

# AlphaQuest UCITS Fund

## CTA/Managed Futures

January 2020

### Performance Returns

The AlphaQuest UCITS Fund returned +1.69% in January (USD Inst. Founder Pooled Share Class).

### USD Institutional Founder Pooled Share Class UCITS Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2020	1.69%												1.69%
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 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 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
2020	7.49%												7.49%
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 eighteen years and became the basis for the growth of Quest. The firm, which is based in New York, currently manages approximately \$1.5 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.

### Paul Czkwianianc

Partner



Paul Czkwianianc is a Partner and Director of Research at Quest. Mr. Czkwianianc has collaborated with Quest's Founder and CIO, Nigol Kouljian, for over two decades in conceptualizing, designing and implementing Quest's unique Alpha-generating strategies. As a founding principal of Quest in 2001, Mr. Czkwianianc has driven the development of the firm's investment platform and innovation of new models and strategies. Mr. Czkwianianc started his career in 1999 as a Research Analyst at Enterprise Asset Management, a Firm co-founded by Mr. Kouljian. Mr. Czkwianianc holds a B.S. degree in Applied Mathematics from Columbia University and an M.S. degree in Mathematics from New York University. At NYU, he was enrolled in a Ph.D. program in Mathematics, where he worked on mathematical modeling in neuroscience.

### Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Fund AUM	\$56.3 million
Strategy AUM	\$1.387 billion
Inception	9 <sup>th</sup> 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

January 2020

### Performance Commentary

The AlphaQuest UCITS Fund delivered a +1.7% return in January as markets staggered from geopolitical and epidemical blows. The S&P 500 Total Return Index (S&P 500), having been up as much as +14.6% from its August 31, 2019 close, capitulated -3.1% after its January 17th all-time high, snapping a four-month-long winning streak.

Among sectors, fixed income was the primary driver of returns. Concerns about the Chinese-originating Coronavirus and its potential to impact global growth caused the Program to rapidly increase its exposure to bonds, particularly in the U.S. and Germany. U.S. 10- and 30-year treasury bond yields each dropped by approximately -40 bps during January, their largest declines since August 2019. Commodities were also profitable due to aggressive long exposure to gold, which rose to the highest level in nearly seven years. Modest short positions in crude oil were also profitable. Equities detracted from returns for the month, particularly longs in U.S. equity indices which were partially offset by short positions in Europe and Japan. Foreign exchange was modestly negative for the month as profits from short positions in the Euro vs. the Japanese Yen failed to offset losses in the net-long U.S. dollar positions derived from other crosses.

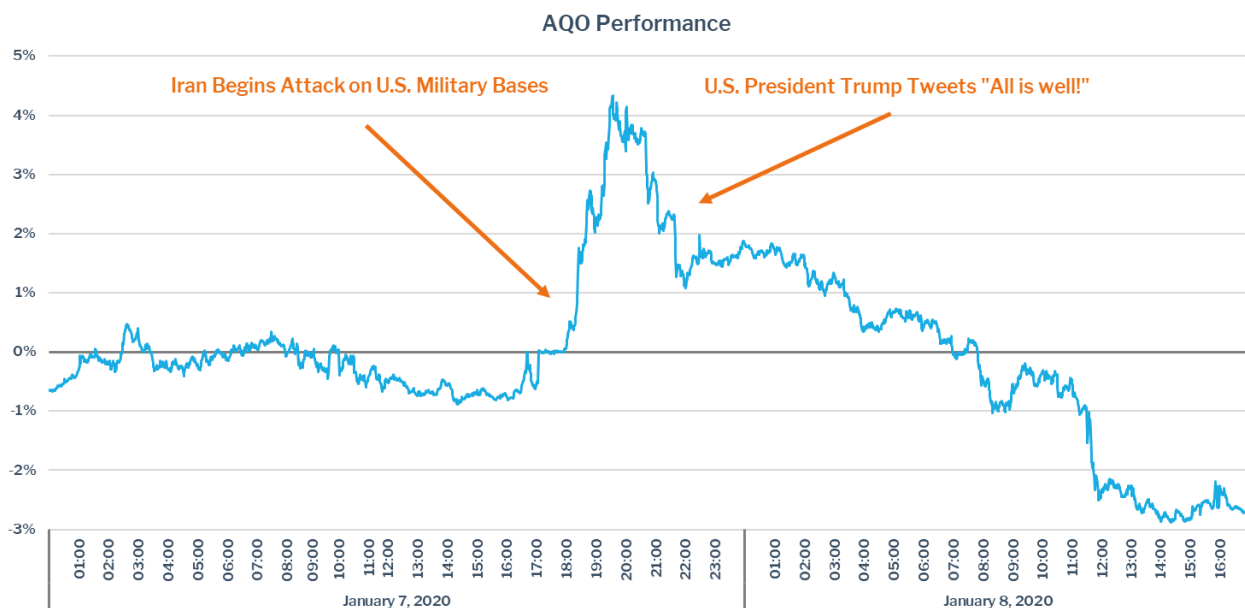
All trading system families were profitable in January. The best returns came from the intermediate-term trend following trading systems, which trade time horizons of a few days to a few weeks. These trading systems generated strong returns in fixed income and commodities. The short-term volatility breakout and trend crowding trading systems also did well, benefiting in all sectors but equities.

