

**Fanvestments Corporation**  
*Global Investments - Global Returns*  
Invest today, Build Wealth Forever

FVAM Fund Quarterly Portfolio Report  
Q3 - 2019

***Fanvestments FVAM Diversified Multi-Asset Private Alternative Investment Fund (FVAM)***

This Report describes the Fanvestments Diversified Multi-Asset Private Alternative Investment Fund (the "Fund", "FVAM"). Fanvestments Corporation (the "Management"), a Rhode Island S-Corporation, serves as the Fund's Management Business. The following summary highlights information about the fund, during and as of the 3rd Quarter of 2019 (July thru September), and info about the fund's investment strategy and expectations. Except where the context otherwise requires or indicates, in this report, (i) "Fanvestments," "the Business," "we," "us", "Firm", "management" and "our" refer to Fanvestments Corporation and/or owner, and its Primary offering, with respect to FVAM, a Private Alternative Investment Fund, referred to as "the Fund", "the portfolio", or "FVAM".

Contact and Social Media:  
Fanvestments, Corporation  
Matthew Fanning – Owner / Founder / CIO / Fund Manager  
[mfanning@fanvestments.com](mailto:mfanning@fanvestments.com)  
[www.fanvestments.com](http://www.fanvestments.com)  
Twitter: @fanvestments  
[facebook.com/fanvestments](https://facebook.com/fanvestments)  
Wordpress/Blog: [fanvestments.wordpress.com](http://fanvestments.wordpress.com)

## **PRINCIPAL INVESTMENT STRATEGY**

The FVAM Fund consists of a diversified portfolio of mixed asset-types, with a majority focus on equity investments ("stocks"), as well as fixed income (bonds and credit), commodities and currencies, for the goal of price & capital appreciation, and to drive long-term positive durable returns through all types of economic and global financial cycles. FVAM's primary exposure focus is mostly within individual stocks with a long-bias, and some stock ETF exposure. Fund applies multiple strategies, from fundamental research such as earnings, revenue, growth rates, and valuation, analysing historical data and future expectations. Combining that with technical analysis, studying charts and price action for trends, as well as trend change, price and timeframe analysis, overbought and oversold indicators, volume spikes leading to capitulation. The macro environment is very important as well, and will overlay the macro environment on top of the other research and overall portfolio analysis. Other strategies, more of a focus within a sector, such as biotech, looking for companies that are trying to find a cure for major diseases. Within Technology, to find innovation helping to shape the future, such as AI, Big Data, Cloud, Analytics, FinTech (financial technology), as well as to find the Founders that are all-in and have a sense of brilliance. Price and Returns tends to trump timeframe, but the fund does expect to hold most investments for multiple years, mid-to-long term. The Fund is actively-managed with a blended investment style, looking for Growth at a great Value, more of a "buy the blood", buy low-sell high, as a fundamental mindset. Fund will also seek to find opportunities within event-driven strategies, such as mergers, FDA approvals, momentum and fund flows, as well as unusual options action and potential buy-out/merger opportunities. Part of the investment style is to bring together a diversified multi-asset "401k retirement" portfolio approach, combined with hedge fund, institutional style investing involving individual stock picking along side minimal hedging against general market risk, as well as having low market correlation producing fund-specific returns. "401k meets Alternative Investment fund". The FVAM fund will also invest in other investment funds, indexes, and ETFs from time to time, for opportunity and to obtain that much more diversification, and to lower overall volatility and risk. Searching all size business all around the world, but currently limited to only investing within U.S. exchanges. Only on a limited basis, and kept to very small exposure at most times, the fund does use multiple hedging strategies to protect from general stock market volatility, as well as downside risk within individual positions, or macro issues such as economic cycles, recessions, geopolitics. In most hedge cases, the fund will utilize options strategies for short exposure vs outright selling short, such as index/ETF options, VIX (volatility) options, positional hedges (puts or covered calls). Overall hedging exposure is kept low, utilizing more of a hedge by allocation strategy, i.e... Diversification and Position sizing, always monitoring positional exposure relative to risk of that position and overall portfolio size. As well as other portfolio management strategies - performance monitoring and risk management. Such as selling portions of gains, decreasing higher risk, increase lower risk (lower reward) exposure, such as bonds, money market and cash. Since FVAM is not intending to mirror, or match the assets or performance of any other index or ETF, the fund's performance will not have any intention to directly match the performance of any other investment vehicle, ETF, or Index or have the same timing as the overall markets. An index, like the S&P 500, is also a collection of assets, with ~500 individual stock holdings. FVAM's intent is to have created its own unique investment vehicle, a diversified multi-asset fund (stocks, bonds, ETFs), with individual assets selected by Fanvestments Management, minimal market correlation, and less volatility vs market index. Utilizing a dynamic and perpetually improving investment strategy combining increased Portfolio Quality, constant Portfolio analysis, non-stop financial market study, risk and allocation management, along with relentless analysis of performance metrics, mathematics and statistics with the goal of perpetual improvement. Matching up technical analysis for timing with Fundamental analysis for valuation, and overlaying Macro environment research to help find Global trends and determine overall Market risk. Make the Money Make More Money .

### **Q3 Highlights**

Within the 3rd Quarter of 2019, the FVAM fund was positive, producing a positive 1.15% return. The fund was up 0.08% in July, positive .09% in August, and up 0.98% in September. For the Quarter, the S&P was up about 1.4%, while the ACWX (World Index x-USA) was down 1.3%. Although there is no attempt to match the performance or timing of the S&P 500, along with mixed-asset exposure like bonds and credit, currency and/or commodity, lower risk & volatility, and with equity exposure currently around 91% of the fund, the fund's performance and volatility is analyzed against the index, an all-stock index. Overall for the quarter, while the S&P 500 index did outperform, although in August the Index was down 1.63% while FVAM ended slightly higher. The S&P retraced just about all of the negative performance in September while FVAM also had its best month of the quarter. Another reference point, a more relative and important comparative benchmark for the fund is Warren Buffett's Berkshire Hathaway, using the BRK/b shares, was down 2.2% in the 3rd Quarter.

For the 3rd Quarter, Celgene remained to be the fund's top performer, with Zynserba Pharma and Facebook coming in next. Longer-term investments, Bristol Myers and Stone Co. rounding out the top 5 performers for the quarter. Celgene was sold in the fund after the merger news with Bristol Myers occurred, while Facebook and Zynserba were also sold in full. Facebook was a shorter-term position based more on technicals and earnings. Bristol Myers (BMY) remains to be one of the fund's largest investments. The mega-merger between Bristol and Celgene still was completed in November. Bristol has also authorized a share repurchase worth \$7 Billion. BMY is a core investment within FVAM and at an average cost just under \$46/share, has already produced a solid return with its current share price above \$65/share, and expecting BMY to continue to perform. Previous or historical high levels for the stock traded closer to \$80 and I think over the next year or two, it will head far above that level. Using Earnings per Share (EPS) of \$6 with a 20 PE Multiple, gets the stock price to \$120. Average analyst estimates for 2020 have EPS above \$6. The company's next earnings report will be out in early February. Can see more about Bristol Myers here : <https://www.bms.com/investors.html>

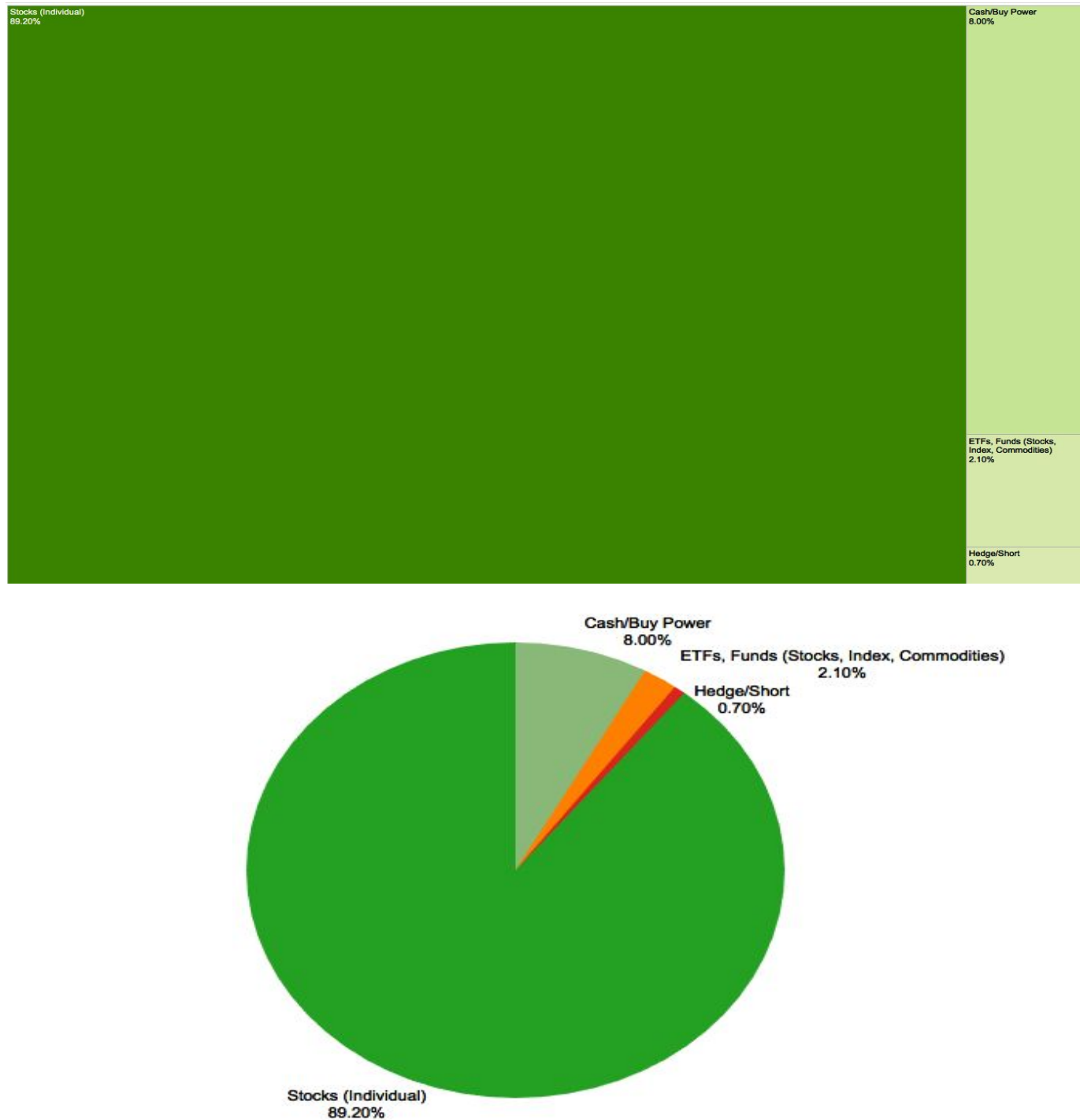
Cloudera (CLDR), Cloudera, which hits within the Technology and Big Data focus, was being watched and then noticed a position taken by billionaire investor Carl Icahn. Cloudera focuses on data analytics, cloud technology, data centers and warehouse, as well as machine learning and artificial intelligence. Position was started around \$6/share, quickly moved up closer to \$9, longer-term looking for a triple. Cloudera needs to get to cash-flow positive, but is growing revenue. Using valuation, CLDR is currently trading at 3x price-to-sales. Cheap based on comparable software companies, some trading at 17 in the case of Twilio or 24 for MongoDB. Looking at book value, Cloudera is priced around 2x book, considering 4 or 5x expensive, giving it room to get to \$20-25/share.

