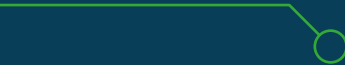# Enhanced Investments

Investments

Enhanced Investments
Investment Analytical Platform
and Semi-Algorithmic Fundamental Strategies

January 2023

Enhanced Investments is developing a technologically advanced investment portal providing statistical and analytical data on more than 4000 traded companies and macro indicators

The IT-system is automatically parsing market and stock data for further processing with unique analytical modules, thus recalculating investment potentials of companies in focus

All data and results are delivered either via a user-friendly web or mobile interface, or can be provided through API

Basing on analytical platform, Enhanced Investments offers 6 profitable investment strategies; actual allocations and instant signals on portfolio shifts are available on the platform, via API or messengers

Analytical portal of Enhanced Investments: automated collection and transformation of stock and market data to detect promising investment ideas

- Automated collection of large amounts of financial and market data: parsing companies' reports, storing commodity prices and currencies

- Search for undervalued companies compared to calculated potential, historical performance, and peers

- Predictive analytics based on detected trends in resource or product prices, performance and assumption of current debt position

- Constant monitoring of technical predictions' quality, backtesting ideas and strategies

4000+
covered companies from US, China, and other countries
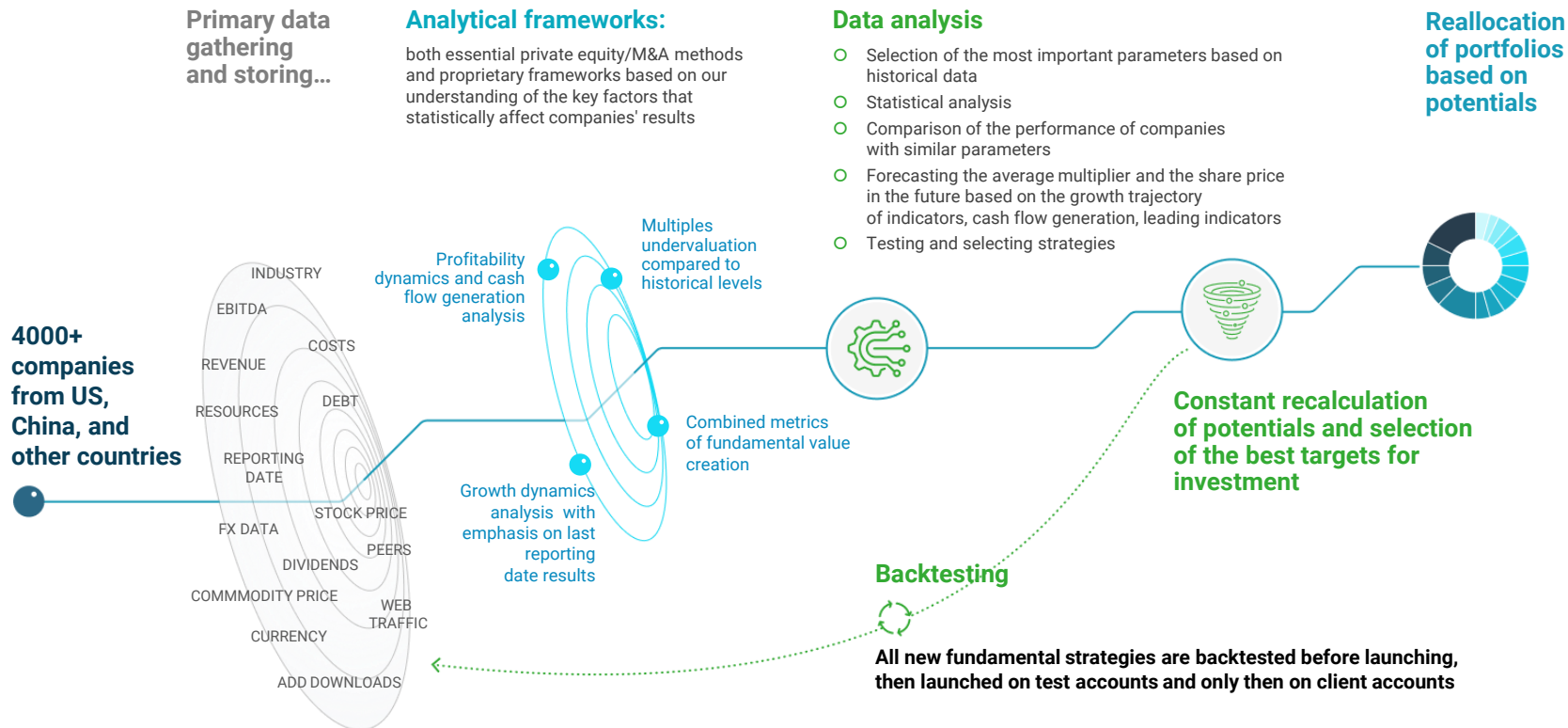
100+
commodity prices

