

二刀流

Ni-to-ryu

Investments in US stocks
using the Long/Short approach





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

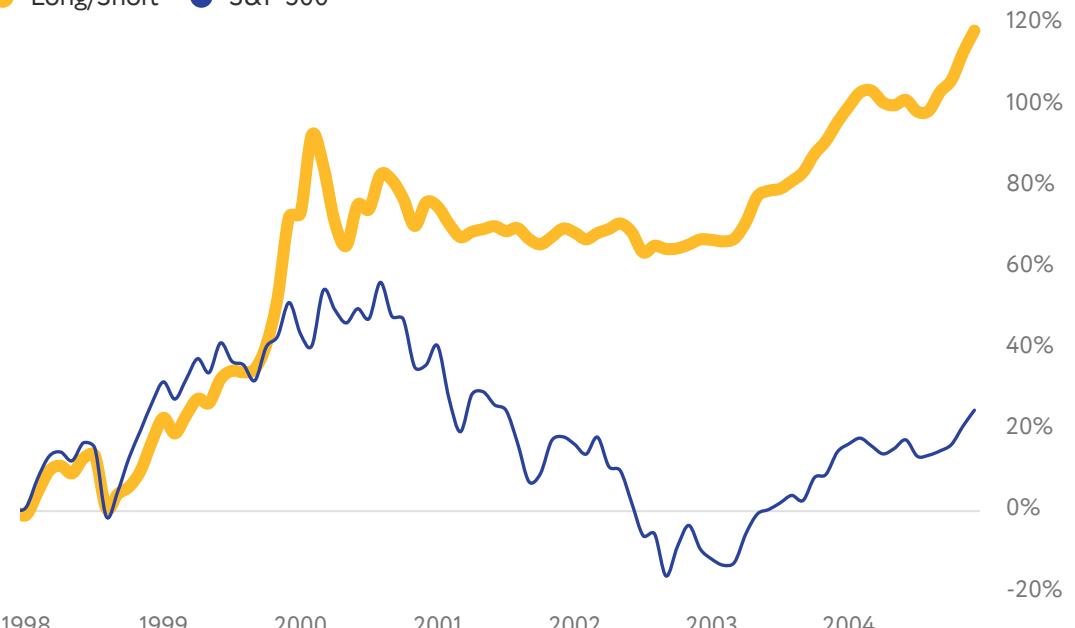
the early 2000s scenario might play out again

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 14 years, with assets up to \$100 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