<https://investors.cloudera.com/home/default.aspx.html>

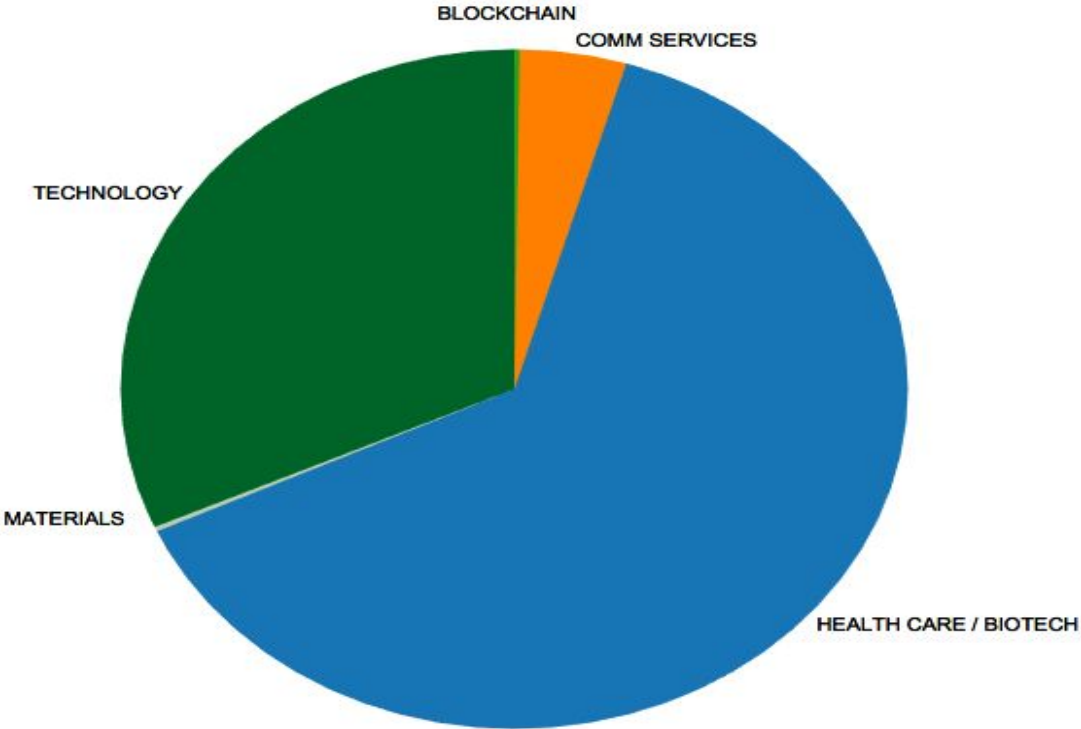
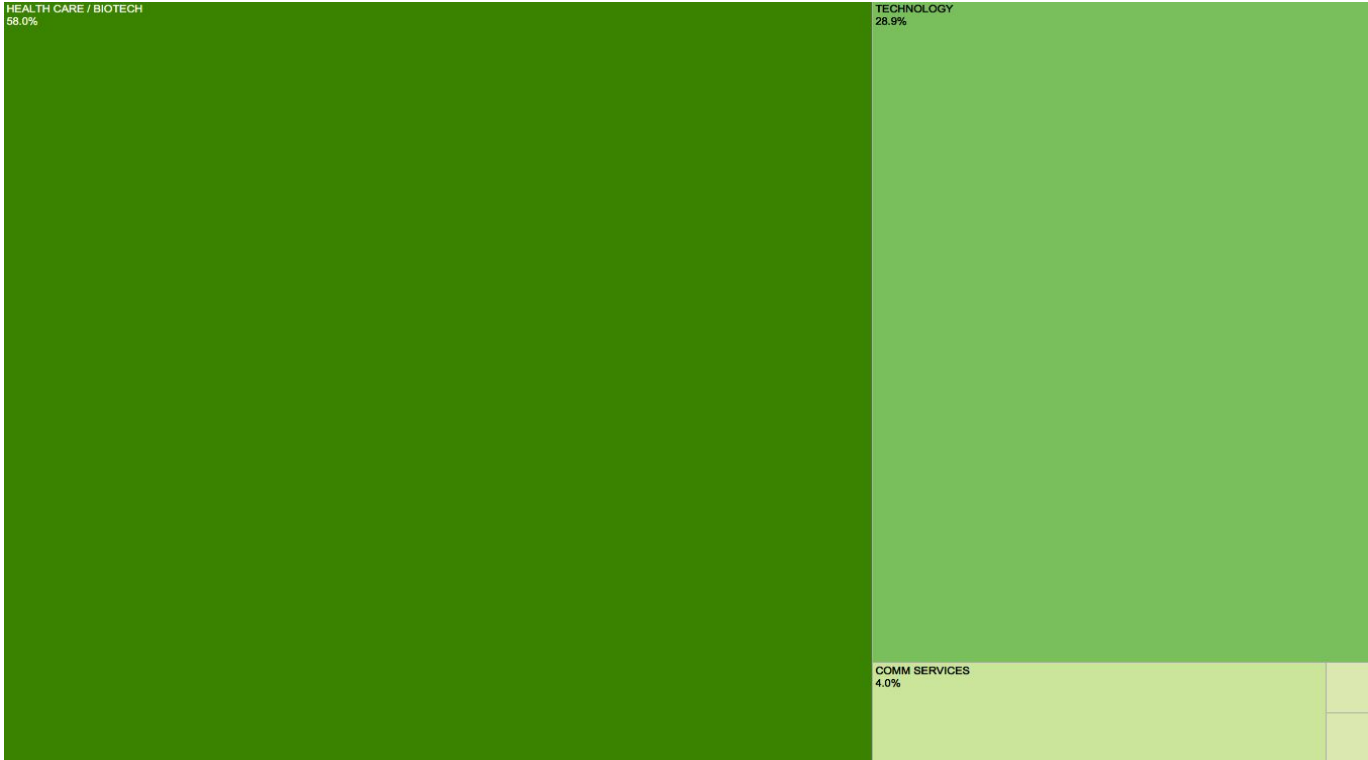
Looking into Q4, one of the funds newest positions in the fund is Baidu, as well as China Mobile (CHL) and Aerie Pharmaceuticals (AERI). Looking to hold Baidu and China Mobile investments longer-term as core positions, while Aerie is more speculative and a smaller position due to that. China Mobile is the wireless market leader in China, with over 946 million customers which is 10 times the customer base of Verizon or AT&T. Investment started just under \$40/share and has risen to about \$43 since. Using 10% earnings growth in 2020 on current earnings of 3.94 gets eps to 4.33. Current forward pe of 11 takes the price above 47. If using Verizon's current PE of 12.3, valuation can take the price to above 53. CHL hit a high at \$55.84 back in March 2019. Baidu, BIDU, is the largest internet search engine in China, with mobile traffic market share around 75%. Baidu also founded and is a major shareholder in Iqiyi, one of the largest online video sites, which produce about 25% of Baidu's total earnings. Thinking back to Google, they own youtube, another similar comparison. Iqiyi is more compared to be Netflix-like. Baidu is down from over \$285/share, hit a low just under 100, with position started just above 100, BIDU quickly rose to over 130. Expectation is a strong turnaround has begun, using 2020 eps estimates around \$7, against google's forward PE (was around 26) gets the stock price to over \$180.

Below shows reporting created & analyzed within Data Analytics software, Tableau Software, which has data integration into the fund’s internal database/spreadsheets. (\*Portfolio Data as of Oct ‘19)

High Level allocation heat map and pie chart:

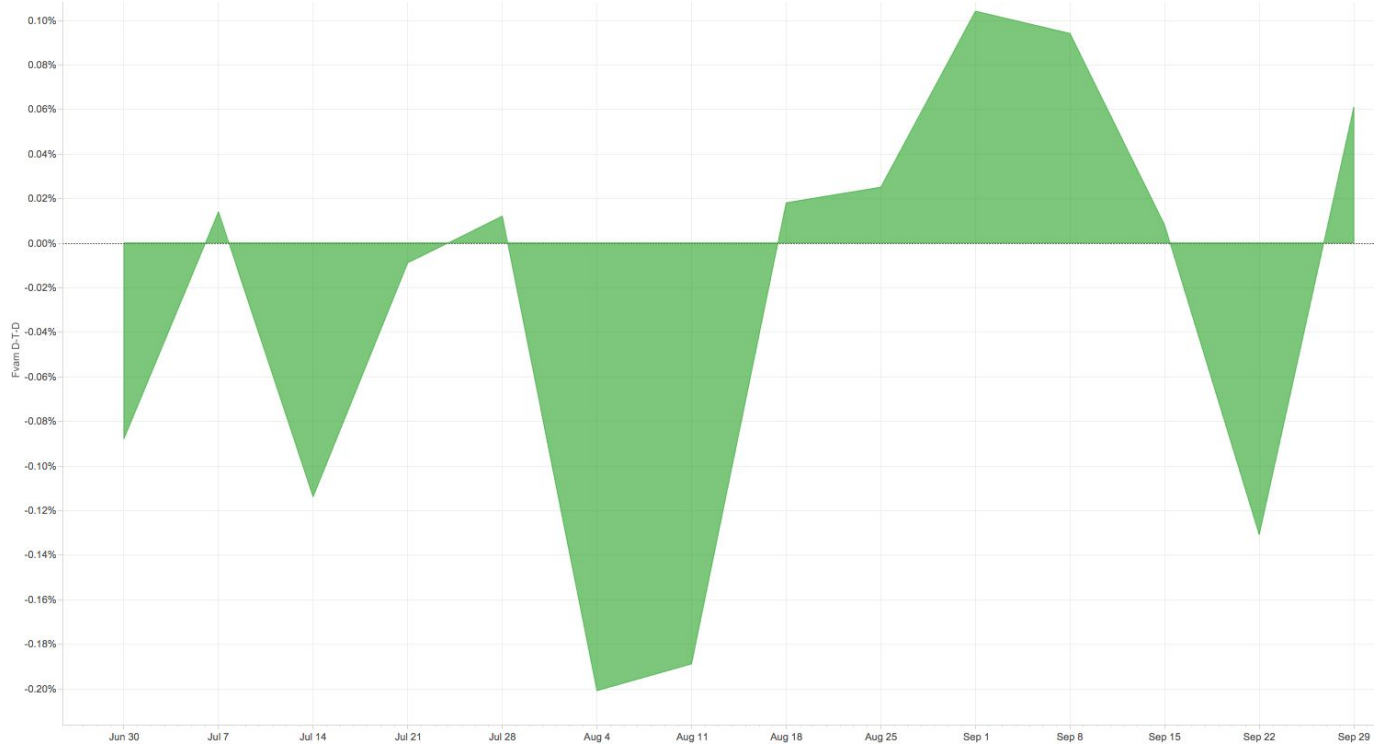


Below shows the further breakdown of only the fund’s individual stock exposure. Currently, the heaviest focus of that exposure is allocated towards Technology and Bio-Tech / Pharma investments.