30+
exchange rates

6
ready-to-use strategies

Enhanced Investments

Download on the App Store

GET IT ON Google Play

Analytical portal of Enhanced Investments: quick reaction to market changes due to a technically advanced IT system

Primary data gathering and storing...

Analytical frameworks:

both essential private equity/M&A methods and proprietary frameworks based on our understanding of the key factors that statistically affect companies' results

Data analysis

- ○ Selection of the most important parameters based on historical data
- ○ Statistical analysis
- ○ Comparison of the performance of companies with similar parameters
- ○ Forecasting the average multiplier and the share price in the future based on the growth trajectory of indicators, cash flow generation, leading indicators
- ○ Testing and selecting strategies

Reallocation of portfolios based on potentials

4000+ companies from US, China, and other countries

INDUSTRY

EBITDA

COSTS

REVENUE

RESOURCES

DEBT

REPORTING DATE

STOCK PRICE

FX DATA

PEERS

DIVIDENDS

COMMMODITY PRICE

WEB TRAFFIC

CURRENCY

ADD DOWNLOADS

Profitability dynamics and cash flow generation analysis

Multiples undervaluation compared to historical levels

Combined metrics of fundamental value creation

Growth dynamics analysis with emphasis on last reporting date results

Constant recalculation of potentials and selection of the best targets for investment

Backtesting

All new fundamental strategies are backtested before launching, then launched on test accounts and only then on client accounts

Enhanced Investments

Analytical portal of Enhanced Investments:
unique solution for smart investing in commodity companies

Automated data collection

Parsing **essential financial data** from SEC reports and other sources

Retrieving information on **insider deals** in just 2 days upon closing

The only system that parses **operational data** (output volumes, reserves, life of mine, etc.)

Accumulating **commodity and currency prices** from exchanges

Data transformation

Applying analytical frameworks to get all necessary **metrics for further analysis**

Maintaining and constantly updating **comprehensive** companies' **profiles**

Generating graphic and textual **alerts** on upcoming reports, sharp changes in prices, large insider purchases, etc.

Dynamic forecasting for commodity companies

A special module that provides **dynamic modelling** for commodity companies (currently, for 88 players)

The module **in real-time mode recalculates** estimated current profitability of the company, its debt position, anticipated multiples – all based on current market environment

Enhancing earnings from investments in commodity companies

The system suggests the **optimal moments to invest in and exit from** the company based on comparison of its current and potential multiple

Investing based on growth potentials is **more effective** than simple holding the stocks

ALL DATA AND METRICS GENERATED ON EVERY STAGE ARE AVAILABLE ON THE PLATFORM OR VIA API

Enhanced Investments

Ready-to-use fundamental strategies

based on the performance of Enhanced Investments analytical platform

✓ Investing in stocks only

✓ No short positions (except for specialized Short Strategy)

✓ No leverage (except for Eastern Europe strategy with up to 20% leverage)

