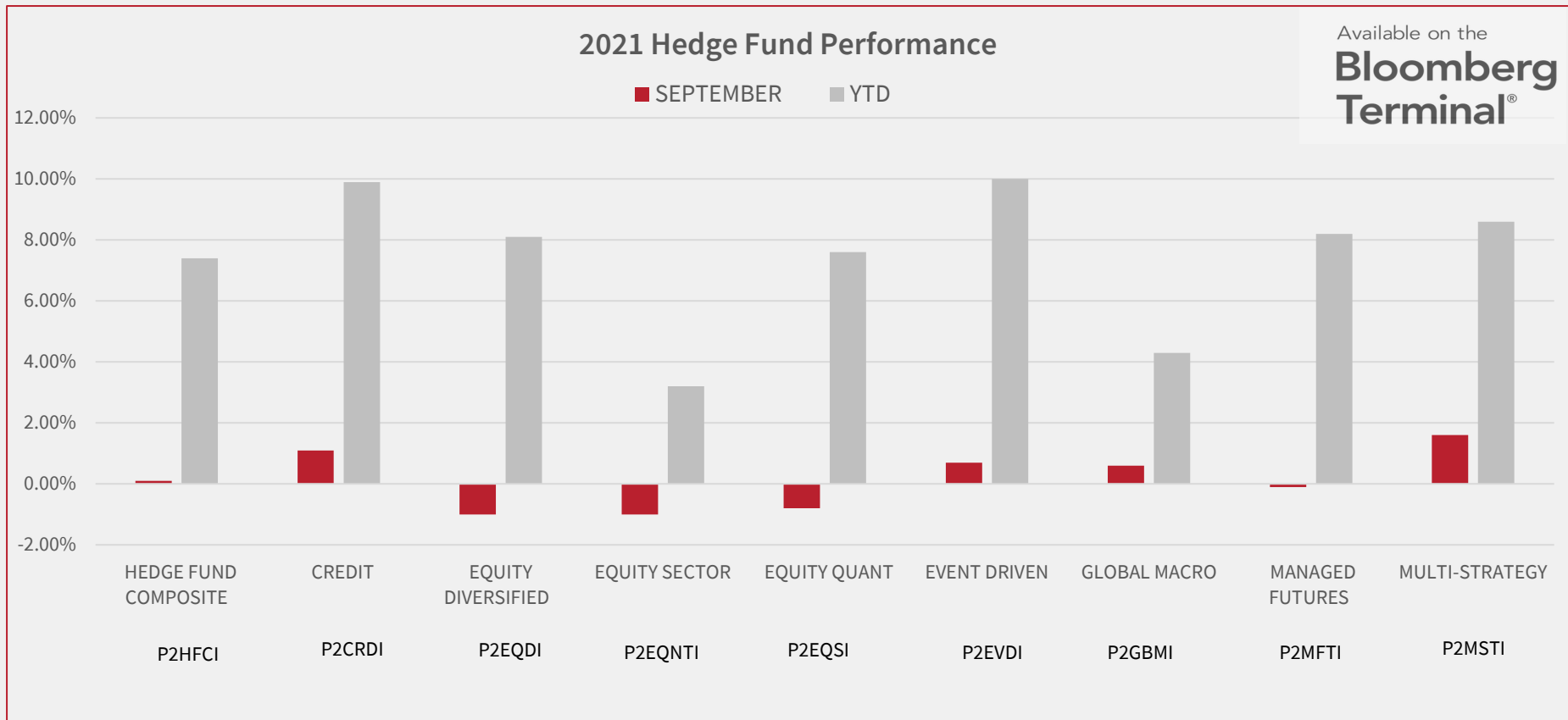


PIVOTAL POINT OF VIEW

PivotalPath, on behalf of over \$150B in client hedge fund capital, tracks over 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 added 0.1% in September, bringing the index to +7.4% YTD. This was against a backdrop of widely declining markets where the S&P 500 dropped 4.6%. The Composite outperformance of 4.7% vs. the S&P 500 ranks in the top 10% of monthly relative performance since January 1998. In addition, the Composite continues to produce significant alpha (8.2%) relative to the S&P 500 over the last year.

