

↓ -0.09%

Advent Global Partners UCITS Fund

Multi-Strategy - Convertible Absolute Return

February 2020

Monthly Returns

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2020	0.45%	-0.09%											0.36%
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%*	1.00%	0.27%	0.85%	2.71%
2016	-	-	-	-	-	-	0.05%	0.18%	-0.45%	0.00%	-1.24%	0.51%	-0.96%

*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.

Investment Objective & Strategy

The Fund seeks capital appreciation over the medium to long term utilizing investments in corporate debt, equities and derivatives. Advent applies a relative value multi-strategy approach to investing in credit and volatility markets with an event-driven bias. The strategy seeks to generate attractive risk-adjusted returns by exploiting idiosyncratic volatility, event-driven and credit opportunities. The strategy employs rigorous fundamental research coupled with a robust trading platform to capture compelling asymmetric opportunities. The Fund is agnostic to any single sub-strategy and invests globally with a focus on mispriced volatility and event-driven opportunities while capitalizing on market dislocations.

Portfolio Discussion

The rapid spread of the coronavirus and lack of containment in countries outside of China rocked global markets, as equities tumbled and credit spreads gapped wider. Nevertheless, the portfolio produced solid relative and uncorrelated performance in February. Our long volatility exposure performed well as a hedge against macro uncertainties. Gamma trading was particularly active during the final week of February, driven by a spike in volatility, as stocks fell sharply and equity markets experienced their worst week since the 2008 global financial crisis. The portfolio also exhibited considerable dispersion, as several idiosyncratic, uncorrelated positions benefited from company specific catalysts and generated outsized returns. The top monthly performers included electric vehicle maker, Tesla, and internet based real estate service provider, Zillow Group. The largest detractors from performance were UK online grocery retailer, Ocado Group, and insurance company, Voya Financial.

The Tesla position was a contributor, as we continued to monetize the heightened volatility in the stock. Tesla surged more than 30% in the first two days of February to its all-time high, stoked by news of a profitable battery joint venture with Panasonic. Volatility intensified through the month, and we managed to gamma trade on multiple occasions. We believe the embedded volatility in Tesla remains undervalued, given the stock's high valuation multiple, large short interest and deeply divided investor base. While realized volatility in Tesla surged to 76, our position remains inexpensive with an implied volatility of 48.

We gained from capturing upside volatility in Zillow, as the stock shrugged off broader market weakness and surged more than 20% on the month. We have long believed that Zillow's dominance in the online real estate market and innovative business model can translate into tremendous growth potential. Our view was validated by the company's 4Q earnings release: revenue grew more than 100% year-over-year, as the company continued to leverage its brand, traffic and data to create efficiency in the real estate market. We continue to hold the position, as the company's long-term opportunity remains intact.

We had losses in Ocado as the stock grinded down steadily over the month without realizing much volatility. Ocado's slump is driven by several factors, including low margins of the online grocery business, large capital spending needs and relatively high equity valuation. We continue to believe in Ocado's best-in-class automation solutions platform, which has attracted partnerships with market leaders such as Marks & Spencer, Morrisons, Kroger and Aeon. We continue to hold the position with catalysts, including increasing online grocery penetration and onboarding additional supermarket partners.

The Voya position cheapened as the financial sector experienced indiscriminate selling due to investor concerns of a downward shift and flattening of the yield curve. We view Voya as a unique story in the insurance/asset management sector. After several asset divestitures, Voya is poised to achieve superior growth rates from its remaining core businesses and potentially realize multiple expansion. The simplified business model can also lead to M&A interest. We continue to hold the position.

Outlook

Equity markets buckled in February, with the S&P 500 drawing down 12.5% from its intra-month peak. In the last week of trading, equities suffered their biggest weekly losses since the 2008 global financial crisis. As we pass into March, we anticipate elevated market volatility, as the fall-out from the coronavirus deepens. Undoubtedly, the virus poses a clear and imminent danger that the global economy may perhaps enter into a recession this year – a scenario that is not currently being priced into risk assets. In addition, the unknown variables of viral transmission, has raised the probability of mandates that could precipitate a drop in consumer spending, such as school closures, public-event cancellations, and more generally, public space avoidance. From a corporate perspective, we anticipate compounding risk to supply-demand equilibrium, as corporations restrain from investment, hiring and restrict business travel. Given the unquantifiable nature of this exogenous event, we believe there will be ensuing earnings revisions as corporations take a conservative stance, providing event-driven idiosyncratic stock volatility. Additionally, the macro environment may languish longer-term as the impact of the U.S. Presidential election on the deficit, trade, taxes and capital spending remain ambiguous. We anticipate generating alpha through relative value security selection. 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.

