Fund Is Fun Capital

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FUND IS FUND’S OBJECTIVE IS TO ESTABLISH A **MAXIMUM THRESHOLD OF RETURNS** WHILE MAINTAINING **LOW VOLATILITY RATE.**

Fund Is Fun capital

Investment theme

Investment market

Invested in the U.S.stock market.

Investment universe

Considering in Large-captilization.

Sector selection

There are 5 main sectors that we focus on.

Stock selection

Selecting stocks with the lowest P/E ratio.

(1) Investment market

Fund Is Fun focuses in the U.S. Stock Market since it has variety of the stocks for the customers to choose from based on their preferences.

Accessibility

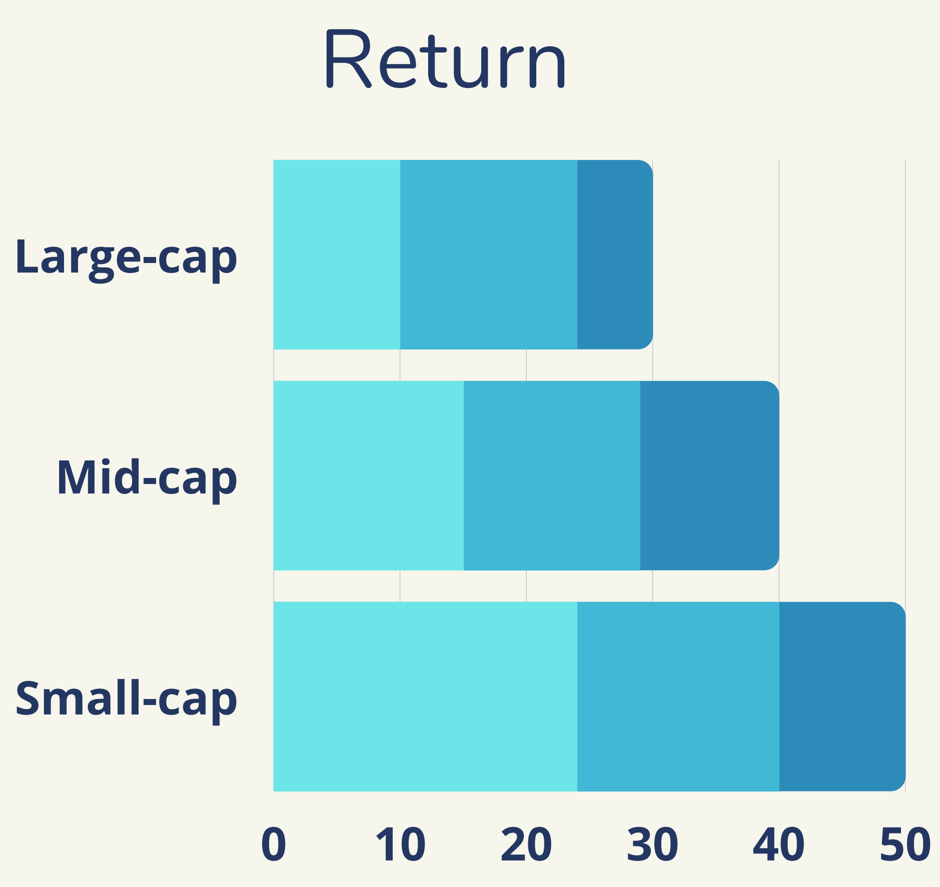
Reachable database.

