

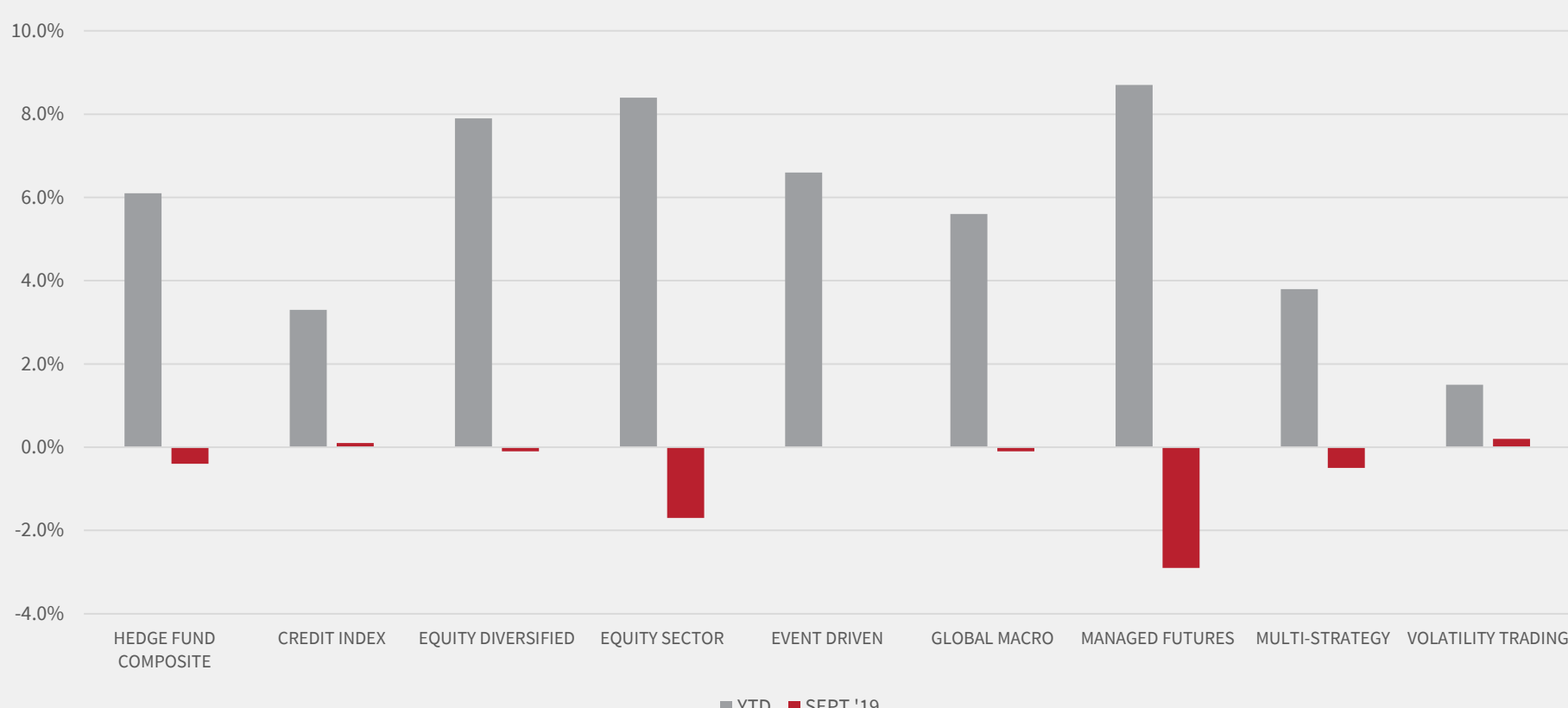
PIVOTAL INDICES

PivotalPath, on behalf of \$75B in client hedge fund capital, tracks over **180,000 data points** across more than **1,800 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 determine the average monthly performance of funds within nine separate AUM bands.

