AlphaQuest UCITS Fund

CTA/Managed Futures

September 2020

Performance Returns

The AlphaQuest UCITS Fund returned -3.54% in September (USD Inst. Founder Pooled Share Class).

USD Institutional Founder Pooled Share Class UCITS Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2020	1.69%	1.04%	5.93%	0.11%	-4.00%	0.75%	2.27%	-1.46%	-3.54%				**2.45%**
2019	-4.96%	-1.34%	2.47%	-1.28%	2.38%	4.93%	0.88%	4.74%	-2.44%	-1.80%	0.64%	-1.10%	**2.68%**
2018	9.69%	-0.08%	-0.29%	1.43%	0.73%	-1.25%	-2.34%	-0.51%	0.68%	-1.74%	-5.29%	1.20%	**1.58%**
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 (USD Institutional Founder Pooled Share Class) since launch on 9th December 2016. These performance figures refer to the past and past performance is not a reliable guide to future performance.

Investment Objective and 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 comprised 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 one.

ALPHAQUEST ORIGINAL (AQO) PROGRAM MONTHLY PERFORMANCE (NON-UCITS)^

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2020	7.32%	0.58%	8.81%	-0.18%	-4.36%	-0.43%	5.35%	-3.39% E	-6.70% E				**6.01%E**
2019	-7.73%	-2.46%	3.98%	-1.54%	6.52%	6.06%	2.10%	8.47%	-4.44%	-0.90%	-0.38%	-1.80%	**6.79%**
2018	16.28%	-0.01%	-0.17%	3.12%	1.38%	-0.47%	-5.45%	1.06%	1.43%	-2.66%	-8.42%	0.92%	**5.29%**
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 AlphaQuest UCITS Fund. UCITS funds have to abide by investment restrictions and consequently the performance of the AlphaQuest UCITS Fund may not be similar to that presented above.

The Manager

Quest Partners LLC

Nigol Koulajian

Founder and Chief Investment Officer

Nigol Koulajian is the Founder and Chief Investment Officer of Quest. Mr. Koulajian founded Quest in March 2001 to pursue his passion for quantitative investment research and strategy development, which he has focused on from the beginning of his career in the early 1990's. After lengthy research, Mr. Koulajian identified specific strategies using proprietary techniques that have been continuously enhanced over the past nineteen years and became the basis for the growth of Quest. The firm, which is based in New York, currently manages approximately $1.6 billion in assets. In 2002, Mr. Koulajian started the NOK Foundation, which is committed to promoting the study and practice of yoga and meditation globally. Mr. Koulajian has acted as a board member of the Omega Institute and David Lynch Foundation. Mr. Koulajian earned an MBA in finance from Columbia Business School and a BS in electrical engineering from Notre Dame.

Paul Czkwianianc

Partner

Paul Czkwianianc is a Partner and Director of Research at Quest. Mr. Czkwianianc has collaborated with Quest's Founder and CIO, Nigol Koulajian, for over two decades in conceptualizing, designing and implementing Quest's unique Alpha-generating strategies. As a founding principal of Quest in 2001, Mr. Czkwianianc has driven the development of the firm's investment platform and innovation of new models and strategies. Mr. Czkwianianc started his career in 1999 as a Research Analyst at Enterprise Asset Management, a Firm co-founded by Mr. 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. At NYU, he was enrolled in a Ph.D. program in Mathematics, where he worked on mathematical modeling in neuroscience.

Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Fund AUM	$56.3 million
Strategy AUM	$1.561 billion
Inception	9th December 2016
Passport	Ireland, UK, France, Lux and Switzerland (Qualified Investors Only)