✓ Available for auto-following via partner brokers

Follow the Insiders
+47%
since launch
07/21/2022

Global Commodities
+83%
since launch
05/31/2020

Short Strategy
+78%
since launch
08/31/2021

U.S. Leaders
+47%
since launch
08/26/2019

Report Prediction
+13%
since launch
07/07/2022

Eastern Europe**
+849%
since launch
01/01/2015

Enhanced Investments

* As of 01/27/2023, before Enhanced Investments fees   ** Strategy is unavailable on the U.S. market

Enhanced Investments is ready to provide financial and analytical data for portfolio managers

- Essential financial and market data
- Calculated analytical metrics
- Quick data on insider deals
- Operational data for commodity companies
- Unique module of dynamic forecasting for commodity companies
- Profound report prediction module
- Actual structures of our portfolios along with instant signals on transactions

- **Data available either via API or web/mobile interface**
- **Profitable, ready-to-join investment strategies**
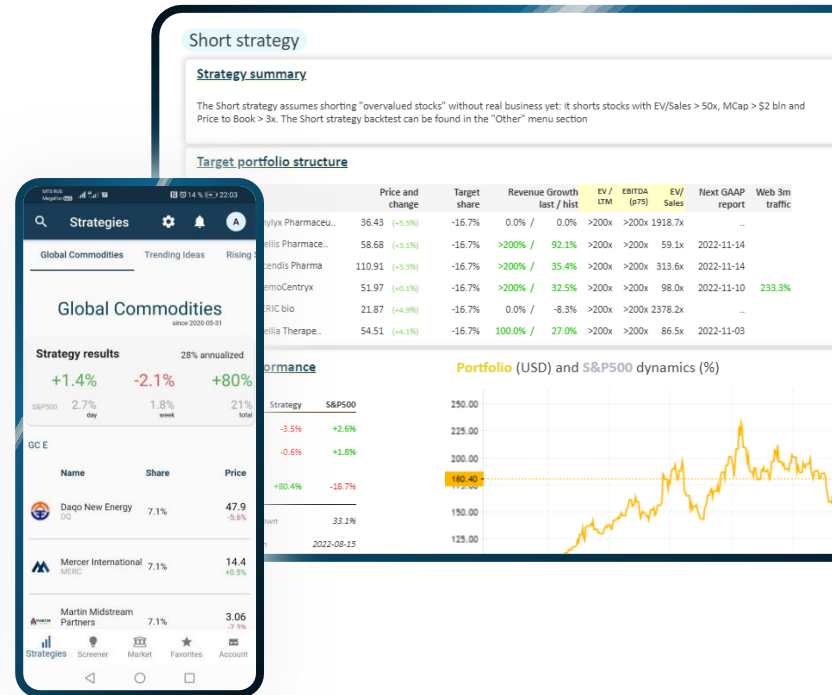
Appendix 1:
Investment strategies

Enhanced Investments

Follow the Insiders

+47%

growth since launch
07/21/2022*

+9%

growth in 2023*

-7%

max drawdown
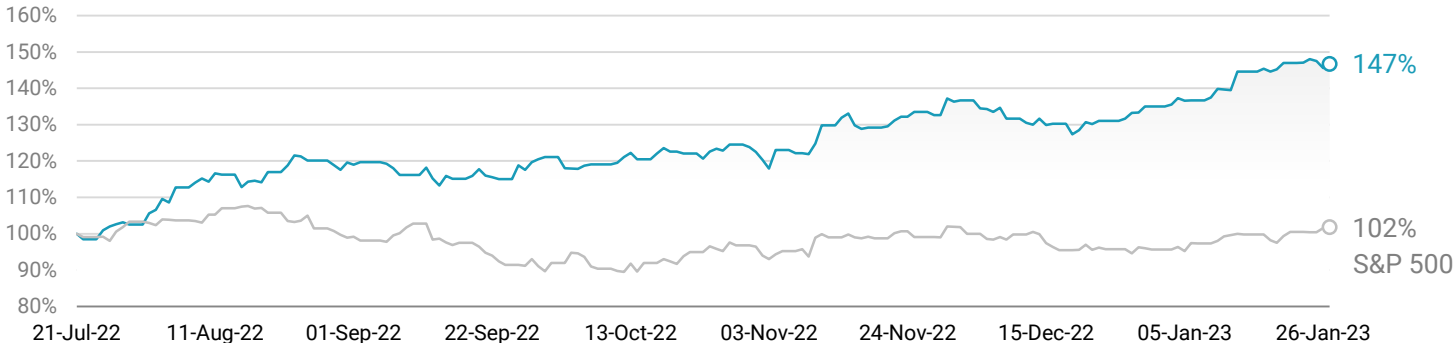12/19/2022

3.39

Sharpe ratio

Takes into consideration if insider deals in the company changed direction (from buys to sells or vice versa)

