


# Enhanced Investments

High-return investment strategies  
in shares of rapidly growing undervalued companies


March 2021



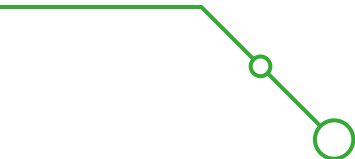
## Enhanced Investments



Enhanced Investments manage equity and external capital using **semi-algorithmic, fundamental, high-return investment strategies**



Enhanced Investments strategies focus **on rapidly growing undervalued companies** in the U.S., China, Russia and show significantly higher returns than the market



Each strategy portfolio is generated in a semi-automatic mode with a **proprietary investment analytics platform**



Enhanced Investments strategies are **open to a wide range of investors**

# Key facts and results of Enhanced Investment Strategies

STRATEGIES  
RETURN\*

**\$20**  
MLN

assets under management  
as of March 2021,  
including \$5 million  
of own funds

**15x**

growth in assets under management  
over the past year

- ✓ Investing in stocks only
- ✓ No short positions
- ✓ No leverage (except Russian strategy with 20% leverage)

## Rising Stars

**+135%**

since launch  
on July 13, 2020

## Trending Ideas

**+101%**

since launch  
on Dec 22, 2020

## Global Commodities

**+59%**

since launch  
on May 31, 2020

## Russian Strategy

**+683%**

since launch  
on Jan 1, 2015

## U.S. Leaders

**+25%**

since launch  
on Aug 26, 2020

# Technological platform

1/3 Key tool: IT-system + analytical portal for selecting best companies

**Automated collection** of large amounts of financial data

Selection of **booming sectors and companies** (in terms of financial growth trajectory)

Search for companies **undervalued compared to historical performance** and peers

**Predictive analytics** based on changes in resource or product prices and web traffic

**Backtest** of new strategies

**1700+**

covered companies from the U.S., China, and global

**60**

Russian companies

**5**

working strategies

**80+**

commodity prices

**30+**

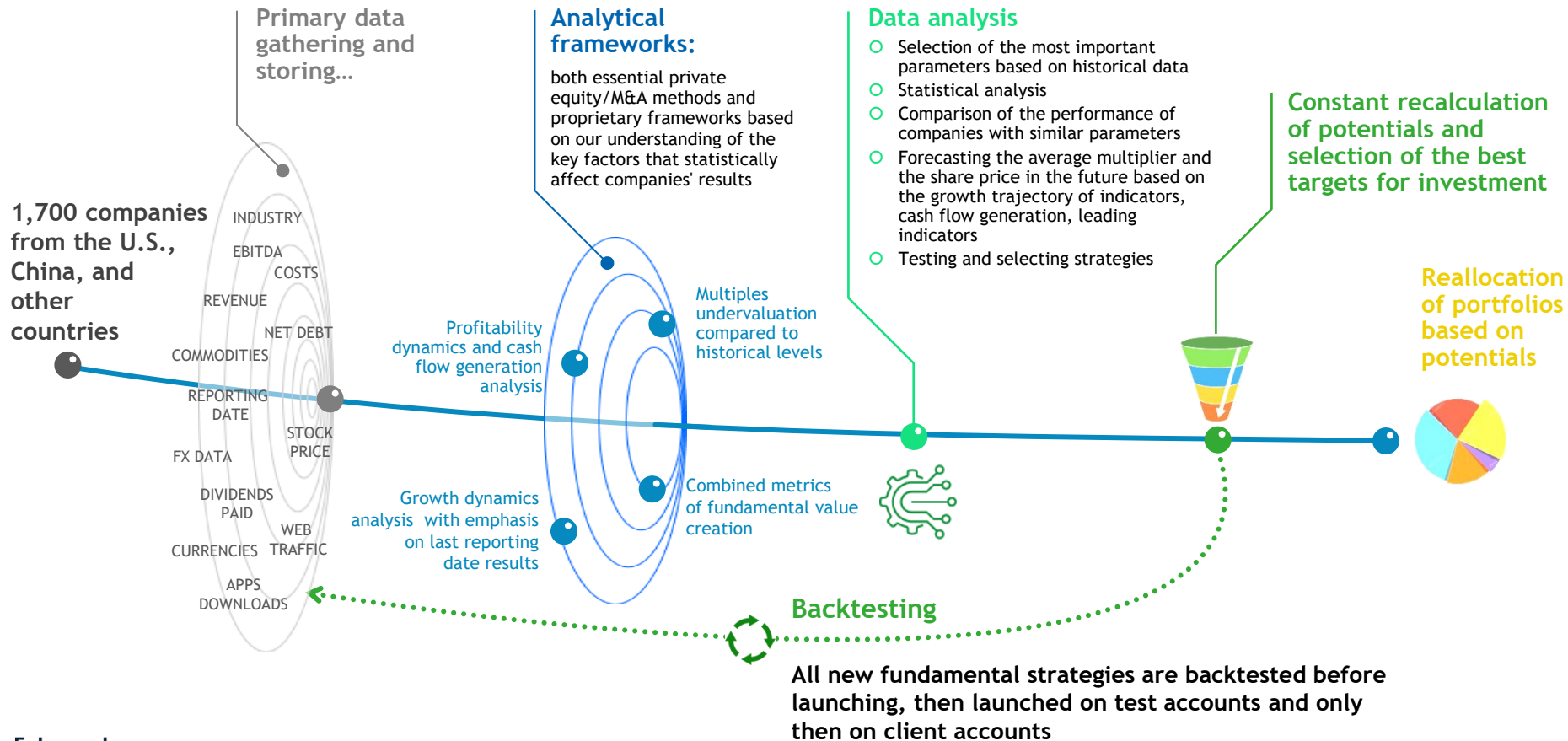
exchange rates



# Technological platform

2/3 The system works due to processing large amounts of data and quick reaction to market changes

The goal is to identify statistical **POSITIVE ANOMALIES** using fundamental analysis and a mathematical approach



# Technological platform

## 3/3 Automation of operations from primary data collection to deal execution and investor interface



### Fundamental analysis

- Financial data collection and storage
- Analytic metrics
- Frameworks for analyzing and prioritizing companies
- Parsing indicators for price prediction (resources, FX and others)
- ML-module (in development)



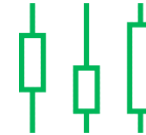
### Portfolio allocation

- Recalculation of potentials for each pick in the portfolio
- Calculation of target positions in securities
- Calculation of necessary transactions to rebalance the portfolio to the target structure



