

Invenomic US Equity Long/Short UCITS Fund

Equity Long/Short

Performance Returns

The Invenomic US Equity Long/Short UCITS Fund returned -7.26% for the month of February (USD Institutional Pooled Share Class), net of fees.

Investment Objective & Strategy

Invenomic seeks to achieve long-term capital appreciation by investing both long and short in equities. The goal of the fund is to outperform U.S. equities over a market cycle with less volatility and drawdown.

The strategy utilises variable net exposures, with an expected average net between 40%-60% but that may be as low as 0% and as high as 80% in extreme market environments. Invenomic's net exposure is completely derived by security selection and is not intended to be a market timing tool. Gross exposure will generally be between 130%-200%.

Monthly Performance – UCITS

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sept | Oct | Nov | Dec | Y-T-D |
|------|--------|--------|-------|-------|--------|--------|--------|-------|--------|--------|-------|-------|--------|
| 2024 | -2.67% | -7.26% | - | - | - | - | - | - | - | - | - | - | -9.74% |
| 2023 | 8.41% | -1.29% | 2.49% | 1.79% | -2.54% | -1.50% | 1.51% | 1.40% | 1.32% | 0.93% | 0.12% | 1.17% | 14.28% |
| 2022 | 12.96% | 2.56% | 2.59% | 5.35% | 5.24% | -5.13% | -0.27% | 0.04% | -3.02% | 5.20% | 4.17% | 2.08% | 35.33% |
| 2021 | - | - | - | - | - | - | - | - | 2.34% | -0.45% | 2.59% | 8.47% | 13.37% |

The performance figures quoted above represent the (net of fees) performance of the Invenomic US Equity Long/Short UCITS Fund, USD Founder Pooled Share Class, since launch on 16th September 2021, until 31 December 2021. Performance figures after 31 December 2021 represent the performance of the USD Institutional Pooled Share Class. These performance figures refer to the past and past performance is not a reliable guide to future performance.

Monthly Performance – Invenomic Fund LP (Non-UCITS)

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sept | Oct | Nov | Dec | Y-T-D |
|------|--------|--------|--------|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 2024 | -2.35% | -7.22% | - | - | - | - | - | - | - | - | - | - | -9.40% |
| 2023 | 8.24% | -1.39% | 2.30% | 2.08% | -2.59% | -1.56% | 1.43% | 1.52% | 1.48% | 1.07% | 0.16% | 0.52% | 13.65% |
| 2022 | 16.94% | 3.83% | 2.78% | 6.64% | 5.72% | -5.65% | -0.69% | 0.41% | -2.83% | 4.89% | 5.14% | 2.46% | 45.32% |
| 2021 | 1.97% | 9.55% | 14.22% | 2.40% | 10.89% | -8.60% | 1.79% | -0.51% | 2.39% | -1.19% | 3.23% | 9.35% | 53.16% |
| 2020 | -5.84% | -5.34% | -1.48% | 9.55% | -3.81% | 1.34% | 0.39% | 0.99% | -2.46% | 3.41% | 13.19% | 3.45% | 12.27% |
| 2019 | 6.49% | 0.24% | -1.43% | 2.38% | -5.26% | 3.33% | -1.45% | -5.98% | 9.52% | 0.14% | 0.43% | 2.56% | 10.37% |
| 2018 | 2.97% | 0.51% | -1.43% | 0.83% | -2.00% | -0.10% | 0.19% | -1.49% | 2.27% | 1.34% | 2.83% | -2.18% | 3.61% |
| 2017 | - | - | - | - | - | - | - | 0.57% | 1.22% | 0.24% | 2.74% | 2.62% | 7.59% |

Portfolio Breakdown

| Sector Allocation (%) | Long | Short | Net |
|------------------------|---------------|---------------|--------------|
| Communication Services | 8.87 | -0.87 | 8.00 |
| Consumer Discretionary | 17.79 | -15.70 | 2.09 |
| Consumer Staples | 5.14 | -1.89 | 3.25 |
| Energy | 10.49 | 0.00 | 10.49 |
| Financials | 10.53 | -13.53 | -3.00 |
| Healthcare | 10.31 | -7.35 | 2.96 |
| Industrials | 16.33 | -16.15 | 0.18 |
| Information Technology | 12.83 | -28.53 | -15.70 |
| Materials | 8.39 | -1.36 | 7.03 |
| Real Estate | 0.77 | -4.36 | -3.59 |
| Utilities | 3.61 | 0.00 | 3.61 |
| Total | 105.06 | -89.73 | 15.33 |

The Manager



Fund Facts

| | |
|--------------|---------------------------------|
| Structure | UCITS Fund |
| Domicile | Ireland |
| Valuation | Daily |
| Liquidity | Daily |
| Fund AUM | \$843 Million |
| Strategy AUM | \$2.2 Billion |
| Inception | September 16 th 2021 |

The performance figures quoted on the left represent the (net of fees, 1%/20%) performance of the Invenomic Fund LP, and is not of the Invenomic US Equity Long/Short UCITS Fund. UCITS Funds have to abide by certain investment restrictions and consequently the performance of the Invenomic US Equity Long/Short UCITS Fund may not be similar to that presented to the left. These performance figures refer to the past and past performance is not a reliable guide to future performance.

