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# Ni-to-ryu

Investments in US stocks  
using the Long/Short approach



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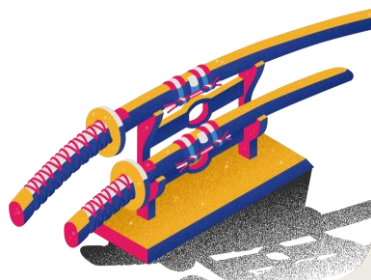
# Ni-to-ryu



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

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Current market opportunities

the early 2000s scenario might play  
out again

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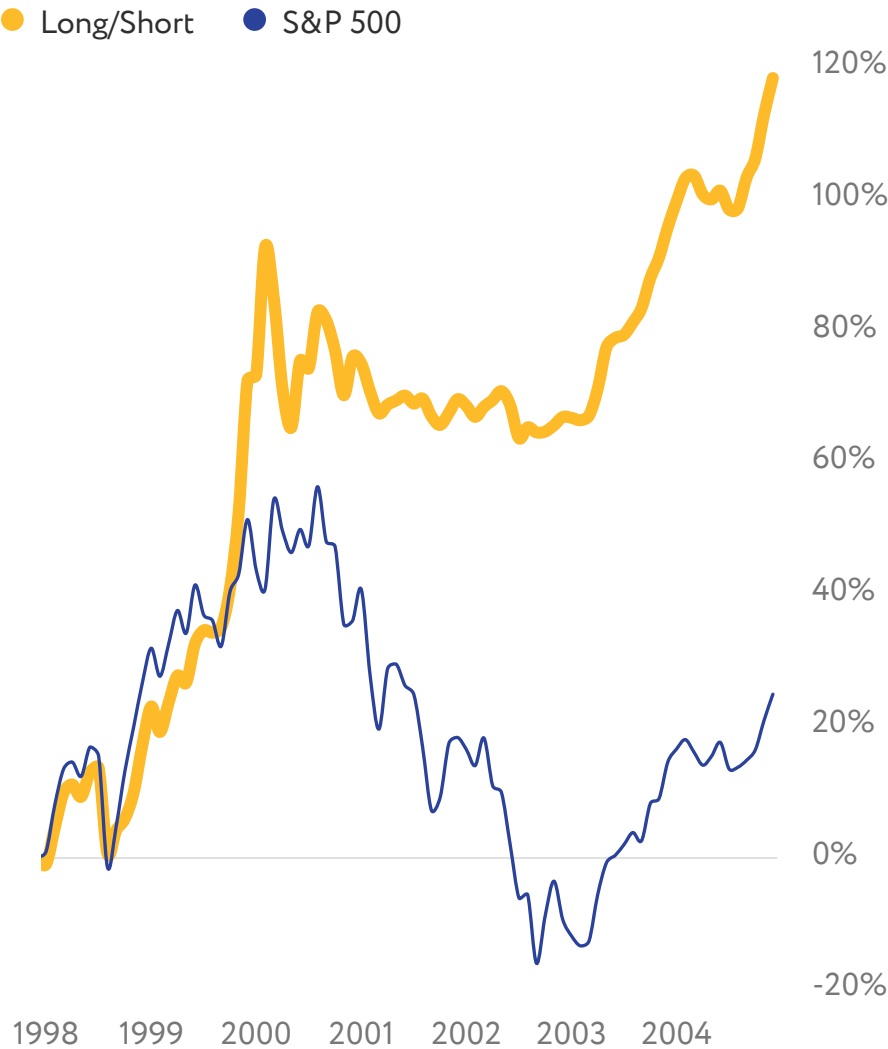
Infrastructure

allows execution of Long/Short  
strategies

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



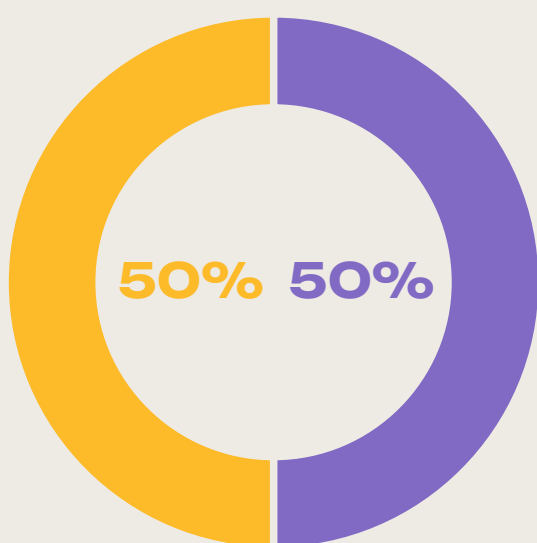
Long enables to profit from the increase of mid-cap growth companies