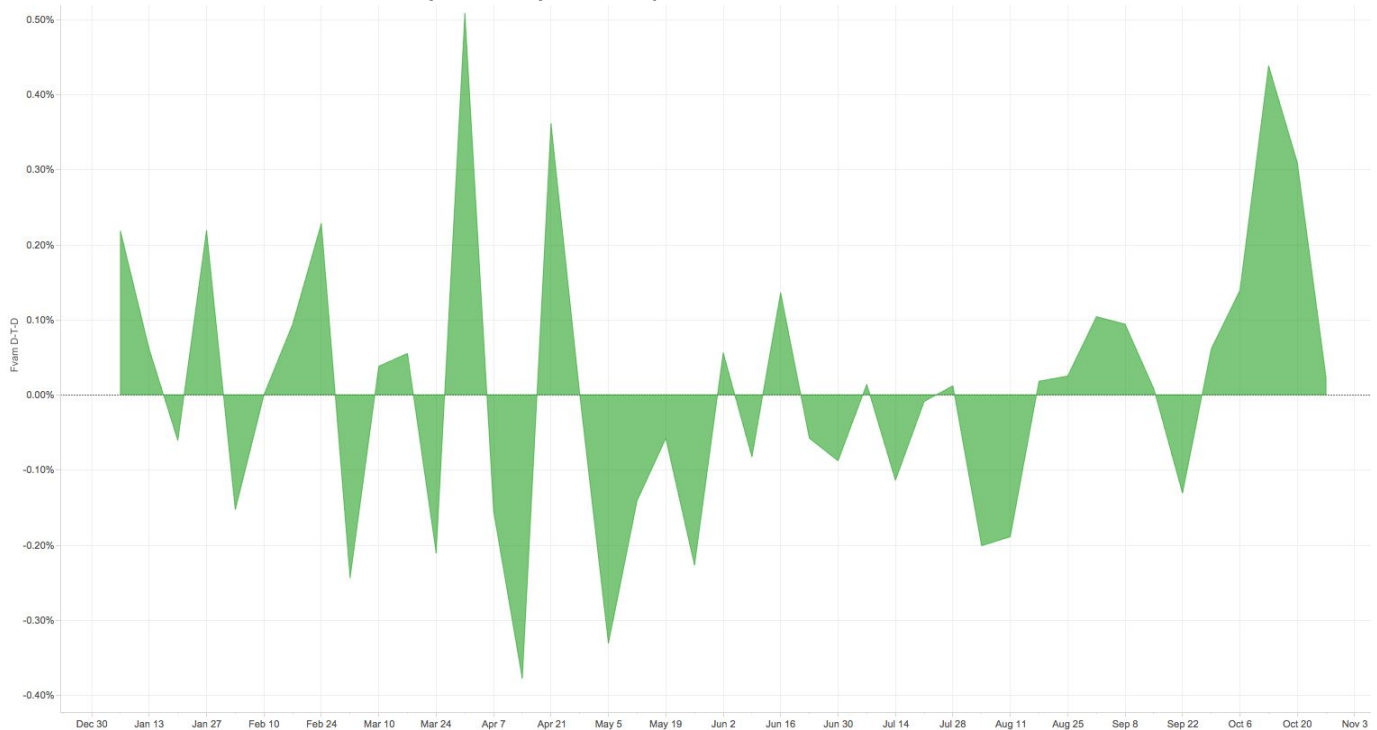


Performance Analysis: Analyzing the breakdown of the Fund's performance, as well as comparisons to other investment vehicles/index, such as the S&P 500, \$BRK-b (Warren Buffett's 'Berkshire Hathaway'), ACWX which tracks Global Markets minus the US (World x-US), and the Russell 2000 small cap index (\$IWM)

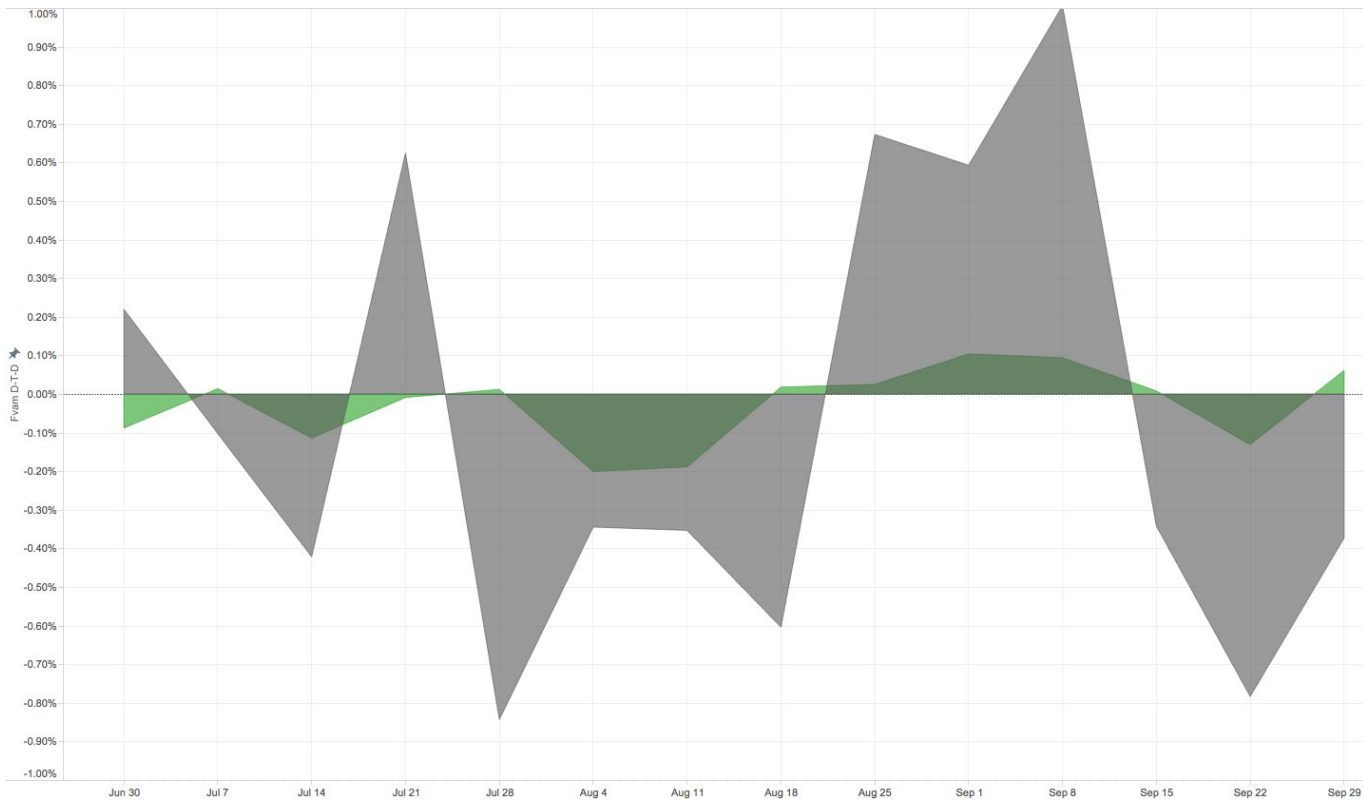
FVAM fund, 3rd Quarter 2019 , Weekly



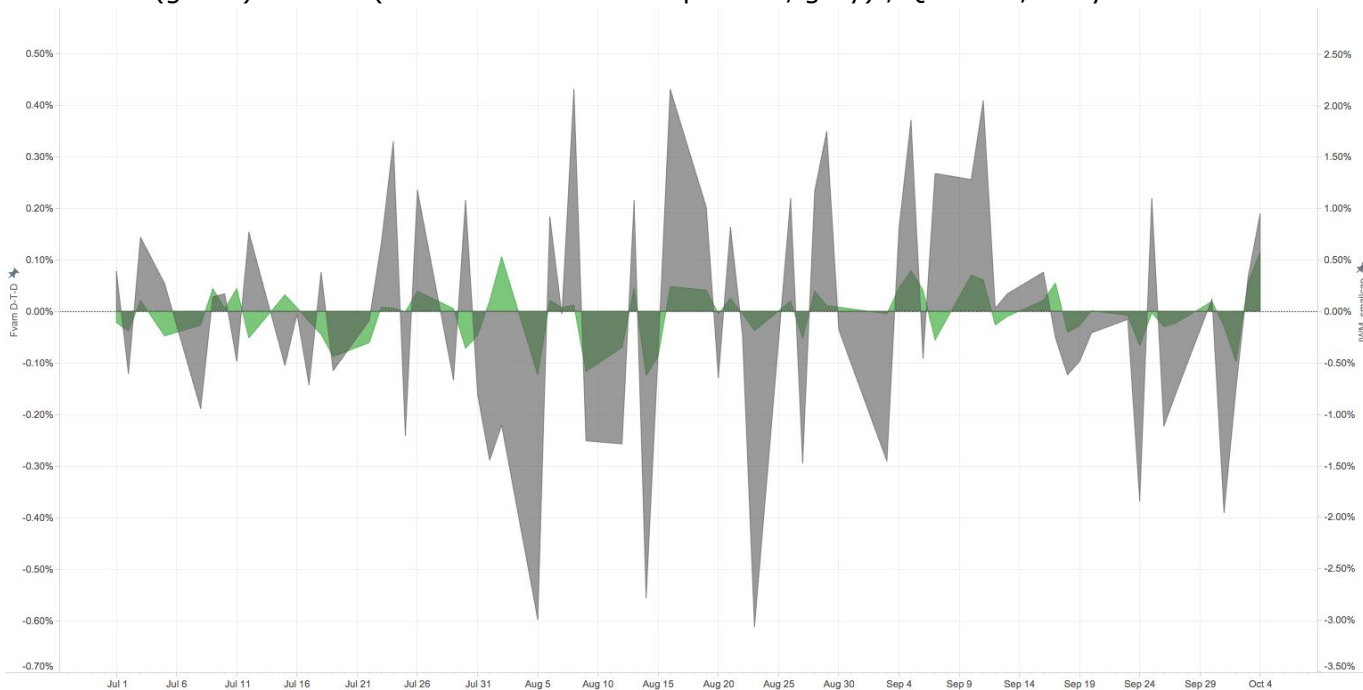
FVAM fund, 2019 thru October (Jan-Oct), Weekly



