

Invenomic US Equity Long/Short UCITS Fund

Equity Long/Short

April 2022

Performance Returns

The Invenomic US Equity Long/Short UCITS Fund returned 5.35% for the month of April (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%	-	-	-	-	-	-	-	-	25.22%
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 16th 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	\$191m
Strategy AUM	\$1,148m
Inception	September 16 th 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.

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%	-	-	-	-	-	-	-	-	37.21%
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	12.93	-1.91	11.02
Consumer Discretionary	24.36	-17.71	6.65
Consumer Staples	5.83	-5.26	0.57
Energy	5.57	-0.36	5.21
Financials	4.45	-5.82	-1.37
Healthcare	9.21	-12.00	-2.79
Industrials	12.14	-8.19	3.95
Information Technology	17.56	-18.58	-1.02
Materials	8.60	0.00	8.60
Real Estate	0.00	-4.66	-4.66
Utilities	0.59	-0.14	0.45
Total	101.25	-74.63	26.62

Portfolio Characteristics	Long	Short
# of Positions	160	154
Median Position Size	0.41%	-0.42%
Price-to-Book Ratio	2.28x	9.06x
Price-to-Earnings Ratio	10.67x	37.22x
Enterprise Value-to-Sales Ratio	1.73x	5.40x

Market Cap Allocation (%)	Long	Short	Net
Large Cap (>\$5B)	39.98	-43.86	-3.88
Mid Cap (\$2B - \$5B)	19.79	-18.80	0.99
Small Cap (<\$2B)	41.48	-11.97	29.51
Total	101.25	-74.63	26.62

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Monthly Commentary

The Fund returned 5.35% for the month of April (USD Institutional Pooled Share Class), net of fees. Portfolio exposures at the end of the month stood at 101.25% long and -74.63% short, resulting in net exposure of 26.62% and gross exposure of 175.88%. The portfolio remains well diversified with 160 long positions and 154 short positions.

We created the name Invenomic from the prefix Inve-, from the word invest, and the suffix -nomic, meaning generally accepted by the laws of nature. Our name reflects our approach to investing which is grounded in concepts that are proven to work over multiple decades. We avoid investment strategies not firmly grounded in sound economic principles. A core tenet of our philosophy is that a company's profitability is the primary driver of its value and as a result we are extremely focused on earnings and free cash flow. We buy companies that, in our opinion, have a clear path to higher earnings and free cash flows while shorting those that do not. While this strategy may seem simple, it has guided us well during our investment careers. Since inception, despite substantial headwinds, the results we have generated for our investors stand out.

We hear a lot of commentary about value investing as simply a trade. We find this sentiment to be quite interesting in the context of investment history. The last 13 years of easy monetary policy was an anomaly that created what we believe was the biggest tailwind for long duration assets ever seen in history. Market participants never thought much about risk in recent years as the market always bounced very sharply from any drawdown. Many of the companies that benefited in the easy money environment are now under pressure, as the economy is faced with the combination of rising rates and inflation. The emergence of these two factors has proven problematic for those chasing long duration assets, such as hypergrowth companies and bonds. These cycles have presented themselves over and over throughout history. Unfortunately for proponents of growth at any price, their success is usually measured in years and months, not long-term results.

Our short portfolio drove performance for the fund again in April. Year-to-date through April, our short portfolio has contributed approximately 36.6% to our returns, on a gross basis. Those who have been reading our monthly commentaries know that we have spoken at length about the great opportunity we've seen to short what we believe are extremely overvalued companies over the last 12 to 18 months. We are happy that we executed on this vision on behalf our investors.

Given the sharp selloff in risk assets, our net exposure has drifted higher from the end of April to mid-May. One of the main reasons for the increase in net exposure is our shorts getting smaller as they fall toward our price targets. We are also adding new longs to the portfolio as stocks drop and hit our buy targets. If current market conditions persist, it is possible that our net exposure will move towards the 50% range in the coming months. As of the writing of this letter, our net exposure is around 40%. We are finding opportunities to buy attractive assets at fantastic valuations, while continuing to short overvalued companies likely to disappoint investors, in our opinion. We expect the volatility in the market to remain elevated for the foreseeable future. While this environment may be unsettling for some, we prefer it, as volatility creates new opportunities for our portfolio.

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: IE00BKFXVX13 EUR: IE00BKFXVY20 GBP: IE00BKFXVZ37 CHF: IE00BKFXVY059	USD: IE00BKFYV166 EUR: IE00BKFYV273 GBP: IE00BKFYV380 CHF: IE00BKFYV497	USD: IE00BKFYV505 EUR: IE00BKFYV612 GBP: IE00BKFYV729 CHF: IE00BKFYV836	USD: IE00BKFYV943 EUR: IE00BKFYVB67 GBP: IE00BKFYVC74 CHF: IE00BKFYVD81	USD: IE00BKFYVF06 EUR: IE00BKFYVG13 GBP: IE00BKFYVH20 CHF: IE00BKFYVJ44

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