Virtuoso Advisory

May 2022

Virtuoso Global Equity Long / Short Fund

Monthly perf: -0.76%

Year to date: -12.61%

Strategy

The Investment Manager employs an actively managed, three stage investment process based on qualitative and quantitative analysis of those companies within its available investment universe. Environmental, Social and Governance factor ("ESG") are part of the assessment of the companies in which the fund is invested. The manager aims to adopt a scientific approach, based on testing hypotheses and evidence-based decision making. Therefore, the investment process has been designed to be repeatable, driven by the Fund's mandate of producing consistent levels of alpha across the broader market cycle.

Share class:	Institutional Pooled
Mgmt. Fee:	1.5%
Perf. Fee:	20%
Minimum Investment:	1,000,000
	ISIN
EUR:	IE00BLDGJM63
USD:	IE00BLDGJS26
GBP:	IE00BLDGJP94
CHF:	IE00BLDGJZ92

Performance History

	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD
2022	-1.48	-2.34	-2.18	-6.42	-0.76								-12.61%
2021	1.71	0.68	-0.19	1.40	-0.74	0.80	-2.29	0.39	-0.64	1.00	-1.36	1.44	2.32%
2020							-1.50	2.46	-3.27	-1.02	9.97	2.81	8.98%

Review & Outlook

In May the market price action was perfectly split in two halves. During the first two weeks of the month, the downtrend reached its climax on the 12th of May with the MSCI World Index reaching a MTD through close to -7%. The second part and in particular the last week saw major indices recovering from their heavy losses accumulated in the first half of the month. Despite the market rebound many indices closed the month in negative territory led by the Nasdaq down -2%, Eurostoxx 600 -1.56% and Eurostoxx 50 -0.36%. The S&P 500 index closed the month flat and China, despite the ongoing lockdowns across the country posted a positive monthly return of 1.87%. Our Fund managed to mitigate market losses closing at -0.76%.

Portfolio Analysis and Strategy

Our sectors monthly returns dispersion was very low in May. Our portfolio holdings review process after a difficult start of the year has been performed across sectors selecting stocks able to navigate across a radically different market environment. We are pleased with our short book performance contribution starting with our retail names that, after having been a drag to performance in the previous months, capitulated in May, strongly contributing to our fund return. Being early makes you question your decision until your investment thesis unfolds agreeably. Walmart, Target, Kraft and other names are starting to pay off and make us confident about our strategy going forward.

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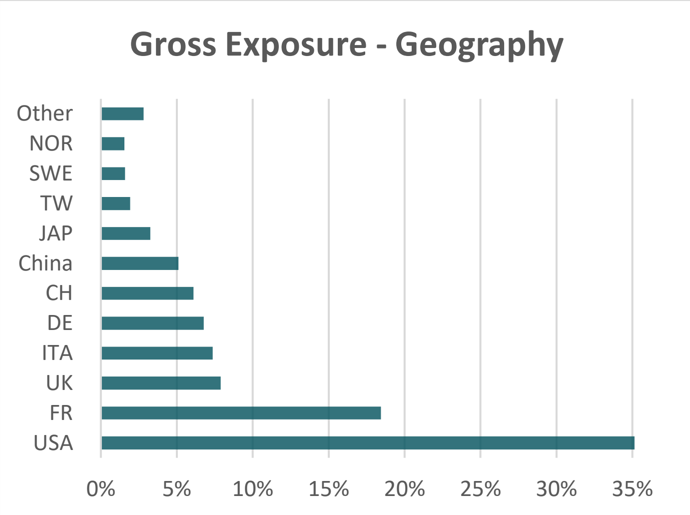
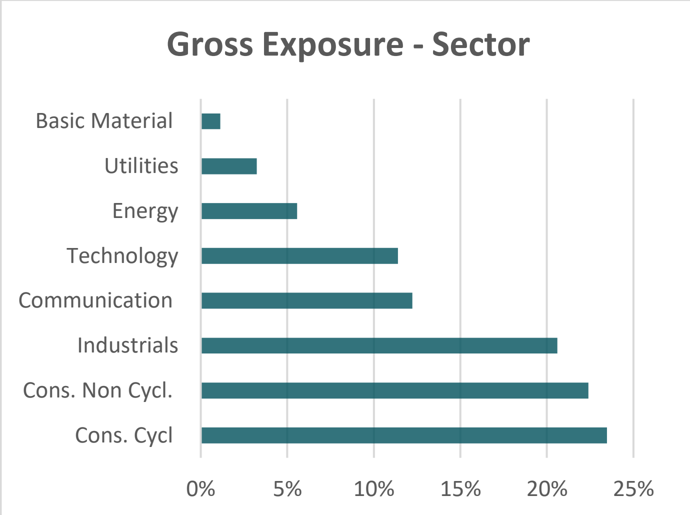
Exposure & Attribution Report

