



# Knights of Columbus Long/Short Equity Fund

The long/short equity fund is designed for faith-based investors and invests in accordance with the guidelines set forth by the United States Conference of Catholic Bishops (USCCB).

## FUND INFORMATION

SHARE CLASS	I Shares
TICKER SYMBOL	KCEIX
INCEPTION DATE	December 2, 2019
BENCHMARK	HFRX Equity Market Neutral Index
LONG POSITIONS	67
SHORT POSITIONS	29
MINIMUM INVESTMENT	\$25,000
GROSS EXPENSE RATIO	2.05%
NET EXPENSE RATIO	2.03%

Waivers are contractual and in effect until February 28, 2025. In the absence of current fee waivers, performance would be reduced.

## INVESTMENT OBJECTIVE

The Long/Short Equity Fund seeks to increase diversification within portfolios and pursues capital appreciation by establishing long and short positions in domestic U.S. equities. The team favors companies that have attractive valuations and exhibit high-quality financial positions with a history of strong free cash flow.

## INVESTMENT PROCESS

The Fund's selection model employs value, earnings quality, and other proprietary measures when ranking the large cap universe. The process entails a value bias when evaluating securities and places primacy on identifying undervalued firms relative to their quality (longs) and overvalued firms based on their quality (shorts). While the Fund tends to have a modest net long exposure, it can be net short and often carries large cash balances due to proceeds from the short positions.

## PERFORMANCE (As of 6/30/24, inception date: 12/2/2019)

	Annualized Returns					
	QTR	YTD	1-Year	3-Year	5-Year	Since Inception
<b>Long/Short Equity Fund</b>	<b>1.10%</b>	<b>7.59%</b>	<b>10.69%</b>	<b>9.76%</b>	-	<b>5.37%</b>
HFRX Equity Market Neutral Index	1.26%	4.21%	7.58%	2.29%	-	1.00%
Lipper Alternative Long/Short Equity Classification	0.88%	7.83%	13.24%	5.06%	-	N/A*

The performance data quoted represents past performance. Past performance is not a guarantee of future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth less than their original cost and current performance may be higher or lower than the performance quoted. The Fund charges a 2.00% redemption fee on shares held less than 30 days. Investment performance does not reflect this redemption fee; if it was reflected, the total return would be lower than shown. For performance data current to the most recent month end, please call 1-844-KC-FUNDS.

\*Lipper does not provide fund specific inception date returns.

