

# Augustus Capital AM



**Cervino Global Equities**  
**Global Investment in Value and Momentum**

August 2021

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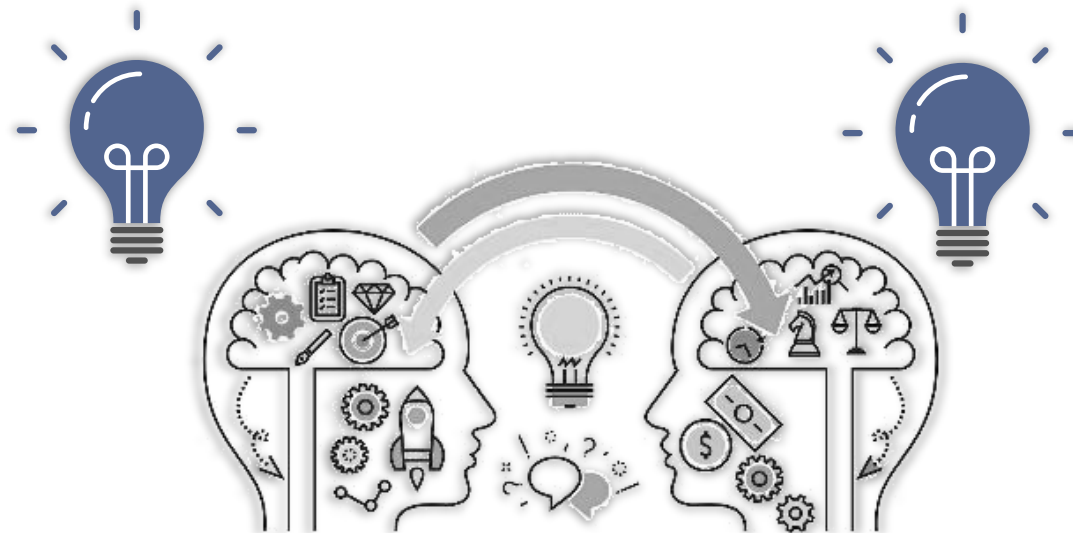
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# 1. CERVINO HISTORY

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- Since 2005, Cervino's valuation method has been continuously improved.
- The basis of Cervino's portfolio started at Preon Capital (2017): Jari Ovaskainen's individual family office, one of the most successful European business angel investors.
- Since inception, Cervino outperforms the Index MSCI World Net Total Return.



## 2. CERVINO vs. MSCI WORLD NET RETURN

Preon Capital (real trades)\*

Cervino (virtual trades)\*\*

Cervino

TOTAL RETURN (base 100)

NAV: 10.76 €  
31/08/2021



### TORAL RETURN 87%

\* % Adjusted return by 1.68% annual (management and depository fees)

\*\* % Adjusted return by 3.00% annual (management, depository and brokerage fees)

Source: Bloomberg. Data as of 31/08/2021

# 3. MONTHLY RETURN

## CERVINO: 15.0% ANNUALIZED

| Year | January | February | March | April | May   | June  | July  | August | Sept. | October | Nov.  | Dec.  | Annual |
|------|---------|----------|-------|-------|-------|-------|-------|--------|-------|---------|-------|-------|--------|
| 2017 |         |          | 2.1%  | 3.7%  | 0.4%  | -2.6% | -1.0% | 0.2%   | 10.9% | 5.5%    | -3.6% | 2.8%  | 19.00% |
| 2018 | 2.7%    | 4.6%     | -2.4% | 0.0%  | 5.6%  | -4.1% | -0.8% | 1.0%   | -1.8% | -9.4%   | 0.3%  | -7.1% | -11.8% |
| 2019 | 10.7%   | 3.9%     | 3.9%  | 1.6%  | -5.3% | 3.5%  | 3.1%  | -2.1%  | 2.6%  | 2.7%    | 3.2%  | 2.2%  | 33.6%  |
| 2020 | 2.4%    | -9.5%    | -9.2% | 9.1%  | 5.7%  | 5.1%  | 2.0%  | 2.4%   | 1.4%  | -1.6%   | 7.0%  | 1.5%  | 15.7%  |
| 2021 | 3.5%    | 0.3%     | 4.6%  | 1.3%  | -0.6% | 2.3%  | 0.8%  | 2.3%   |       |         |       |       | 15.3%  |

