

Prizm Master Fund

A Large Cap U.S. Equities Long / Short Market Neutral Strategy

30 November 2024

FUND FACTS

Launch Date	31 May 2022
Domicile	UK
Fees	1.5% & 20%
Denominations	USD
Liquidity/Dealing	Monthly
Year End	31 December
ISIN	KYG724AP1013
Minimum Investment	\$100,000

OVERVIEW

Investment Objectives

The Funds objective is to provide highly uncorrelated returns against the market and peers while aiming to achieve positive returns, irrespective of market direction. Whilst performance is an important consideration a core tenet of the strategy is capital preservation.

Investment Approach

The strategy employs a fully systematic fundamentally driven process centred around the 1000 largest US stocks by market capitalisation. The process, structured in a market-neutral framework, adopts a fundamental, valuation driven approach focused on 50 longs and 50 shorts rebalanced back to 2% each month. The valuation driven methodology ranks the universe utilising a systematic 13-factor approach, aiming to generate alpha from both sides of the book.

PRIZM MASTER FUND PERFORMANCE vs. S&P500 EQUAL WEIGHTED (TR) & PEERS

From Inception (31/5/2022 – 30/11/2024) - Net Performance %

PERIODS	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year-to-Date (Net)	Cumulative (Net) Since Inception	Cumulative (Annualised) Net
PRIZM MASTER FUND - 2024	5.66	-2.19	2.06	0.78	1.08	0.47	3.72	-0.80	-1.68	-3.69	-12.30		-7.77	3.17	1.26
EUREKA HEDGE NA **	0.67	2.48	2.18	-1.75	1.81	0.05	1.74	0.27	0.92	-0.03	3.85		12.76	21.99	8.26
BARCLAY HEDGE	0.44	1.94	1.91	-1.10	1.69	0.45	1.46	0.71	1.62	-0.59	2.06		11.05	18.56	7.05
BLOOMBERG PEERS (n=70)	1.17	2.37	2.31	-2.24	2.43	0.91	0.91	1.75	1.10	-0.32	2.89		13.98	25.58	9.54
S&P500 Equal Weighted (TR)	-0.82	4.16	4.46	-4.87	2.82	0.45	4.49	2.50	2.34	-1.63	6.42		20.56	32.20	11.79
PRIZM MASTER FUND - 2023	-1.34	0.83	-2.29	2.98	-0.11	2.24	1.19	3.69	1.56	1.23	-1.53	-2.25	6.13	11.86	7.34
EUREKA HEDGE NA **	3.51	-0.75	-0.05	0.20	-0.31	2.59	1.84	-0.66	-1.45	-1.39	3.67	3.33	10.83	8.18	5.08
BARCLAY HEDGE	3.36	-1.08	0.05	0.40	-0.63	2.18	1.69	-0.61	-1.27	-1.61	3.82	2.81	9.27	6.76	4.21
BLOOMBERG PEERS (n=70)	2.66	-1.08	1.18	1.08	-0.11	2.95	1.42	-0.22	-2.17	-0.80	3.95	2.39	11.25	10.29	6.50
S&P500 Equal Weighted (TR)	7.39	-3.30	-0.88	0.34	-3.79	7.72	3.46	-3.16	-5.08	-4.08	9.14	6.86	13.87	9.65	5.99
PRIZM MASTER FUND - 2022						-0.90	1.46	-2.87	0.85	4.13	1.88	0.88	5.40	5.40	9.44
EUREKA HEDGE NA **						-4.06	3.08	-0.63	-3.63	2.75	1.99	-1.63	-2.39	-2.39	-4.04
BARCLAY HEDGE						-3.85	2.58	-0.38	-3.94	1.86	2.89	-1.24	-2.30	-2.30	-3.89
BLOOMBERG PEERS (n=70)						-4.12	3.02	-1.76	-3.60	4.38	2.91	-1.79	-0.96	-0.96	-1.64
S&P500 Equal Weighted (TR)						-9.40	8.70	-3.50	-9.23	9.80	6.70	-4.71	-3.71	-3.71	-6.24

