

↑ +2.89% (Net)

Advent Global Partners UCITS Fund

June 2020

Performance Returns

Advent Global Partners UCITS Fund returned +2.89% for the month of June resulting in a net 2020 return of +1.56% (USD Institutional Founder Pooled share class).

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 June 2020, Firm assets of \$8.6 billion.

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, Relative Value Credit and Alpha Short. 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
2020	0.45%	-0.09%	-8.33%	5.70%	1.51%	2.89%							1.56%
2019	3.65%	2.46%	1.80%	0.94%	-0.13%	2.42%	1.67%	0.52%	-0.21%	0.45%	0.83%	1.20%	16.71%
2018	0.46%	0.76%	0.38%	0.72%	0.26%	1.42%	-1.36%	0.58%	0.61%	-1.91%	-1.07%	-2.19%	-1.41%
2017	0.35%	0.14%	-1.12%	0.88%	0.00%	0.34%	0.27%	-0.22%	-0.07% ¹	1.00%	0.27%	0.85%	2.71%
2016	-	-	-	-	-	-	0.05%	0.18%	-0.45%	0.00%	-1.24%	0.51%	-0.96%



Fund Facts

Portfolio Managers	Marc Friezo Odell Lambroza
Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Fund AUM	\$66.7 million
Strategy AUM	\$539.9 million
Inception	July 14, 2016
Managed by Advent Since	September 18, 2017

Sub-Strategy Return Attribution (Net of Fees)	
Volatility	2.76%
Event Driven	0.18%
Credit	-0.05%
Alpha Short	0.00%
Total	2.89%

Portfolio Characteristics

Portfolio Characteristics				Top Five Positions (%NMV/AUM) ⁸		Sub-Strategy Exposure	
Long Exposure ⁴	210.01%	Conversion Premium	26.63%	Twitter	4.49%		
Short Exposure ⁵	-109.21%	Delta	62.53%	Live Nation	3.39%		
Delta Adjusted Exposure ⁶	4.33%	Gamma	0.66%	FireEye	3.06%		
Adjusted Leverage ⁷	1.7x	Current Yield	1.19%	Voya Financial	2.69%		
Number of Issuers	83	Yield to Put/Maturity	1.57%	Palo Alto Networks Inc	2.61%		
Top Ten Positions ⁸	27.69%	Years to Maturity	3.73	Total	16.24%		
Credit Quality ⁹	BB						

¹ 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. ² Since Advent start date September 18, 2017. See disclosure 1. ³ The risk free rate used is an average of the constant maturity 3-month US Treasury Rate. ⁴ Defined as the long market value over equity. ⁵ Defined as the short market value over equity. ⁶ The delta adjusted exposure represents the current equity equivalent exposure of the convertible bond. It is the theoretical total dollar amount of equity necessary to hedge the equity optionality of the convertible bond. It is expressed as a percentage of total fund capital. ⁷ Adjusted Leverage excludes Convertible Bonds with less than 10% conversion premium. ⁸ Defined as net market value over equity. ⁹ This includes internal estimates for all non-rated securities.


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Portfolio Exposures

Asset Type (\$Delta/NAV) ¹		Geographic (% of Total LMV) ²		Market Cap (% of Total LMV) ²		Credit Profile (% of Total LMV) ²	
Convertible Bonds	107.96%	Asia	1.99%	Small Cap (<\$2bn)	7.86%	A or Above	5.3%
Stock	-103.63%	EMEA	0.75%	Mid Cap (\$2bn-\$10bn)	41.36%	BBB	11.9%
Equity Derivatives	0.00%	Japan	0.00%	Large Cap (\$10bn-\$25bn)	32.27%	BB	38.0%
Credit/Credit Derivatives	0.00%	US	97.26%	Mega Cap (>\$25bn)	18.51%	B	43.8%
						CCC or Below	0.8%
						Hedges/Options/Other	0.3%

Portfolio Discussion

The portfolio outpaced the equity market and the high yield market in both the month of June, as well as on a year-to-date basis. The strategy exhibited its asymmetric return profile, providing upside participation, as valuations expanded on the reopening of the economy and more importantly, downside protection, as the portfolio remained steady when signs of the virus resurgence sent the S&P 500 plunging by 6% intra-month. The resilience of the portfolio was driven by robust idiosyncratic volatility and active monetization via gamma trading. We continue to benefit from deepening market dispersion among companies and industries, with some of the most significant intra-month reversals coming from those virus-sensitive industries such as airlines, resulting in attractive opportunities to capture volatility. We believe the current macro backdrop, with elevated volatility and significant market cheapness, remains highly conducive to our strategy. The top monthly performers included infrastructure software company, Splunk, and domestic low-cost carrier, Southwest Airlines. The largest detractors from performance were biotech company, Glaukos Corp, and real estate developer, Immofinanz AG.