## GROWTH OF \$10,000 (As of 6/30/24)

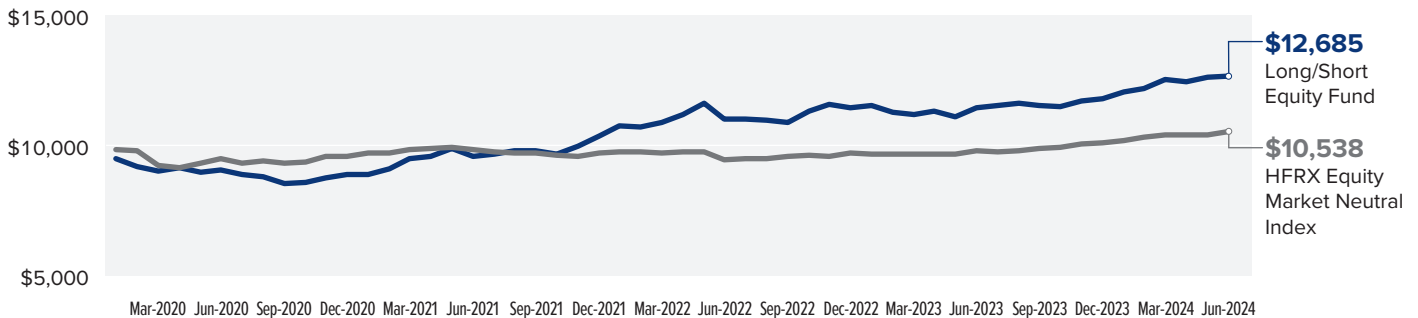
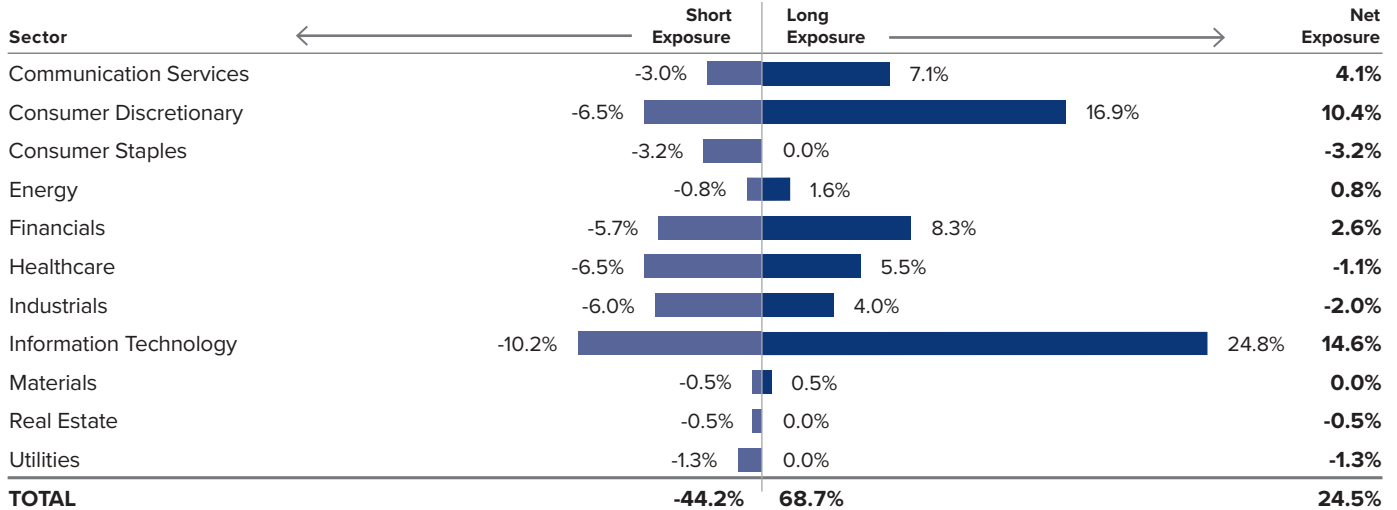


Chart depicts the value of a hypothetical \$10,000 investment in the Fund over the past 10 years (or since inception for funds lacking 10-year history). Investment performance is for Class I shares, and assumes the reinvestment of dividends and capital gains. The performance would have been lower if the Class A sales charges were deducted.

SECTOR WEIGHTINGS (Excluding cash, As of 6/30/24)



Source: Wells Fargo Prime Brokerage, Data As of 6/30/2024

TOP 10 ACTIVE LONG POSITIONS

(Excluding cash, As of 6/30/24)

NTAP	2.28%	EXPE	2.06%
AAPL	2.17%	APP	2.04%
META	2.09%	EBAY	2.04%
MSFT	2.06%	BRK/B	1.91%
GOOGL	2.06%	DVA	1.91%
<b>TOTAL</b>			<b>20.62%</b>

Holdings are subject to change.

TOP ACTIVE LONG FUNDAMENTALS

(As of 6/30/24)

	Longs	Shorts
FCF/EV	7.0%	0.8%
P/E	17.4x	N/A*
Dividend Yield	1.6%	1.0%
ROE	42.6%	7.8%
Margins	26.3%	15.9%
3 Yr Sales Growth	42.5%	85.8%

\* P/E is N/A due to a reciprocal issue when flipping an average E/P metric closing in on the zero bound.

QUARTERLY COMMENTARY

The benchmark HFRX Equity Market Neutral Index rose +1.26% while the Fund rose +1.10% net in Q2 2024. Despite muted returns in Q2, the Fund had a strong first half, up +7.59%, outperforming the +4.21% return for the benchmark.

