

FACTSHEET

Performance Returns

The AlphaQuest UCITS Fund returned +1.68% in April (USD Institutional Founder Share Class).

USD Institutional Founder Share Class UCITS Performance

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2018	9.82%	-0.10%	-0.34%	1.68%									11.17%
2017	-4.33%	-2.70%	-0.99%	-0.69%	-2.54%	0.15%	-1.78%	-1.51%	0.70%	3.15%	0.45%	-1.45%	-11.14%
2016												-0.22%	-0.22%

The performance figures quoted above represent the performance of the AlphaQuest UCITS Fund since launch on 9<sup>th</sup> December 2016. These performance figures refer to the past and past performance is not a reliable guide to future performance.

Investment Objective & Strategy

The AlphaQuest UCITS Fund's investment objective is to seek capital appreciation over the long term.

The AlphaQuest UCITS Fund invests, on a long and/or short basis, in a globally diversified portfolio representing the major asset classes of equities, fixed income and currencies. It also gains exposure to commodities, on a long and/or short basis, through the use of structured financial instruments ("SFIs"). The AlphaQuest UCITS Fund targets, over the medium term, a realized volatility in the range of 10%-12%, in order to adhere to UCITS investment restrictions.

Quest employs a systematic trading program (the "Program"), diversified by asset class and with individual positions intended to provide a return over different time horizons, that seeks to deliver positive alpha (alpha is a statistical measurement used to determine the risk-reward profile of a potential investment). The Program is composed of a number of trading systems, each of which generates individual trades. These trading systems generate trades on the basis of price movement indicators which seek to identify situations where there is potential for an increase in the price volatility of a given market. Risk controls are integrated into the Program to measure the potential risk associated with trades generated by the Program. Generally, the Program will determine that AlphaQuest UCITS Fund should take a long position in a market that has shown an upward trending price or a short position in a market that has shown a downward trending price.

Performance Commentary

The Program had a strong month in April as volatile conditions in global markets continued to prevail. Equities and emerging markets fell, government bond yields rose, and the US dollar and commodities surged. As seen in February and March, a litany of issues plagued markets including: concerns about rising inflation and interest rates, trade wars, geopolitical tensions, and political uncertainty. In the background, a growing sense that both the low growth/low inflation regime and the Central Bank asset-purchase-fueled bull market of the past decade are over also affected sentiment and risk appetite.

At an asset class level, the bulk of the Program's returns came from Energy markets, where a powerful breakout in crude oil drove returns. Crude oil was up 5.6% in April—the second consecutive month of gains over 5.0%—as OPEC continued to show production restraint while also hinting of longer-term supply co-operation with non-OPEC producers, specifically Russia. Equities were also profitable in April, as our models were able to take advantage of the strong rally in European and Japanese markets. The decline in bonds contributed to returns as our models were short most major government bond markets during the month. Foreign exchange was flat as gains in long positions in the US dollar were offset by losses in long positions in the UK pound. Gold was the notable detractor of performance as the precious metal once again failed to break out of its price range, which has lasted since the beginning of the year.

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THE MANAGER



Nigol Koulajian

Founder and Chief Investment Officer



Nigol has been designing and trading short and long-term technical systems for over 24 years. Mr. Koulajian began his career with Andersen Consulting and then moved to Deutsche Bank, where he helped create and computerize a risk management system that became a widely used tool for senior management. He then became the Head Trader for Carmel Capital and while working at Carmel

designed and priced hedges on international equity and fixed income arbitrage positions. In 1996, Mr. Koulajian joined Weston Capital Management, LLC where he was the Director of Asset Allocation and Product Development, responsible for the allocation of assets to equity hedge funds and CTAs. In 1998, Mr. Koulajian started Avalon Asset Management, LLC, a fund of funds, and in 1999, he co-founded a CTA, Enterprise Asset Management, LLC. Mr. Koulajian earned an MBA in finance from Columbia Business School and a BS in electrical engineering from Notre Dame.

Paul Czkwianianc

Head of Research



Paul joined the firm at its inception in 2001. Mr. Czkwianianc started his career in the financial industry in 1999 at Enterprise Asset Management where he worked alongside Mr. Nigol Koulajian. Mr. Czkwianianc holds a B.S. degree in Applied Mathematics from Columbia University and an M.S. degree in Mathematics from New York University.

FUND FACTS

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Fund AUM	\$69.8 million
Strategy AUM	\$1.364 billion
Inception	9 <sup>th</sup> December 2016
Registered	Ireland, UK, France, Lux and Switzerland (Qualified Investors Only)
<b>Share Class</b>	<b>Institutional/Institutional Pooled</b>
Currency	EUR/GBP/CHF/USD
Mgt. Fee	1.5%
Perf. Fee	20%
Min Init. Sub.	1,000,000
ISIN Codes	EUR: IE00BD08G390/IE00BD08G739 USD: IE00BD08G622/IE00BD08GB72 CHF: IE00BD08G515/IE00BD08G952 GBP: IE00BD08G408/IE00BD08G846
<b>Share Class</b>	<b>Retail Pooled</b>
Currency	EUR/GBP/CHF/USD
Mgt. Fee	2%
Perf. Fee	20%
Min Init. Sub.	100,000
ISIN Codes	EUR: IE00BD08GM87 USD: IE00BD08GQ26 CHF: IE00BD08GP19 GBP: IE00BD08GN94

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Performance Commentary

Among system families, the 'trend crowding' family of models had the biggest contribution, accounting for over half of the returns for the month. These models were particularly profitable in bond markets, where crowded positioning in mature trends provided strong opportunities to generate returns. Intermediate-term models, which trade time horizons of a few days to a few weeks, and long-term trend following models also generated solid returns both in energy and equities. Our shortest-term models that trade time horizons of a few days were modestly negative for the month as they were whipsawed by the noisy market price action.