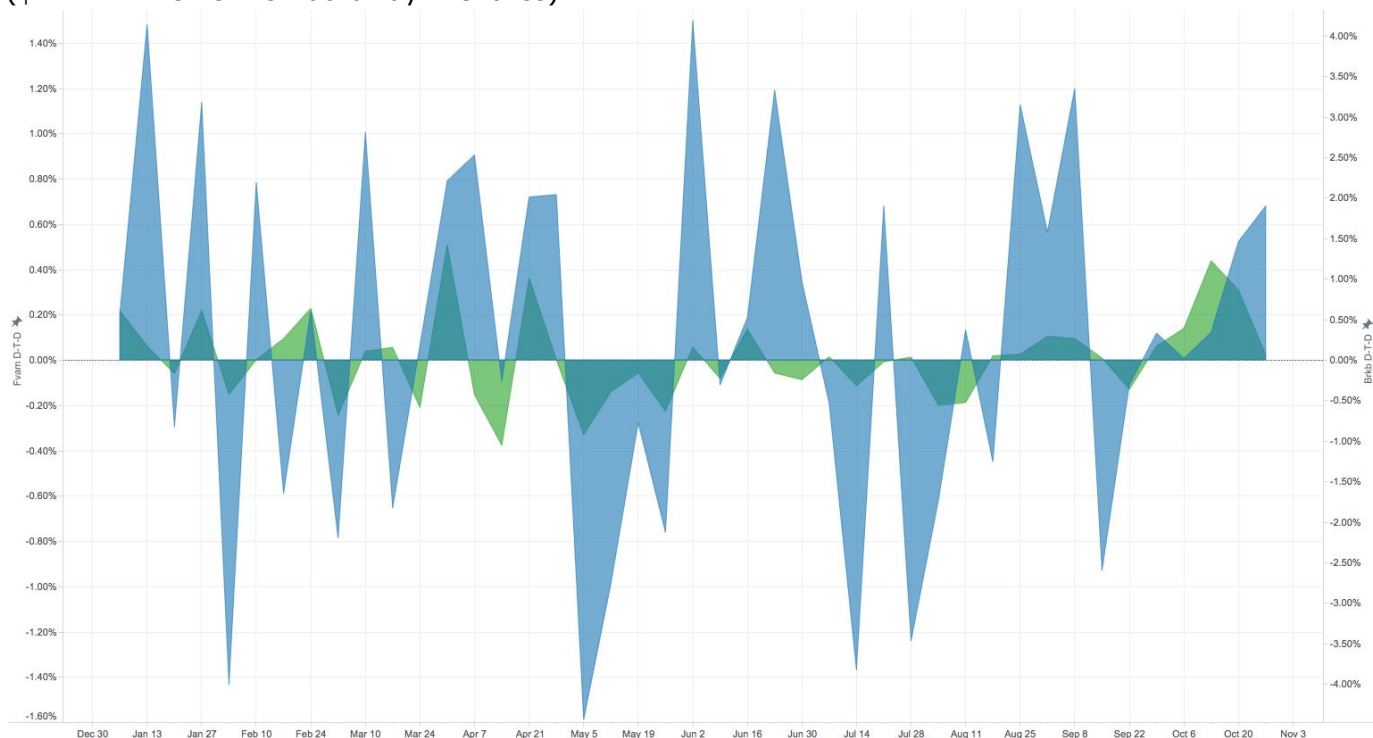
FVAM fund (green) vs IWM (Russell 2000 Small Cap Index, gray) , Q3 2019, weekly



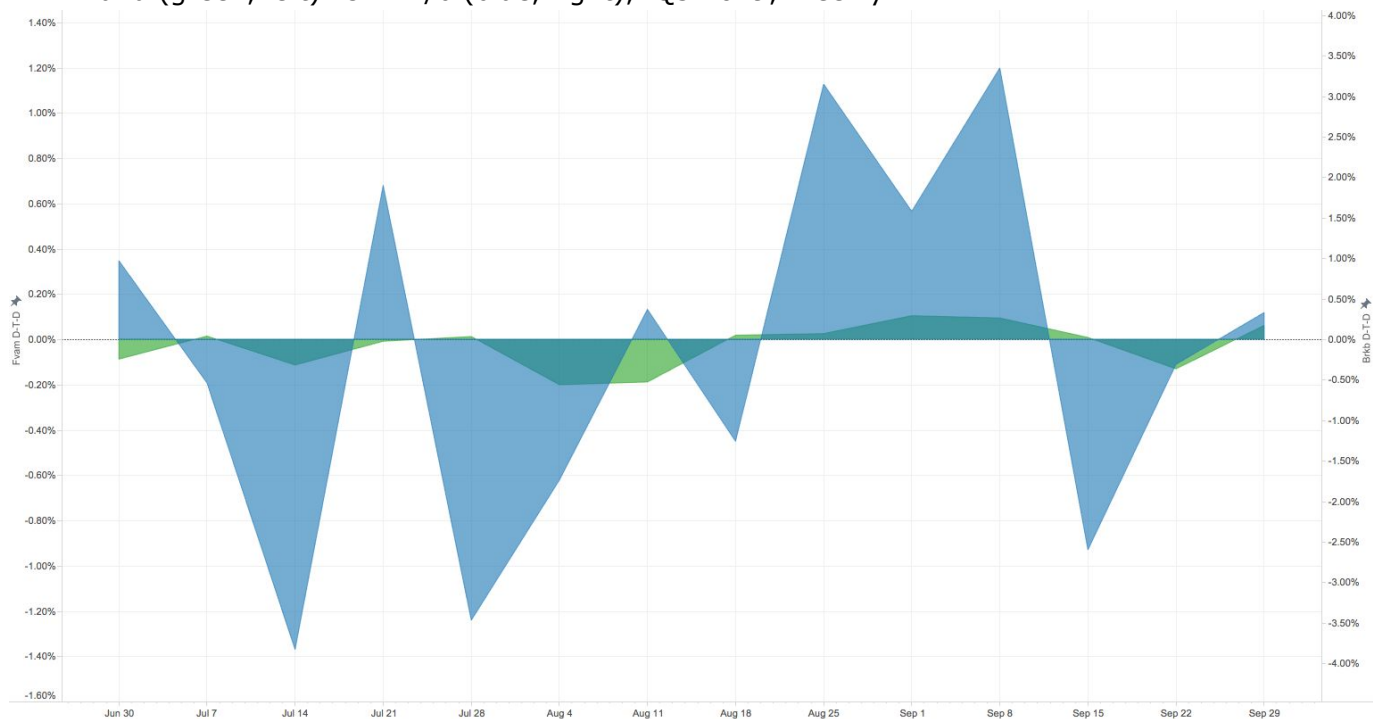
FVAM fund (green) vs IWM (Russell 2000 Small Cap Index, gray) , Q3 2019, Daily



FVAM fund (green, left) vs BRK/b (blue, right), 2019 Year-to-Date thru October, Weekly  
 (\$BRK-B : Berkshire Hathaway B-shares)

