



KLS Niederhoffer Smart Alpha UCITS



Objective

The KLS Niederhoffer Smart Alpha UCITS Fund is a short-term managed futures strategy that trades 20 global fixed income and FX markets. The strategy is systematic in nature but is grounded in computational neuroscience, based on the principle that markets are predictable in the short term because their movements are impacted by the psychology and biases of market participants. These behavioral biases are more acute during periods of market stress and volatility, with the strategy consistently long of realized volatility. The fund is actively managed and not managed by reference to a benchmark.

Commentary

A spectacular stock and bond rally in July ended with a euphoric burst in the last few days of the month, capping one of the best six-week periods ever for stock/bond portfolios. As the Federal Reserve tightens into a rapidly slowing economy, market participants are rapidly shifting to a more bearish economic outlook and a dramatic reversal of Fed policy by 2023. Unfortunately, after some very strong performance in the first half, we began the second half of '22 with a loss.

While the US 10Y Note and German Bund are now trading at levels last seen in March and April, we gave back just a fraction of the profits we captured in the fixed income sector from March through June. Nevertheless, our models did struggle a bit in European fixed income, where the reversal was sharper and unrelenting. Machine learning, momentum and contrarian families incurred losses, while our breakout style gained. US fixed income was close to unchanged, with machine learning and momentum on the downside and contrarian family in the plus column.

FX trading also generated a small loss, with gains in Yen, and small losses or flat results in other currencies. The Yen continued its weakening trend against the dollar until mid-July, when it suddenly rallied from 139 to nearly 130, finally settling near 133. Gains in Yen trading came from the machine learning family. The Australian dollar tripped up the breakout and momentum families with its reversal off the lows. We are encouraged by this burst of volatility in \$/Yen, and look forward to more interesting movements in the FX sector, which has either flat-lined or moved unidirectionally for the last year or so.

At this point, markets have repriced inflation and economic expectations. The coming weeks and months will see whether July's reversal is sustainable. An incorrect assessment on the stubbornness of the current inflationary forces could bring volatility back with a swift move back down to the lows. A stagflationary status quo could keep markets in a volatile range for the rest of the year. And a continuing slowdown could, ironically, bring stocks and bonds back to new highs quickly.

Fortunately, we need only predict a few days in advance – we see excellent opportunities ahead, and look forward to continuing to provide strong, diversifying returns to our clients for the rest of 2022 and beyond.

Overall, firm assets stand at about \$1 billion, and we were pleased to have our flagship fund, the Diversified Program, rank #6 of all major hedge funds year to date with a +45% return through 30 June 2022 on the HSBC Weekly Hedge Fund report of July 2022.

Fund Details

Launch Date:	14 th July 2020
Fund Size:	\$49m
Niederhoffer AUM	\$1bn
Fund Structure:	UCITS
Domicile:	Ireland
Min Investment:	Class SI: \$50,000,000 Class I: \$2,500,000 Class R: \$100,000
Currencies:	USD (base); GBP, CHF, EUR (all hedged)
Management Fee:	Class F: 0.7% (Founders Only) Class SI: 1.00% Class I: 1.25% Class R: 1.75%
Pricing:	Daily
Liquidity:	Daily
Performance Fee:	All share classes: 20% with high watermark
Manager:	KBA Consulting Management Limited
Investment Manager:	Kepler Partners LLP
Sub Inv. Manager:	R.G Niederhoffer Capital Management, Inc.
Inv. Universe:	Global
UK Reporting Status	Yes
Country Registrations:	Ireland UK France Germany Spain Switzerland (QI)