Key Takeaway: While Managed Futures (8.7%) and Equity Sector (8.4%) continue their run at the top year-to-date, both strategies put up the largest losses in September (-2.9% and -1.7%, respectively).

Strategy Highlights: For the first time this year, and despite a challenging September, all hedge fund strategies have crossed into positive territory year-to-date.

2019 YTD & September Performance



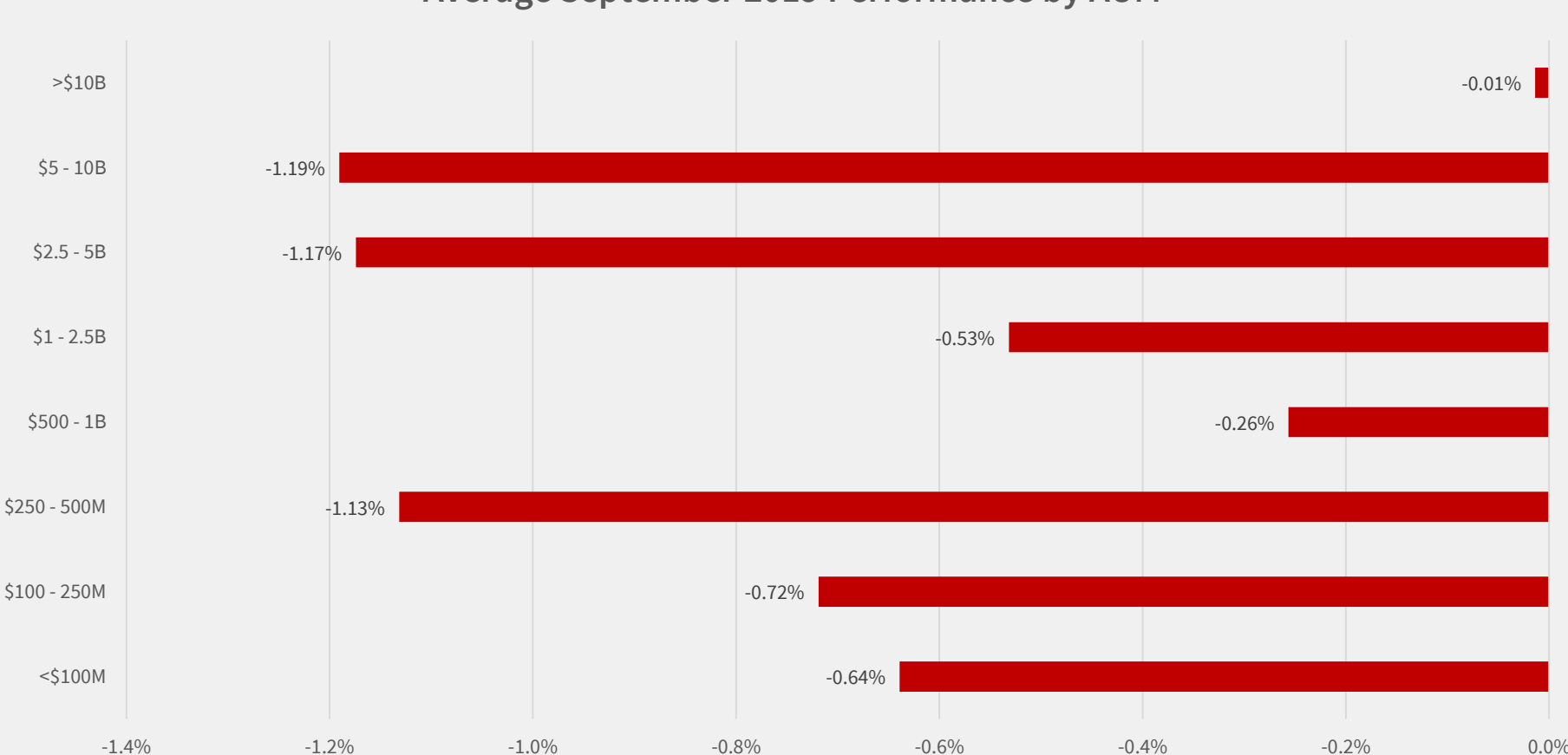
The chart below depicts alpha generation for each PivotalPath Index, ranked from best to worst. Each strategy is color-coded for easy tracking. In September, Managed Futures continued to top the rankings while Equity Diversified and Equity Sector continued their run at the bottom.

