



# BEYOND BORDERS INVESTMENT STRATEGIES

## GLOBAL ECONOMIC OUTLOOK - 2016





## ABOUT THE SPEAKER



Vitaly Veksler, CFA

### EXPERIENCE

- CEO and Portfolio Manager, Beyond Borders Investment Strategies
- Vice President, BNY Mellon Asset Management
- Senior Sector Specialist (Technology Equity), Fidelity Management & Research
- Senior Equity Research Associate, State Street Research & Management / BlackRock
- Manager of Project Finance, Raytheon Engineers & Constructors

### EDUCATION

- M.B.A. - MIT Sloan School of Management
- M.A.L.D., International Finance - The Fletcher School, Tufts University
- M.S., Information Systems - Moscow State Technical University (MIREA)



# INVESTMENT PROCESS

Quantamental Investing: Help investors increase portfolio returns & decrease risks over long-term horizons (3+ years) by providing a cost-efficient way to alleviate the home country bias

## GLOBAL MACRO ANALYSIS

- Research global trends in economies, commodities, politics, policy, etc.

## COUNTRY CATALYSTS & RISKS

- Global Macroeconomic Trends
- Political Factors
- Economic Factors
- Legislative Factors

Superior  
Returns

## COUNTRY SELECTION

- Identify countries with low current valuations vs. historical

## EXPECTED RETURNS

- Valuations
- Growth Indicators
- Dividends



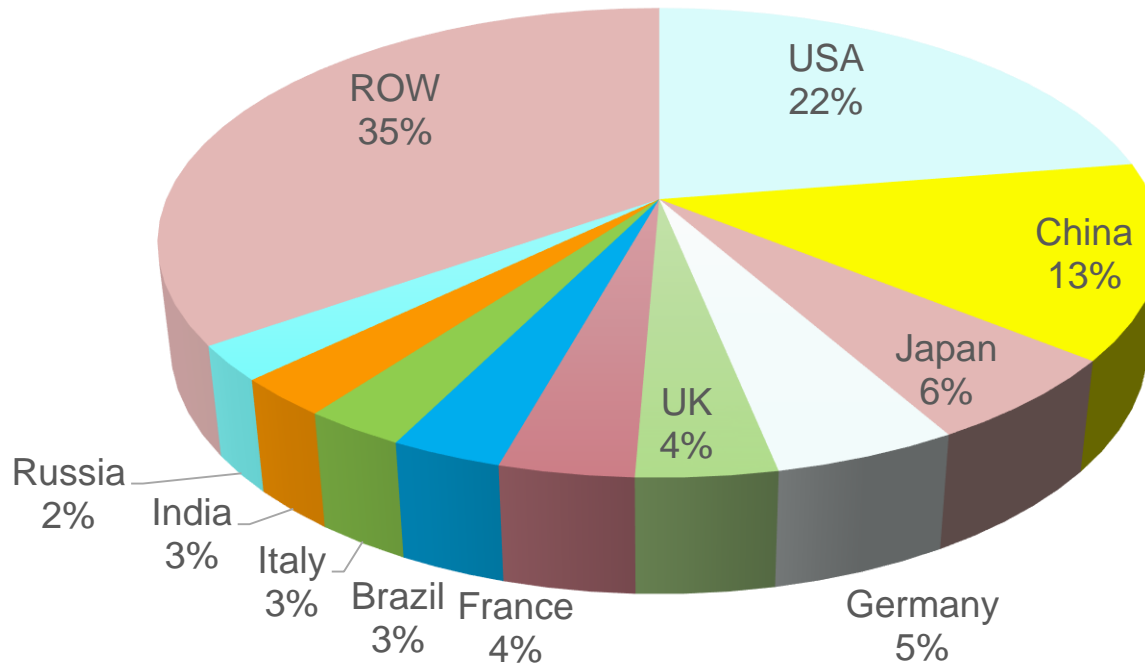
## TEN TAKEAWAYS

1. Nine out of the world's ten largest economies are forecast to accelerate growth in 2016
2. The only exception is China. We believe that China will maintain a decent growth rate of 6.5% over the next several years
3. The world as a whole is forecast to grow unspectacularly at a rate of below 4%
4. US and UK are expected to be the growth leaders among the largest developed countries in 2015, with the US taking over the leadership in 2016 and 2017
5. We disagree with the IMF assumption that that Brent oil price will reach \$60 per barrel only in 2019
6. We think that OPEC under the leadership of Saudi Arabia will cut oil production in 2016 and oil prices will jump
7. As a result, commodity exporters are likely to grow faster than forecasted, while commodity importers might grow slower
8. Risk: China's growth falls below 6% and the country "hard" lands impacting the world's economy
9. Risk: UK leaves the European Union opening a large deficit in the EU's budget
10. Risk: Something goes very wrong in Syria, where US, Russia, Iran, and Syrian faction troops are fighting in close proximity



# TOP TEN ECONOMIES RESPONSIBLE FOR 65% OF THE WORLD'S GDP

Global GDP Composition

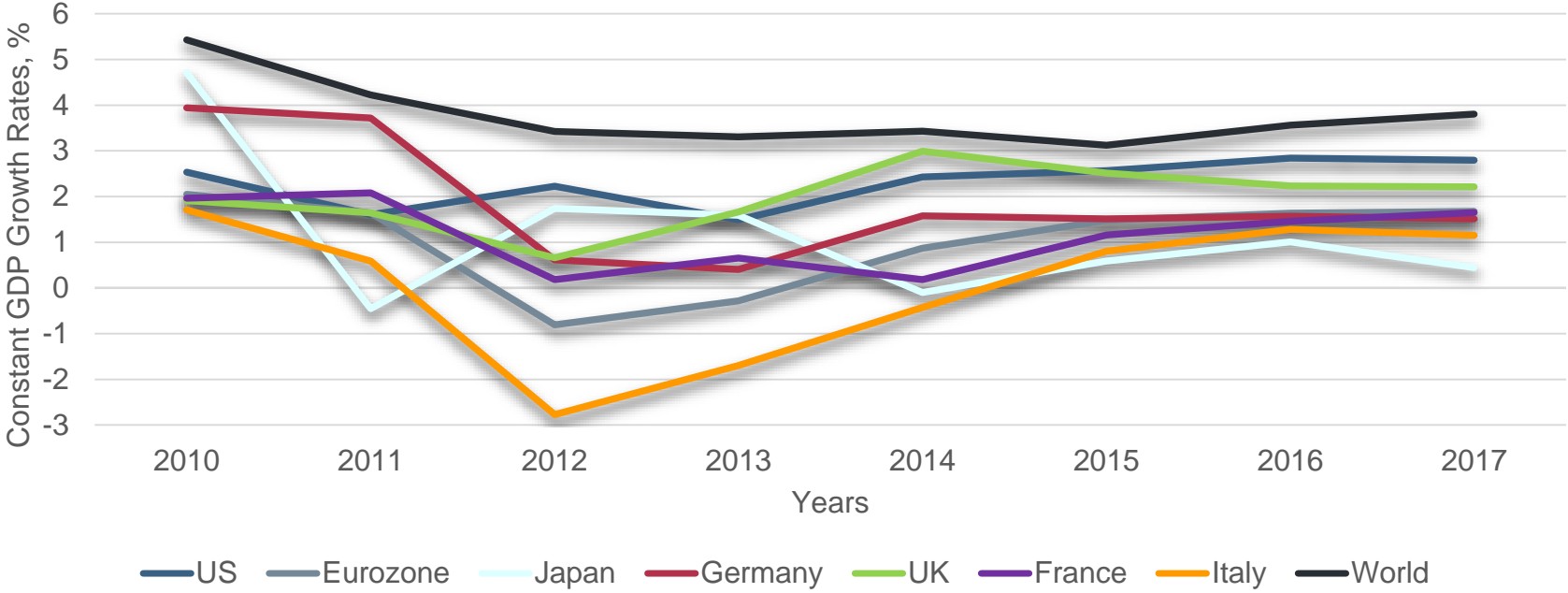


SOURCE: INTERNATIONAL MONETARY FUND, WORLD ECONOMIC OUTLOOK, CURRENT GDP SERIES, OCTOBER 6, 2015. COUNTRIES RANKED BY THEIR 2014 GDP ACTUAL VALUES.