Performance

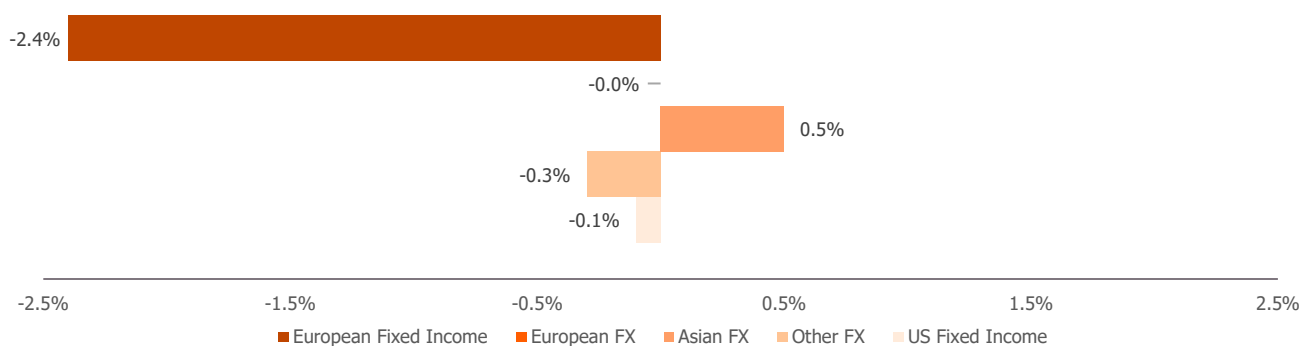
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2022	0.22%	-3.27%	3.80%	7.10%	-1.59%	5.20%	-2.33%						8.97%
2021	-2.49%	4.58%	4.41%	-3.73%	0.72%	0.41%	3.35%	-1.70%	0.59%	0.49%	-0.73%	-2.06%	2.51%
2020							1.71%	0.50%	-3.51%	2.26%	-3.76%	-3.94%	-6.74%

*Fund performance is net return of USD F Class. Return figures are since inception on 14th July 2020. All figures as at 29th July 2022. Past performance is not necessarily a guide to future performance. The value of investments and the income from them may fall as well as rise and you may not get back the amount of your original investment.

Attribution by Model Type¹

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
<1 Day Strategies	-0.2%	-0.2%	-0.9%	0.3%	-1.2%	-0.7%	0.2%						-2.7%
1-5 Day Contrarian	0.2%	0.8%	-0.4%	1.0%	1.1%	0.1%	0.0%						2.9%
1-5 Day Momentum	-0.1%	-0.6%	1.1%	2.5%	-1.4%	1.1%	-0.7%						1.8%
5-10 Day Contrarian	0.1%	0.0%	0.2%	0.0%	0.2%	0.2%	-0.6%						0.1%
5-10 Day Momentum	0.0%	-0.1%	0.2%	0.7%	0.0%	0.4%	-0.5%						0.6%
Hybrid & Machine Learning	0.2%	-3.2%	3.6%	2.6%	-0.2%	4.0%	-0.7%						6.3%
Volatility	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%						0.0%
Total Net Profit	0.2%	-3.3%	3.8%	7.1%	-1.6%	5.2%	-2.3%						9.0%

Monthly Attribution by Asset Class

Historical Attribution¹

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
Fixed Income	2.1%	0.5%	0.5%	5.7%	-0.7%	5.1%	-2.5%						10.7%
US Fixed Income	2.3%	1.0%	2.4%	4.5%	2.1%	1.0%	-0.1%						13.2%
European Fixed Income	-0.2%	-0.5%	-1.9%	1.2%	-2.7%	4.1%	-2.4%						-2.5%
FX	-1.9%	-3.8%	3.3%	1.4%	-0.9%	0.1%	0.1%						-1.6%
European FX	-1.4%	-1.7%	2.1%	1.4%	1.4%	-0.5%	-0.0%						1.3%
Asian FX	-0.6%	-1.4%	1.0%	0.3%	-1.5%	0.7%	0.5%						-1.1%
Other FX	0.2%	-0.7%	0.2%	-0.2%	-0.8%	-0.1%	-0.3%						-1.8%
Total Net Profit	0.2%	-3.3%	3.8%	7.1%	-1.6%	5.2%	-2.3%						9.0%



Share Classes

	NAV PER SHARE	ISIN	INCEPTION DATE
Class F USD	104.34	IE00BMVFY279	14/07/2020
Class F GBP	104.05	IE00BMVFY493	14/07/2020
Class F EUR	102.40	IE00BMVFY386	14/07/2020
Class SI EUR	102.04	IE00BMVFYH28	23/07/2020

*As at 29th July 2022. Source: Kepler Partners LLP

Notes:

1. All figures as at 29th July 2022. The table shows sector and system data for the KLS Niederhoffer Smart Alpha UCITS Fund (RGN Smart Alpha UCITS). RGN Smart Alpha UCITS performance is actual performance of USD Class F, net of fees and expenses. Returns do not represent the performance for any particular investor. It is possible in any particular period that certain investors may achieve better or worse performance as a result of the timing of their investments, payment or non-payment of fees.

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