

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

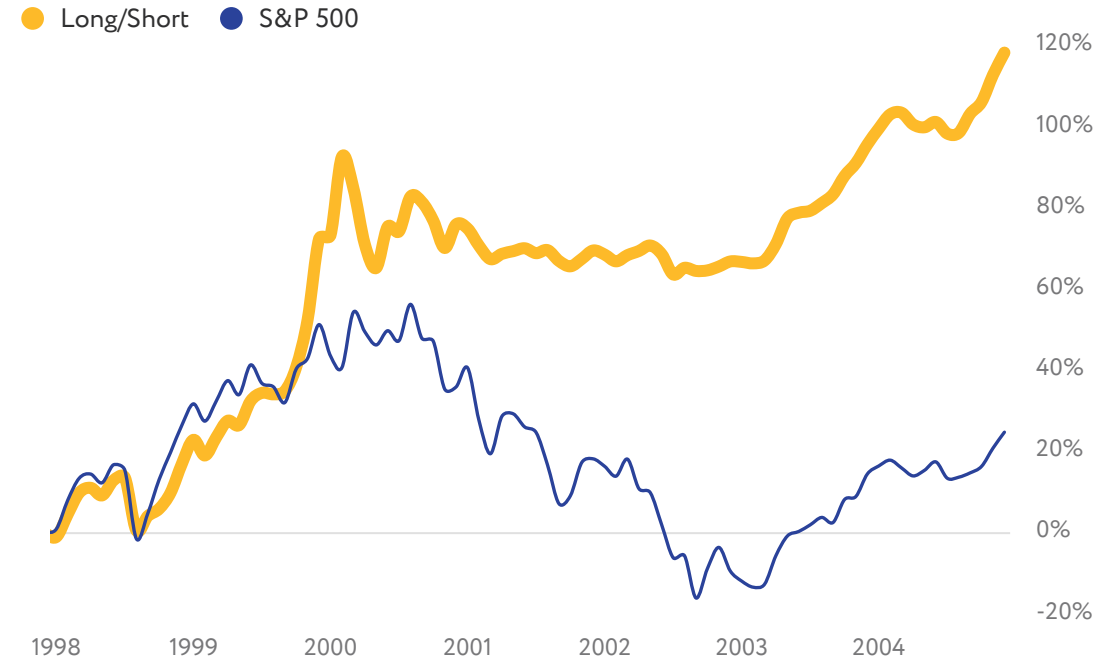
Current market opportunities

the early 2000s scenario might play out again

Infrastructure

allows execution of Long/Short strategies

Return of Long/Short hedge funds vs US equities



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

	Example	Number of tickers	Share of assets	Expected market premium ¹
Mid-caps	Block, DraftKings	15-20	40%	15% ⁺
Blue-chips	Microsoft, NVIDIA	5	35%	10% ⁺

Short

Triple short of the broad market	Inverse ETFs NASDAQ-100, S&P 500	5	25%
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+ Option for Rebalancing

Ideas

Equities with the potential for index inclusion	Uber, Dell	2-3	10-20%	15% ⁺
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10%⁺
total

