

# Invenomic US Equity Long/Short UCITS Fund

## Equity Long/Short

May 2022

### Performance Returns

The Invenomic US Equity Long/Short UCITS Fund returned 5.24% for the month of May (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%	5.35%	5.24%	-	-	-	-	-	-	-	31.78%
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.

### 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%	7.29%	6.24%	-	-	-	-	-	-	-	45.77%
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%

### Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Valuation	Daily
Liquidity	Daily
Fund AUM	\$216 Million
Strategy AUM	\$1.35 Billion
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.

This is a marketing communication.

### Portfolio Breakdown

Sector Allocation (%)	Long	Short	Net
Communication Services	13.83	-0.99	12.84
Consumer Discretionary	21.90	-16.67	5.23
Consumer Staples	5.67	-9.76	-4.09
Energy	8.05	-1.55	6.50
Financials	4.88	-5.93	-1.05
Healthcare	10.18	-9.75	0.43
Industrials	12.78	-11.78	1.00
Information Technology	21.34	-11.18	10.16
Materials	8.21	-0.63	7.58
Real Estate	0.00	-5.80	-5.80
Utilities	0.00	-0.14	-0.14
<b>Total</b>	<b>106.83</b>	<b>-74.18</b>	<b>32.65</b>

Portfolio Characteristics	Long	Short	
# of Positions	169	149	
Median Position Size	0.40%	-0.46%	
Price-to-Book Ratio	2.54x	7.23x	
Price-to-Earnings Ratio	10.56x	30.77x	
Enterprise Value-to-Sales Ratio	1.90x	4.48x	

  

Market Cap Allocation (%)	Long	Short	Net
Large Cap (>\$5B)	51.94	-41.2	10.74
Mid Cap (\$2B - \$5B)	16.95	-20.76	-3.81
Small Cap (<\$2B)	37.93	-12.22	25.71
<b>Total</b>	<b>106.83</b>	<b>-74.18</b>	<b>32.65</b>

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### Monthly Commentary

The Fund returned 5.24% for the month of May (USD Institutional Pooled Share Class), net of fees. Portfolio exposures at the end of the month stood at 106.83% long and -74.18% short, resulting in net exposure of 32.65% and gross exposure of 181.01%. The portfolio remains well diversified with 169 long positions and 149 short positions.

The Fund generated gains in both the long and short books during May. It was a volatile month for the market, with the NASDAQ Composite Index at one point falling more than 13% from its highs for the month. Our net exposure at the end of May stood at 32.65%. As we have spoken about many times in the past, our net exposure is variable. From the end of April to the end of May, net exposure increased due to long exposure going from 101.25% to 106.83% and short exposure from -74.63% to -74.18%. We think it's noteworthy that net exposure to the information technology sector ended May at 10.16%, the highest for the strategy since early 2019. Net exposure to the sector was -1.02% at the end of April 2022 and -13.19% at the end of October 2021.

We believe that active investment managers should be able to be "active" in their investment approach. There has been a trend in recent years for many active managers to be extremely concentrated, invest with high conviction, while being focused on very narrow segments of the market. We feel that these three constraints make it very hard to generate significant alpha, specifically in choppy and non-directional markets. The market is constantly presenting investors with new opportunities, such as those we have found in the information technology sector recently. While many of the companies remain overvalued, we have discovered many gems within the wreckage. If we were running a technology focused fund, it would be much harder to take advantage of these opportunities, as we would have to sell our longs into weakness in order to buy.

The above approach may sound simple; however, funds need to be set up properly to take advantage of these opportunities. A lengthy bull market often makes people forget these realities. We find that managing a diversified portfolio of liquid equity positions allows us to continuously allocate to the areas of the market with the greatest opportunities. While it is impossible to know what the market will bring investors in the future, we believe flat to negative real returns for the next decade is possible, as the market works through excesses of the last 13+ years. If this does come to pass, we believe a well-diversified portfolio that can invest both long and short is the best way to navigate such an environment.

#### 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 twenty 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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