The Manager



Advent Global Partners UCITS has been managed by Advent Capital Management, LLC ("Advent") since September 18, 2017. Founded in 1995, Advent has extensive experience investing in global credit, equity and derivative markets with firm assets of \$9.3 billion as of December 2019.

Marc J. Friezo - Portfolio Manager

Marc joined Advent in October 2011 as a Managing Director and serves as a portfolio manager on the strategy. 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 - Portfolio Manager

Odell joined Advent in 2001 as a Principal and serves as a portfolio manager on the strategy. Mr. Lambroza is a graduate of Cornell University and has over 30 years of industry experience.

Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Fund AUM	\$52.0 million
Strategy AUM	\$471 million
Inception	July 14, 2016
Advent Sub-IM Since	September 18, 2017

Share Class	Founder Class
Currency	EUR/USD/CHF/GBP
Mgt. Fee	1.25%
Perf. Fee	15%
Min Init. Sub.	10,000,000
ISIN Codes	EUR: IE00BD3CQ205 USD: IE00BD3CR131 CHF: IE00BD3CR248 GBP: IE00BD3CR024

Share Class	Inst Class A
Currency	EUR/USD/CHF/GBP
Mgt. Fee	1.50%
Perf. Fee	20%
Min Init. Sub.	1,000,000
ISIN Codes	EUR: IE00BD3CQ612 USD: IE00BD3CQ836 CHF: IE00BD3CQ943 GBP: IE00BD3CQ729

Share Class	Retail Class
Currency	EUR/USD/CHF/GBP
Mgt. Fee	2.00%
Perf. Fee	20%
Min Init. Sub.	10,000
ISIN Codes	EUR: IE00BD3CQL68 USD: IE00BD3CQN82 CHF: IE00BD3CQP07 GBP: IE00BD3CQM75

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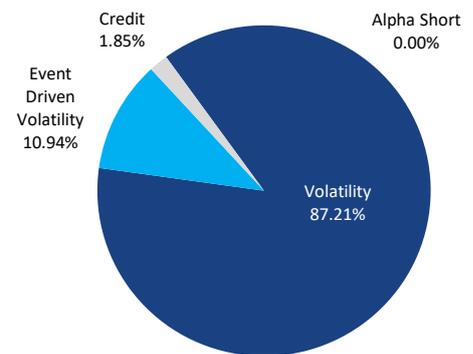
Return & Risk Characteristics ¹	YTD (%)	Since Inception Return (%)	Standard Deviation (%)	Sharpe Ratio ²
Advent Global Partners UCITS	0.36	6.94	3.07	1.64

Portfolio Characteristics			
Long Exposure ³	219.25%	Credit Quality ⁷	BB
Short Exposure ⁴	-103.65%	Conversion Premium	32.88%
Adjusted Leverage ⁵	1.9x	Delta	54.55%
Number of Issuers	75	Current Yield	1.20%
Top Five Positions ⁶	19.93%	Yield to Put/Maturity	1.35%
Top Ten Positions ⁶	34.43%	Years to Maturity	3.62

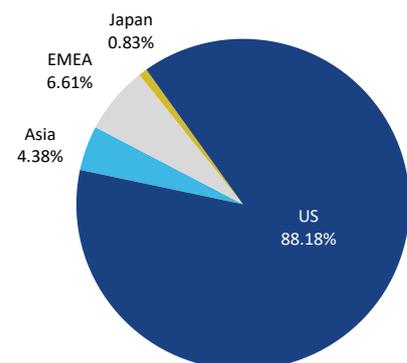
Return Attribution (Net of Fees)	
Sub-Strategy	MTD (%)
Volatility	0.24
Event-Driven	-0.33
Credit	0.00
Alpha Short	0.00
Total	-0.09

¹Since Advent start date September 18 2017. See disclosure language on page 1. ²The risk free rate used is an average of the constant maturity 3-month US Treasury Rate. ³Defined as the long market value over equity. ⁴Defined as the short market value over equity. ⁵Adjusted Leverage excludes Convertible Bonds with less than 10% conversion premium. ⁶Defined as net market value over equity. ⁷This includes internal estimates for all non-rated securities.

Strategy Breakdown



Regional Exposure



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