MontLake

AlphaQuest UCITS Fund

CTA/Managed Futures

June 2021

Performance Returns

The AlphaQuest UCITS Fund returned -0.70% in June (USD Institutional Share Class).

AlphaQuest UCITS Fund Monthly Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2021	-2.50%	6.11%	3.25%	1.30%	-0.27%	-0.70%							7.16%
2020	1.69%	1.04%	5.93%	0.11%	-4.00%	0.75%	2.27%	-1.46%	-3.54%	-0.26%	-2.59%	0.66%	0.19%
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 through 31st December 2020 (Mgmt Fee 1 Perf Fee 15) and USD Institutional Share Class beginning 1st January 2021 (Mgmt Fee 1.5 Perf Fee 20). 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
2021	-4.84%	13.09%	2.90%	2.68%	-1.23%	-0.38% E							11.88% E
2020	7.32%	0.58%	8.81%	-0.18%	-4.36%	-0.43%	5.35%	-3.43%	-6.69%	0.17%	-4.29%	1.44%	3.07%
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 $1.8 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.

Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Fund AUM	$44.7 million
Strategy AUM	$1.753 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

AlphaQuest UCITS Fund

CTA/Managed Futures

June 2021

Performance Commentary

The AlphaQuest UCITS Fund was slightly down in June, finishing nearly flat while the SG CTA Index declined -1.0% and the S&P 500 Total Return Index gained for a fifth consecutive month, being up +2.3%.

Risk assets were strong in June - equity indices set record highs on a regular basis, credit spreads and junk bond yields declined close to their lowest levels ever, volatility declined to its lowest level and crude oil rose to its highest level since the start of the pandemic. However, there were also a number of crosscurrents during the month, most notably the unwind of the 'reflation trade' - government bond yields declined to their lowest level in four months although inflation and growth accelerated. Also, the US dollar had its biggest monthly gain in nearly five years on prospects of earlier than expected rate hikes and value stocks under-performed growth stocks by the second biggest margin in two decades. These reversals caught several strategies wrong-footed including trend following CTAs. The SG Trend Index was down -2.2% for the month, its worst pullback since September 2020.

Among sectors, commodities and equities were profitable while fixed income and foreign exchange detracted from returns. The rally in crude oil was the main source of return in commodities and strong trends in US equity indices drove returns in equities. Choppy trading in fixed income, particularly German bunds and US treasuries detracted from returns while the decline in the euro and British pound against the US dollar and Japanese yen hurt the Fund’s performance in foreign exchange.

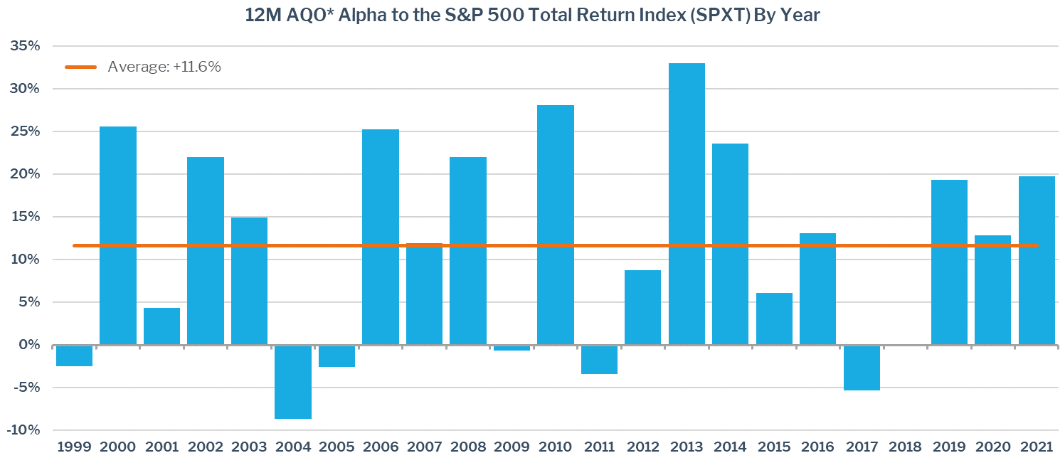
Among trading system families, short-term volatility breakout trading systems, which trade time horizons of up to a few days were profitable, benefitting from exposures to crude oil and equities. Trend crowding trading systems detracted from performance particularly in fixed income and foreign exchange as these markets witnessed noisy trading with abrupt reversals. Intermediate-term trend following, which trades time horizons of a few days to a few weeks and long-term trend following trading systems were flat for the month.