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

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



- **Long**  
Buying equities
- **Short**  
Selling US equity indices

# Model Portfolio

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

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

Short

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

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

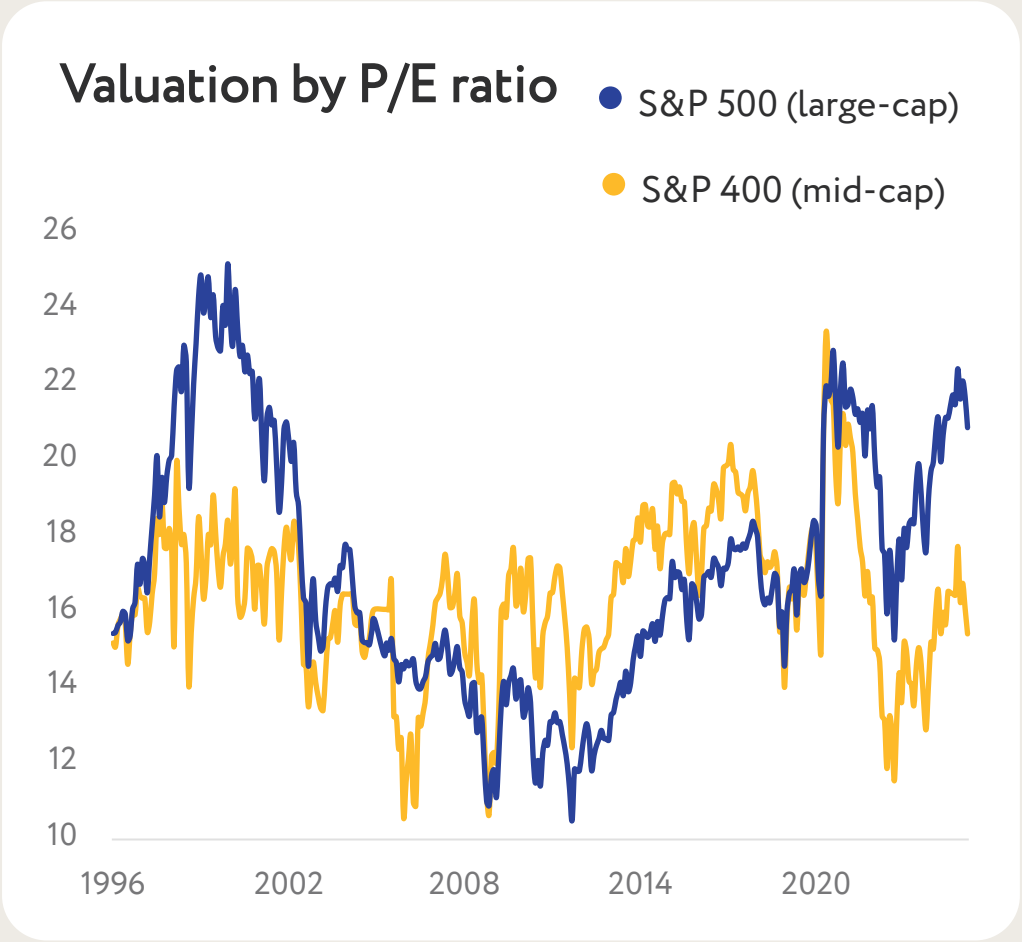
