

↑ +1.62% (Net)

# Advent Global Partners UCITS Fund

January 2021

## Performance Returns

Advent Global Partners UCITS Fund returned +1.62% for the month of January resulting in a net 2021 return of +1.62% (USD Institutional Founder Pooled share class).



**ADVENT**  
CAPITAL MANAGEMENT, LLC

## The Manager

Advent Global Partners UCITS Fund (The "Fund") is managed by Advent Capital Management, LLC ("Advent"). Founded in 1995, Advent has extensive experience investing in global convertibles, credit and equities. As of January 2021, Firm assets are ~\$11 billion.

## Fund Facts

<b>Portfolio Managers</b>	Marc Friezo Odell Lambroza
<b>Structure</b>	UCITS Fund
<b>Domicile</b>	Ireland
<b>Liquidity</b>	Daily
<b>Fund AUM</b>	\$155 million
<b>Strategy AUM</b>	\$573 million
<b>Inception</b>	July 14, 2016
<b>Managed by Advent Since September 18, 2017</b>	

## Investment Objective & Strategy

The strategy primarily employs convertible bonds, credit and equities when managing and allocating capital to the Fund's sub-strategies: Idiosyncratic Volatility, Event Driven, Credit and Short Opportunities. The strategy seeks to generate strong absolute returns over a market cycle by identifying compelling long and short opportunities that may include single name convertible bonds and equities, capital structure arbitrage and other positively asymmetric event driven opportunities. Sub-strategy allocation decisions are based on the current and expected opportunity set and all sub-strategies may not be allocated to at all times.

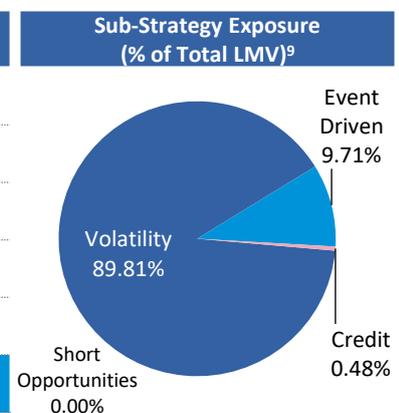
## Monthly Returns (Net)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2021</b>	<b>1.62%</b>												<b>1.62%</b>
<b>2020</b>	<b>0.45%</b>	<b>-0.09%</b>	<b>-8.33%</b>	<b>5.70%</b>	<b>1.51%</b>	<b>2.89%</b>	<b>3.49%</b>	<b>2.62%</b>	<b>0.58%</b>	<b>0.66%</b>	<b>2.15%</b>	<b>2.09%</b>	<b>13.89%</b>
<b>2019</b>	<b>3.65%</b>	<b>2.46%</b>	<b>1.80%</b>	<b>0.94%</b>	<b>-0.13%</b>	<b>2.42%</b>	<b>1.67%</b>	<b>0.52%</b>	<b>-0.21%</b>	<b>0.45%</b>	<b>0.83%</b>	<b>1.20%</b>	<b>16.71%</b>
<b>2018</b>	<b>0.46%</b>	<b>0.76%</b>	<b>0.38%</b>	<b>0.72%</b>	<b>0.26%</b>	<b>1.42%</b>	<b>-1.36%</b>	<b>0.58%</b>	<b>0.61%</b>	<b>-1.91%</b>	<b>-1.07%</b>	<b>-2.19%</b>	<b>-1.41%</b>
<b>2017</b>	0.35%	0.14%	-1.12%	0.88%	0.00%	0.34%	0.27%	-0.22%	<b>-0.07%<sup>1</sup></b>	<b>1.00%</b>	<b>0.27%</b>	<b>0.85%</b>	<b>2.71%</b>
<b>2016</b>	-	-	-	-	-	-	0.05%	0.18%	-0.45%	0.00%	-1.24%	0.51%	-0.96%

Sub-Strategy Return Attribution (Net of Fees)	
Volatility	1.64%
Event Driven	-0.02%
Credit	0.00%
Short Opportunities	0.00%
<b>Total</b>	<b>1.62%</b>

## Portfolio Characteristics

Portfolio Characteristics				Top Five Positions (%NMV/AUM) <sup>7</sup>	
Long Exposure <sup>4</sup>	249.87%	Conversion Premium	22.15%	Twitter	3.84%
Short Exposure <sup>5</sup>	-147.65%	Delta	68.33%	NuVasive	2.99%
Adjusted Leverage <sup>6</sup>	1.9	Gamma	0.77%	FireEye	2.69%
Number of Issuers	100	Current Yield	0.71%	Zynga	2.51%
Top Ten Positions <sup>7</sup>	25.11%	Yield to Put/Maturity	0.75%	Live Nation	2.50%
Credit Quality <sup>8</sup>	BB	Years to Maturity	3.12	<b>Total</b>	<b>14.52%</b>