Strategy Highlights: Even though September was a difficult month overall, indices generally fared relatively well. Equity sectors had the most challenging performance, down 1.0% led downward by TMT and Healthcare losses of 1.5% and 1.0% respectively though offset by gains in the Energy sector of +1.4%. Equity Diversified and Equity Quant were down 1.0% and 0.8% respectively. Other high-level Indices had gains with Multi-Strat leading the way at +1.4%.

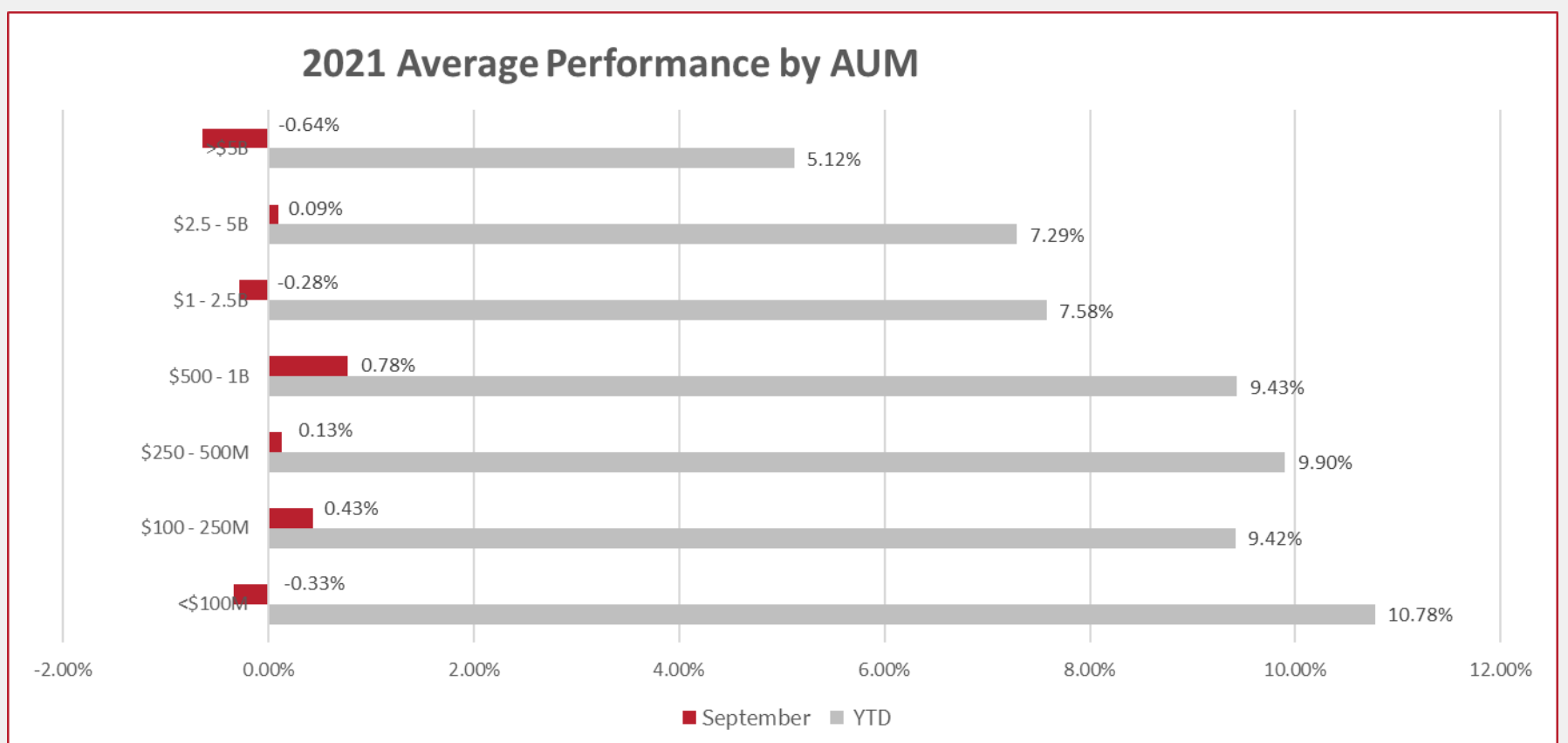


Available on the **Bloomberg Terminal**

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 September, all indices continue to generate positive alpha relative to the S&P 500, with Event Driven, Credit and Multi-Strat continuing to lead the way.

