



Pivotal Point of View

2026 / April

For allocators evaluating hedge fund performance, context and completeness matter.

Every month, on behalf of greater than \$600B in client hedge fund capital, **PivotalPath** tracks 3000+ institutionally-relevant hedge funds, spanning over \$3T of assets.

Our monthly report analyses fund data points and identifies trends to help provide unique insight into the hedge fund industry.

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Key Takeaways

April 2026

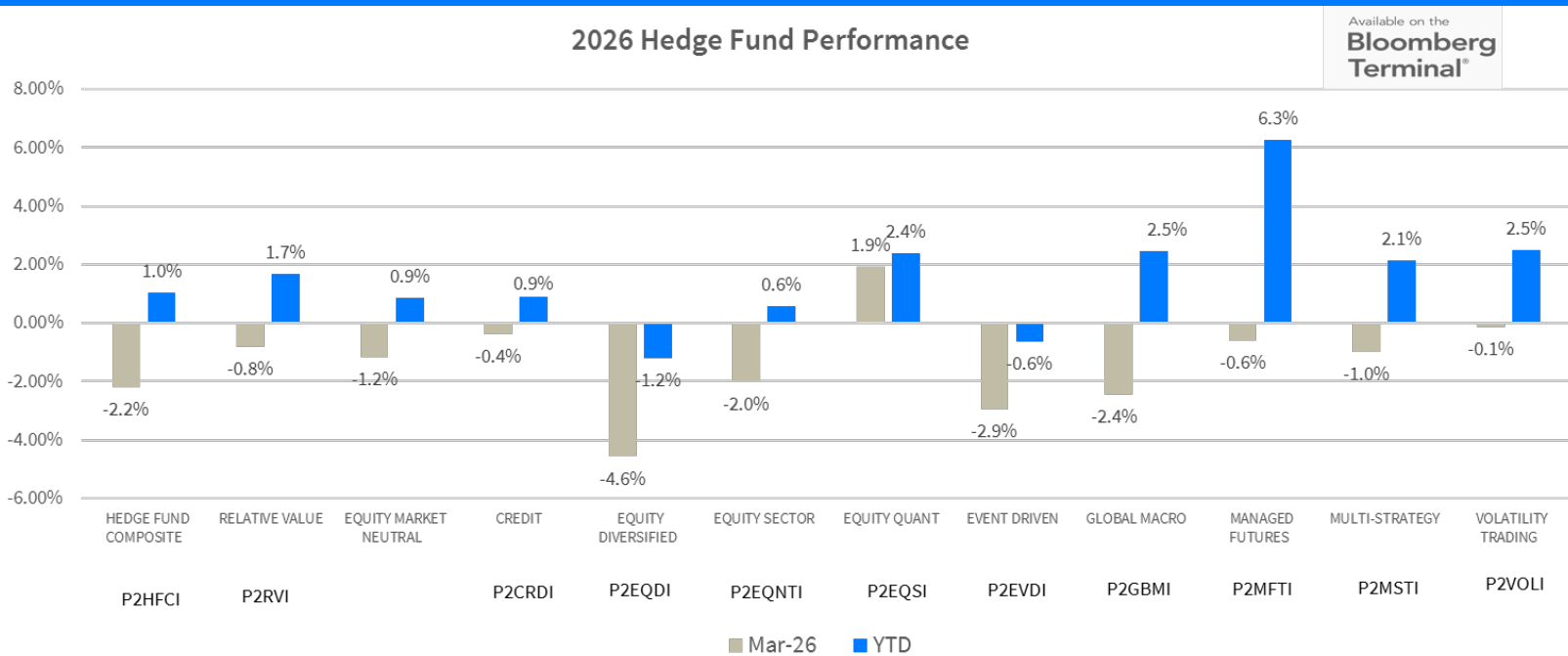
Pivotal Point In Time: Beware the Ides of March! The end of Q1 witnessed a month where managers had to work hard to prove they could do more than just participate in risk-on markets. In many ways it wasn't a fair test, as the month combined style rotation, macro uncertainty and a sharp deterioration in risk sentiment in one toxic tape.

