

2015 - Looking back

Looking back to 2015 one must acknowledge once again that the world and financial markets are shaped by unpredictable events. Let's take a few most shining examples:

1. Price of oil kept falling down even though just a year ago "analysts" predicted balancing of supply and demand in 2015 and slow price recovery in second half of the year. Now most of them are predicting many years of low oil price.
2. FED didn't tighten interest rates until December due to subdued inflation and "international developments" contrary to initial expectation of June rate lift-off.
3. Greece defaulted on its debt to IMF in the middle of the year. Deal with EU was made only thereafter.
4. Overheated Chinese stock market initially grew further only to fall back in second half of the year (44% max drawdown from June top in August).

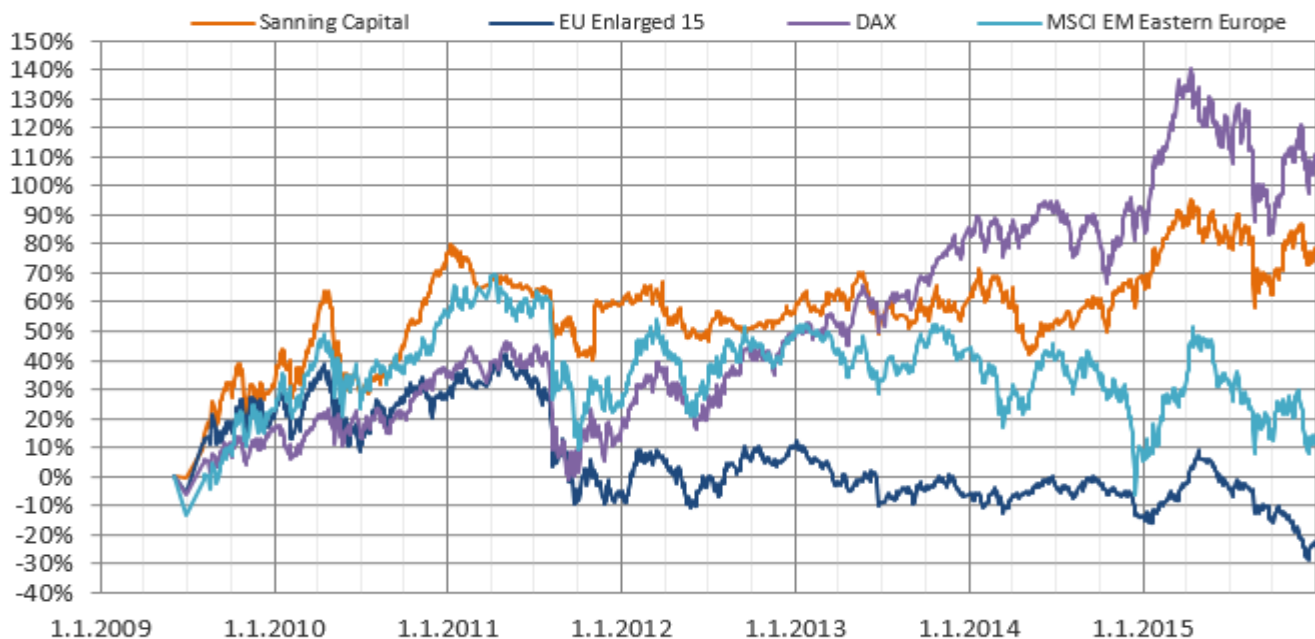
Such events impacted markets greatly and showed that almost no one has the capacity to consistently forecast stock market developments, because the level of its complexity is simply too high.

Nevertheless, there are excess returns to be captured by an investor humble enough to admit his own limits and willing to follow backtested models (strategies) with necessary discipline.

Hence, we are entering 2016 without any predictions such as "Europe will grow" etc., braced with formulaic approach to investing driven by "mere" history. Our model is well proven both theoretically and empirically. We will inform curious reader about its details further on.

For the whole 2015, we delivered solid +5.6% return compared with -0.7% of S&P 500, +5.7% of NASDAQ Composite, +9.6% of DAX, -12.6% of EU Enlarged 15 and +6.4% of MSCI EM Eastern Europe.

Fund vs. Indices



Fund Manager

Jan Pravda

Launch Date

2.6.09

Location

Prague

Fund Currency

EUR

Share Price

€ 1,771.05

Performance Fee

20 % HWM

Management Fee

2% p.a.

Cumulative Performance

Period	Sanning ⁽¹⁾	EU Enlarged ⁽²⁾	MSCI EM EU ⁽²⁾	DAX	S&P 500	Nasdaq
1 month	-5.2%	-3.2%	-9.5%	-5.6%	-1.8%	-2.0%
3 months	6.8%	-11.7%	-3.4%	11.2%	6.5%	8.4%
12 months	5.6%	-12.6%	6.4%	9.6%	-0.7%	5.7%
3 years	13.1%	-31.0%	-24.5%	41.1%	43.3%	65.8%
5 years	0.0%	-40.9%	-27.6%	55.4%	62.5%	88.8%
Since inception (2.6.2009)	77.2%	-24.2%	12.0%	108.8%	116.3%	172.6%

Further Characteristics

Beta relative to:		Volatility ⁽³⁾	18.7%
EU Enlarged 15	0.27	Alpha (vs EU15)	0.11
DAX	0.25	Sharpe ratio	0.46

(1) Net off management fees, gross off performance fees

(2) These two indices presented only to illustrate performance in 2009-2014, when focused on Central Eastern Europe

(3) Annualized standard deviation since inception

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