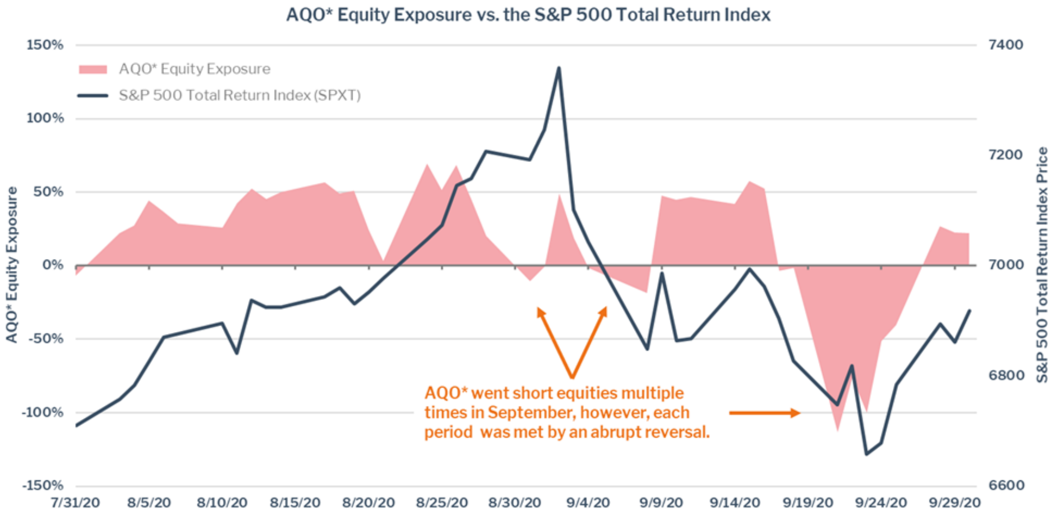
Share Class	**Institutional/Institutional Pooled**
Currency	EUR/GBP/CHF/USD
Mgt. Fee	1.5%
Perf. Fee	20%
Min Init. Sub.	1,000,000
ISIN Codes	EUR: IE00BD08G390/IE00BD08G739 USD: IE00BD08G622/IE00BD08GB72 CHF: IE00BD08G515/IE00BD08G952 GBP: IE00BD08G408/IE00BD08G846

Share Class	**Retail Pooled**
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

Performance Commentary

The AlphaQuest UCITS Fund was down -3.5% in September, a difficult month which produced numerous short-term reversals across nearly all asset classes. While the month started with a sharp equity rally (attributable in part to widespread call option purchases), it was punctuated by two violent, yet abrupt, selloffs. The Program struggled as it attempted to take aggressive positioning—especially equity shorts—throughout the month only to be met with sharp snapbacks which proved problematic.

Among sectors, the portfolio experienced losses in all but commodities, which remained profitable on the back of positioning in crude oil and agriculturals. Fixed income was the largest detractor on the month as rather consistent long positions were met by intermittent and meaningful selloffs. Fixed income volatility has reached multi-decade lows in some cases—particularly at the front end of the curve. Such dramatically low levels of absolute volatility paired with mean reversion of breakouts can be harmful to a strategy like the Program, as it will build positions into the direction of volatility only to be met by a significant reversal. Similar reversals were witnessed in equity markets, the second largest detractor on the month. The Program began the month positioned short equities before returning to a long position into the September 3rd selloff. While the Program was able to revert to a short exposure in two trading days, the subsequent reversal on September 9th caused it to flip once again. Periods of whipsaw like the beginning of the month can be difficult for the Program as it is unable to find a clear direction and stable positioning. When the markets finally broke down, establishing such a direction on September 21st, the Program was able to react swiftly and aggressively, amassing a short equity position in excess of -65% of NAV in one trading day. Shown below is the development of the AlphaQuest Original (AQO) program* equity exposure throughout the month:



Source: Quest Partners LLC, Bloomberg; July 31, 2020 through September 30, 2020. DISCLOSURES: Past results are not necessarily indicative of future results. Derivatives trading involves substantial risk of loss and may not be suitable for everyone. This is not a solicitation.

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Unfortunately, the equity volatility induced by a potential second wave of COVID-19 in Europe was short-lived, with equity markets experiencing a powerful rally into the end of the month, causing the Program to give back the profits it made in the prior days. Foreign exchange was negative in September as risk-on positions from prior weeks deteriorated, causing the portfolio to seek more U.S. dollar short exposure mid-month. While initially profitable, these positions ended up capitulating their gains as the dollar caught a strong bid at the height of the equity selloff. Crude oil and agricultural commodities (primarily soybeans) provided needed gains to the portfolio as crude experienced a sharp beginning-of-month selloff and soybeans continued their now multi-month trend on a tailwind from Chinese demand for the product.