## MSCI WORLD NET TOTAL RETURN: 11.9% ANNUALIZED

| Year | January | February | March  | April | May   | June  | July  | August | Sept. | October | Nov.  | Dec.  | Annual |
|------|---------|----------|--------|-------|-------|-------|-------|--------|-------|---------|-------|-------|--------|
| 2017 |         |          | -0.3%  | -0.3% | -1.1% | -1.0% | -0.9% | -0.7%  | 2.8%  | 3.4%    | -0.2% | -7.1% | 2.2%   |
| 2018 | 1.5%    | -2.1%    | -3.0%  | 3.0%  | 4.2%  | -0.1% | 2.9%  | 1.8%   | 0.7%  | -5.0%   | 1.2%  | -8.5% | -4.1%  |
| 2019 | 7.4%    | 3.8%     | 2.7%   | 3.7%  | -5.2% | 4.3%  | 2.8%  | -1.0%  | 3.2%  | 0.2%    | 4.0%  | 1.2%  | 30.0%  |
| 2020 | 2.8%    | -9.5%    | -13.1% | 11.1% | 3.2%  | 1.7%  | -0.5% | 5.5%   | -1.5% | -2.4%   | 9.8%  | 1.9%  | 6.3%   |
| 2021 | -0.3%   | 2.7%     | 6.7%   | 2.2%  | -0.1% | 4.6%  | 1.8%  | 3.0%   |       |         |       |       | 22.2%  |

## CERVINO vs. MSCI WORLD NET TOTAL RETURN DIFFERENCE: 2.8% ANNUALIZED

| Year | January | February | March | April | May   | June  | July  | August | Sept. | October | Nov.  | Dec.  | Annual |
|------|---------|----------|-------|-------|-------|-------|-------|--------|-------|---------|-------|-------|--------|
| 2017 |         |          | 2.4%  | 4.0%  | 1.5%  | -1.6% | -0.1% | 0.9%   | 8.1%  | 2.1%    | -3.4% | 9.9%  | 16.8%  |
| 2018 | 1.2%    | 6.7%     | 0.6%  | -3.0% | 1.4%  | -4.0% | -3.7% | -0.8%  | -2.5% | -4.4%   | -0.9% | 1.4%  | -7.7%  |
| 2019 | 3.3%    | 0.1%     | 1.2%  | -2.1% | -0.1% | -0.8% | 0.3%  | -1.1%  | -0.6% | 2.5%    | -0.8% | 1.0%  | 3.6%   |
| 2020 | -0.4%   | 0.0%     | 3.9%  | -2.0% | 2.5%  | 3.4%  | 2.5%  | -3.1%  | 2.9%  | 0.8%    | -2.8% | -0.4% | 9.4%   |
| 2021 | 3.8%    | -2.4%    | -2.1% | -0.9% | -0.5% | -2.3% | -1.0% | -0.7%  |       |         |       |       | -6.9%  |