The **PivotalPath Hedge Fund Composite Index** fell **2.2%**, leaving industry performance at **1.0%** YTD, as markets were hit by a mix of AI payback questions, private-credit nerves and then a full energy-and-inflation shock as the Iran conflict deepened.

By late month, the **Nasdaq** had fallen into correction territory, the **S&P 500** was heading for its worst quarter in four years, and the Fed was lifting its inflation outlook, leaving managers to navigate a market with less help from broad beta and much more demand for selectivity, liquidity and risk control. With some managers predicting a quick snap back (as evidenced by the events of 15 April!) but others forecasting a longer-term malaise, the Ides suggest that the broader backdrop fits a view that 2026 will be a differentiated, supply-shock-driven market in which traditional diversification is weaker and dispersion matters more – a challenge, but also an opportunity for the most skillful funds.

- ❑ March was a tough test, with only **28%** of funds positive in the month. The average gain among winners was **2.69%**, while the average loss among decliners was **4.27%**. This was definitely not a month where managers could sit still and let the markets do the work.
 - Equity-heavy books bore the brunt of the damage. The weakest strategy returns in March came from the **PivotalPath Equity Diversified Index** which fell by **4.6%**, its worst single month since a plunge of **7.5%** during the Covid-era, when in March 2020 markets were forced to rapidly price in a halt to the real economy.
 - In fact, the month was a great equity leveler with all sectors and strategies tainted by the confusion. From a geographic perspective Asia focused funds fared the worst - the **PivotalPath Equity Diversified: Asia Long/Short Index** plunged by **5.8%**, as foreign investors exited and a number of managers upped their shorts on rising oil and stagflation fears, with crowded AI and semiconductor longs in Taiwan and South Korea suddenly turning from market leaders into a source of risk.

Hedge Fund Performance



Strategy Highlights: While most strategies remain positive YTD, March reversed early-2026 record gains as managers struggled with cross-sectional confusion and a distinct lack of safe havens.

- ❑ While equity strategies caught the headline flak, it's also worth considering the trajectory of Global Macro players over a rough month, where the **PivotalPath Discretionary Global Macro Index** dropped by **2.4%**, wiping away half of its 2026 gains.
- The fall was particularly pronounced in the **PivotalPath Global Macro: Discretionary Index** which dropped by **4.6%** and the **PivotalPath Global Macro: Multi-Manager Index** which experienced a retreat of **5.7%**.
- Discretionary Macro struggled as March delivered noise rather than a single tradable theme, with oil, inflation, rates and equities all pulling in awkward directions at once.
- Long US Treasury exposure likely hurt some managers, as the late-month energy shock pushed yields and inflation expectations higher just when duration was supposed to help.
- Quant specialists were a little better equipped to handle the noise, with the **PivotalPath Global Macro:Quantitative Index** up **0.3%**, as March offered strong, tradeable cross-asset signals, especially in commodities, FX and relative rates, while punishing slower, more thesis-driven discretionary books.
- And while Quant Macro survived, Quant Equity thrived, with the **PivotalPath Equity Quant Index** up **1.9%**, as this cohort took advantage of wild dispersion patterns.

“
The
PivotalPath
Equity
Sector:
Financials
Index was
down **3.5%** in
March
”

When Private Credit Plumbing Wobbles, Hedge Funds Head for the Pipes

Financials were one of the clearest hedge-fund tells of March. Prime brokers and a number of managers reported an aggressive shorting of banks, insurers, fintechs and asset managers, making financials the most sold sector of the year.

That was not just a sector call. Instead, it looked more like a bet on a market growing uneasy about private-credit plumbing, with listed financials offering the fastest way to express concern over funding chains and valuation risk.

That trade has real substance behind it. US banks had lent nearly \$300 billion to private-credit providers as of June 2025, while some had already marked down collateral against some loans to private-credit funds and others were tightening terms.

