

↑ +2.63% (Net)

Advent Global Partners UCITS Fund

August 2020

Performance Returns

Advent Global Partners UCITS Fund returned +2.63% for the month of August resulting in a net 2020 return of +7.88% (USD Institutional Founder Pooled share class).



ADVENT
CAPITAL MANAGEMENT, LLC

The Manager

Advent Global Partners UCITS Fund (The "Fund") is managed by Advent Capital Management, LLC ("Advent"). Founded in 1995, Advent has extensive experience investing in global convertibles, credit and equities. As of August 2020, Firm assets of \$9.0 billion.

Fund Facts

Portfolio Managers	Marc Friezo Odell Lambroza
Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Fund AUM	\$70.1 million
Strategy AUM	\$383.3 million
Inception	July 14, 2016
Managed by Advent Since September 18, 2017	

Investment Objective & Strategy

The strategy primarily employs convertible bonds, credit and equities when managing and allocating capital to the Fund's sub-strategies: Idiosyncratic Volatility, Event Driven, Credit and Short Opportunities. The strategy seeks to generate strong absolute returns over a market cycle by identifying compelling long and short opportunities that may include single name convertible bonds and equities, capital structure arbitrage and other positively asymmetric event driven opportunities. Sub-strategy allocation decisions are based on the current and expected opportunity set and all sub-strategies may not be allocated to at all times.

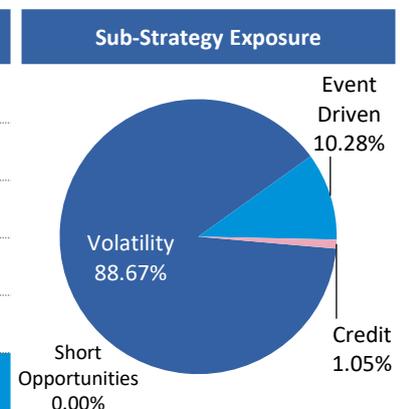
Monthly Returns (Net)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2020	0.45%	-0.09%	-8.33%	5.70%	1.51%	2.89%	3.49%	2.63%					7.88%
2019	3.65%	2.46%	1.80%	0.94%	-0.13%	2.42%	1.67%	0.52%	-0.21%	0.45%	0.83%	1.20%	16.71%
2018	0.46%	0.76%	0.38%	0.72%	0.26%	1.42%	-1.36%	0.58%	0.61%	-1.91%	-1.07%	-2.19%	-1.41%
2017	0.35%	0.14%	-1.12%	0.88%	0.00%	0.34%	0.27%	-0.22%	-0.07% ¹	1.00%	0.27%	0.85%	2.71%
2016	-	-	-	-	-	-	0.05%	0.18%	-0.45%	0.00%	-1.24%	0.51%	-0.96%

Sub-Strategy Return Attribution (Net of Fees)	
Volatility	2.48%
Event Driven	0.10%
Credit	0.05%
Short Opportunities	0.00%
Total	2.62%

Portfolio Characteristics

Portfolio Characteristics				Top Five Positions (%NMV/AUM) ⁸	
Long Exposure ⁴	236.28%	Conversion Premium	25.91%	Twitter	4.29%
Short Exposure ⁵	-128.59%	Delta	65.40%	FireEye	3.03%
Delta Adjusted Exposure ⁶	4.86%	Gamma	0.71%	Live Nation	3.00%
Adjusted Leverage ⁷	1.9x	Current Yield	1.02%	STMicroelectronics	2.57%
Number of Issuers	85	Yield to Put/Maturity	1.15%	Voya Financial	2.48%
Top Ten Positions ⁸	26.53%	Years to Maturity	3.38	Total	15.37%
Credit Quality ⁹	BB				



¹ The performance figures quoted above represent the net performance of the USD Institutional Founder Pooled Class since inception in July 2016. Performance after September 18, 2017 is attributable to Advent Capital Management while performance before September 18, 2017 is attributable to the Quest Global Advisors, LLC. These performance figures refer to the past and past performance is not a reliable guide to future performance. ² Since Advent start date September 18, 2017. See disclosure 1. ³ The risk free rate used is an average of the constant maturity 3-month US Treasury Rate. ⁴ Defined as the long market value over equity. ⁵ Defined as the short market value over equity. ⁶ The delta adjusted exposure represents the current equity equivalent exposure of the convertible bond. It is the theoretical total dollar amount of equity necessary to hedge the equity optionality of the convertible bond. It is expressed as a percentage of total fund capital. ⁷ Adjusted Leverage excludes Convertible Bonds with less than 10% conversion premium. ⁸ Defined as net market value over equity. ⁹ This includes internal estimates for all non-rated securities.