### 3. RETURN AND RISK DATA



**LOWER RISK**  
vs. Indices



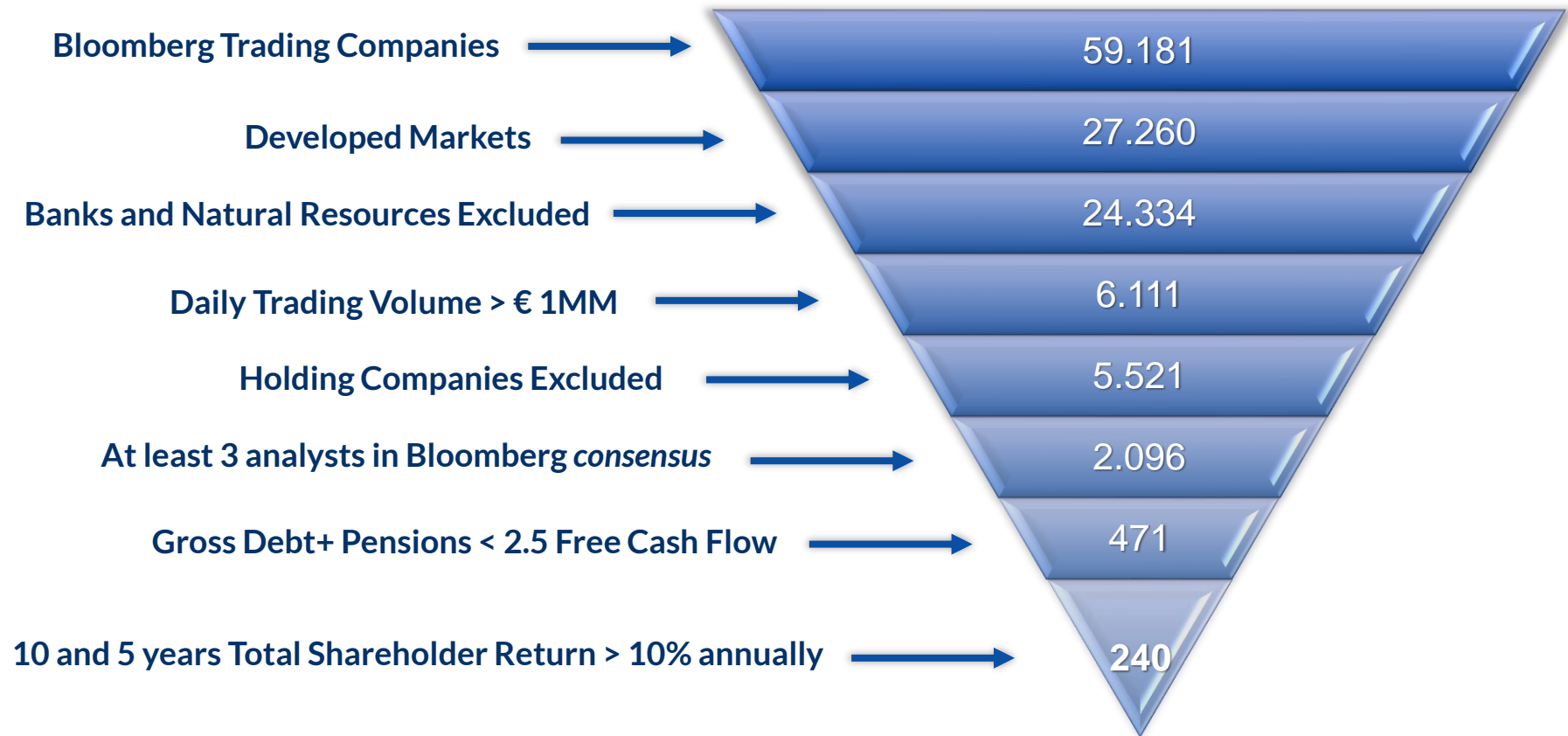
**Lower Market  
Volatility**

| SINCE INCEPTION | CERVINO | MSCI WORLD NET TOTAL RETURN |
|-----------------|---------|-----------------------------|
| Alpha           | 5.9%    | N/A                         |
| Sharpe Ratio    | 0.97    | 0.70                        |
| Beta            | 0.70    | 1.00                        |
| Volatility      | 15.5%   | 16.9%                       |
| 12 MONTHS       | CERVINO | MSCI WORLD NET TOTAL RETURN |
| Alpha           | -0.6%   | N/A                         |
| Sharpe Ratio    | 2.11    | 2.72                        |
| Beta            | 0.75    | 1.00                        |
| Volatility      | 12.2%   | 11.8%                       |



## 4.1. CERVINO METHOD: Investment Universe

### Cervino Screening Criteria





## 4.2. CERVINO METHOD: Equity DCF & Adjusted IRR

### Equity DCF Method

- Equity DCF Method (Discounted Cash Flow)
- IRR (Internal Rate of Return) calculated for each company in the last screening criteria
- According to CAPM\* Model
  - If  $IRR > K_e$  (cost of equity)
  - Then Value > Price
- $K_e = \text{Risk free} + \text{Beta} \times \text{Risk Premium}$  where:
  - Risk free: risk free interest rate
  - Company's Beta vs. MSCI World Net Total Return
  - Risk premium: market risk premium

### Adjusted IRR

- Risk Premium = Constant Market Value
- Adjusted IRR for each company:
  - Country Risk: risk free of the company's country
  - Volatility Risk: company's index Beta
- Adjusted IRR Cervino Model
  - =  $(\text{CAPM IRR} - \text{Risk free}) / \text{Beta}$
- Adjusted IRR > Risk Premium : Value Signal

Upside Value Signal: Adjusted IRR/Risk Premium > 1

## 4.3. CERVINO METHOD: Portfolio Construction

### VALUE SIGNAL

- Equity DCF Model per company
- Value Signal: Adjusted IRR/Risk Premium
- Ex.: 7% Adjusted IRR vs. 5% Risk Premium =>  
Upside Value Signal = 1.40
- Optimal Range Value Signal (historical data base)



### MOMENTUM SIGNAL

- Momentum: 12 months investor return (%) in euros
- Ex.: +30% 12 months momentum
- Upside Momentum Signal = 1.30
- Optimal Range Momentum Signal (historical data base)

