

Monthly Commentary

As of May 31, 2022, the Net Asset Value (NAV) of the USD Institutional share class, net of fees and dividends, of the Calypso Strategy stood at USD 1,175.02. This represents a decrease of 2.85% for the month. During this “special” macro-economic environment, the volatility of our portfolio has been unusually high, affected by the severe correction in high growth stocks, one we would characterize as a great depression. In the meantime, the fundamentals of quality stocks during the past earnings season have remained firm on aggregate, which means that valuations have gotten substantially more attractive. As a result, we feel that we are now reaching a point where pessimism is reaching “consensus” status, with many market participants choosing to find “shelter” to defensive Staples, ignoring the fact that rising cost of capital and anemic margins give little to no space for these companies to respond to higher inflationary pressures across the supply chain, especially when consumers’ purchasing power is expected to decline. Defensives are already priced as if we are at the worst point of past recessions. Last month’s top contribution came from JP Morgan (+25Bps for the portfolio) who had a strong investor day on the 23rd of May, providing positive outlooks on Net Interest Income and Trading. These tailwinds were modestly offset by an expected increase reserve build, higher 2023 operating expenses and lower-than-expected 2Q22 IB expectations. The worst contribution in our portfolio came from Costco (-28Bps) which sold-off affected by poor results from Walmart and other low cost retailers. Costco continues to be a core holding for us given its unrivaled value proposition (11% gross margins), a fiercely loyal customer base (~90% renewal rate) and global growth opportunity (2-3% annually and likely double the current store base from here) are a rare combination in retail and consumer staples. In terms of asset allocation, we increased our equity gross exposure to 75%, maintaining our net exposure to 70%, introducing index hedges.

Abs. Portfolio Yield Income p.a	0.8%	Global Bond Aggregate TR Index	-0.14%
Weighted Market Cap.	246.67Bln	MSCI ACWI	0.18%
Portfolio RoE	30.8%	S&P 500 TR Index	0.18%
Avr. Portfolio P/E Ratio	21x	HFRX Equity Hedge Index	-0.75%
Gross Margin	15%	MSCI Europe Index	-0.59%
Alpha (vs. HFRX EQ Hedge Index %)	-8.372	MSCI Emerging Markets Index	0.46%
Beta (ITD %) to S&P 500	0.548	Strategy	-2.85%

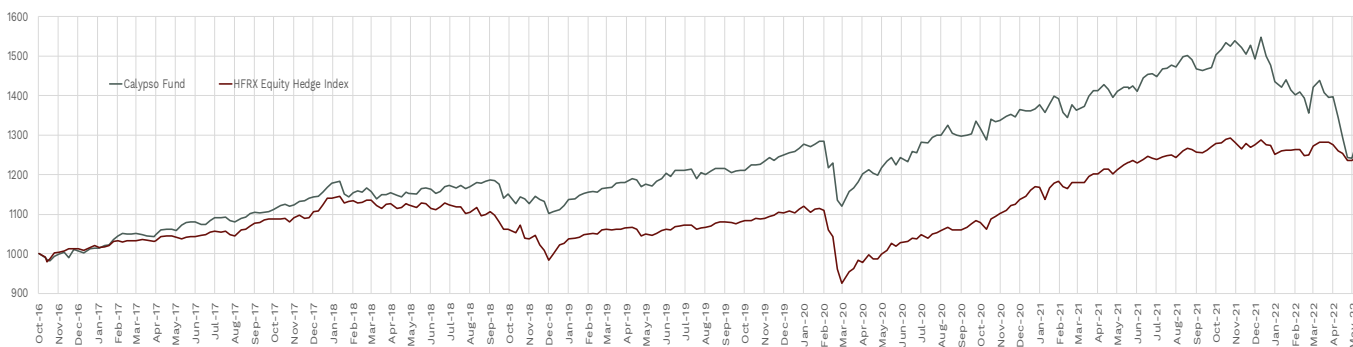
Investment Objective

Index outperformance through fundamental deep-dive equity research and subsequent investment in quality companies with widening business moats and earnings power. Alpha generation through time-arbitrage by taking a private buyer approach to public companies, low portfolio turnover, and average portfolio concentration to minimize drawdown. No market timing to enable stable participation in broader market returns.