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Portfolio Exposures

Asset Type (\$Delta/NAV) ¹		Geographic (% of Total LMV) ²		Market Cap (% of Total LMV) ²		Credit Profile (% of Total LMV) ²	
Convertible Bonds	127.77%	Asia	1.99%	Small Cap (<\$2bn)	6.49%	A or Above	5.05%
Stock	-123.21%	EMEA	0.75%	Mid Cap (\$2bn-\$10bn)	34.34%	BBB	11.48%
Equity Derivatives	0.29%	Japan	0.00%	Large Cap (\$10bn-\$25bn)	32.90%	BB	35.52%
Credit/Credit Derivatives	0.00%	US	97.26%	Mega Cap (>\$25bn)	26.28%	B	47.15%
						CCC or Below	0.46%
						Hedges/Options/Other	0.34%

Portfolio Discussion

The portfolio returned 2.62% net in August, continuing to outperform both the high-yield market as well as global equity markets on a year-to-date basis. Volatility increased in the markets, as the widening disconnect between record high equity markets and a struggling U.S. economy contributed to considerable investor nervousness and led to broad based volatility buying. The market dispersions between growth and value stocks continued to deepen, reaching levels exceeding the dot-com era. We believe that inevitably, the pendulum will swing the other way, as economic conditions normalize, which would likely result in rapid sector rotation, valuation mis-pricings and increased single-stock volatility. We believe the current macro backdrop, coupled with elevated volatility and significant market cheapness, remains highly conducive to alpha generation. The top monthly performers included movie theater operator, Cinemark, and online household goods retailer, Wayfair. The largest detractors from performance were mortgage finance company, LendingTree, and video game maker, Zynga.

We gained from capturing upside gamma in Cinemark, as the company finally began to reopen its theaters on August 21, leading to more than a 30% surge in the stock in the second half of the month. We continue to believe our position represents inexpensive optionality on the return to normalcy for the theater operator, following a minimal revenue environment given theater closures throughout 2Q. The company maintains a strong balance sheet with 20 months of liquidity. Our position implies a volatility of 38, a discount to realized volatility of 95.

The Wayfair position expanded, as its discount to realized volatility narrowed. Wayfair stock more than doubled this year, after the company grew sales by 85% year-over-year in 2Q, driven by a surge in e-commerce in the home goods category during the pandemic. We believe volatility will likely remain high, due to the uncertainties regarding the resilience of the home improvement space, as people return to work and spend less time at home, as well as competition from brick-and-mortar as the economy reopens. The position implies a volatility of 40, a discount to realized volatility of 79.

We had losses in the LendingTree position, as the stock grinded down consistently following the company's inline 2Q earnings, which led to decreasing volatility. The position remains at a deep discount with an implied volatility of 35, relative to realized volatility of 45. Our thesis is centered on the inherent uncertainties in the macro environment facing the online consumer finance marketplace, driven by unprecedented unemployment rates, continued closings and lockdowns, and the growing risk of credit losses to lenders. We continue to hold the position.

The Zynga position cheapened due to "sell-on-news" price action, as the company announced beat-and-raise 2Q results, while the stock sold-off moderately. Zynga, a major mobile game developer, is largely viewed by investors as a pandemic quarantine play, as the economic lockdown drove record demand for mobile games and contributed to over 40% growth in 2Q revenue. We believe Zynga's story is far from over, and the rapid growth is likely sustainable for years to come, driven by its 70 million monthly active user base and a strong suite of titles and new releases that further expand its footprint. We continue to hold the position as a cheap long-dated call option on a multi-year growth story.

