

# Invenomic US Equity Long/Short UCITS Fund

## Equity Long/Short

March 2022

### Performance Returns

The Invenomic US Equity Long/Short UCITS Fund returned 2.59% for the month of March (USD Institutional Pooled Share Class), net of fees.

### The Manager



### 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
2022	12.96%	2.56%	2.59%	-	-	-	-	-	-	-	-	-	18.86%
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 16<sup>th</sup> 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.

### Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Valuation	Daily
Liquidity	Daily
Fund AUM	\$176m
Strategy AUM	\$994m
Inception	September 16 <sup>th</sup> 2021

The performance figures quoted on the left represent the (net of fees) 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.

### Monthly Performance – Invenomic Fund LP (Non-UCITS)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2022	19.05%	4.23%	3.06%	-	-	-	-	-	-	-	-	-	27.89%
2021	2.21%	10.71%	15.79%	2.63%	11.90%	-9.31%	1.95%	-0.55%	2.61%	-1.30%	3.52%	10.16%	59.81%
2020	-5.84%	-5.34%	-1.48%	9.55%	-3.81%	1.34%	0.39%	0.99%	-2.46%	3.41%	14.3%	3.84%	13.82%
2019	7.31%	0.26%	-1.58%	2.66%	-5.87%	3.74%	-1.62%	-6.43%	10.42%	0.15%	0.48%	2.85%	11.68%
2018	3.34%	0.57%	-1.6%	0.93%	-2.29%	-0.12%	0.23%	-1.64%	2.55%	1.52%	3.17%	-2.44%	4.06%
2017	-	-	-	-	-	-	-	0.65%	1.37%	0.27%	3.08%	2.94%	8.55%

### Portfolio Breakdown

Sector Allocation	Long	Short	Net
Communication Services	10.81	-2.50	8.31
Consumer Discretionary	28.25	-19.18	9.07
Consumer Staples	5.26	-3.88	1.38
Energy	5.34	-0.30	5.04
Financials	5.03	-7.06	-2.03
Healthcare	10.60	-11.08	-0.48
Industrials	11.79	-9.96	1.83
Information Technology	17.94	-16.87	1.07
Materials	9.75	0.00	9.75
Real Estate	0.00	-4.05	-4.05
Utilities	0.68	-0.35	0.33
<b>Total</b>	<b>105.45</b>	<b>-75.23</b>	<b>30.22</b>

Portfolio Characteristics	Long	Short
# of Positions	163	147
Median Position Size	0.39%	-0.46%
Price-to Book Ratio	2.82x	10.54x
Enterprise Value-to Sales Ratio	2.05x	6.76x

  

Market Cap Exposure	Long	Short	Net
Large Cap (>\$5B)	41.33	-45.96	-4.63
Mid Cap (\$2B - \$5B)	20.30	-16.83	3.47
Small Cap (<\$2B)	43.82	-12.44	31.38
<b>Total</b>	<b>105.45</b>	<b>-75.23</b>	<b>30.22</b>

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## Monthly Commentary

The Fund returned 2.59% for the month of March (USD Institutional Pooled Share Class), net of fees. Portfolio exposures at the end of the month stood at 105.45% long and -75.23% short, resulting in net exposure of 30.22% and gross exposure of 180.68%. The portfolio remains well diversified with 163 long positions and 147 short positions.

For the first quarter of 2022, the fund returned 18.86% compared to -4.64% for the S&P 1500 Index and -2.73% for the Morningstar Long/Short Equity Category Average. Gains were driven overwhelmingly by the short portfolio during the period, but the long portfolio also contributed positively to returns.

Looking at the growth and value indexes for the quarter, we see that value outperformed growth across all market caps, with the most dramatic outperformance coming in the small and mid-cap space. Even though factors did move in our favor during the quarter, we added value for our investors that was well in excess of the factor spread. The correction was led by the sharp selloff in non-profitable technology companies in January, a sector we came into the year with considerable short exposure to. We covered some of these short positions when they hit price targets in January and February. In March, many non-profitable technology companies rallied significantly off their lows, giving us an opportunity to short some of these names again.

We take a variable approach to managing our net exposure. We will generally be more than 90% invested on the long side and the short side of the portfolio will fluctuate based on the opportunity set. The net exposure for our strategy has ranged from a month-end high of 37% to a low of 7%, while averaging approximately 22% since inception of our strategy (not specifically the UCITS fund). These shifts in net exposures have been gradual without sharp moves over time. We currently sit at approximately 30% which is slightly higher than our long-term average.

While the exposures and characteristics of the portfolio have shifted over the course of the year, it is important to note that given our value discipline, we remain primarily long companies with value characteristics and short companies with growth characteristics.

We expect the road forward to remain volatile for the foreseeable future. The global inflation dynamic continues to accelerate and while we do believe it may abate a bit in the coming months, we think it could potentially reaccelerate in the back half of the year. The latest CPI YoY number came in at 8.5%, the highest level we have seen since 1981. With 10-year US Treasuries currently yielding around 2.5%, investors are locking in a real return of negative 6%. Even if we assume that inflation normalizes at 3%, bond yields will need to move meaningfully higher, putting further pressure on risk assets. We believe that both our long and short portfolios are well positioned in the current environment.

If you have any questions, please do not hesitate to reach out.

### 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 nineteen 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.

Share Class	Founder B Class Shares	Founder B Pooled Class Shares	Institutional Class Shares	Institutional Pooled Class Shares	Retail Pooled Class Shares
Currency	USD, EUR, CHF, GBP	USD, EUR, CHF, GBP	USD, EUR, CHF, GBP	USD, EUR, CHF, GBP	USD, EUR, CHF, GBP
Management Fee	0.75%	0.75%	1.00%	1.00%	1.50%
Performance Fee	20.00%	20.00%	20.00%	20.00%	20.00%
Min Initial Sub.	50,000,000	50,000,000	1,000,000	1,000,000	1,000
ISIN Codes	USD: IE00BKFVXX13 EUR: IE00BKFVXY20 GBP: IE00BKFVXZ37 CHF: IE00BKFVY059	USD: IE00BKFVY166 EUR: IE00BKFVY273 GBP: IE00BKFVY380 CHF: IE00BKFVY497	USD: IE00BKFVY505 EUR: IE00BKFVY612 GBP: IE00BKFVY729 CHF: IE00BKFVY836	USD: IE00BKFVY943 EUR: IE00BKFVYB67 GBP: IE00BKFVYC74 CHF: IE00BKFVYD81	USD: IE00BKFVYF06 EUR: IE00BKFVYG13 GBP: IE00BKFVYH20 CHF: IE00BKFVYJ44

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