### Portfolio Analysis: Reactivity of the AlphaQuest Original (AQO) Program

Wherein fourth-quarter equity market calm guided realized volatility towards 2017 levels, the content became short-lived when a top Iranian general was killed in the early hours of January 3rd (local time). A subsequent retaliatory strike by the Iranian regime on the night of January 7th (U.S. time) further escalated tensions, leading to dramatic price movements in crude oil, gold, and equities. As damage assessments concluded no deaths among U.S. forces, both sides voiced their desire to de-escalate the situation, leading to widespread market reversals.

While—fortunately—the situation subsided, the overnight increase in market volatility demonstrated how markets are exhibiting higher levels of convexity, or the tendency for losses to accelerate in a non-linear fashion. The core goal of the AlphaQuest Original program is to capture volatility, especially when pervasive across markets and sectors. Though the overnight volatility is shrouded by the outcome, it is noteworthy to highlight the reactivity of the AQO program, which gained as much as +4.3% (gross of all fees and expenses) throughout the night and prior to the volatility compression.

#### AlphaQuest Original Was up as Much as +4.3% on the Night of the Iranian Attack\*



\*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; January 7, 2020 through January 8, 2020. 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.

continued...

# AlphaQuest UCITS Fund

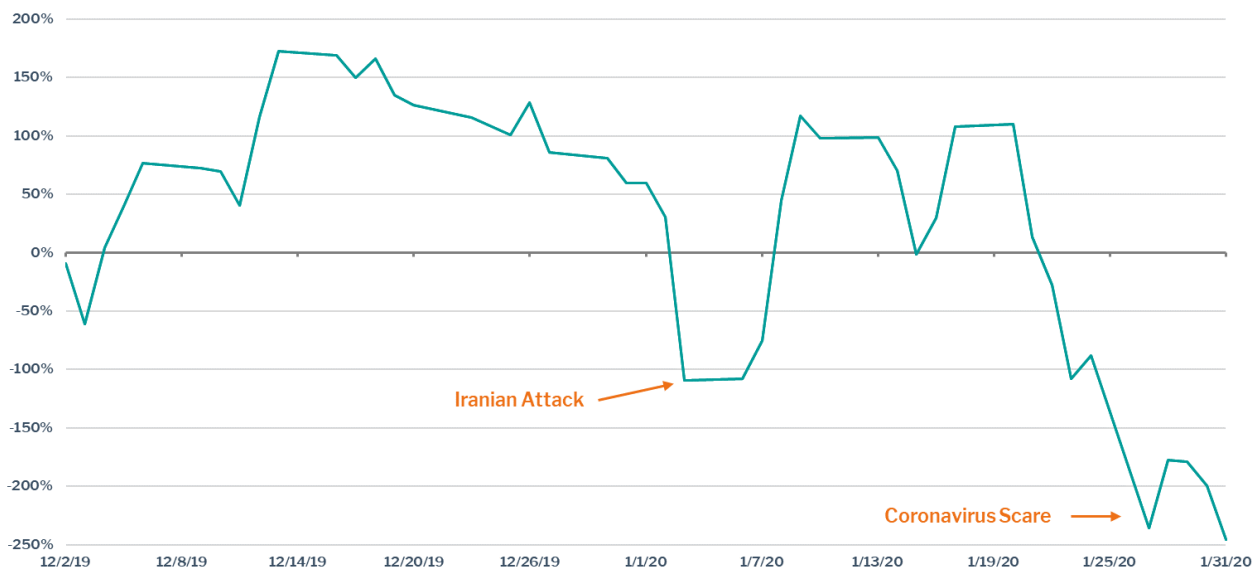
## CTA/Managed Futures

January 2020

Despite the relinquishment of gains on the first volatility-inducing event of the month, concerns of a new viral outbreak emanating from China spurred fears of a potential pandemic and consequent deterioration of global growth, leading to market volatility on which the AQO program could profit. The outbreak, dubbed the '2019 Novel Coronavirus,' evolved in the second half of the month. It began to have a pronounced impact on markets in the last week of trading as the number of confirmed cases and deaths in China rose alarmingly. Once again, the AQO program was able to position expeditiously for the risk-off environment, switching from a beta to the S&P 500 of +110% on January 20th to -236% on January 27th, a change of nearly -350% in only five trading days (shown below). The rapid change in portfolio positioning allowed the program to generate a gain of +7.5% during the last seven days of trading, a time when the S&P 500 fell -2.9%.