# US Equity



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%



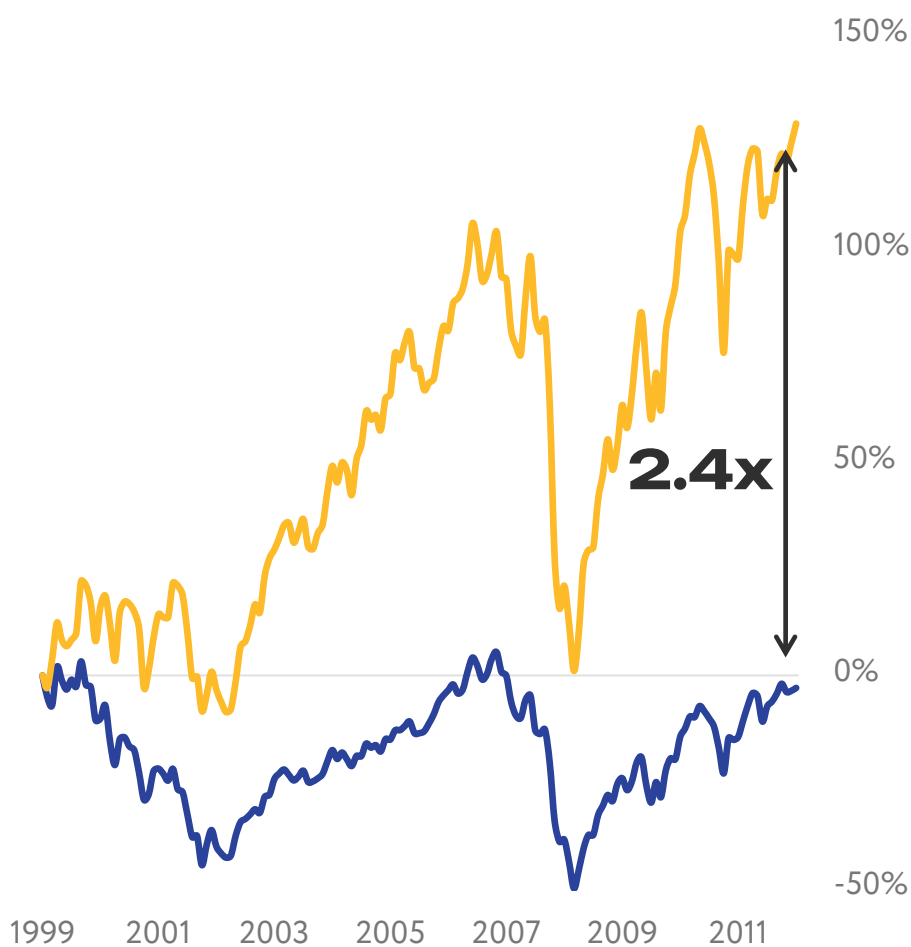
# Current opportunities



## 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

↑

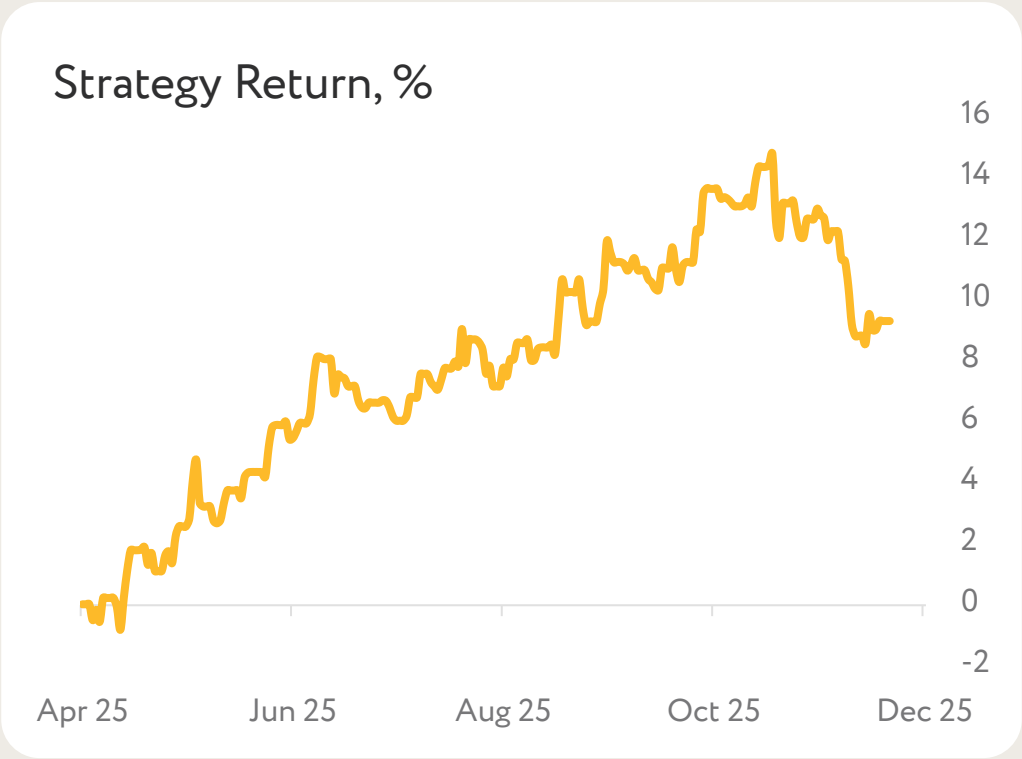
9.3%

return since the strategy’s inception

↑

14.9%

annualized



Long/Short approach

# 10%<sup>+</sup>

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

# 1<sup>+</sup> 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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