

FACTSHEET

Performance Returns

The AlphaQuest UCITS Fund returned -2.34% in July (USD Institutional Founder Share Class).

USD Institutional Founder Share Class UCITS Performance

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2018	9.82%	-0.10%	-0.34%	1.68%	0.85%	-1.48%	-2.34%						7.87%
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 since launch on 9<sup>th</sup> December 2016. These performance figures refer to the past and past performance is not a reliable guide to future performance.

Investment Objective & 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 composed 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 trending price.

Performance Commentary

The Program struggled in July amidst short-term reversals and noisy price action derived from conflicts between strong trends driven by positive economic fundamentals, and trade wars fueled by aggressive policy tweets.

The month delivered strong economic data, particularly in the US, where GDP growth in the second quarter rose to its highest level in four years, the labor market encroached on its tightest level in nearly fifty years, and corporate earnings registered their second-best growth in eight years. These developments led to robust trends and price breakouts in numerous markets including equities (S&P 500), energy (crude oil), and foreign exchange (USD/JPY). Just as these breakouts were developing however, tweets by US President Donald Trump suggesting additional sanctions on Chinese goods of up to \$500 billion and complaining about high oil prices led to sharp reversals which bucked the trend and, thus, the Program's positions in these markets.

THE MANAGER



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 seventeen years and became the basis for the growth of Quest. The firm, which is based in New York, currently manages \$1.6 billion in assets and employs twenty people. 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

Head of Research



Paul joined the firm at its inception in 2001. Mr. Czkwianianc started his career in the financial industry in 1999 at Enterprise Asset Management where he worked alongside Mr. Nigol 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.

FUND FACTS

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Fund AUM	\$71.5 million
Strategy AUM	\$1.412 billion
Inception	9 <sup>th</sup> December 2016
Registered	Ireland, UK, France, Lux and Switzerland (Qualified Investors Only)
<b>Share Class</b>	<b>Institutional/Institutional Pooled</b>
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
<b>Share Class</b>	<b>Retail Pooled</b>
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

## FACTSHEET

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### Performance Commentary

At an asset class level, energy was the primary detractor, as several abrupt reversals adversely impacted performance. All other sectors were modestly negative in aggregate. After a strong, consistent rally through June, WTI crude oil breached the \$70 level in early July, reaching its highest level in three years. As prices were consolidating gains ahead of a potential move higher, crude oil declined by -5% on July 11th—the largest decline in two years—after President Trump's comments. Prices began to recover soon thereafter, as data showed US crude inventories falling to their lowest level since 2014. Unfortunately, towards the end of the month evidence of increased supplies from Saudi Arabia mounted, and crude oil once again experienced a sharp decline. These sizable price reversals, which exhibited no clear direction, were challenging for the Program's systems.

Outside of energy, the Program's systems were profitable in equities and precious metals, while foreign exchange, fixed income, and agriculture had a modestly negative effect on returns.

Among trading system families, intermediate-term systems, which trade time horizons of a few days to a few weeks detracted the most, accounting for nearly half of the losses for the month. These systems were particularly affected by energy and foreign exchange markets which experienced the aforementioned reversals. In a break from their strong performance this year, the trend crowding family of systems were negative for the month, nearly all from energy. The shortest-term systems that trade time horizons of a few days experienced minor losses, mainly in foreign exchange and equities. Long-term trend following systems were also negative, as gains in equities and precious metals were offset by losses in energy.

### Market Commentary

As highlighted last month, political uncertainty and, as a result, policy uncertainty has been rising in recent months. In the US, with mid-term elections looming and other political pressures mounting—especially around the investigation into Russia—US President Trump has been increasingly aggressive in tweeting on topics which have more of a direct impact on financial markets. In July alone, this included criticism of interest rate hikes by the Federal Reserve; complaints on higher oil prices driven by OPEC production restraint; and threats of trade sanctions on NAFTA partners, the European Union, and China.

From a systematic trading perspective, this noise is a source of unpredictable short-term, counter-trend volatility that can impair the Program's systems, especially when it coincides with prices at key resistance or support levels in a market. These exogenous factors lead to the deterioration in trends and are accompanied by rather short-term reversals.

This type of noise is not uncommon, however, and has been experienced in numerous notable periods when there was a high level of market uncertainty ahead of a keenly anticipated event. Choppy markets before the Brexit vote and US elections in 2016, uncertainty about whether Greece would remain in the EU in 2015, and concerns about US debt default and European Debt Crisis in 2011 are noteworthy examples. Such periods result in abrupt moves and short-term cross currents for a period of time, but are also a harbinger of significant future price and trend breakouts when the uncertainty is resolved one way or the other.

In the current environment, either the trade (and other) tensions are amicably resolved, leading to the resumption of the underlying strong trends, or they escalate significantly, with the potential for subsequently large market declines. Thus far, market price action suggests that the former scenario is the more likely outcome, as the enthusiasm to buy each dip remains. Of course, history shows us that the biggest negative surprises manifest when the consensus wisdom is disproven. Further developments along the latter scenario could result in a surge of volatility, especially in the summer when liquidity is diminished.

ALPHAQUEST ORIGINAL (AQO) PROGRAM MONTHLY PERFORMANCE (NON-UCITS)\*

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2018	16.28	(0.01)	(0.17)	3.12	1.38	(0.47)	(5.48) E						14.14%E
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.

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Disclaimer

**Risk Warning:** Past performance is not a reliable indicator of future results, prices of investments and the returns from them may fall as well as rise. The AlphaQuest UCITS Fund (the "Fund") may use higher leverage and structured financial instruments (SFI) to gain commodity exposure as part of the investment process. Investments in commodities are highly volatile and involve a high degree of risk and may therefore only be suitable for the more experienced investor. The distribution of this report does not constitute an offer or solicitation. Any investment in the Fund should be based on the full details contained in the Fund's Supplement Prospectus and Key Investor Information Document which together with the MontLake UCITS Platform ICAV Prospectus may be downloaded from the MontLake website ([www.montlakeucits.com](http://www.montlakeucits.com)). Information given in this document has been obtained from, or based upon, sources believed by us to be reliable and accurate although neither ML Capital nor Quest Partners LLC accepts liability for the accuracy of the contents. Quest Partners LLC is authorised and regulated by the US Commodity Futures Trading Commission and US Securities and Exchange Commission. Funds regulated under UCITS must abide by onerous investment restrictions. Consequently the AlphaQuest UCITS Fund will only invest in commodities through a SFI. ML Capital does not offer investment advice or make recommendations regarding investments. The Manager of the Fund is MLC Management Ltd, a company regulated by the Central Bank of Ireland. The MontLake UCITS Platform ICAV is registered and regulated as an open-ended Irish collective asset-management vehicle with segregated liability between sub-Funds formed in Ireland under the Irish Collective Asset-management Vehicles Act 2015 and authorised by the Central Bank as a UCITS pursuant to the UCITS Regulations. MLC Management Ltd is regulated by the Central Bank of Ireland. This notice shall not be construed as an offer of sale in the Fund. The state of origin of the Fund is the Republic of Ireland. This document may only be distributed in or from Switzerland to qualified investors within the meaning Art. 10 Para. 3, 3bis and 3ter CISA. The Representative in Switzerland is ACOLIN Fund Services AG, Affolternstrasse 56, CH-8050 Zurich, whilst the Paying Agent is NPB Neue Privat Bank AG, Limmatquai 1/am Bellevue, P.O. Box, CH-8022 Zurich. The basic documents of the Fund as well as the annual report may be obtained free of charge at the registered office of the Swiss Representative.

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