All trading system families struggled in September. The intermediate-term trend following trading systems, which trade time horizons of a few days to a few weeks, suffered most from the whipsaw witnessed in the equity and fixed income markets. Long-term trend following was adversely impacted primarily by gold and the euro, both of which broke their prevailing trends of the prior months. Trend crowding was slightly negative across all sectors as it sought to take advantage of over-crowdedness among the markets which were breaking down, failing to generate profits when such markets experienced reversals. The short-term volatility breakout trading systems, which trade time horizons of intraday up to five days, were only modestly down as they were able to take advantage of dislocations in the equity and commodity markets.

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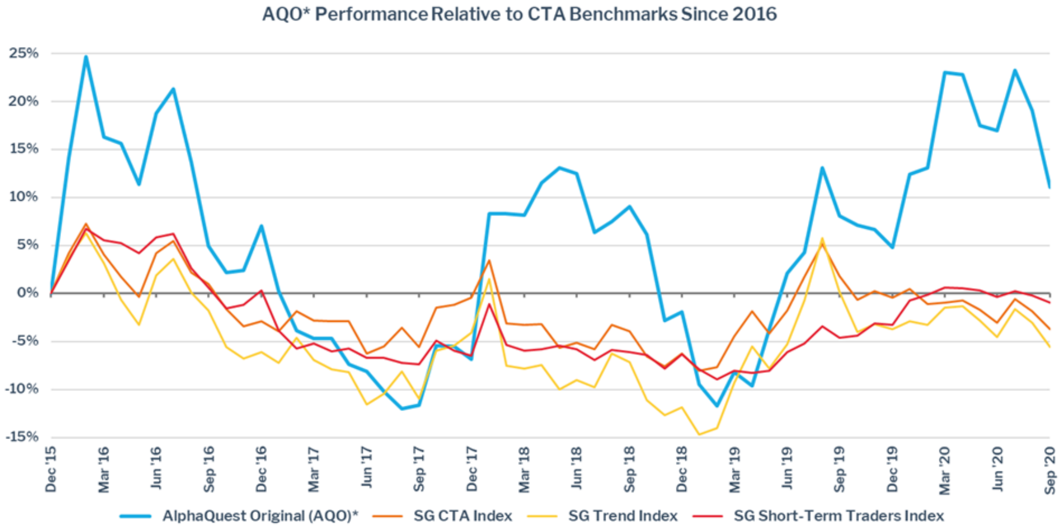
Market Commentary: Short-term CTA strategies are becoming crowded

One of the notable aspects of CTA performance in recent years has been the outperformance of short-term CTAs, especially in contrast to long-term trend followers. Since 2016, Société Générale's SG Short-Term Traders Index has returned -1.0% vs. -3.7% for the SG CTA Index and -5.6% for the SG Trend Index. During the same period, AlphaQuest Original (AQO) program* returned +11.1%.

Short-term CTAs have outperformed long-term CTAs in recent years



Source: Quest Partners LLC, SG Prime Services; January 2016 through September 2020. DISCLOSURES: Past results are not necessarily indicative of future results. Derivatives trading involves substantial risk of loss and may not be suitable for everyone. This is not a solicitation.

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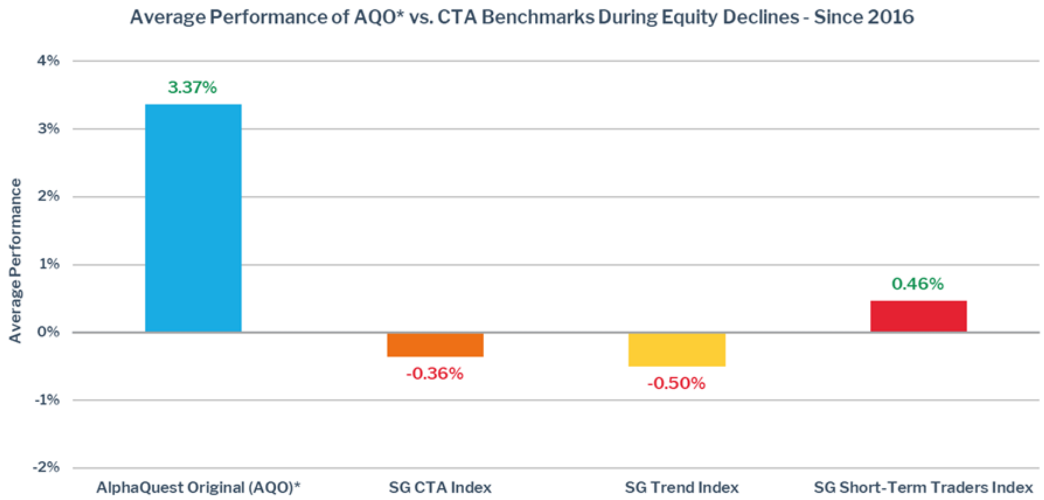
Not only have short-term CTAs generated higher returns in recent years, but they have also been more effective in offsetting equity drawdowns. As we have written in the past, increasingly aggressive global central bank interventions in response to shocks have truncated market declines, making them short-lived. This, in turn, has made it difficult for longer-term trend following strategies to capture the declines as they have typically entered declines with long-equity exposures only to flip to short exposures just as markets begin to recover—leading to losses on both sides of the trade. By comparison, several short-term CTAs have produced positive relative and absolute performance during equity market corrections due to their quicker reaction times and shorter holding periods, as shown below:

