

Incline Global Long/Short Equity UCITS Fund

Monthly Newsletter

iam

31 Mar 2021

For professional investors only

Monthly Commentary

In March, the Incline Global Long/Short Equity UCITS Fund returned -4.78% net of all fees in the I USD share class compared to +4.24% for the S&P 500 Index. This brings 2021 net returns to -7.67% in the same share class, as compared to +5.77% for the S&P 500.

In March, there was a continuation of the significant market rotation that began in January. Progress on the vaccine rollout yielded optimism for the economic recovery. This, in combination with unprecedented fiscal stimulus / quantitative easing, stoked fears of inflation. As a result, interest rates rose dramatically during every month of Q1, catalyzing a rotation from quality to value which persisted throughout the quarter. As one might expect, Incline's long book of quality compounders has temporarily underperformed economically sensitive industries like energy / commodities / financials. Incline has been taking advantage of the attractive entry points in its portfolio, as they expect that earnings for its longs will be strong in Q1 and in 2021. Accordingly, Incline remains optimistic for the future performance of its quality compounder long portfolio over the medium and long term. Incline continues to employ its dynamic portfolio hedge overlay which has performed extremely well in this very challenging shorting environment. Additionally, they have augmented the short book to include a number of interest-rate sensitive positions in order to address the risk of a continued rise in interest rates.

Historical Monthly Returns – Incline Global Long/Short Equity UCITS Fund Class I (US\$) (%)¹

Year	Historical Monthly Returns – Incline Global Long/Short Equity UCITS Fund Class I (US\$) (%) ¹												MSCI (%)	S&P (%)	
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	YTD	YTD
2021	-3.79	0.79	-4.78	-	-	-	-	-	-	-	-	-	-7.67	4.24	3.11
2020	4.14	-1.63	-1.68	8.67	4.70	3.09	1.79	1.85	2.80	-4.26	12.79	1.44	37.92	14.06	16.26
2019	10.85	4.82	2.12	3.10	-3.86	3.45	2.05	-1.64	-2.61	0.52	2.22	0.79	23.18	25.19	28.88
2018	6.16	-3.45	-1.70	-3.91	1.47	0.18	1.58	1.20	-1.57	-11.41	-0.40	-8.42	-19.54	-10.44	-6.24
2017	3.74	1.17	0.55	1.44	0.54	0.17	1.23	-0.19	1.24	1.08	1.73	0.93	14.43	20.11	19.42
2016	-8.02	-0.76	4.02	2.05	4.36	-1.38	2.15	1.58	-0.01	-0.77	0.51	0.80	4.02	5.32	9.54
2015	-	-	-	-	-	-	-	-	-	-	-	0.22	0.22	-1.87	-1.75

Strategy Highlights

Lower net U.S. Long/Short Equity strategy focused primarily on conducting deep bottom-up analysis and generating superior absolute returns:

- Average ~30% delta-adjusted net exposure since early 2019 (meaningfully lower on a notional basis)².
- Framework Specialist with sector expert Research Partners = alpha generation focus both long and short.
- Differentiated exposures relative to other highly performing funds.
- Portfolio hedge provides downside protection while enabling upside capture.

Portfolio Exposures (%)

Long	Short	Gross	Net
114.60	-36.27	150.87	42.05

Key Investment Factors

1) **Quality Compounder Longs:** Growth At a Reasonable Price (GARP) focus on quality long-term secular / capital-light compounders with organic growth tailwinds.

- Investments fit proprietary pattern recognition-based frameworks and high-quality CEO focus, followed by highly detailed company-specific research, to create a variant perception over a 12–24 month timeframe.

2) **IRR-Based Active Portfolio Management:** Our proprietary IRR-based system systematically enhances returns.

3) **Alpha Shorts/Customized Baskets:** Alpha-generating positions / unique customized basket approach in themes that will experience headwinds – focus on competitively disadvantaged/structurally impaired businesses.

4) **Dynamic Portfolio Hedge Overlay:** Risk management game-changer (implemented consistently since beginning of 2019) using a collar / put spread structure that reduces net exposures, allowing for capital preservation and enabling the fund to be in a position of strength during market pullbacks = hedge becomes an **alpha engine**.

