Virtuoso Advisory

December 2021

Virtuoso Global Equity Long / Short Fund

Monthly perf: 1.44%

Year to date: 2.32%

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

YEAR	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD
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

There was a peculiar combination of forces in play in 2021 causing a fundamental dilemma among investors. Have the basic fundamentals of investing changed? Should we cast away our investment principles and embrace "meme investing" to pick our next "three-bagger stock"? As opportunistic investors, we cannot deny the impact of fickle retail investing in the market space, but at the same time, we have been managing money long enough to recall several boom-and-bust cycles in our investment career. Markets were showing record returns led by US markets with S&P 500 +26%, Nasdaq +21% and Dow 18.7%. In Europe, the situation was similar with Eurostoxx 50 up 20.99%. China was the worst market with the Hang Seng China Index down 23.3%. Our fund return for the year was +2.32%.

We believe a balanced mixture of opportunistic mindset, embracing technological innovation and a solid fundamental background, will provide the right skill set going forward to navigate the market. Nobel prize-winning economist Robert Solow showed us the central importance of innovation and know-how in addition to labor and capital. The extra mile for an investor is to add a sound valuation process to capture long or short opportunities. In the current investment context, we are more and more excited about the strategy opportunity set going into 2022.

Portfolio Analysis and Strategy

Virtuoso Fund reported a positive return closing the year up +2.32% which brings our returns since inception to +11.51% with a volatility of 8.14%. The positive return over the last 12 months was negatively impacted by two macro related issues: the latest round of Chinese government policies impacting technology driven companies de facto curtailing innovation, and the indiscriminate impact of a tighter US monetary policy on growth stocks. Our flexible and opportunistic approach enables us to adapt in order to avoid major losses and to sail across markets dynamics providing an asymmetric risk profile. Retail investors represent the larger investor group investing in US equities nowadays. Their investment behavior cannot be ignored anymore. Being a good investor involves being both a good fundamentalist, correctly forecasting revenues and profit, and a good psychologist, correctly guessing what multiples the market will place on those revenues and profit. Our strategy is designed to maximize risk adjusted returns for our investors, adapting to different market conditions and processing relevant market data including behavior of various market participants.

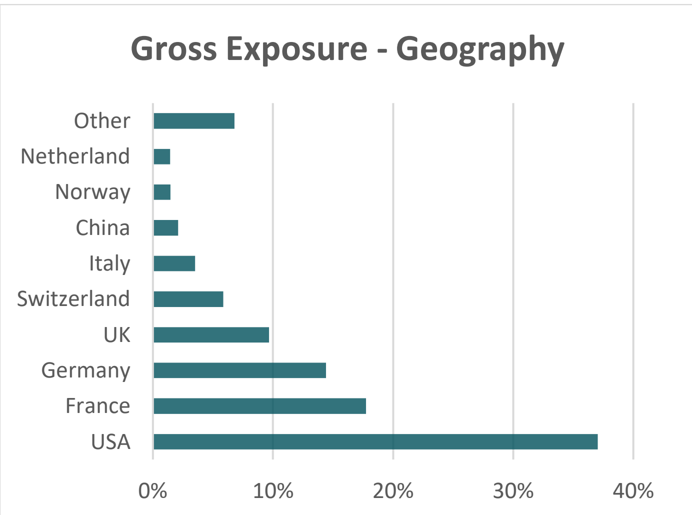
On the corporate front, 2021 was a record year for M&A transactions, particularly in the US. Private equity firms were particularly active, given attractive financing and the large amounts of capital raised. It is reasonable to assume that the environment will remain benign. Companies had to battle with supply chain problems and had to reshape their policies to take into account ESG considerations. It is very likely that these factors will have a prominent role in shaping corporate events going forward.