Short-term CTAs performed better during equity drawdowns in recent years



Source: Quest Partners LLC, SG Prime Services; January 2016 through September 2020. DISCLOSURES: Past results are not necessarily indicative of future results. Derivatives trading involves substantial risk of loss and may not be suitable for everyone. This is not a solicitation.

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This outperformance of short-term CTAs has not gone unnoticed by investors or the press. Several short-term managers have grown rapidly, and numerous press articles have recently proclaimed their performance and fundraising. It is interesting to note that over the past few years assets of short-term CTAs have increased while overall assets of the CTA industry have declined.

In addition to investors adding more exposure to short-term CTAs, longer-term CTAs have also begun increasing their exposure to shorter-term strategies. The weakness in returns of longer-term trend followers and their challenges in capturing equity market declines have led some investors to question the viability of such strategies in recent years, placing significant pressure on their business models.

We believe the combination of investor inflows and potential rebalancing of allocations within longer-term trend following programs are making short-term CTA strategies increasingly crowded, especially those that pursue positive convexity and volatility expansions. We have witnessed a large influx of capital chasing price movements in shorter-term time horizons where liquidity is much more limited, leading to noisy, exaggerated price moves and a greater number of false breakouts.

Furthermore, capital flows and crowding are occurring at a time when there is significant volatility compression in the markets due to the actions of global central banks in response to the COVID-19 pandemic. As highlighted in our May 2020 letter, the negative effect of volatility compression on short-term CTA strategies becomes more intense about six months after a peak in the VIX Index. As mentioned earlier, this could be due to players who sold longer-term options close to the peak of the VIX—perhaps emboldened by fiscal and monetary stimulus. With the passage of time, the gamma effect of these options becomes more pronounced, leading to meaningful volatility suppression.

CTAs tend to underperform during prolonged volatility compressions

Number of Days Since a 25+ Point Drop From a VIX 12-Month High vs. Forward Returns

Days	Forward 6-month Avg Return			Sample Size
	AQO*	SG Trend	SG CTA	
0 to 25	3.0%	-5.3%	-3.1%	33
25 to 50	6.7%	-5.5%	-2.7%	59
50 to 75	4.8%	-5.5%	-3.2%	40
75 to 100	7.1%	-1.4%	-0.3%	38
100 to 125	5.4%	1.2%	1.1%	74
125 to 150	1.2%	4.7%	2.3%	97
150 to 175	-4.8%	-0.4%	-0.5%	110
175 to 200	-4.7%	-2.8%	-1.3%	94
200 to 225	-6.5%	-2.4%	-1.5%	86
225 to 250	-5.1%	-1.6%	-0.9%	184

Source: Quest Partners LLC; January 2000 through May 2020. 'VIX 12M High' represents the highest level of the VIX in a rolling 260-day window.
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A prime example of currently intense volatility compression is the fixed income market. Massive asset purchases by central banks and yield curve control programs have kept prices within extremely narrow bands. Any small moves outside of the bands have been quickly reversed as central banks or other market participants are placing buy-the-dip or mean-reversion trades to bring prices inline.

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Fixed income markets have experienced unprecedented price and volatility compressions

Source: Quest Partners LLC, Bloomberg; March 2020 through September 2020.

