AlphaQuest UCITS Fund

CTA/Managed Futures

February 2020

Performance Returns

The AlphaQuest UCITS Fund returned +1.04% in February (USD Inst. Founder Pooled Share Class).

USD Institutional Founder Pooled Share Class UCITS Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2020	1.69%	1.04%											2.75%
2019	-4.96%	-1.34%	2.47%	-1.28%	2.38%	4.93%	0.88%	4.74%	-2.44%	-1.80%	0.64%	-1.10%	2.68%
2018	9.69%	-0.08%	-0.29%	1.43%	0.73%	-1.25%	-2.34%	-0.51%	0.68%	-1.74%	-5.29%	1.20%	1.58%
2017	-4.33%	-2.70%	-0.99%	-0.69%	-2.54%	0.15%	-1.78%	-1.51%	0.70%	3.15%	0.45%	-1.45%	-11.14%
2016												-0.22%	-0.22%

The performance figures quoted above represent the performance of the AlphaQuest UCITS Fund (USD Institutional Founder Pooled Share Class) since launch on 9th December 2016. These performance figures refer to the past and past performance is not a reliable guide to future performance.

Investment Objective and Strategy

The AlphaQuest UCITS Fund's investment objective is to seek capital appreciation over the long term. The AlphaQuest UCITS Fund invests, on a long and/or short basis, in a globally diversified portfolio representing the major asset classes of equities, fixed income and currencies. It also gains exposure to commodities, on a long and/or short basis, through the use of structured financial instruments ("SFIs"). The AlphaQuest UCITS Fund targets, over the medium term, a realized volatility in the range of 10%-12%, in order to adhere to UCITS investment restrictions.

Quest employs a systematic trading program (the "Program"), diversified by asset class and with individual positions intended to provide a return over different time horizons, that seeks to deliver positive alpha (alpha is a statistical measurement used to determine the risk-reward profile of a potential investment). The Program is comprised of a number of trading systems, each of which generates individual trades. These trading systems generate trades on the basis of price movement indicators which seek to identify situations where there is potential for an increase in the price volatility of a given market. Risk controls are integrated into the Program to measure the potential risk associated with trades generated by the Program. Generally, the Program will determine that AlphaQuest UCITS Fund should take a long position in a market that has shown an upward trending price or a short position in a market that has shown a downward one.