Our IT platform automatically gathers in the real time from the SEC forms data on insider deals more than 2000 companies in the shortest possible timeframe, aggregates and correlates them with other insider deals by the same issuer.

It also accurately forms market-neutral portfolio taking into account market betas of the companies in portfolio which helps it achieve high Sharpe ratio

paloalto NETWORKS

BED BATH & BEYOND

Lilly

Dropbox

TESLA

OXY

Allakos

Dynamics since launch

160%
150%   147%
140%
130%
120%
110%
100%
90%   102%
80%   S&P 500

21-Jul-22 11-Aug-22 01-Sep-22 22-Sep-22 13-Oct-22 03-Nov-22 24-Nov-22 15-Dec-22 05-Jan-23 26-Jan-23

Enhanced
Investments

Global Commodities Strategy

+83%

growth since launch
05/31/2020*

+8%

growth in 2023*

-29%

max drawdown
09/26/2022

0.88

Sharpe ratio

Invests in international commodity companies that are benefiting from the current commodity supercycle and energy crisis.

Investment Approach: By automatically analyzing more than 4000 commodities players and calculating their potentials every minute, our investment analytical platform selects the most undervalued companies based upon changes in commodity markets (oil, gold, food, fertilizers, non-ferrous metals, etc.) and exchange rates.
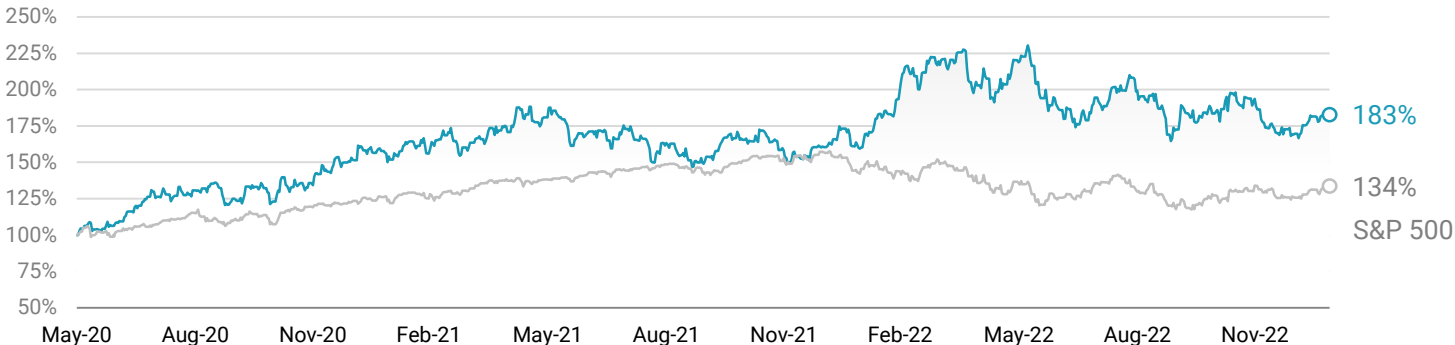
Dynamics since launch

183%

134%
S&P 500

Short Strategy

+78%
growth since launch
08/31/2021*

-11%
growth in 2023*

**-33%**
max drawdown
08/15/2022

1.10
Sharpe ratio

Assumes shorting "overvalued stocks" without real business yet.