### Strategy backtesting

- Backtesting of potentials and investments in each company
- Backtesting overall allocation
- Excellent backtesting results for 5 current strategies



### Trading execution

- Screening orders
- Execution of transactions to reach the target portfolio structure
- Execution on client accounts



### User interface

- Analytical portal to view portfolio, structure, deals, research data, etc.
- Sending alerts on executed deals (email, messengers)

# 1 Rising Stars Strategy

1/3 Focus: Investing in rapid growth companies

**+61%**  
year-to-date\*

**+135%**  
return since launch  
13.07.2020

**40.6%**  
annualized return  
on the backtest

**20.4%**  
max drawdown  
26.02.2021

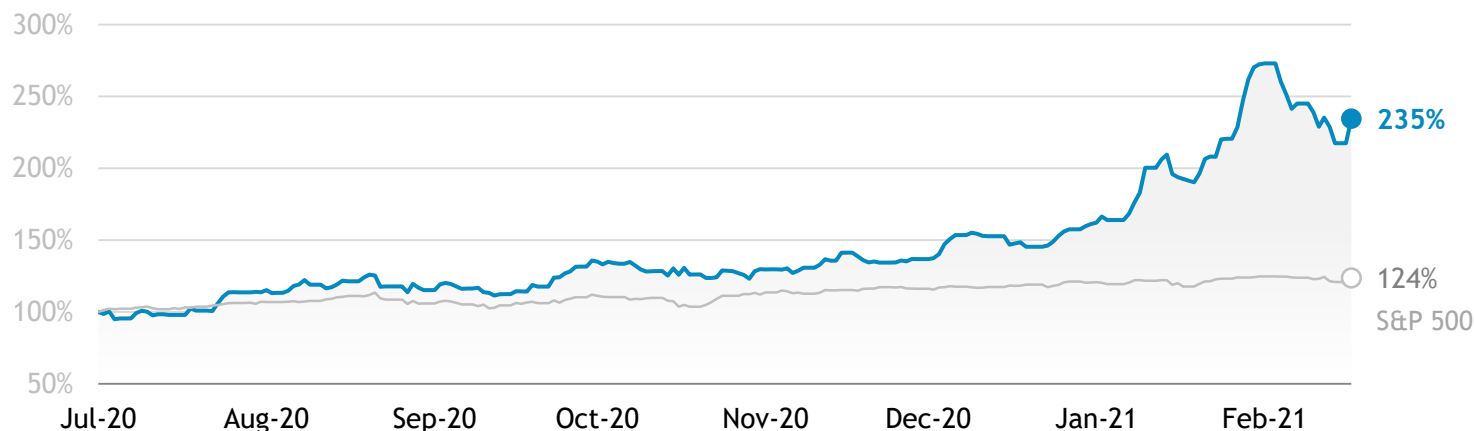
**49.7%**  
max drawdown  
on the backtest  
23.03.2020

The strategy is aimed at finding "rising stars": companies that are transforming their industries

Among more than 1,700 constantly scanned companies, the system selects targets with the strongest financial growth trajectories but trading below the average multiple



Return since the launch (USD)



\* As of 02.03.2021

# 1 Rising Stars Strategy

## 2/3 Strategy background

analysis of financial  
results for 5 recent years

**1500**  
COMPANIES

- ✓ business growth rate
- ✓ undervaluation by multiples
- ✓ industry analysis
- ✓ dividends and FCF generation

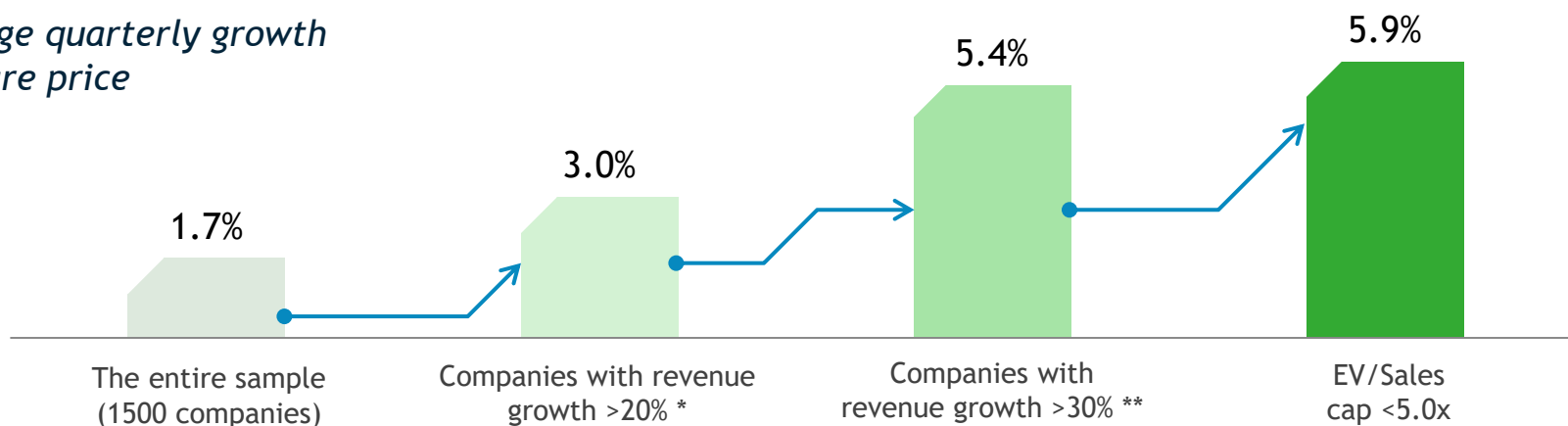
The analysis confirmed  
the following suppositions:



ENHANCED  
INVESTMENT  
PORTAL

- ✓ Rapidly growing companies mostly continue to grow rapidly
- ✓ Yields can be increased by limiting the maximum EV/Sales multiple

*Average quarterly growth  
in share price*



For the evaluation of tech companies' potentials, the growth trajectory factor is more important than profitability, undervaluation, industry, market, etc.



