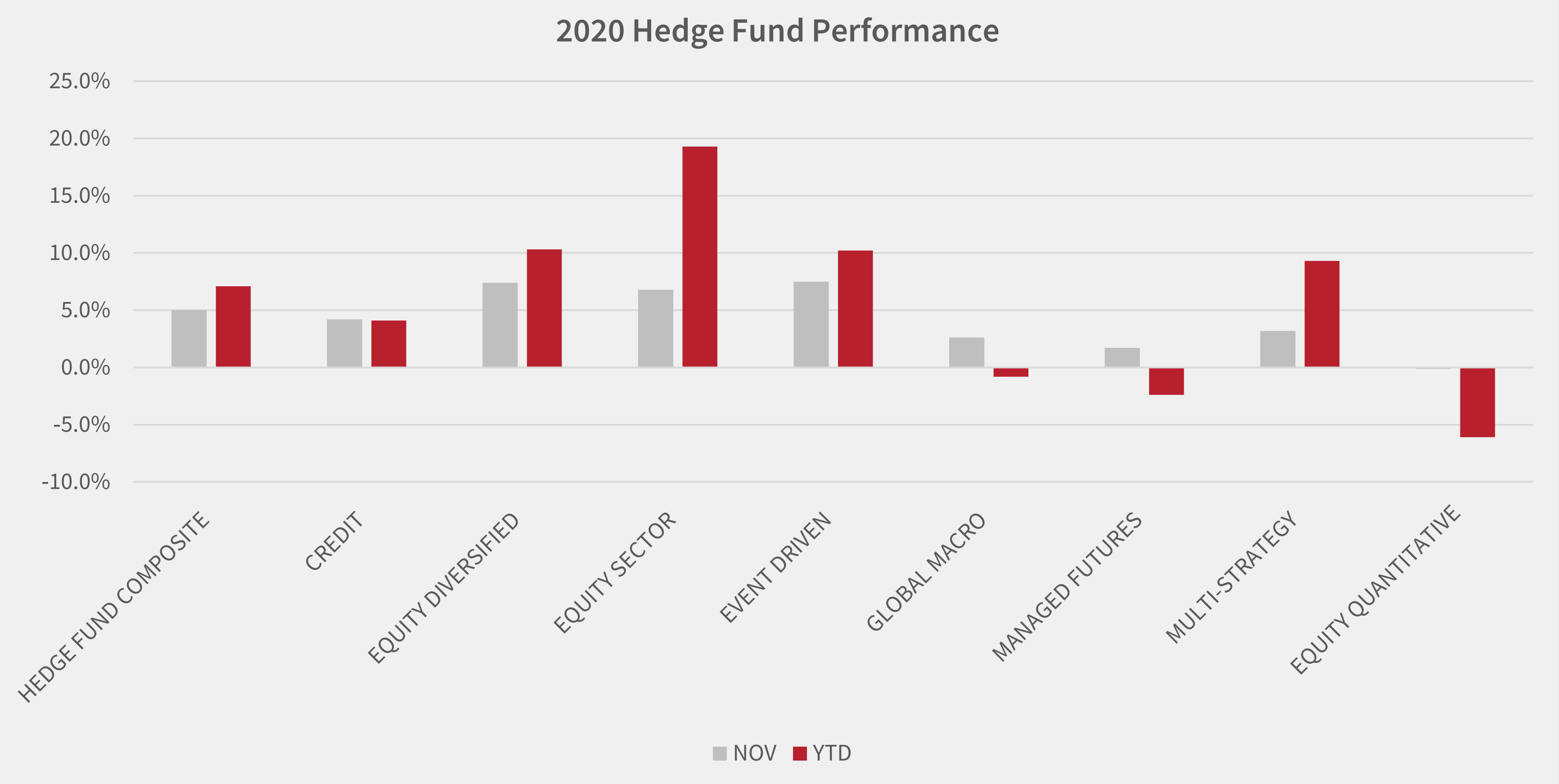
PIVOTAL INDICES

PivotalPath, on behalf of **$100B in client hedge fund capital**, tracks over **200,000 data points** across more than **2,000 institutionally relevant hedge funds**, spanning **$2.3T of industry assets**. 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 Takeaways: November was a big month for markets, with the S&P 500 up 10.7%. In aggregate, hedge funds were up 5% for the month with 86% of managers reporting positive performance. YTD, hedge funds are up just over 7% and continue to deliver better risk-adjusted results than the S&P, as indicated by their respective Sharpe ratios, 0.70 vs. 0.57.