### AlphaQuest Original's Quick Reactivity to Market Volatility Yielded Significant Gains\*

AQO Beta to Equities



\*The above beta 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 beta of the AlphaQuest UCITS Fund may not be similar to that presented above.

Source: Quest Partners LLC; December 2, 2019 through January 31, 2020. Beta is calculated as the rolling 26-week beta of each underlying contract holding relative to the S&P 500 Index (SPX) summed to the portfolio level. 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 AQO program's ability to react quickly to changing market conditions is one of its key differentiating characteristics. AQO's average holding period of approximately seven days assists in its nimbleness when selectively sourcing its short-equity exposure (via negative beta or outright equity shorts) in lieu of being perpetually exposed to the downside. This core difference has allowed the AQO program to deliver a negative correlation to the S&P 500 of -54% (on a rolling twelve-month basis) while still contributing strong returns since inception of +10.5% per year. Even in the past decade, when the S&P 500 has annualized +14.0%, the AQO program has returned a positive +7.2% annualized return, net of fees.

The chart on the following page demonstrates just how reactive the AQO program can be in adjusting its exposure to equities via the contracts it trades and the portfolio's beta to equities. As AQO is agnostic to the direction of volatility, it seeks to both capture upside moves and offset downside ones.

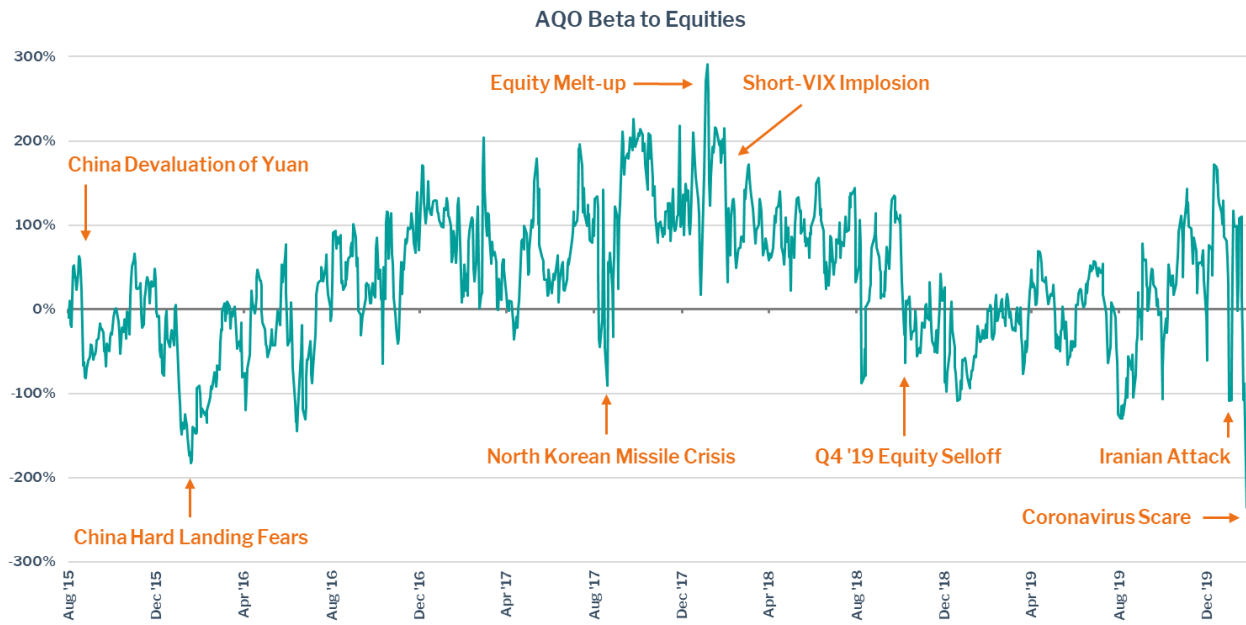
continued...

# AlphaQuest UCITS Fund

## CTA/Managed Futures

January 2020

### AlphaQuest Original Has a History of Adapting Quickly to Market Environments\*



\*The above beta 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 beta of the AlphaQuest UCITS Fund may not be similar to that presented above. Source: Quest Partners LLC; August 2015 through January 2020. Beta is calculated as the rolling 26-week beta of each underlying contract holding relative to the S&P 500 Index (SPX) summed to the portfolio level. 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.

With the performance in January, the AQO program has made new alpha highs over the S&P 500 Total Return Index and a Long-VIX strategy. Relative to CTAs, January's alpha was especially pronounced at +7.1% as many CTAs went into the selloff holding sizable long-equity positions. This return differential once again highlights how AQO's distinct approach to capturing convexity and volatility expansions over shorter-term timeframes can potentially benefit one's equity and/or CTA portfolio.

