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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



**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

# 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**

## 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

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

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The new strategy enables earning in both rising and falling markets

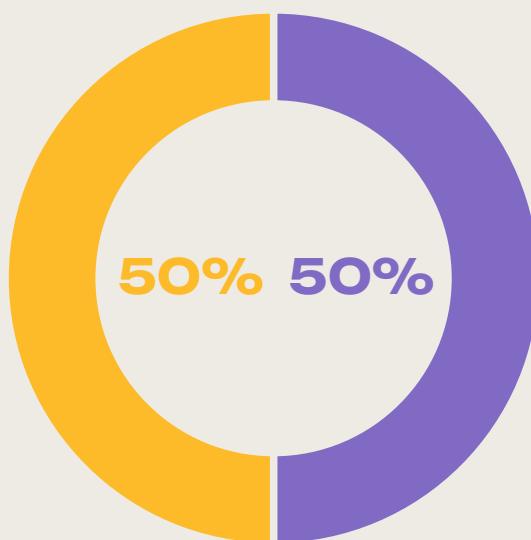
# Long/Short Approach



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



- **Long**  
Buying equities

- **Short**  
Selling US equity indices

# Model Portfolio



	Number of tickers	Share of assets	Expected market premium <sup>1</sup>
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## Long

Mid-caps	15-20	40%	<b>15%+</b>
Block, DraftKings			
Blue-chips	5	35%	<b>10%+</b>
Microsoft, NVIDIA			