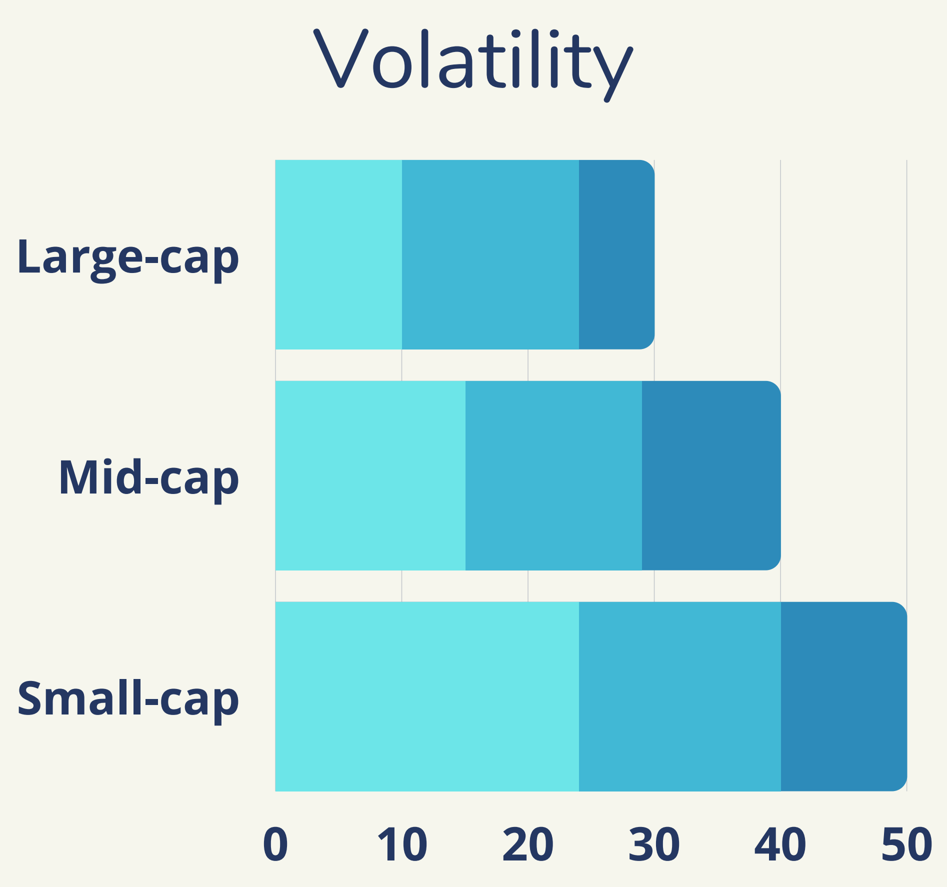
Wide range of stocks

small-capitalization to Large-capitalization.

(2) Investment universe

the **large-cap** is most reasonable since it fits well with our theme, lowest risk and acceptable return. Immediately, S&P500 has been preferred as a primary investment universe.





(3) Sector selection

Fund Is Fun capital focused on five main sectors that were estimated to be profitable from this situation and were prone to be taking shorter recovery time after the pandemic.

Return by Stock Sector	1st Quarter 2020
1. Information Technology	-11.93%
2. Health care	-12.67%
3. Consumer Staples	-12.74%
4. Utilities	-13.5%
5. Communication Services	-16.95%

The following table details S&P500 sector total returns for 1st quarter2020 (data from Bloomberg).