Month-to-Date
May **-2.85%**
(NAV: \$1,175.02)

Year to Date	-14.96%
Last 3 months	-6.73%
Last 12 months	-7.19%
2021	14.26%
2020	9.36%
Since Inception	34.09%
Sharpe Ratio	0.54
Volatility	9.61%
Max Monthly Drawdown	-8.08%

Strategy Performance



Monthly NAV Change in % (incl. distributions)

Monthly NAV Returns	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2022	-8.08%	-0.80%	2.28%	-6.14%	-2.85%								-14.96%
2021	-0.31%	0.06%	1.25%	4.16%	-0.49%	1.65%	1.65%	2.13%	-2.33%	3.68%	0.29%	1.84%	14.26%
2020	1.15%	-3.98%	-4.56%	4.78%	1.84%	-0.16%	3.94%	3.47%	-1.86%	-0.83%	4.69%	1.04%	9.36%
2019	2.94%	1.68%	0.87%	1.88%	-1.56%	2.14%	1.46%	-0.37%	-0.22%	1.54%	1.54%	1.03%	13.63%
2018	3.22%	-1.99%	-1.69%	0.76%	0.27%	0.15%	1.22%	1.19%	0.36%	-4.73%	1.67%	-3.44%	-3.25%
2017	1.93%	3.06%	-0.41%	1.26%	1.13%	0.18%	1.58%	-0.19%	1.25%	1.79%	0.85%	1.28%	14.55%
2016											1.28%	-0.14%	1.14%

Top Equity Holdings

Microsoft	5.2%
Alphabet	3.3%
Unitedhealth	2.9%
NextEra Energy	2.6%
JP Morgan	2.4%
Motorola Solutions	2.3%

Top Sectors (Long and Short)

Sector	Long	Short	Net
Information Technology	18.3%	-1.0%	17.3%
Financials	16.1%	-0.4%	15.7%
Health Care	11.5%	-0.5%	11.0%
Consumer Discretionary	6.9%	-0.4%	6.5%
Communication Services	6.0%	-0.5%	5.5%

Top Corp. Bond Holdings

GS 0 02/23/2023 Floater	0.7%
Hyundai Cap 1.3 01/08/2026	0.7%
CVS Health 1.3 08/21/2027	0.6%
AT&T 1.65 02/01/2028	0.6%
American Express Co 2023/02/27	0.5%

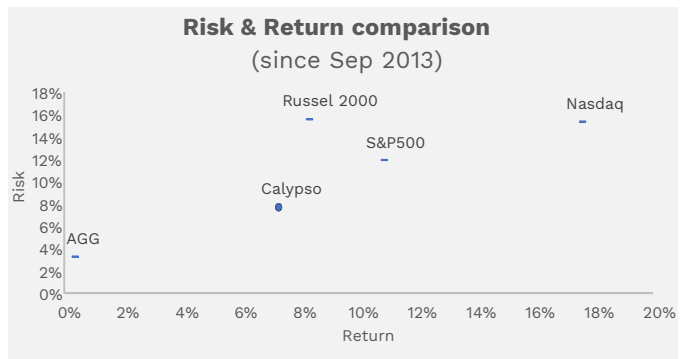
Exposures

Net Equity Exposure	68.0%
Linear Hedges	-3.7%
Alternative Strategies	0.0%
Bonds & US Treasuries	8.6%
Gross Exposure (all assets)	84.1%

Fund Facts

Fund Domicile	Austria
Fund Type	Hedge Fund AIF
Fund Management Co.	LLB Invest KAG
Fund Advisor	Fairway Asset Management AG
Custodian	Liechtensteinische Landesbank AG
Auditor	Ernst & Young
Trading Frequency	Weekly
Redemption Notice	None
Open Share Class	AT0000A1PCC8
Fund Assets	110.7 Mln USD
Contact	+41 (0) 44 552 97 30

Risk & Return



Fee Structure

Fee Structure	Institutional (capped at 100m)
Management Fee	1.0%
Performance Fee	10%
Hurdle Rate	USD 3M Libor + 2.5%
High Watermark	Yes

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