# USA IS FORECAST TO BE THE GROWTH LEADER AMONG LARGEST DEVELOPED COUNTRIES IN 2015-2017

## GDP Growth Rates - Developed Countries

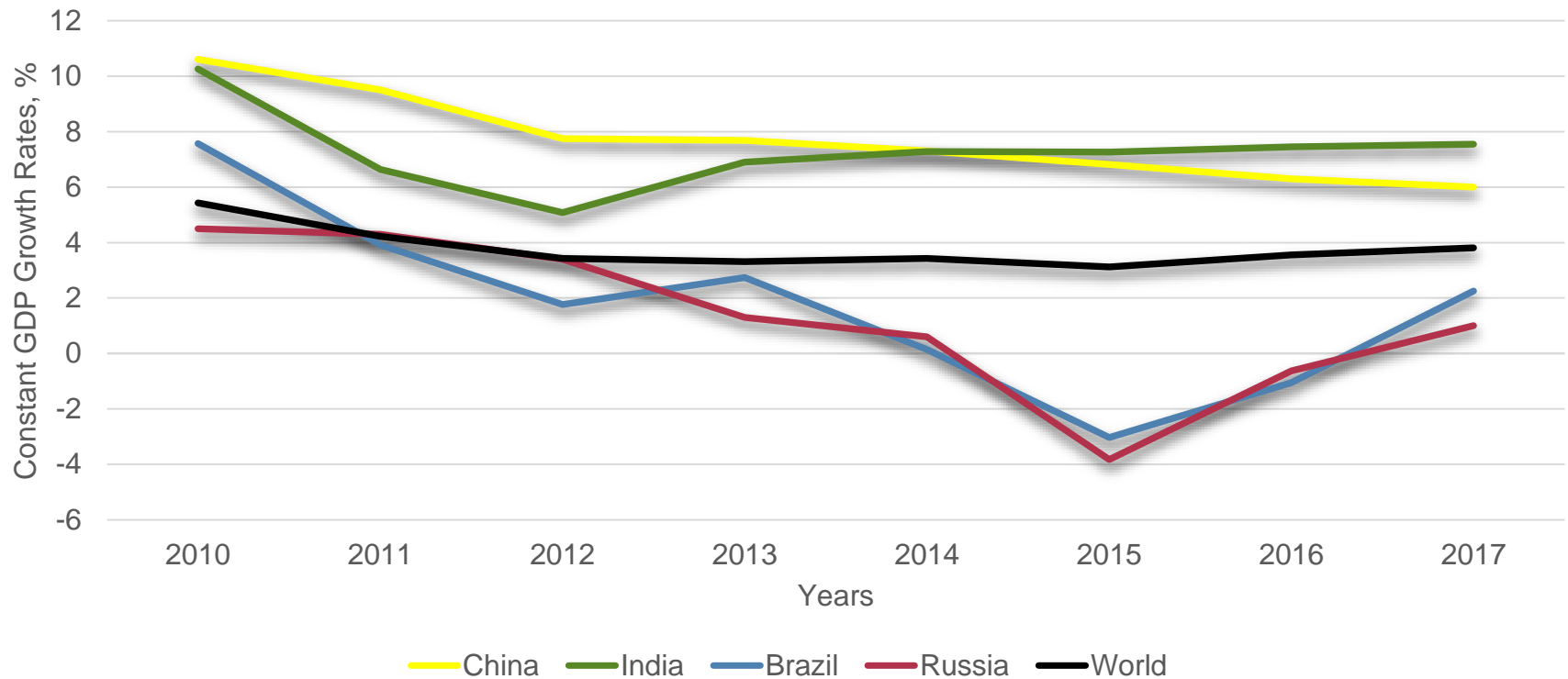


SOURCE: INTERNATIONAL MONETARY FUND, WORLD ECONOMIC OUTLOOK, CONSTANT GDP SERIES, OCTOBER 6, 2015.



# ANGELS VS. FALLEN ANGELS

## GDP Growth Rates - Emerging Markets

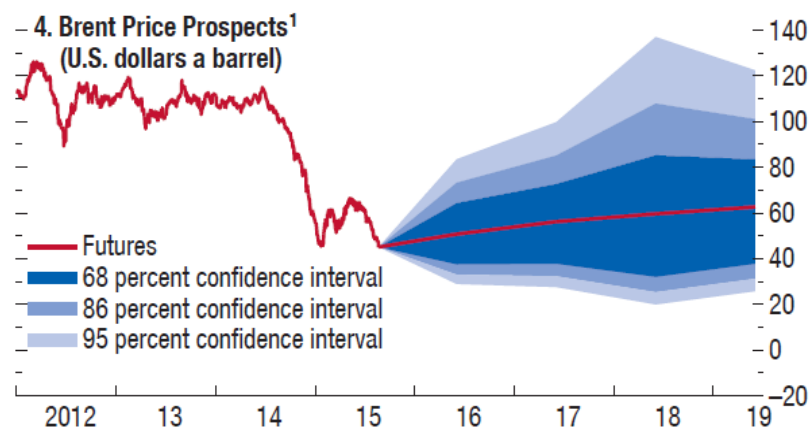
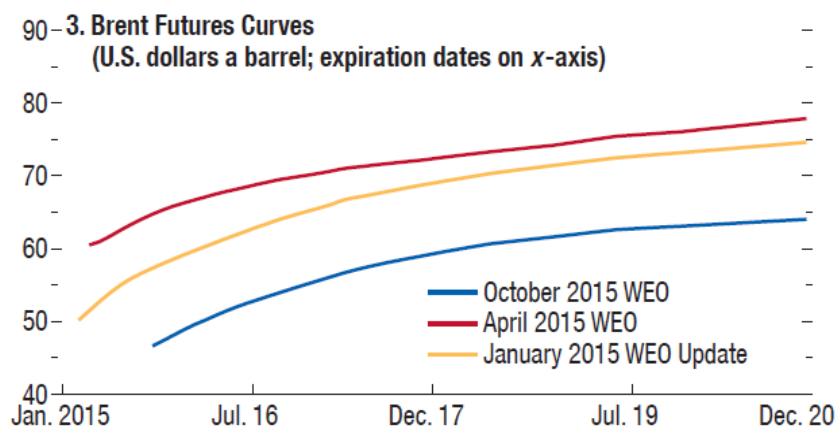


SOURCE: INTERNATIONAL MONETARY FUND, WORLD ECONOMIC OUTLOOK, CONSTANT GDP SERIES, OCTOBER 6, 2015.



# CURRENT MARKET EXPECTATIONS FOR FUTURE OIL PRICES ARE TOO LOW

## IMF Brent Oil Price Forecasts



- Market expectations for the price of oil have declined
- We disagree that the price of oil will reach \$60 only in 2019 (or in 3.5 years)

SOURCE: INTERNATIONAL MONETARY FUND, WORLD ECONOMIC OUTLOOK: ADJUSTING TO LOWER COMMODITY PRICES, CONSTANT GDP SERIES, PAGE 39, OCTOBER 2015.