<sup>1</sup> The performance figures quoted above represent the net performance of the USD Institutional Founder Pooled Class since inception in July 2016. Performance after September 18, 2017 is attributable to Advent Capital Management while performance before September 18, 2017 is attributable to the Quest Global Advisors, LLC. These performance figures refer to the past and past performance is not a reliable guide to future performance. <sup>2</sup> Since Advent start date September 18, 2017. See disclosure 1. <sup>3</sup> The risk free rate used is an average of the constant maturity 3-month US Treasury Rate. <sup>4</sup> Defined as the long market value over equity. <sup>5</sup> Defined as the short market value over equity. <sup>6</sup> Adjusted Leverage excludes Convertible Bonds with less than 10% conversion premium. <sup>7</sup> Defined as net market value over equity. <sup>8</sup> This includes internal estimates for all non-rated securities. <sup>9</sup> Exposures are represented as a % of total long market value.


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## Portfolio Exposures

Asset Type	LMV/NAV <sup>1</sup>	SMV/NAV <sup>2</sup>	Geographic (% of Total LMV) <sup>3</sup>		Market Cap (% of Total LMV) <sup>3</sup>		Credit Profile (% of Total LMV) <sup>3</sup>	
Convertible Bonds	247.60%	0.00%	Asia	4.37%	Small Cap (<\$2bn)	3.03%	A or Above	5.38%
Equities/Equity Derivatives	1.30%	-138.98%	EMEA	9.66%	Mid Cap (\$2bn-\$10bn)	32.44%	BBB	9.35%
Credit	0.83%	0.00%	Japan	0.17%	Large Cap (\$10bn-\$25bn)	31.34%	BB	37.54%
Hedges/Other	0.15%	-8.67%	US	85.80%	Mega Cap (>\$25bn)	33.19%	B	45.72%
							CCC or Below	1.58%
							Hedges/Options/Other	0.44%

## Portfolio Discussion<sup>4</sup>

The portfolio got off to a strong start in 2021 returning 1.62% net in January, outperforming both the S&P Index and the high yield market. Volatility increased broadly, as the VIX surged more than 50% in the last week of January, while the S&P suffered a 3% decline, its worst weekly slide in three months. Worries about the virus variants, continued lockdowns, as well as uncertainties on the pace and timing of the vaccine rollout, led to significant market jitters. Market volatility was exacerbated by the turmoil caused by day-traders, whose stock bets, propagated by social media, strained many retail trading platforms. As we continue to see structurally elevated volatility, rapid cyclical rotation and significant market dislocation, we believe our strategy will continue to thrive against such macro backdrops. The top monthly performers included biotech company, Sarepta Therapeutics, and electric vehicle (EV) maker, NIO. The largest detractors from performance were Chinese cell phone maker, Xiaomi, and French power generation company, Electricite de France (EDF).

We captured gamma in Sarepta, as disappointing gene therapy data sent the stock down almost 50% on the month. The Sarepta position was a deep in-the-money call option hedged with a heavy delta. We believed volatility was undervalued, as any setback in the company's gene therapy trials could lead to outsized equity moves. The thesis came to fruition, as realized volatility surged over 100%, from 48%, following the stock drop. We continue to hold our position, which provides cheap optionality to Sarepta's product pipeline, with several critical data readout events in the next 6-12 months as further volatility catalysts.

The volatility in NIO expanded, as the company's January EV delivery hit a new historical high, up 352% year-over-year, driven by robust consumer demand in China. NIO is one of the largest players in the Chinese EV industry. The company's strong secular growth story, as well as its environmental appeal, captivated the market's attention and led to expansion of the embedded call option. The position represents a cheap option, with an implied volatility of 45, a discount to realized volatility of 85. We hold a constructive view of the company, driven by NIO's loyal customer base, robust technological ecosystem and first mover advantage in its Battery-as-a-Service solution.