The stress then stayed alive into month-end. Ares capped withdrawals in one of its vehicles after requests reached 11.6% of outstanding shares, while Oaktree met heavy redemptions only by using liquidity, selling public debt holdings and trimming software exposure.

That made financial shorts look less like a bet on bank earnings and more like a view on who ultimately wears any repricing in private credit.

Hedge Fund Correlation Analysis

Market Risk Alert: Due to recent spikes in oil prices along with fissures in private credit, elevated correlations make it more difficult to generate gains during equity selloffs.

Credit

0.911

99.7th percentile
12-month correlation to S&P 500

Event Driven

0.932

94.2th percentile
12-month correlation to S&P 500

Multi-Strategy

0.730

84.8th percentile
12-month correlation to S&P 500

Equity Market Neutral

0.770

83.5th percentile
12-month correlation to S&P 500

Multiple hedge fund strategies still exhibiting historically high correlation to **S&P 500**.



12-Month Rolling Correlation Percentiles vs S&P 500

Index	Current Correlation	Percentile	Historical Min	Historical Max	Historical Mean	Observations
Credit	0.911	99.7%	-0.112	0.911	0.517	328
Event Driven	0.932	94.2%	0.053	0.994	0.673	328
Multi-Strategy	0.730	84.8%	-0.332	0.934	0.455	328
Equity Market Neutral	0.770	83.5%	-0.288	0.967	0.467	328
RV	0.726	81.4%	-0.419	0.926	0.442	328
Composite	0.846	76.8%	-0.340	0.960	0.631	328
Global Macro	0.473	63.4%	-0.803	0.923	0.166	328
Equity Diversified	0.866	60.7%	-0.174	0.977	0.797	328
Equity Sector	0.801	55.5%	-0.000	0.973	0.759	328
Managed Futures	0.058	48.8%	-0.799	0.804	0.028	328
Volatility	-0.268	48.2%	-0.926	0.799	-0.225	328
Equity Quant	-0.319	5.5%	-0.738	0.947	0.297	328

Color Key: 95th+ percentile 90-95th percentile 75-90th percentile 50-75th percentile <50th percentile

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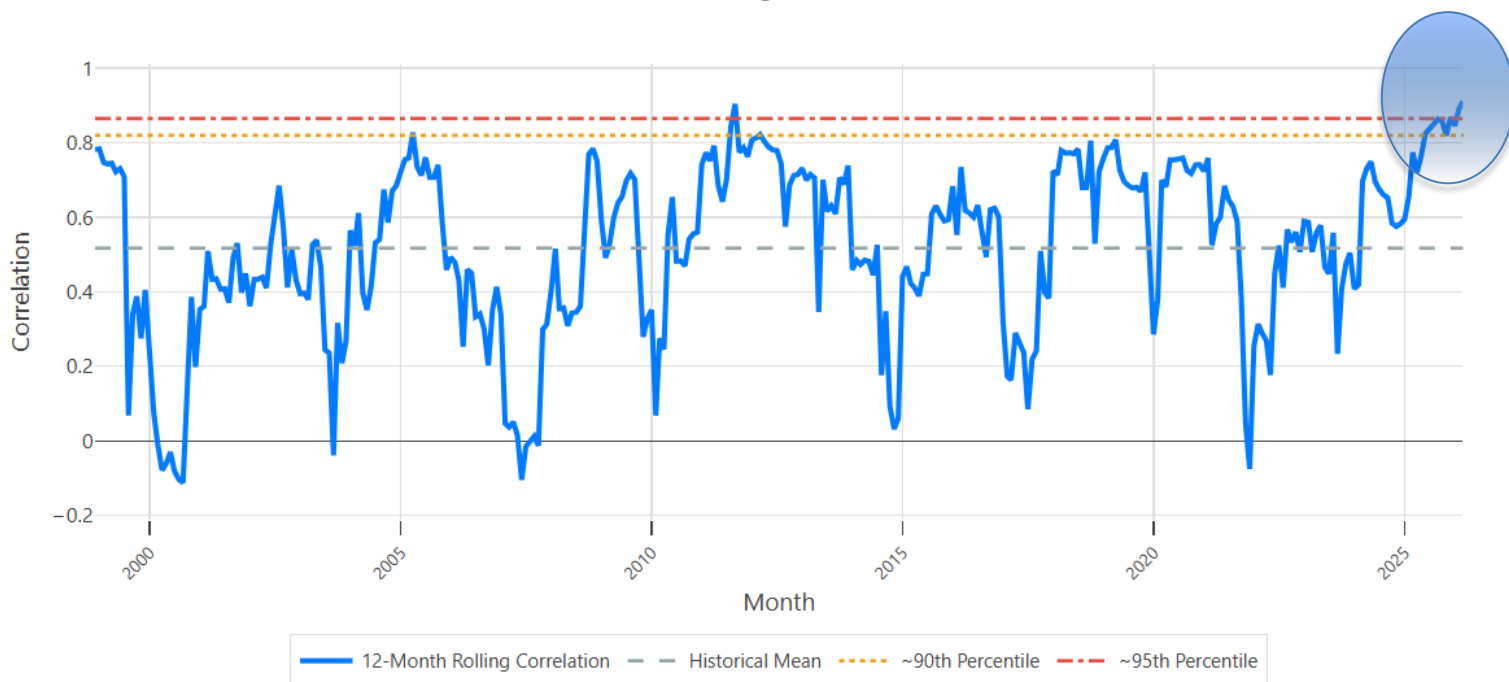
PivotalPath Credit Index: with other Index correlations coming off their highs, Credit continues to move into uncharted territory.

