



Pure Value Metrics  
Investment Matrix

**PVM Global Value Opportunities Strategy Term Sheet**

The Pure Value Metrics Global Value Opportunities (GVO) strategy is designed as a relative value portfolio of Long/Short Equities and Long/Short Precious Metals. The strategy has produced returns of +32.5% in 2022 and +7.2% in 2023.

It has been managed live in markets as a double-digit Mio portfolio, since 01.01.2022.

GVO	Monthly P/L													YTD
	J	F	M	A	M	J	J	A	S	O	N	D		
2024*per 5 Jan	*4.26%													
2023	3.21%	6.86%	1.01%	0.64%	-1.70%	-5.15%	2.66%	1.15%	3.70%	1.37%	-9.89%	4.39%	7.2%	
2022	3.53%	2.08%	1.05%	2.29%	7.79%	-2.44%	-1.80%	0.21%	-4.97%	7.35%	14.27%	4.03%	32.50%	
	<b>Net Exposure</b>													
	J	F	M	A	M	J	J	A	S	O	N	D		
2024	10.1%													
2023	3.5%	-15.0%	-30.0%	-30.0%	-28.1%	-8.1%	-19.3%	-21.1%	-19.9%	-2.5%	0.8%	7.3%		
2022	-25.0%	-22.6%	-9.2%	-6.4%	0.9%	67.1%	25.8%	37.0%	84.6%	93.9%	29.5%	43.4%		
	<b>Gross Exposure</b>													
	J	F	M	A	M	J	J	A	S	O	N	D		
2024	160.2%													
2023	150.8%	143.2%	135.9%	155.1%	153.5%	168.9%	162.8%	158.9%	163.4%	168.7%	172.0%	164.3%		
2022	161.0%	160.2%	166.4%	168.9%	174.7%	169.4%	199.0%	186.0%	179.4%	185.2%	176.9%	140.9%		
	<b>95% VaR 1D</b>													
	J	F	M	A	M	J	J	A	S	O	N	D		
2024	2.50%													
2023	1.58%	1.44%	1.59%	1.46%	1.17%	2.08%	1.84%	1.50%	1.26%	1.48%	2.46%	2.45%		
2022	1.68%	1.90%	2.10%	1.79%	2.15%	1.98%	2.49%	1.77%	2.53%	2.65%	1.96%	1.93%		

It is designed to produce higher returns than our PVM long only equity strategy, as having a short component, it can be fully invested most of the time even when markets are overvalued.

It is a fully rules-based strategy, just like our long only equity strategy and can vary between being up to **100% net long** and **30% net short**. It is designed to take advantage of the macro cycles in Equity and Precious Metals markets.

**Whilst it is not net leveraged, it is gross leveraged up to 2x the investment amount (200%) and therefore involves higher risk for which investors have to sign a new investment mandate. For example, if you invest 1 mio in the strategy, total open positions of up to 2 mio will be employed in the market.**

**However, if you look at the VaR (Value at Risk) numbers in the performance and risk table, because the long positions offset the short positions, the VaR is more**

**representative of an unleveraged position. The profit and loss though, does exhibit more volatility.**

The position concentration in a single stock or precious metal is also significantly higher, than in the long only PVM Equity strategy, although this is rarely employed to the maximum limits and the investment level is governed by the relative value analysis rules.

Please see the below examples which illustrate the net position options based on a 1 Mio investment;

Example 1. Long 1 Mio & Short 1 Mio = 2 Mio max allowed total open positions, with zero % net exposure.

Example 2. Long 0.5 Mio & Short 0.8 Mio = 1.3 Mio total open positions with -30% max allowed net short exposure

Example 3. Long 1.5 Mio & Short 0.5 Mio = 1.5 Mio total open positions, with +100% max allowed net long exposure

#### Portfolio Construct & Rules of Invested Amount

- Max **net** long position size; +100%
- Max **net** short position size; -30%
- Max position size in any single stock; +/-20%
- Max position size in any Precious Metal; +/-30%
- Max gross exposure; 200%

Long or Short Precious Metals positions should be based around their value/price compared to the cost of production.

#### Long Single Stock Equities Rules

Long Single Stock equities as defined by the following criteria.

- Max. Price/Earnings 20.0
- Max. Price/Book 5.0
- Max. Debt/Net Equity 80%
- Max. Goodwill 33% of Net Equity
- Min. single Dividend 2% / Min. long Equity Portfolio Av. Dividend 4%
- Bloomberg Relative Value Analysis needs to register as cheaper than its historical average at the investment point.

## Short Equity Index rules

- Any short component of the Equity Index needs to be at least 2x the valuation of the long equity basket.

## Fees

The fees are;

- i) 1% management and administration fee (annually, charged monthly)
- ii) 10% high water-mark performance fee
- iii) There are no redemption fees or notice period beyond the end of the current month as usual with PVM products.

Yours Sincerely,



Richard-Mark Dodds  
Chief Investment Officer

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Responsible / Author:

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