# 1 Rising Stars Strategy

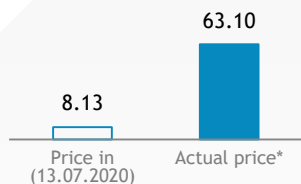
## 3/3 Examples of investment ideas

RATIONALE  
at the moment of entry

**exp** | WORLD  
HOLDINGS, INC.

**+676%**

in 232 days

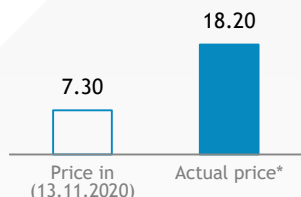


- Cloud-based real estate platform **actively growing every quarter** (Q1 2020 year-over-year growth of +73%, and last quarters average of 145%)
- Valued at EV/Sales 1.0x, which seems low for a profitable company at this growth rate

**111 Inc.** **YI**

**+149%**

in 109 days

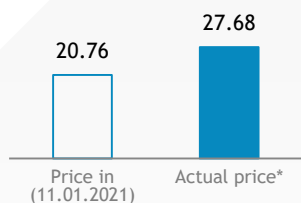


- China's **booming** (+113%) digital platform in pharmaceutical distribution with **low multiples** score (P/S 0.5x)
- **Grows 100% year over year** every quarter and retains high growth potential to become market leader in pharmaceutical distribution
- The company is still loss-making but is **improving unit-economics** and has already shown **positive** operating **cash flow** at the end of Q3. At the same time, it is valued at only 0.5x P/S

**huya**

**+33%**

in 49 days

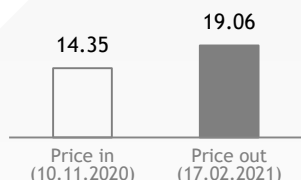


- A video streaming platform; rapidly **growing revenue** with excellent historical **average revenue growth of +83%**
- With a **low EV/Sales multiple** of 2.4x

**Radius**

**+33%**

in 99 days



- Radius Health has **leading market share** in osteoporosis (bone disease) drugs and it also has advanced developments in oncology
- Historically has a **good revenue growth rate**, averaging **98% year-over-year** while being valued at **3.2x EV/Sales**
- Company has significant potential due to expected launch of new drugs in 2021 (3 drug titles are already in phase 3 clinical trials)

CLOSED IDEA

\* As of 02.03.2021

## 2 Trending Ideas Strategy

1/3 Focus: Investing in promising sectors and companies

**+94%**  
year-to-date\*

**+101%**  
return since launch  
22.12.2020

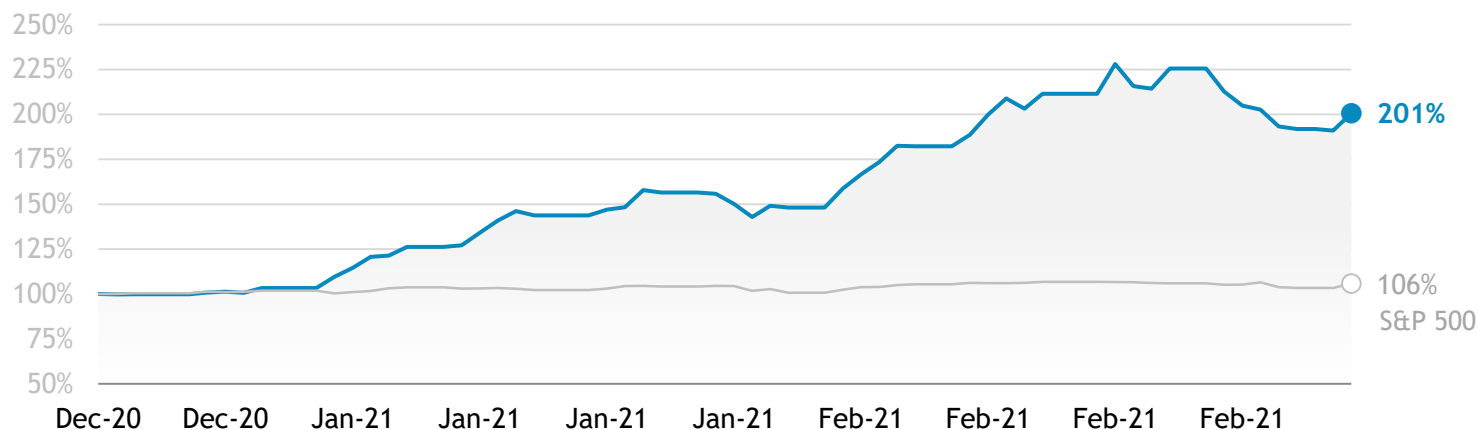
**16.2%**  
max drawdown  
28.02.2021

We select interesting and growing sectors in manual way: at the moment these are medical cannabis and digital players from China

The selection of companies is based on criteria similar to those of “Rising Stars”: rapid growth trajectories of financial results, not too high valuation by multiples, and positive profitability



### Return since the launch (USD)



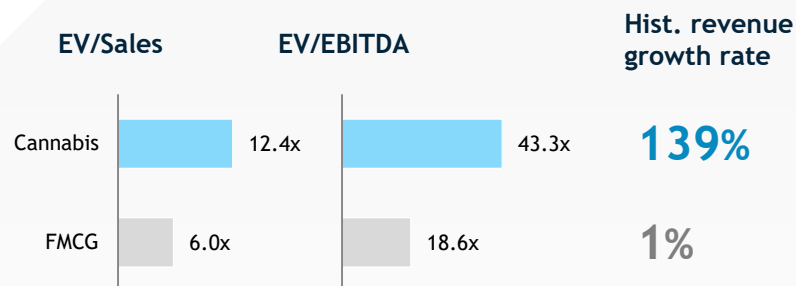
\* As of 02.03.2021

## 2 Trending Ideas Strategy

### 2/3 Strategy background

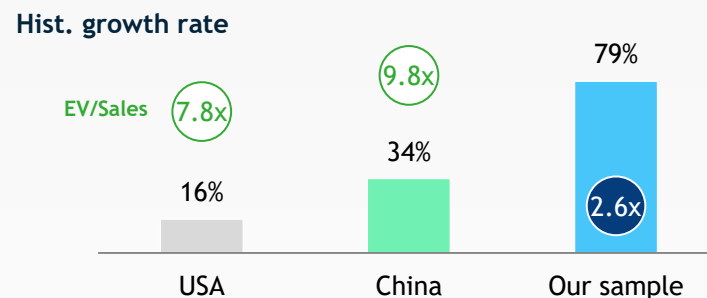
#### Medical cannabis

- Companies in the portfolio are averaging a historical growth rate of 153% year-over-year
- Burgeoning players are valued at only twice as much as non-growing FMCG players
- The cannabis sector is projected to grow at 25-30% CAGR over the 2020-2028 horizon



