

The background of the slide features a photograph of a modern skyscraper with a glass and steel facade, set against a bright sky. In the foreground, a man wearing glasses and a suit is seen from the side, looking down at his smartphone. The overall composition is split vertically, with the company logo and text on the left and the man on the right.

# ARQuant Management

*'It always seems impossible until it's done'*  
– Nelson Mandela

April  
2021

# Value Proposition

1. In 2019-2020 our strategy far outperforms the US stock market (S&P 500) and the largest hedge funds with equity long/short strategies
2. The strategy ensures high absolute return (alpha)
3. The strategy has low beta
4. Risks are under control – low drawdowns, fast recovery, Sharpe above 1.5 and Calmar above 2.8

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## ● ARQuant strategy (after fees) 118%

Andurand Commodity Discretionary Enhanced	154%
Westbeck Energy Opportunity	84%
Brevan Howard FG Macro Master	61%
Crake Asset Management	48%
Odey Absolute Return Focus	46%
Brevan Howard Master Fund	27%
Millennium Management	26%
The Children's Investment Fund	14%

The most famous hedge funds recorded stellar gains in 2020

\*Source: Bloomberg reporting, Bloomberg

# Our Team



## Alexander Semenyaka

In 1987 graduated with honors from the Faculty of Computational Mathematics and Cybernetics of Lomonosov Moscow State University, Ph.D. He organized the sale of shares at privatization auctions, debut ADR placements of Gazprom and launch mortgage securitization in Russia.

In 2018 Alexander got MSc in leadership and strategy from London Business School and in 2020 received a certificate from EDHEC business school on asset management using machine learning. Since 2018, he has been selecting and testing unique algorithmic strategies.



## Andrew Kartashov

In 2000 graduated with honors from the Faculty of Mechanics and Mathematics of Lomonosov Moscow State University. After he worked as a programmer, lead programmer and head of division in Russian IT companies.

In 2008, Andrew began trading on the Moscow Exchange with his own money and since 2010 his trading is exclusively run by robots. In March 2018, he launched robotic stock trading on US exchanges.



## Dmitry Turevskiy

In 2000 graduated from the Faculty of Mechanics and Mathematics of Lomonosov Moscow State University. Worked as a lead developer, project manager and head of the IT department in software development and fintech companies.

Since 2014 is heavily involved in development of algorithmic trading software with strong emphasis on financial and mathematical statistics.



# Engine of the Strategy



The Strategy takes long and short positions in selected US stocks traded on NYSE and Nasdaq. Stock selection is updated quarterly. All investments are short-term, average holding period is about 5 business days. Technical analysis and statistical pattern recognition are used to predict a directional movement.

The main statistical pattern is momentum. The system automatically compares a current momentum with all the available historical data on this and other stocks to understand the possible distribution of future movements. This statistical distribution is then compared to the leverage and direction that is going to be used on this stock in this moment.

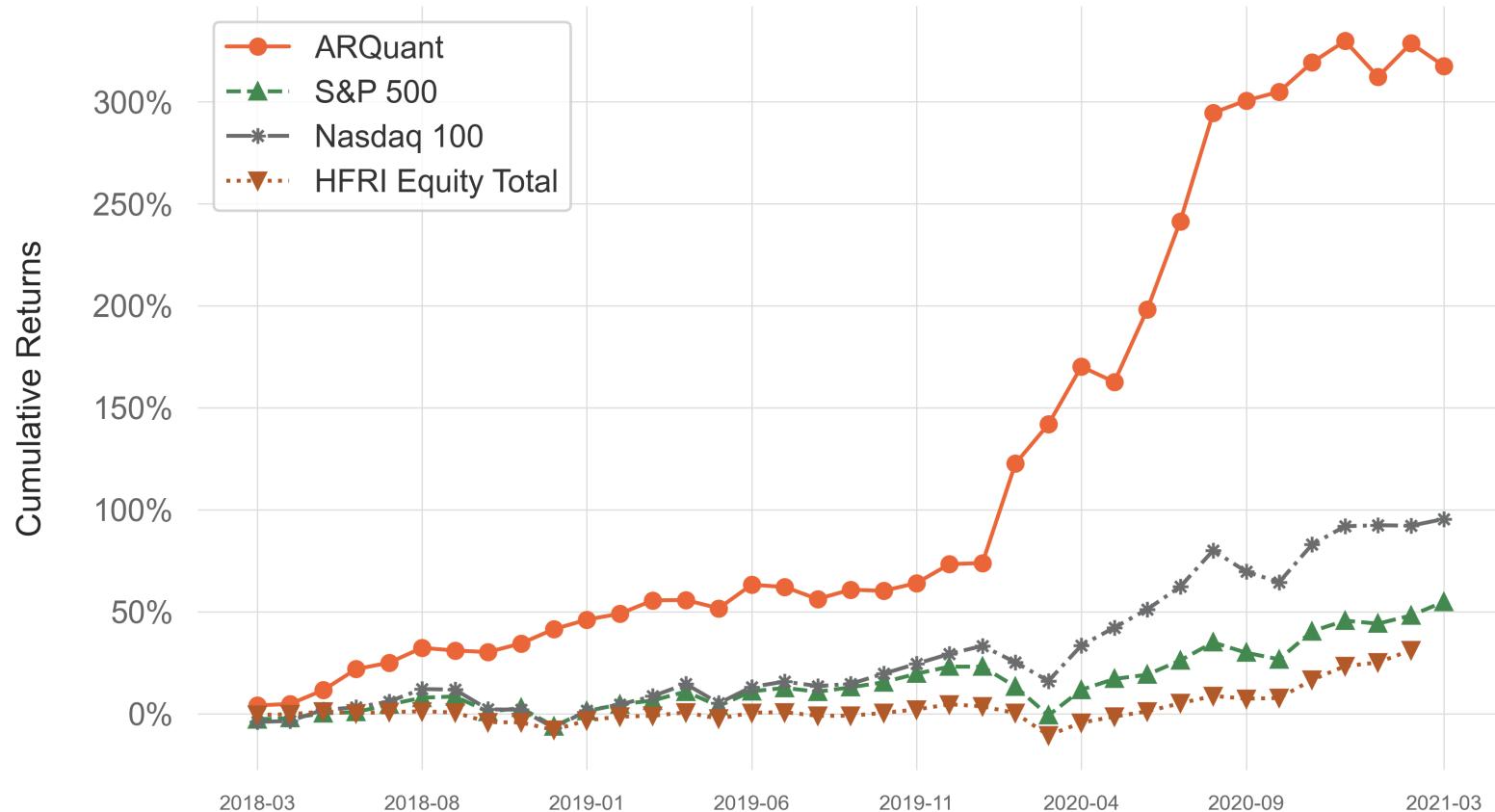
Another pattern used is current volatility. Again, the algorithm analyses historical data to understand where a particular stock can move and what are possible dispersion of future movements.