Trailing Twelve Months (TTM) - 30/11/2023-30/11/2024

Inception - 31/5/2022-30/11/2024

Portfolio Risk Stats	S&P500 EW TR	BARCLAY HEDGE	EUREKA NA **	PRIZM MASTER FUND	S&P500 EW TR	BARCLAY HEDGE	EUREKA NA **	PRIZM MASTER FUND
Annualised Returns (Net) of Fees	28.83	14.17	16.52	-0.85	11.79	7.05	8.28	1.26
Cumulative (Net) Returns					32.20	18.56	21.99	3.17
Sharpe Ratio (Net): **	2.10	2.54	2.30	-0.98	0.24	0.24	0.33	-0.18
Standard Deviation: ^		0.40	0.30	0.84	1.00	0.44	0.50	0.74
Downside Deviation: ^		0.07	0.11	0.63	0.69	0.28	0.31	0.53
Correlation to SPXEW **		0.95	0.94	-0.36		0.96	0.97	-0.08
Beta to SPXEW ^		0.34	-0.37	-0.45		0.12	-0.08	-0.21
Alpha: ^		-0.17	-0.12	-0.04		0.00	0.00	0.02
Tracking Error: ^		0.87	0.92	1.29		0.84	0.92	1.40
Turnover: ^				1016				1963
Mean Return: ^	0.10	0.06	0.03	-0.03	0.05	0.02	0.02	0.02
Max Drawdown: ^	6.00		1.02	19.85	16.19		5.87	19.85
Peak-To-Valley: ^	2024/3/28-2024/4/18	2024/8/29-2024/11/26	2023/12/21-2024/1/3	2024/8/7-2024/11/29	2022/8/16-2022/9/30	2024/8/29-2024/11/26	2022/9/7-2022/9/23	2024/8/7-2024/11/29
Recovery: ^	63 Days	Ongoing	1 Day	Ongoing	87 Days	Ongoing	203 Days	Ongoing
Positive Periods: ^	159 (60.92)	260 (99.62)	235 (90.04)	134 (51.34)	362 (55.44)	644 (98.62)	513 (78.56)	349 (53.45)
Negative Periods: ^	102 (39.08)	1 (0.38)	26 (9.96)	127 (48.66)	291 (44.56)	9 (1.38)	140 (21.44)	304 (46.55)

Eureka Hedge North America (NA) & Barclay Hedge – November 2024 returns are based on 46.80% & 92.10% of funds reported by 6/1/2025.

^ Source: Prizm/Interactive Brokers (IB) LLC risk statistics are gross returns unless otherwise stated & are against the S&P 500 Equal Weighted total return index. Performance numbers have been independently verified by EisnerAmper (Auditors) to March 2024. Net returns are after 1.5% management and 20% performance fees. Risk Free Rate/SOFR 4.47% (month end). ** Eureka Hedge performance data are frequently updated, sometimes years back. Equal Weighted (EW) Total Return (TR). BarclayHedge risk data to 5/9/2024 given poor customer service.

Of the 70 hedge funds listed by Bloomberg with an equity market neutral & geographic focus on the United States (since inception in May 2022 to November 2024) the Fund ranked 66th (in USD) or 94th percentile in the (inclusive) peer group with a gain of 3.17%.

Within the November 2024 Soc Gen Equity Long/Short peer group, the Fund ranked 96/96 within the comparative funds, or 100th percentile and over the TTM period the Fund ranked 57/96 within the comparative peers, or 60th percentile.

Prizm Master Fund - Large Cap US Equities Long / Short Market Neutral Strategy

FUND MANAGER MONTHLY COMMENTARY | 30 NOVEMBER 2024

Market and performance review

The Prizm Master Fund, designed to preserve capital by delivering positive returns in most market environments and often negatively correlated, had a very challenging November. At the end of November 2024, the Prizm Large Cap US Equities Long/Short Fund (the Fund) delivered a year-to-date (YTD) loss of 7.77%, against the S&P 500 equal-weighted total return (TR) index's 20.56% gain. With markets near all-time highs and 74% of our universe making 200-day highs, it is frustrating, but not surprising, to see our shorts being squeezed substantially higher on the month. For example, in our 1000-stock universe those ranked in the top 50 by highest short interest at the beginning of the month rose on average 19.18%, (ranging from -29.6% to +142.8%), and 3.00x the return of the S&P500. In essence November can succinctly be described as a "short squeeze".