ALPHAQUEST ORIGINAL (AQO) PROGRAM MONTHLY PERFORMANCE (NON-UCITS)^

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2020	7.32%	0.64%E											8.00%E
2019	-7.73%	-2.46%	3.98%	-1.54%	6.52%	6.06%	2.10%	8.47%	-4.44%	-0.90%	-0.38%	-1.80%	6.79%
2018	16.28%	-0.01%	-0.17%	3.12%	1.38%	-0.47%	-5.45%	1.06%	1.43%	-2.66%	-8.42%	0.92%	5.29%
2017	-6.31%	-4.14%	-0.86%	-0.02%	-2.75%	-0.82%	-2.30%	-1.99%	0.44%	6.99%	-0.04%	-1.44%	-12.94%
2016	14.16%	9.19%	-6.72%	-0.58%	-3.62%	6.60%	2.16%	-6.30%	-7.64%	-2.65%	0.20%	4.51%	7.02%
2015	7.97%	-0.68%	2.90%	0.33%	-1.65%	-10.70%	7.39%	-2.01%	-1.64%	2.17%	8.72%	-5.47%	5.69%
2014	1.62%	0.10%	-4.51%	-5.36%	3.20%	1.89%	-2.29%	5.83%	3.20%	3.75%	5.24%	3.23%	16.27%
2013	0.07%	4.45%	-0.53%	9.07%	-3.46%	0.86%	1.86%	-1.42%	-1.67%	-0.25%	2.11%	4.39%	15.94%
2012	3.07%	2.32%	-5.14%	-2.25%	8.66%	-3.34%	5.75%	-3.47%	-3.91%	-2.62%	-0.70%	3.77%	0.87%
2011	-4.91%	5.83%	-6.53%	16.41%	-5.93%	-9.40%	11.37%	0.96%	-4.11%	-3.85%	-2.92%	2.10%	-4.11%
2010	-6.93%	0.19%	1.58%	1.85%	3.26%	-1.52%	-2.24%	6.97%	7.52%	6.14%	-6.82%	10.10%	20.08%
2009	0.38%	-2.32%	-7.57%	-2.43%	13.30%	0.36%	0.57%	-1.73%	3.60%	-5.17%	1.77%	-11.16%	-11.75%
2008	2.09%	14.92%	-0.53%	1.26%	4.88%	4.22%	-13.55%	1.36%	-1.26%	20.59%	10.10%	4.98%	55.77%
2007	-0.49%	-3.23%	-0.50%	6.26%	-0.79%	6.81%	2.07%	-11.84%	13.80%	6.73%	-3.71%	4.04%	18.11%
2006	4.34%	-3.02%	0.55%	14.62%	0.91%	-3.18%	-6.08%	0.36%	0.25%	7.48%	5.95%	2.54%	25.72%
2005	-7.67%	2.58%	0.41%	-3.46%	1.48%	5.15%	-4.02%	2.35%	2.94%	0.11%	4.36%	-3.35%	0.04%
2004	-2.80%	3.93%	-1.38%	-5.60%	1.30%	-9.98%	1.36%	-1.25%	-0.99%	6.23%	-0.60%	-1.32%	-11.43%
2003	-1.84%	6.16%	0.93%	-7.90%	14.36%	-4.59%	-1.86%	1.85%	4.23%	-4.62%	-3.28%	1.13%	2.74%
2002	4.05%	-13.71%	16.53%	-1.44%	-2.49%	9.22%	3.76%	0.83%	6.90%	0.99%	-3.50%	16.92%	39.94%
2001	-5.22%	-5.43%	12.11%	-5.59%	3.89%	-2.20%	3.68%	-4.52%	7.38%	2.97%	0.58%	10.42%	17.17%
2000	4.18%	-1.54%	7.14%	-2.85%	8.03%	-4.16%	-2.57%	3.17%	-2.83%	4.85%	7.97%	18.05%	44.31%
1999					-2.66%	2.81%	-1.77%	-1.73%	1.12%	-5.26%	4.26%	1.11%	-2.45%

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The Manager

Quest Partners LLC

Nigol Koulajian

Founder and Chief Investment Officer

Nigol Koulajian is the Founder and Chief Investment Officer of Quest. Mr. Koulajian founded Quest in March 2001 to pursue his passion for quantitative investment research and strategy development, which he has focused on from the beginning of his career in the early 1990's. After lengthy research, Mr. Koulajian identified specific strategies using proprietary techniques that have been continuously enhanced over the past nineteen years and became the basis for the growth of Quest. The firm, which is based in New York, currently manages approximately $1.5 billion in assets. In 2002, Mr. Koulajian started the NOK Foundation, which is committed to promoting the study and practice of yoga and meditation globally. Mr. Koulajian has acted as a board member of the Omega Institute and David Lynch Foundation. Mr. Koulajian earned an MBA in finance from Columbia Business School and a BS in electrical engineering from Notre Dame.

Paul Czkwianianc

Partner

Paul Czkwianianc is a Partner and Director of Research at Quest. Mr. Czkwianianc has collaborated with Quest's Founder and CIO, Nigol Koulajian, for over two decades in conceptualizing, designing and implementing Quest's unique Alpha-generating strategies. As a founding principal of Quest in 2001, Mr. Czkwianianc has driven the development of the firm's investment platform and innovation of new models and strategies. Mr. Czkwianianc started his career in 1999 as a Research Analyst at Enterprise Asset Management, a Firm co-founded by Mr. Koulajian. Mr. Czkwianianc holds a B.S. degree in Applied Mathematics from Columbia University and an M.S. degree in Mathematics from New York University. At NYU, he was enrolled in a Ph.D. program in Mathematics, where he worked on mathematical modeling in neuroscience.

Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Fund AUM	$57.1 million
Strategy AUM	$1.404 billion
Inception	9th December 2016
Passport	Ireland, UK, France, Lux and Switzerland (Qualified Investors Only)

Share Class	**Institutional/Institutional Pooled**
Currency	EUR/GBP/CHF/USD
Mgt. Fee	1.5%
Perf. Fee	20%
Min Init. Sub.	1,000,000
ISIN Codes	EUR: IE00BD08G390/IE00BD08G739
	USD: IE00BD08G622/IE00BD08GB72
	CHF: IE00BD08G515/IE00BD08G952
	GBP: IE00BD08G408/IE00BD08G846

Share Class	**Retail Pooled**
Currency	EUR/GBP/CHF/USD
Mgt. Fee	2%
Perf. Fee	20%
Min Init. Sub.	100,000
ISIN Codes	EUR: IE00BD08GM87
	USD: IE00BD08GQ26
	CHF: IE00BD08GP19
	GBP: IE00BD08GN94

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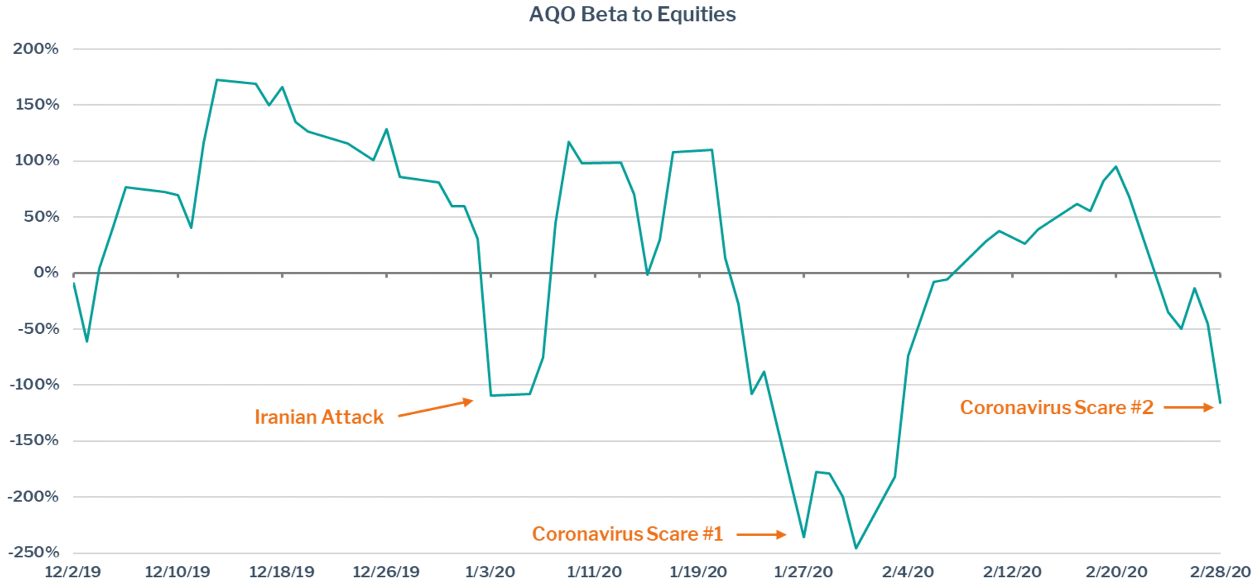
Performance Commentary

The AlphaQuest UCITS Fund was up +1.0% in February and is up +2.8% on the year. While the Fund was positive during the worst sell-off for equity markets since the 2008 Global Financial Crisis, negative beta-to-equity positions provided muted returns relative to expectations.

The AlphaQuest Original (AQO) program* entered the final week of February on a strong footing. The AQO program had a long beta-to-equity exposure of +68% (and direct long equity exposure of +84% of NAV) which adversely affected the program. Given the market volatility early in the week, the AQO program flipped to a short beta-to-equity exposure of -116% (direct short equity exposure of -21% of NAV) by the end of the week, as shown below.

The AQO Program Flipped from +68% Beta to Equities to -116% in One Week*



**The above beta pertains to the AlphaQuest Original (AQO) program and is not representative of the AlphaQuest UCITS Fund. UCITS funds have to abide by certain investment restrictions and consequently the beta of the AlphaQuest UCITS Fund may not be similar to that presented above.*
Source: Quest Partners LLC; December 2, 2019 through February 28, 2020. Beta is calculated as the rolling 26-week beta of each underlying contract holding relative to the S&P 500 Index (SPX) summed to the portfolio level. DISCLOSURES: Past results are not necessarily indicative of future results. Derivatives trading involves substantial risk of loss and may not be suitable for everyone. This is not a solicitation.

