Virtuoso Advisory

October 2022

Virtuoso Global Equity Long / Short Fund

Monthly perf: -1.07%
Year to date: -21.16%

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	-5.15	5.68	-2.66	-6.52	-1.07			-21.16%
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

European and North American equity markets had a great month in October, with the S&P topping the pack with a strong 7.98% gain that outperformed the Nasdaq by 400 basis points. The Stoxx Europe 600 index increased 6.28% in Europe. Moving on to Asia, the conclusion of the Chinese Party Congress, which saw President Xi's term extended and the Covid-zero policy reaffirmed, left investors weary. Due to this, the equity market had its biggest five-day decline ever, with the Hang Seng Index falling 16.49% for the entire month. Our fund was unable to benefit from the strong performance of the western markets because some of our core holdings had a weak start to the earnings season, our Asian names had a negative effect, and our portfolio was under pressure from a short book that, despite underperforming the market, declined by -1.07%.

Portfolio Analysis and Strategy

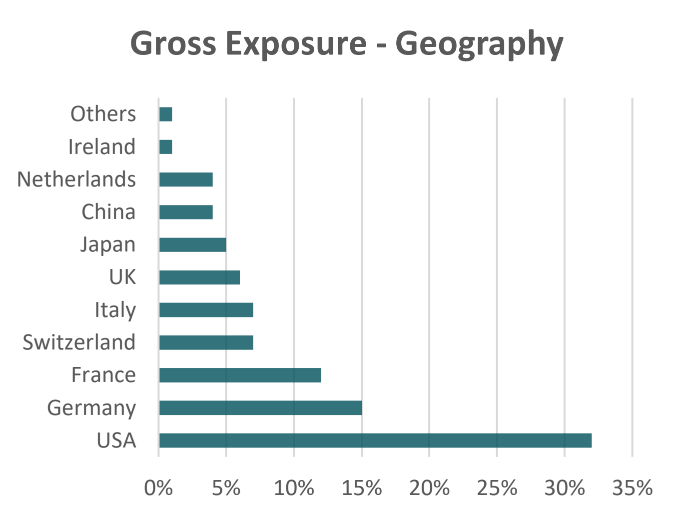
We are optimistic that the other portfolio names will do well despite a false start in the first week of the 3Q earning season. According to Morgan Stanley's Quant Desk, single names, rather than sectors, factors, themes, or macro, have drove dispersion over the past two weeks. For the benefit of our investors, we intend to reverse the current portfolio's upside capture capabilities. As we entered November, we continued to manage our exposure in accordance with the average of the prior months, while also adding some quantitative baskets to our book.

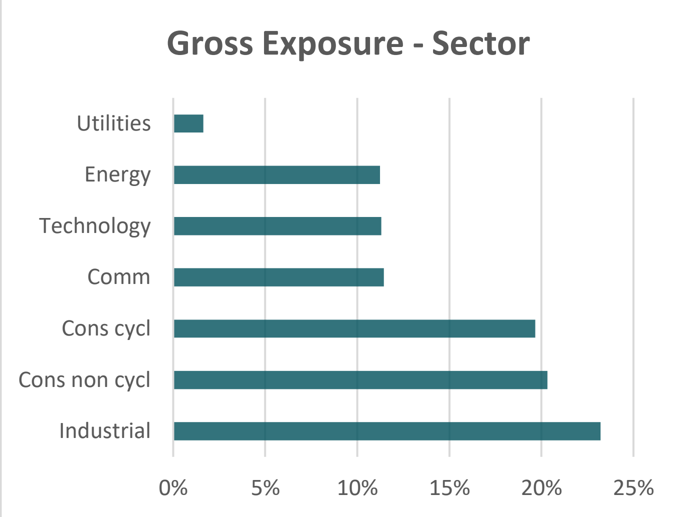
Exposure & Attribution Report

Breakdown	Attribution
Long	240
Short	-347
Total	-107

Best Stocks	Worst Stocks
Keysight Tech.	Temenos
Renault	Netease
Diamondback Energy	Baidu

Best Sectors	Worst Sectors
Industrial	Communications
Energy	Technology
Consumer Cycl.	Consumer Non-cycl.