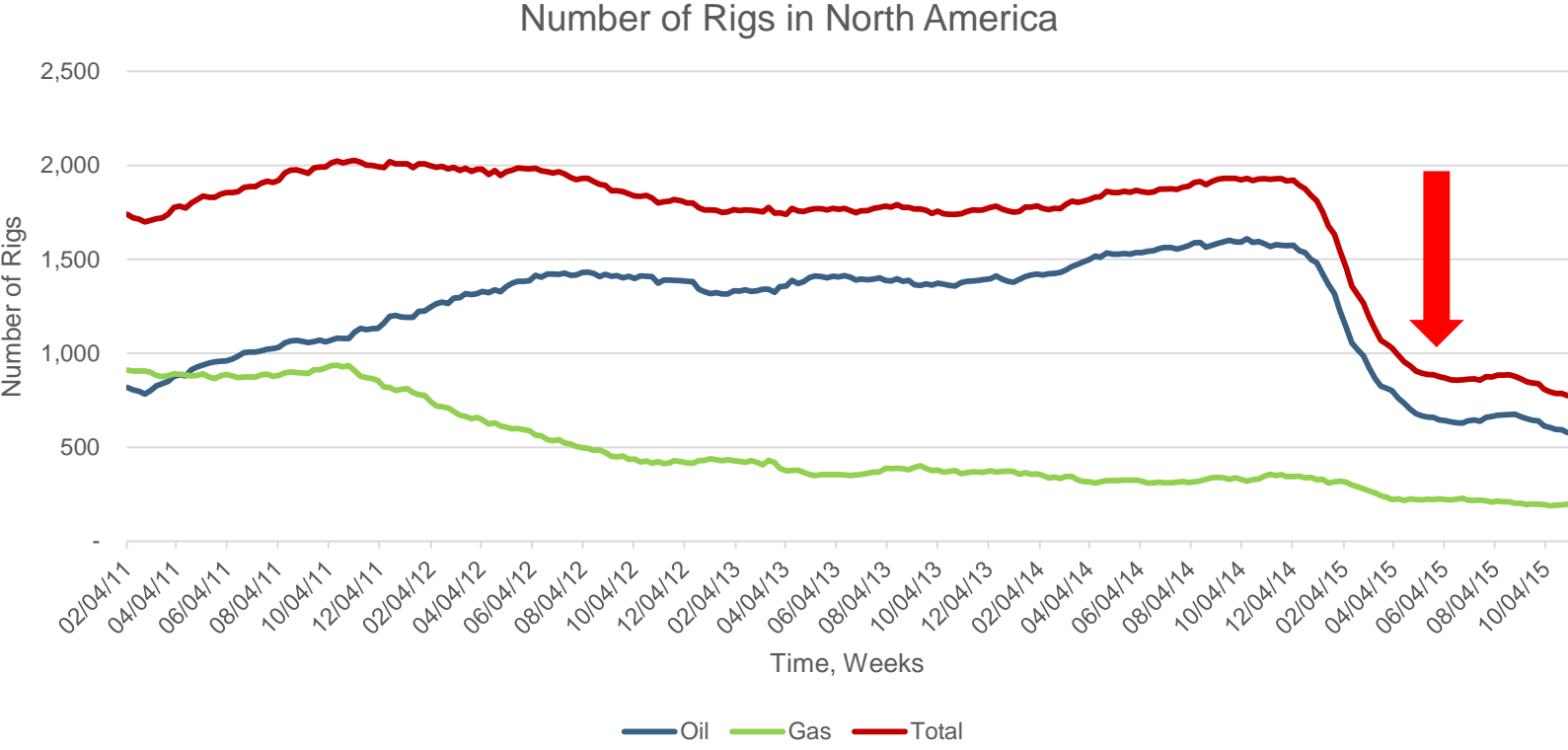


## LOW COMMODITY PRICES FOREVER?

- Reasons for Low Commodity Prices
  - Slowing economic growth in China
  - Oil glut caused by Saudi Arabia and its allies in OPEC
- Saudi Arabia's Two Goals:
  - Gain market share in North America by putting a large number of shale producers out of business - ACHIEVED
  - Put pressure on Iran and Russia to stop their overt and covert support of Shia Muslims in the Middle East - NOT ACHIEVED



# A YEAR OF PAIN: MORE THAN 64% OF OIL RIGS IN NORTH AMERICA ARE OUT



SOURCE: BAKER HUGHES, RIG COUNT, OCTOBER 30, 2015.



# IRAN-LED EXPANSION AROUND SAUDI BORDERS

## Lines in the Sand: Shiites as % of Muslim Population





## SAUDI'S DILEMMA: LOSING MONEY WHILE IRAN MARCHES ON

- Saudis lose money because of low oil prices
  - Foreign exchange reserves decreased by \$73B from \$742B to \$669 (9.2-year burn rate) from 07/14 to 07/15 <sup>1</sup>
  - Government is considering an increase in domestic energy prices to reign in a budget deficit of 20% <sup>2</sup>
- Iran's confidence is soaring after they signed the Nuclear Deal with the P5+1
  - European companies rushed into Iran in search of new business <sup>3</sup>
  - Iran will have access to \$100-150 billion in funds that were formerly frozen and unavailable to the regime <sup>4</sup>
  - Two days after the deal passed the US Senate, the head of Iran's Atomic Energy Organization announced that Iran has found an unexpectedly large amount of uranium and will start extracting it at a new mine soon <sup>5</sup>
  - Iran tested its first long-range ballistic missile that can be precision-guided until it reaches its target, said Iran's defense minister. The test likely violated UN resolution. <sup>6</sup>
  - Ayatollah Khamenei also stipulated that sanctions, or even the threat of sanctions, from abroad could be grounds for walking away from the nuclear deal <sup>7</sup>
  - Iran sent thousands of soldiers to fight in Syria under Russian air cover <sup>8</sup>

### SOURCES:

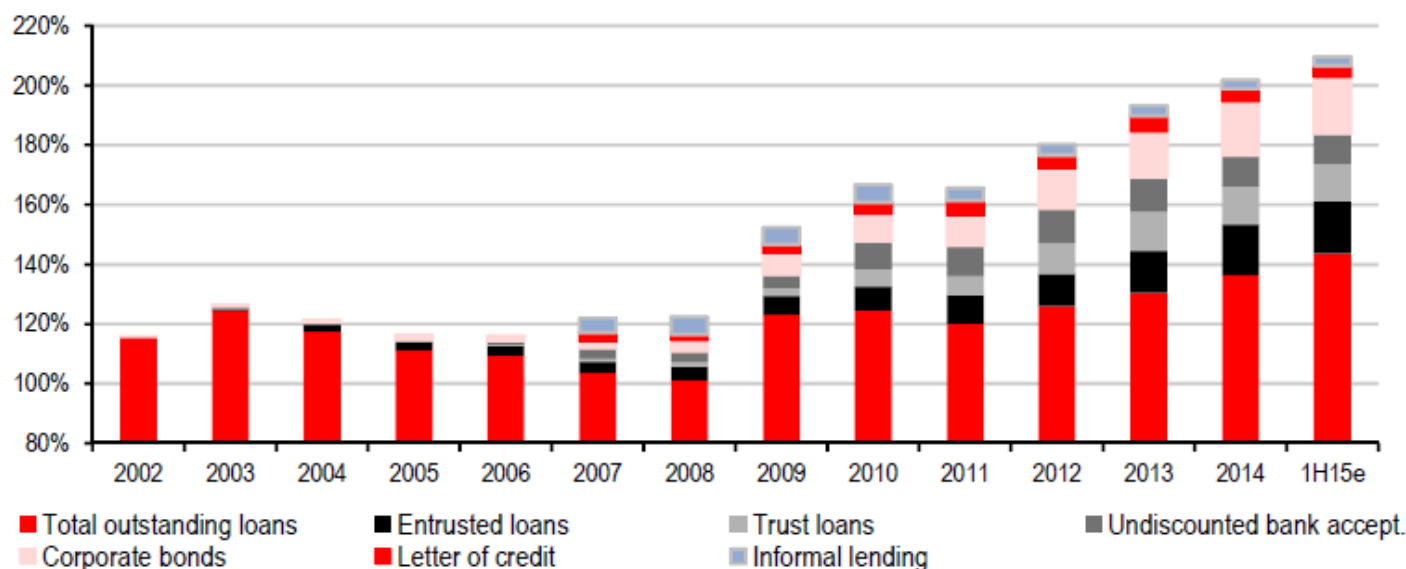
1. SAUDI ARABIAN MONETARY AUTHORITY (SAMA), THOMSON REUTERS DATASTREAM, 07/31/2014-07/31/2015.
2. THE ECONOMIST, THE WORLD THIS WEEK, OCTOBER 31, 2015.
3. THE GUARDIAN, EUROPEAN COMPANIES BEAT US TO IRAN BUSINESS AFTER NUCLEAR DEAL REACHED, AUGUST 25, 2015.
4. RICK NEWMAN, YAHOO FINANCE, HERE'S HOW MUCH MONEY IRAN WILL GET FROM THE NUCLEAR DEAL, SEPTEMBER 10, 2015.
5. REUTERS, IRAN SAYS FINDS UNEXPECTEDLY HIGH URANIUM RESERVE, SEPTEMBER 12, 2015.
6. JIM SCUITTO, CNN, U.S.: IRAN MISSILE TEST 'LIKELY' VIOLATED U.N. RESOLUTION, OCTOBER 12, 2015.
7. THE GUARDIAN, IRAN'S SUPREME LEADER GIVES TENTATIVE APPROVAL TO NUCLEAR DEAL, OCTOBER 21, 2015.
8. FOX NEWS, 1,500 IRANIAN FIGHTERS ENTER SYRIA UNDER RUSSIA'S COVER, REPORTS SAY, OCTOBER 14,



