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# Ni-to-ryu

Investments in US stocks  
using the Long/Short approach

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# Ni-to-ryu



**The strategy designed to profit from both rising and falling US stock prices**

## Portfolio manager's expertise

high-growth US stock selection

## Current market opportunities

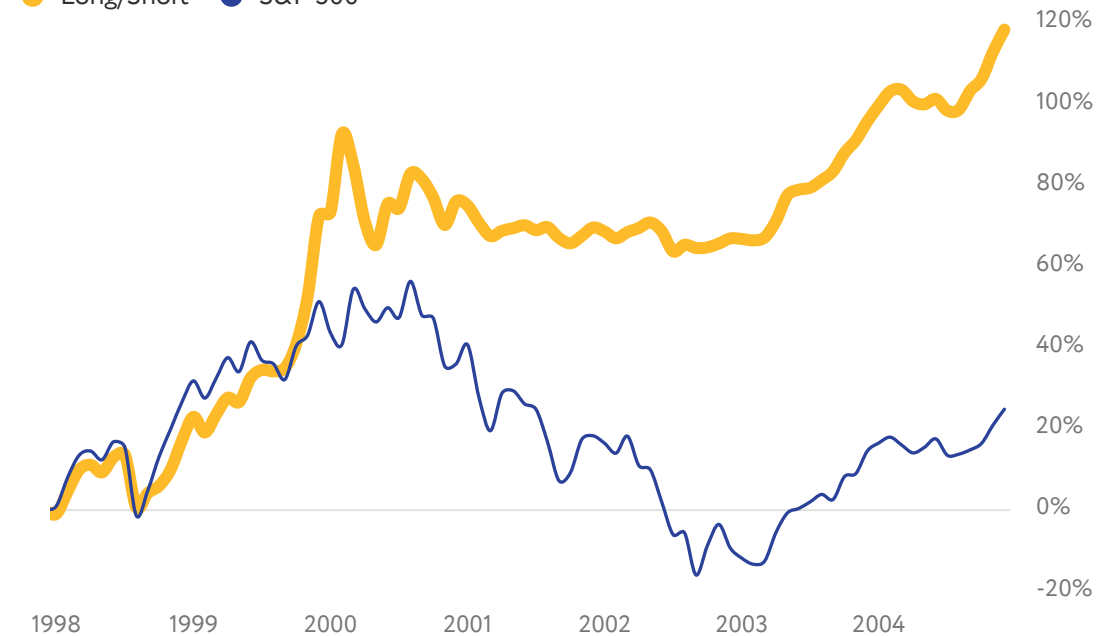
the early 2000s scenario might play out again

## Infrastructure

allows execution of Long/Short strategies

## Return of Long/Short hedge funds vs US equities

● Long/Short ● S&P 500



Source: Bloomberg

# Portfolio Manager



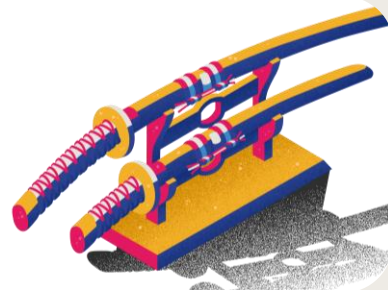
Successfully managed portfolios of US and Chinese equities for 15 years, with assets up to \$140 million

The result was the creation of this Long/Short strategy, going long on mid-cap stocks and shorting the broad market