Credit - 12-Month Rolling Correlation vs S&P 500

Current: 0.911 (99.7th percentile)

Download PNG

Credit - 12-Month Rolling Correlation vs S&P 500



Factor Analysis

US Equity Factors	March 2026 %	YTD %
Quality	1.20	0.12
Size	0.68	0.43
Value	1.41	8.81
Growth	-1.41	-8.81
Momentum	-0.94	1.63
Low Beta	-0.78	-3.69

** We use the Dow Jones U.S. Thematic Market Neutral factors as a timely proxy.*

Factor Backdrop: March was a month where factor exposure still worked, but only if you actively drove it. Funds kept risk on in places, but they moved it around quickly as oil, rates and war headlines kept changing the tape.

- ❑ **Momentum** was still tradable, but much less forgiving - ending the month at **0.94%**.
 - When the market relaxed, semis and AI hardware could still bounce. But when the market tightened, **Momentum** broke quickly. On 26 March, the **Nasdaq** confirmed a correction, down more than 10% from its October peak, while technology and communication services led the market lower.
 - That left **Momentum** looking less like a smooth winner and more like a high-maintenance trade. Good stories still worked, but only briefly and only if the macro tape allowed them to.
 - **Momentum** therefore looked more fragile than it did in February. The problem was not that the factor stopped working, but that the entry price stayed high while the market's patience got shorter.
- ❑ **Value** versus **Growth** in March was less a clean style victory and more a daily referendum on inflation fears.
 - On bad days, the market clearly preferred energy, utilities, and other lower-duration exposures.
 - On the better days, growth could still rally. On 25 March, as oil fell and ceasefire hopes briefly improved, consumer discretionary and materials led the market higher and semis bounced.
 - So, March did not completely kill **Growth**, which finished the month at **1.41%**, it just made it much more conditional. **Value** finished the month at **1.41%** and is now up **8.81%** YTD.
- ❑ **Size** behaved like a confidence test, finishing the month at **0.68%**, now up for 2026 at **0.43%**.
 - When oil dropped and hopes of a pause in the war improved, smaller and more cyclical names could rebound. But the broader flow picture was less encouraging.
 - March was not really a small beats large month, but a month where smaller-cap exposure only worked in short windows, and where investors still preferred liquidity when things turned ugly.