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| Portfolio Characteristics | Long | Short |
|---------------------------------|-------|--------|
| # of Positions | 167 | 141 |
| Median Position Size | 0.46% | -0.54% |
| Price-to-Book Ratio | 2.7x | 14.4x |
| Price-to-Earnings Ratio | 10.9x | 39.9x |
| Enterprise Value-to-Sales Ratio | 2.3x | 7.6x |

| Market Cap Allocation (%) | Long | Short | Net |
|---------------------------|---------------|---------------|--------------|
| Large Cap (>\$5B) | 58.95 | -70.21 | -11.26 |
| Mid Cap (\$2B - \$5B) | 24.50 | -18.61 | 5.89 |
| Small Cap (<\$2B) | 21.60 | -0.92 | 20.68 |
| Total | 105.06 | -89.73 | 15.33 |

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Monthly Commentary

The Fund returned -7.26% for the month of February (USD Institutional Pooled Share Class), net of fees. Portfolio exposures at the end of the month stood at 105.06% long and -89.73% short, resulting in net exposure of 15.33% and gross exposure of 194.79%. The portfolio remains well diversified with 167 long positions and 141 short positions.

The momentum factor continued to rally sharply in February, fueling one of the sharpest two-month rallies for the Bloomberg US Pure Momentum Index in the last decade. This type of market environment presents a strong headwind for our value-based strategy, as we are generally buyers of stocks that are down the most and looking to short stocks that are up. Historically, momentum driven rallies end with a sharp reversal. We have seen this play out several times over the last six plus years while managing the strategy. This market environment could most aptly be described as the Family Feud market. The gameshow would pose a question to participants, who were not required to necessarily provide the correct answer but rather to guess how the rest of America would answer. Currently, equity market participants appear to be chasing what they think everyone else will want. While this approach to investing may work in the short run, we have observed that it can be counterproductive in the long run.

Momentum exposure in hedge fund portfolios is at highs not seen in over twenty years. We view this as a material risk factor when considering it alongside hedge fund gross exposures also near record highs. We are concerned that deleveraging in hedge fund positioning could potentially cause a spike in market volatility. Our process has historically led us to be on the opposite side of hedge fund crowding. This dynamic likely reflects our preference for under-loved companies in our long portfolio and over-loved companies in our short portfolio. As we look across the market, we are starting to see things get very unbalanced. The concentration in the top 10 names of the S&P 500 Index are at levels not seen since just before the great depression. The relative size of the Information Technology sector to the entire S&P 500 has eclipsed 2008 and 2020 and is sitting at all-time highs. It seems like most market participants are all on the same side of the boat leaving lots of empty seats on the other side.

One of the oldest lessons about stock market investing is to be greedy when others are fearful and to be fearful when others are greedy. As we look across global capital markets, we see a lot to be cautious about. This is reflected in our net exposure which stood at 15.33% at month-end, below our long-term average. Our net exposure is fundamentally driven, derived from the relative opportunity set between longs and shorts. While we love the names in our long portfolio, we see the best near-term opportunities in our short portfolio. While we cannot know for certain what the future will bring, we will continue to follow our process which has served us well over time.

| Share Class | Institutional Pooled Class Shares | Retail Pooled Class Shares |
|---------------------------|--|--|
| Currency | USD, EUR, CHF, GBP | USD, EUR, CHF, GBP |
| Management Fee | 1.00% | 1.50% |
| Performance Fee | 20.00% | 20.00% |
| Min. Initial Subscription | 1,000,000 | 1,000 |
| ISIN Codes | USD: IE00BKFVY943 EUR: IE00BKFVYB67 GBP: IE00BKFVYC74 CHF: IE00BKFVYD81 | USD: IE00BKFVYF06 EUR: IE00BKFVYG13 GBP: IE00BKFVYH20 CHF: IE00BKFVYJ44 |

Ali Motamed Portfolio Manager

Ali Motamed is the Founder, Managing Partner and Portfolio Manager of Invenomic Capital Management. Prior to founding Invenomic, Ali was Co-Portfolio Manager of the Boston Partners Long/Short Equity Fund. He was awarded Portfolio Manager of the Year in the Alternatives Category by Morningstar in 2014. Ali holds a B.A. in Economics with a Minor in Accounting from the University of California, Los Angeles, and a M.B.A. from Harvard Business School. He holds the Chartered Financial Analyst designation. He has twenty years of experience.

Ben Deschaine President

Ben is responsible for all non-investment related business activities at Invenomic. Ben began his investment career in 1998 and has experience in both mutual fund and hedge fund investing. Prior to Invenomic, he was Chief Investment Officer at Balter Liquid Alternatives, responsible for managing all aspects of the firm's mutual fund business. Before joining Balter Capital Management in 2012, Ben was a Managing Director at Sabretooth Capital Management, a global multi-strategy hedge fund affiliated with Tiger Management. Prior to Ben's time at Sabretooth, he spent ten years at Federal Street Advisors, a Boston based wealth management firm, leading their alternative investment research. He is a graduate of Bentley University with a B.S. and M.S. in Finance and holds the Chartered Alternative Investment Analyst designation.

Please note: The ISINs quoted on the left relate to Pooled share classes. There are non-Pooled share classes available and outlined in the Fund Supplement for clients whom can accommodate performance fee equalisation fee methodology. More details on performance fee methodology is outlined in the Fund's Supplement. All non-base currency share classes are hedged back to the base currency.

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