Breakdown	Attribution
Long	-90.69
Short	+14.69
Total	-0.76

Best stocks	Worst stocks
Total Energies	Uber Tech.
Subsea 7	Five Below
Target Corp.	Snowflake

Best sectors	Worst sectors
Energy	Communications
Industrial	Cons. Cycl.
Cons. Non Cycl	Technology





Gross Exposure	Net Exposure
130%	63%

Technology, Media and Telecom

After months of difficult trading conditions in the sector and within our holdings, we decided to reduce the number of stocks in the space concentrating our capital allocation to technological leaders with solid top line growth potential, stable margin, also able to drive innovation and take advantage of the new opportunities associated to a dramatically changed business environment and political landscape. Baidu, performed up 10.2% for the month. The Chinese technology name rebounded 41.5% from the bottom reached in mid-May. Baidu remains one of the best positioned technology companies taking advantage of the next internet wave. The second-best performing stock was Sony Entertainment up 9.3% in May, the Japanese company provided a positive update on the 27th of May for imaging and sensing a key business unit for the company outlook going forward. Two stocks were particularly weak among our sector holdings: Snowflake and Uber. Snowflake reported numbers slightly below expectation, but management raised its FY 2023 outlook, and we kept the position in our portfolio. Uber also provided a solid outlook and with mobility and delivery both expected to grow high double digits for the next three years. We confirmed our position in the San Francisco based company, but we will monitor very closely the company development going forward starting with Bank of America 2022 Global technology Conference in early June.

Industrials

Industrials holdings had an overall positive month led by Hon Hai Precision up 11.2%. For the Taiwanese industrial revenue growth is driven by cloud computing demand, EV production, digital health, and robotics; we expect Hon Hai Precision to continue to profit from these long-term growth opportunities. The company has also been able to improve its operational efficiency despite worsening market conditions and is set to drive further sales and earnings growth. The second-best performer in the sector was FedEx up 9.7% in May, the macro environment remains the company's main risk, but any marginal improvement will support the investment case of a stock trading 5.94x EV/EBITDA versus 8.34x for its peer group. In the energy space the price action continues to be supportive for all our holdings. Particularly strong were the stock returns for Subsea 7 up 26.5% for the month. The current energy crisis is an opportunity to reconsider many sources of energy including conventional ones supported by innovation which will enable a less dramatic transition process. As usual with innovation, opportunities will come.

Consumer Non-Cyclical

Overall positive month for our consumer non-cyclical bucket led by Bayer up 8.3%. On the 13th of June, the US Supreme Court will decide if Bayer's case need to be reviewed. Recommendation of the Solicitor General against a review, should this outcome materialise we expect further additional upside potential for the stock which is still trading at huge discount to their peers 7.8x EV/EBITDA vs 12.52x for the group. Our short holdings in the sector had a robust performance contribution with two short positions in packaged food companies and one short position in a grocery store name. We continue to see deteriorating market conditions in the sector therefore we are adding some capital to positions showing further downside potential.

Consumer Cyclical

Within this bucket the largest performance contribution came from our short holdings. Our conviction in our retail sector short positions was finally vindicated after the reporting seasons showed the margin squeeze has started to eat into company profitability. Target lost 25% on the day of the earnings announcement while Walmart lost 11%. The positions in Target and Nordstrom were closed during the month securing a positive PnL. Walmart remains in the portfolio as we think there is a tug of war between retailers and their suppliers in terms of bearing the burden of rising input costs. On the long book we are seeing a stabilisation in the price action in luxury goods and other consumer discretionary categories supported by confident management outlook update. We are quite positive going forward should the sector dynamics remain solid driven by solid consumption data and supply chain normalisation, after several quarters of disruption. Any marginal improvement is supportive for a sector rebound after recent market de-rating, particularly strong for this sector.

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