

# AlphaQuest UCITS Fund

## CTA/Managed Futures

April 2021

### Performance Returns

The AlphaQuest UCITS Fund returned +1.30% in April (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%  |        |        |        |        |        |        |        |        | 8.21%   |
| 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)<sup>A</sup>

|      | Jan    | Feb     | Mar    | Apr     | May    | Jun     | Jul     | Aug     | Sept   | Oct    | Nov    | Dec     | Y-T-D    |
|------|--------|---------|--------|---------|--------|---------|---------|---------|--------|--------|--------|---------|----------|
| 2021 | -4.84% | 13.09%  | 2.90%  | 2.79% E |        |         |         |         |        |        |        |         | 13.83% 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%   |

<sup>A</sup>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 Kouljian

Founder and Chief Investment Officer



Nigol Kouljian is the Founder and Chief Investment Officer of Quest. Mr. Kouljian 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. Kouljian 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. Kouljian started the NOK Foundation, which is committed to promoting the study and practice of yoga and meditation globally. Mr. Kouljian has acted as a board member of the Omega Institute and David Lynch Foundation. Mr. Kouljian 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     | \$48.2 million  |
| Strategy AUM | \$1.745 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<br>USD: IE00BD08G622/IE00BD08GB72<br>CHF: IE00BD08G515/IE00BD08G952<br>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<br>USD: IE00BD08GQ26<br>CHF: IE00BD08GP19<br>GBP: IE00BD08GN94 |

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### Performance Commentary

The AlphaQuest UCITS Fund had another strong month in April, being up +1.3%. On a year-to-date basis, the Fund is up +8.2% outpacing the return of the Société Générale CTA Index which has gained +5.8%.

The Fund benefited from the continued recovery in global economies as the vaccine rollout gathered strength, businesses began to reopen and governments and Central Banks remained committed to stimulus programs well into the foreseeable future. Equity markets have been on an extraordinary path since last year with the S&P 500 up over +90% from the lows of March 2020 and nearly +28% higher than the pre-pandemic record set in February 2020. Furthermore, the consistency of the gains has also been noteworthy with the S&P having risen 6 months without a 5% pullback. Remarkably, the S&P 500 has set record highs on 30% of all trading days this year. Commodities are also showing significant strength with Copper trading above \$10,000 per metric ton for the first time in a decade and close to all-time highs. Several other commodities also rose to multi-year highs, especially in Agricultural markets. The Corn and Wheat futures contracts for July delivery were up +23.0% and +19.3%, respectively in April. Both had their largest monthly gain in over five years.

Among sectors, strong rallies in global equity markets and commodities benefited the Program, while the pullback in bond yields modestly detracted from returns. Within equities, the bulk of the gains came from the S&P 500 and Nasdaq while strong rallies in Europe also added to returns. Commodities benefited from the rise of crude oil, industrial commodities such as copper as well as massive increases in corn and wheat. Fixed Income modestly detracted from returns as investors took guidance from Central Banks that any increase in inflation would likely be transitory, thereby hurting the Program's short positions in the asset class. Foreign exchange was essentially flat as the US dollar oscillated between prospects for the strength of the US economy and concerns about inflation and deficits.

Among trading system families, all were positive for the month with the best performance coming from intermediate-term trading systems which trade holding periods of a few days to a few weeks. These trading systems were mainly profitable in equities. The long-term trend following trading systems were the next best performer, also benefiting from gains in equities as well as commodities. The trend crowding trading systems and short-term volatility breakout trading systems also added to profits in these sectors but had small losses in fixed income as they repeatedly sought to establish short positions in the asset class.

### Adding value and diversification in portfolios [Part 2] - Comparing AQO\* program Alpha over bonds with CTAs

In last month's commentary, we highlighted the value added by the AQO\* program over equity benchmarks and compared it to the value added by the CTA index. The analysis showed that the AQO\* program's Alpha over the S&P 500 total return index was +10.7% p.a. since inception or 5 times greater than the BTOP 50 CTA index's Alpha over the equity benchmark of +2.2% p.a.

