

## Performance

01/02/2022 – 28/02/2022

	NAV per share	Change, %
Class 1 USD	1033.39	0.48
Class 2 USD	1033.46	0.49
Class 4 EUR	1028.63	0.44

## Monthly Newsletter | February 2022

The LAIF fund operates on the market of weekly options on Nasdaq QQQ Invesco ETF (QQQ) (the largest and most liquid ETF that replicates the composition of the NASDAQ-100 technology index) and Russell 2000 iShares ETF (IWM) (the largest and most liquid ETF that replicates the composition of the Russell 2000 US small-cap index). The fund acts as an options seller on the exchange, earning returns by offering market participants an opportunity to hedge or bet on short-term market movements.

The purpose of the fund is to deliver stable market-neutral returns with low volatility results and a conservative risk profile.

## Monthly results

It's difficult to write February commentary, while staying impartial to the atrocities, taking place now in Ukraine. One of the most dangerous geopolitical and humanitarian risk events became in February a reality – a nuclear super-power invaded a sovereign European nation. It is now difficult to predict the mid-term and long-term consequences of this event. At this point we can only state the damage done to the major equity indices in February and year to date. S&P 500: February -3%, YTD -11.8%; NASDAQ 100: February -4.5%, YTD -18.5%; EURO STOXX 50: February -4.5%, YTD -14.6%; NIKKEI 225: February -2.5%, YTD -13.5%. To give an example of the current volatility, we can add that the main underlying asset of the LAIF strategy, the NASDAQ 100 index, on the day of the invasion was down 12.6% from the beginning of February.

However, it's important to note that the US assets denominated in dollars are indirectly benefitting from the geopolitical instability in the European region. Capital is moving from Euro to USD and from European markets into US markets. Which is why USD is strengthening to Euro and US indices are outperforming European indices.

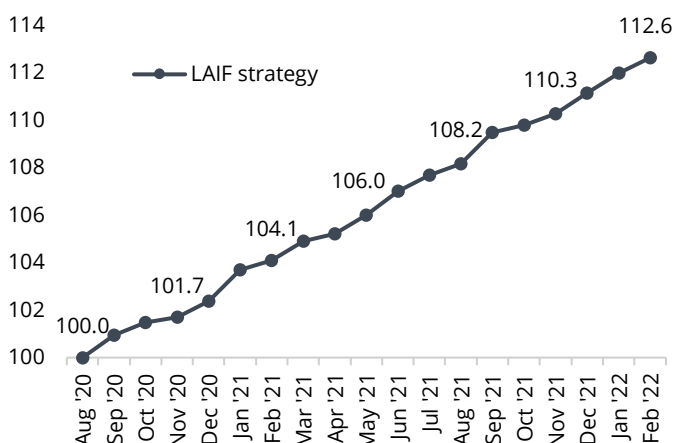
As we have stated many times before, the LAIF strategy is fit for any type of market dynamics, including a volatile correction which we have been witnessing since the beginning of the year. Which is why February result for the LAIF fund was +0.48% (6.3% p.a.) even though in two out of four weeks we decided not to open positions at all and stayed completely out of the market.

## Managers' actions

Current geopolitical context forces us to be particularly cautious when opening weekly positions or choose not to open them at all if the yield doesn't justify taking any risk, no matter how small. One of the strategy's strengths is its ultra-short investment horizon of no more than five days, Monday to Friday. But non-the-less, we always have and will always be assessing the probability of the worst-case scenario over the 5-day horizon and base our investment decisions on this assessment, including the selection of the strike level discount when selling put options.

Assessing and managing risk have always been and will always be the corner stones of LAIF strategy. And it looks like this year will give us many more opportunities to appreciate the importance of stringent risk management.

## Value of 100 USD invested since September 2020<sup>1</sup>



## Historical metrics<sup>1</sup>

Annualized return, %	8 (USD)
Max. Monthly drawdown, %	0
Sharpe Ratio	6.4
Sortino Ratio	14.3
Correlation with NASDAQ-100	-0.4
Positive months, %	100

### Historical Returns since inception of the strategy (group's proprietary account)<sup>1</sup>

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2020	-	-	-	-	-	-	-	-	0.95	0.54	0.19	0.71	<b>2.39</b>
2021	1.32	0.37	0.85	0.29	0.75	0.83	0.75	0.31	1.09	0.26	0.59	0.81	<b>8.22</b>
2022	0.75	0.58	-	-	-	-	-	-	-	-	-	-	<b>1.33</b>
<b>Inception to date, % p.a.:</b>													<b>7.96</b>

### Historical Returns by Share Class, %

#### Class 1 USD

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	-	-	-	-	-	-	-	-	0.91	0.21	0.47	0.64	<b>2.23</b>
2022	0.59	0.48	-	-	-	-	-	-	-	-	-	-	<b>1.07</b>
<b>Inception to date, % p.a.:</b>													<b>6.59</b>

#### Class 2 USD

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	-	-	-	-	-	-	-	-	0.82	0.22	0.49	0.67	<b>2.20</b>
2022	0.62	0.49	-	-	-	-	-	-	-	-	-	-	<b>1.11</b>
<b>Inception to date, % p.a.:</b>													<b>6.62</b>

#### Class 4 EUR

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	-	-	-	-	-	-	-	-	0.82	-0.06	0.55	0.65	<b>1.96</b>
2022	0.42	0.44	-	-	-	-	-	-	-	-	-	-	<b>0.86</b>
<b>Inception to date, % p.a.:</b>													<b>5.64</b>

## Share classes details

Class	Minimum subscription		Management fee, %	Performance fee, % *	Dividends	ISIN / Bloomberg
Class 1 USD	USD	250 000	0	25	—	KYG1R84N1597
Class 2 USD	USD	1 000 000	0	20	—	KYG1R84N1670
Class 3 USD <sup>2</sup>	USD	—	—	—	—	KYG1R84N1753
Class 4 EUR	EUR	250 000	0	25	—	KYG1R84N1910
Class 5 EUR	EUR	1 000 000	0	20	—	KYG1R84N2090
Class 7 GBP	GBP	250 000	0	25	—	KYG1R84N2256
Class 8 USD	USD	250 000	0	25	Yes	KYG1R84N1837

\* Minimum return for performance fee to be charged: 4% USD | 2% EUR | 4% GBP

## Fund Details

Name	Liquid Alpha Income Fund
Country of registration	Cayman Islands
Launch date	July 1st 2021
Base currency	USD
Subscription frequency	Weekly
Redemption frequency	Weekly <sup>3</sup>
Subscription / Redemption fee	None
High water mark	Yes
Dividends	Yes, Class 8D USD

## Providers

Administrator	Apex Fund Services
Investment advisor	Movchan Advisers Ltd.
Auditor	Deloitte
Prime-broker	Exante
Administrator	The Northern Trust
Databases	Bloomberg, Morningstar, Preqin

<sup>1</sup> September 2020 – June 2021 – group's proprietary account performance. Starting July 2021 – fund performance, Class 3.

<sup>2</sup> Class 3 USD is closed for new subscriptions.

<sup>3</sup> Weekly with 5 workday notice.

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