

Invenomic US Equity Long/Short UCITS Fund

Equity Long/Short

February 2022

Performance Returns

The Invenomic US Equity Long/Short UCITS Fund returned 2.56% for the month of February (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%	-	-	-	-	-	-	-	-	-	-	15.86%
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.

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%	-	-	-	-	-	-	-	-	-	-	24.09%
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%

Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Valuation	Daily
Liquidity	Daily
Fund AUM	\$179m
Strategy AUM	\$837m
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.

Portfolio Breakdown

Sector Allocation	Long	Short	Net
Communication Services	10.55	-2.30	8.25
Consumer Discretionary	21.77	-20.31	1.46
Consumer Staples	4.13	-3.05	1.08
Energy	5.31	0.00	5.31
Financials	5.99	-8.23	-2.24
Healthcare	12.90	-12.40	0.50
Industrials	13.89	-10.30	3.59
Information Technology	18.02	-16.04	1.98
Materials	11.59	-0.36	11.23
Other	0.00	0.00	0.00
Real Estate	0.00	-4.45	-4.45
Utilities	0.49	-0.16	0.33
Total	104.64	-77.60	27.04

Portfolio Characteristics	Long	Short
# of Positions	151	144
Median Position Size	0.47%	-0.49%
Earnings Yield	9.59%	2.47%
Price-to Book Ratio	2.55x	9.14x
Enterprise Value-to Sales Ratio	1.95x	7.54x
Free Cash Flow Yield	9.21%	0.76%

Market Cap Exposure	Long	Short	Net
Large Cap (>\$5B)	39.51	-45.51	(6.00)
Mid Cap (\$2B - \$5B)	20.18	-19.58	0.60
Small Cap (<\$2B)	44.95	-12.51	32.44
Total	104.64	-77.60	27.04

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Monthly Commentary

The Fund returned 2.56% for the month of February (USD Institutional Pooled Share Class), net of fees. Portfolio exposures at the end of the month stood at 104.64% long and -77.60% short, resulting in net exposure of 27.04% and gross exposure of 182.24%. The portfolio remains well diversified with 151 long positions and 144 short positions.

Gains were generated roughly equally from the long and short portfolios. We are pleased with the balance in the portfolio right now. Balance has been a major theme for us so far in 2022. As market, factor and geopolitical volatility continue to escalate, we find the best way to navigate the environment is to remain balanced and rely on alpha to generate returns. We believe that the portfolio is as well balanced as it has ever been and feel uniquely well positioned to take advantage of the constantly evolving opportunity set.

While we remain long what we believe are attractively valued companies and short overvalued companies, the complexion of our portfolio is slightly different than it was several months ago. The Goldman Sachs Non-Profitable Technology Basket has corrected sharply this year, after making record highs in 2020. The basket has lost more than half its value since its peak. While we believe that it has room to fall further, whenever you get sharp corrections like this, there are almost always a handful of companies that become interesting investments for us on the long side.

Nothing happens in a straight line, and we believe that there will likely be a rebound in high priced growth companies at some point this year. The portfolio is currently positioned to withstand an upward move, as the complexion of both our long and short portfolios have evolved to be less exposed to this risk. We expect to get another opportunity to re-short many more of these non-profitable companies later this year and beyond. To be clear, we continue to carry a very robust short portfolio of companies that are significantly overvalued, in our opinion. From a sector perspective, we have the highest short exposure to information technology and consumer discretionary, as of the end of February.

While we have gotten off to strong start so far in 2022, we recognize that those results are in the past. As always, we want to be positioned for the future and continue to look forward with the intention of generating the best returns we can for our investors. We believe that as long as we remain balanced and disciplined, we will be able to navigate the portfolio through what will likely be turbulent markets for the foreseeable future.

If you have any questions, please do not hesitate to reach out.

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 eighteen 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: IE00BKFX13 EUR: IE00BKFX20 GBP: IE00BKFXZ37 CHF: IE00BKFX059	USD: IE00BKFY166 EUR: IE00BKFY273 GBP: IE00BKFY380 CHF: IE00BKFY497	USD: IE00BKFY905 EUR: IE00BKFY612 GBP: IE00BKFY729 CHF: IE00BKFY836	USD: IE00BKFY943 EUR: IE00BKFYB67 GBP: IE00BKFYC74 CHF: IE00BKFYD81	USD: IE00BKFYVF06 EUR: IE00BKFYVG13 GBP: IE00BKFYVH20 CHF: IE00BKFYVJ44

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