Hedge Fund Performance

At a sector level, we saw some of the biggest drops in leverage in recent history, while March's high-level strategy trends looked like this:

Strategy	March Summary
Multi-Strat PP Multi-Strategy Index: 1.0%	• Testing month; some were hurt by equities, but struggled to make gains in energy • Best performers cut US equity risk early and rebuilt selectively • More stable books leaned harder on rates, commodities and relative value while keeping tighter limits around US tech and financials. • Equity positions cut by ~10% peak-to-trough in early March
Global Macro PP Global Macro Index: 2.4%	• Managers with heavy equity/Treasury exposure struggled • March rewarded trading the sequence over waiting for one big moment • Required agility between slowdown and inflation risk
Equity L/S PP Eq Diversified: 4.6% PP Eq Sector: 2.0%	• Not a month for broad market exposure dressed as stock-picking • Downside managed by shorting US stocks, EM Asia, and aggressive financial shorts during the week of March 13 • Cleanest longs were in energy
Equity Quant PP Equity Quant Index: 1.9%	• Rewarded models built for dispersion and factor rotation • Value and quality outperformed; crowded growth weakened, relative stock moves mattered more than market direction. • March was textbook setup for Equity Quant as dispersion was the real opportunity as AI and geopolitics both widen the gaps between companies
Managed Futures PP Managed Futures Index: 0.6%	• Better trends were outside plain equity beta • Oil and dollar worked; some rates and commodity moves paid off • Gold and the Yen less dependable than usual making the month trickier than a standard risk-off phase
Credit PP Credit Index: 0.4%	• Rewarded liquidity and leaning against forced sellers • Apollo/Ares capping withdrawals made for interesting private credit public-market trade • This created opportunities in listed credit, liquid hedges, relative value across lenders, alternative managers, and credit-sensitive equities
Event-Driven PP Event Driven Index: 2.9%	• Backdrop stayed open but bar was higher • Goldman's David Solomon said announced M&A at \$1.1T YTD, up 23% YoY • March's rates volatility and credit nerves meant cleaner deals with solid financing favored over market-dependent ones

Alpha Leaderboard

The chart below depicts alpha generation for each PivotalPath Index relative to the S&P 500 on a 12-month rolling basis and sorted from high to low. Each strategy is color-coded for easy tracking.

RANK	March 2026	February 2026	January 2026	2025	2024	2023	2022	2021
1	Equity Sector +22.42%	Equity Sector +16.57%	Equity Sector +11.68%	Equity Sector +11.18%	Multi-Strategy +10.07%	Credit +6.20%	Managed Futures +10.24%	Credit +11.22%
2	Equity Quant +10.33%	Global Macro +13.12%	Global Macro +10.74%	Equity Quant +9.57%	Relative Value +9.28%	Equity Quant +6.02%	Global Macro +9.72%	Multi-Strategy +9.82%
3	Multi-Strategy +9.00%	Equity Diversified +10.63%	Multi-Strategy +8.48%	Global Macro +8.98%	Credit +9.26%	Relative Value +5.84%	Equity Quant +7.95%	Relative Value +8.99%
4	Managed Futures +8.54%	Multi-Strategy +9.89%	Relative Value +8.16%	Relative Value +7.60%	Equity Market Neutral +7.95%	Volatility +5.38%	Volatility +7.53%	Equity Quant +6.18%
5	Relative Value +8.12%	Composite +9.77%	Equity Diversified +7.81%	Multi-Strategy +7.32%	Equity Quant +7.49%	Equity Market Neutral +5.24%	Relative Value +5.16%	Event Driven +6.18%
6	Equity Market Neutral +7.77%	Relative Value +9.46%	Composite +7.55%	Equity Diversified +7.27%	Global Macro +7.34%	Managed Futures +4.65%	Equity Market Neutral +2.10%	Global Macro +3.18%
7	Composite +7.14%	Equity Market Neutral +9.13%	Volatility +7.32%	Volatility +6.68%	Composite +6.04%	Multi-Strategy +3.89%	Credit +1.87%	Composite +2.69%
8	Volatility +5.69%	Volatility +8.06%	Equity Quant +6.89%	Composite +6.58%	Volatility +4.34%	Global Macro +3.85%	Multi-Strategy +1.22%	Volatility +1.48%
9	Global Macro +5.42%	Equity Quant +7.64%	Equity Market Neutral +6.55%	Equity Market Neutral +6.47%	Equity Diversified +3.64%	Composite +2.95%	Composite +0.84%	Equity Market Neutral +0.45%
10	Event Driven +4.79%	Managed Futures +7.61%	Event Driven +6.21%	Event Driven +5.51%	Event Driven +2.90%	Equity Sector +2.42%	Equity Diversified -1.41%	Managed Futures -0.11%
11	Credit +4.33%	Event Driven +6.97%	Credit +5.63%	Credit +5.41%	Equity Sector +2.42%	Equity Diversified +0.94%	Event Driven -2.29%	Equity Diversified -1.50%
12	Equity Diversified +4.00%	Credit +4.87%	Managed Futures -0.80%	Managed Futures -4.56%	Managed Futures +0.23%	Event Driven -1.62%	Equity Sector -9.47%	Equity Sector -9.63%

