

Disciplined Alpha U.S. Long Short UCITS Fund

Long Short US Securities

August 2022

Performance Returns

The Disciplined Alpha U.S. Long Short UCITS Fund returned -5.06% for the month of August (GBP Institutional Class B).

Investment Objective & Strategy

The MontLake Disciplined Alpha U.S. Long Short UCITS Fund is advised by a Boston based firm with extensive experience building Macroeconomic Regime based long short equity strategies.

Disciplined Alpha was founded in 2013 to manage Regime based strategies for institutional investors. Investors' willingness to take risk, is not constant, but time varying. These risk aversion preferences are tracked in a real time, forward looking, Macroeconomic Regime model and captured in a Long Short Equity strategy.

While the strategy has the objective of generating superior returns, it is also designed to minimize drawdowns, and have low correlations with the overall equity markets, particularly during Bear Markets

Monthly Commentary

The Disciplined Alpha U.S. Long Short UCITS Fund, which was launched at the end of February, 2019, trades pari passu with the Disciplined Alpha U.S. Long Short Offshore Fund. The UCITS Fund, generated a net return in August of **-5.06%**. This brings the year-to-date return to **+6.26%**, the 1-year return to **+18.55%**, and the 3-year annualized return to **+8.53%**. When the UCITS Fund returns are linked to the Offshore Fund returns prior to March, 2019, the 5-year linked annualized return is **+9.63%**, and the since inception 9-year and 1-month linked annualized return is **+8.13%**.

On a since inception basis, the strategy has outperformed the respective HFRU Peer Groups by approximately +6.1% to +7.0% annually. From a Sector perspective, in August, Materials, Energy, and Consumer Staples contributed +0.48%, +0.30%, and +0.28% to performance respectively. Information Technology, Consumer Discretionary, and Health Care detracted -2.58%, -1.82% and -1.47% from performance respectively.

From an Index perspective, in August, the Russell 1000 returned -3.84%. Given the net exposure, this detracted -1.63% from performance. During most significant market declines, Value stocks tend to outperform Growth stocks. For the full month of August, however, from a factor perspective, our Industry Group based value composite factor detracted -5.46% from performance.

All of the underperformance of Value stocks occurred in the first two weeks of August. As you may recall, in the prior monthly update sent out on August 16th, we discussed whether we thought the market rally from June 16th through August 16th was sustainable or was a "bear market rally".

MontLake Disciplined Alpha U.S. Long Short UCITS Fund

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2022	0.22%	3.72%	4.71%	2.08%	4.07%	-4.28%	1.12%	-5.06%					6.26%
2021	-2.71%	5.59%	4.68%	2.14%	5.63%	-3.51%	5.73%	0.03%	-0.67%	1.75%	4.63%	5.51%	32.08%
2020	-0.57%	-7.27%	-1.55%	2.54%	-1.19%	-4.13%	3.17%	1.40%	-1.03%	-0.71%	5.88%	-0.28%	-4.25%
2019	-	-	1.39%	1.65%	0.96%	1.32%	1.62%	3.94%	-4.62%	-0.95%	0.89%	-0.21%	5.92%

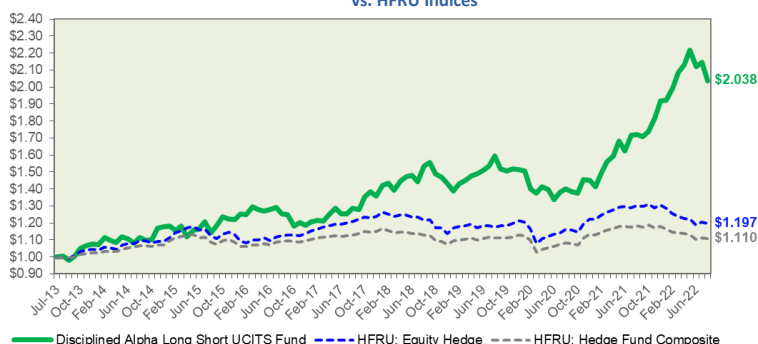
The performance figures quoted above represent the performance of the Disciplined Alpha U.S. Long Short UCITS Fund, USD Inst. Class B from launch on the 21-Feb-2019 through 31-Aug-2020, and the GBP Inst. Class B from 31-Aug-2021 to present. These performance figures refer to the past and past performance is not a reliable guide to future performance.