The new strategy enables earning in both rising and falling markets

Ni-to-ryu 'two sword school'  
is the Japanese martial art

Reflects the concept  
of the Long/Short strategy approach



**Nikita Emelyanov**

# Long/Short Approach

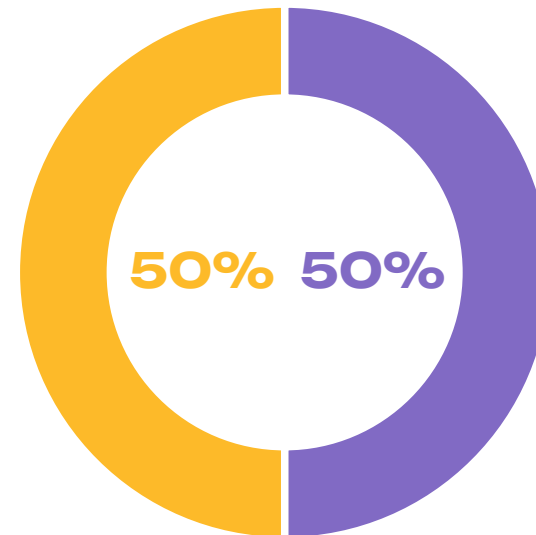


Long enables to profit from the increase of mid-cap growth companies

Short serves as protection and a way to profit from a potential decline in the US market

The combination of approaches enables to profit from current trends while hedging risks

## Model portfolio



● **Long**  
Buying equities

● **Short**  
Selling US equity indices

# Model Portfolio



		Example	Number of tickers	Share of assets	Expected market premium <sup>1</sup>
<b>Long</b>	Mid-caps	Block, DraftKings	<b>15-20</b>	<b>40%</b>	<b>15%<sup>+</sup></b>
	Blue-chips	Microsoft, NVIDIA	<b>5</b>	<b>35%</b>	<b>10%<sup>+</sup></b>
<b>Short</b>	Triple short of the broad market	Inverse ETFs NASDAQ-100, S&P 500	<b>5</b>	<b>25%</b>	
+ Option for Rebalancing					
<b>Ideas</b>	Equities with the potential for index inclusion	Uber, Dell	<b>2-3</b>	<b>10-20%</b>	<b>15%<sup>+</sup></b>

**10%<sup>+</sup>**  
total

<sup>1</sup> Additional return exceeding the performance of the US market, according to estimations of the strategy's portfolio manager

# US Equity



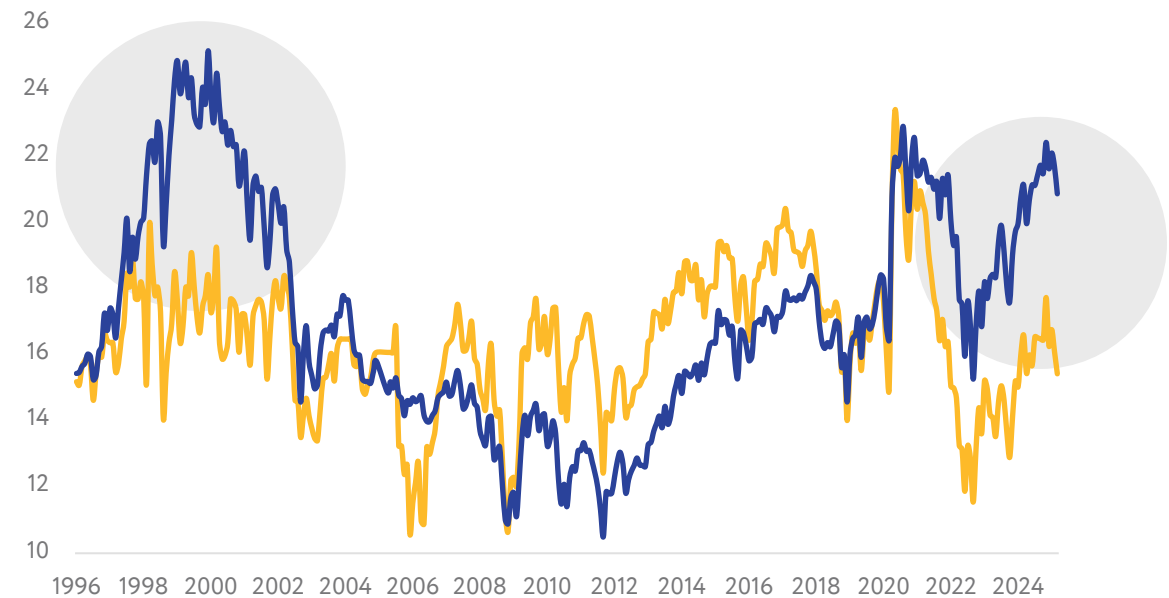
High valuation of US blue-chip stocks exceeded a P/E ratio of 20