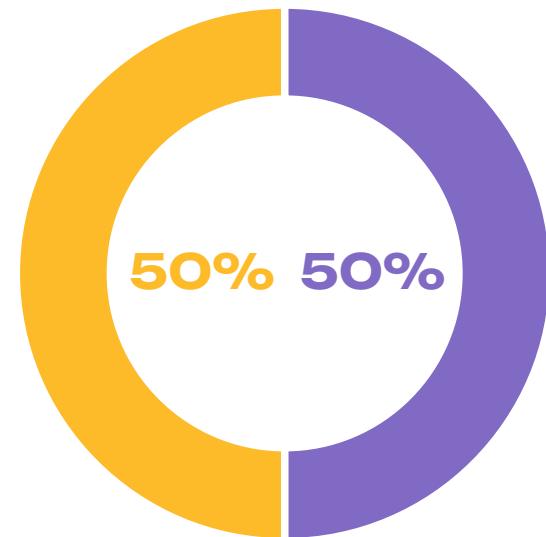


Long enables to profit from the increase of mid-cap growth companies

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



Long

Short

Ideas

Example

Number
of tickers

Share of
assets

Expected market
premium¹

Mid-caps

Block, DraftKings

15-20

40%

15%⁺

Blue-chips

Microsoft, NVIDIA

5

35%

10%⁺

Triple short
of the broad market

Inverse ETFs NASDAQ-100,
S&P 500

5

25%



Option for Rebalancing

Equities with
the potential
for index inclusion

Uber, Dell

2-3

10-20%

15%⁺

10%⁺
total

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

US Equity



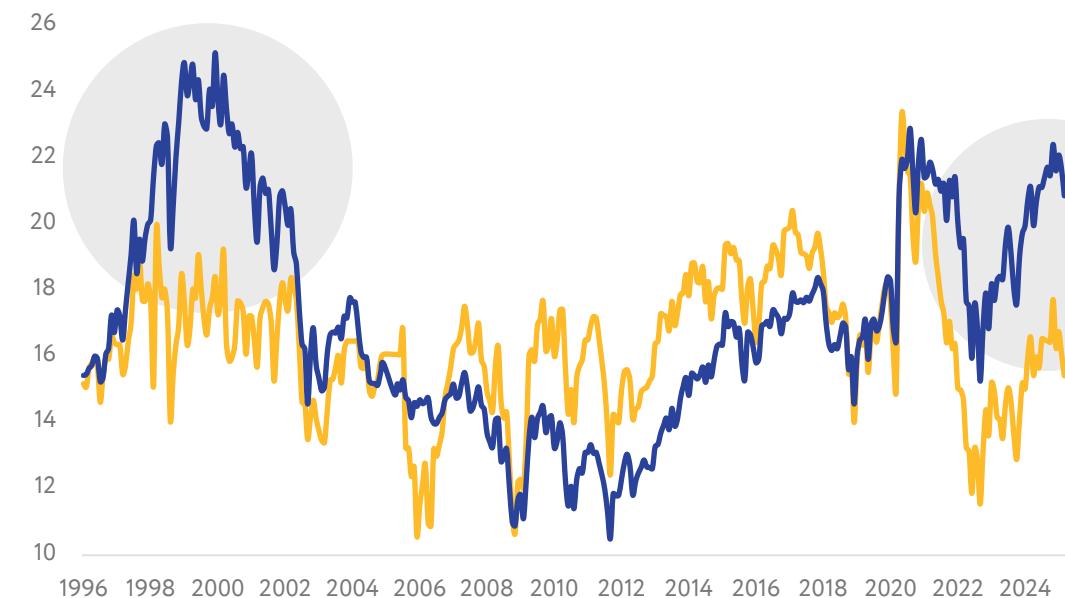
High valuation of US blue-chip stocks exceeded a P/E ratio of 20

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



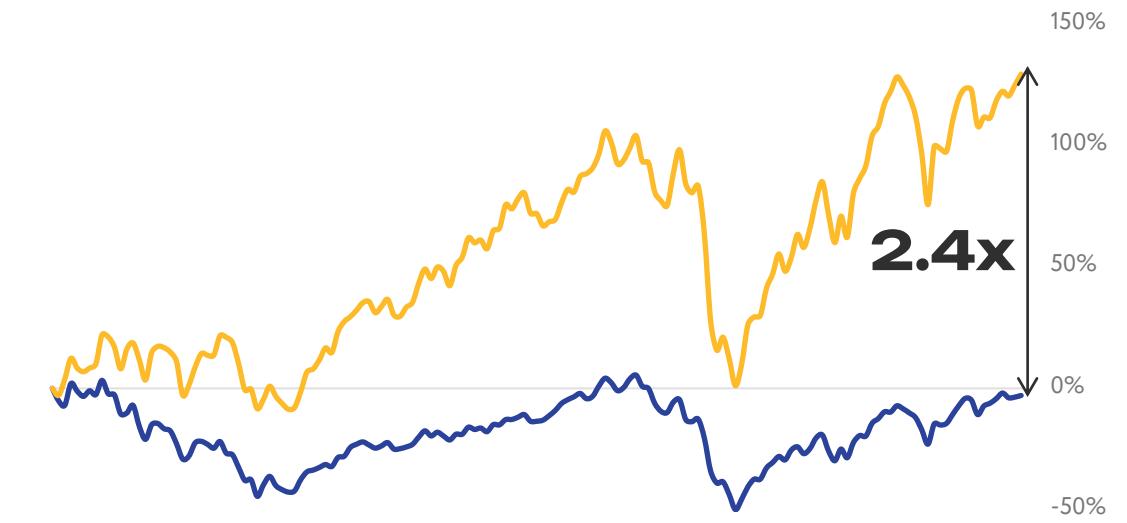
The lack of growth in the S&P 500 index in the early 2000s

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

↑ 13%

Nasdaq

Source: Bloomberg

Performance



↑ **12.4%**

return since inception

↑ **17.1%**

annualized

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%+

net expected annual return¹

USD strategy currency

100 000 minimum amount

0.3% management fee

10% performance fee

up to 10%

possible drawdown²

1+ year

recommended period

¹ Assessment is performed by the portfolio manager based on analysis of the current market situation

² Risk assessment is performed by portfolio manager based on historical volatility indicators



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