During November, the Prizm Fund saw a 12.30% fall which shows it is sometimes, negatively correlated to markets, especially when they are at all-time highs. Since inception, the Fund has seen a cumulative gain of 3.17%, inclusive of management and performance fees, behind the 32.20% gain of the S&P 500 equal-weighted index, and cash gains of 12.22%.

Examining the broader US equity market during November, the equal-weighted S&P 500 TR index saw a 6.42% increase. It is a more appropriate comparator to the Prizm Fund, because at the start of every month the Fund's 50 longs/shorts are re-weighted to 2% position sizes – without intra-month adjustments – to avoid any undue influence from larger-cap stocks as is often seen with the traditional S&P 500 index.

The consensus 2024 S&P 500 fiscal year earnings estimates (as at 02/12/2024) anticipate a 1.56% upswing (\$242.33 and a PE of 24.89x, Source: Bloomberg) while the year end estimates for the S&P 500 equal-weighted index suggest a decrease of 1.68% (\$377.40 and a PE of 20.11x). The consensus 2025 fiscal year earnings estimates anticipate a 12.53% upswing for the S&P 500 (\$272.70 and a PE of 22.12x) and an increase of 12.85% and \$425.90 and a PE of 17.82x for the S&P 500 equal-weighted index. It's also worth highlighting that the S&P500 now trades on 16.08x 2025 Price/Cashflow up from 10.3x when estimates for FY25 were first published as compared with MSCI EAFE on 8.09x. The 2025 S&P 500 equal-weighted index estimates assume 3.87% revenue growth and should be considered in the context of estimated 4.5% for FY25 (based on 2.1% GDP & 2.4% inflation), up from 4.3% in October. It is worth noting EBITDA margins for the S&P 500 equal-weighted index were 16.17% in FY23 and are forecast to be 16.09% at the end of FY24, 17.57% for FY 2025 and 18.22% for FY26.

We continue to be mindful of what could sabotage the current "goldilocks world" we are living in and are becoming increasingly concerned about the impact of global warming on crop yields now, and into the future. Coffee prices for instance are being driven up by Brazilian droughts. Outside of valuation, a very blunt tool, there would appear to be little that could hold this market back – A worrying sign! And never forget to monitor developments in Taiwan.

Fundamentally, the Fund is committed to authentic valuation-driven stock picking without the need for any leverage to "make it work". Our methodology does not reflect the intrinsic quality of the business, the competence of its leadership or its offering. Rather, it signals/questions if the current market valuation accurately reflects the prevailing company story, and whether it is undervalued or excessively overvalued. And of course, stocks can always get more expensive or indeed cheaper. It's worth highlighting that, at its core,

this product is about capital preservation, when you need it most, namely in market drawdowns.

In sector exposure of the Long Book was focused on Energy, Consumer Discretionary and Technology, while the Short Book was focused on Financials, Industrials and Technology (Financials and Industrials were net shorts sectors and Energy and Consumer Discretionary were net Longs). There is no disputing that November was an extremely poor month with the Long book seeing an average increase of 6.85% whilst the Short book saw an average increase of 21.42%. Historically when markets are making highs the Long book has performed very well. There was little difference between beta and short interest as there was little difference between the Long or Short books on rebalance date. It can probably be put down to CTAs, leveraged ETFs and Twitter/retail investors who were chasing stocks that have run...and in doing so have driven them even higher. This reminds us of the meme craze of early 2021 and we know how that ended.

A striking example of what has been going on in markets MTD is the company JOBY (Joby Aviation), an all-electric vertical take-off and landing aircraft "play". MTD the stock was up 86.5% after reporting "disappointing" earnings. In the past 28 days 2025 earnings estimates have DECLINED by 28.6% and remains loss-making through until at least 2027. This paradoxical behaviour is indicative of a market squeeze (short interest stood at 15.92% of the free float at month-end), a phenomenon we have witnessed in many of our short positions (see below). History suggests that such extreme valuation moves are often unsustainable.

Unsurprisingly given the 6.42% MTD index move, the Price Momentum factor was the most significant contribution to our negative performance this month. We initiate longs in those names with valuation support AND that look technically good, and short those with little valuation support/inflated expectations and where the stock has run up aggressively where we believe they will revert, in time. Three of the thirteen factors recorded positive returns on the month.