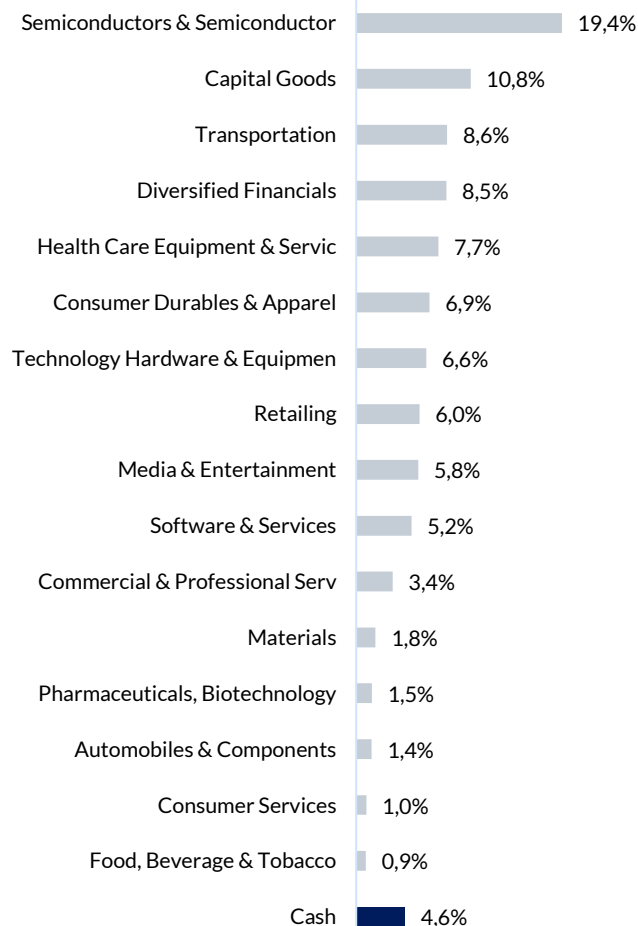
## CERVINO PORTFOLIO CONSTRUCTION

### Value Signal x Momentum Signal

- Value Signal x Momentum Signal > 1.0
- Geographic diversification (USA, Western Europe, Japan, Australia, Hong Kong)
- Equal weight per company
- The algorithm determines the number of companies in the portfolio between 50 and 100

## 4.4. CERVINO METHOD: Portfolio Example

### Sector Distribution



#### EUROPE (17)

888 HOLDINGS PLC  
ALTEN SA  
AZIMUT HOLDING SPA  
BE SEMICONDUCTOR INDUSTRIES  
BUCHER INDUSTRIES AG-REG  
CLARKSON PLC  
COMET HOLDING AG-REG  
COMPUTACENTER PLC  
KUEHNE + NAGEL INTL AG-REG  
LOGITECH INTERNATIONAL-REG  
MELEXIS NV  
NOVO NORDISK A/S-B  
PARTNERS GROUP HOLDING AG  
PERSIMMON PLC  
REDROW PLC  
TRIGANO SA  
UPONOR OYJ

#### UNITED STATES (35)

ACTIVISION BLIZZARD INC  
ALPHABET INC-CL A  
APPLIED MATERIALS INC  
BLACKROCK INC  
BRUNSWICK CORP  
CISCO SYSTEMS INC  
CUMMINS INC  
DECKERS OUTDOOR CORP  
EBAY INC  
EXPEDITORS INTL WASH INC  
GENERAC HOLDINGS INC  
HORIZON THERAPEUTICS PLC  
HP INC  
ICON PLC  
KLA CORP  
KNIGHT-SWIFT TRANSPORTATION  
LAM RESEARCH CORP  
LANDSTAR SYSTEM INC  
LINCOLN ELECTRIC HOLDINGS  
MICRON TECHNOLOGY INC  
MKS INSTRUMENTS INC  
MOLINA HEALTHCARE INC  
OSHKOSH CORP  
QUALCOMM INC  
ROBERT HALF INTL INC  
SAIA INC  
SHARPS COMPLIANCE CORP  
SKYWORKS SOLUTIONS INC  
T ROWE PRICE GROUP INC  
TEMPUR SEALY INTERNATIONAL I  
TEXAS INSTRUMENTS INC  
UNITEDHEALTH GROUP INC  
WILLIAMS-SONOMA INC  
WINNEBAGO INDUSTRIES  
WW GRAINGER INC