The AQO program seeks to balance the twin objectives of providing positive convexity and Alpha. Strictly targeting positive convexity results in negative Alpha over time, as is the case with strategies which constantly undertake direct short-equity exposures—such as short-selling and long-VIX strategies. On the other hand, the unrestrained pursuit of Alpha leads to negative convexity, as we have highlighted in our research over the years.

The AQO program has been able to deliver a comparable amount of Alpha to negatively convex hedge funds while offering strong positive convexity. The program does this by selectively undertaking long-convexity exposures in markets which provide the most attractive risk-adjusted profit opportunities. Sourcing this convexity at attractive levels in uncorrelated markets has always been a core aspect of the AQO program and doing so is necessary to achieve the profile that AQO has been able to deliver.

Specifically related to equities, the program can achieve uncorrelated equity exposure in three ways:

1. Take direct net-short exposure in equity indices.
2. Access indirect negative equity beta through long exposures in 'flight-to-quality' assets that typically have a negative correlation to equities, such as fixed income and gold.
3. Access indirect negative equity beta through short exposures in 'risk-on' assets that typically have positive correlation to equities, such as crude oil and currency crosses like EUR/JPY.

Using both direct and indirect exposures is essential in equities because the convexity tends to be very expensive. Natural buyers of equities—such as pensions, companies that buy back stock, and the many investors who 'buy-the-dip'—result in equities being highly mean reverting.

Equity mean reversion has been especially prevalent over the past decade. While this has become commonplace in equities, many other asset classes tend to not exhibit this type of behavior, offer more uninhibited price movements, and often provide cheaper downside protection.

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In the last week of February, the AQO program was aggressively positioned with all the possibilities listed above. During the week, the equity drawdown resulted in minimal contagion in other key markets, thereby preventing the AQO program's indirect negative equity beta from generating as much return as one would have expected, with some of exposures (e.g., gold) detracting from returns.

The AQO program put on direct net short exposure in equities—aggressively flipping from +85% net-long at the beginning of the week to -7% net short by Tuesday and -21% net short by Friday. This change in positioning detracted from program returns.

The impact of turning over the equity positioning was fully offset by indirect negative equity beta exposures that were long fixed income and short crude oil. The AQO program's long exposure in fixed income increased from +289% to +323% during the week and net-short exposure in crude oil changed from -8% to -19%. These exposures contributed to program returns.

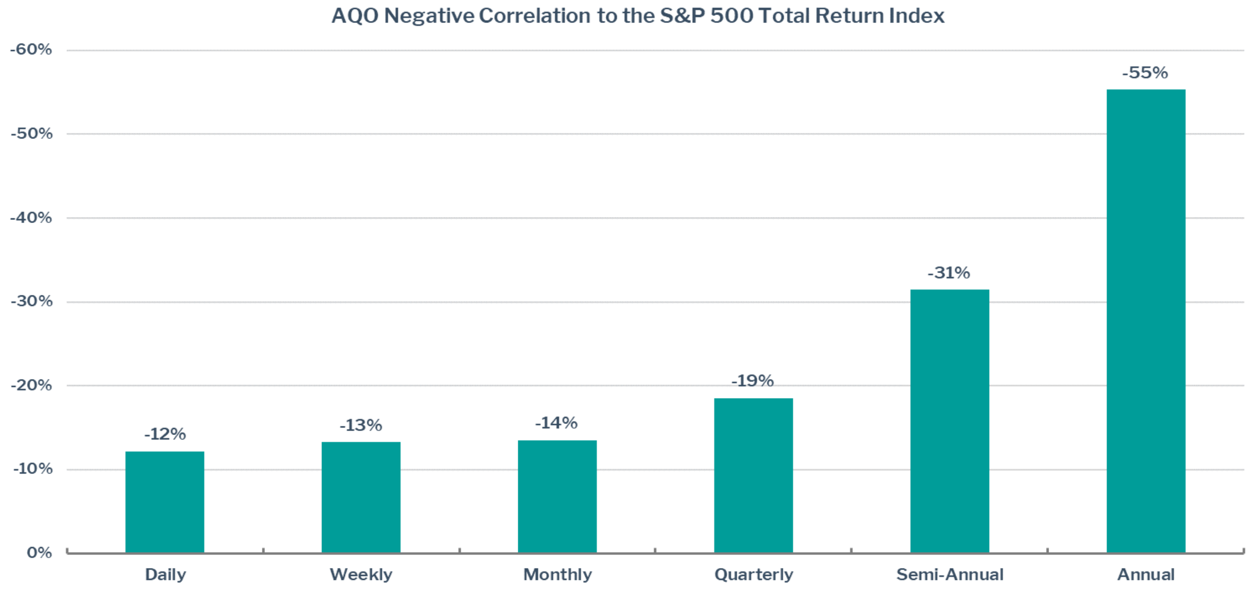
Indirect negative equity beta exposures in precious metals proved costly. Gold—which is a classic 'flight-to-quality' asset—was down -6.6% from Tuesday onward and silver was down -13.2% in the same timeframe. These two exposures detracted from program performance as the portfolio maintained a long position of over +40% of NAV in gold and over +15% in silver. Indeed, such a simultaneous and significant sell-off in equities and gold has not been witnessed since 2011.