The Program's Alpha to all key benchmarks including the S&P 500 Total Return Index, the BTOP50 Index, the SG Short-Term Traders Index and a Long-VIX strategy remains quite strong, hitting all-time highs during the month.

Market Commentary

As the business cycle matures, inflationary pressures increase, and monetary policies begin to tighten around the world, financial asset valuations are trying to find a new equilibrium from the inflated levels of recent years. This process of adjusting to a new equilibrium valuation is inherently volatile.

One of the most significant aspects of the new regime is the changing characteristics of fixed income. As the chart below shows, the near continuous decline in government bond yields over the past four decades created a highly favorable backdrop for financial markets and extended bull markets. This process is now in the early stages of reversing.



Sources: Quest Partners LLC, Bloomberg ("USGG10YR Index")

We believe that market participants have not yet fully accounted for the current and forthcoming increases in cost of capital resulting from these higher bond yields. Over the next few years, markets are likely to see step-like repricing of all assets to this change in the foundational basis of asset valuation. Periods of calm are likely to be punctuated by violent, short-term corrections. The environment is likely to be particularly painful for assets and strategies that benefited disproportionately and/or 'over-adapted' to the low volatility environment of the past decade. Conversely, assets like industrial commodities, energy, and gold—which were largely ignored in recent years—are likely to see renewed interest.

Another by-product of this low volatility regime has been crowding. Within the managed futures industry, the abundance of money chasing towards well-known, transparent, 'smart beta' trend following strategies has created a plethora of market distortions. For the Program, these have been a significant source of opportunity and drivers of returns, as the unravelling of crowded trades forces highly convex price movements. The more populous a trade or strategy becomes, the greater the crowding effect, and thus, opportunity to capture convexity.

We believe the Program, with its core focus on positive skew and capturing volatility expansions, is well suited in this new regime. Despite the strong performance of the Program year-to-date, and what seems like a difficult period in global markets, implied and realized volatility are still quite low by historical standards. We are still only at the beginning stage of the process of normalization of volatility.

ALPHAQUEST ORIGINAL (AQO) PROGRAM MONTHLY PERFORMANCE (NON-UCITS)\*

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2018	16.28	(0.01)	(0.17)	3.27E									19.85%E
2017	(6.31)	(4.14)	(0.86)	(0.02)	(2.75)	(0.82)	(2.30)	(1.99)	0.44	6.99	(0.04)	(1.44)	(12.94)%
2016	14.16	9.19	(6.72)	(0.58)	(3.62)	6.60	2.16	(6.30)	(7.64)	(2.65)	0.20	4.51	7.02%
2015	7.97	(0.68)	2.90	0.33	(1.65)	(10.70)	7.39	(2.01)	(1.64)	2.17	8.72	(5.47)	5.69%
2014	1.62	0.10	(4.51)	(5.36)	3.20	1.89	(2.29)	5.83	3.20	3.75	5.24	3.23	16.27%
2013	0.07	4.45	(0.53)	9.07	(3.46)	0.86	1.86	(1.42)	(1.67)	(0.25)	2.11	4.39	15.94%
2012	3.07	2.32	(5.14)	(2.25)	8.66	(3.34)	5.75	(3.47)	(3.91)	(2.62)	(0.70)	3.77	0.87%
2011	(4.91)	5.83	(6.53)	16.41	(5.93)	(9.40)	11.37	0.96	(4.11)	(3.85)	(2.92)	2.10	(4.11)%
2010	(6.93)	0.19	1.58	1.85	3.26	(1.52)	(2.24)	6.97	7.52	6.14	(6.82)	10.10	20.08%
2009	0.38	(2.32)	(7.57)	(2.43)	13.30	0.36	0.57	(1.73)	3.60	(5.17)	1.77	(11.16)	(11.75)%
2008	2.09	14.92	(0.53)	1.26	4.88	4.22	(13.55)	1.36	(1.26)	20.59	10.10	4.98	55.77%
2007	(0.49)	(3.23)	(0.50)	6.26	(0.79)	6.81	2.07	(11.84)	13.80	6.73	(3.71)	4.04	18.11%
2006	4.34	(3.02)	0.55	14.62	0.91	(3.18)	(6.08)	0.36	0.25	7.48	5.95	2.54	25.72%
2005	(7.67)	2.58	0.41	(3.46)	1.48	5.15	(4.02)	2.35	2.94	0.11	4.36	(3.35)	0.04%
2004	(2.80)	3.93	(1.38)	(5.60)	1.30	(9.98)	1.36	(1.25)	(0.99)	6.23	(0.60)	(1.32)	(11.43)%
2003	(1.84)	6.16	0.93	(7.90)	14.36	(4.59)	(1.86)	1.85	4.23	(4.62)	(3.28)	1.13	2.74%
2002	4.05	(13.71)	16.53	(1.44)	(2.49)	9.22	3.76	0.83	6.90	0.99	(3.50)	16.92	39.94%
2001	(5.22)	(5.43)	12.11	(5.59)	3.89	(2.20)	3.68	(4.52)	7.38	2.97	0.58	10.42	17.17%
2000	4.18	(1.54)	7.14	(2.85)	8.03	(4.16)	(2.57)	3.17	(2.83)	4.85	7.97	18.05	44.31%
1999					(2.66)	2.81	(1.77)	(1.73)	1.12	(5.26)	4.26	1.11	(2.45)%

\*The above performance pertains to the AlphaQuest Original (AQO) program and is not representative of the MontLake AlphaQuest UCITS Fund. UCITS Funds have to abide by investment restrictions and consequently the performance of the MontLake AlphaQuest UCITS Fund may not be similar to that presented above.

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