Investment Approach: our investment analytical platform determines and shorts stocks with EV/Sales > 50x, MCap > $2 bln and Price to Book > 3x. The Short Strategy in a positive market goes down weaker than S&P's growth, and in a negative one, on the contrary, the return is much ahead of the downfall. It allows to outpace the S&P index and balance the risk of the overall portfolio.

NIKOLA

ascendis pharma

RIVIAN

Dynamics since launch

178%

90%
S&P 500

Enhanced Investments
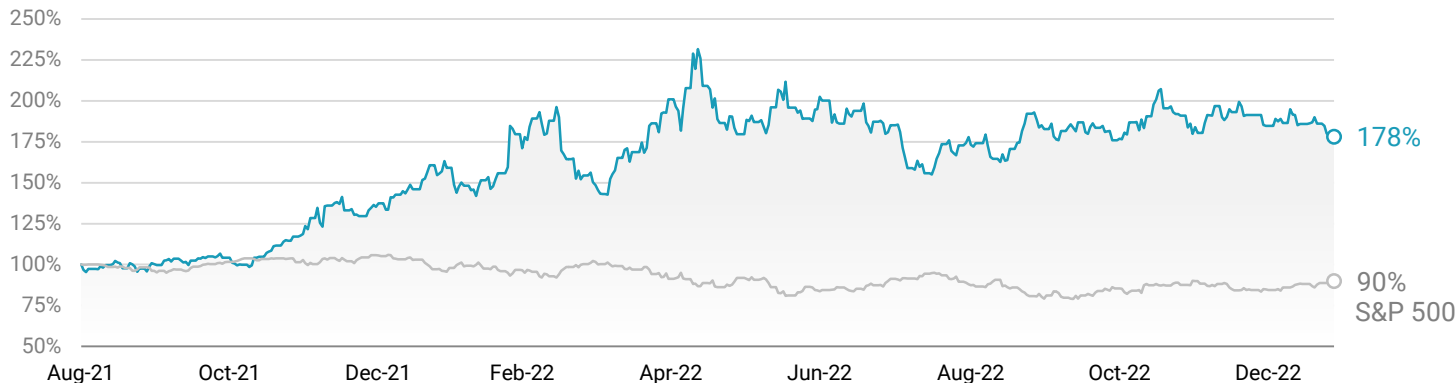
U.S. Leaders Strategy

+47%

growth since launch
08/26/2019*

+8%

growth in 2023*

-29%

max drawdown
09/30/2022

0.61

Sharpe ratio

Focused in top U.S.-based non-financial companies. The idea is to find positive anomalies when company's growth rates exceed its historic levels and at the same this company doesn't cost a lot yet.

Investment Philosophy: Growing companies tend to grow further, while falling ones usually continue to fall, but it's better to hold growth companies when they show no signs of growth slowing (or even better show growth acceleration) and together with that cost not too high. As the main evaluation indicators, we use the EBITDA growth dynamics and the EV/EBITDA multiples on the 3-year averages

Dynamics since launch

147%
141%
S&P 500

Enhanced
Investments
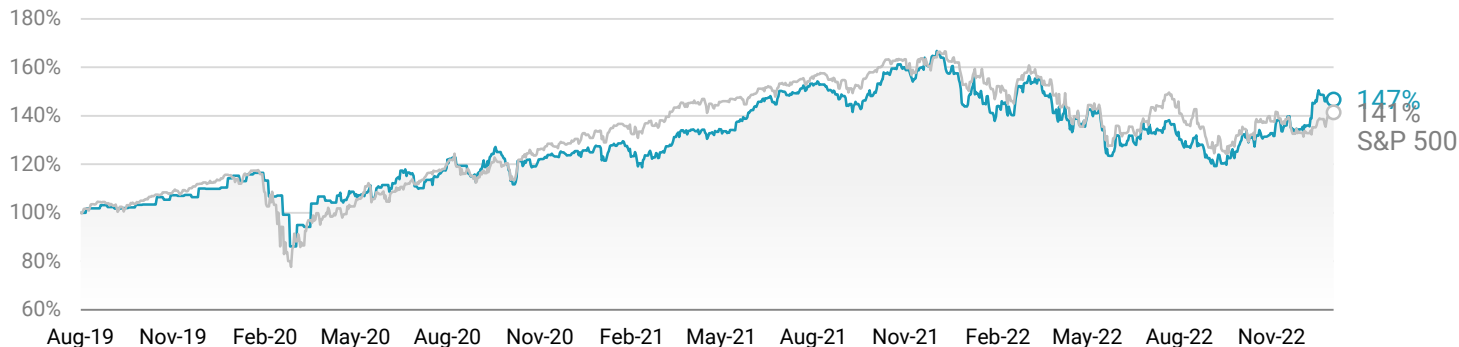
Report Prediction Strategy