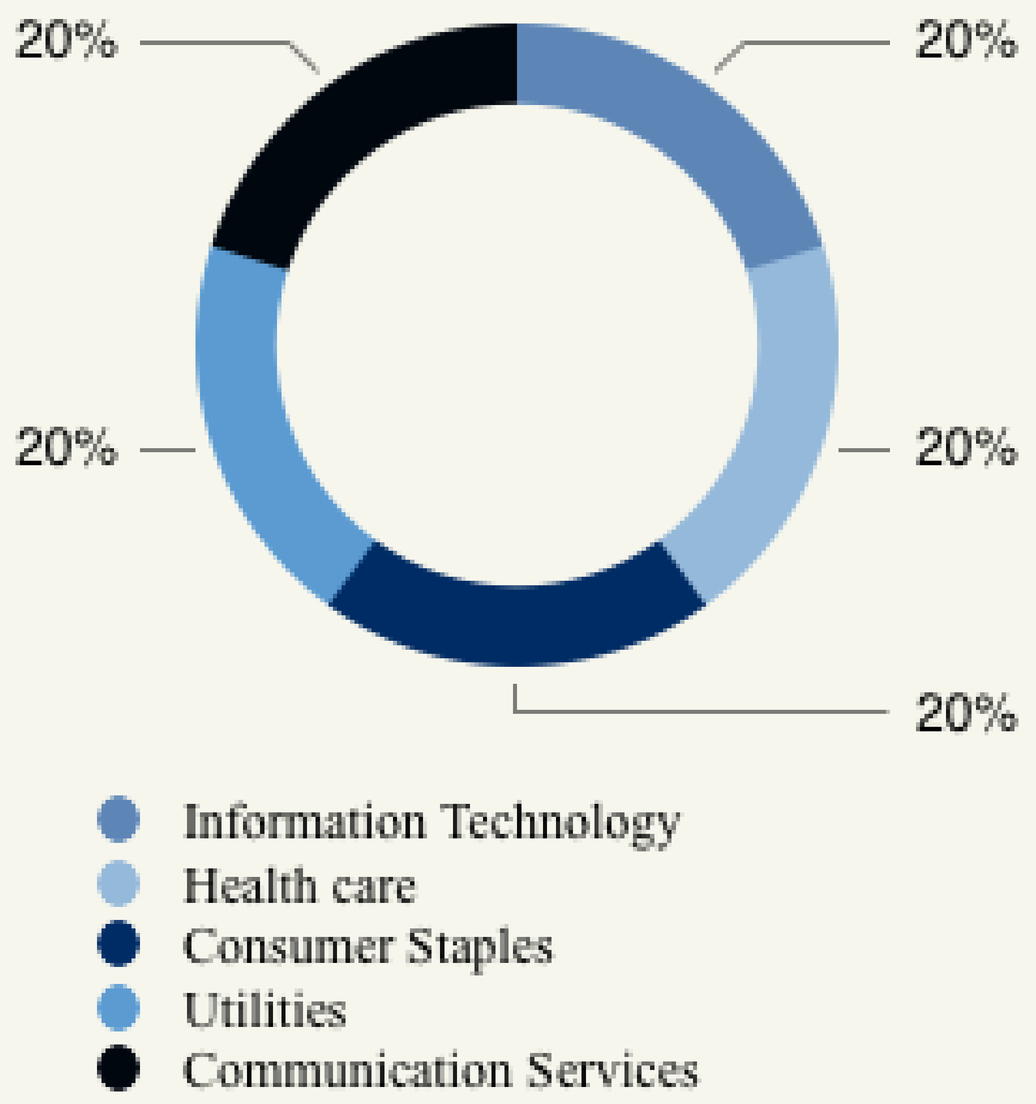
(4) Stock selection

Equal weight portfolio

- 5 sectors
- 6 stocks in each sector
- 30 stocks in total

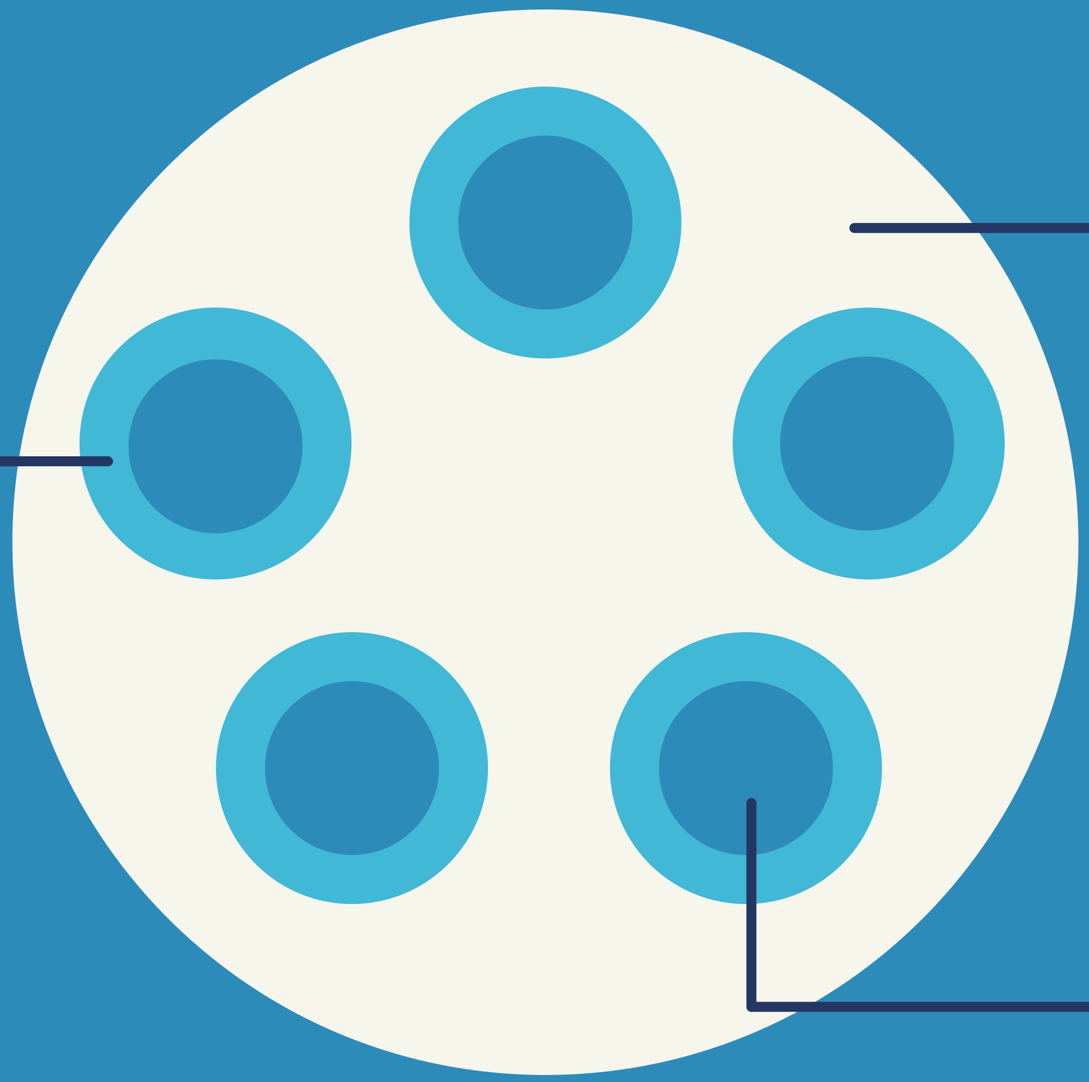
Fund Is Fun has decided to invest in **value stocks** by considering the lowest P/E ratio.