Q1 2021	Q2 2021	Aug-21	Sep-21	2017	2018	2019	2020
20% Event Driven	14.6% Event Driven	10.7% Event Driven	12.3% Event Driven	11.9% Equity Sector	2.1% Credit	7.8% Managed Futures	19.4% Equity Sector
17.4% Multi-Strategy	12.5% Multi-Strategy	10.6% Credit	12.0% Credit	11.6% Equity Diversified	1.3% Equity Sector	5.0% Equity Sector	10.8% Multi-Strategy
17% Credit	12.4% Credit	10.1% Multi-Strategy	11.9% Multi-Strategy	9.2% Event Driven	1.1% Multi-Strategy	4.6% Multi-Strategy	9.3% Event Driven
15.7% Equity Sector	8.7% Composite	6.5% Composite	8.2% Composite	6.6% Multi-Strategy	-0.4% Event Driven	3.2% Composite	6.6% Composite
12.5% Composite	7.4% Equity Sector	5.8% Equity Sector	7.7% Managed Futures	5.9% Composite	-0.36% Composite	2.7% Equity Diversified	5.1% Equity Diversified
11.1% Equity Diversified	7.3% Equity Diversified	4.8% Equity Diversified	6.4% Global Macro	4.3% Credit	-1.6% Managed Futures	2.5% Global Macro	2.5% Credit
4.6% Global Macro	4.7% Managed Futures	4.7% Managed Futures	6.2% Equity Diversified	-0.7% Global Macro	-2.4% Equity Diversified	2.3% Event Driven	0.9% Managed Futures
0.9% Managed Futures	4.0% Global Macro	1.6% Global Macro	4.9% Equity Sector	-7.2% Managed Futures	-2.6% Global Macro	2.0% Credit	0.5% Global Macro

YTD, smaller funds continue to outperform their larger peers. In September, the largest funds (>\$5B) underperformed all others. Funds in the \$500mm to \$1B range saw the strongest performance during the month.



The Pivotal Point of View Commentary Record Hedge Fund Outperformance

- September performance across the board was almost a mirror image of August with almost everything falling. Most major equity markets experienced losses except for Shanghai (CSI 300, Shanghai) and Japan (Nikkei, Topix).
- As described above, hedge funds outperformed significantly. Part of this may be explained by hedge funds' general bias toward value which significantly outperformed growth in September, as well as a further shift toward value during the month.
- One the clearest ways to observe the markets views on Covid, the economy and inflation is captured through the performance of PivotalPath's Social Distance Winners Basket (think Peloton, Zoom, Netflix etc.) vs. PivotalPath's Social Distance Losers Basket (think Darden, Marriott, Delta, etc.)
 - This month Social Distance Losers had their revenge, returning 3.6% vs. a loss of 3.1% for Social Distance Winners, increasing its lead YTD to 13.6% (19.6% vs. 6%).
 - This helps partially explain why Equity Diversified managers, with considerable positive exposure to equity markets, were able to minimize their losses over the month.
- Energy / Utilities / Industrials performed well again +1.8% in September after rising 1.5% in August. This occurred while crude oil futures have been whipsawed +9.5% in September -7.4% in August.
 - Energy / Utilities / Industrials was the 5th best performer over the past year of the 40 strategies PivotalPath covers.
- Global Macro: Commodities, by far, had the best September performance across sub-indices posting +8% with huge separation from second best performer in Credit: Distressed up 2.2%.
 - Global Macro: Commodities return of 23.2% also leads the way YTD. Though for some context, the Dow Jones Commodity Index is up 27.1% driven by huge gains across energy. For further context, see the chart below which includes performance statistics of the Dow Jones Commodity Index, Crude Oil futures and Natural Gas futures.

	September 2021	YTD 2021	1 YR
PivotalPath Global Macro: Commodities Index	+8.0%	+23.2%	+27.2%
Dow Jones Commodity Index	+2.9%	+27.1%	+44.9%
Crude Oil Futures	+9.5%	+54.6%	+86.5%
Nat Gas Futures	+34.0%	+131.1%	+132.2%

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

Source: PivotalPath data as of 09/14/2021. Historic performance available on Bloomberg. Tickers: P2HFCI, P2CRDI, P2EQDI, P2QNTI, P2EQSI, P2EVDI, P2GBMI, P2MFTI & P2MSTI