+13%
growth since launch
07/07/2022*

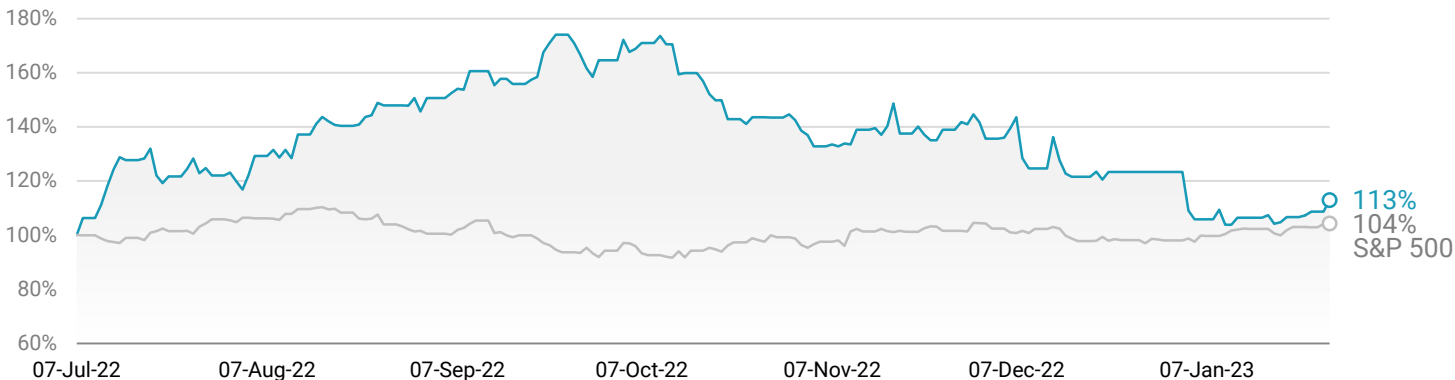**-4%**
growth in 2023*

-40%
max drawdown
01/10/2023

0.69
Sharpe ratio

A variable long / short strategy that mathematically predicts whether a company will report positively or negatively, and how the stock price will react to the report

Silvergate

Goldman Sachs

AMERISERV FINANCIAL

Commerce Bancshares, Inc.

Dynamics since launch

113%
104%
S&P 500

Enhanced Investments

* As of 01/27/2023

Eastern European Strategy (RUB)