Market Commentary: Adding value and diversification in portfolios [Part 3]

Continuing our series on the value of adding the AlphaQuest Original (AQO) program* to broad portfolios that contain equity, fixed income and hedge fund exposures, in this letter we highlight the improvement in Sharpe ratio and return-to-drawdown when AQO is included as well as the trade-offs required to generate the performance characteristics that the AQO program has delivered.

One of the hallmarks of the AQO program over the past two decades since inception has been a positive skew and negative correlation to most market factors. These characteristics have enabled the program to deliver substantial and consistent Alpha to most major markets. Shown below is the annual Alpha of the AQO program to the S&P 500 Total Return Index.

AQO* has delivered consistent Alpha beyond its beta-adjusted exposure to the S&P 500
The annual Alpha has averaged +11.6% and been positive 17 of 23 years since inception



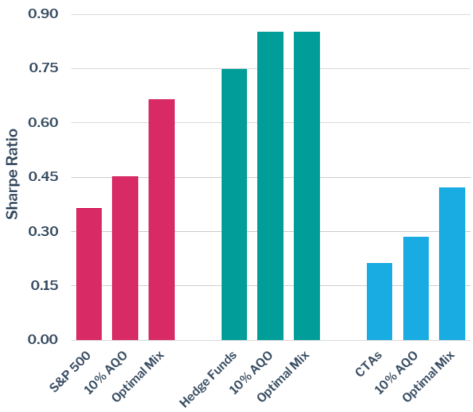
Source: Quest Partners LLC; January 1999 through June 2021. Alpha is calculated using twelve-month rolling returns. DISCLOSURES: Past results are not necessarily indicative of future results. Derivatives trading involves substantial risk of loss and may not be suitable for everyone. This is not a solicitation.
**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 certain investment restrictions and consequently the performance of the AlphaQuest UCITS Fund may not be similar to that presented above.*

Given the above, including the AQO program in broad portfolios is highly complementary. The improvement in Sharpe ratio and return-to-drawdown of these portfolios when including the AQO program at varying levels is shown on the following page.

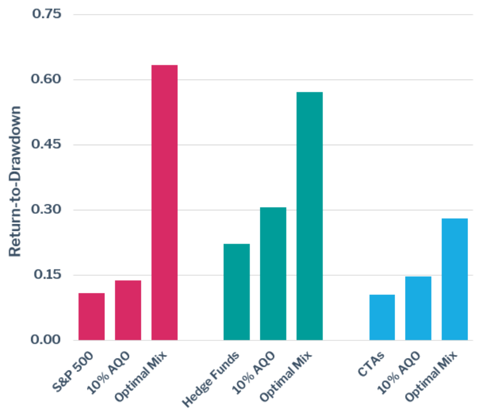
continued…

Combining AQO* with the S&P 500 Improves Sharpe by 1.8x and Return-to-Drawdown by 5.9x
Combining AQO* with Hedge Funds Improves Sharpe by 14% and Return-to-Drawdown by 2.6x

AQO* Improves Sharpe Ratio



AQO* Significantly Improves Return-to-Drawdown



Source: Quest Partners LLC; January 1999 through June 2021. Optimal Sharpe ratio allocations are 50% AQO 50% S&P 500, 20% AQO 80% Hedge Funds, and 90% AQO 10% CTAs. Optimal return-to-drawdown allocations are 60% AQO and 40% S&P 500, 50% AQO and 50% Hedge Funds, and 100% AQO 0% CTAs. 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.
**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 certain investment restrictions and consequently the performance of the AlphaQuest UCITS Fund may not be similar to that presented above.*

So how does the AQO program deliver these performance characteristics?