For example :
P/E ratio of stock A is 1 >> payback period equal to 1
P/E ratio of stock B is 5 >> payback period equal to 5



Screening process

Sector selected : Well-perform sectors are predicted from the historical data.



S&P 500 : Large-sized stocks ($10 billions or greater than in market capitalization.

Value stocks : Classify stocks by P/E ratio. Stocks with the least P/E ratio were selected.

Portfolio construction

The capital construct a portfolio into 4 different portfolios

1. Portfolio with Mean-variance optimization

2. Portfolio with equal weight

3.Portfolio with market-capitalization

4.Portfolio with Black-Litterman approach

(1) Portfolio with mean-variance optimization

The portfolio with mean-variance optimization is constructed by investing in the proportion that maximize the Sharpe's ratio of the portfolio.

This portfolio is under a short-sell restriction and is rebalanced semi-annually.

Stock	MVO		
NLOK.O	11.90%	GIS	19.30%
XRX	0.00%	TAP	0.00%
INTC.O	0.00%	PM	0.00%
HPQ	0.00%	NRG	0.00%
WU	7.72%	SRE	0.00%
ADS	0.00%	PPL	0.00%
BIIB.O	0.00%	ETR	0.00%
CVS	0.00%	PEG	0.00%
HUM	4.97%	DTE	0.00%
MCK	9.06%	NWS.O	11.27%
UHS	0.00%	LUMN.K	0.00%
CI	0.00%	FOX.O	0.00%
KR	35.77%	FOXA.O	0.00%
TSN	0.00%	VIAC.O	0.00%
SJM	0.00%	DISCK.O	0.00%

(2) Portfolio with equal weight

The equal-weighted portfolio is constructed by allocating the stocks in the equal proportion into the portfolio. For example, our portfolio includes 30 stocks and hence, we allocate 3.33% in each stocks.

Since this portfolio has equal proportion in every stocks, so there is no short-selling. The portfolio is rebalanced semi-annually.

Stock	EW		
NLOK.O	3.33%	GIS	3.33%
XRX	3.33%	TAP	3.33%
INTC.O	3.33%	PM	3.33%
HPQ	3.33%	NRG	3.33%
WU	3.33%	SRE	3.33%
ADS	3.33%	PPL	3.33%
BIIB.O	3.33%	ETR	3.33%
CVS	3.33%	PEG	3.33%
HUM	3.33%	DTE	3.33%
MCK	3.33%	NWS.O	3.33%
UHS	3.33%	LUMN.K	3.33%
CI	3.33%	FOX.O	3.33%
KR	3.33%	FOXA.O	3.33%
TSN	3.33%	VIAC.O	3.33%
SJM	3.33%	DISCK.O	3.33%

