

# Invenomic US Equity Long/Short UCITS Fund

## Equity Long/Short

October 2022

### Performance Returns

The Invenomic US Equity Long/Short UCITS Fund returned 5.20% for the month of October (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%	0.04%	-3.02%	5.20%	-	-	27.26%
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	\$256 Million
Strategy AUM	\$1.29 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%	0.44%	-3.09%	5.36%	-	-	39.26%
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.

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### Portfolio Breakdown

Sector Allocation (%)	Long	Short	Net
Communication Services	14.89	-0.30	14.59
Consumer Discretionary	17.32	-16.73	0.59
Consumer Staples	1.62	-4.75	-3.13
Energy	7.50	-1.28	6.22
Financials	4.18	-4.00	0.18
Healthcare	14.69	-10.12	4.57
Industrials	11.54	-15.06	-3.52
Information Technology	35.36	-20.23	15.13
Materials	6.31	-0.10	6.21
Real Estate	0.99	-0.51	0.48
Utilities	0.00	-0.12	-0.12
<b>Total</b>	<b>114.40</b>	<b>-73.20</b>	<b>41.20</b>

Portfolio Characteristics	Long	Short
# of Positions	155	124
Median Position Size	0.47%	-0.48%
Price-to-Book Ratio	3.64x	12.76x
Price-to-Earnings Ratio	9.72x	40.03x
Enterprise Value-to-Sales Ratio	2.52x	5.58x

Market Cap Allocation (%)	Long	Short	Net
Large Cap (>\$5B)	69.01	-44.41	24.60
Mid Cap (\$2B - \$5B)	22.38	-21.23	1.15
Small Cap (<\$2B)	23.02	-7.56	15.46
<b>Total</b>	<b>114.40</b>	<b>-73.20</b>	<b>41.20</b>

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### Monthly Commentary

The Fund returned 5.20% for the month of October (USD Institutional Pooled Share Class), net of fees. Portfolio exposures at the end of the month stood at 114.40% long and -73.20% short, resulting in net exposure of 41.20% and gross exposure of 187.60%. The portfolio remains well diversified with 155 long positions and 124 short positions.

Global capital markets rallied sharply in October led by the Dow Jones Industrial Average, which was up 14.07%. We have not seen a monthly upward move in the DJIA this large in over 45 years dating back to 1976. By comparison, the NASDAQ and the S&P 500 returned 3.94% and 8.10%, respectively. The fund generated gains across all sectors, with long positions in Information Technology accounting for over half of the fund's total performance for the month.

At month-end, the fund's net exposure was 41.20% with long exposure of 114.40% and short exposure of -73.20%. The strategy's current net and gross positioning are both near all-times high. As a reminder, portfolio exposures are a byproduct of the companies we are finding through our research process and not driven by top-down views of the market. Our shifts in net exposure during the strategy's history have been gradual as the result of individual investment decisions. Shifts in sector net exposure are also driven by bottom-up stock selection.

When we launched the strategy in 2017\*, we were finding considerably more long opportunities in the information technology sector than short opportunities. As a result, we had high net long exposure to the sector. This net exposure peaked at the end of 2018. Net exposure to information technology fell to a low of -20.4% by the end of April 2021, before moving back up to 15.5% at the end of October 2022. This shift in net exposure is the result of opportunities in a sector that has had outsized volatility over the last few years. Our strategy is designed to canvas the market looking for compelling opportunities. Our generalist approach allows the flexibility to redeploy capital to the best ideas we can find. We focus on analyzing companies and try to block out the noise from the outside world.

Our view on market volatility remains consistent; we expect it to be elevated for the foreseeable future. The range of outcomes remains extremely wide. There are scenarios where we can see the S&P 500 Index as high as 5,000 and as low as 1,200. We expect volatility of macro indicators to remain elevated, which is a major reason why we do not chase them or invest because of them. We try to keep things simple, and our focus remains on researching individual companies. We try to find attractively valued companies on the long side and overvalued companies on the short side. This discipline has served us well over time.

*\*Mutual fund inception date for the strategy was June 19, 2017. Exposure numbers referenced in paragraph 4 are for the mutual fund.*

### 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: IE00BKFXVY943 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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