AQO achieves its return profile through balancing three key aspects that any diversifying exposure needs to consider:

1. Certainty – how certain does one want to be to perform well during a 'risk-off' event.
2. Convexity – how well should the exposure perform if the risk-off event occurs.
3. Carry or cost of hedging – how much return does one want to sacrifice to be able to perform-well in a risk off event with a high level of certainty.

All else being equal, the greater certainty of capturing a risk off event and the greater the level of convexity desired, the higher is the cost of the diversifying exposure.

Exposures that yield 100% certainty of performing have a significant cost. If one considers buying put options on equities as hedges, the cost can be -8% to -10% per year or more, depending on the extent, timeliness and frequency of hedging. Basic tail-risk strategies operate in the same manner, and in prolonged bull markets, their negative cost or 'bleed' can be highly burdensome.

The core issue with these types of exposures is that one is always exposed to 'noise' in markets – which tends to be the condition of markets most of the time. If equities are steadily going up or sideways, one is paying the option premium for substantial periods of time. If equities go down but mean-revert quickly before maturity or exercise, then option strategies can also be ineffective.

This significant negative cost can be offset by triangulating across the three key areas of certainty, convexity, and carry, as outlined on the following page:

continued…

Key tradeoffs when considering Diversifying Strategies

The AQO program is not a guaranteed hedge. However, through the use of proprietary 'filters' developed and enhanced over the past two decades, the program is able to identify situations where volatility expansions are most likely to occur – typically when equities are going down - and then move rapidly to capture such moves. At other times, when markets are noisy or rising, the program's models tend to be less active and still seek to generate short-term trading profits. This is why the AQO program has been able to deliver strong absolute returns of +10.2% p.a. since inception, but with a positive skew of +0.6 and a negative beta and correlation to the S&P 500 of -0.5 and -54%, respectively, on a rolling twelve-month basis. Essentially, the program has not only provided robust hedging but also generated strong positive returns over time.

As seen below, the AQO program - through its dynamic, short-term trading approach - moderately compromises on the certainty of equity drawdown capture and convexity in exchange for providing superior returns and significant Alpha over holding long options positions. Relative to CTA benchmarks, the AQO program is significantly better across all three measures:

The AQO* program has delivered significantly better returns than long-options exposure while moderately compromising on certainty and convexity
The AQO* program is better than CTA indices on all three counts

	AQO*	CTA Index	Long-VIX Strategy
Convexity[1]	+0.59	+0.38	+2.32
Certainty[2]	73%	64%	83%
Carrying Cost[3]	+6.9%	+5.0%	-13.9%
Volatility (Normalized)	20%	20%	20%
From Date	May '99	May '99	Sep '04

Source: Quest Partners LLC; January 1999 through May 2021. 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.
**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 certain investment restrictions and consequently the performance of the AlphaQuest UCITS Fund may not be similar to that presented above.*

[1]Skewness or 'Convexity' is the third standardized moment of the distribution, or Pearson's Coefficient of Skewness.
[2]Equity drawdown capture rate or 'Certainty' is defined as the average of the percentage of times in which the underlying strategy is positive when the S&P 500 is down -2.5% or more, calculated over rolling periods of one month to six months.
[3]The 'Carrying Cost' is the average twelve-month return when the S&P 500 Total Return Index is positive over the same period.

continued…

At a more granular level, the main trade-offs or 'basis' risk that the AQO program takes to deliver its Alpha and unique return profile are:

1. Trading realized volatility vs. implied volatility - our research shows trading the underlying cash or futures markets offer opportunities to hedge much more cheaply than options.
2. Trading short term - actively trading in shorter-term time periods offers significantly better opportunities to capture convexity rather than slow moving strategies or long-dated options exposures
3. Being more reactive - opportunistically sizing exposures at specific periods of volatility expansion also generates higher convexity and higher gamma exposures
4. Cross-asset convexity - looking across markets to identify the cheapest sources of convexity allows the AQO program to put on hedges at highly attractive risk-reward payoffs.