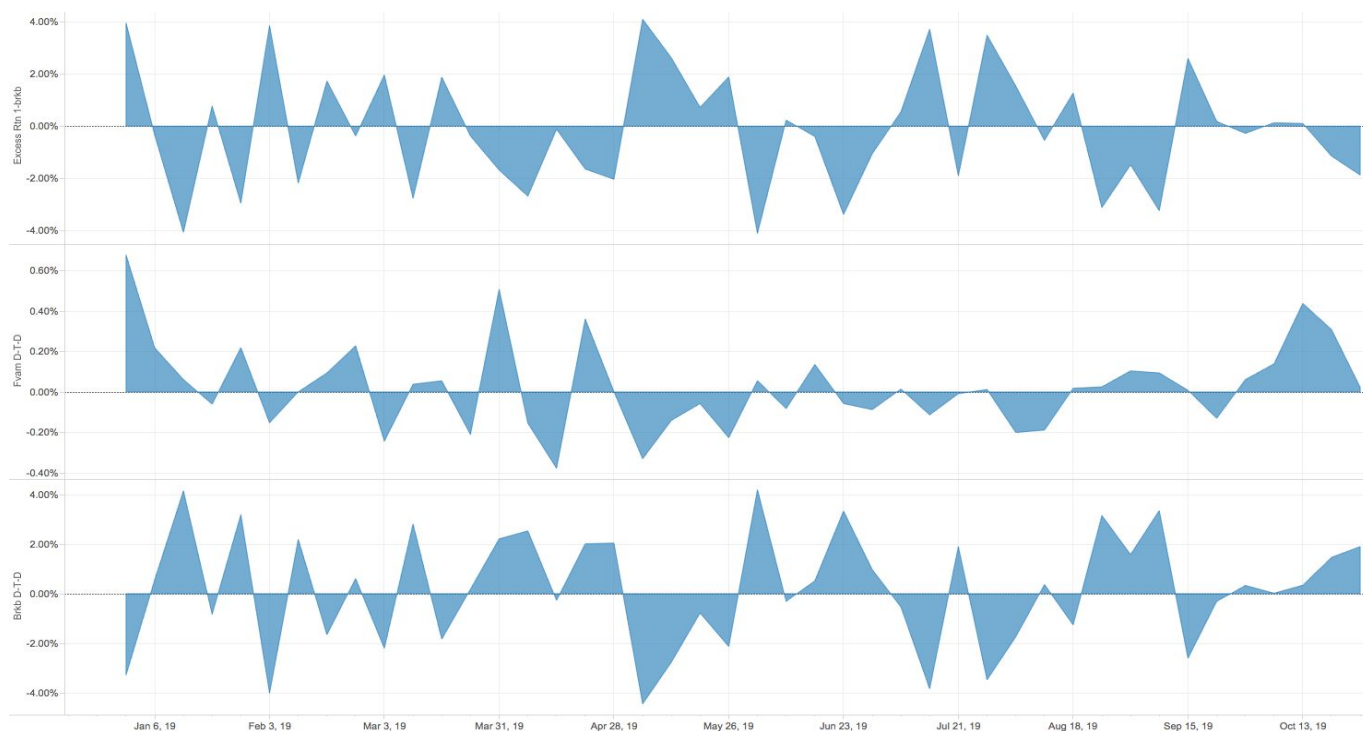


FVAM fund (green, left) vs BRK/b (blue, right), Q3 2019, Weekly

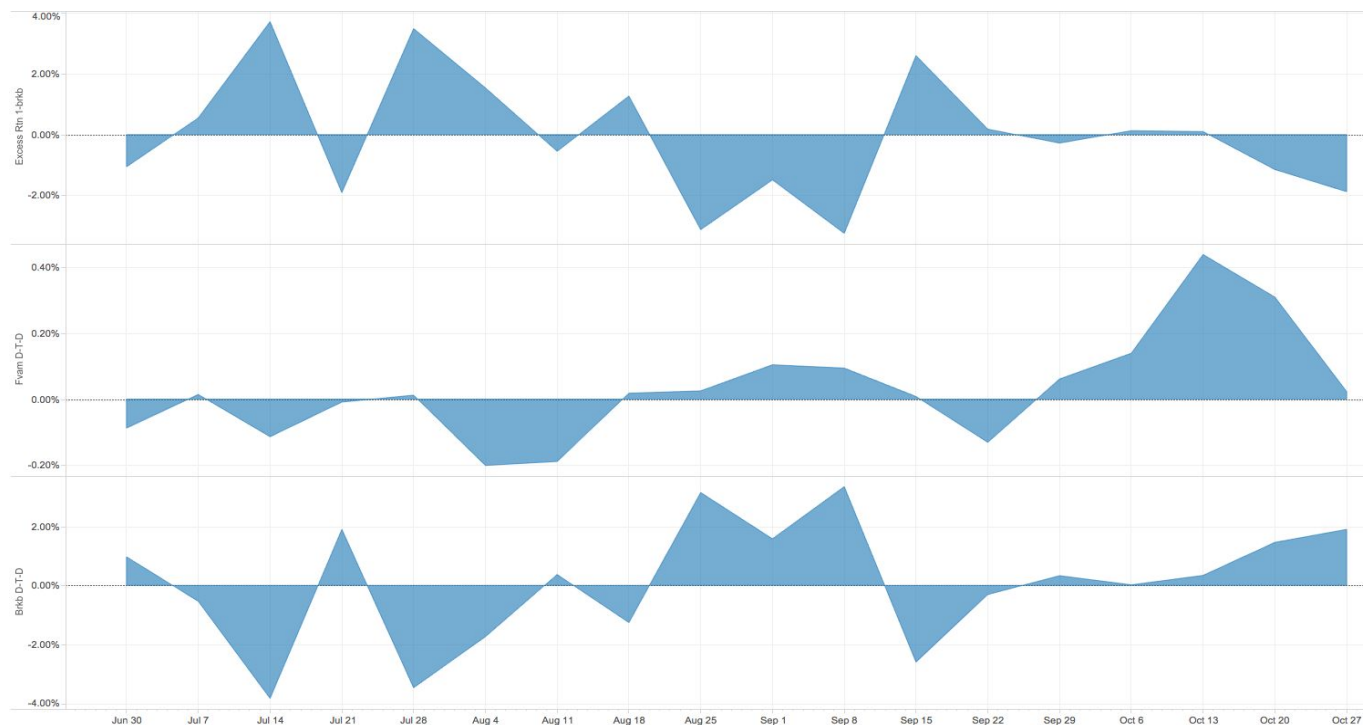




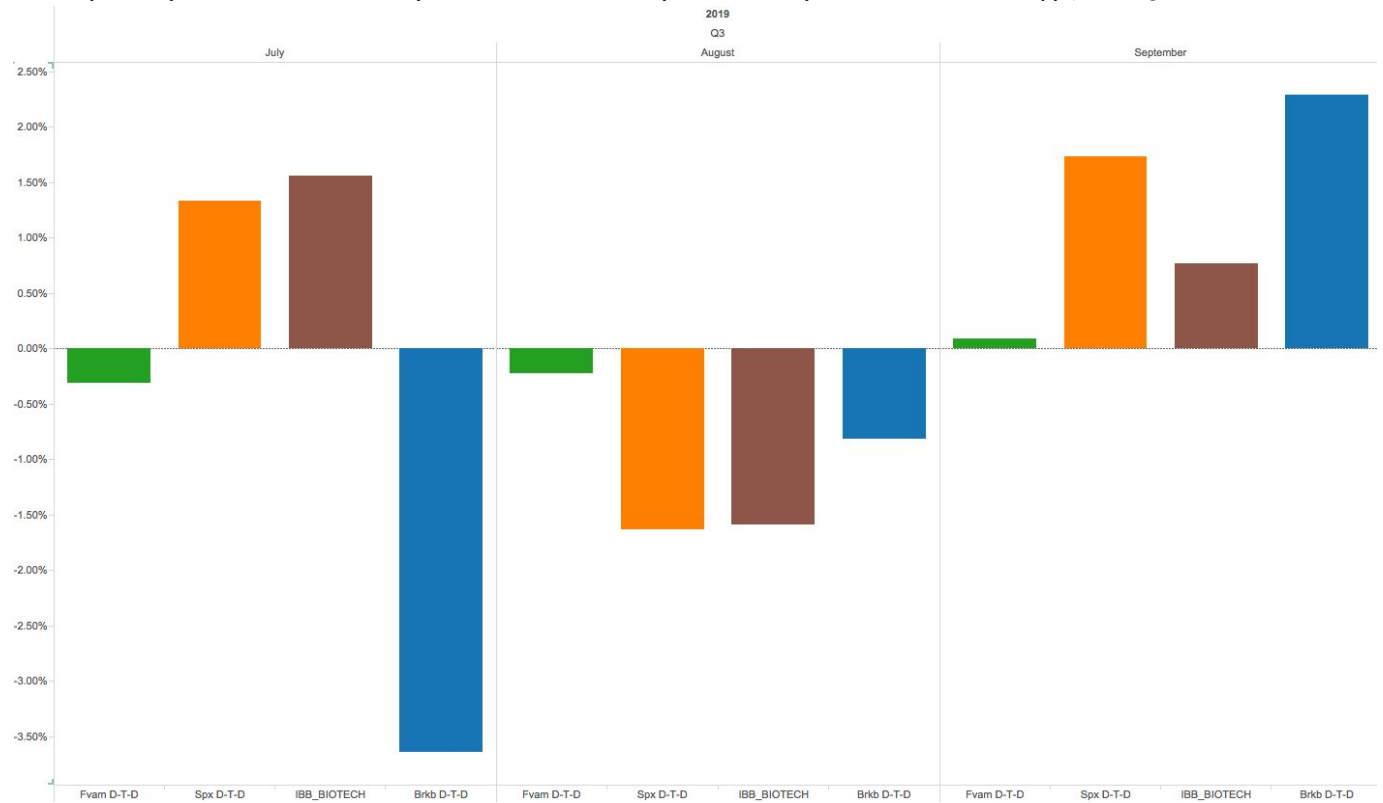
FVAM vs BRK/b and relative return (FVAM vs BRK/b), weekly, 2019 YTD thru Oct (Jan-Oct)  
(excess, positive = outperformance, negative - underperformance)



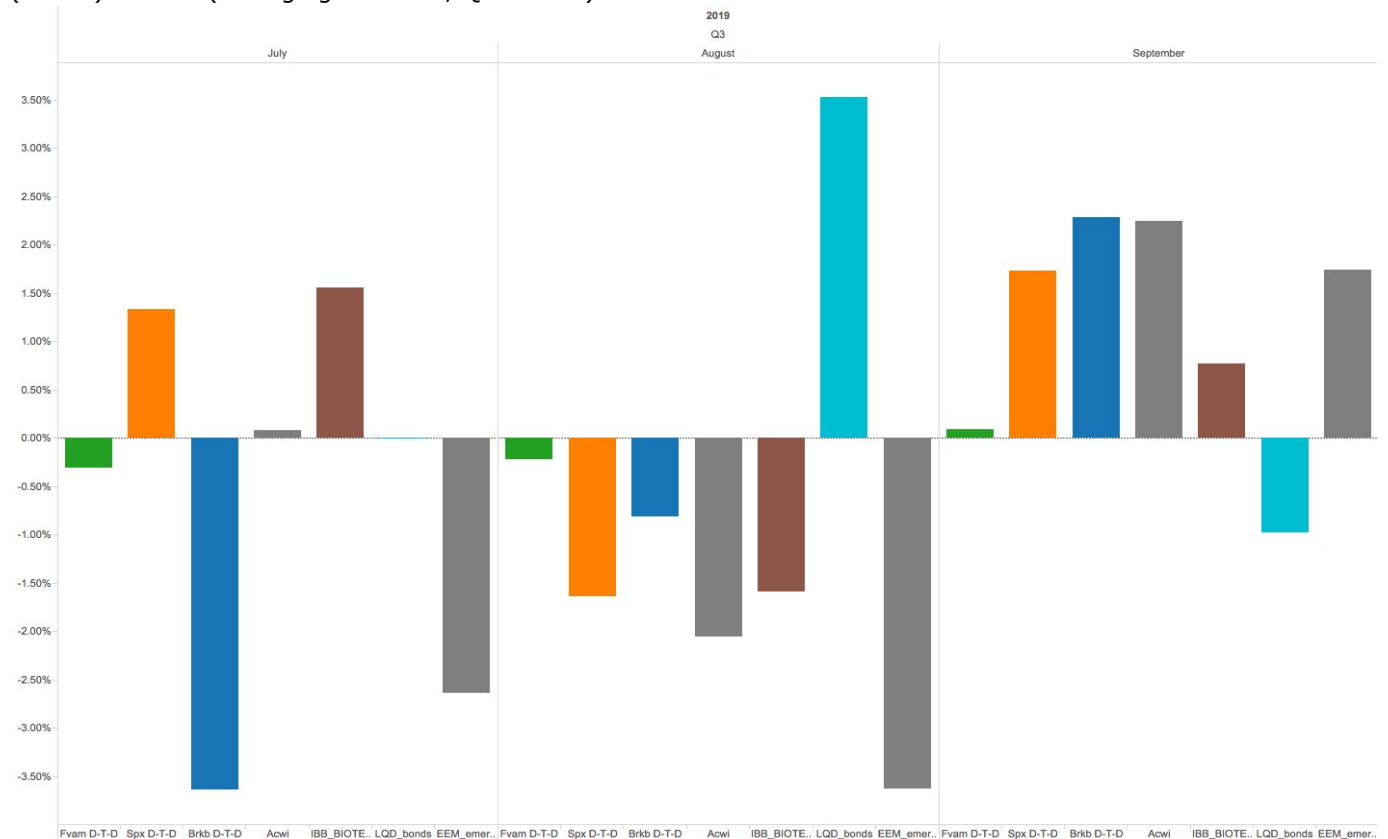
FVAM vs BRK/b and relative return (FVAM vs BRK/b), weekly, Q3 2019  
(excess, positive = outperformance, negative - underperformance)



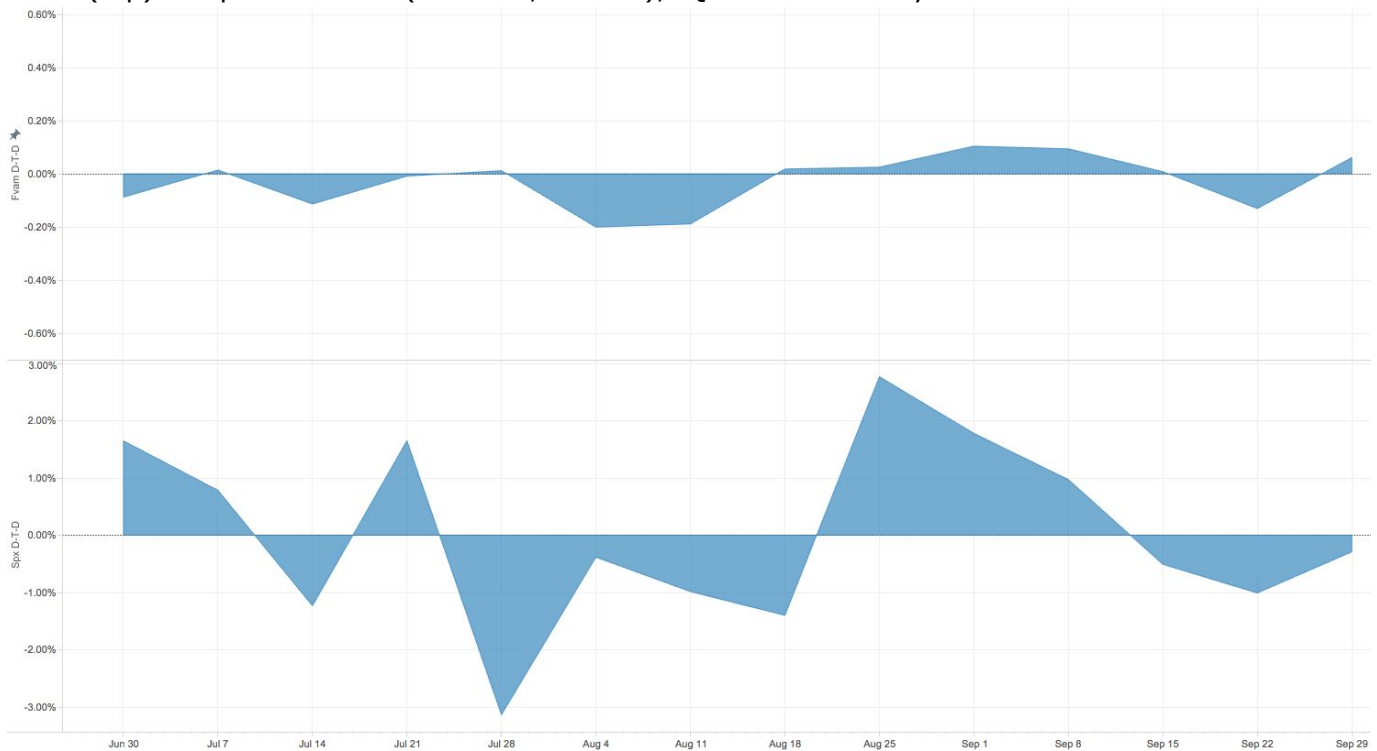
FVAM (Green) vs S&P500 vs IBB (BioTech Index Fund) vs BRK/b (Berkshire Hathaway) , 3rd Quarter - 2019



