

Q1 2016 - Formulaic value launched

In January we launched a new strategy with working name “formulaic value”. We have put considerable effort into its development having spent over a year to get it ready. Correspondingly, our expectations are high as the strategy should be our flagship product in the near future.

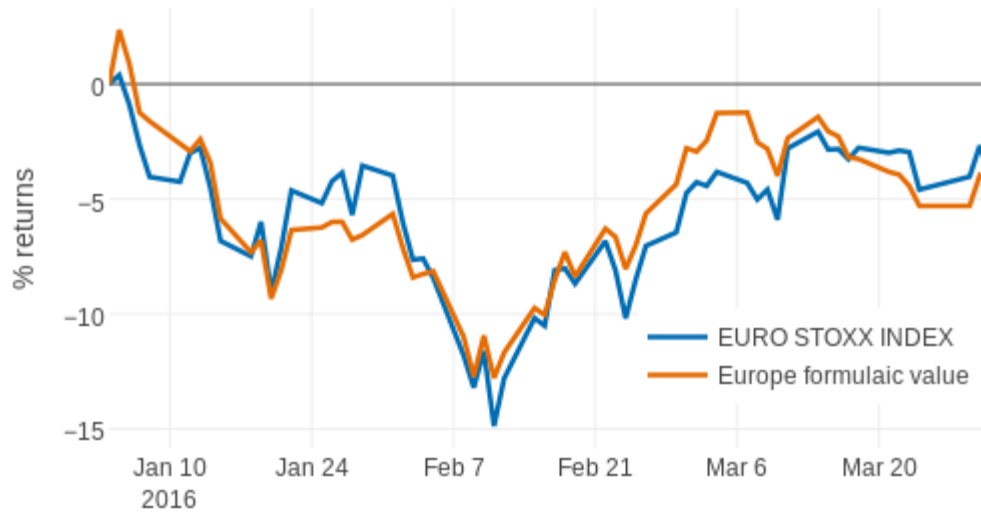
We call the strategy “formulaic” since it employs a decision model, whose main advantage is that it is not prone to cognitive biases, emotions and information overload all of which we humans face as investors. It has been demonstrated, that these behavioral biases affect investors performance profoundly. E.g. majority of mutual funds underperform market benchmarks, but individual investors that participate in these mutual funds often underperform even these respective funds. This is because as humans we suffer from a “terrible disease”: We buy high and sell low.

Our formulaic engine originates in value investing, and goes way back to the ideas of Benjamin Graham, the father of value investing. Since days of Graham a vast literature has been accumulated documenting cheap companies outperformance of the market. Simultaneously, the power of value investing has been proven by examples of many successful investors (such as Warren Buffet, Walter Schloss, Carl Icahn) who managed to sustain great returns throughout decades. We put those pieces together in our strategy combining long-term backtests with wisdom of value investing principles. We also believe the value should continue to fare well in the future. The reason is twofold: cheap companies often seem riskier than average investor can digest; and thinking long term is for today’s impatient market as impossible as ever. That is why some say: “Value investing is simple, but not easy”.

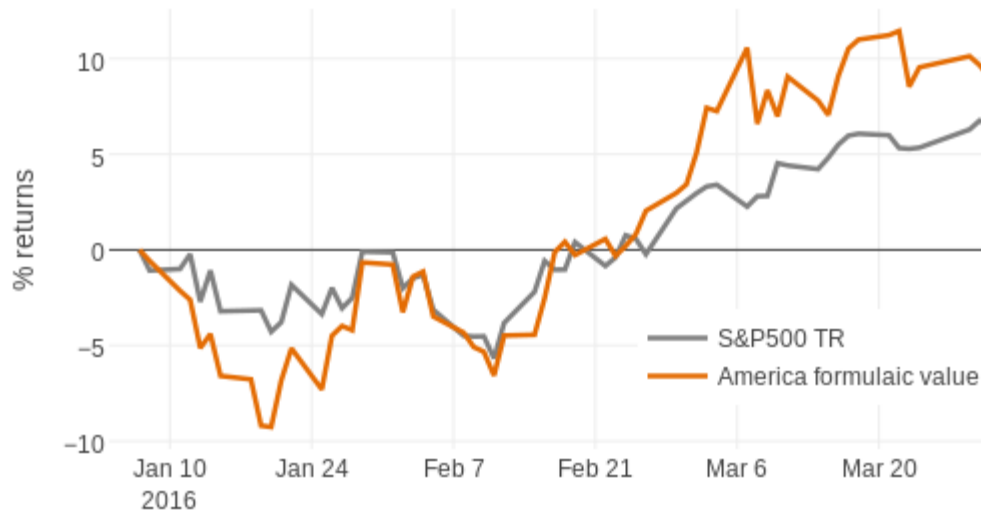
Our formulaic value is not yet open to outside investors, but we plan to complete it into finished marketable product in the course of few months. We can already say there will be two separate products for Europe and North America, the former denominated in EUR and the latter in USD.

