



CYRUS

Cross Border Arbitrage

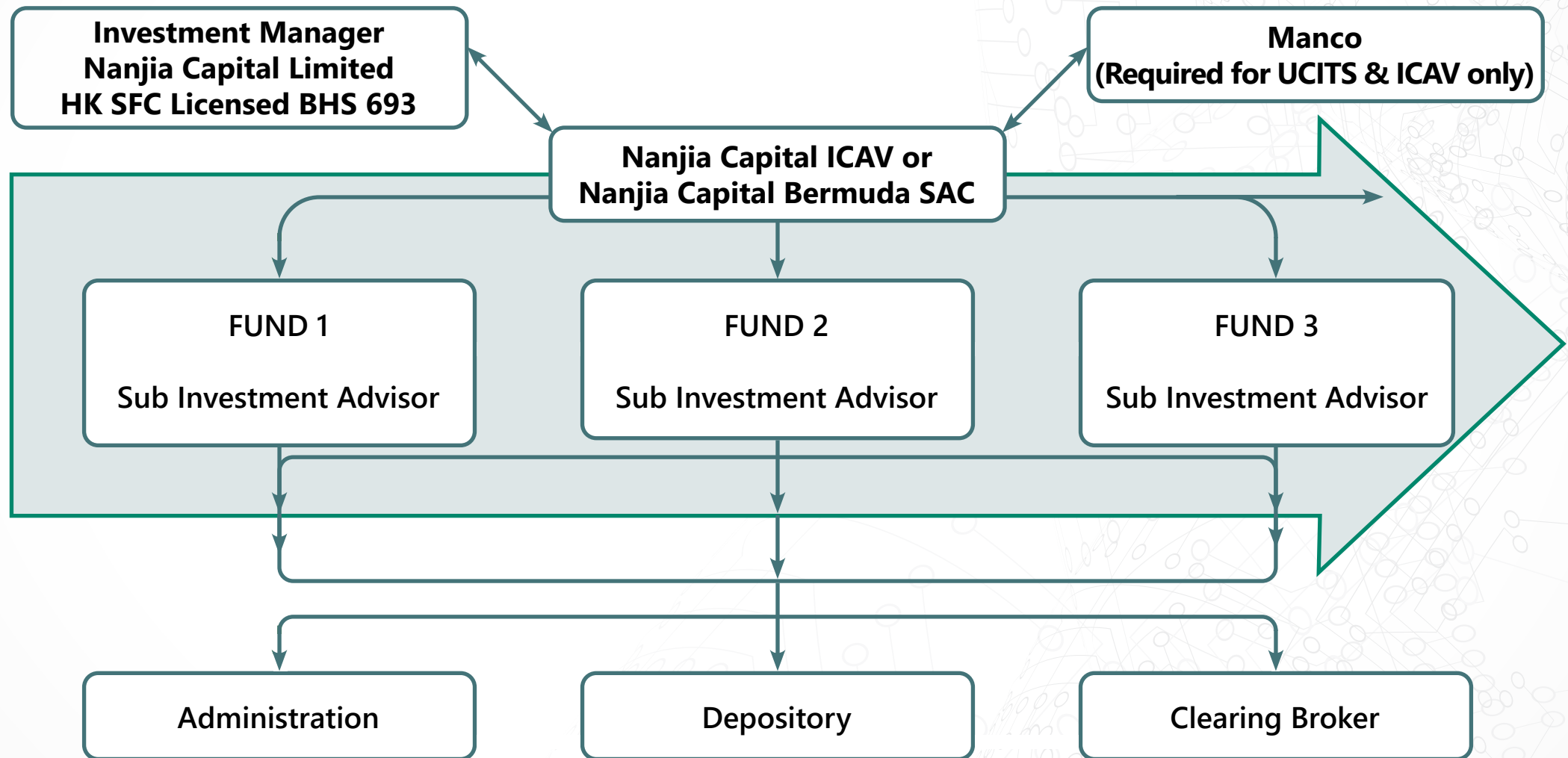
Nanjia Capital Limited

CYRUS

- Asset Manager, founded in 2013, headquartered in Hong Kong and representative office in London
- Regulated by the HKSF – Type 9 Asset Management and Type 1 Securities Dealing
- Independent ICAV / UCITs Structure
- Established Bermuda Fund of Hedge Fund business
- Independent Bermuda SAC Structure
- Institutional infrastructure with top tier service providers
- Specialists in boutique managers
- Platform establishment fees not charged to the funds

Independent ICAV Structure

CYRUS



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Strategy Overview

Overview

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- Cyrus is a relative-value trading program that seeks to exploit short term arbitrage or spread opportunities between the same or similar assets listed on global exchanges, with a focus on Chinese exchanges.
- The program uses market neutral convergence, systematic equity trading techniques based on proprietary mathematical models
- The models aim to seek and identify short term patterns of price changes that manifest on dual listed or related securities
- Instruments traded include cash equities and futures contracts.
- The program seeks to systematically extract profits from these short term manifestations that create arbitrage or spread opportunities and deliver alpha not correlated to traditional long bias strategies.
- The strategy aims to deliver 10% plus performance over the medium term with single digit volatility