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



US Equity

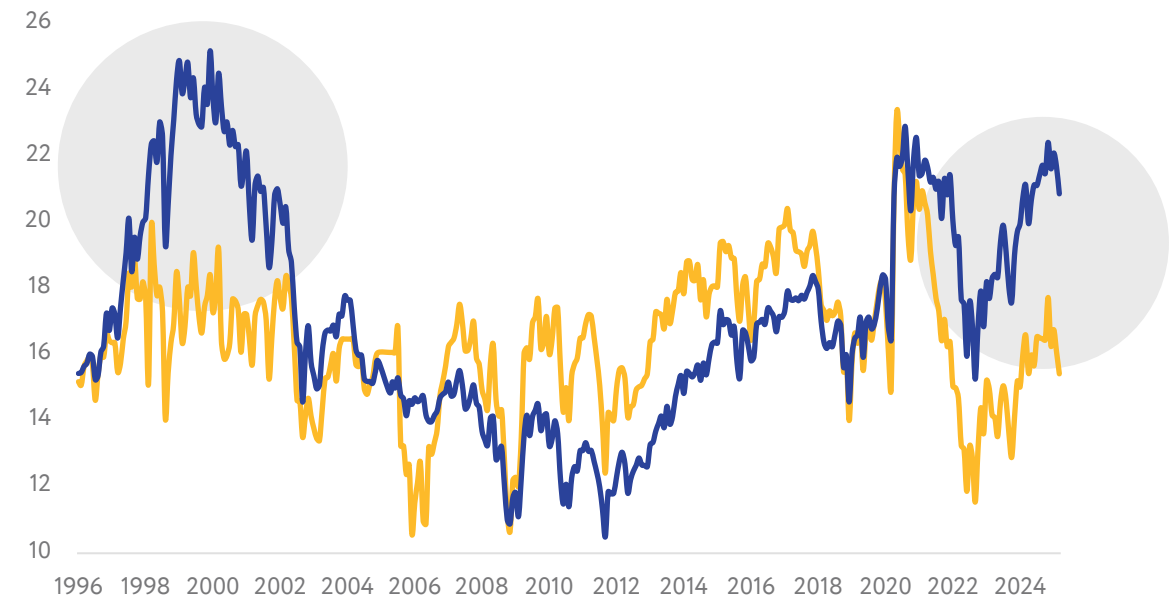
High valuation of US blue-chip stocks exceeded a P/E ratio of 20

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



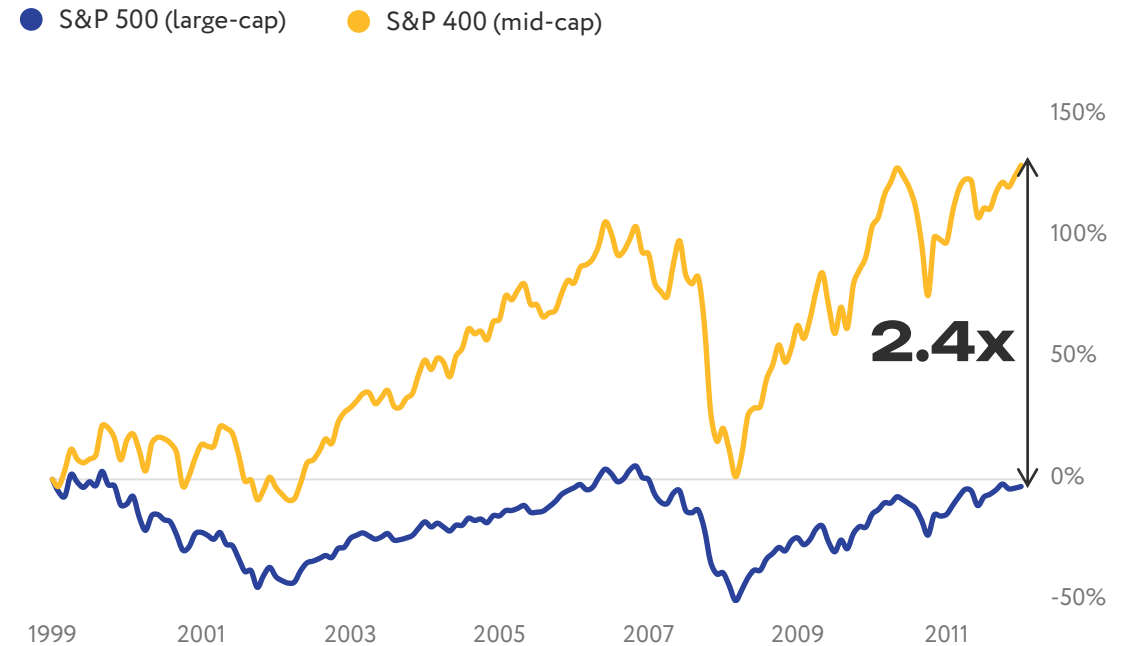
Current opportunities

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



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

↑ 6.8%

return since inception

↑ 27.8%

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

up to 10%

possible drawdown²

USD strategy currency

100 000 minimum amount

0.3% management fee

10% performance fee

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



See you soon

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