# CHINA'S PROBLEMS: SLOWING GROWTH WHILE DEBT IS HIGH

China's Xi promised that his country GDP will grow by not less than 6.5% through 2020 <sup>1</sup>

China's Total Debt as Percent of GDP, % <sup>2</sup>



SOURCES:

1. CNBC, "CHINA'S XI SAYS GDP GROWTH AT LEAST 6.5%: REPORTS, NOVEMBER 3, 2015.

2. HSBC, ASIAN ECONOMICS QUARTERLY REPORT – Q4'2015, "ASIA'S DEBT SQUEEZE", OCTOBER 2015.



## DEBT CRISIS SIMILAR TO ASIAN CRISIS OF 1997 IS NOT LIKELY

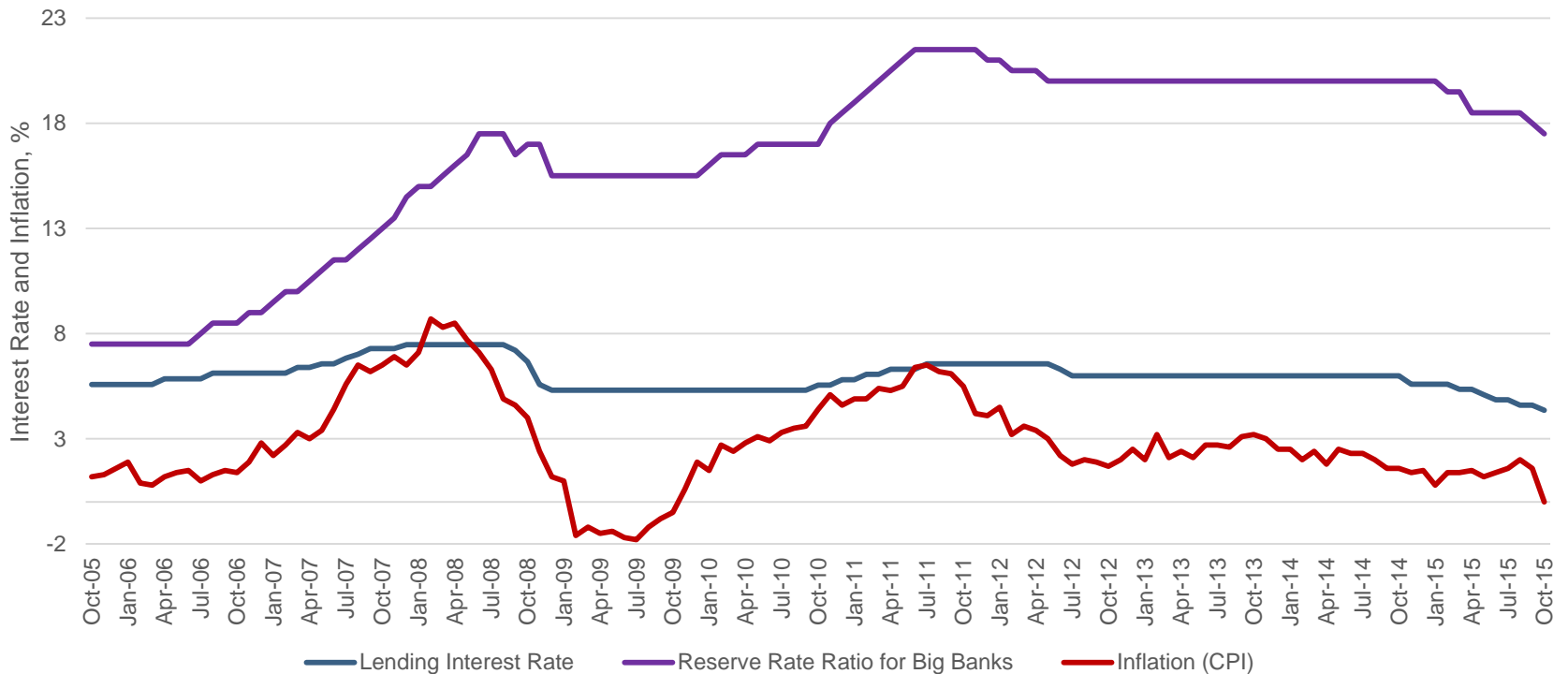
- Financial Resources
  - High foreign exchange reserves (\$3.65 trillion)
  - Current Account (Savings – Investments) is positive (3.1%)
- Monetary Easing Mechanisms
  - People's Bank of China (PBOC) can cut target interest rates as inflation is low
  - PBOC can also cut reserve requirements for banks
- Legislative Protection
  - Capital controls would not allow quick flight of Chinese investors' capital
  - China controls banks and would not allow them to go bankrupt

*SOURCES: FOREIGN EXCHANGE RESERVES – TRADING ECONOMICS, REPORTED BY THE PEOPLE'S BANK OF CHINA, JULY 2015.  
CURRENT ACCOUNT VALUE – IMF, WORLD ECONOMIC OUTLOOK, OCTOBER 6, 2015.*



# CHINA HAS ROOM FOR MONETARY EASING AS INFLATION DIPS

Interest Rate and Bank Reserve Ratio Rate vs. Inflation



SOURCES: THOMSON REUTERS DATASTREAM, RETRIEVED ON NOVEMBER 4, 2015.



## **SLOW TRANSITION FROM INVESTMENT-DRIVEN TO CONSUMPTION-DRIVEN GROWTH**

- No adequate social protection yet
- Inadequate pension protection for older people
- Cultural norms: Being frugal is glorious





## NEW GROWTH ENGINES ... THAT ARE VERY REMINISCENT OF OLD ONES

- Back to the old strengths: Construction of infrastructure in China
  - Extreme Case: 'Circuit breaker' stimulus package
    - Long-term government bonds to finance water, air pollution and urban underground infrastructure worth \$480-800 Billion <sup>1</sup>
    - 2-4% GDP increase over 2 years
- Building infrastructure abroad: Need for infrastructure in Asia (\$8 trillion) <sup>2</sup>
  - Developing goodwill and trade abroad
  - Launch of the Asian Infrastructure Investment Bank
  - Millions of extra men that China has due to gender skew caused by the One-Child policy could be employed

### SOURCES:

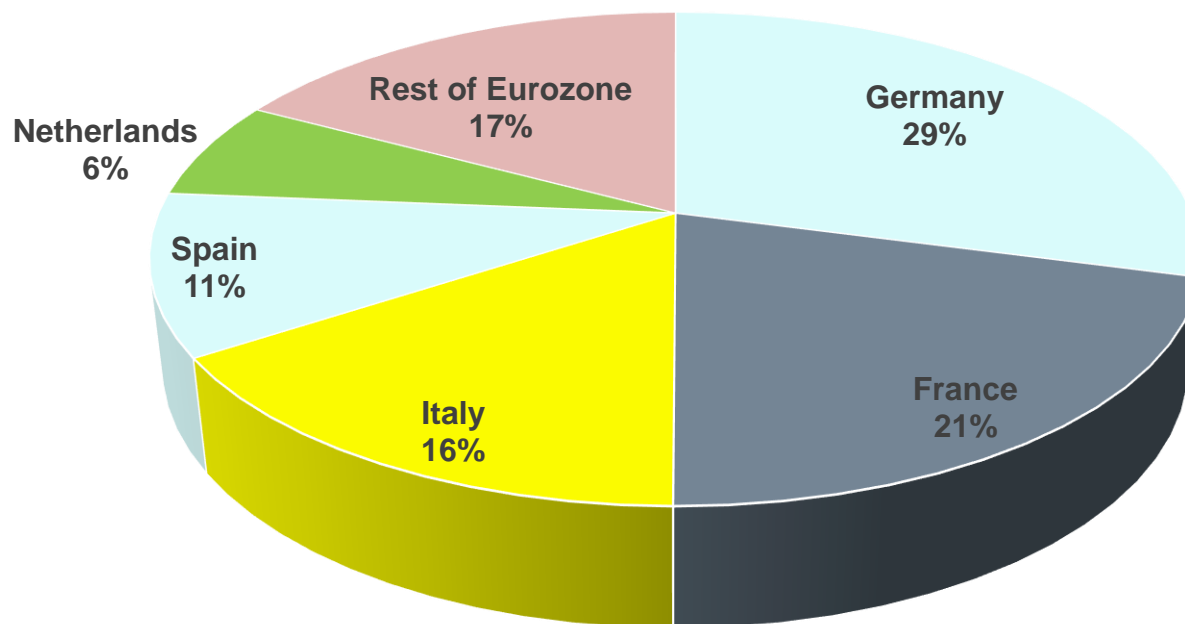
1. QU HONGBIN, HSBC, CHINA INSIDE OUT: WHY WORRIES ABOUT CHINA ARE OVERBLOWN, AUGUST 31, 2015.