While market timing is always a perilous task, we believe the combination of suppressed volatility, high confidence in continuation of the regime, and record-high valuations should provide attractive opportunities to capture convexity going forward—as the program demonstrated in January.

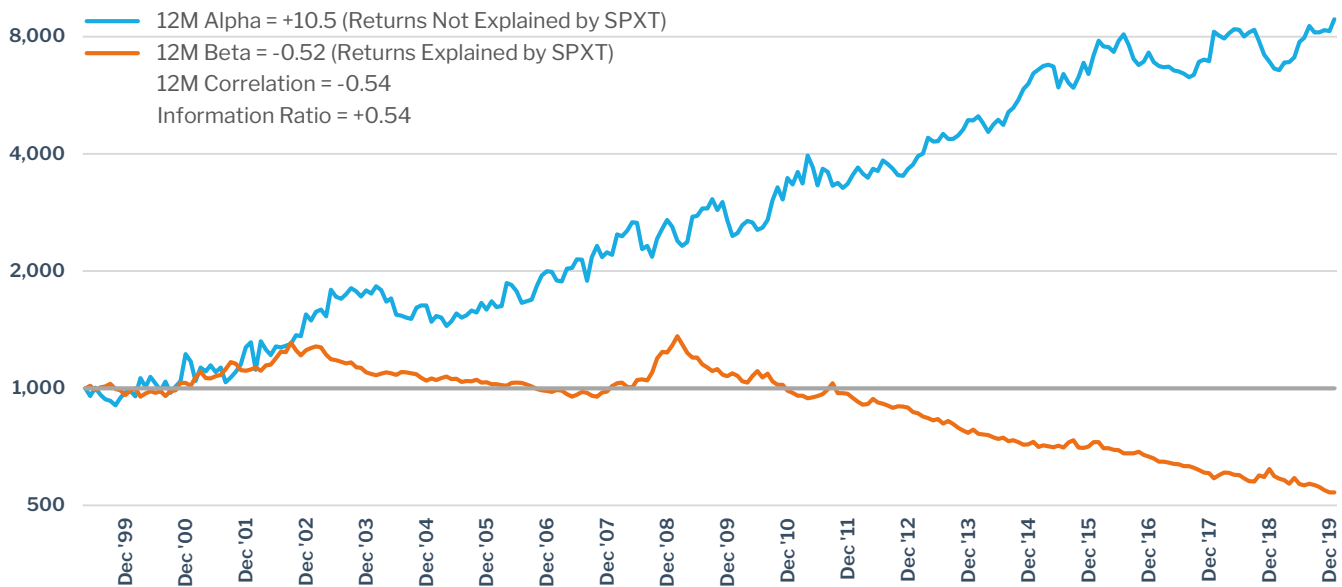
# AlphaQuest UCITS Fund

## CTA/Managed Futures

January 2020

### 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

**MontLake Funds (UK) Ltd**  
 Park House, 116 Park Street  
 London, W1K 6AF  
 T: +44 20 3709 4510  
 investorrelations@montlakefunds.com

### Management Company

**MontLake Management Ltd**  
 23 St. Stephen's Green  
 Dublin 2, Ireland  
 T: +353 1 533 7020  
 investorrelations@montlakefunds.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

**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. Investments in equities are subject to market risk. Changes in exchange rates may have an adverse effect on the value price or income of the product. The AlphaQuest UCITS Fund (the "Fund") may use higher leverage and financial derivative instruments as part of the investment process. The distribution of this report does not constitute an offer or solicitation and this notice shall not be construed as an offer of sale in any other fund managed or advised by Quest Partners LLC or MontLake Management Limited ("ML"). 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 nor Quest Partners LLC accepts liability for the accuracy of the contents. 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 ACOFIN Fund Services AG, Leutschenbachstrasse 50, CH-8050 Zurich, whilst the Paying Agent is NPB Neue Privat Bank AG, Limmatquai 1/am Bellevue, P.O. Box, CH-8024 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. Issued and approved by MontLake Management Ltd. The performance data do not take account of the commissions and costs incurred on the issue and redemption of units. ML does not offer investment advice or make recommendations regarding investments. The Manager of the Fund is MontLake Management Ltd, a company regulated by the Central Bank of Ireland. The Investment Manager for the fund, Quest Partners LLC is authorised and regulated by the US Commodity Futures Trading Commission and US Securities and Exchange Commission. 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. This notice shall not be construed as an offer of sale in the Fund. The state of the origin of the Fund is the Republic of Ireland. The performance data do not take account of the commissions and costs incurred on the issue and redemption of units. Authorised and Regulated by the Central Bank of Ireland.

For more information visit [www.montlakeucits.com](http://www.montlakeucits.com)