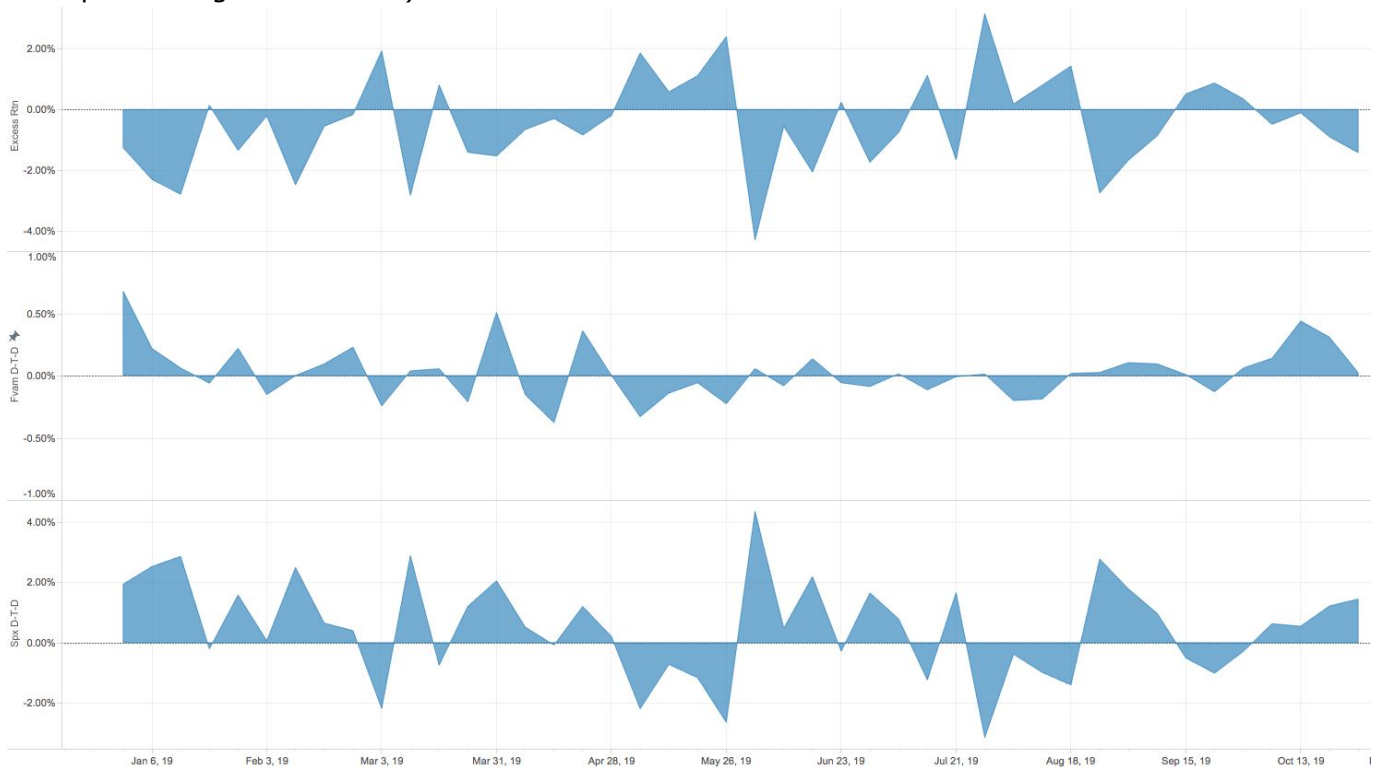
FVAM vs S&P500 vs BRK/b (Berkshire Hathaway) vs ACWI (World Index) vs IBB (BioTech Index Fund) vs LQD (Bonds) vs EEM (Emerging Markets) , Q3 - 2019



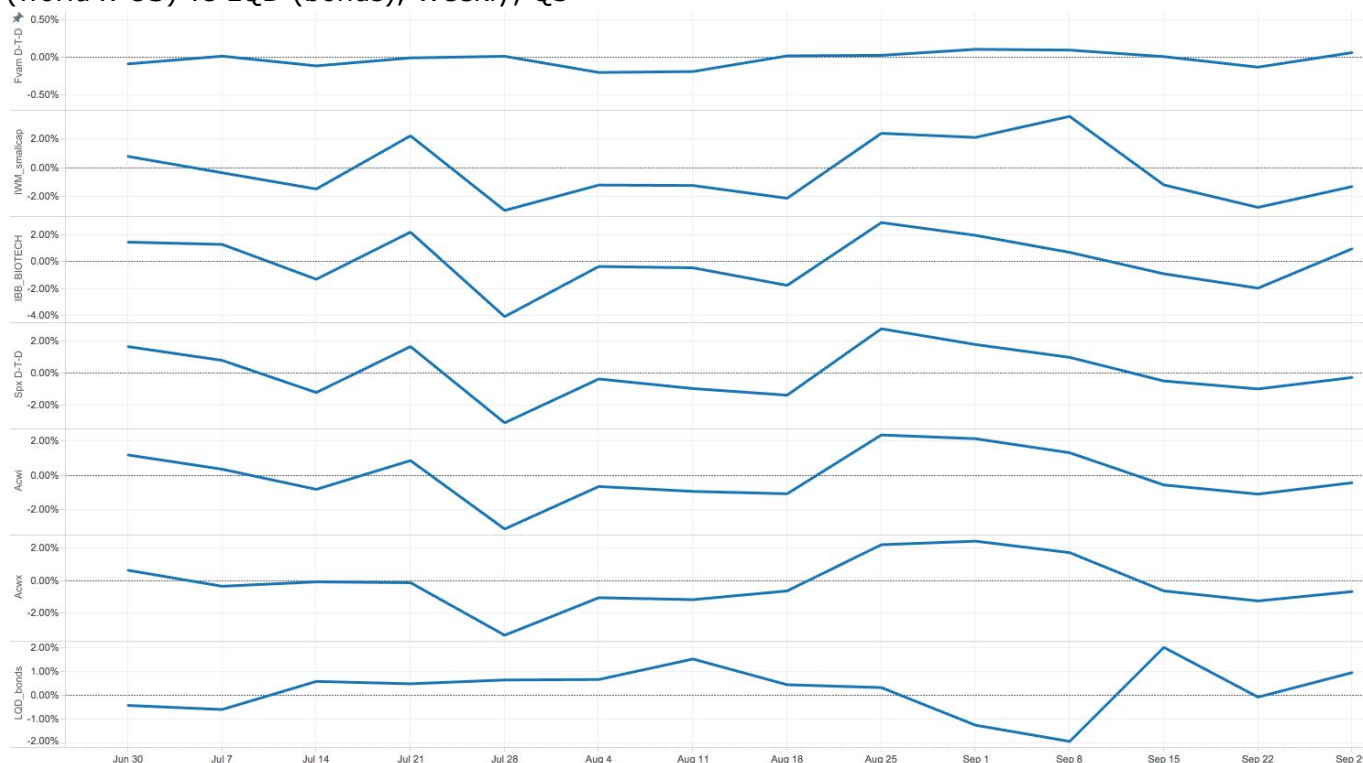
## FVAM (top) compared to SPX (S&P 500, bottom), Q3 2019 - Weekly



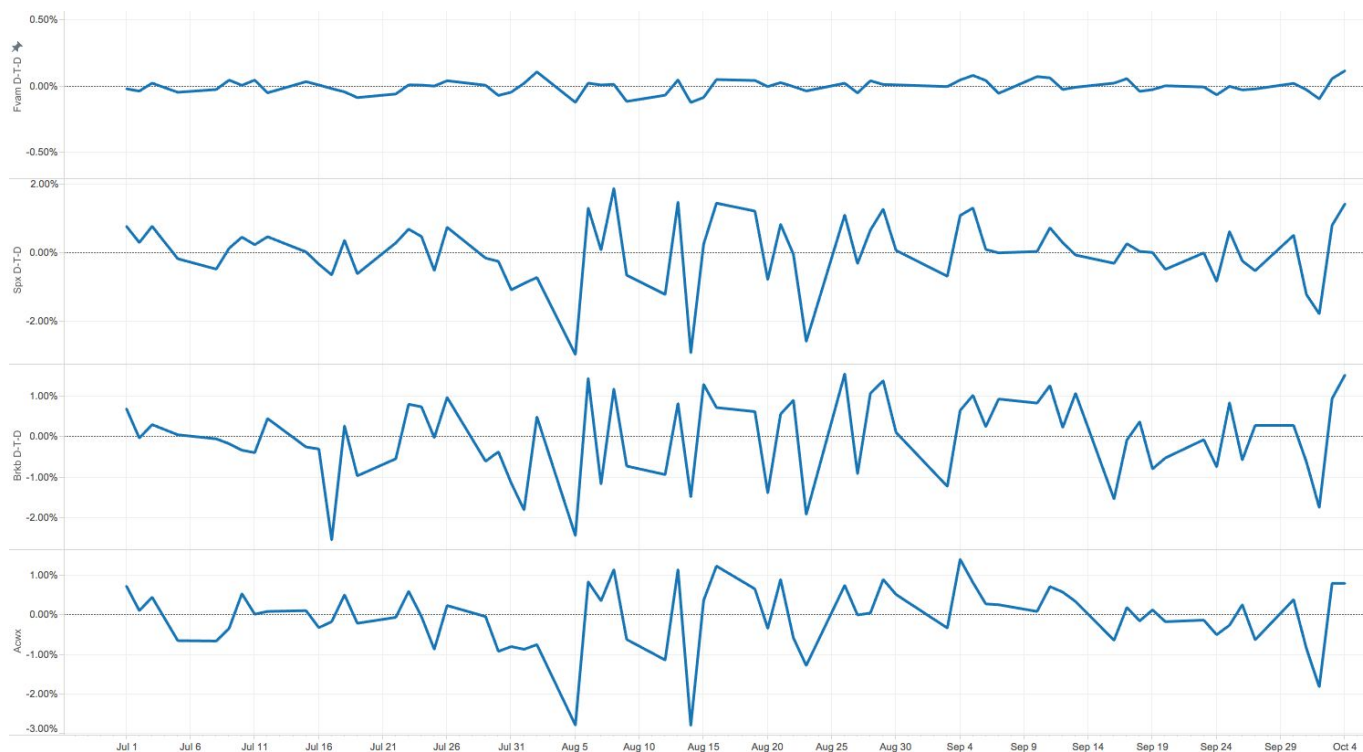
FVAM vs SPX and relative return (FVAM vs SPX), YTD, thru October  
 (\*excess return shows FVAM vs SPX, shows by how much FVAM is outperforming or underperforming the S&P 500)