In the coming months, we will explore these 'basis' risks in greater detail and highlight their value added.

Please do not hesitate to reach out if you need any further information or have any questions.

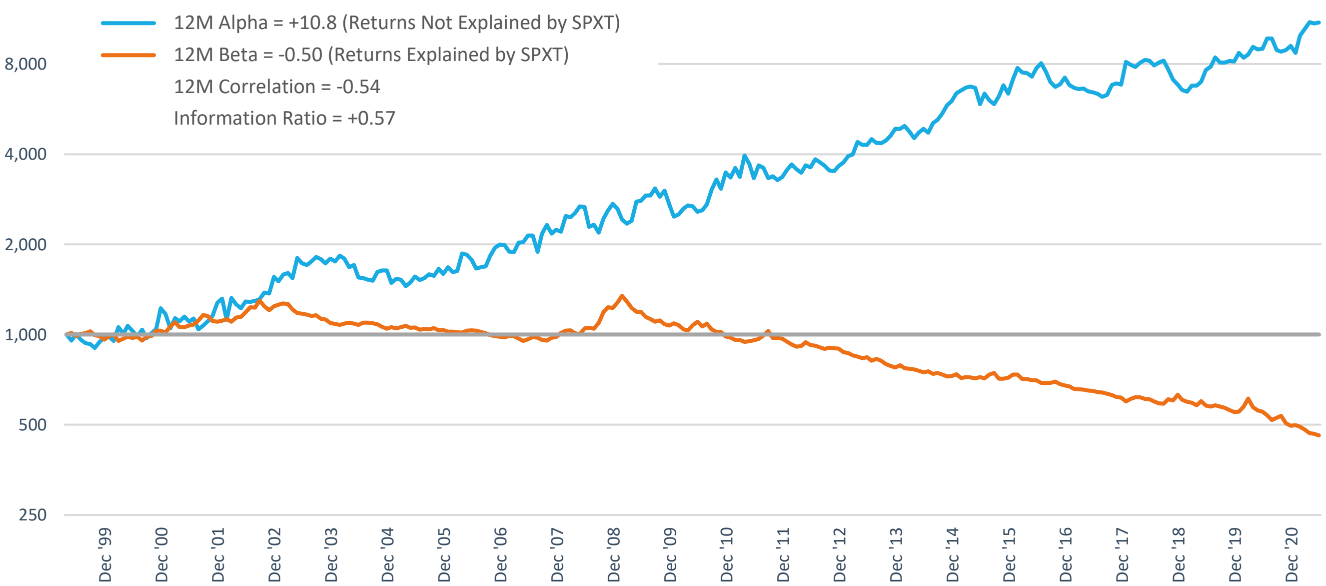
AlphaQuest UCITS Fund

CTA/Managed Futures

June 2021

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

12M AQO Alpha to the S&P 500 Total Return Index (SPXT)



**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 certain investment restrictions and consequently the performance of the AlphaQuest UCITS Fund may not be similar to that presented above.*

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

Contact Details

Investor Contact

Bastions Partners Office SA
61A Route de Chêne
CH-1208 Genève - Switzerland
Michel Brulhart T: +41 (0)22 3220 326
m.brulhart@bastionspartners.ch

Management Company

Waystone Fund Management (IE) Ltd
23 St. Stephen's Green
Dublin 2, Ireland
T: +353 1 533 7020
investorrelations@waystone.com

Investment Manager

Quest Partners LLC
126 East 56th Street, 25th Floor
New York, NY 10022, USA
T: +1 212 838 7222
investorrelations@questpartnersllc.com

Disclaimer