Disciplined Alpha U.S. Long Short Fund (non-UCITS)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2019	-2.93%	3.09%											5.22%
2018	4.70%	0.77%	-2.80%	3.83%	1.72%	0.48%	-2.52%	6.47%	1.32%	-4.27%	-1.38%	-2.62%	14.60%
2017	1.59%	0.84%	-0.25%	3.17%	3.02%	-2.65%	-0.09%	2.67%	-0.65%	6.09%	2.11%	-1.83%	-2.71%
2016	2.86%	-0.38%	3.59%	-1.19%	-0.78%	0.89%	0.80%	-3.00%	-0.31%	-5.32%	1.93%	-1.50%	3.40%
2015	0.29%	-2.27%	2.16%	-5.09%	3.15%	0.87%	3.38%	-5.17%	3.89%	4.17%	-1.05%	-0.37%	9.48%
2014	-0.27%	3.85%	-1.53%	-1.17%	2.91%	-0.86%	-2.27%	2.93%	-1.36%	0.15%	6.14%	0.93%	7.71%
2013	-	-	-	-	-	-	0.60%	-2.61%	2.69%	4.45%	1.84%	0.64%	

The above performance pertains to the Cayman based Disciplined Alpha Offshore Fund, Ltd that is run pari passu with the Disciplined Alpha U.S. Long Short UCITS Fund. UCITS Funds have to abide by certain investment restrictions and consequently the performance of the MontLake Disciplined Alpha U.S. Long Short UCITS Fund may not be similar to that presented above.

Growth of \$1 of Disciplined Alpha Long Short Fund (non-UCITS to Inception to February 2019, UCITS March 2019 to present) vs. HFRU Indices



The Manager



Kevin W. Shea, CFA

Chief Executive Officer

Mr. Shea is CEO of Disciplined Alpha LLC. Previously he was the Director of Quantitative Research at Cadence Capital. Mr. Shea has also held the positions of Portfolio Manager at Batterymarch, and CIO and Founder of DA Capital. He has also been a Portfolio Manager at Invesco, and a Quantitative Analyst at John Hancock Funds. Mr. Shea holds a B.A. in Liberal Studies from the University of Notre Dame, an A.L.M. in Biology from Harvard University, an M.B.A. in Finance and International Studies from Boston College. Mr. Shea co-teaches a Proseminar in Finance at MIT's Sloan School of Management.

Todd S. Smith

Managing Director, Director of Research

Mr. Smith was previously a Senior Analyst at Cadence Capital and O33 Asset Management. He has also been part of Morgan Stanley's top ranked Information Technology equity research team according to *Institutional Investor Magazine*. Mr. Smith began his career in the corporate finance division at Cowen & Company working on IPOs and M&A transactions, before transitioning to the equity research team. Mr. Smith graduated from Dartmouth College with a degree in Engineering Sciences.

Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Fund AUM	\$39.0m
Inception	21 st February 2019
Share Class	Institutional Class B
Currency	USD/GBP/EUR/CHF
Management Fee	1.25%
Performance Fee	15.00%
Min Initial Subscription	5,000,000
ISIN Codes	USD: IE00BLWDV338 GBP: IE00BLWDTV78 EUR: IE00BLWDTQ26 CHF: IE00BLWDTZ17

Share Class	Retail Class Pooled
Currency	USD/GBP/EUR/CHF
Management Fee	2.00%
Performance Fee	20.00%
Min Initial Subscription	10,000

ISIN Codes	USD: IE00BLWDV551 GBP: IE00BLWDTX92 EUR: IE00BLWDTS40 CHF: IE00BLWDV114
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Monthly Commentary (Continued)

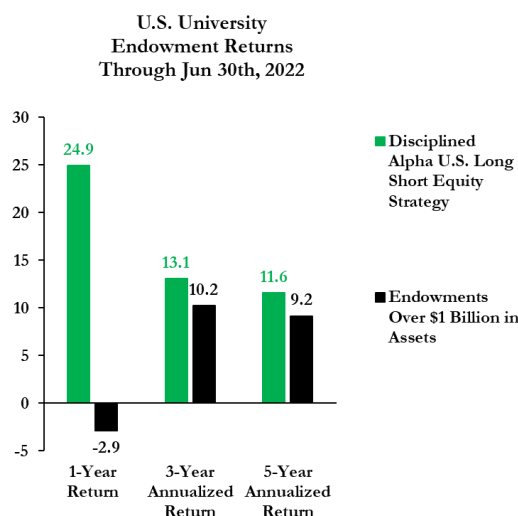
After reviewing the New Orders Component of the Purchasing Managers Index, Consumer Expectations, and Earnings Revisions, we concluded that “The rally will likely consequently be referred to as a bear market rally with the market retesting the market lows from earlier in the year.” The bear market rally peaked on August 16th and the Value stocks started to outperform. The outperformance of Value stocks in the second half of August was not sufficient to overcome their underperformance in the first half of the month.

With the decline in Covid cases, many organizations are once again hosting in-person Conferences and Seminars. One such event I recently attended was the University of Notre Dame Investments Conference held on September 13th, in New York. While the official Endowment Returns from the National Association of College and University Business Officers (NACUBO) for the fiscal calendar year ending June 30th, will not be published until January of 2023, *Pensions & Investments* maintains a U.S. Endowment Returns Tracker (<https://www.pionline.com/section/endowments>). This can be useful since by the time the official NACUBO results are released, the underlying performance is significantly out of date. The *Pensions & Investments* U.S. Endowment Returns Tracker includes performance as they are reported on a rolling bases starting in the middle of August.

In 2021, the *Pensions & Investments* U.S. Endowment Returns Tracker included returns for 74 of the largest Public and Private U.S. Universities, representing \$577 billion in assets. Through September 23rd, 2021, 14 of the 74 Endowments, representing \$120 billion in assets, had reported their returns. These 14 Endowments were very representative of the complete list of 74 Endowments. The average size of these 14 Endowments was \$8.6 billion, compared with an average size for all 74 Endowments of \$7.9 billion. Additionally, the average 1-year return ending June 30th, 2021, was +37.3%, compared with the average 1-year return for all 74 Endowments of +38.6%.

Through September 23rd, 2022, there have been 13 Endowments, representing \$104 billion in assets, that have reported their returns. The average size of these 13 Endowments was \$8.0 billion. Given how closely the sample of 14 Endowments ultimately tracked the complete list of 74 Endowments in 2021, in order to provide some timely analysis to Endowments with whom we are currently in discussions with, I have compared the returns of the Disciplined Alpha U.S. Long Short Equity strategy to the Endowments returns that have been released through September 23rd, 2022.

The returns in the chart below all end June 30th, 2022. The Disciplined Alpha U.S. Long Short Equity strategy was launched in July 2013, and thus has a 9-year and 1-month track record. As it was not possible to calculate 9-year and 1-month returns for the Endowment returns, the since inception time period was omitted. As shown below, for the 1-year, 3-year, and 5-year time periods, the Disciplined Alpha U.S. Long Short Equity strategy would have been additive to overall Endowment returns.



If you are interested in receiving a copy of the excel file with the underlying data for this analysis, please let us know.

Thank you for your continued support.

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