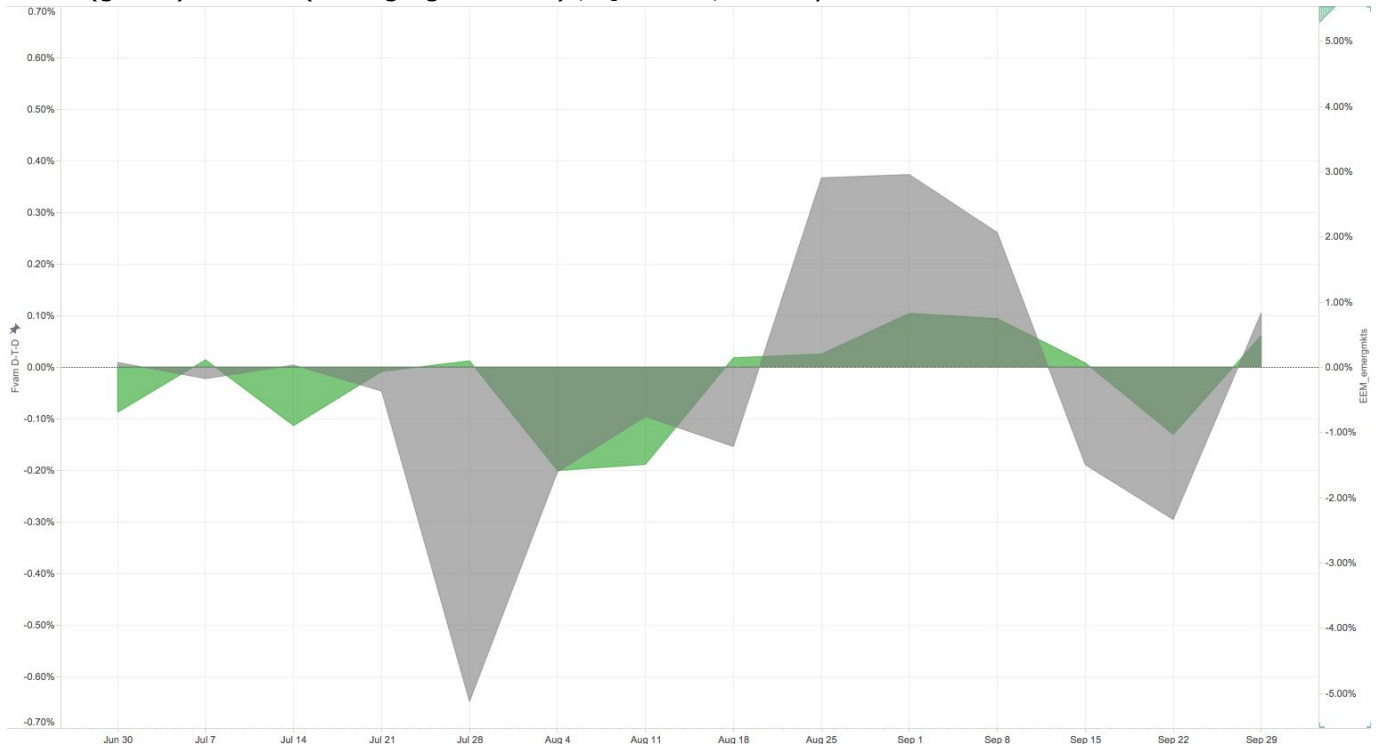
FVAM vs IWM (small caps) vs IBB (biotech) vs SPX (S&P 500) vs ACWI (world index) vs ACWX (world x-US) vs LQD (bonds), Weekly, Q3



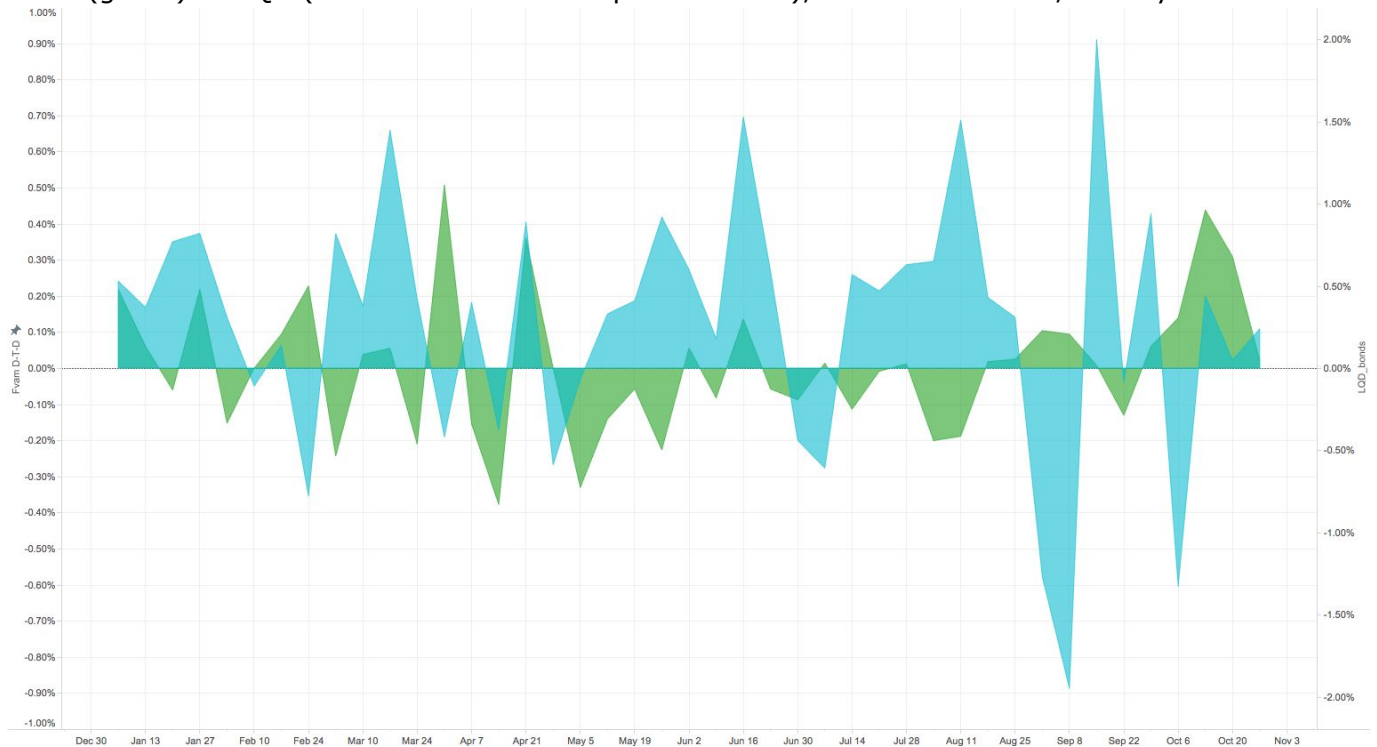
FVAM vs S&P 500 (\$SPX) vs Berkshire Hathaway (\$BRK/b) vs \$ACWX (World Index x-US), Daily, Q3



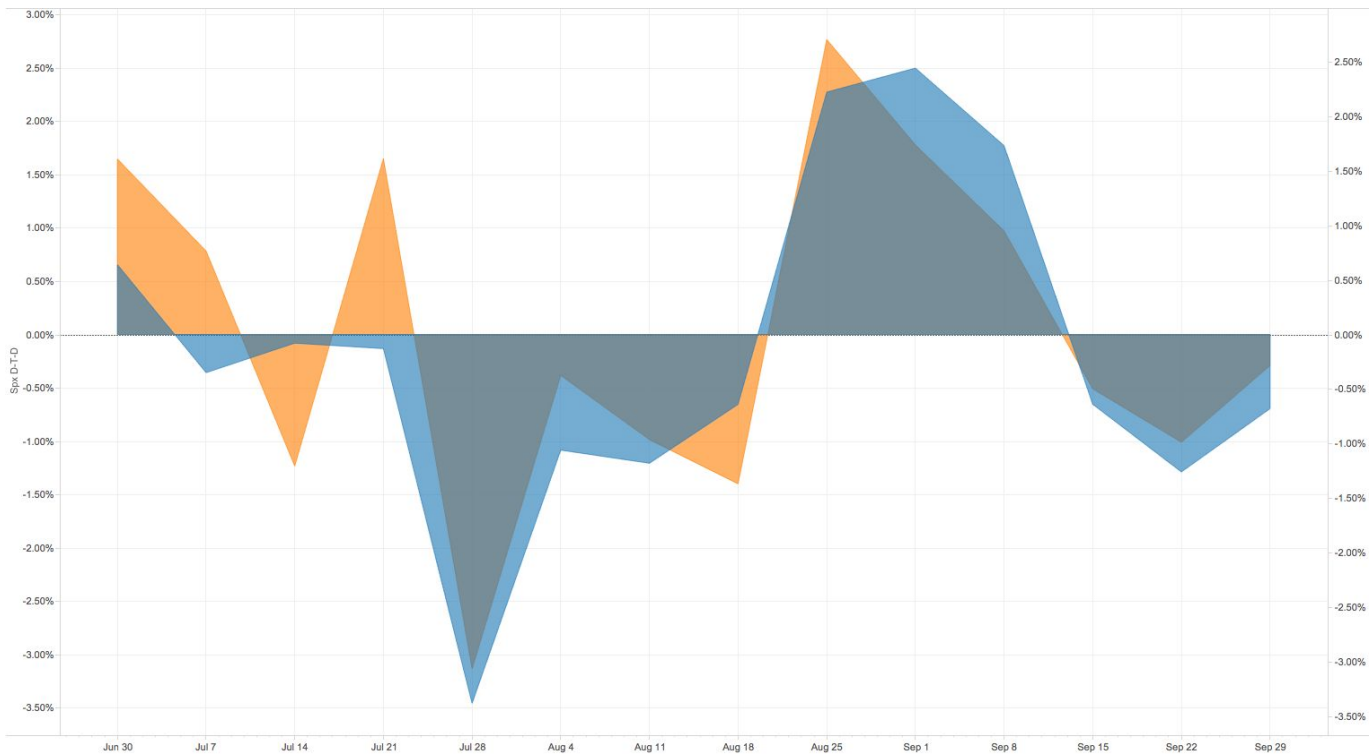
FVAM (green) vs EEM (Emerging Markets) , Q3 2019, Weekly