#### Chinese digital companies

- Chinese companies grow more than twice as fast and are only 30% more expensive
- Companies in our sample are growing five times faster than U.S. companies
- The IMF forecasts Chinese GDP growth of 8.1% in 2021 and 5.6% in 2022



In the future, the portfolio will be replenished with new areas, such as SaaS, alternative energy

## 2 Trending Ideas Strategy

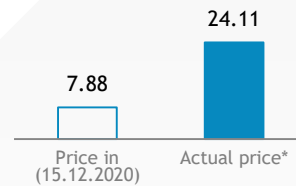
### 3/3 Examples of investment ideas

RATIONALE  
at the moment of entry



**TIGER  
BROKERS**

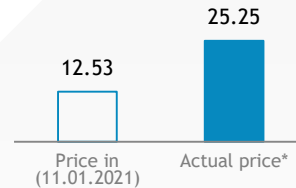
**+206%**  
in 77 days



- UP Fintech is a Chinese online broker (Tiger Brokers brand) with **143% revenue growth** and **undervaluation** relative to competitors (P/S ann 6.2x)
- It has **Interactive Brokers** among its shareholders which serves as some additional guarantee of its goodwill



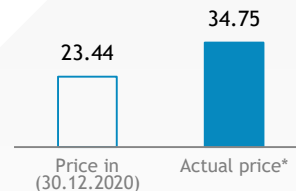
**+102%**  
in 48 days



- Chinese lending platform with a **good revenue growth trajectory** of +49% and **low valuations** (P/S 3.5x)
- The company is entering a **new market**



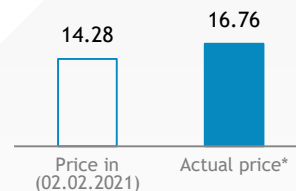
**+48%**  
in 62 days



- One of the **fastest growing** cannabinoid producers: +131.8%
- The company **managed to break even**. EV/S 11.5x; P/S 11.8x



**+17%**  
in 28 days



- ZEPP designs and manufactures smart watches, fitness bracelets and some other gadgets for Xiaomi and its own brands
- Demonstrates **good historical growth rate** of +51.2% and it is **undervalued by multiples** relative to direct competitors (EV/S ann 0.5x vs 3.1x)

\* As of 02.03.2021

# 3 Global Commodities Strategy

1/3 Focus: Commodity companies with high potential in the current market environment

**+5%**  
year-to-date\*

**+59%**  
return since launch  
31.05.2020

**32.6%**  
average return  
on the backtest

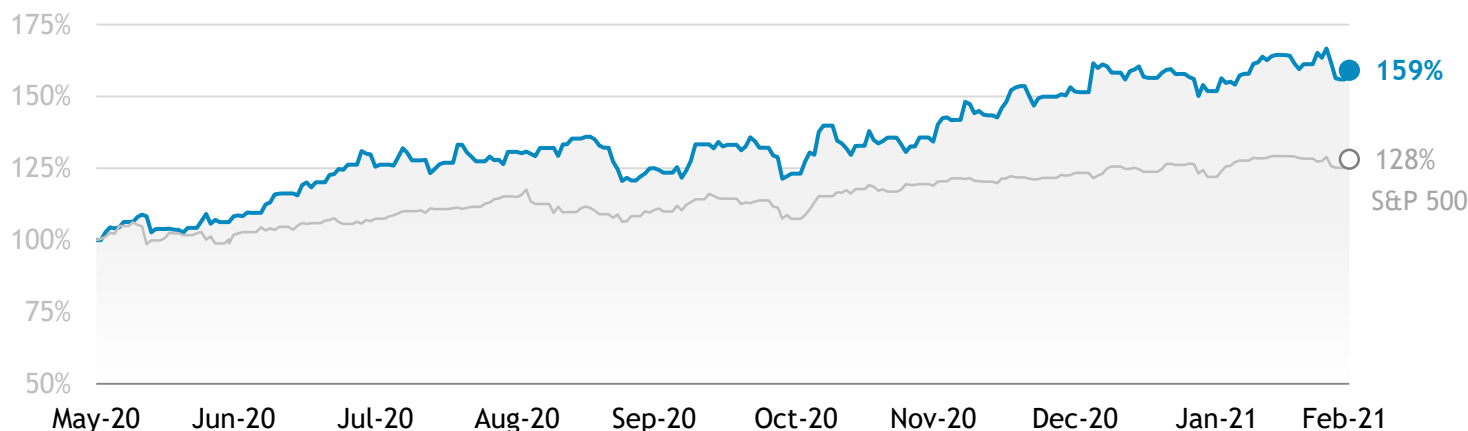
**16.2%**  
max drawdown  
23.09.2020

**48.5%**  
max drawdown  
on the backtest  
08.08.2015

Our analytical system recalculates potentials in real time depending on changing market conditions

Nowcasting approach: continuous recalculation of expected profits and cash position of companies in the current market environment, with respect to shifts in resource prices and exchange rates

## Return since the launch (USD)



\* As of 02.03.2021

# 3 Global Commodities Strategy

## 2/3 Approach and background of the strategy

- Since 2007, the U.S. monetary base has been increasing at an average annual rate of 16% (significantly higher than GDP, inflation, etc.), which stimulates an increase in commodity prices
- The system automatically **recalculates potentials** of resource companies based on market conditions **at any given time**
- **Nowcasting approach: forecasting the current state** of a company (how much is the company earning at a given moment? What is its net debt considering the conjuncture and the latest reporting date?)