The Strategy has a built-in procedure to manage the drawdown risk – every day it verifies the current drawdown and adjusts leverage.



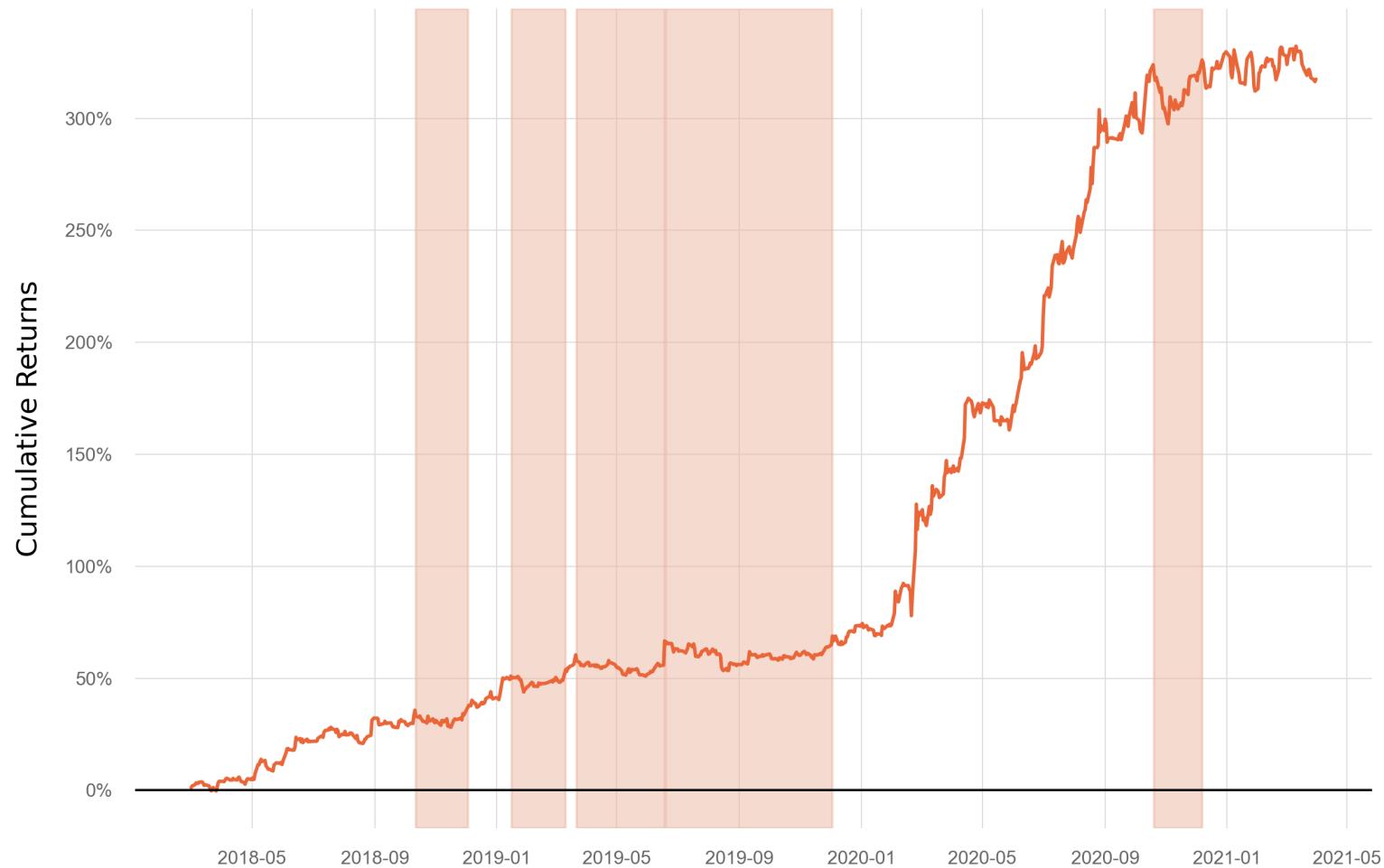
# The Strategy

## ARQuant Strategy vs Benchmarks 1 Mar '18 - 31 Mar '21



# The Strategy (cont.)

## Top 5 Drawdown Periods 1 Mar '18 - 31 Mar '21



# The Strategy (cont.)

## Statistics

	Inception	2019	2020	2021
<b>Start</b>	2018-03-01	2019-01-02	2020-01-02	2021-01-04
<b>End</b>	2021-03-31	2019-12-31	2020-12-31	2021-03-31
<b>Growth</b>	317.5%	22.5%	148.0%	-2.9%
<b>Return annualized</b>	56.7%	22.5%	148.0%	-2.9%
<b>Volatility annualized</b>	20.0%	14.7%	27.7%	6.4%
<b>Sharpe Ratio</b>	2.84	1.53	5.34	-0.45
<b>Calmar</b>	7.4	2.85	19.81	-2.71
<b>Sortino</b>	4.68	2.59	7.19	-1.22
<b>Kelly criterion</b>	0.2	0.14	0.27	-0.07
<b>Skew</b>	2.07	2.16	1.77	0.4
<b>Kurtosis</b>	16.87	20.13	12.04	3.55
<b>VaR (5%)</b>	0.7%	0.5%	1.2%	1.3%
<b>CVaR (5%)</b>	2.1%	1.7%	2.6%	1.6%
<b>Max Drawdown</b>	-8.0%	-8.0%	-7.5%	-4.3%
<b>Recovery (days)</b>	167	167	48	43
<b>Best Day</b>	10.6%	7.0%	10.6%	2.1%
<b>Worst Day</b>	-5.9%	-3.7%	-5.9%	-1.9%
<b>Mean Return daily</b>	0.19%	0.08%	0.36%	-0.04%
<b>Average Win daily</b>	0.9%	0.6%	1.4%	0.7%
<b>Average Loss daily</b>	-0.6%	-0.5%	-0.8%	-0.6%