Alpha Leaderboard Relative to S&P 500

Q1 '19	Q2 '19	JUL '19	AUG '19	SEP '19	2016	2017	2018
3.0% Managed Futures	3.2% Managed Futures	5.4% Managed Futures	8.5% Managed Futures	5.5% Managed Futures	7.1% Credit	11.9% Equity Sector	2.1% Credit
2.4% Event Driven	1.5% Global Macro	1.2% Event Driven	2.9% Global Macro	1.8% Global Macro	5.9% Global Macro	11.6% Equity Diversified	1.7% Volatility Trading
1.1% Credit	1.4% Volatility Trading	1.1% Credit	2.0% Credit	1.3% Event Driven	5.9% Volatility Trading	9.2% Event Driven	1.3% Equity Sector
0.9% Multi-Strategy	1.1% Credit	1.0% Multi-Strategy	1.9% Composite	1.2% Credit	5.4% Managed Futures	6.6% Multi-Strategy	1.1% Multi-Strategy
-0.2% Composite	1.1% Multi-Strategy	1.0% Volatility Trading	1.9% Event Driven	0.8% Volatility Trading	2.9% Multi-Strategy	5.9% Composite	-0.4% Event Driven
-0.6% Equity Sector	0.4% Event Driven	0.8% Global Macro	1.8% Multi-Strategy	0.8% Composite	2.9% Event Driven	4.3% Credit	-0.6% Composite
-1.0% Global Macro	0.2% Composite	0.6% Composite	0.6% Volatility Trading	0.2% Multi-Strategy	2.4% Composite	-0.7% Global Macro	-1.6% Managed Futures
-1.1% Volatility Trading	-1.4% Equity Sector	0.4% Equity Sector	0.2% Equity Diversified	-0.4% Equity Diversified	-1.8% Equity Sector	-0.8% Volatility Trading	-2.4% Equity Diversified
-2.4% Equity Diversified	-2.1% Equity Diversified	-1.4% Equity Diversified	0.0% Equity Sector	-2.9% Equity Sector	-3.2% Equity Diversified	-7.2% Managed Futures	-2.6% Global Macro

Just as we saw in August, September performance was tightly clustered. This month, a little more than 1% stood between the top performing AUM band (>\$10B) and the bottom (\$5-10B).

Average September 2019 Performance by AUM



THE PIVOTAL POINT OF VIEW

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

- ✓ September was a challenging month for hedge funds, as several factor/sector rotations produced considerable headwinds. The largest drawdowns were seen in Technology/Media/Telecom (-4.0%), Managed Futures (-2.9%) and Healthcare (-2.5%), generally attributable to the reversal in growth/momentum.
- ✓ While TMT is up 9.8% YTD, technology-focused managers gave up 4.0% on average in September. In general, the losers were invested in smaller, growth-oriented stocks, including SaaS names. To wit, PivotalPath's proprietary SaaS Basket, a custom index of popular software stocks held by hedge funds, was down 9.2% in September after being up 46.5% YTD through August 2019. The managers who held up better tended to be more neutral in their positioning and have more of a value bent.
- ✓ Many of the allocators we work with continue to focus their research efforts on Asian managers (our Asia Equity Long/Short Index is up 6.1% YTD). To that end, several members of PivotalPath's research team will be traveling to Singapore next month for a deeper dive on investor sentiment toward Asia. We will report back on the landscape for new launches and how hedge funds are positioned across the region, including opportunities in the new vs. old economy stocks in China. We look forward to sharing our findings in future editions!

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

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