Fund Information

Fund Inception	1 December 2015
Investment Manager/ Distributor	International Asset Management Ltd
Sub-Investment Manager	Incline Global Management LLC
Incline Global UCITS Fund AuM	US\$81m
Incline Global Firm AuM	US\$568m
Subscriptions	Daily, T-1 Notice, T+3 Settlement
Redemptions	Daily, T-3 Notice, T+3 Settlement

Performance – All Share Classes

Class	ISIN	NAV	MTD (%)	YTD (%)	Since Inc. (%)
A USD (Acc)	IE00BYXDK928	1,295.73	-4.87	-7.89	29.57
B USD (Acc)	IE00BYXDKB42	1,313.66	-4.83	-7.78	31.37
E EUR (Acc) ²	IE00BYSPZ870	1,384.26	-4.90	-7.83	38.43
E USD (Acc) ²	IE00BYSPZ763	1,552.23	-4.74	-7.55	55.22
H USD (Acc)	IE00BYXDKC58	1,218.45	-4.81	-7.72	21.85
I USD (Acc)	IE00BYSPZB06	1,451.87	-4.78	-7.67	45.19
N USD (Acc)	IE00BDHRSR76	1,273.10	-4.91	-8.01	27.31

¹The track record of Incline Global Long/Short Equity UCITS Fund – Class I (US\$) comprises the performance of Incline Global Long/Short Equity UCITS Fund – Class E (US\$) (no longer open to new investors) from Dec 2015 to Sep 2016 and Incline Global Long/Short Equity UCITS Fund – Class I (US\$) from Oct 2016 to date.

Indices: MSCI World Index (US\$); S&P 500 Index (US\$).

²These figures relate to Incline Global Offshore Fund Ltd. (the "Offshore Fund") only and are included as a representation for the UCITS fund as both vehicles manage a similar strategy

Source: IAM and Incline Global. All data is net of fees.

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Portfolio Exposures (%)

Sector Exposure	Long	Short	Gross	Net
Consumer Staples	-	-	-	-
Consumer Discretionary	16.29	-10.42	26.70	5.87
Communication Services	20.68	-	20.68	20.68
Energy	-	-	-	-
Financials	9.63	-11.63	21.26	-2.01
Health Care	-	-	-	-
Industrials	8.40	-3.91	12.31	4.48
Real Estate	-	-3.69	3.69	-3.69
Other	16.79	-5.48	22.27	-24.96
Materials	2.95	-	2.95	2.95
Information Technology	36.64	-	36.64	36.64
Utilities	3.23	-1.15	4.37	2.08
	114.60	-36.27	150.87	42.05

Regional Exposure	Long	Short	Gross	Net
North America	108.05	-29.56	137.62	42.21
Europe	6.55	-6.71	13.25	-0.16
Asia	-	-	-	-
Other	-	-	-	-
	114.60	-36.27	150.87	42.05

Market Cap Exposure	Long	Short	Gross	Net
Less than US\$2bn	24.76	-8.71	33.47	16.06
US\$2bn - US\$10bn	-	-8.98	8.98	-8.98
US\$10bn - US\$50bn	24.45	-9.38	33.83	15.07
US\$50bn+	65.39	-8.15	73.54	57.23
Other	-	-1.06	1.06	-37.34
	114.60	-36.27	150.87	42.05

Top 5 Long Holdings (%)

Issuer	Sector	Exposure % of NAV
TransUnion	Industrials	6.61
SS&C Technologies Holdings	Information Technology	6.57
Activision Blizzard Inc	Communication Services	6.56
Kering	Consumer Discretionary	6.55
FleetCor Technologies Inc	Information Technology	6.48

Firm Background

Incline Global Management, LLC

Incline Global launched in April 2012 with substantial backing from David Tepper of Appaloosa Management. Based in New York, the Firm employs a team of 9 professionals tied together by a common interest in working as part of a cohesive and interactive team. Mr. Lignelli owns 100% of the Firm, has invested a majority of his liquid net worth in the Firm's investment vehicles and brings 18+ years of portfolio management experience to the execution of the Incline Global strategy.

Portfolio Manager Background

Jeff Lignelli, CEO & Portfolio Manager

Jeff Lignelli launched Incline Global Management LLC in April 2012. Jeff has extensive experience in the funds industry, previously serving as one of a small group of senior partners on the investment staff at Appaloosa Management, responsible for identifying sector themes and equity related investments. Prior to this, Jeff was the Founder, Chief Executive Officer and Portfolio Manager of Stonebrook Fund Management from 2001 to 2011 and was with Omega Advisors, a multi-billion dollar hedge fund run by Leon Cooperman, from 1998 to 2001 as a Partner and Equity Portfolio Manager. Previously Jeff worked at Atticus Capital as Vice President and Equity Analyst from 1997 to 1998 and with Gleacher & Co. from 1994 to 1997 as an Associate. Jeff graduated from the Wharton School in 1994.

Note: Totals are subject to rounding differences. Data from portfolio hedges is included in the "Other" category within the Sector and Market Cap Exposure tables. Net exposures are delta-adjusted. Source: IAM and Incline Global.

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