Foreign exchange also detracted. After a strong upside breakout in the U.S. dollar during the prior week due to concerns about the 'Coronavirus' in Asia and Europe, the U.S. currency rapidly reversed last week, declining -3.3% against the Japanese yen and -1.6% against the Euro.

The lack of exact correlation between equity corrections and price action in other markets seen last week is not atypical. The fourth quarter of 2018 was similar, when sharp declines in equities failed to have a commensurate impact on other markets. Nevertheless, although correlation can be uneven in the short term, it tends to stabilize over longer periods as typical price relationships re-establish themselves. For example, during the Q4-2018 equity sell-off, gold and the Japanese yen barely moved—despite the anticipation that these 'flight-to-quality' assets would have performed exceptionally well. Only as the declines accelerated towards the end of the quarter did these assets 'catch-up' with the equity price move, with gold continuing its strong performance into 2019.

The AQO program's correlation to equity indices also displays similar characteristics. Whereas, the program's monthly correlation to equity indices is -14%, the negative correlation increases to -19% over three months, to -31% over six months, and to -55% over twelve months, as shown in the chart on the following page. This indicates that, while the AQO program's returns do correlate to equity corrections, they are more pronounced in longer time frames and less so over shorter ones, such as what we experienced this past week.

AQO's Negative Correlation to Equities Deepens as Time Progresses*



**The above performance pertains to the AlphaQuest Original (AQO) program and is not representative of the AlphaQuest UCITS Fund. UCITS funds have to abide by certain investment restrictions and consequently the performance of the AlphaQuest UCITS Fund may not be similar to that presented above. Source: Quest Partners LLC; May 1999 through February 2020. DISCLOSURES: Past results are not necessarily indicative of future results. Derivatives trading involves substantial risk of loss and may not be suitable for everyone. This is not a solicitation.*

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We are encouraged by the higher market volatility and the change of market regime. We have no doubt that the equity market volatility will lead to opportunities to profit in other sectors over time.

The AQO program's absolute and relative returns remain strong. The program is currently up +8.2% on the year versus the S&P 500 which is down -8.2%. During February, the program also made new Alpha highs relative to the S&P 500, long VIX strategy, Risk Parity portfolios and moved close to new Alpha highs relative to the BTOP50 Index and the Credit Suisse Hedge Fund Index.

From an ongoing research perspective, the peculiar moves we have been witnessing in markets where large equity corrections have little or no contagion in other markets or abnormal intraday price movements—typically near or after the close of regular trading—present challenges for traditional trading models. These models, although they may be short-term in nature, find it difficult to capture such abrupt price movements, which may last only a few hours or happen in an isolated fashion in one market with no impact on others.

In response, our research at Quest has become focused on even more short-term time frames, including those which are intraday. Applying our traditional indicators in these time horizons is enabling the program to capture convexity with greater granularity and precision as well as facilitating more diverse and rapid Alpha capture.

We expect to rollout and increase the size of allocations to such strategies shortly.

