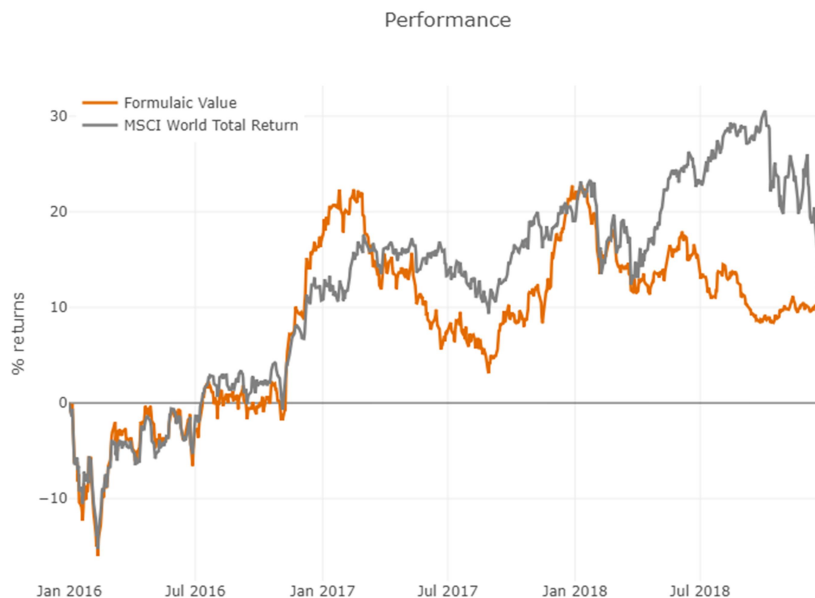


Q4 – End of the year, end of the *Formulaic value*, the beginning of Nonlinear Asset Pricing (NAP)

2018 was a year of nervousity in the markets, often connected with the words of Donald Trump, uncertainty about Brexit and Tesla Roadster on the planetary orbit. For us it was an important milestone, a year of bidding farewell to Formulaic value strategy, which brought a return of 8.5% since inception. It's successor, the Nonlinear Asset Pricing Strategy (NAP) employs numerous formulas (including the value one) and artificial intelligence in order to find hidden opportunities on most exchanges around the globe. It was launched in February 2019 and is a result of our multi year effort to find something worthy of broad offering to new investors.

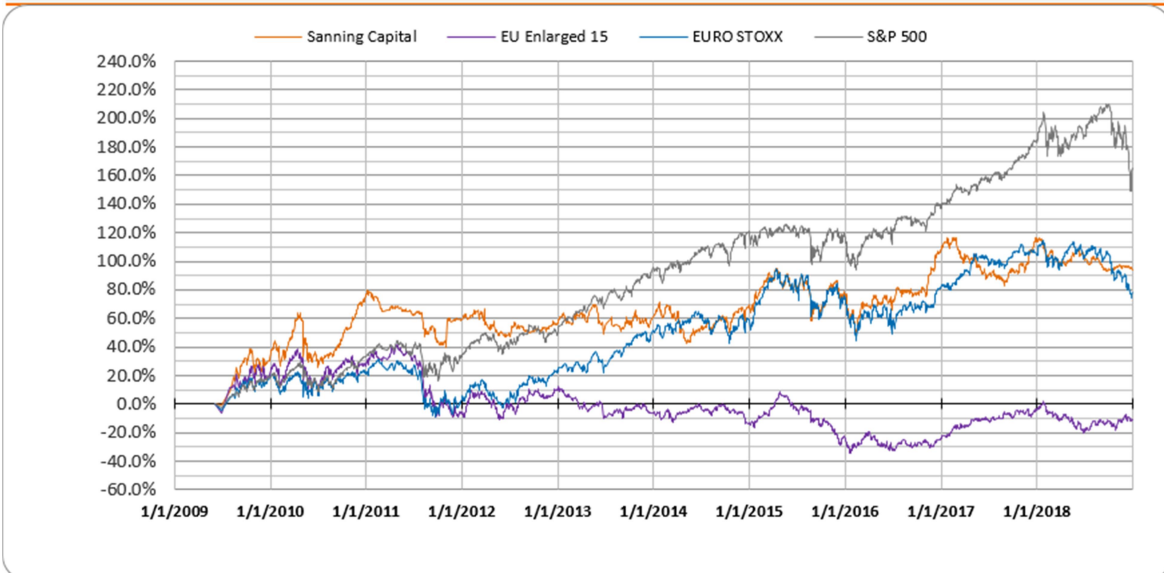
Returning to year's 2018, *Formulaic value* had a negative return of -10.61%, similar to the vast majority of stock indices among which our benchmark ([MSCI World](#)), closed with above average return of -4.11%. Hence formulaic value underperformed by 6.5%, thanks to the idiosyncrasy of past value style which seems simplistic and outdated to us especially in the light of NAP.

We enclose a chart showing a performance of *Formulaic value* against MSCI world since launch in 2016.



Performance of Sanning Capital fund since inception in 2009 is plotted below.

Fund vs. Indices



Fund Manager

Jan Pravda

Launch Date

2-Jun-09

Location

Prague

Fund Currency

EUR

Share Price

€ 1,937.73

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%	-2.1%	-5.8%	-9.2%
3 months	0.3%	0.3%	-13.0%	-14.0%
12 months	-9.4%	-7.3%	-12.7%	-6.2%
3 years	9.4%	17.1%	2.3%	22.6%
5 years	20.2%	-5.3%	17.5%	35.6%
Since inception (2.6.2009)	93.8%	-11.3%	78.2%	165.3%

Further Characteristics

Beta relative to:		Volatility (3)	26.6%
EU Enlarged 15	0.09	Alpha (vs EU15)	0.12
EURO STOXX	0.18	Sharpe ratio	0.44

✓ (1) Net of management fees, gross of performance fees

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

✓ (3) Annualized standard deviation since inception