Market Overview:

U.S. equities, measured by the Russell 1000 Index, rose +3.60% for the second quarter of 2024.<sup>1</sup> However, performance was highly diffused based on size and style. Returns came in at -2.2%, +3.6%, and +8.3% for the large cap value, core, and growth indexes, respectively.<sup>2</sup> The Midcap Benchmark fell by -3.3%.<sup>3</sup> The outsized returns to large growth were powered by mega-cap tech stocks that have been driving the market all year.

Despite uncertainty and “animal spirits” that occasionally cause big moves up and down in the likes of Nvidia Corporation, volatility in the equity market has been subdued year-to-date, with the most often-cited measure of market volatility, the VIX, averaging just 13.8 for the first six months of 2024, versus 18.0 over the past 10 years.<sup>4</sup>

Contributors & Detractors:

NetApp, Inc. (NTAP, +45bps), a data storage software company, benefits from two durable trends driving global commerce: 1) business managers now make decisions based on the interpretation of data as opposed to more qualitative factors, and 2) the inexorable growth in cloud computing for handling the mountain of data necessary for organizations to thrive.

The information provided herein represents the opinion of the manager at a specific point in time and is not intended to be a forecast of future events, a guarantee of future results nor investment advice.

NetApp shares have performed well in the first half of 2024, rising 48% since year-end 2023. Nevertheless, the stock still has significant upside due to its modest multiple and growth potential, in our view.

Until recently, Qualcomm Incorporated (QCOM, +9bps) had been known primarily as a manufacturer and licensor of consumer product chipsets for mobile phones.

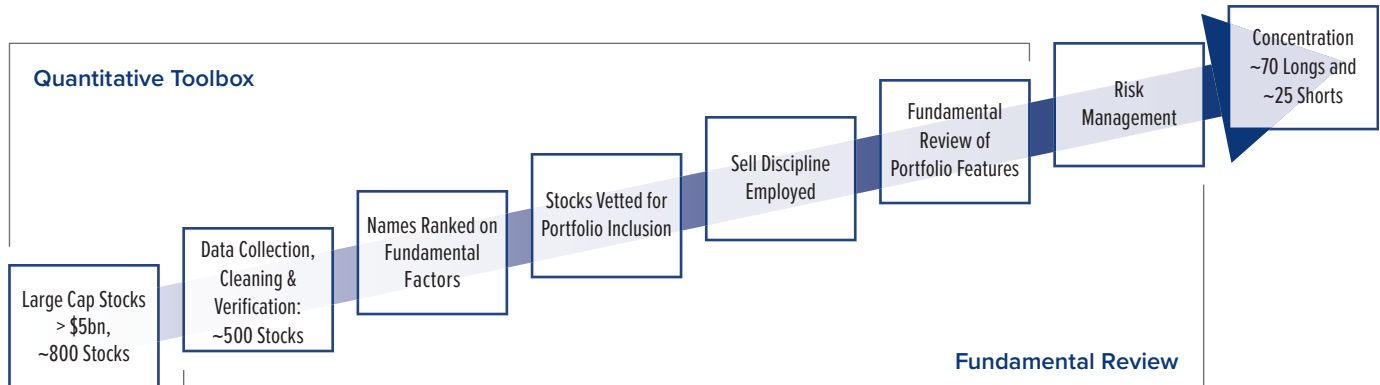
However, QCOM has successfully transformed itself into a well-integrated computer company because of its Snapdragon X Elite chips. QCOM is currently ahead of industry titans like Intel Corporation, Advanced Micro Devices Inc., and Apple Inc. Dell Technologies Inc, HP Inc., Lenovo Group Limited, and Microsoft Corporation have all announced plans to produce Snapdragon-powered PCs.

QCOM is now a highly recognizable AI play because of its heavily utilized Snapdragon chips. However, the stock trades at only a moderate 20x P/E multiple based on FY 2024 analysts’ EPS estimates. Consequently, we believe there is considerable scope for QCOM multiple expansion.

Corpay, Inc. (CPAY, -24bps) is a global business payments company that helps businesses manage and reduce some of their biggest expenses. CPAY has scaled its business impressively since its incorporation in 2000. It has 800,000+ business clients and 4 million merchants and vendors in its network.