- ❑ The Alpha picture still says the opportunity set is real, even if March itself was painful.
- On a 12-month rolling basis versus the **S&P 500**, the **PivotalPath Alpha Leaderboard** is still led by **Equity Sector** specialists (**22.42%**) who have been able to take advantage of dispersion and a backdrop in which idiosyncratic Alpha, especially in specialist areas such as healthcare, has mattered more than index direction.
- **Multi-Strategy** was a Top 3 reentry, defying early month predictions of a dire March and finding a path towards Alpha generation (**8.54%**), while also protecting the downside with the **PivotalPath Multi-Strategy Index** at **1.0** for the month versus the **S&P 500**'s almost **5%** drop.

Pivotal Point

AI survived March, but the easy AI trade did not

Even in a month of oil shocks, war and macro whiplash, artificial intelligence remained the loudest story in hedge funds. What changed in March was not belief in the theme, but how managers chose to own it.

AI hasn't traded as one easy long for some months. But now, more than ever, it is split clearly into two camps: the costly, tangible build-out of chips, power and data centers, and the more crowded headline names whose valuations now demand harder proof.

The trade feels less ideological and more practical. In March Oracle helped the constructive case by lifting its 2027 revenue target to \$90 billion and arguing that the AI data-center boom would run at least that long. Arm then added to the optimism, with shares surging after unveiling its AGI CPU and saying the product could generate roughly \$15 billion of annual revenue within five years. Meta, meanwhile, raised its West Texas AI data-center investment to \$10 billion, underscoring that the infrastructure arms race was still very much alive.