The Xiaomi position cheapened, as the company was added to the U.S. Department of Defense blacklist of alleged Chinese military companies, which subjected Xiaomi stock to U.S. persons securities holding restrictions. We believe the U.S. investment ban will likely create a considerable overhang on the name, as U.S. investors will seek to unwind the position over the next few months. While the company's operations have largely been unaffected so far, we expect the ban to significantly decrease market liquidity and hamper our ability to re-hedge the position and capture volatility. We hence exited the position.

We had losses in our EDF position following a news article indicating delays in the negotiations between the French government and the European Commission on nuclear power reform. Despite the current impasse, we believe a potential reform is still a likely scenario, given the French government's ambition to strengthen its national champion and the EU's quest to further reduce the continent's carbon intensity. Our position, an investment grade rated green bond, remains undervalued with a cheap call option on any potential increase of French nuclear power pricing. We continue to hold the position, while covering part of our delta hedge.

## Outlook

Global equity markets started the month strong, however, their intra-month movements and retracements, indicated that many concerns still exist. We anticipate volatility will remain elevated, given the trajectory of the virus and the worrisome new variants, bringing forward the debate of whether the economic recovery will continue or if the market rally is over-extended. A wave of heightened speculative trading has unnerved the market and has added to market volatility. Increased fiscal stimulus, coupled with dovish monetary policy and improved consumer demand, could trigger inflation and a higher interest rate environment. A back-up in rates may refocus investors on their asset allocation and create sharp asset price movements, leaving certain sectors vulnerable to a rotation. The steepening U.S. yield curve will impact the dollar, corporate earnings, commodity prices and emerging markets, and it will further contribute to increased volatility. We anticipate generating alpha through relative value security selection based on our in-depth fundamental research process. Heightened volatility will likely remain a consistent theme throughout 2021, and the fund is positioned to take advantage of the increasing opportunity set and attractive valuations, offering what we believe is the most compelling risk/reward opportunity in over two decades.

<sup>1</sup>Exposures are represented as LMV/NAV. <sup>2</sup>Exposures are represented as SMV/NAV <sup>3</sup>Exposures are represented as a % of total long market value. <sup>4</sup>The holdings identified as top contributors to or detractors from performance do not represent all of the strategy's holdings during the period. Past performance does not guarantee future results.


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## Monthly Performance Data (%)

2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Return
<b>Advent Global Partners UCITS Fund (Net)<sup>1</sup></b>	<b>1.62</b>												<b>1.62</b>
HFRX RV Fixed Income Convertible Arbitrage Index	1.08												1.08
S&P 500 Index	-1.01												-1.01
Russell 2000 Index	5.03												5.03
Bloomberg Barclays US Aggregate Index	-0.72												-0.72
ICE BofA US High Yield Index	0.38												0.38
MSCI World Index	-0.75												-0.75

<sup>1</sup> Since Advent start date September 18, 2017. See disclosure 1 on page 1.

## Portfolio Managers

### Marc J. Friezo

Marc joined Advent in October 2011 as a Managing Director and serves as a portfolio manager on the strategy. Before joining Advent, Marc was a Managing Director and Portfolio Manager at Lydian Asset Management. Prior to joining Lydian, Marc was a Managing Director in the Convertible Securities Group at Merrill Lynch. Mr. Friezo received a B.B.A., Cum Laude, in Finance from Texas Christian University and has over 25 years of investment experience.

### Odell Lambroza

Odell joined Advent in 2001 as a Principal and serves as a portfolio manager on the strategy. Prior to Advent, Odell was Head of Convertibles and Equity Derivatives at Société Générale. Previously, Odell managed the sales and trading departments at HSBC Securities and Bankers Trust. Odell began his career at Merrill Lynch and served as Vice President of Convertible Trading, Structured Equity Derivative Products and Asset Swaps. Odell is a graduate of Cornell University and has over 30 years of industry experience.

## Share Classes

Share Class	Founder Class	Inst Class A	Retail Class
Currency	EUR/USD/CHF/GBP	EUR/USD/CHF/GBP	EUR/USD/CHF/GBP
Management Fee	1.25%	1.50%	2.00%
Performance Fee	15%	20%	20%
Min Initial Subscription	10,000,000	1,000,000	10,000
ISIN Codes	EUR: IE00BD3CQZ05 USD: IE00BD3CR131 CHF: IE00BD3CR248 GBP: IE00BD3CR024	EUR: IE00BD3CQ612 USD: IE00BD3CQ836 CHF: IE00BD3CQ943 GBP: IE00BD3CQ729	EUR: IE00BD3CQL68 USD: IE00BD3CQN82 CHF: IE00BD3CQP07 GBP: IE00BD3CQM75

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