Outlook

From the low on March 23, it has taken the S&P 500 less than five months to regain its previous peak, a recovery speed (+60%) never seen before. With the market rife with unquenchable optimism, we believe index volatility should remain elevated and trade significantly above its historic average of 20. There is a cloud of unpredictability that may act as a catalyst for global equities to pullback. There is uncertainty related to economic outlooks, given the ongoing pandemic, stalled stimulus talks and concerns over steep equity valuations. While news of a possible vaccine is encouraging, the timing, manufacturing and implementation of distribution logistics are still undefined. In the event of a perfect vaccine rollout or the hope for a smooth rollout, certain sectors of the market are vulnerable to a rotation. We could experience similar violent moves to the ones witnessed in September 2019 when there was a large shift from high growth momentum into value stocks. It has been our long-held belief since 2018, that volatility, after spending years trading near trough levels, was one of the most undervalued asset classes. We expect further market turbulence from rising geopolitical tensions and the upcoming U.S. Presidential election. We anticipate generating alpha through relative value security selection based on our in-depth fundamental research process. The Advent Global Partners UCITS Fund is constructed to capitalize on market inefficiencies by exploiting idiosyncratic volatility trades and relative value security mispricing, and we seek to generate attractive, uncorrelated risk-adjusted returns, regardless of the overall macro environment. Considerable value remains in the portfolio, and the valuation recovery will continue. The fund is positioned to take advantage of the increasing opportunity set and attractive valuations, offering what we believe is the most compelling risk/reward opportunity in over two decades.

¹ Exposures are represented as a % of \$Delta/NAV. ² Exposures are represented as a % of total long market value.

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Monthly Performance Data (%)

2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Return
Advent Global Partners UCITS Fund (Net)¹	0.45	-0.09	-8.33	5.70	1.51	2.89	3.49	2.63					7.88
HFRX RV Fixed Income Convertible Arbitrage Index	0.72	-0.21	-6.22	4.54	1.99	2.45	2.67	2.97					8.85
S&P 500 Index	-0.04	-8.23	-12.35	12.82	4.76	1.99	5.64	7.19					9.74
Russell 2000 Index	-3.21	-8.42	-21.73	13.74	6.51	3.53	2.77	5.63					-5.53
Bloomberg Barclays US Aggregate Index	1.92	1.80	-0.59	1.78	0.47	0.63	1.49	-0.81					6.85
ICE BofA US High Yield Index	0.00	-1.55	-11.76	3.80	4.57	0.97	4.78	0.98					0.75
MSCI World Index	-0.22	-8.05	-12.77	10.57	4.79	2.41	3.42	6.31					4.39

¹ Since Advent start date September 18, 2017. See disclosure 1 on page 1.

Portfolio Managers

Marc J. Friezo

Marc joined Advent in October 2011 as a Managing Director and serves as a portfolio manager on the strategy. Before joining Advent, Marc was a Managing Director and Portfolio Manager at Lydian Asset Management. Prior to joining Lydian, Marc was a Managing Director in the Convertible Securities Group at Merrill Lynch. Mr. Friezo received a B.B.A., Cum Laude, in Finance from Texas Christian University and has over 25 years of investment experience.

Odell Lambroza

Odell joined Advent in 2001 as a Principal and serves as a portfolio manager on the strategy. Prior to Advent, Odell was Head of Convertibles and Equity Derivatives at Société Générale. Previously, Odell managed the sales and trading departments at HSBC Securities and Bankers Trust. Odell began his career at Merrill Lynch and served as Vice President of Convertible Trading, Structured Equity Derivative Products and Asset Swaps. Odell is a graduate of Cornell University and has over 30 years of industry experience.

Share Classes

Share Class	Founder Class	Inst Class A	Retail Class
Currency	EUR/USD/CHF/GBP	EUR/USD/CHF/GBP	EUR/USD/CHF/GBP
Management Fee	1.25%	1.50%	2.00%
Performance Fee	15%	20%	20%
Min Initial Subscription	10,000,000	1,000,000	10,000
ISIN Codes	EUR: IE00BD3CQZ05 USD: IE00BD3CR131 CHF: IE00BD3CR248 GBP: IE00BD3CR024	EUR: IE00BD3CQ612 USD: IE00BD3CQ836 CHF: IE00BD3CQ943 GBP: IE00BD3CQ729	EUR: IE00BD3CQL68 USD: IE00BD3CQN82 CHF: IE00BD3CQP07 GBP: IE00BD3CQM75

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