Market Commentary: Foundational Instability

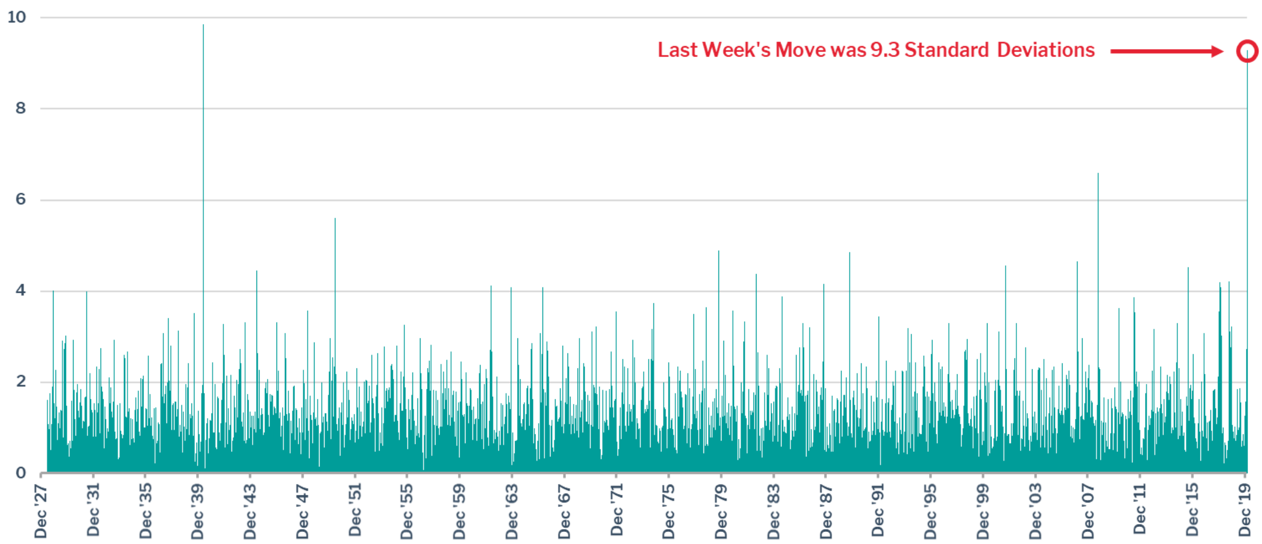
The last week of February's market decline exposed a basic foundational instability of financial markets—that the markets were perceived to be invincible. This perception was based on investors unwavering faith in the never-ending central bank support. Assuming a false premise that the markets are more liquid than reality—that investors felt they would be able to get out in time—many investors crowded into long equity positions and employed high leverage.

When confronted by an issue like the Coronavirus, which could not be immediately rectified by soothing words from central bankers or a market-friendly 'tweet' from politicians, the edifice of confidence supporting asset prices crumbled swiftly. 'Buy-the-dip' players vanished, no one came to the rescue, and prices collapsed in a liquidity vacuum.

Not only was last week's decline in equities the largest weekly sell-off since the financial crisis, it was one of the largest volatility shocks ever. The below chart shows last week's move in terms of standard deviations of the S&P 500's weekly returns relative to the preceding six months, going back nearly 100 years. The decline registered as a 9.3 standard deviation event—effectively inconceivable—and the biggest move since the week of May 13th, 1940.

The S&P 500 Had the Largest Move Since 1940

S&P 500 Weekly Standard Deviation Move Relative to Past 6 Months Volatility



Source: Quest Partners LLC; January 1928 through February 2020. Standard deviation calculated based upon the current week relative to the preceding six-month weekly returns. DISCLOSURES: Past results are not necessarily indicative of future results. Derivatives trading involves substantial risk of loss and may not be suitable for everyone. This is not a solicitation.