CONTINUOUS MONITORING  
ON THE DATA PORTAL

**80** commodity  
prices

**30** exchange  
rates

**10** data  
sources

### The Enhanced Investment Approach

- Risk-adjusted operational consideration of changes in market conditions
- Objective factors and a unified system for all companies
- Immediate reaction to changes in resource prices, share prices and dollar exchange rates
- Applies the principle of return to average for EV/EBITDA multiples

### Traditional bank approach

- DCF models for infinite period
- Some parameters are subjective (WACC, post-forecast growth rate)
- Models are based on long-term forecasts for commodity prices and dollar exchange rate
- Models are rarely updated

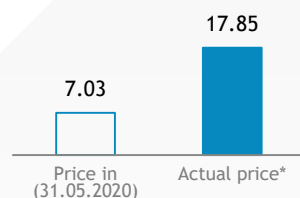
# 3 Global Commodities Strategy

## 3/3 Examples of investment ideas

RATIONALE  
at the moment of entry



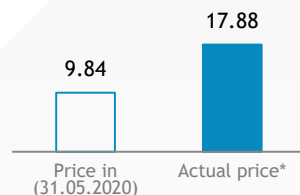
**+154%**  
in 277 days



- An African platinum producer. **Excellent platinum market conditions:** prices are 16% higher relative to the last 12 months
- The company is **cheap by multiples:** EV/EBITDA LTM is 4.7x, with an EV/EBITDA multiple of 3.7x, while its historical multiple is >9x
- Meanwhile, Impala has **excellent cash flow generation:** the company's cash flow return is 19.7% (LTM), forecasted at 22.9%



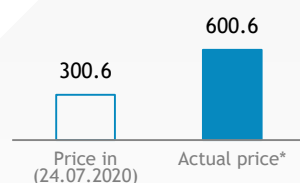
**+82%**  
in 277 days



- A Brazilian mining company
- **Benefits both from higher iron ore, nickel and copper prices** and from the devaluation of the Brazilian real (which leads to lower costs)
- EV/LTM EBITDA is worth 6.6x with a growth potential of 47%. LTM cash flow yield was 7.5%, projected with a shifting environment is 17.9%



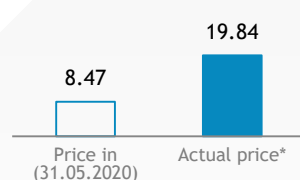
**+99%**  
in 233 days



- A Global mining and metallurgical company, **leader in the markets for rolled steel** for infrastructure projects with **low production costs** at most production stages
- The company trades at EV/EBITDA LTM of 4.9x. Unlike other steelmakers, it is 239% **self-sufficient in coal**; 79% in ore; its U.S. steel business accounts for 19% of revenues.
- EVRAZ is benefiting strongly from the **recent strong rise in steel prices**



**+134%**  
in 277 days



- A Platinum, palladium and gold mining company in South Africa and the United States, **backed by 25 years of reserves**
- The company's **product prices are on average 10% higher** relative to the last reporting period, while **currency is 6.2% cheaper**
- By EV/LTM EBITDA, the company is worth 4.3x, which is significantly cheaper than other players: Barrick 5.9x, Kinross 6.3x, Newmont 12.0x

\* As of 02.03.2021

## 4 Russian Strategy

Focus: Undervalued companies that are attractive in terms of growth and management quality

**+2.5%**  
year-to-date\*

**+683%**  
return since launch  
01.01.2015

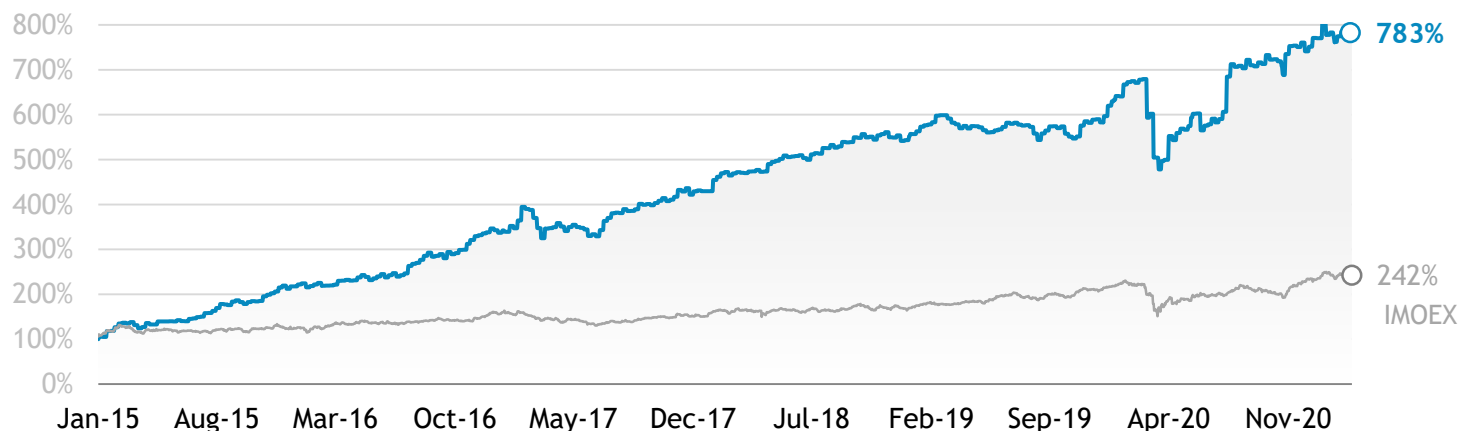
The strategy is focused on Russian securities without state participation, about 80% of the portfolio are resource companies

Semi-automatic selection of undervalued companies with respectable corporate governance and - for resource companies - with dollar-denominated revenues