(3) Portfolio with market capitalization weight

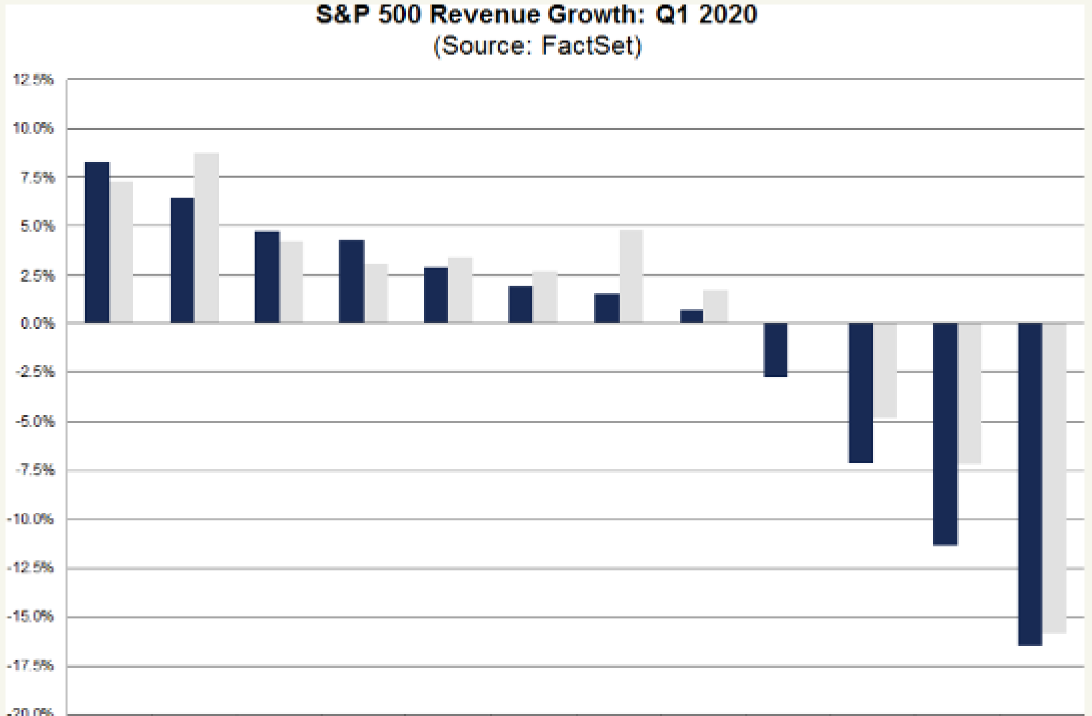
By investing in a proportion that is based on the market capitalization of each stocks divided by a total market capitalization of every stocks in the portfolio, we get a portfolio with market capitalization weight.

This portfolio is rebalanced semi-annually.

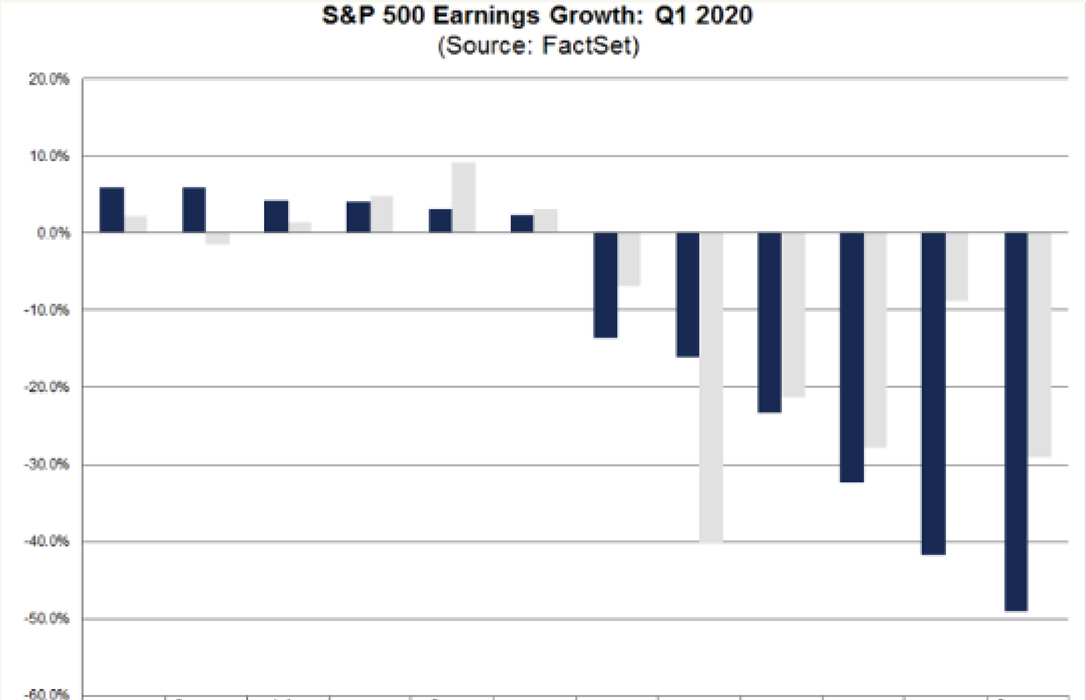
Stock	Mkt.W		
NLOK.O	1.11%	GIS	3.82%
XRX	0.45%	TAP	0.95%
INTC.O	20.38%	PM	12.13%
HPQ	2.91%	NRG	0.82%
WU	0.95%	SRE	3.78%
ADS	0.36%	PPL	2.25%
BIIB.O	3.80%	ETR	2.24%
CVS	9.13%	PEG	3.03%
HUM	5.45%	DTE	2.50%
MCK	2.97%	NWS.O	0.37%
UHS	1.04%	LUMN.K	1.18%
CI	7.77%	FOX.O	0.76%
KR	2.63%	FOXA.O	1.00%
TSN	1.97%	VIAC.O	2.05%
SJM	1.38%	DISCK.O	0.80%