+849%

growth since launch
01/01/2015*

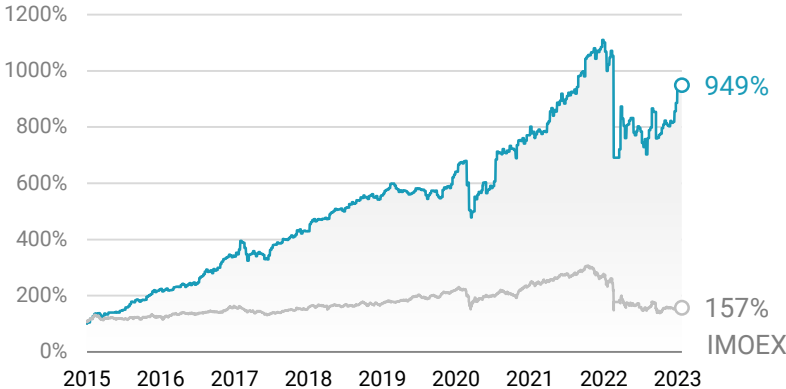**+6%**

growth in 2023*

-38%
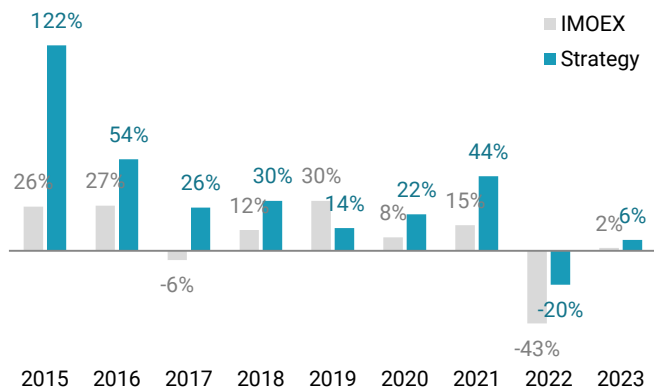
max drawdown
02/24/2022

1.03

Sharpe ratio

Invests in cheap commodities players based on the EBITDA they are likely receive at the moment (same approach as Global Commodities). The portfolio also includes undervalued consumer companies, the most attractive in terms of growth and undervalued by multiples

RUSAGRO group · NLMK · PHOSAGRO · NORNICKEL · POLYMETAL INTERNATIONAL PLC · MMK · POLYUS · Severstal · M.Видео · X5 RETAIL GROUP

Dynamics since launch

949%

157%
IMOEX

Returns by years

- IMOEX
- Strategy

Year	IMOEX	Strategy
2015	26%	122%
2016	27%	54%
2017	-6%	26%
2018	12%	30%
2019	30%	14%
2020	8%	22%
2021	15%	44%
2022	-43%	-20%
2023	2%	6%

Enhanced Investments

* As of 01/27/2023

14

Appendix 2:
Data available for integration

Enhanced Investments

Data available for integration

1. FINANCIAL AND OPERATIONAL DATA

Name, ticker

Description of the company's business (in Russian and English for Russian companies and those on SPB Exchange, English for US and JSE Markets)

An illustration relevant to the company's business

By quarter/half-year:

- Revenue (+ compound annual growth rate for the last 3 years)
- EBITDA (+ compound annual growth rate for the last 3 years)
- Net debt
- Dividends for the period
- BuyBack for the period
- Free Cash Flow
- Dividends in absolute and relative terms for each period (+ dividend dates)
- Production volume and reserves (for commodity companies)
- Share price, change per day/week, how much the share price is higher than minimum and lower than maximum for the last 3 years
- The number of shares for each issuer (considering BuyBack and issues)
- Market capitalization
- EV (Enterprise Value)
- Short interest
- Press releases for all companies
- Transcripts of conference calls
- Financial reports of US companies by articles
- Recognizing text in balance sheets, which are available in image format only, and interpreting IFRS reports of Russian companies
- Insider sales/purchases statistics
- Web traffic by month

Mechanisms to extract specific parameters from the SEC form (for example, shipment volume in a shipping company) according to client requests

2. PARSING COMMODITY DATA

- Cold-rolled and hot-rolled products in the Russian Federation and China, iron ore, zinc, cast iron
- Thermal and coking coal
- Carbonate, graphite, hydroxides, lithium, diamonds, aluminium, vanadium, gold, copper, nickel, tin, palladium, platinum, lead, silver, zinc
- Gasoline / diesel in the EU, Gasoline 92/95 and diesel in the Russian Federation, fuel oil, Brent / WTI / Urals oil
- Welded pipes, seamless (affect RF metallurgists)
- Iron/steel scrap in US and RF
- NPK, ammonia, ammonium nitrate, di-ammonium phosphate, potassium salt, urea, urea-ammonia mixture, polyamide, sulfur
- Gas in Europe/RF/USA, propane
- Electricity in the Russian Federation and the USA
- A wide range of food products in the USA and Russia
- Alumina, rubber, lumber, polysilicon, polypropylene, cellulose
- The cost of new and resale real estate in the Russian Federation, Moscow and St. Petersburg
- Baltic Tanker Index, freight rate, gondola and tank car rental rate
- Cobalt, magnesium, manganese, molybdenum, titanium, uranium
- Cannabis benchmarks
- Nominal and real 5Y Treasury rates, expected inflation for the next 5 years in the US