#### ASIA (18)

ADVANTEST CORP  
BANDAI NAMCO HOLDINGS INC  
CAPCOM CO LTD  
CITY CHIC COLLECTIVE LTD  
FUJIMI INC  
HONG KONG EXCHANGES & CLEAR  
JB HI-FI LTD  
KOTOBUKI SPIRITS CO LTD  
MURATA MANUFACTURING CO LTD  
OTSUKA CORP  
POLYNOVO LTD  
RIVERSTONE HOLDINGS LTD  
SHIN-ETSU CHEMICAL CO LTD  
TOKYO OHKA KOGYO CO LTD  
TOKYO SEIMITSU CO LTD  
UMS HOLDINGS LTD  
VENTURE CORP LTD  
ZOZO INC

## 5. General Information

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|                          |                                                                |
|--------------------------|----------------------------------------------------------------|
| <b>Inception Date</b>    | 06/11/2020                                                     |
| <b>AUM</b>               | EUR 2.3 million                                                |
| <b>CNMV Registration</b> | 5484                                                           |
| <b>Liquidity</b>         | Daily                                                          |
| <b>Fees</b>              | Management Fee 1.60% (annual)<br>Depository Fee 0.08% (annual) |
| <b>Asset Manager</b>     | Augustus Capital AM                                            |
| <b>Custodian</b>         | Bnp Paribas Securities Services, Sucursal España               |
| <b>Administration</b>    | Grupo RD Sistemas                                              |
| <b>Auditor</b>           | Deloitte                                                       |
| <b>Currency</b>          | EUR                                                            |
| <b>ISIN Code</b>         | ES0118591009                                                   |
| <b>Bloomberg Ticker</b>  | CERVING SM EQUITY                                              |



# 6. TEAM



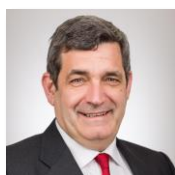
**Juan Uguet de Resayre**

**FOUNDER & PORTFOLIO MANAGER**

Juan began his career at Beta Capital Fortis where he worked for 8 years. He was Head of the Analysis Team before being appointed CIO in 1998.

From 2000 – 2007, he worked as CIO at Ibercaja Gestión, managing over EUR9.500MM AUM. Later, he joined BBVA & Partners, where he became Partner in 2007. During this period, Juan managed Augustus Equity Fund and Augustus Neutral Plus, Total Return.

Juan holds a bachelor's degree in Economics and Business Administration by the University of Zaragoza (Spain) and was awarded with an MBA Degree by the University of San Francisco (California).



**Francisco Tajada**

**FUND MANAGER**

Before joining Augustus Capital AM, Francisco was Partner at Preon Capital. Francisco is also Chairman of Investivity S.A., an innovative Swiss regulated investment manager, specialised in providing sophisticated portfolio solutions to protect and increase assets over the long term, using state-of-the-art technology. Francisco was formerly a partner at ONEtoONE Corporate FinancE. From 2008 to 2011, he was a buy-side analyst for Strategic Investment Advisors in Geneva.

Francisco holds an MSc degree in Mechanical Engineering by the University of Zaragoza and an MBA by IESE in Barcelona.

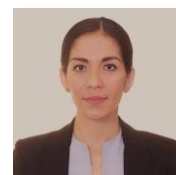


**Daniel Porte**

**ANALYST**

Prior to joining Augustus Capital AM, Daniel began his career as junior analyst at GAR Investment Advisors EAFI where he worked for 1 year.

Daniel holds a bachelor's degree in Economics and Business Administration from CEU Abad Oliba University of Barcelona.



**María Elena Morales**

**BUSINESS DEVELOPMENT & INVESTOR RELATIONS**

In 2002, Maria Elena began her career in the auditing industry working for KPMG (USA) and Deloitte (Mexico). In 2008, she moved to the finance industry, working as Data Analyst for Bloomberg (Mexico) and later in 2010 as Relationship Manager for HSBC Private Banking. Before joining Augustus Capital AM, Maria Elena was part of the Wells Fargo Advisors' team (USA).

Maria Elena holds a Bachelor's degree in Accounting and Finance by ITESM (Mexico) and a Master's degree in Finance and Banking by Universidad de Alcala de Henares (Spain).



**Alicia Casasús**

**FINANCIAL & CONTROL DIRECTOR**

Before joining Augustus Capital AM, Alicia worked in the accounting department of Aramon, Montañas de Aragon.

Before that, she was part of the finance team at Schindler Supply Chain Europe AG.

After college, Alicia started her career in a small company as head of accounting and finance.

Alicia holds a Bachelor's degree in Economics and Master's degree in Accounting and Finance by Universidad de Zaragoza.