Strategy Highlights: With the exception of the Equity Quantitative Index (down 0.1%), all other strategies were up in November. Equity Sector's 6.8% performance for the month marks the highest monthly return since 2000. PivotalPath's Dispersion Indicator clocked 5.8% for the month across all funds, exactly twice the long-term monthly average of 2.9%, and the highest we've seen since the record-setting numbers in February – April 2020.



Available on the Bloomberg Terminal

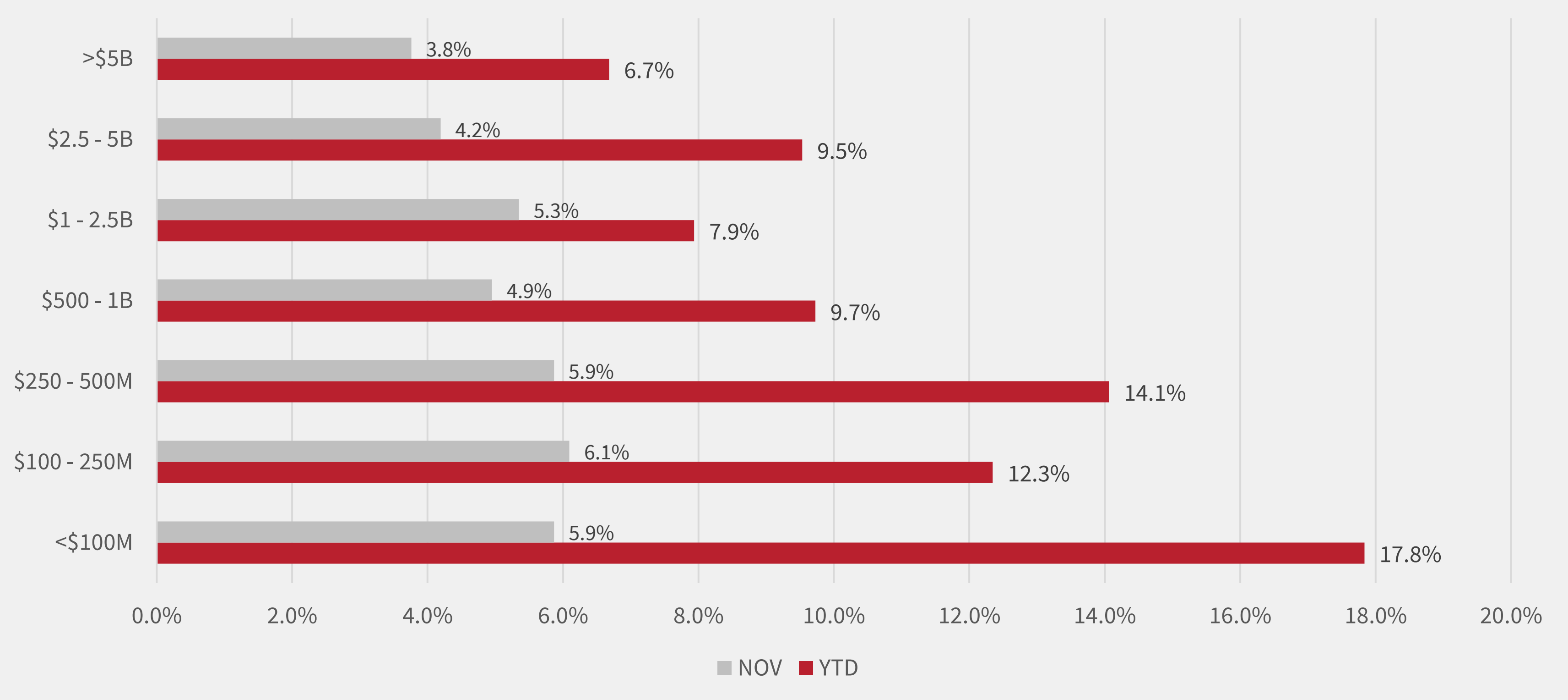
P2HFCI P2CRDI P2EQDI P2EQSI P2EVDI P2GBMI P2MFTI P2MSTI P2QNTI

The chart below depicts alpha-generation for each PivotalIndex, ranked from best to worst. Each strategy is color-coded for easy tracking. Equity Sector continues to top the chart, generating 13.8% of alpha for the rolling 1-year period ending in November. In fact, the last time the strategy was in negative territory was September 2019.

Alpha Leaderboard Relative to S&P 500

Q1 '20	Q2'20	Q3 '20	OCT '20	NOV '20	2017	2018	2019
5.6% Managed Futures	6.0% Equity Sector	12.3% Equity Sector	14.5% Equity Sector	13.8% Equity Sector	11.9% Equity Sector	2.1% Credit	7.8% Managed Futures
0.9% Global Macro	3.9% Multi-Strategy	8.0% Multi-Strategy	7.8% Multi-Strategy	8.7% Multi-Strategy	11.6% Equity Diversified	1.3% Equity Sector	5.0% Equity Sector