2. LILIAN KARUNUNGAN, BLOOMBERG, ADB SEES EAST ASIA GROWTH RISK ON \$8 TRILLION FUNDING CHALLENGE, SEPTEMBER 25, 2013.



## EUROZONE: THREE COUNTRIES ARE RESPONSIBLE FOR 2/3 OF GDP

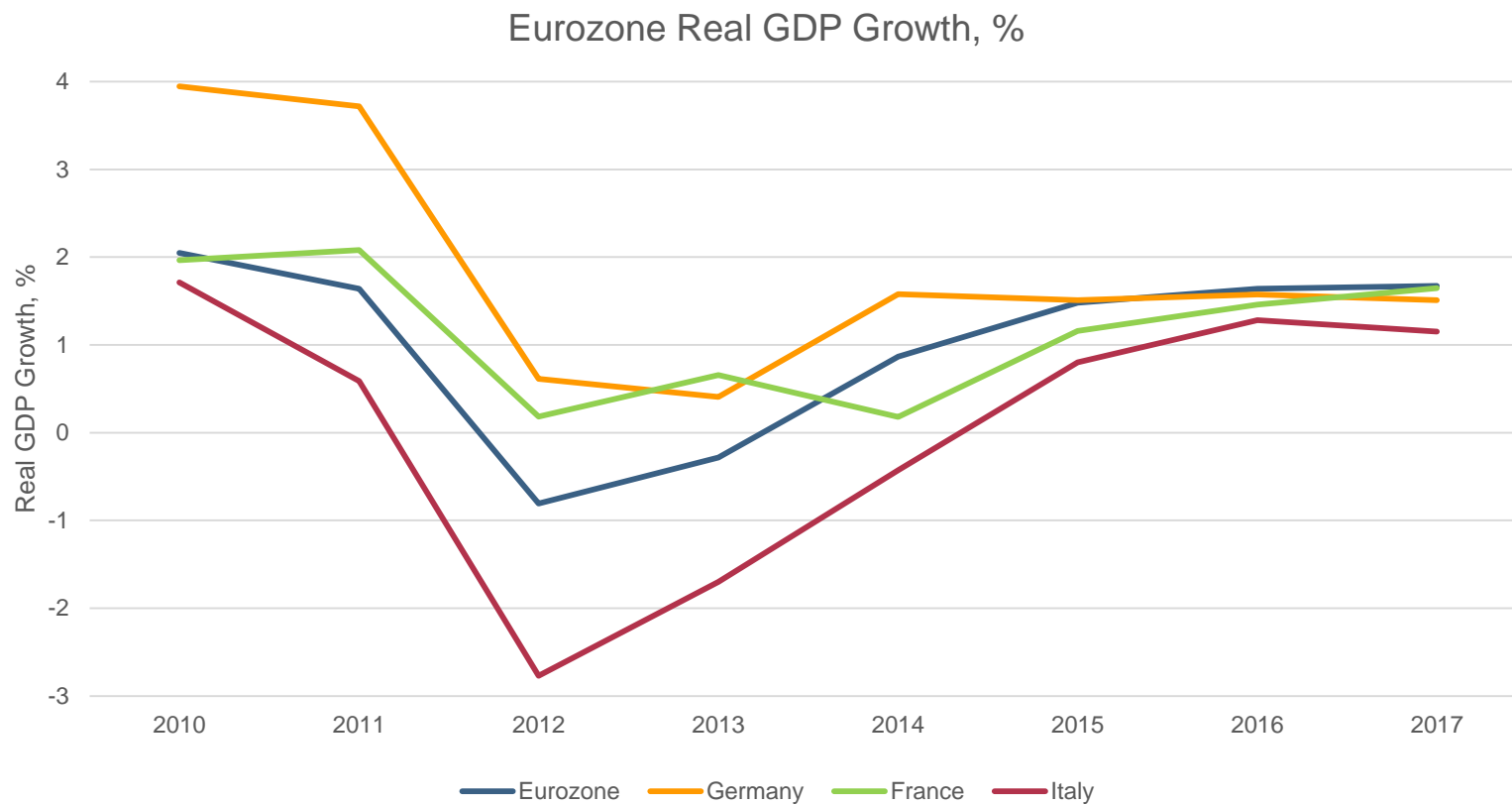
Eurozone GDP Composition by Country



SOURCE: INTERNATIONAL MONETARY FUND, WORLD ECONOMIC OUTLOOK, CURRENT GDP SERIES, OCTOBER 6, 2015. COUNTRIES RANKED BY THEIR 2015 GDP ACTUAL VALUES.



# EUROZONE: SLOW GROWTH IS LIKELY TO CONTINUE



SOURCES: THOMSON REUTERS DATASTREAM, RETRIEVED ON NOVEMBER 4, 2015.



# ECONOMIC GROWTH: DRIVERS AND RISKS

## ■ DRIVERS

- Monetary quantitative easing by the European Central Bank (ECB)
  - The ECB's quantitative easing has so far lasted for less than 1 year <sup>1</sup>
  - Quantitative easing in the US lasted for 6 years from November 2008 to October 2014 <sup>2</sup>
- Household consumption growth is positive
  - 1.7% in 2015, highest level since 2007 <sup>3</sup>
  - Expected to slow to 1.3%-1.4% level in 2016-2017 <sup>4</sup>
- Low Energy Prices
  - May not materialize in 2016

## ■ RISKS

- Slowing in China can negatively affect the economic growth in Germany, major exporter
- Negative impact of scandal in Volkswagen on other German brands
- Refugee crisis, which replaced the latest Greek crisis, pits Eurozone countries against each other

### SOURCES:

1. THE ECB QUANTITATIVE EASING STARTED IN MARCH 2015.

2. WIKIPEDIA, QUANTITATIVE EASING. RETRIEVED ON NOVEMBER 3, 2015.

3. EY EUROZONE FORECAST, STABILITY RETURNS AND SYSTEMIC RISKS FADE, OCTOBER 2015.

4. IBID.



# UK: GROWTH AND ITS DRIVERS

- **GDP Growth**
- The UK was the fastest growing G7 economy in 2014 and has a chance to repeat the feat in 2015 (IMF forecast of 2.5%) <sup>1</sup>
- In 2016 and 2017, growth is to slow down a bit to 2.2% because of increase in the oil price <sup>2</sup>
  
- **Drivers**
- Services sector is going to be the key driver of the UK growth in 2015-2017 <sup>3</sup>
  - Construction and manufacturing are held back
  - Lower sales to slowing China were a contributor to the higher GDP growth
- Increased consumer confidence is likely to lead to higher growth in retail sales
- Monetary Support
  - The Bank of England maintains the rate at 0.5% and the stock of purchased assets at £375 billion <sup>4</sup>
  - Might start slowly raising rates in 2016

## SOURCES:

1. INTERNATIONAL MONETARY FUND, WORLD ECONOMIC OUTLOOK, OCTOBER 6, 2015.
2. IBID.
2. PWC, UK ECONOMIC OUTLOOK, JULY 2015.
3. TRADING ECONOMICS, UK INTEREST RATE, INFORMATION ON OCTOBER MEETING, RETRIEVED ON NOVEMBER 3, 2015.