<b>Win rate</b>	52.0%	52.4%	53.1%	44.3%

# French-Fama model

●  
Alpha,  
Beta

	Inception	2019	2020	L3M
<b>Alpha (p.a.)</b>	0.573	0.134	1.412	-0.118
<b>Beta</b>	0.0446	0.2877	0.0218	0.3093
<b>SMB</b>	0.0432	0.1697	-0.05	-0.0496
<b>HML</b>	-0.2009	-0.0824	-0.1614	-0.4826
<b>RMW</b>	0.0229	-0.2233	0.0605	0.2182
<b>CMA</b>	0.0036	0.0846	-0.0021	0.3397

# Terms & Fees

AUM band	Management fee rate (p.a.)	Performance fee (of Net Performance))
Up to \$1'000'000	1.00%	20.0%
\$1'000'000 - \$3'000'000	0.85%	18.5%
\$3'000'000 - \$5'000'000	0.70%	17.0%
Above \$5'000'000	0.55%	15.5%

Hurdle rate is 5% p.a.

(Example: if annual return is 21% p.a., then the net performance equals to 20%-5%=16% p.a.)

Minimum investment is 125,000 USD

## ● Returns after all fees      actual results, non-audited, in USD

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2018</b>			3.2%	0.6%	5.2%	7.6%	2.1%	4.9%	-0.8%	-0.5%	2.7%	4.4%	33.1%
<b>2019</b>	2.6%	1.6%	3.5%	0.1%	-2.1%	6.2%	-0.6%	-3.0%	2.4%	-0.3%	2.0%	4.6%	18.0%
<b>2020</b>	0.3%	22.5%	7.2%	9.9%	-2.4%	11.6%	12.7%	13.8%	1.4%	1.0%	3.2%	2.3%	118.4%
<b>2021</b>	-4.2%	3.9%	-2.7%										-3.1%

# Our Contacts



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