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Data available for integration

3. DATA TRANSFORMED BY THE PLATFORM

With daily change:

- EV/EBITDA multiple
- Average historical EV/EBITDA for each specific company
- P/E for financial companies (+ historical average)
- EV/Sales
- P/Book
- FCF Yield LTM
- Dividend Yield LTM
- Beta and Alpha shares to SP500 Index, NASDAQ Composite, Treasury Bond 10-Year, Gold, Brent
- A comprehensive overview of how the company performed on the EPS (Earnings Per Share) and SPS (Sales Per Share) forecasts, plus information about how the shares have changed since the publication of reports satisfying the forecasts

Text blocks with automatically generated fundamental analysis

- ordinary companies
- commodity companies
- "growth companies"

4. UNIQUE ANALYTICAL MODULES

For commodity companies (the platform provides revenue and cost predictions for 28 Russian and 60 international companies, the list constantly expanding):

- price dynamics of the commodities and goods baskets
- revenue and cost drivers
- EBITDA calculation in current market conditions
- EBITDA calculation in average for the last three years' market conditions
- assessment of net debt at the current date (not the reporting date)
- calculation of forecast multiple
- estimated growth potential
- quality forecasting / and historically, the company has been ahead of or behind the predicted based on changes in commodities and product prices

For consumer companies:

- calculation of fundamental value creation based on money generation, business growth relative to capitalization
- undervaluation of similar companies based on country, business growth trajectory, profitability, cash flow profitability
- calculating the multiple's potential to recover to the historical level

Data available for integration

5. GRAPHICAL AND TEXTUAL ALERTS

Company reports:

- financial results vs historical growth rates and guidance
- guidance for the next period (if any)
- change in the debt burden

Calendar of upcoming reports for the week

Potentially strong statistics-based reports:

- how the company has historically reported, and its price reacted to the reports
- how other companies in the sector reported and responded to this quarter's report
- how the company's web traffic has changed recently / prices for commodities
- has the company's business growth slowed down or sped up

Sharp changes in the prices of commodities and companies that receive the benefit from them

Large insider purchases (with statistics of previous insider transactions for this issuer); TOP insider purchases for the week

Changes in web traffic

6. SEMI-ALGORITHMIC PORTFOLIOS AND SIGNALS ABOUT THEIR CHANGES

Current portfolio structure, including

- portfolio changes per day/week/from the beginning of the year/for each quarter/for the entire period in USD and RUB;
- statistics on the distribution of assets by country;
- distribution of instruments by weight in the portfolio in relative and absolute terms;
- daily changes in prices of each asset, dynamics of portfolio assets in the chart

Portfolio changes alerts

Our expert comments on the current situation, reasons for change, etc.

Estimated potentials of growth by companies

Portfolio backtests

7. MACRO STATISTICS

US Inflation Forecasting Mechanism (Based on Dynamically Updated Indices and Resource Prices Based on Consumption Structure)

Regularly updated macro data:

- Total Vehicle Sales;
- New One Family Houses Sold (US);
- Worldwide Semiconductor Sales;
- Baker Hughes North American Rotary Rig Count;
- Total Mining Production for South Africa;
- Pipeline Petroleum Movement;
- Real Gross Domestic Product (Growth);
- United States Manufacturing PMI;
- Government total expenditures (USA);
- Flight Numbers in the US;
- real disposable income of the population and the unemployment rate in the United States;
- Personal Consumption Expenditures: Durable Goods and Nondurable Goods;
- Retail Sales: Electronic Shopping and Mail-Order Houses;
- Fed assets, US federal debt, incl. as a percentage of GDP, 10-year Treasury yield;
- Cases of Covid-19 infection in the US and China

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