(4) Portfolio with Black-Litterman approach

Using Black-Litterman approach, it allows investors to incorporate their opinions into the market-implied expected return. This results in optimal opinion-adjusted portfolio and thus, the proportion that investors invest may be vary from the benchmark one.
This portfolio is rebalanced semi-annually as well as the other three portfolios.



	Health Care	Comm. Services	Info. Technology	Consumer Staples	Real Estate	Financials	Utilities	S&P 500	Consumer Disc.	Industrials	Energy	Materials
Today	8.3%	6.4%	4.7%	4.3%	2.9%	1.9%	1.5%	0.7%	-2.8%	-7.1%	-11.3%	-16.5%
31-Mar	7.3%	8.8%	4.2%	3.1%	3.4%	2.7%	4.8%	1.7%	0.0%	-4.8%	-7.2%	-15.9%



	Health Care	Consumer Staples	Info. Technology	Utilities	Comm. Services	Real Estate	S&P 500	Energy	Materials	Industrials	Financials	Consumer Disc.
Today	5.9%	5.9%	4.2%	4.0%	3.1%	2.3%	-13.7%	-16.2%	-23.2%	-32.3%	-41.7%	-49.0%
31-Mar	2.1%	-1.5%	1.3%	4.8%	9.2%	3.1%	-6.9%	-40.3%	-21.3%	-27.7%	-8.8%	-29.1%