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## INVESTMENT PROCESS



## QUARTERLY COMMENTARY (continued)

CPAY's business model has three very positive characteristics: Fast growth, Highly profitable, Consistently robust free cash flow generation.

Despite CPAY's strong growth and profitability, the stock underperformed the market in 2Q 2024. In so doing, investors have brought CPAY's multiple down to just 14x based on analysts' consensus 2024 earnings estimates.<sup>5</sup> This valuation is far too low for a company of CPAY's caliber, in our view.

HF Sinclair Corporation (DINO, -10bps) has 678,000 barrels/day of refining capacity across the U.S. West and Mid-Continent regions. DINO also produces base oils and specialized lubricant products in the U.S. and many other countries.

DINO looks extremely undervalued to us based on traditional metrics. The stock trades at just 6.3x earnings and has nearly a 17% free cash flow yield. While crack spreads are volatile, we believe investor pessimism is overblown at these levels.

**Final Thoughts:**

2024 is off to a strong start despite the continued speculative preference we see in the market. Our view is that over the full-cycle the strategy will provide equity-like returns with negligible correlation to broad benchmarks. As detailed in our research and commentaries, this belief is fortified by the speculative capital allocation that drove much of 2023's returns, in our view, which has once again "primed" our short book to provide a valuable source of downside protection and absolute returns for long-term investors following a disciplined asset allocation program.

<sup>1</sup> <https://ycharts.com/indices/%5ERUITR>

<sup>2</sup> Russell 1000 Value Index, Russell 1000 Index, Russell 1000 Growth Index, Bloomberg.

<sup>3</sup> Russell Midcap Index, Bloomberg.

<sup>4</sup> Calculated with data from SeekingAlpha:

<https://seekingalpha.com/symbol/VIX/historical-price-quotes>

<sup>5</sup> Bloomberg data.

## ABOUT KNIGHTS OF COLUMBUS ASSET ADVISORS

Knights of Columbus Asset Advisors, LLC ("KoCAA"), an SEC registered investment advisor, is the investment advisor to the Knights of Columbus Funds and serves as the investment arm of Knights of Columbus, the world's largest Catholic fraternal organization. KoCAA offers a suite of faith-based investment solutions that are managed in accordance with USCCB investment guidelines. As of 6/30/24, KoCAA managed approximately \$28 billion in total assets. For more information about KoCAA's business operations, please consult the Firm's Form ADV disclosure documents, the most recent versions of which are available on the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or call a KoCAA representative at 844-523-8637

**HFEX EMN (Equity Market Neutral):** — Equity Market Neutral strategies employ sophisticated quantitative techniques of analyzing price data to ascertain information about future price movement and relationships between securities, select securities for purchase and sale. These can include both Factor-based and Statistical Arbitrage/Trading strategies. Equity Market Neutral Strategies typically maintain characteristic net equity market exposure no greater than 10% long or short.

**S&P 500 Index** — The S&P 500 or Standard & Poor's 500 Index is a market-capitalization-weighted index that measures the value of the stocks of the 500 largest U.S. publicly traded companies.

**Markit iBoxx USD Liquid Investment Grade Index** — The Markit iBoxx USD Liquid Investment Grade Index is designed to reflect the performance of US Dollar (USD) denominated investment grade corporate debt. The index rules aim to offer a broad coverage of the USD investment grade liquid bond universe. The indices are an integral part of the global iBoxx index families, which provide the marketplace with accurate and objective indices by which to assess the performance of bond markets and investments. The index is market-value weighted with an issuer cap of 3%.

Knights of Columbus Asset Advisors serves as the investment adviser to the fund and oversees the activities of L2 Asset Management LLC, as the fund's investment sub advisor.

**This material must be preceded or accompanied by a current prospectus. Investors should read it carefully before investing or sending money.**

Investing involves risk, including possible loss of principal. There is no guarantee that the investment objective will be achieved.

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Knights of Columbus Asset Advisors, 1 Columbus Plaza, New Haven, CT 06510

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