Investment Adviser

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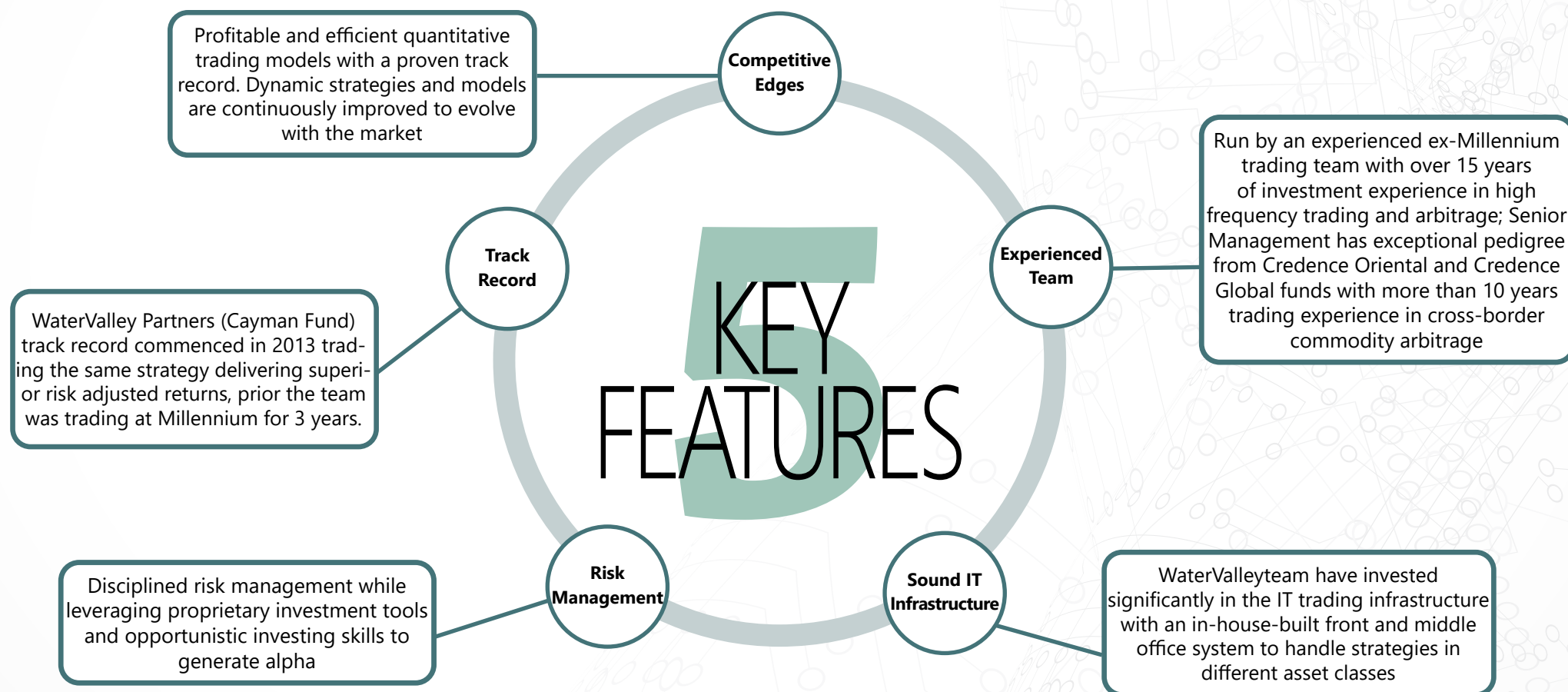
WaterValley Capital Management (HK) Limited (WCM)

- WCM is incorporated in April 2013 and commenced operation in August 2013
- WCM is regulated by the Hong Kong SFC type 9 & 4 licenses
- WaterValley is founded by ex-Millennium team and focuses on relatively high frequency quantitative strategies mainly in Asia pacific
- Team has over 30 years combined experience

Executive Summary

CYRUS

Cyrus is a quantitative fund focusing on cross-border equity arbitrage strategies through a JV with WaterValleyCapital Management (HK) Ltd.



We seek to deliver consistent and attractive returns to our investors, within their risk appetite through all market conditions and with a low correlation to the market.

WaterValley Team's History resides within Quant Investing

Liqun Zhang Over 10 years of high frequency trading experience

Education

ENPC, Paris, France, Master's
Degree in Mathematical Finance

Societe Generale

Trader

Millennium Capital Management

Portfolio Manager

WaterValley Capital Management

CIO

Investment Decision Maker

Pierre-Andre Ferriere Over 10 years experience of high frequency trading system implementation

Education

Institut National des Sciences
Appliquees, Lyon, France

Societe Generale

IT Developer/Trader

Millennium Capital Management

IT Developer/Trader

WaterValley Capital Management

CTO

System and Software Engineer

Tom Weiye Tang Over 10 years experience of cross-border arbitrage

Education

Stanford University, California, USA,
Master's Degree in Communication

Splendor Capital Management

Managing Director and Chief Strategist

Foresee(HK)