We executed a profitable amend-and-extend transaction with Splunk, which effectively re-structured our call option at a much lower implied volatility. We held the Splunk position as a short-dated, in-the-money embedded option for its cheap optionality and the potential for a corporate action. The thesis came to fruition when the company offered to extinguish the security at an implied volatility of 42 via a privately negotiated transaction, while issuing a longer-dated 5-year bond at an implied volatility of 28. The transaction turned out to be a win-win, as the company managed to extend its near-term maturities, while investors benefited from the discounted valuation. The new bond expanded to an implied volatility of 37, which remained a discount to realized volatility of 50.

The Southwest Airlines position gained from significant intra-month volatility capture. The stock surged nearly 19% the first week of June on optimism of better than expected June air traffic numbers, but soon reversed course and lost most gains, as reality began to sink-in with the market now expecting a long and arduous path to recovery. The Southwest position remains an interesting way to play the volatility in the airline space, with an implied volatility of 40, a discount to realized volatility of 65. Southwest also maintains one of the best balance sheets in the industry, with 24 months of liquidity and \$12 billion unencumbered assets. We continue to hold the position.

Glaukos is a maker of ophthalmic surgical devices and was hit hard by the pandemic due to widespread deferrals of cataract surgeries. While the bond cheapened, as many investors liquidated their positions, we continue to believe Glaukos offers a unique angle to play the Covid recovery thesis that cataract/glaucoma surgical volumes could bounce-back sharply, as physicians are eager to get back to the office following the end of the economic shutdown. We also remain positive on Glaukos' full suite of product pipeline, which could lead to key readouts/launches in 2021. We continue to hold a cheap embedded call option.

We had losses in Immofinanz, as the outlook on the company's retail and office segments remained challenged. Moreover, the Covid crisis cast a shadow over the potential merger between Immofinanz and S-immo, two of Austria's largest real estate companies. The market optimism following the CEO appointment of activist shareholder, Ronny Pecik, who owns major stakes in both Immofinanz and S-Immo, quickly dissipated. We believe Immofinanz's vast real estate portfolio, trading at mere 50% of its NAV, is fundamentally undervalued, and our position, trading below bond value with an investment grade rated balance sheet, offers an essentially "free" call option on any upside, driven by real estate re-valuation or industry consolidation. We continue to hold the position.

Outlook

It has been our long-held belief since 2018, that volatility, after spending years trading near trough levels, was one of the most undervalued asset classes. This belief has proven accurate, as we are in a higher volatility regime, driven by increased uncertainty, leading to greater asset price distortion and market inefficiencies. We believe the markets are going to experience a continued conflux of market forces leading to an environment of higher levels of volatility. Drivers include climbing Covid infection rates, stalled plans for further economic stimulus from Congress, rising geo-political tensions and the upcoming U.S. Presidential election. We anticipate continued market swings, as pockets of the coronavirus emerge, intensifying fears that officials will rollback opening plans, putting the recent economic recovery in jeopardy. While there is a case to be made for optimism that the economies and markets can weather the recent acceleration in infections, the definition of "normal" has changed, and the snap-back may be gradual. After months in lockdown to slow the spread of the virus, it's unclear what the economy will look like in a year or more. Governments will continue to struggle with how to extend near-term employment benefits to keep companies alive and job losses risk turning from temporary to permanent. We fear a long period of labor re-allocation, keeping unemployment high for years. We anticipate generating alpha through relative value security selection based on our in-depth fundamental research process. Our positive performance this year demonstrates our success in generating absolute returns by monetizing financial asset volatility. The Advent Global Partners UCITS Fund is constructed to capitalize on market inefficiencies by exploiting idiosyncratic volatility trades and relative value security mispricing, and we seek to generate attractive, uncorrelated risk-adjusted returns, regardless of the overall macro environment. Considerable value remains in the portfolio and the valuation recovery will continue. 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.

¹ Exposures are represented as a % of \$Delta/NAV. ² Exposures are represented as a % of total long market value.

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Monthly Performance Data (%)

2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Return
Advent Global Partners UCITS Fund (Net)¹	0.45	-0.09	-8.33	5.70	1.51	2.89							1.56
HFRX RV Fixed Income Convertible Arbitrage Index	0.72	-0.21	-6.22	4.54	1.99	2.45							2.96
S&P 500 Index	-0.04	-8.23	-12.35	12.82	4.76	1.99							-3.08
Russell 2000 Index	-3.21	-8.42	-21.73	13.74	6.51	3.53							-12.98
Bloomberg Barclays US Aggregate Index	1.92	1.80	-0.59	1.78	0.47	0.63							6.14
ICE BofA US High Yield Index	0.00	-1.55	-11.76	3.80	4.57	0.97							-4.78
MSCI World Index	-0.22	-8.05	-12.77	10.57	4.79	2.41							-5.77

¹ 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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