## Short

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

## Ideas

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

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

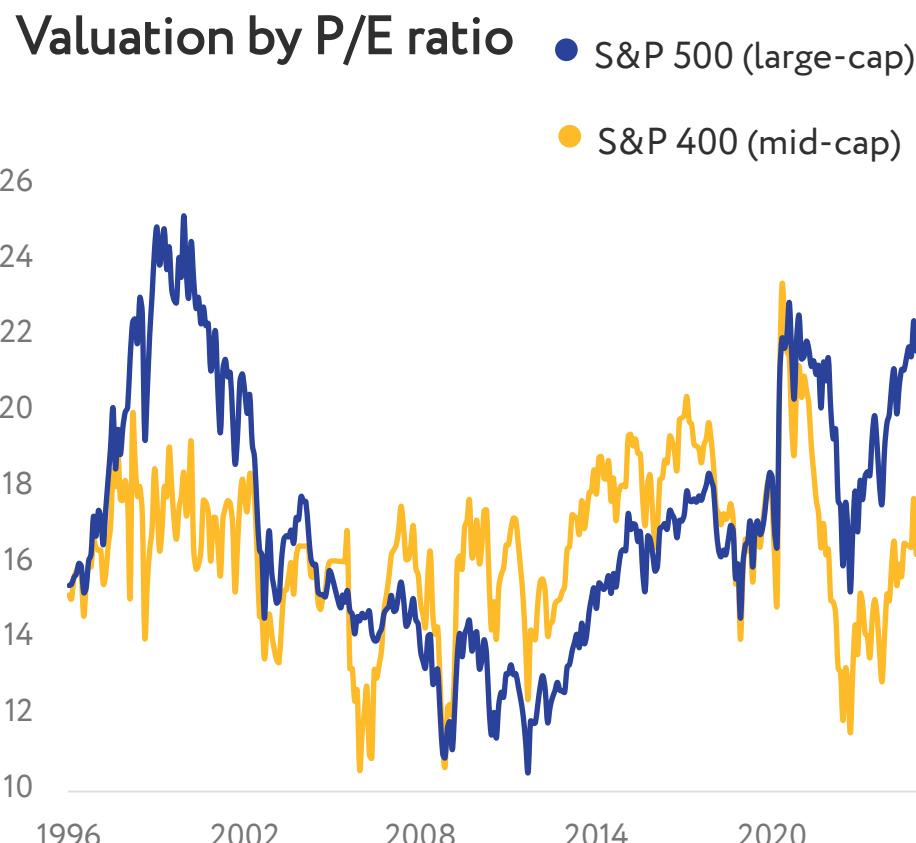
# US Equity



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



# Current opportunities



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

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

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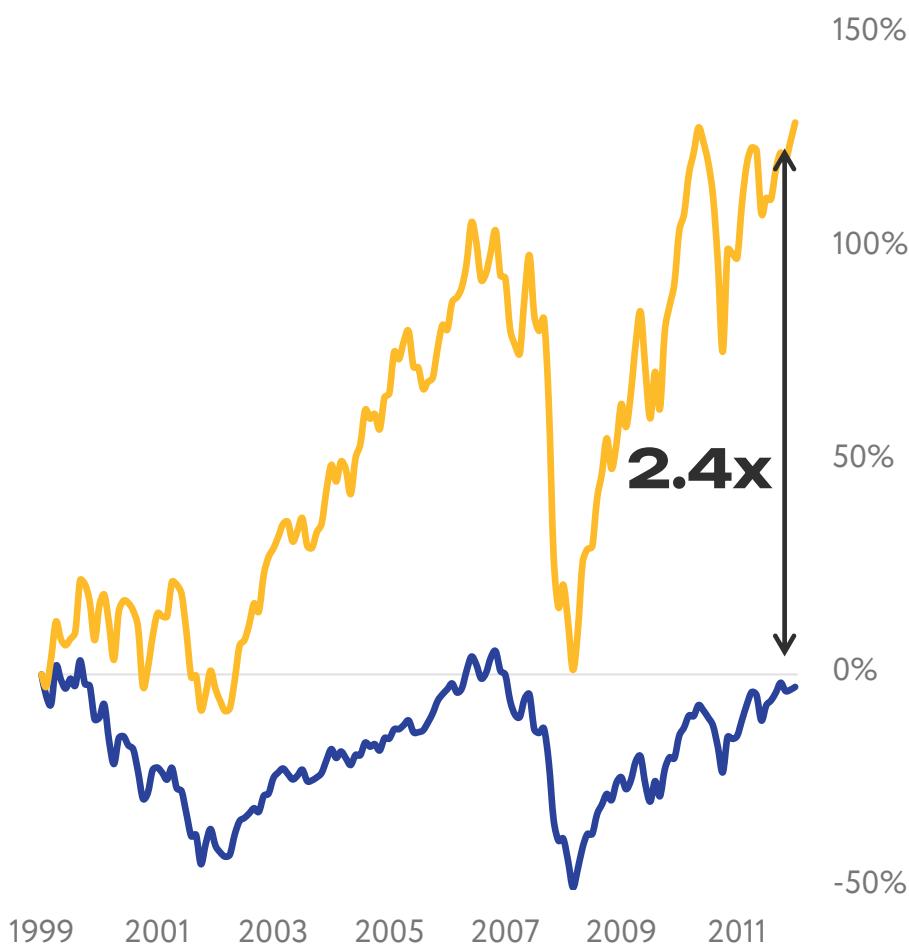
During this period, this Long/Short approach yielded an annual outperformance of the S&P 500 by 7.5%

# 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

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

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This may additionally drive mid-cap stock prices higher

## Growth rate

↑ 18%

mid-cap companies of our portfolio

VS

↑ 13%

Nasdaq

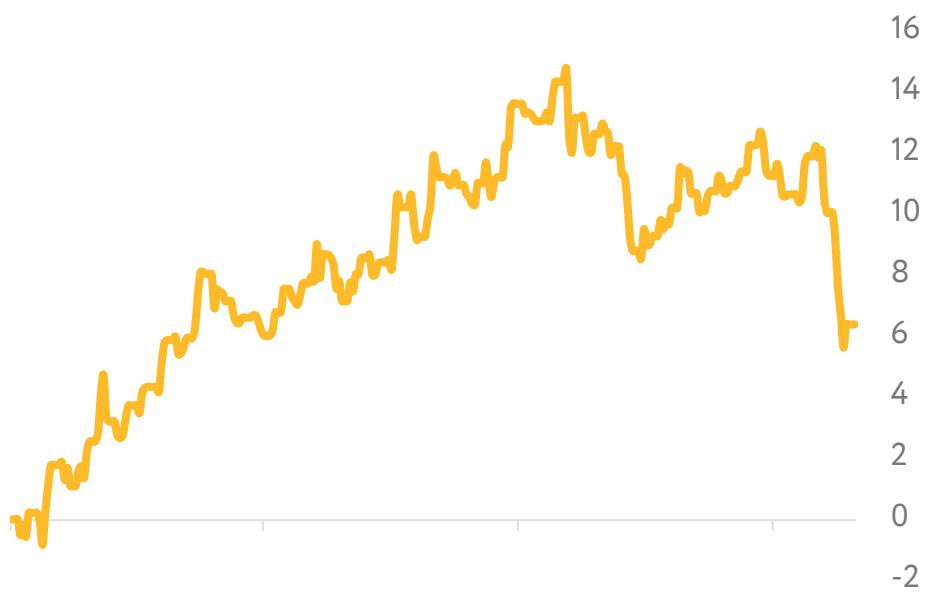
# Performance



↑ **6.4%**

return since the strategy's inception

Strategy Return, %



# Ni-to-ryu



Long/Short approach

# 10%<sup>+</sup>

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

# 1+ years

recommended period

up to **10%**

possible drawdown<sup>2</sup>

USD strategy currency

100 000 minimum amount

0.3% management fee

10% performance fee

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

<sup>2</sup> 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

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## Hedging risks

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

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## Relevant investment ideas

capitalizing on opportunities arising  
from increasing uncertainty in the  
US economy



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