(4) Portfolio with Black-Litterman approach

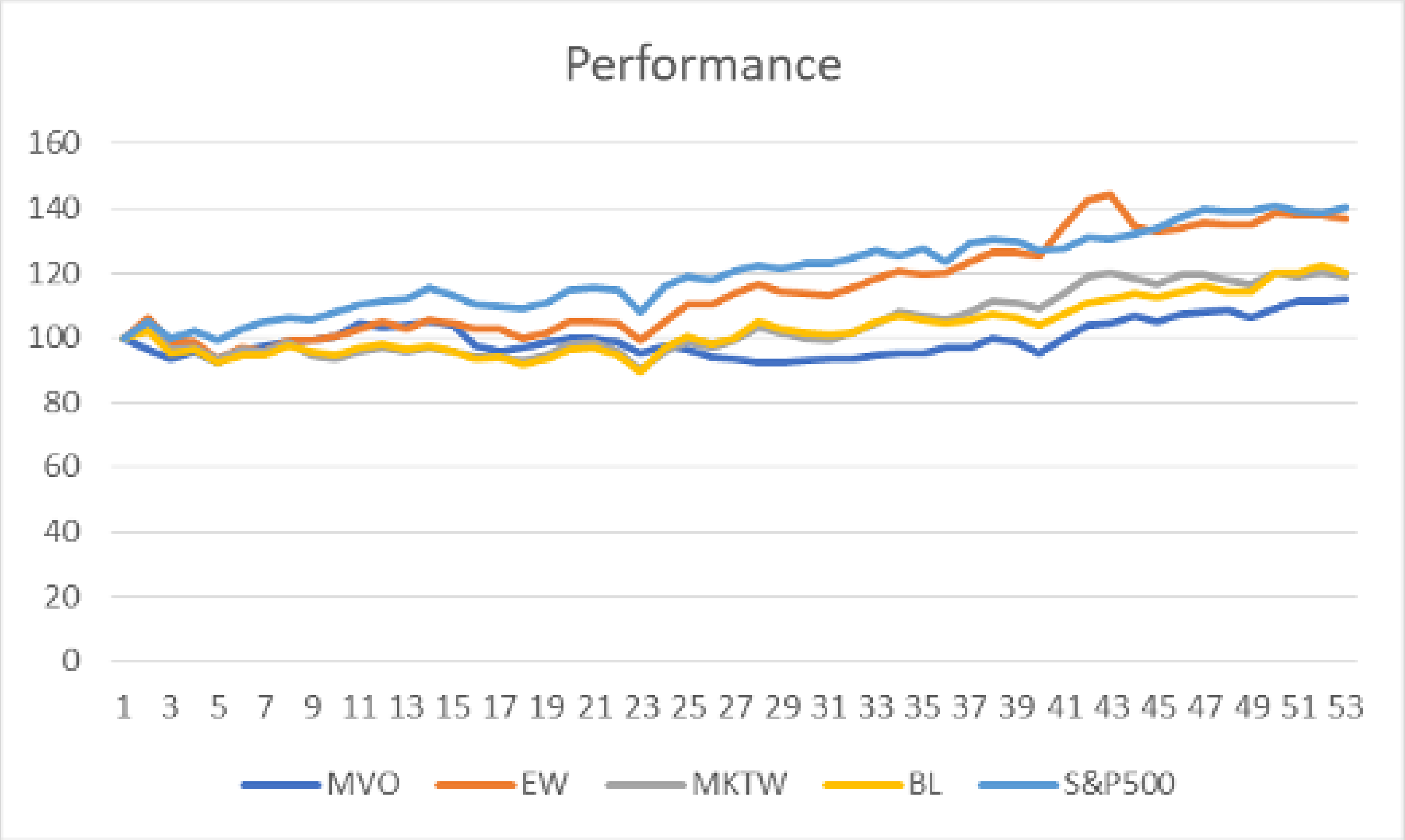
investor's opinion

1) Health Care sector
Opinion adjusted +3%
2) Consumer staples sector
Opinion adjusted +2%
3) Information technology sector
Opinion adjusted +1%
4) Communication service sector
Opinion adjusted +1%
5) Utilities sector
Opinion adjusted 0%

Stock	BL		
NLOK.O	0.00%	GIS	12.10%
XRX	0.00%	TAP	2.93%
INTC.O	11.70%	PM	9.75%
HPQ	0.00%	NRG	0.00%
WU	0.00%	SRE	0.00%
ADS	0.00%	PPL	0.00%
BIIB.O	8.36%	ETR	0.00%
CVS	22.83%	PEG	0.00%
HUM	1.86%	DTE	0.00%
MCK	4.25%	NWS.O	0.00%
UHS	12.60%	LUMN.K	0.00%
CI	2.22%	FOX.O	0.00%
KR	1.67%	FOXA.O	0.00%
TSN	6.19%	VIAC.O	0.00%
SJM	3.54%	DISCK.O	0.00%

Performance comparison

Portfolio	MVO	EW	MKTW	BL	S&P500
Arithmetic return	0.24%	0.64%	0.36%	0.39%	0.68%
Geometric return	0.21%	0.59%	0.32%	0.35%	0.64%
Standard deviation	2.20%	2.97%	2.68%	2.74%	2.38%
sharpe ratio	0.770	1.540	0.960	1.007	2.058
Jensen's Alpha	-0.02%	0.05%	-0.08%	-0.21%	-0.02%
Beta	0.370	0.808	0.680	0.822	0.945
Regression					
Alpha	0.01%	-0.002%	-0.19%	0.00%	0.00%
Mkt-rf	0.360	0.747	0.610	0.837	0.982
SMB	0.031	0.265	0.200	-0.062	-0.162
HML	-0.156	0.488	0.150	0.270	0.051
Return on investment					
ROI	11.96%	36.81%	18.69%	20.27%	40.32%
Ranking					
Rank	5	2	4	3	1