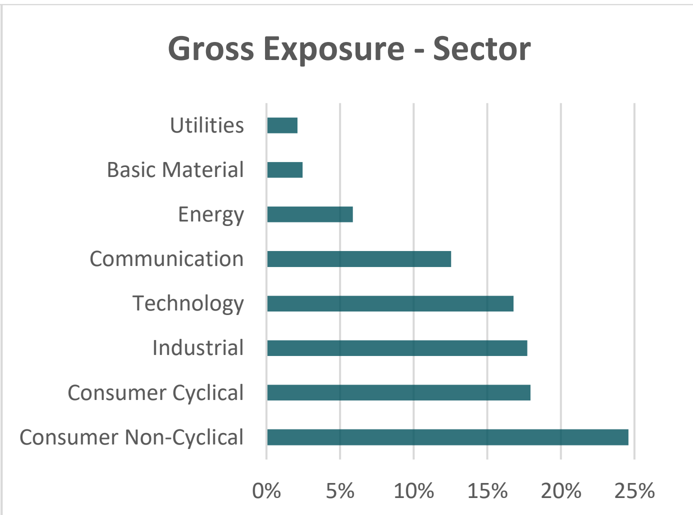
Exposure & Attribution Report

Breakdown	Attribution
Long	4.7
Short	-3.26
Total	**1.44**

Best stocks	Worst stocks
Abbvie	Moderna
Fedex Corp	Overstock
Daimler Truck	Amazon

Best sectors	Worst sectors
Industrial	Communication
Consumer Cyclical	Utility
Consumer Non-Cyclical	Basic Material





Technology, Media and Telecom

December was a positive month for our best performing portfolio bucket in 2021.
Our technology names posted positive performance for eight months out of twelve during the year or 66.67% of the time. Samsung Electronics was our top performer appreciating 10% during the month, Samsung is still trading at deep discount vs. its peer group and remains one of our top sector picks going into 2022. The second-best performance contribution came from our short position in Unity Software. Interest rate increases associated with unprofitable technology companies trading at high multiples represent a perfect mix for short ideas. Unity lost 15% in December. We did take some money of the table, but the short position is still in place to capture further downside potential. More stringent valuation metrics to assess our current holdings and new ideas in the space will be critical to avoid major losses in 2022.

The media bucket was positive overall in 2021 despite being our worst performing portfolio sector, our communication services names were down 20 bps for December.

Industrials

Fedex was up +12.27%, making the group in our best performing sector for the month. The Courier Services company, trading at 8.6x EV/EBITDA, is still trading at 22% discount to its peer group. In a market environment with rich multiples across sectors we look for names like Fedex showing compelling valuation associated with company specific catalyst. In this case, the integration of TNT should start to become accretive in 2022 representing an additional good reason to buy the stock. Another stock where capital was added in November reported a double-digit monthly performance. Vinci, the French motorway operator, was up 11% in December notwithstanding concerns about Omicron spreading across Europe. Schneider Electric up 10.63% for the month was our third best industrial name. Capital allocation to this bucket increased through the year, and represents now the third largest sector in our portfolio.

Consumer Non-Cyclical

Our third best performing bucket in December as well as our second-best sector for the 2021 with 9 positive return months for the year. Abbvie +17.91%, United Health +13.55 and Estee Lauder +10.62% were our sector winners in December. Moderna was our worst performer for the month, the stock was severely impacted by competitor's positive breakthroughs, like the approval for Merck Pills Anti-Covid. We feel comfortable with the current Moderna portfolio weight after recent reduction. We will take advantage of future stock price volatility to actively manage our position.
Going into 2022 the Consumer Non-Discretionary bucket is our largest group where we have compelling investment ideas and solid risk adjusted upside potential.

Consumer Cyclical

Strong returns in the space were mostly driven by corporate activity. Daimler, the German automotive company, spun out its truck division on the 10th of December and listed on the German Stock Exchange under the ticker DTG GR. Spin-off situations tend to create value for investors: on one hand conglomerate discounts disappear, on the other SpinCos tend to have a simpler, more focused business, ultimately resulting in higher probability of corporate events.

In the luxury space, Capri, the US based luxury Maison, printed another strong month of stock performance up 8% bringing the total shareholder return for 2021 at 53.48%. Similar return profile for the French luxury company in our portfolio LVMH was up 6.99% in December and 44.45% for the year. We continue to favor high growth, high margin names but following the 2021 outperformance valuation will play a larger role in sizing our positions according to our internal risk adjusted upside potential.

Finally, we are excited about the ESG driven investment opportunities across sectors that will certainly reshape many industries, potentially having an impact on companies' competitive advantage, keeping us busy in finding new investment ideas for our portfolio.

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