**29.7%**  
max drawdown  
24.03.2020

### Return since launch (RUB)



\* As of 02.03.2021



## 5 U.S. Leaders Strategy

Focus: Major U.S. companies, mostly in the B2C sector

**-1.3%**  
year-to-date\*

**+25%**  
return since launch  
26.08.2019

**12.8%**  
return on the  
backtest

**26.0%**  
max drawdown  
20.03.2020

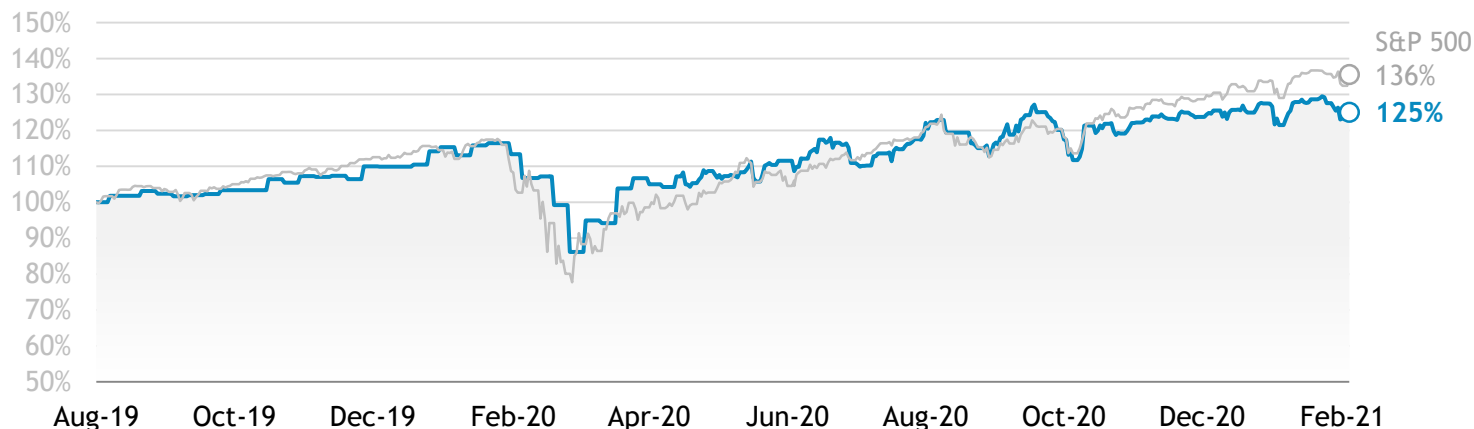
**28.9%**  
max drawdown  
on the backtest  
24.03.2020

The strategy is aimed at finding companies that have grown in previous periods and still are not too expensive

To form the portfolio, the system selects companies from the S&P 500 list showing an optimal combination of value by multiples and financial growth trajectories. Potentials are recalculated in respect of reporting date and forward-looking indicators (web traffic, app downloads, etc.)



### Return since launch (USD)



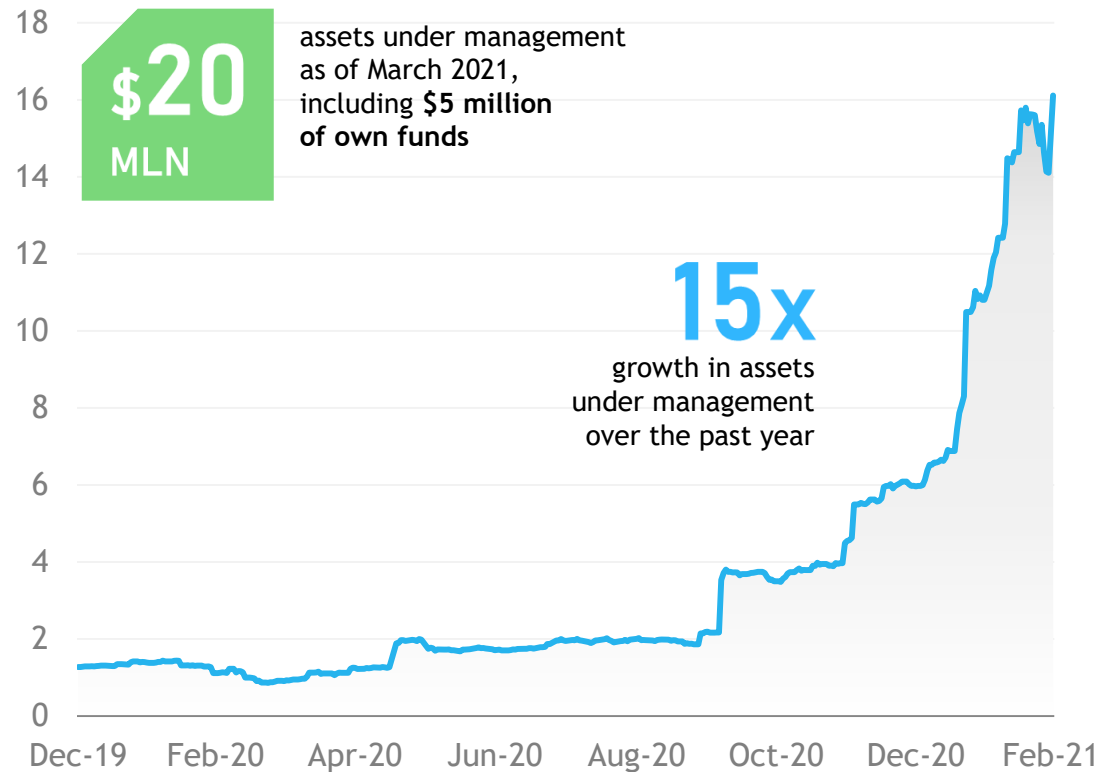
\* As of 02.03.2021

# Excellent results of Enhanced Investments strategies stimulate the inflow of capital under management

## Examples of recent deposits

- More than **\$4 million** from one of the managing partners of Boston Consulting Group
- Initial **\$5 millions** with the intention of increasing the investment to **\$10-20 millions** from the owner of a real estate development company
- \$1 million** from the owner of a major IT company
- Initial **\$500 millions** from a CEO of a top 10 medical network
- Initial **\$300 thousands** from an ex-CEO of a large industrial group
- Initial **\$300 thousands** from a top manager of Inter RAO
- Over **\$5 mln** of the founders' own funds

## Volume of funds from external clients under management of Enhanced Investments, \$ mln



# The team has expertise in investment analysis and M&A, trading, academic and applied research, and IT development



**Kirill  
Kuznetsov**



## **Business Development**

## **Customer Relationships**

## **Analysis Methodology**

- More than 12 years of experience in private equity, M&A and strategic advisory
- Vice-President at Sputnik Group for the recent 10 years (private equity, M&A advisory)
- Developed basic principles and methodology of investments
- Graduated with honors from Higher School of Economics
- Candidate for the Russian national mathematics team in high school



**Maksim  
Kuznetsov**



## **Development of methodology**

## **Investment analysis**

## **Execution of trading**

- More than 9 years of experience in trading
- 5 years of scientific work experience in the Institute of Applied Physics of Russian Academy of Sciences
- Developed several automated systems, supporting the trading process
- FFMS 5.0 certificate
- Graduated from Higher School of General and Applied Physics



**Andrey  
Aparin**



## **IT development Investment Analysis**

- Strong experience in IT development and investment analysis
- Developed from scratch the Enhanced Investments analytical portal, recalculating potential across all companies
- Expertise in database and PHP development
- Graduated from Higher School of Economics

# Access to Enhanced Investments strategies and terms of cooperation

## MANAGED ACCOUNT



- Client account is linked to the Enhanced Investments master account
- Interactive Brokers administers the relationship between the parties