Standout positives among the stocks in the Long "book" this month were, firstly, URBN (Urban Outfitters, Inc.), a fashion apparel retailer that reported very good numbers, saw some broker upgrades and was up +35.6%. Secondly, QLYS (Qualys Inc.), a security software business that reported good numbers, saw some broker upgrades and announced that they were exploring a possible sale of the business and was up +28.8%.

In the Short "book," the winners this month were (again) RUN (Sunrun, Inc.), a solar energy company that was a casualty of the Trump win given his possible energy policies and was down 20.2%. Secondly, MKTX (MarketAxess Holdings, Inc.), a fixed income trading business that reported a small earnings beat but continues to be hurt by off-exchange block trading and is fully valued, was down 10.4%.

Negatives on the Long side were SMG (Scotts Miracle-Gro Co.), a consumer lawn and garden products business that reported poor earnings and fell 10.6%. Meanwhile, NSIT (Insight Enterprises Inc.), an IT services business was a casualty of their latest acquisition and weak earnings and fell 10.6%.

On the Short side, negatives were IONQ (IonQ, Inc.), an ion quantum computer business that reported an earnings miss but a revenue beat, a series of partnerships, together with a large contract. However, it is a prime example of the short squeeze referred to above and was up +142.8%. Meanwhile, JOBY (Joby Aviation, Inc), mentioned above, rose 86.5%.

MONTHLY PERFORMANCE CONTRIBUTION

Top Contributors	%
Urban Outfitters, Inc. (URBN - Long)	+ 35.5
Qualys, Inc. (QLYS - Long)	+ 28.8
IAC Inc. (IAC - Long)	+ 25.4
Sunrun Inc. (RUN - Short)	- 20.2
Northern Oil & Gas, Inc. (NOG - Long)	+ 20.0

Top Detractors	%
IonQ, Inc. (IONQ - Short)	+ 142.8
Joby Aviation, Inc. (JOBY - Short)	+ 86.5
Coinbase Global, Inc. –Class A (COIN - Short)	+ 65.2
Robinhood Markets, Inc. (HOOD - Short)	+ 61.9
Affirm Holdings, Inc. (AFRM - Short)	+ 59.8

INVESTMENT TEAM LEAD



Robert Sellar

With a rich background encompassing both hedge funds and long only investing, Robert Sellar embarked on his investment career in 1982.

His impressive career includes Founder and Hedge Fund manager of the South River/Prizm Large Cap North American Equities Long/Short Fund, London.

- Hedge Fund Portfolio Manager and Partner at Cameron Capital Management LLC, PA, (CCM was a long/short market neutral fund which was successfully sold to Valley Forge Advisors, USA)
- Co-managed the BP Pension Fund North American fund (\$5Bn AUM), London
- Head of North American equities and top decile PM for Aberdeen Asset Management (\$3Bn AuM) in London and Philadelphia (where he lived for ~seven years)
- Robert also managed the Aberdeen Asset Management Global Technology Fund (\$100mm AuM), London
- Co-managed the British Steel European equities fund (\$1Bn AuM), London
- Worked for both BZW and UBS on the sell side.
- Robert is a member of a five-man team within South River AM
- Robert was born in New Zealand

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PLEASE NOTE: SOUTH RIVER ASSET MANAGEMENT LTD IS THE FCA REGULATED HOSTING PLATFORM TO THE NEWLY NAMED PRIZM MASTER FUND SOON TO BE LAUNCHED CAYMAN FUND. INCEPTION NET FUND RETURNS DO NOT YET INCLUDE FUND EXPENSES AHEAD OF LAUNCH.

IMPORTANT INFORMATION

This factsheet is not an invitation to subscribe and is for information purposes only. The systematic process is based on the long-term track record of PRIZM back tested market neutral process which dates back to December 1999 with all factors and coefficients fixed since inception and going forward. Please note that the value of funds and assets (and the income from them) may go down as well as up and may be affected by, amongst other things, changes in rates of exchange. Please note the information in this factsheet does not form an invitation to buy or sell units or shares and must not be distributed without the express permission of South River Asset Management Ltd.

The above numbers are from a Separate Managed Account invested using the Factors to be used in the upcoming Prizm Master Fund. These returns have been reviewed by the funds' auditor, EisnerAmper