0.5% Equity Sector	2.0% Equity Diversified	1.6% Equity Diversified	3.2% Composite	4.6% Event Driven	9.2% Event Driven	1.1% Multi-Strategy	4.6% Multi-Strategy
0.0% Composite	0.3% Composite	1.4% Event Driven	3.0% Event Driven	4.4% Equity Diversified	6.6% Multi-Strategy	-0.4% Event Driven	3.2% Composite
-0.3% Multi-Strategy	-0.2% Managed Futures	0.8% Composite	2.8% Equity Diversified	3.2% Composite	5.9% Composite	-0.6% Composite	2.7% Equity Diversified
-0.4% Equity Diversified	-1.0% Event Driven	-2.7% Global Macro	1.6% Credit	0.2% Credit	4.3% Credit	-1.6% Managed Futures	2.5% Global Macro
-1.2% Credit	-2.5% Global Macro	-5.2% Credit	-1.2% Managed Futures	-2.7% Global Macro	-0.7% Global Macro	-2.4% Equity Diversified	2.3% Event Driven
-2.6% Event Driven	-5.7% Credit	-7.1% Managed Futures	-3.8% Global Macro	-6.9% Managed Futures	-7.2% Managed Futures	-2.6% Global Macro	2.0% Credit

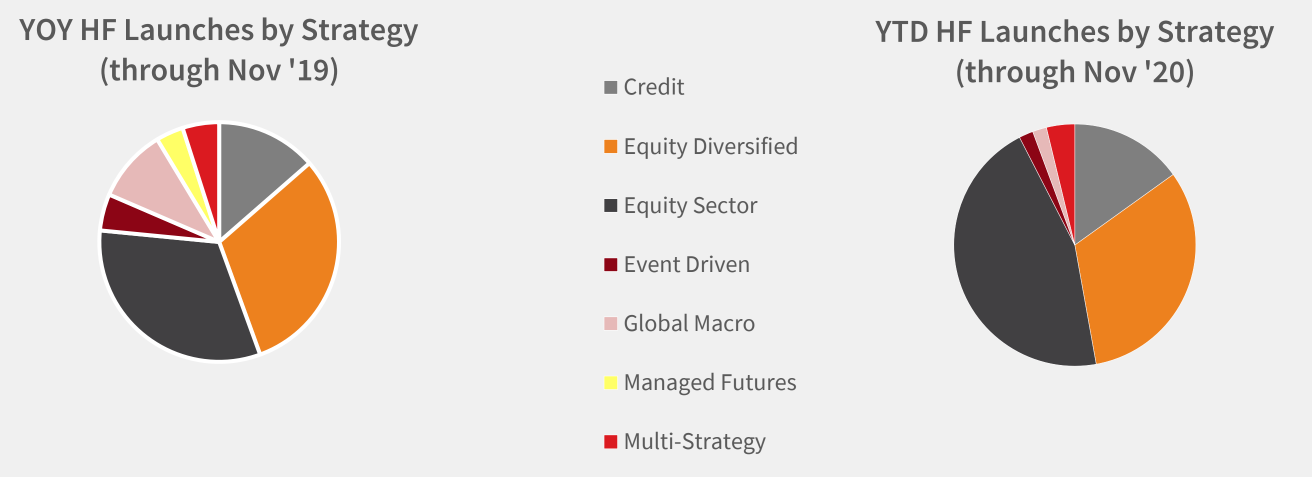
Managers across all AUM bands exhibited positive performance on both a monthly and yearly basis. Extending a trend we've noted throughout 2020, managers on the lower end of the AUM spectrum continue to outperform their larger brethren.