## UK: THE SERVICE ECONOMY

	Business	Local	Government
% of Total Services	38%	36%	26%
Focus	Global	Domestic	Domestic
Services	<ul style="list-style-type: none"><li>• Consulting</li><li>• Financial</li><li>• Information Technology</li><li>• Communications</li></ul>	<ul style="list-style-type: none"><li>• Retailing</li><li>• Wholesale Distribution</li><li>• Hotels</li><li>• Catering</li><li>• Property Services</li><li>• Transportation</li></ul>	<ul style="list-style-type: none"><li>• Public Administration</li><li>• Education</li><li>• Healthcare</li></ul>

- ❑ UK Services
  - ❑ 80% of GDP
  - ❑ 80% of Employment
- ❑ UK exports of services – 12% of GDP (vs. 8% for France & Germany / 4% for US)

SOURCE: PWC, UK ECONOMIC OUTLOOK, JULY 2015.



# BREXIT DOMINATES OTHER RISKS

- UK's exit (Brexit) from the European Union (EU)
  - High payments to the EU
    - UK's net contribution rose to £11.3 billion (\$17.4 billion) in 2013 vs. £2.7 billion in 2008 <sup>1</sup>
  - High immigration of blue-collar workers from several old Soviet satellite states in Europe <sup>2</sup>
  - Refugee Crisis <sup>3</sup>
    - According to a September 2015 poll, majority of Brits would like to leave the EU for the first time because of the crisis

## SOURCES:

1. CATHERINE BOYLE, CNBC, *JUST WHAT IS THE UK'S PROBLEM WITH EUROPE?*, MAY 27, 2015.

2. *IBID.*

3. SIMON WALTERS AND GLEN OWEN, *THE DAILY MAIL*, *BRITAIN WANTS TO QUIT EUROPE: SHOCK NEW POLL SHOWS EU 'NO' CAMP AHEAD FOR THE FIRST TIME AS CAMERON PREPARES TO FACE DOWN TORY REBELS*, SEPTEMBER 30, 2015.



# JAPAN STRUGGLES TO GROW ... AGAIN

## ■ GDP Growth

- Japan's GDP forecast to expand by 0.6% in 2015 and by 1% in 2016. Then its GDP is forecast to slow to 0.4% in 2017 <sup>1</sup>
- In early 2015, the country appeared to recover from the VAT hike in April 2014, but has slowed after Q1 2015 <sup>2</sup>

## ■ Headwinds

- Exports are negatively affected by slowing China and Asian economies
  - 18% of exports are destined to China and 32% - to Emerging Asia countries <sup>3</sup>
- Inflation dropped to 0.1% in 2015 and is estimated to be 1.4% in 2016 <sup>4</sup>
- Prime Minister Abe has been recently distracted by security issues

## ■ Economic Drivers

- Shortage of workers is likely to cause wage growth and welcome inflation in the economy
- Number of workers between 15 and 64 year dropped below 80 million people first time in 32 years <sup>5</sup>
- The Bank of Japan decided to continue stimulating economy by buying annually ¥80 trillion (\$656 billion) worth of ETFs & Japanese REITs <sup>6 7</sup>

### SOURCES:

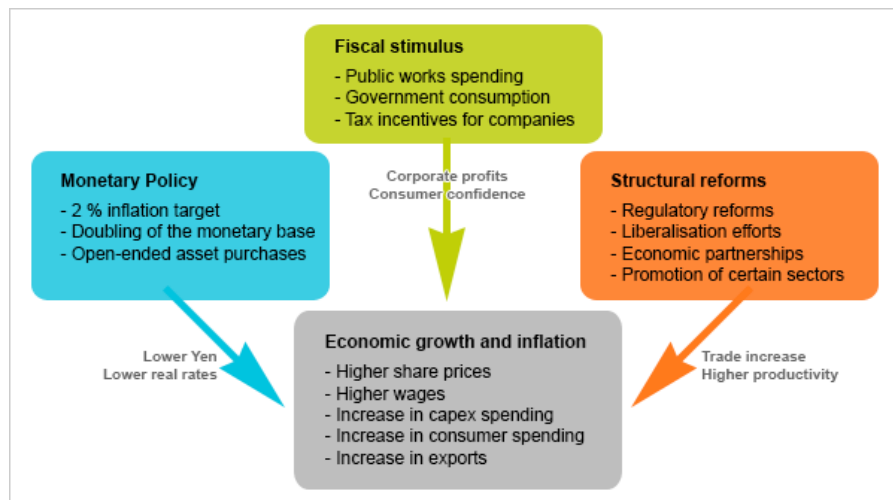
1. INTERNATIONAL MONETARY FUND, WORLD ECONOMIC OUTLOOK, OCTOBER 6, 2015.
2. HSBC, ASIAN ECONOMICS QUARTERLY – Q4 2015, ASIA DEBT SQUEEZE, OCTOBER 2015.
3. IBID.
4. TORU FUJIOKA AND KEIKO UJIKANE, THE JAPAN TIMES, KURODA SOWS DOUBTS ON FURTHER EASING AMONG SOME BOJ WATCHERS
5. TSUNEMI YOHEI, NIPPON.COM, JAPAN'S LABOR SHORTAGES IN PERSPECTIVE, SEPTEMBER 22, 2014.
6. TRADING ECONOMICS, JAPAN INTEREST RATE, RETRIEVED ON NOVEMBER 3, 2015.
7. USED THE CONVERSION RATE OF USD 0.0082 PER 1 YEN, NOVEMBER 5, 2015.



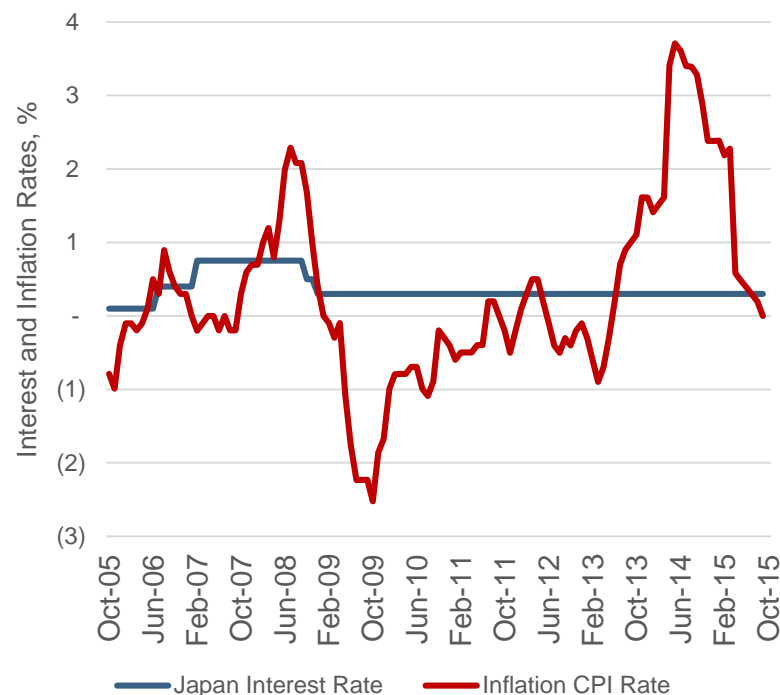


# JAPANESE GROWTH IS HIT BY SLOWING CHINA

## Three Arrows of Abenomics <sup>1</sup>



## Interest Rate vs. Inflation <sup>3</sup>



## New Arrows of Abenomics <sup>2</sup>

1. Boost gross domestic product (GDP) to 600 trillion yen (\$5 trillion)
2. Lift the fertility rate
3. Pursue social welfare reforms

### SOURCES:

1. GUY WAGNER BLOG, INVESTING IN JAPAN, SEPTEMBER 25, 2013.
2. KAORI KANEKO, REUTERS, JAPAN 3Q GROWTH SEEN SLOWING SHARPLY AS ASIAN DEMAND SLUMPS, OCTOBER 19, 2015.
3. THOMSON REUTERS DATASTREAM, RETRIEVED ON NOVEMBER 4, 2015.