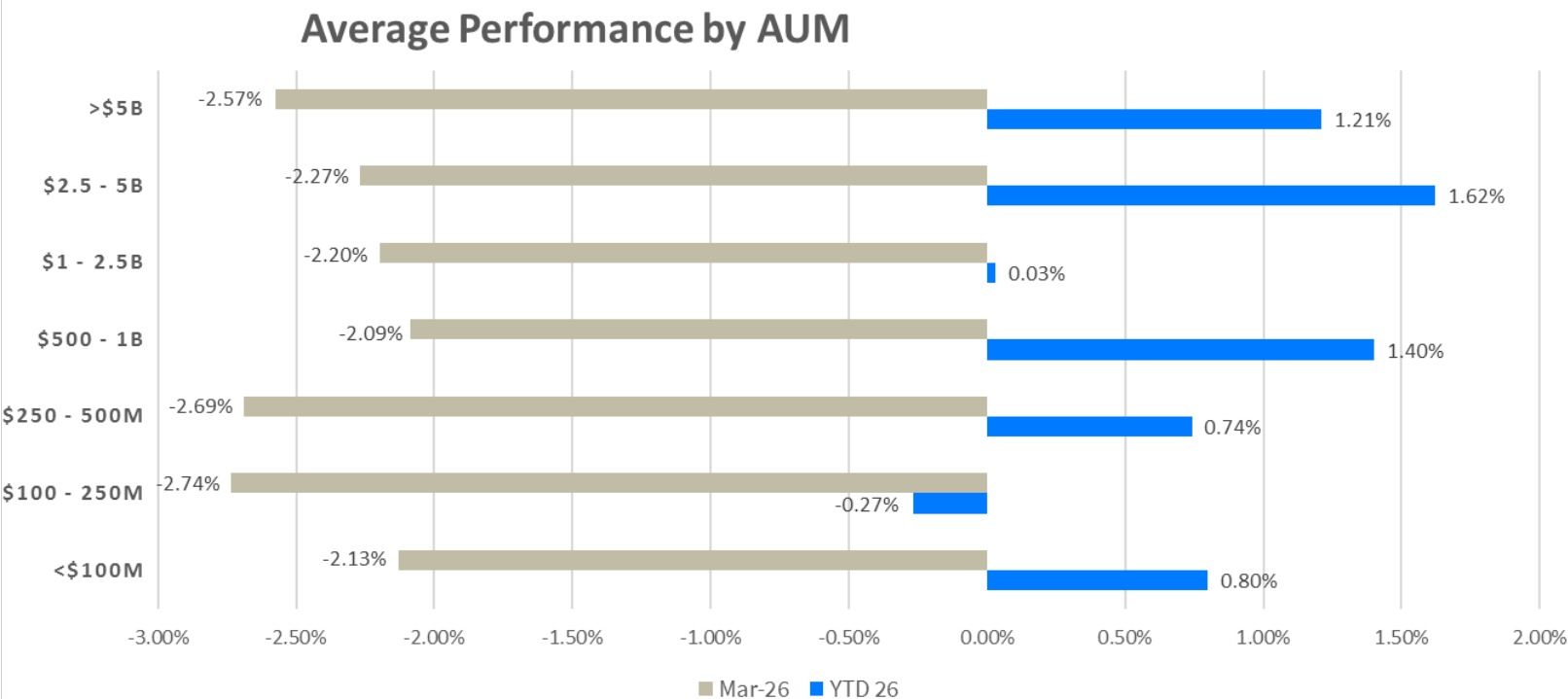
For managers, that has left a fairly clear playbook. Keep a tighter core in the biggest AI names, but express conviction more selectively through single-stock underwriting across hardware, power and software.

At the moment the build-out looks like the more believable end of the trade; software is the harder argument, especially after investors had begun questioning whether AI agents could erode parts of the SaaS model.

So, despite a testing month, March did not kill the AI trade. It simply raised the burden of proof: proof that spending turns into revenue, that software still has a moat, and all that capex has a path to returns

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The
PivotalPath
Equity
Sector:
Technology/
Media/
Telecom
Index is
down **1.0%**
YTD
”

Hedge Fund Performance by AUM



- ❑ Approximately **28%** of all funds were positive in March. The average return of those positive was **2.69%**, while the average loss of declining funds was **4.27%**.
- ❑ Through March, **60%** of all funds are positive for the year, with an average return of **5.03%**, while the average of declining funds was **4.40%**.
 - In 2025, **87%** of all funds were positive with an average return of **16.92%**, while the average return of declining funds was **5.54%**.
- ❑ All AUM brackets lost ground over a challenging month, with each segment down over **2%**, as March's wide-ranging volatility impacted nearly all strategy groups.
 - And while the majority of AUM brackets still remain positive for the year, the equity strategy heavy **\$100–250M** peer group fell into negative territory YTD, with **0.27%**.
 - Generally larger managers, often with more diversified and complex portfolios, have weathered 2026 better than small shops, with the three best performing fund groups by AUM YTD managing more than **\$500m** and two managing north of **\$2.5B** and **\$5B**.
 - The read-through is that scale helped when it came with diversification and multiple risk sleeves, and not merely size for its own sake.

PivotalPath Index App

- PivotalPath's free Index App creates an accurate and common 'performance language' for managers and allocators to better communicate with each other.
- Click <https://index.pivotalpath.com/> to access the app and use best-in-class data today.