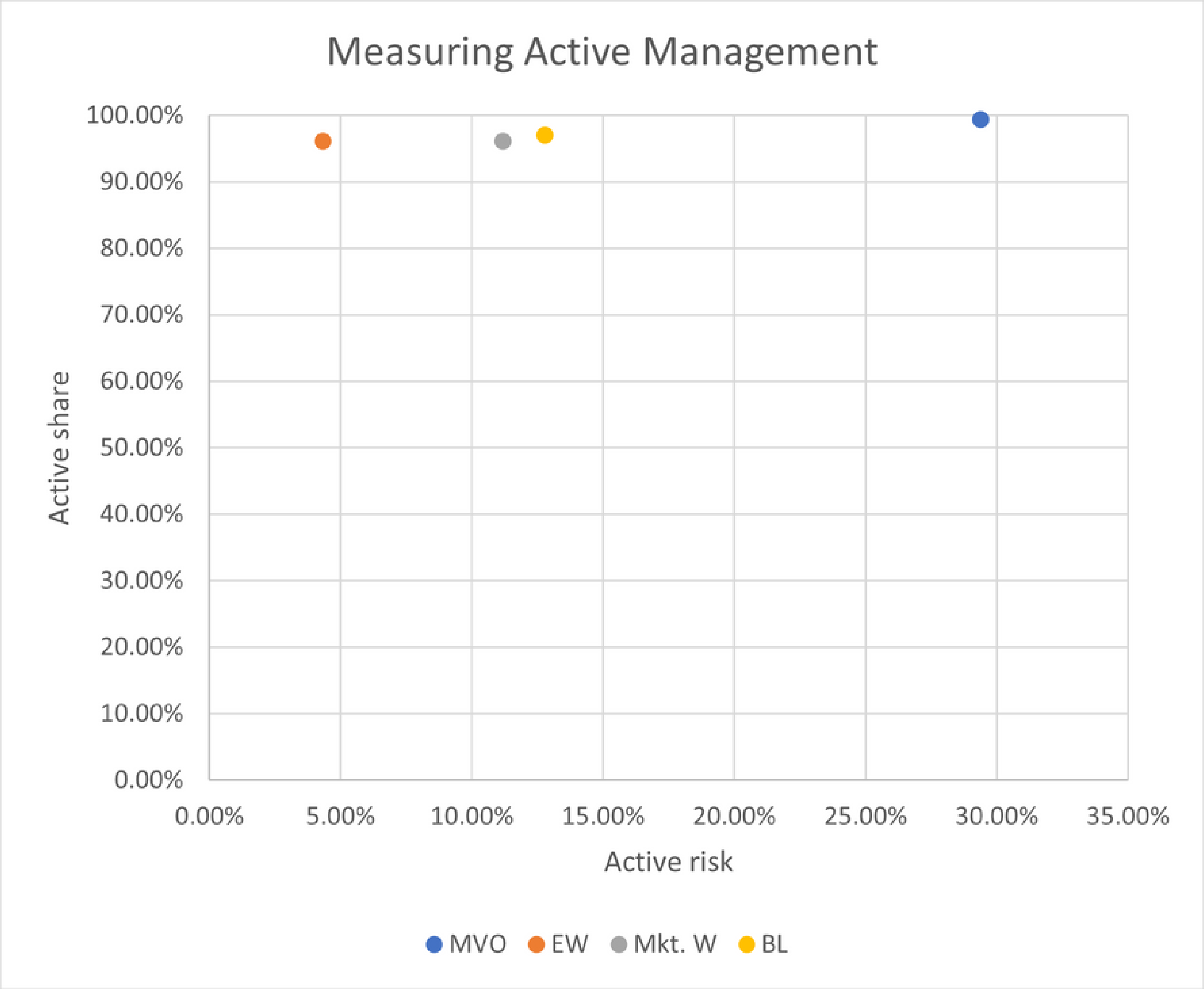
NOTE: ARITHMETIC RETURN, GEOMETRIC RETURN AND STANDARD DEVIATION ARE SHOWN IN WEEKLY BASIS.
MVO: PORTFOLIO WITH MEAN-VARIANCE OPTIMIZATION
EW: PORTFOLIO WITH EQUAL WEIGHT
MKTW: PORTFOLIO WITH MARKET-CAPITALIZATION WEIGHT
BL: PORTFOLIO WITH BLACK-LITTERMAN APPROACH

ASSUME THAT INITIAL FUND IS $100..............

Summary

1. DIFFERENT AMONG PORTFOLIOS
2. INSIGNIFICANT ALPHA
3. UNDERPERFORMANCE
4. MEASURING ACTIVE MANAGEMENT

Measuring Active Management

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Thanks for watching
Q & A