Hence, while short-term strategies have outperformed in recent years, one must remain vigilant about the sensitivity of these strategies to capital flows and crowding, especially during periods of volatility compression. The trading environment remains highly uncertain with the lingering possibility of another COVID-19 flare-up, the forthcoming U.S. election, and other forces which could potentially provide bouts of volatility and an auspicious environment for short-term CTAs. Should these not come to pass, however, it would not be surprising to see more simplistic short-term strategies struggle and for there to be a period of normalization of their returns, in both absolute and relative terms.

Fortunately, at Quest, we are acutely aware of the sensitivities of short-term CTA strategies and have ways to proactively manage them. In terms of asset growth, the program assets have been largely stable in the past few years. Furthermore, we have been quite transparent with investors about managing the growth and capacity of the strategy, including the possibility of hard closing for a period if assets reach not far from current levels.

In terms of crowding, our research efforts have been focused in this area for most of the past decade. From their introduction nearly five years ago, the Trend Crowding trading system families have grown steadily to become a core part of the portfolio. We have also been diversifying the crowding systems across timeframes—from long-term to intermediate-term and, more recently, to short-term. As volatility compressions and crowding become more intense, our research has yielded additional and fruitful angles from which we can benefit. We expect to implement more of such strategies into the program in the coming months to seek to overcome the adverse trading environment.

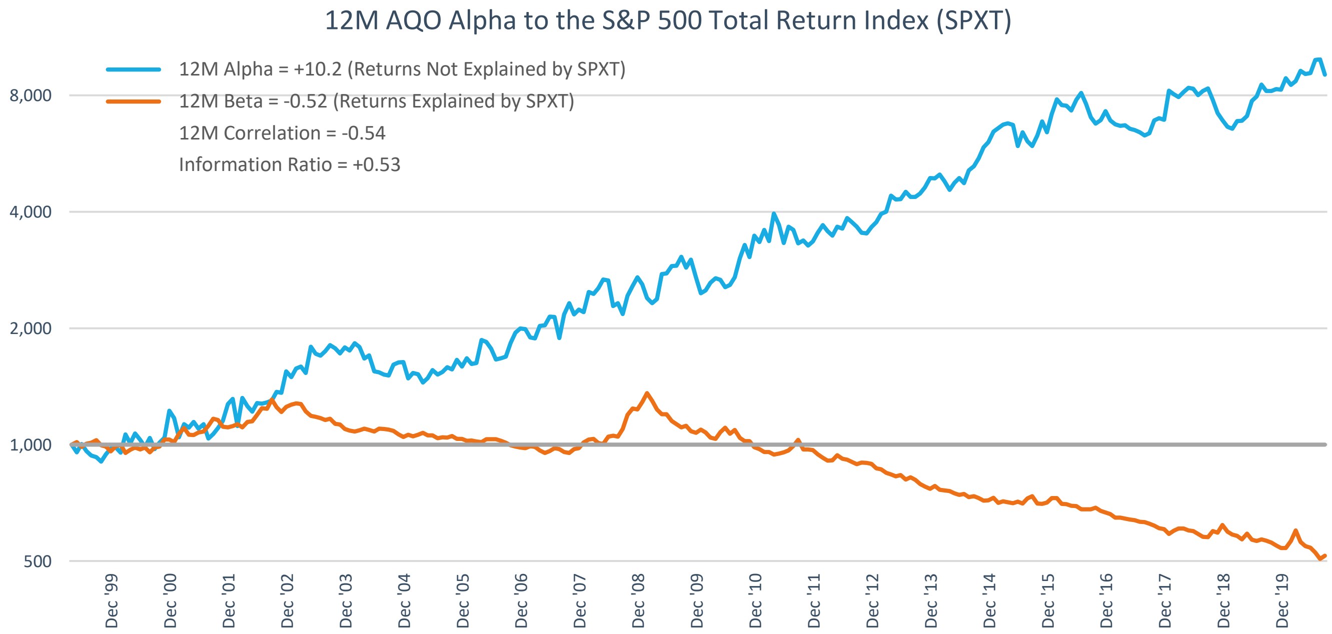
Despite the crowding and price compression in markets the program's unwavering focus on providing positively skewed returns remains intact.

AlphaQuest UCITS Fund

CTA/Managed Futures

September 2020

ALPHAQUEST ORIGINAL (AQO) PROGRAM ALPHA CURVE SINCE INCEPTION (NON-UCITS)*



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Source: Quest Partners LLC; Alpha and Beta values are derived from 12-month rolling returns and are indexed at 1000 at AQO's inception.

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