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Ni-to-ryu

Investments in US stocks using the Long/Short approach

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Ni-to-ryu



Investments in US stocks using the Long/Short approach

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

Reflects the concept of the Long/Short strategy approach



high-growth US stock selection

Current market opportunities

the early 2000s scenario might play out again

Infrastructure

allows execution of Long/Short strategies

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Investments in US stocks using the Long/Short approach

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

Return of Long/Short hedge funds vs US equities



Source: Bloomberg

Portfolio Manager





Nikita Emelyanov

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

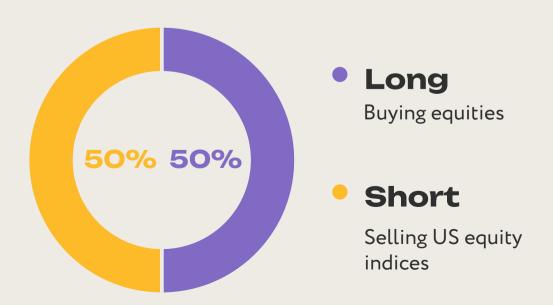
Long/Short Approach



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



Number of tickers

Share of assets

Expected market premium¹

Long

Mid-caps
Block, DraftKings

15-20

40%

15%⁺

Blue-chips

Microsoft, NVIDIA

5

35%

10%

Short

Triple short of the broad market

5

2-3

25%

Inverse ETFs NASDAQ-100, S&P 500

Ideas

Equities with the potential for index inclusion

Uber, Dell

10-20% 15%+

10%+

total

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

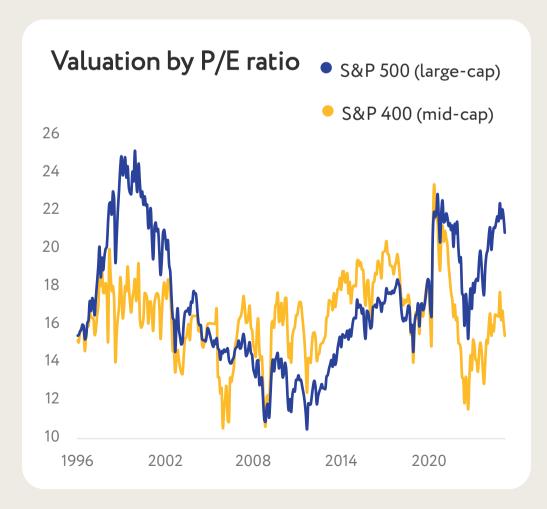
US Equity



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



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

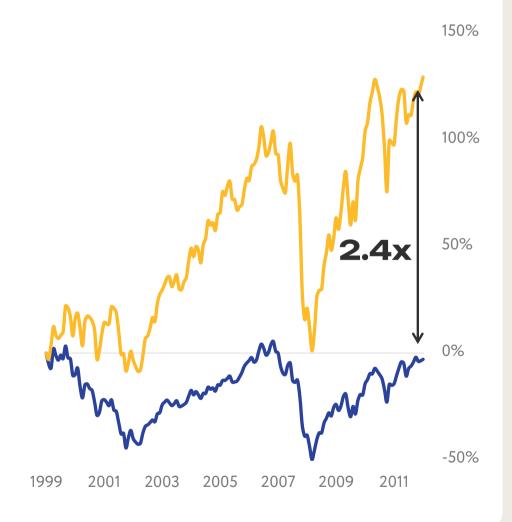
During this period, this Long/Short approach yielded an annual outperformance of the S&P 500 by 7.5%

Current opportunities



Performance of US equities in the early 2000s

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



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

个 18%

mid-cap companies of our portfolio

个 13%

Nasdaq

Performance

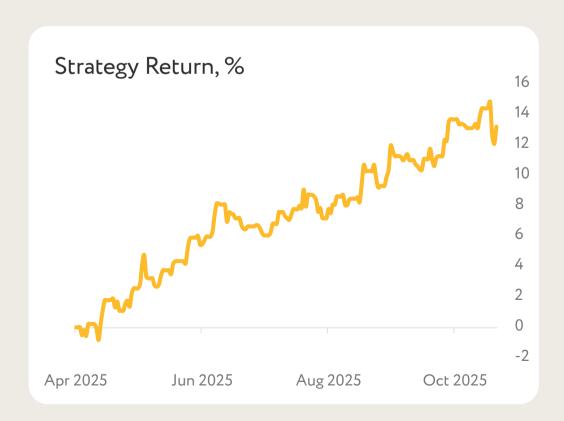




return since the strategy's inception



annualized



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Long/Short approach

10%

net expected annual return¹

1+ years

recommended period

up to 10% possible drawdown²

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

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

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

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



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