 **Enhanced Investments**  
COMMISSION

**15%**

INCENTIVE  
FEE

**0%**

MANAGEMENT  
FEE

## INFORMATION SERVICES

- Subscription to real-time signals on transactions (email and messengers)

**\$20**

PER MONTH

- The opportunity of creating a fund/management company in an international jurisdiction is also being considered



# Enhanced Investments

[team@eninvs.com](mailto:team@eninvs.com)

WEB: [ENINVS.COM](http://ENINVS.COM)

# Appendix (1/4): Interactive Brokers report of the founder's account

## Snapshot

Analysis Period: January 2, 2020 - March 2, 2021

NAME: KK Full  
ACCOUNT: Kirill Kuznetsov

PERFORMANCE MEASURE  
TWR  
BASE CURRENCY  
USD

### Net Asset Value



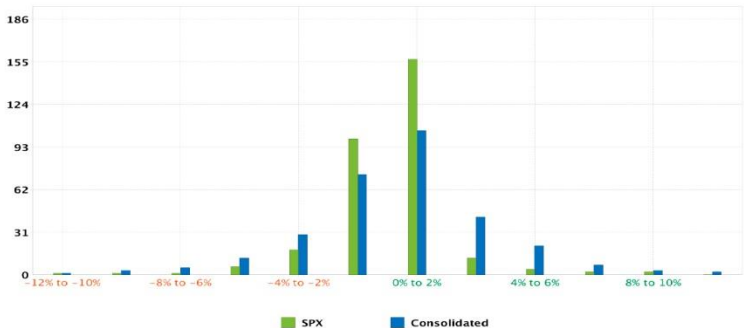
### Key Statistics

<b>220.07%</b> CUMULATIVE RETURN 01/02/20 - 03/02/21	<b>-5.08%</b> 5 DAY RETURN 02/24/21 - 03/02/21	<b>-22.00%</b> 10 DAY RETURN 02/17/21 - 03/02/21	<b>11.94%</b> BEST RETURN 03/24/20	<b>-10.31%</b> WORST RETURN 04/15/20
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Beginning NAV:	53,510.72	Max Drawdown	24.92%
Deposits/Withdrawals:	192,761.00	Peak-To-Valley	02/16/21 - 02/26/21
Ending NAV:	585,870.25	Sharpe Ratio	2.21
		Standard Deviation	3.18%

Top Performers	Value	Return (%)	Bottom Performers	Value	Return (%)
TIGR	132,145.00	27.03	FB	0.00	-6.55
HGM	0.00	22.13	ZEP	0.00	-2.32
EVR	66,993.60	13.27	ZNGA	0.00	-0.83
IMPUY	60,587.60	12.51	SMPL	0.00	-0.45
POG	0.00	12.19	GRVY	47,762.28	-0.41

### Distribution of Returns



### Allocation

Financial Inst.	Long	(%)	Financial Inst.	Short	(%)
Stocks	796,676.94	98.72	Cash	-221,141.24	100.00
Warrants	10,334.55	1.28	Total	-221,141.24	100.00
Total	807,011.49	100.00			

Asset Class	Long	(%)	Asset Class	Short	(%)
Equities	781,433.97	96.83	Cash	-221,141.24	100.00
Real Estate	25,577.52	3.17	Total	-221,141.24	100.00
Total	807,011.49	100.00			

#### IMPORTANT NOTE:

This portfolio analysis was generated using Interactive Brokers' PortfolioAnalyst tool, which allows Interactive Brokers clients to generate analyses of their accounts using market data provided by third parties along with trade and account data contained in Interactive Brokers' systems. This analysis is for information purposes only and is provided AS IS. Interactive Brokers makes no warranty of any kind, express or implied, as to this report analysis and its contents. The data provided for use in this Portfolio Analysis is believed to be accurate but completeness and accuracy of the information is not guaranteed, and Interactive Brokers has no liability with respect thereto. The data regarding accounts held outside of Interactive Brokers is obtained either directly from you or from the financial institutions holding those accounts through a third-party service provider and Interactive Brokers has not reviewed its accuracy.

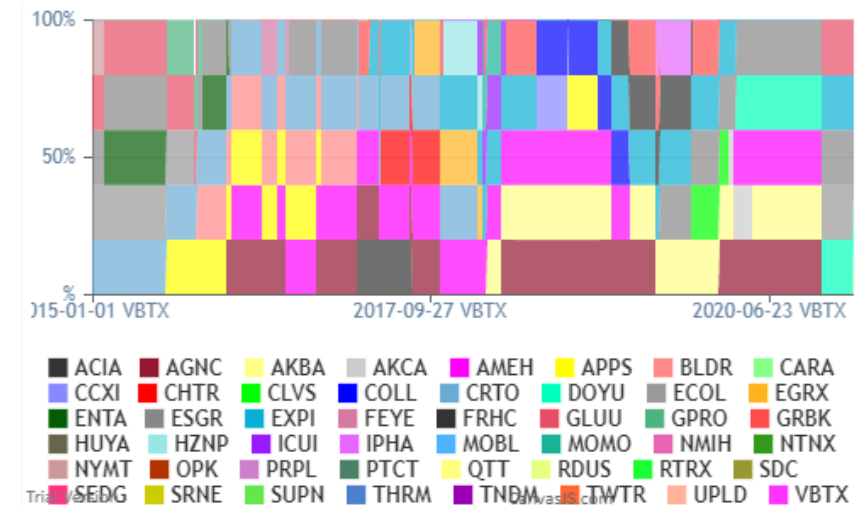
This material in this analysis is intended only as a reference and should not be relied upon for the maintenance of your books and records for tax, accounting, financial, or regulatory reporting or for any other purposes. This analysis is not an offer or a solicitation of an offer to buy or sell any security. This material does not and is not intended to take into account the particular financial conditions, investment objectives or requirements of individual customers. Before acting on this material, you should consider whether it is suitable for your particular circumstances and, as necessary, seek professional advice.