This month, we conduct a similar analysis over bonds. As seen in the charts on the following page, AQO's\* value added over the US 30 year bond index is +6.4% p.a. since inception in 1999 or +271% cumulatively. The BTOP 50 CTA index in contrast had a positive Alpha of just +0.6% p.a. or +12% over the same period. In other words, the CTA index has added almost no Alpha over its exposure to US 30 year treasury bonds, while AQO\* more than tripled.

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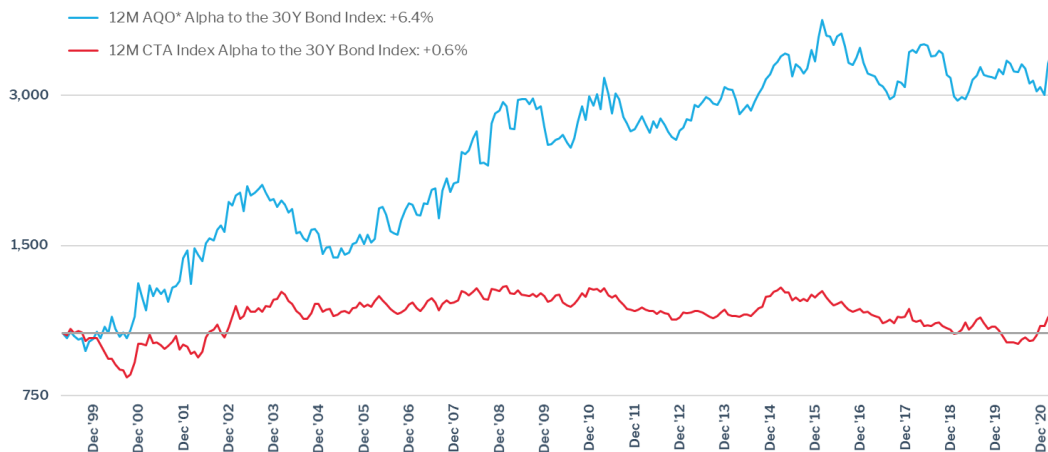
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**The AQO\* program has added +6.4% p.a. or +271% Alpha over the US 30 year bond index since inception in 1999**  
**The CTA index in contrast has added very little Alpha over US 30 bond index**

AQO\* Alpha vs. CTA Index Alpha to the 30Y Bond Index



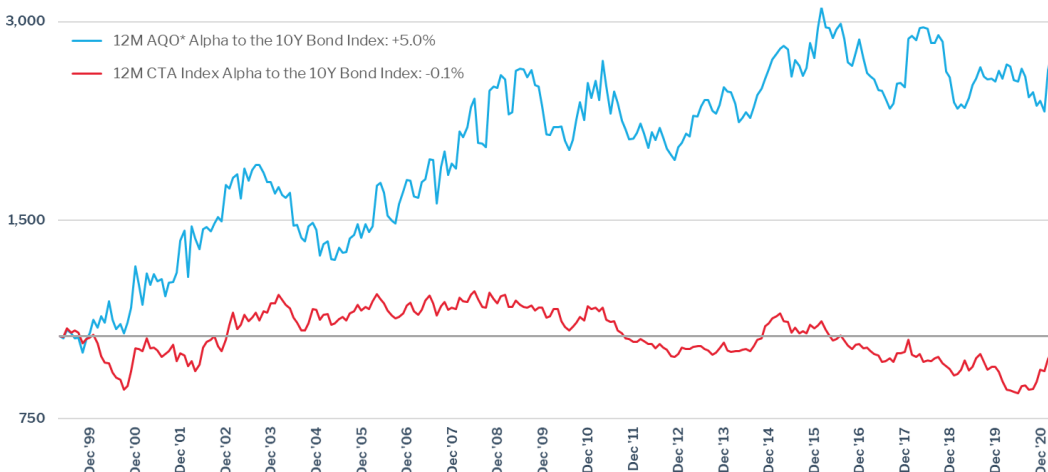
Source: Quest Partners LLC; May 1999 through April 2021. Alpha is calculated using twelve-month rolling returns. "US 30Y Bond Index" refers to the Bloomberg Barclays Series-E US Govt 10+ Yr Bond Index. DISCLOSURES: Past results are not necessarily indicative of future results. Derivatives trading involves 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.

