

# Invenomic US Equity Long/Short UCITS Fund

## Equity Long/Short

July 2022

### Performance Returns

The Invenomic US Equity Long/Short UCITS Fund returned -0.27% for the month of July (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%	2.59%	5.35%	5.24%	-5.13%	-0.27%	-	-	-	-	-	24.69%
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 16<sup>th</sup> 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.

### Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Valuation	Daily
Liquidity	Daily
Fund AUM	\$228 Million
Strategy AUM	\$1.25 Billion
Inception	September 16 <sup>th</sup> 2021

### 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%	3.06%	7.29%	6.24%	-6.14%	-0.75%	-	-	-	-	-	35.80%
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%	14.30%	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%	-1.60%	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%

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.

This is a marketing communication.

### Portfolio Breakdown

Sector Allocation (%)	Long	Short	Net
Communication Services	15.11	-0.94	14.17
Consumer Discretionary	17.37	-16.88	0.49
Consumer Staples	2.71	-6.87	-4.16
Energy	8.93	-1.52	7.41
Financials	4.13	-5.56	-1.43
Healthcare	11.55	-14.69	-3.14
Industrials	13.45	-12.25	1.20
Information Technology	23.00	-15.79	7.21
Materials	10.96	-0.40	10.56
Real Estate	0.00	-1.98	-1.98
Utilities	0.00	-0.98	-0.98
<b>Total</b>	<b>107.21</b>	<b>-77.88</b>	<b>29.33</b>

Portfolio Characteristics	Long	Short
# of Positions	150	139
Median Position Size	0.47%	-0.47%
Price-to-Book Ratio	4.70x	10.26x
Price-to-Earnings Ratio	10.43x	37.04x
Enterprise Value-to-Sales Ratio	2.16x	6.26x

Market Cap Allocation (%)	Long	Short	Net
Large Cap (>\$5B)	52.27	-43.13	9.14
Mid Cap (\$2B - \$5B)	22.99	-25.38	-2.39
Small Cap (<\$2B)	31.95	-9.36	22.59
<b>Total</b>	<b>107.21</b>	<b>-77.88</b>	<b>29.33</b>

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### Monthly Commentary

The Fund returned -0.27% for the month of July (USD Institutional Pooled Share Class), net of fees. Portfolio exposures at the end of the month stood at 107.21% long and -77.88% short, resulting in net exposure of 29.33% and gross exposure of 185.09%. The portfolio remains well diversified with 150 long positions and 139 short positions.

Equity markets performed extremely well in July, making it the best performing month of July for the S&P 500 Index since 1939. Factor volatility remains elevated in the current environment, something we expect to persist for the foreseeable future. Growth outperformed value during the month with the largest divergence coming in larger market caps. Market participants are currently looking for signs that the Federal Reserve will reverse their course on rate hikes, indicating an all-clear sign to chase risk assets again. Consensus estimates indicate that there will be softening in year-over-year CPI in the July report; we agree with this assessment in the intermediate term. Over the long term, however, we see the risk of inflation continuing to push higher. Regardless, it is likely that inflation will settle at a level not seen in decades, which we believe will force market participants to rethink how they value the risk assets they hold.

Dispersion in stock returns has dropped well below historical averages (although remain well within the range we have observed while managing our strategy). Low stock dispersion means that stocks are not generally moving independently of each other, a reality that is not ideal for actively managed long/short equity strategies. Peak dispersion typically occurs during periods of market stress. While uncomfortable for most, we enjoy these periods as our process is designed to find mispriced opportunities during uncertain times.

Despite the recent rally, the market is still well off its highs of 2021. Market participants appear to be using the selloff to invest more capital into equities. While the market fell more than 25% by mid-June, we do not see it as being cheap. The "Buffett Indicator" is used to gauge how expensive the market is relative to history by looking at market capitalization relative to GDP. The ratio is down from over 200% to 157%, as of the end of July. While that is an extremely sharp correction, the ratio remains well above the peak of the technology bubble in 2000. If history is any guide, the market could have a long way to go before it reaches fair value.

The only way we know how to navigate markets is by following our process, which has served us well through many market cycles. Our net exposure remains low, 29.33% as of the end of July, as we continue to find many short opportunities. We are equally enthusiastic about the names in our long portfolio. We expect the market to remain volatile for the foreseeable future and, as always, risk management is job number one.

#### 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 twenty 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: IE00BKFXVX13 EUR: IE00BKFXVY20 GBP: IE00BKFXVZ37 CHF: IE00BKFXVY059	USD: IE00BKFXVY166 EUR: IE00BKFXVY273 GBP: IE00BKFXVY380 CHF: IE00BKFXVY497	USD: IE00BKFXVY505 EUR: IE00BKFXVY612 GBP: IE00BKFXVY729 CHF: IE00BKFXVY836	USD: IE00BKFXVY943 EUR: IE00BKFXVYB67 GBP: IE00BKFXVY7C4 CHF: IE00BKFXVYD81	USD: IE00BKFXVYF06 EUR: IE00BKFXVYG13 GBP: IE00BKFXVYH20 CHF: IE00BKFXVYJ44

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