increasing 28.4% in April and 94.2% YTD
- Reacting to continued commodity inflation and worries the Fed might be behind the curve, the U.S. 10 Year Treasury yield continued higher from 2.33% to 2.89% after finishing 2021 at 1.51%. The 2 Year increased from 2.28% to 2.68%, though helping to retreat from a temporary and ominous yield curve inversion
- The U.S Dollar rallied another 4.7%, its biggest monthly gain since January 2015
- Most broad global equity indices were down while the energy-heavy FTSE 100 was up 0.8%, increasing its YTD gain to 3.7%
- For the first time since tracking began in 2018, all 20 PivotalPath custom thematic baskets were negative for the month, with the largest losses coming from the Covid-19 Vaccine Developer SMID-Cap Basket (-27.1%) and Small-Cap Biotech (-24.8%)

➤ **Managed Futures and Global Macro continue to ride the trends higher:**

- Managed Futures generated another 4.5% in April, leaving it +14.6% YTD while Global Macro gained 3.5% and is up 10% YTD

➤ **Hedge funds broadly continue to deliver:**

- The PivotalPath Composite Index continues to diverge from traditional asset classes. Its 12-month beta of 0.11 to the S&P 500 is the lowest since December 2017 and the 2nd lowest since November 2003
- The PivotalPath Composite's monthly outperformance of 8.5% relative to the S&P 500 is the 8th largest on record dating back to January 1998 which spans 192 months
- The YTD or 4-month relative outperformance between the Composite and S&P 500 ranks 18/188 of all 4 month rolling periods of outperformance

➤ **The equity impact:**

- Even the Equity Diversified U.S. Long/Short Fundamental Index has reduced its rolling 12-month beta to 0.35, the lowest since the fall of 2018, helping mitigate losses seen at the equity index level
- Equity Sector focused strategies, however, struggled mightily with few places to hide, demonstrated by:
 - Equity Sector: Healthcare Index which fell 5.7% in April and is down 14.9% YTD
 - Equity Sector: Technology/Media/Telecom which lost 4.8% in April and is down 14.3% YTD
 - TMT and Healthcare comprise the bottom of the 45 sub-strategies we cover

➤ **Dispersion and Divergence in Alpha generation:**

- Dispersion across all funds level remains elevated at 5.7%; prior to the volatility brought on by Covid in February of 2020, that would have been the highest print since the tail end of the financial crisis in 2009
- Dispersion at these levels continues to be a healthy sign as managers across strategies have the ability to generate outperformance and meaningful alpha, making strategy and manager selection that much more important

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

Source: PivotalPath data as of 1/14/2022. Historic performance available on Bloomberg. Tickers: P2HFCI, P2CRDI, P2EQDI, P2EQNTI, P2EQSI, P2EVDI, P2GBMI, P2MFTI & P2MSTI