Gross Exposure	Net Exposure
132.9%	48%

Technology, Media and Telecom

The 3Q earnings disappointments of some of our holdings had the largest impact on the sector with the lowest contribution to fund performance. The lowest stock performance was caused by Temenos, which cost 56bps in terms of fund performance. The Swiss provider of software for financial services announced an 8% drop in revenues, but more importantly, they revised their forecast for software license growth to 0% from +16-18% and removed their revenue target, which caused the shares to tumble 18% on October 14. Due to a large loss in sales and profitability as well as the withdrawal of guidance, the position was closed. The subject of rotating after a decade of focusing on high growth winners has to be taken into consideration for our sector exposure, which has already been lowered since the beginning of the year, as some of the biggest firms in the world disclose some of their spookiest quarterly results. Microsoft's monthly performance was unchanged despite its poor earnings results, and Google avoided suffering significant losses despite its roughly 10% decline on the day the earnings were announced. Alphabet's superior positioning in comparison to many of its competitors has definitely reduced some incremental pressure on the digital advertising business model. Among our US major tech businesses, Amazon was the contributor to our lowest performance. The online retailer revealed mixed results for the third quarter of 2022, which were mostly due to a slowdown in AWS business. Additionally, bad overseas performance and increasing macro pressure led to a lower forecast evaluation for the fourth quarter of this year. Given the macroeconomic situation and the geopolitical uncertainties, the setup for these shares is less assured, but we also see support from value. We will be better able to navigate the current unpredictable market environment thanks to our more stringent approach to our capital allocation decision for the industry.

Industrials

Industrials sector was our best portfolio performance contributor led by Keysight Technology, Vinci and Technip Energies. The North American manufacturer of measurement instruments is benefiting from robust demand in its core markets, which include commercial communications, aerospace, defence, and government, after upgrading its Guidance in August. The stock saw an increase of 10.67% in October, which helped our fund. The company is anticipated to release 3Q results on November 17th, and we remain optimistic about the name going into the reporting season. The earnings season rewarded our investment in Technip Energies (+13.60%) for the month and in Vinci (+11.03%) for October.

Utilizing the pertinent news flow from the ongoing earnings season, we continue to search for appealing investment possibilities in this industry.

Consumer Non-Cyclical

Our Pharma holdings, who continue to be less affected by the macro climate moving forward, were the market leaders in this area. Our top pharmaceutical holding, United Health, reported a 9.92% monthly gain, followed by Regeneron +8.69% and Roche +2.81%.

Estee Lauder's October performance was dismal, falling 7%. Due to Covid restrictions in China, the Chinese market underperformed during the third quarter of the year, which cost the personal care products maker money. The management has weaker guidance for the remainder of the year and will continue to be cautious. Due to the company's commitment to making strategic investments to support long-term growth despite the current macro headwinds, we have opted to maintain the current stance.

Consumer Cyclical

Automotive was lifting the entire consumer cyclical portfolio holdings led by Renault. The French car manufacturer was among the most interesting group at the Paris Automotive week in absence of the German manufacturers. Renault is finally taking advantage of the EV car initiative and move forward after the Russian Automotive activities deconsolidated in 2022 H1 and treated as a discounted operations with a 2022 full year impact of EUR 2.3bn. In the same sub sector on the back of positive earnings report Daimler generated a double-digit monthly return. Moving to commercial vehicle, Iveco was starting to show some promising stock price development posting a +12.32% performance figure. The rest of the bucket was positive except one Asian holding which together with the other holdings in the region costed us close to 100bps.

Despite the disappointing performance contribution in October from our Asian names we didn’t cut the exposure but we rotate more into Japan keeping a neutral positioning versus the overall region.

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