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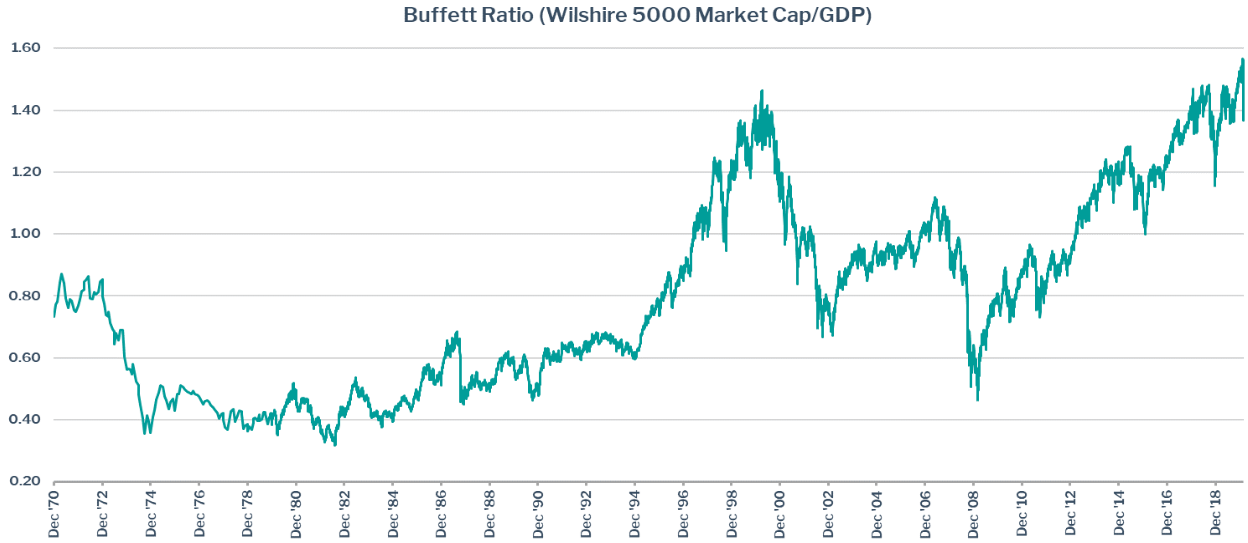
It is noteworthy that such a decline occurred when the global economy and financial markets are in a 'goldilocks' environment, with steady growth, low inflation, and extraordinarily market-friendly policies from central banks and governments. Over the past decade, each episode of market volatility has been met by a massive and rapid response by authorities. As a result, financial asset prices have risen at a much faster pace that the real economy as seen in the chart on the following page, showing the "Buffett Ratio," or the ratio of stock market capitalization to GDP. Prior to last week, this ratio was at the highest level in at least the last fifty years. Essentially, financial asset prices are driving the real economy rather than the other way around.

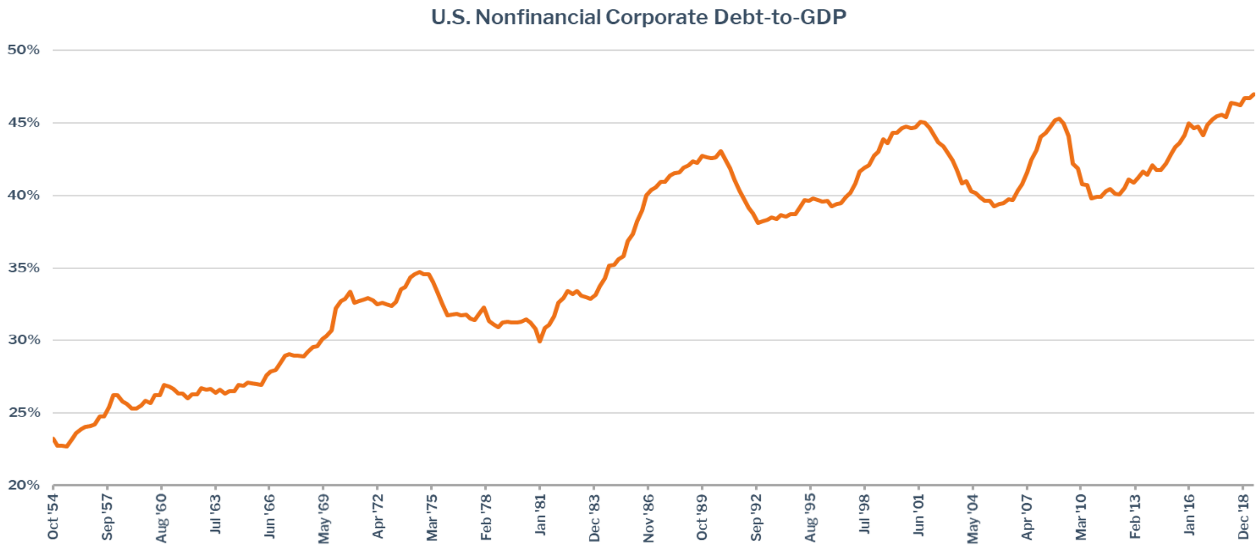
Stock Market Capitalization to GDP Surpassed Previous 'Dot-Com' Levels



Source: Quest Partners LLC; January 1971 through February 2020. DISCLOSURES: Past results are not necessarily indicative of future results. Derivatives trading involves substantial risk of loss and may not be suitable for everyone. This is not a solicitation.