Below, we present the two performance curves since the start of 2016 along with total performance of our Sanning Capital fund.

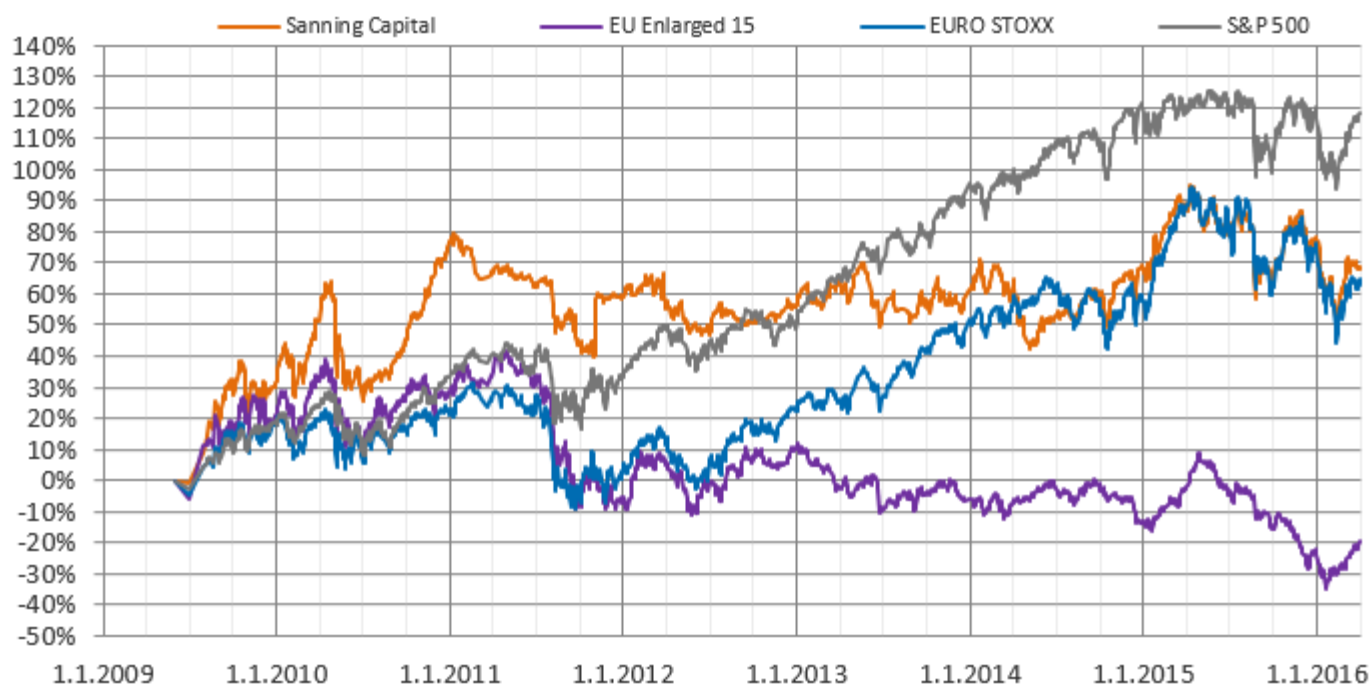
Performance Europe



Performance America



Fund vs. Indices



Fund Manager

Jan Pravda

Launch Date

2.6.09

Location

Prague

Fund Currency

EUR

Share Price

€ 1,678.17

Performance Fee

20 % HWM

Management Fee

2% p.a.

Cumulative Performance

Period	Sanning ⁽¹⁾	EU Enlarged ⁽²⁾	EURO STOXX	S&P 500
1 month	1.6%	12.1%	2.8%	6.6%
3 months	-5.3%	6.1%	-6.6%	0.8%
12 months	-11.0%	-17.5%	-13.1%	-0.4%
3 years	2.2%	-18.1%	29.8%	31.3%
5 years	0.2%	-39.8%	29.4%	55.4%
Since inception (2.6.2009)	67.8%	-19.6%	62.7%	118.0%

Further Characteristics

Beta relative to:		Volatility ⁽³⁾	18.8%
EU Enlarged 15	0.28	Alpha (vs EU15)	0.10
EURO STOXX	0.30	Sharpe ratio	0.39

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

(2) Presented only to illustrate performance in 2009-2014, when focused on Central Eastern Europe

(3) Annualized standard deviation since inception

SANNING CAPITAL LIMITED is an opportunity fund based on fundamental research focused on investments into publicly traded companies providing global improvements of efficiency and/or reduction of energy, capital and time consumption. It is funded by the managers' own capital and several private investors.

[follow on Twitter](#) | [Visit our website](#) | [forward to a friend](#)

Copyright © 2016 Sanning Capital Limited, All rights reserved.

Our address:

Sanning Capital Limited
 Opletalova 1417/25
 Prague 11000
 Czech Republic

[Add us to your address book](#)

[Subscribe to our mailing list](#) | [Unsubscribe from our mailing list](#)