The analysis is even more stark when comparing the Alphas relative to the US 10 year bond index. The AQO\* program's Alpha was +5.0% p.a. or +172% cumulative, while the CTA index detracted -0.1% p.a. or -3% cumulatively.

**The AQO\* program has added +5.0% p.a. or +172% Alpha over the US 10 year bond index since inception in 1999**  
**The CTA index actually detracted value over its beta exposure to the US 10 year bond index**

AQO\* Alpha vs. CTA Index Alpha to the 10Y Bond Index



Source: Quest Partners LLC; May 1999 through April 2021. Alpha is calculated using twelve-month rolling returns. "US 10Y Bond Index" refers to the Bloomberg Barclays Series-E US Govt 7-10 Yr Bond Index. 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 analysis is especially relevant at the current time as governments and central banks are engaged in the biggest stimulus in modern financial history and investors are concerned about prospects for rising inflation and interest rates, especially with near-record low levels of yields. With a relatively limited set of assets and strategies that can perform if such risks materialize, investors need to take a discriminating approach to diversifying strategies and carefully examine their Alpha and Beta characteristics and determine if there is truly any value added. We are gratified that through its disciplined process of identifying and capturing positive skew across markets and time horizons, the AQO\* program has been able to add compelling value over its exposures to most typical exposures including equities, bonds, CTAs, hedge funds, and volatility. Importantly, the AQO\* program has done so while providing significant hedging characteristics.

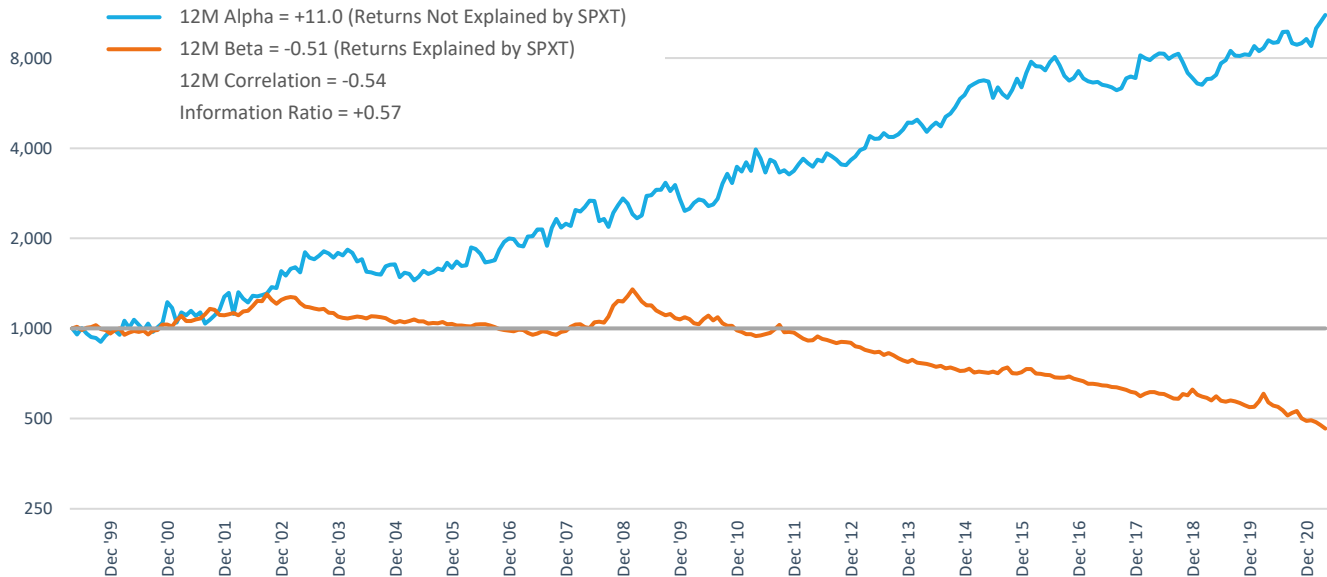
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### ALPHAQUEST ORIGINAL (AQO) PROGRAM ALPHA CURVE SINCE INCEPTION (NON-UCITS)\*

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



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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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