This risk-seeking behavior is not limited to financial investors. Corporations have also been increasing their leverage, as seen in the chart below. The ratio of corporate non-financial debt to GDP is at its highest level in the post-WWII period.

Corporations Have Leveraged Themselves Amid the Low Interest Rate Environment



Source: Quest Partners LLC; October 1954 through July 2019. DISCLOSURES: Past results are not necessarily indicative of future results. Derivatives trading involves substantial risk of loss and may not be suitable for everyone. This is not a solicitation.

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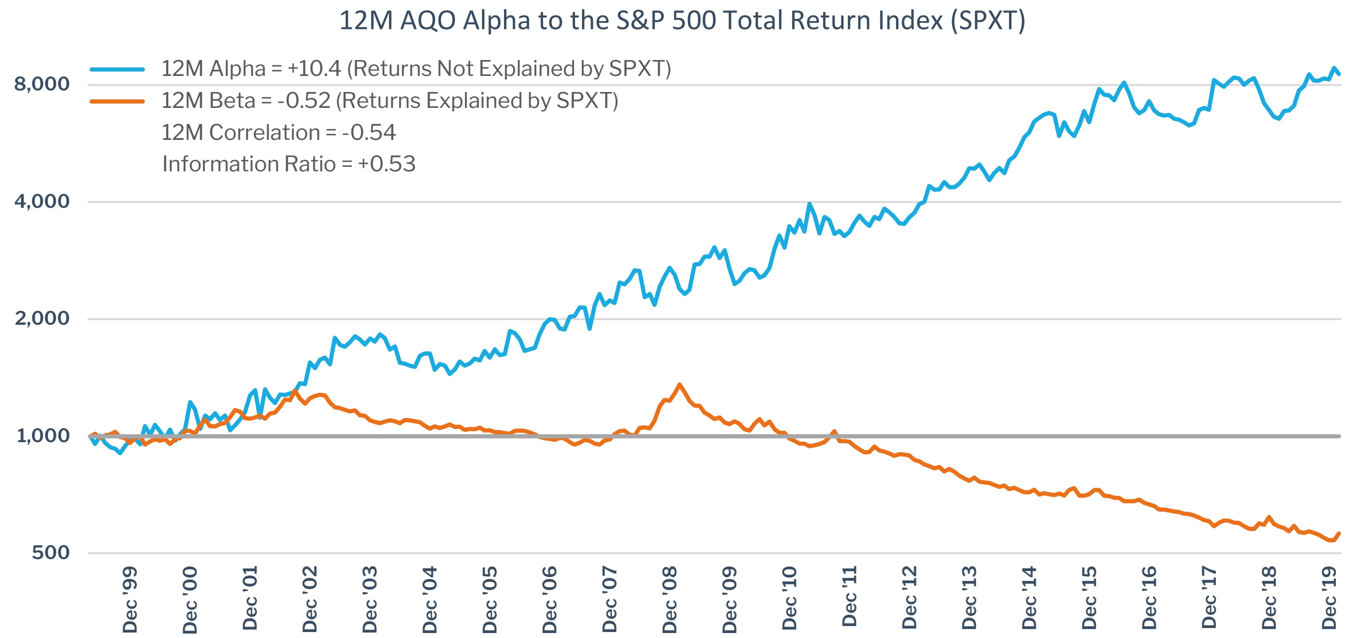
The combination of high asset prices and high leverage creates an extremely combustible situation not just for financial markets but also for the real economy. Although last week's market decline was a short-term flash, if there is a more sustained market downturn all manner of tail risks built up over the past twelve years will reveal themselves and create a substantial economic deleveraging. Put another way, if such a violent move occurred during a stable and market-friendly period, what are the likely outcomes when there is a more prolonged crisis?

The foundations of markets and the economy are on unstable ground. Episodes like the beginning of 2018, fourth quarter 2018, and last week highlight cracks which are developing in, and the inherent fragility of, the system.

ALPHAQUEST ORIGINAL (AQO) PROGRAM ALPHA CURVE SINCE INCEPTION (NON-UCITS)*



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Source: Quest Partners LLC; Alpha and Beta values are derived from 12-month rolling returns and are indexed at 1000 at AQO's inception.

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