## INDIA: GREAT 2015! CAN IT BE REPEATED?

- Raghuram Rajan, Governor of Reserve Bank of India: \$50 Billion gift due to lower energy prices (2% of GDP) <sup>1</sup>
  - India became the fastest growing major emerging market country (GDP growth of 7.5%) <sup>2</sup>
- India continues to be a difficult place to do business
  - Laws are cumbersome and confusing: “You can’t apply 100% of Indian labor laws without instantaneously violating 10% of them.” <sup>3</sup>
  - Country is in the 130th place in the World Bank’s Ease of Doing Business <sup>4</sup>
- State owned enterprises are not productive and provide inadequate infrastructure for development
  - Reforms are moving slow
  - No privatization of state monopolies (e.g. India Coal, Indian Railways)
- India’s GDP is not going to grow fast if commodity prices start increasing

### SOURCES:

1. *THE ECONOMIST, SPECIAL REPORT: INDIA, THE ECONOMY: UNCURL THE BODY, MAY 23, 2015.*
2. *INTERNATIONAL MONETARY FUND, WORLD ECONOMIC OUTLOOK, OCTOBER 6, 2015*
3. *THE ECONOMIST, SPECIAL REPORT: INDIA, THE ECONOMY: UNCURL THE BODY, MAY 23, 2015.*
4. *WORLD BANK, EASE OF DOING BUSINESS RANKINGS, JUNE 2015.*



## PRIME MINISTER MODI'S REFORMS ARE MOVING SLOWLY

Goal	Target Date	Comments
Build 30 km of roads daily	2017	Current rate is 10 km a day
Reach top 50 on "ease of doing ranking"	2018	Current ranking of 142 (out of 189) is horrible. Getting even in the top 100 could be challenging
Launch Delhi-Mumbai freight corridor	2019	So far, contracts for 600 km out of 1,300 km awarded
Mission to Mars	2020	Aspiration to send a second spacecraft to Mars, after first success in 2014
100 million new manufacturing jobs	2022	Lift manufacturing's share of the economy from 16% to 25%
24/7 residential power for all	2022	Connect 360 million of people currently not on national grid. Remote, northern India is the most difficult

SOURCE: TABLE BASED ON THE ONE IN THE ECONOMIST, MODI'S MANY TASKS, MAY 23, 2015.



# BRAZIL: TWO CRISES TO DEAL WITH

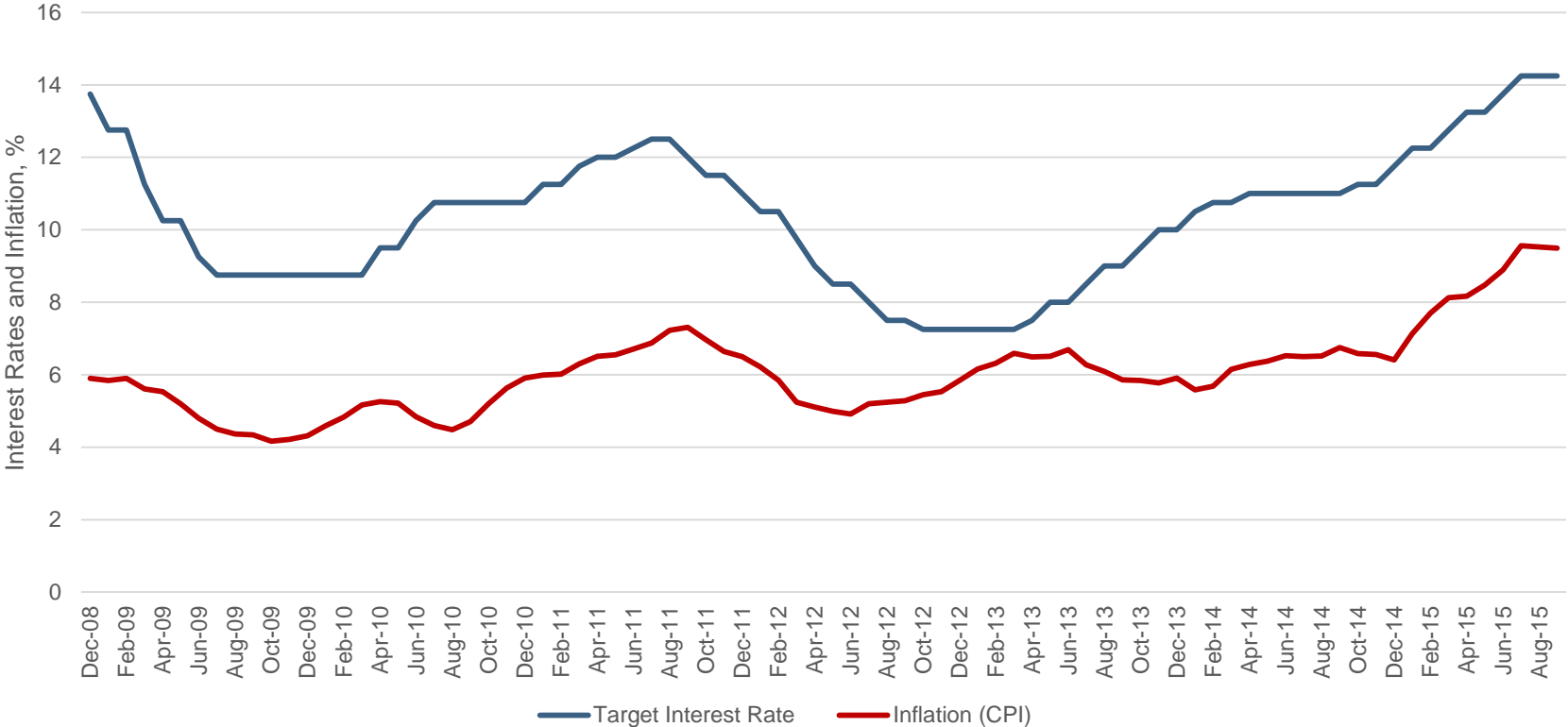
- Crises
  - Low commodity prices
  - Corruption Scandal
  
- Inflation is high due to devaluation of Brazilian Real and bad infrastructure
  - Brazilian Real decreased in value by 38% since the corruption scandal started in March 2014
  - Infrastructure is so bad that prices for goods start increasing fast if these goods are to be transported
- One of the few countries that has to tighten (monetarily) at this time
  
- Economic Drivers
  - Increased oil and other commodity prices should help

*SOURCE: THOMSON REUTERS DATASTREAM, DATA FOR FEBRUARY 28, 2014 – OCTOBER 30, 2014. DATA RETRIEVED ON NOVEMBER 4, 2015.*



# BAD INFRASTRUCTURE LEADS TO PERENNIALY HIGH INFLATION

Target Interest Rate vs. Inflation (Dec 31, 2008 – Oct 30, 2015)



THOMSON REUTERS DATASTREAM, DATA FOR DECEMBER 31, 2014 – OCTOBER 30, 2014. DATA RETRIEVED ON NOVEMBER 4, 2015.



# RUSSIA: NAVIGATING THROUGH TWO CRISES

- Crisis 1: Low commodity prices
- Crisis 2: Economic sanctions
  - Antidote against the Dutch disease
  - Trading Partners Changed
- Slowing Growth
  - GDP is forecast to drop by 3.8% in 2015 and 0.6% in 2017 before returning to low positive growth in 2017 (1%) <sup>1</sup>
- Falling Ruble
  - Russian Ruble lost almost half of its value since the end of 2013 when Maidan events were starting <sup>2</sup>
  - Great for exporters & really bad for importers
- Inflation Jumped
  - ... caused mainly by Ruble depreciation
  - The Central Bank of Russia would cut its rate if inflation does not increase <sup>3</sup>
- Low consumer confidence
  - Sentiment is improving but still down nearly 30% from the more positive tone seen two years ago <sup>4</sup>

## SOURCES:

1. INTERNATIONAL MONETARY FUND, WORLD ECONOMIC OUTLOOK, OCTOBER 6, 2015.
2. ACCORDING TO THOMSON REUTERS DATASTREAM, RUBLE LOST 48.5% SINCE DECEMBER 31, 2013.
3. TRADING ECONOMICS, RUSSIA INTEREST RATE, COMMENTS ON OCTOBER 2015 MEETING, RETRIEVED ON NOVEMBER 5, 2015.
4. KENNETH RAPOZA, FORBES, A YEAR AFTER SANCTIONS, RUSSIA'S CONSUMER CONFIDENCE IMPROVES, SEPTEMBER 9, 2015.