CEO

WaterValley Capital Management

CEO / Cross-border
Arbitrage Strategy
Risk Manager

2004

2006

2008

2010

2012

2014

2016

2018

**The Global
Recession**

**Sovereign
Debt Crisis**

**China's economic
slowdown**

BREXIT

**US-China
Trade War**

Team Biographies

Liqun Zhang - CIO/ Investment Decision Maker

Over 10 years of high frequency trading experience

- 2013 - present WaterValley Capital Management, CIO
- 2009 - 2013 Millennium Capital Management, Portfolio Manager
- 2005 - 2009 Societe Generale Investment Bank, Tokyo, Japan, Equity Volatility Trader
- 2004 - 2005 Societe Generale Asset Management, Paris, Forex trader
- 2003 - 2004 ENPC, Paris, France, Master's Degree in Mathematical Finance

Pierre-Andre Ferriere - CTO/System and Software Engineer

Over 10 years experience of high frequency trading system implementation

- 2013 - present WaterValley Capital Management, CTO
- 2009 - 2013 Millennium Capital Management, IT developer/Trader
- 2007 - 2009 Societe Generale Investment Bank, Tokyo, Japan, Quantitative High Frequency Developer
- 2004 - 2007 Societe Generale Investment Bank, Hong Kong, Equity Derivative IT developer
- 1998 - 2003 Institut National des Sciences Appliquees, Lyon, France

Tom Weiye Tang - CEO/Cross-border Arbitrage Strategy Risk Manager

Over 10 years experience of cross-border arbitrage

- 2017 - present WaterValley Capital Management, CEO
- 2016 - 2017 Foresee Global Asset Management (Hong Kong), CEO
- 2007 - 2016 Credence Global (Fund), Splendor Capital Management(Hong Kong), Managing Director
- 2001 - 2007 IBM Pacific Development Centre, Vancouver, Canada, Software Developer
- 1997 - 1998 Stanford University, California, USA, Master's Degree in Communication

Investment Philosophy

Cyrus seeks to deliver, low volatility, non market correlated, attractive return through a consistent investment process.

Principles

- Only Trading liquid products
- Sufficient diversification
- Solid Risk Management

The Source of Alpha

- Capture statistically significant market patterns
- Quantitative driven models to capture “market noise and inefficiency”
- Uncorrelated sub strategies enhance overall performance and produce lower volatility of P&L

Trading Style

- High intraday trading turnover, high trading volume
- Quantitative model driven
- Limited risk exposure
- Our overnight positions are defendable in environment of extreme volatility

Risk Control

Cyrus trades exchange listed instruments only i.e. no OTC exposure thus avoiding bi-lateral counter-party risk. Associated credit risk to Morgan Stanley is on assets held within the margin account where short-dated treasuries are used as collateral via a Tri-Party agreement.

Economic Risk is minimised through:

- Real time positional monitoring
- Risk limits applied to VAR, gross and net exposures
- Max delta < 10% portfolio. Single name size < 10% of portfolio total. Max Sector Exposure < 20% portfolio

Prior to order execution the following operational checks are made:

- Fat finger trade
- Order frequency check
- Single product daily position limit check
- Price, order and short sell validation limit check

Investment Strategy

Cross-border arbitrage

This strategy focuses on geographic spread trading opportunities in financial listed instruments among China, US and other international markets. By buying and selling the same assets listed on different exchanges simultaneously, this strategy generates alpha return with minimal directional exposure and close to zero correlation to any market indices.

- More than 130 pairs available for trading and the number is increasing every year
- Diversification in different sectors as the dual-listed equities span across different industries
- Wide spread exists due to the different liquidity level and investor mentality across the border
- Correlation improves as China Stock Connect and QFII access expands

Financial

- SGX A50
- HKEX HSCEI
- Duly-listed Equity DR

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A/H equity pairs like PingAn present good arbitrage opportunities hard to find in other DR pair strategies outside China



Merchant Bank A-H spread offers another close-to-par arbitrage opportunity



Investment Process



- Modelization
- Back-testing
- Feasibility analysis/cost, slippage analysis
- Paper trading
- Coding and implementation
- Define risk limits and other parameters
- Remote control test
- Real time risk exposure monitoring
- Trader intervention if necessary

CYRUS

- 🌿 **Structure:** ICAV / UCITS
- 🌿 **Minimum:** U\$10,000 Standard - U\$1m Institutional
- 🌿 **Management fee:** Institutional 1.5% - Standard 2%
- 🌿 **Performance Fee:** 20%
- 🌿 **Liquidity:** Weekly
- 🌿 **Clearing Broker:** Morgan Stanley
- 🌿 **Auditor:** Grant Thornton
- 🌿 **Legal:** Meyer Brown

Please Note

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Performance denoted in the presentation represents the actual returns from the WaterValley International LTD Cayman Strategy which is audited by PricewaterhouseCoopers. Please note performance of the Cyrus UCITs fund may differ from these returns and they should only be considered as illustrative purposes only.