Significant valuation gap between blue-chip and mid-cap stocks

History may mirror the early 2000s

## Valuation by P/E ratio

● S&P 500 (large-cap) ● S&P 400 (mid-cap)



Source: Bloomberg

# Current opportunities



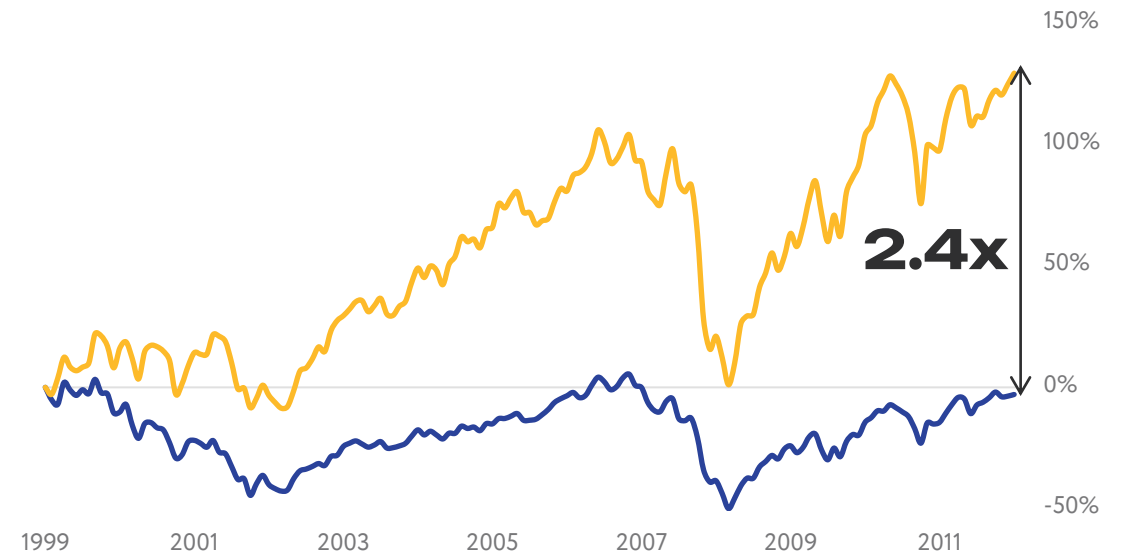
The lack of growth in the S&P 500 index in the early 2000s

However, other opportunities emerged such as long positions in mid-cap stocks and short positions in the broad US market

During this period, this Long/Short approach yielded an annual outperformance of the S&P 500 by 7.5%

## Performance of US equities in the early 2000s

● S&P 500 (large-cap) ● S&P 400 (mid-cap)



Source: Bloomberg

# High growth



We select US mid-cap companies exhibiting high growth rates

Large-cap can face slowing business growth and increased regulatory pressure

This may additionally drive mid-cap stock prices higher

## Growth rate

↑ 18%

mid-cap companies of our portfolio

VS

↑ 13%

Nasdaq

Source: Bloomberg

# Performance



↑ **8.6%**

return since inception

### Historical Return, %



# Ni-to-ryu



Long/Short approach

## Active management

spotting relevant trends and capitalizing on both market upturns and downturns

## Hedging risks

hedging as protection and a way to profit from declining equity prices

## Relevant investment ideas

capitalizing on opportunities arising from increasing uncertainty in the US economy

**10%<sup>+</sup>**

net expected annual return<sup>1</sup>

up to **10%**  
possible drawdown<sup>2</sup>

USD	strategy currency
100 000	minimum amount
0.3%	management fee
10%	performance fee

**1<sup>+</sup> year**  
recommended period

<sup>1</sup> Assessment is performed by the portfolio manager based on analysis of the current market situation

<sup>2</sup> CVaR (a risk measure that evaluates the average loss in the worst 20% of cases) over a 1-year horizon.



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