# SANCTIONS: STIMULUS TO RUSSIAN INDUSTRY?

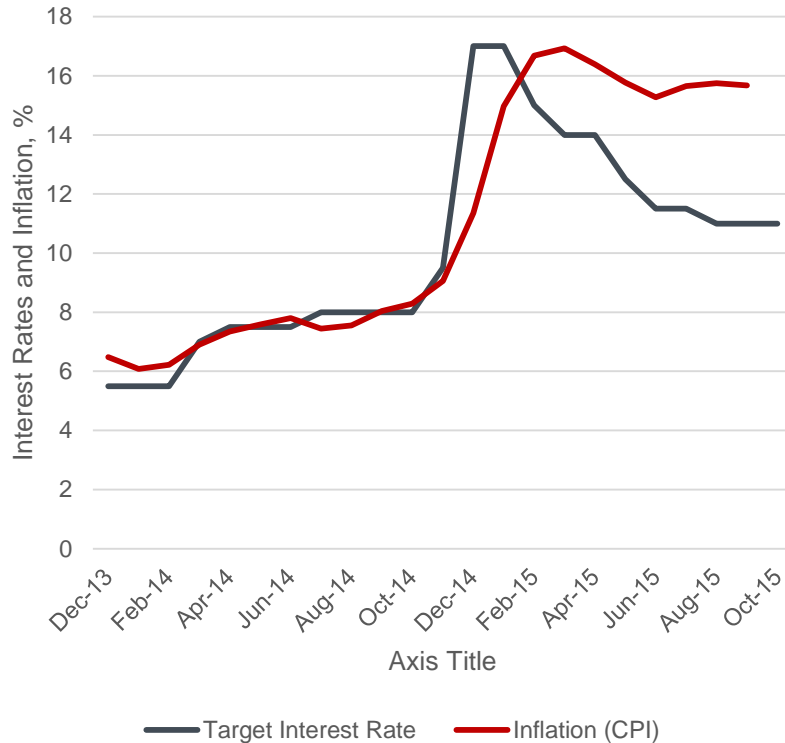


SOURCE: INTERNATIONAL MONETARY FUND, WORLD ECONOMIC OUTLOOK, OCTOBER 6, 2015.

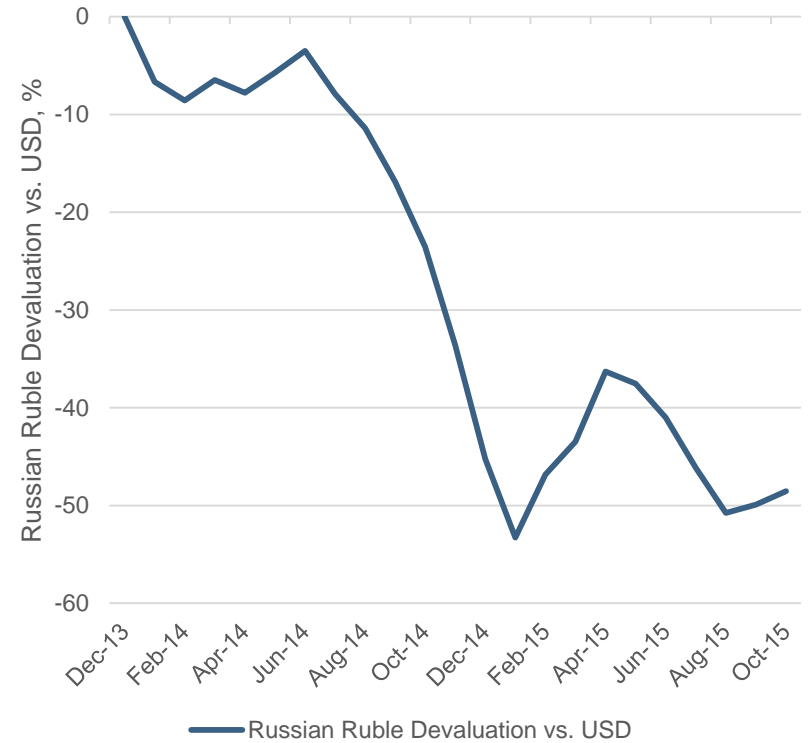


# CENTRAL BANK'S DILEMMA: RESUME GDP GROWTH WHILE INFLATION IS UP AND RUBLE DEPRECIATED

### Target Interest Rate vs. Inflation



### Ruble Devaluation



SOURCE: THOMSON REUTERS DATASTREAM, RETRIEVED ON NOVEMBER 4, 2015.





# MOTHER OF ALL RISKS

## Forces in the Conflict Zone in Syria and Around It

- US (Syria / Persian Gulf)
- Russia (Syria)
- Britain (Cyprus / Kuwait / Qatar)
- France (Jordan)

*SOURCE: PICTURE – THE DAILY MAIL, PUTIN SIGNS DECREE CONSCRIPTING 150,000 INTO THE RUSSIAN MILITARY...AS IRAN AND HEZBOLLAH PREPARE MAJOR GROUND OFFENSIVE IN SYRIA WITH AIR SUPPORT FROM MOSCOW'S BOMBERS, OCTOBER 1, 2015.*



## CONTACT

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# APPENDIX



# EXECUTIVE OVERVIEW

**Boutique investment firm providing cost-efficiently globally diversified equity strategies aimed at reducing risk and achieving higher risk-adjusted returns over a long-term horizon (3+ years)**

## Experience

- Professionals: 3 (including Board of Advisors)
- Experience: 60 years of combined industry experience
- Graduate Degrees: 9

## Country Value Style




- Global Macro: Analyze global macroeconomic trends affecting global capital flows
- Quantitative: Identify country indices trading at low valuations & offering high expected returns
- Fundamental: Analyze economic, political, legal, business & technological catalysts & risks

## Investment Goals

- Increase returns by rotating to countries that offer higher expected returns
- Lower risk by diversifying across multiple country markets



# TEAM

PROFESSIONALS	EXPERIENCE	EDUCATION
 <p><b>Vitaly Veksler, CFA</b> <b>CEO and Portfolio Manager</b></p>	<ul style="list-style-type: none"> <li>• Vice President, BNY Mellon Asset Management</li> <li>• Senior Sector Specialist (Technology Equity), Fidelity Management &amp; Research</li> <li>• Senior Equity Research Associate, State Street Research &amp; Management (now BlackRock)</li> </ul>	<ul style="list-style-type: none"> <li>• M.B.A. - MIT Sloan School of Management</li> <li>• M.A.L.D in International Finance - The Fletcher School, Tufts University</li> <li>• M.S. in Information Systems – Moscow State Technical University (MIREA)</li> </ul>
 <p><b>Lawrence F. Pohlman, PhD</b> <b>Advisory Board Member</b></p>	<ul style="list-style-type: none"> <li>• Chief Investment Officer, BNP Paribas Quantitative Strategies</li> <li>• Director of Quantitative Investment Group, Wellington Management</li> <li>• Vice President, BlackRock</li> <li>• Vice President, Goldman Sachs</li> </ul>	<ul style="list-style-type: none"> <li>• Ph.D. in Finance – Columbia University</li> <li>• M.A. in Finance – Columbia University</li> <li>• M.B.A. – Columbia University</li> <li>• M.S. in Operations Research – Columbia University</li> <li>• B.S. in Nuclear Engineering – Columbia University</li> </ul>
 <p><b>Patrick Schena, PhD</b> <b>Advisory Board Member</b></p>	<ul style="list-style-type: none"> <li>• Adjunct Professor and Co-Head of SovereignNet, The Fletcher School</li> <li>• Associate-in-Research, Fairbank Center for Chinese Studies, Harvard University</li> <li>• Principal of Investment Management Services, Genpact-Headstrong Corporation</li> </ul>	<ul style="list-style-type: none"> <li>• PhD in International Finance – The Fletcher School, Tufts University</li> <li>• M.A. in Law &amp; Diplomacy – The Fletcher School, Tufts University</li> <li>• B.A. Boston College</li> </ul>