# Appendix (2/4): Rising Stars Strategy Backtest

Performance of portfolio vs benchmark (S&P500 Index)



Portfolio structure dynamics



Return by year:

	Strategy	S&P500
2015:	-3.1%	-0.7%
2016:	45.1%	9.5%
2017:	20.7%	19.4%
2018:	-0.2%	-6.2%
2019:	77.4%	28.9%
2020:	80.1%	15.3%
2021:	34.0%	1.3%
Annualized:	37.77%	10.61%

Maximum drawdown

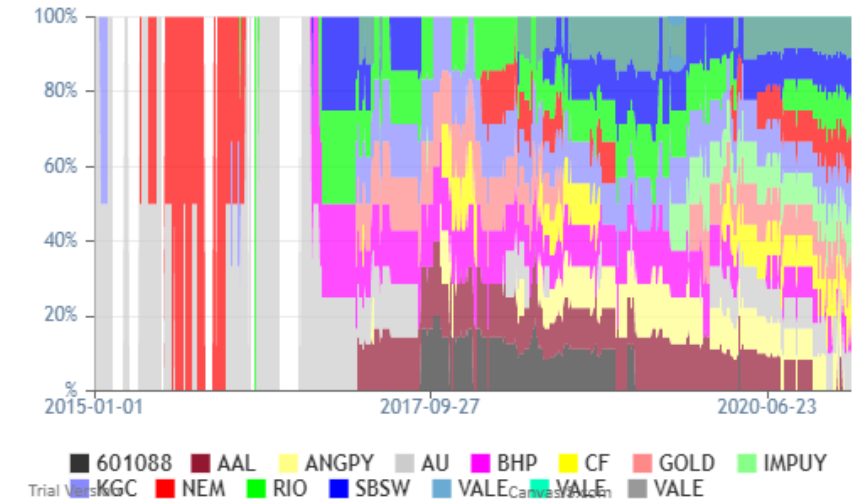
(2020-03-23): -49.7%

# Appendix (3/4): Global Commodities Strategy Backtest

Performance of portfolio vs benchmark (S&P500 Index)



Portfolio structure dynamics



## Maximum drawdown

(2015-08-08): -48.5%

## Return by year

Y	Strategy	SP500
2015	-22.1%	-0.7%
2016	96.0%	9.5%
2017	35.8%	19.4%
2018	1.7%	-6.2%
2019	80.2%	28.9%
2020	38.5%	15.3%
2021	8.4%	1.3%
Average	32.5%	10.6%
Total	470.4%	86.5%

## Returns by company

Ticker	Days	Yield	Yield full	Ann-d	Ann-d full
601088	584	21.9%	31.3%	13.2%	4.5%
AAL	1355	86.7%	161.1%	18.3%	16.8%
ANGPY	923	347.5%	392.1%	80.9%	29.4%
AU	1215	57.7%	153.8%	14.7%	16.3%
BHP	1454	148.6%	128.1%	25.7%	14.3%
CF	672	27.4%	5.9%	14.1%	0.9%
GOLD	1091	-25.3%	96.5%	-9.3%	11.6%
IMPUY	549	195.0%	204.5%	105.3%	19.7%
KGC	1490	58.1%	133.1%	11.9%	14.7%
NEM	839	98.4%	228.4%	34.7%	21.2%
RIO	1362	160.0%	185.5%	29.2%	18.5%
SBSW	1171	749.9%	340.3%	94.8%	27.1%
VALE	824	149.7%	165.0%	50.0%	17.1%

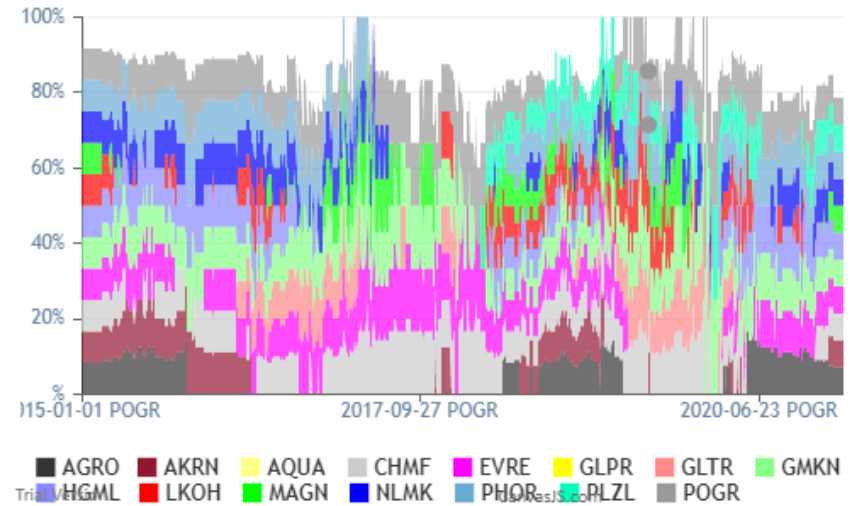


# Appendix (4/4): Russian Strategy Backtest (commodities)

Performance of portfolio vs benchmark IMOEX



Portfolio structure dynamics



## Maximum drawdown

(2015-04-17): -16.8%

## Return by year

Y	Strategy	IMOEX
2015	69.5%	26.1%
2016	60.5%	26.8%
2017	44.9%	-5.5%
2018	35.5%	12.3%
2019	43.9%	28.5%
2020	114.8%	8.0%
2021	2.8%	3.3%
Average	58.1%	15.6%
Total	1596.8%	144.5%

## Returns by company

Ticker	Days	Yield	Yield full	Ann-d	Ann-d full
AGRO	932	422.9%	359.7%	91.1%	28.0%
AKRN	858	135.8%	422.2%	44.0%	30.7%
AQUA	0	0.0%			
CHMF	1799	261.3%	418.0%	29.8%	30.5%
EVRE	1846	1138.1%	619.3%	64.5%	37.6%
GLPR	0	0.0%			
GLTR	772	45.9%	218.7%	19.5%	20.6%
GMKN	2166	629.4%	371.7%	39.8%	28.5%
HGML	1279	1028.4%	1524.2%	99.7%	57.0%
LKOH	953	222.5%	307.2%	56.6%	25.5%
MAGN	829	283.6%	707.6%	80.7%	40.2%
NLMK	1195	284.8%	470.6%	50.9%	32.6%
PHOR	1574	347.0%	274.8%	41.5%	23.8%
PLZL	782	233.0%	1686.2%	75.3%	146.5%
POGR	1952	408.7%	472.3%	35.6%	32.6%
POLY	1803	293.2%	283.5%	31.9%	24.3%
RUAL	1135	224.5%	18.5%	46.0%	3.7%
TSG	54	-6.0%	1678.7%	-34.3%	2216039.7%

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