Pivotal Point of View

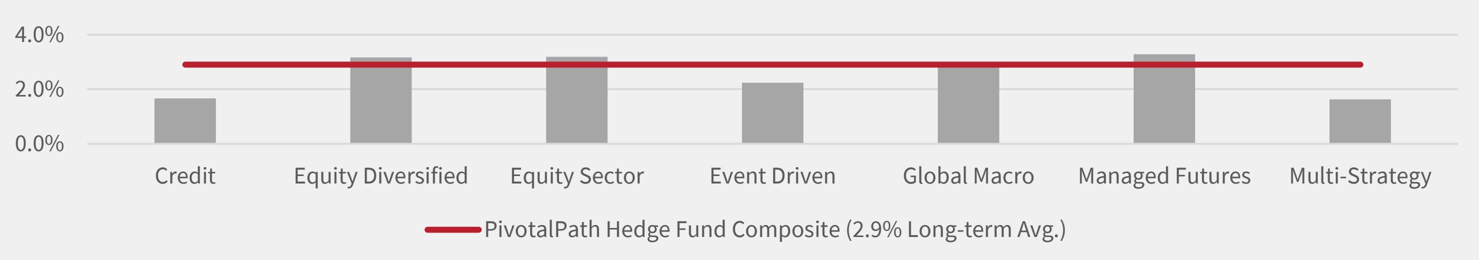
Here is what this data means for hedge funds, institutional investors and markets overall:

- ✓ Two areas we plan to cover in-depth in our upcoming year-end review are **hedge fund dispersion** and the pace of **new launches.** Below, we provide preliminary snapshots of both. We look forward to sharing this analysis, along with insights about other compelling industry trends, with you in early 2021.



- ✓ Equity Sector tops the charts for performance and alpha this year, the same strategy that dominated 2019. It's no surprise Equity Sector funds comprise the most fund launches through November of this year (45% of 2020's launches thus far, 32% of last year's through the same month).

- ✓ Any statistically significant lookback used to measure the year's hedge fund volatility will be skewed by the turbulence COVID-19 unleashed on the markets in February-March. Dispersion, a cross-sectional analysis of the distribution over a certain time period, offers a much more accurate indicator. Below, we break out the long-term average dispersion levels by strategy.



- ✓ After months of below-average dispersion from May-October 2020, November saw our indicator double on a month-over-month basis, reaching 5.8% compared to October's 2.9%. Increased dispersion in the markets favors hedge funds, creating buying opportunities on both the long and short sides. Increased dispersion in manager performance also creates opportunities for allocators, especially those with thoughtful, systematic and peer group-driven research processes. We will be keeping an eye on this indicator as we close the books on 2020 and embark on 2021.

For access to underlying data and additional research, visit www.pivotalpath.com

Source: PivotalPath data through 12/12/2020. Historic performance available on Bloomberg.
Tickers: P2HFCI, P2CRDI, P2EQDI, P2EQSI, P2EVDI, P2GBMI, P2MFTI, P2MSTI & P2QNTI

PIVOTAL PATH