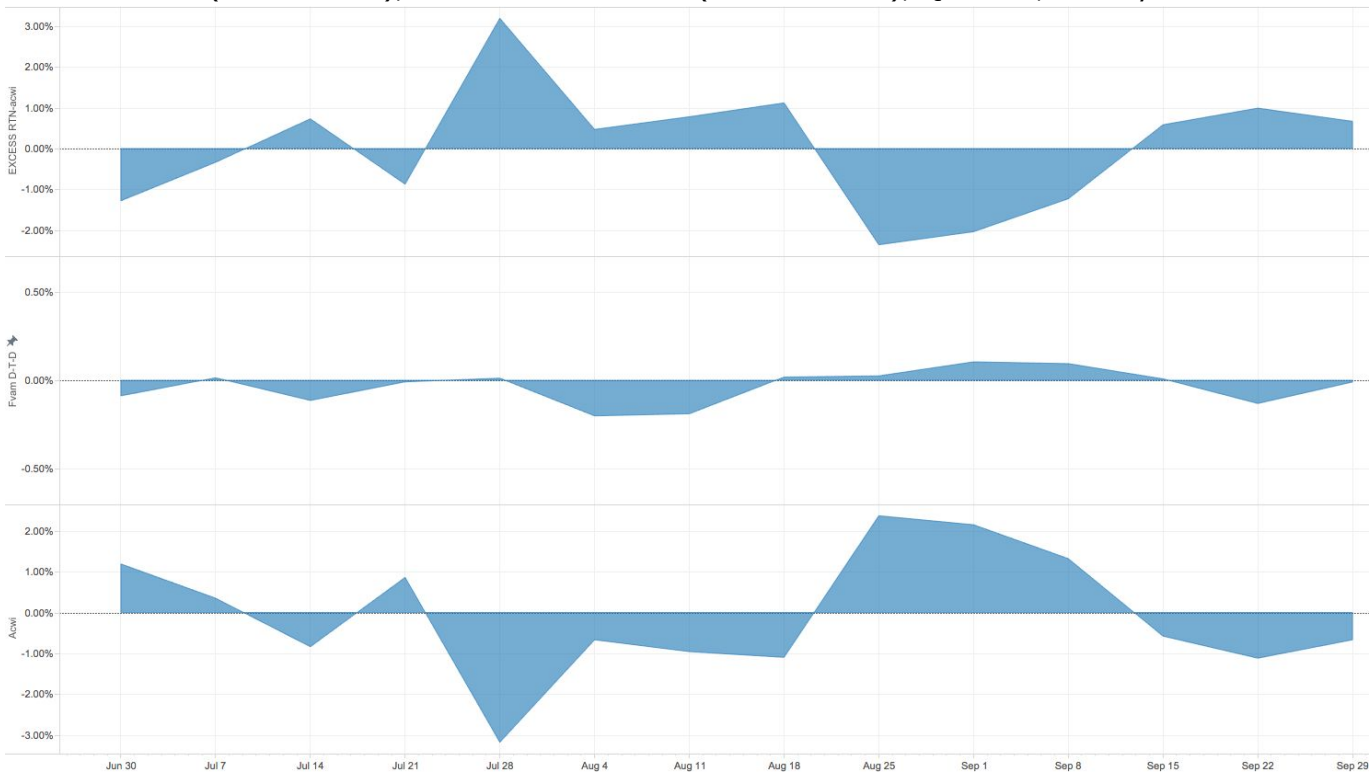
FVAM (green) vs LQD (Investment Grade Corporate Bonds), YTD thru October, Weekly



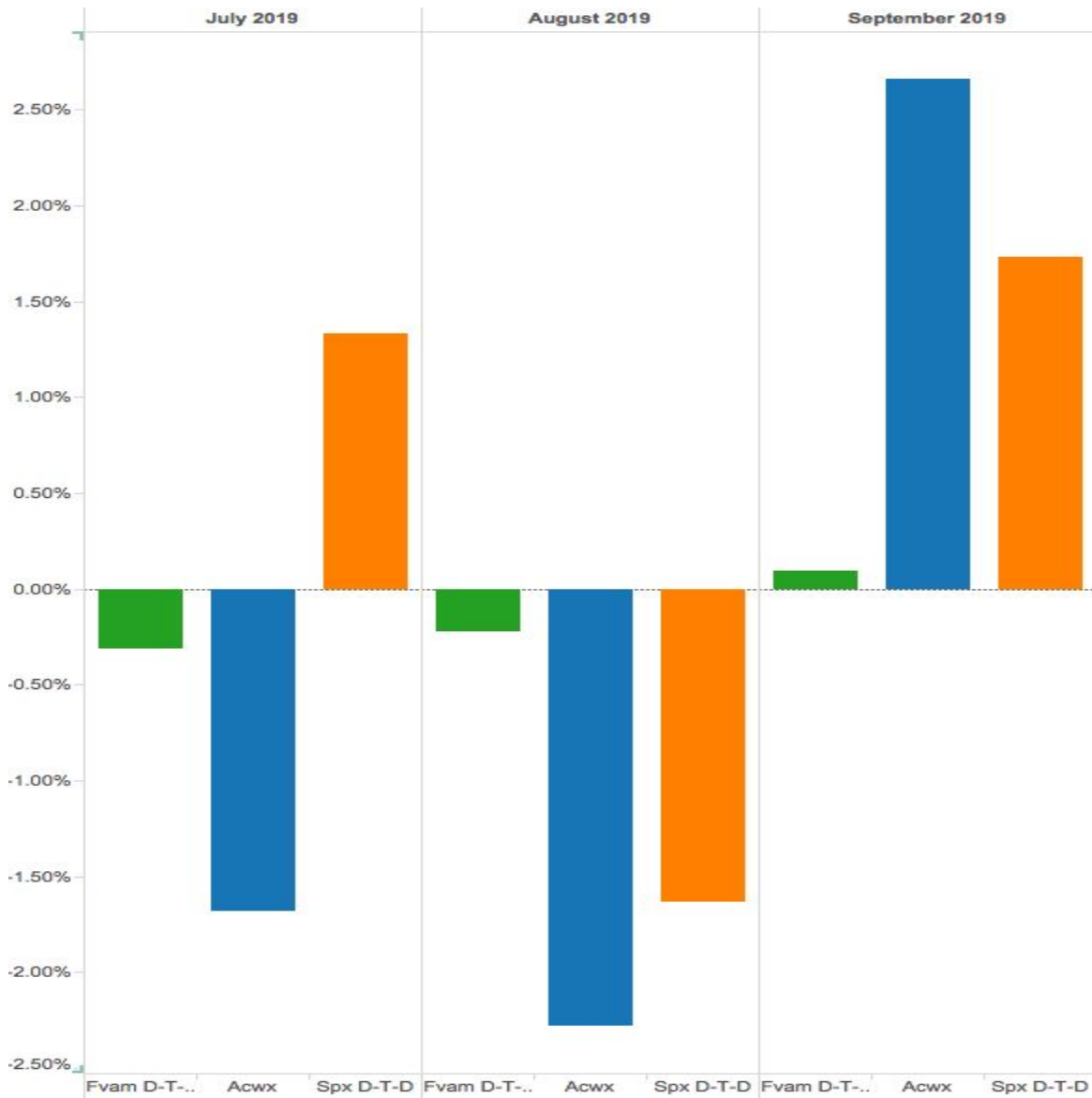
S&P 500 (orange) vs ACWX (World Index minus U.S.), Q3 2019, Weekly



FVAM vs ACWI (World Index), with Relative Return (excess return), Q3 2019, Weekly



FVAM (green) vs ACWX (World Index minus USA, blue) vs S&P 500 (orange) , H1 2019, monthly returns

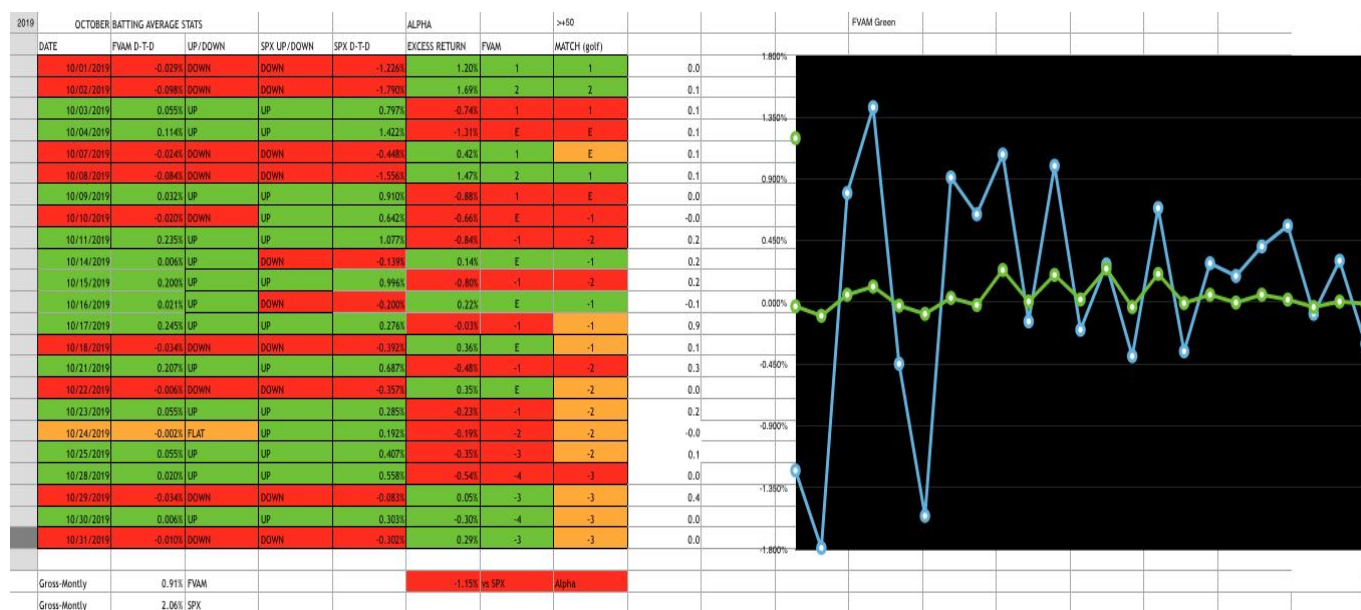




# Reference 1: FVAM Fund Performance Stats (showing view of October 2019, FVAM vs SPX, Statistics)

The data below, displaying just October 2019 in this example, shows performance statistic data maintained daily, showing the FVAM fund vs the S&P 500, even though FVAM is not trying to match or mimic the actual underlying stocks, within the S&P 500, or match the performance of the index. Data shows performance for FVAM, performance for the S&P 500 (\$SPX), as well as relative performance and mathematical statistics (showing risk & volatility). The chart is displaying daily performance for both FVAM (green) and SPX (blue). Another very important factor for FVAM is to be less volatile than the SPX, which is being analyzed using Statistics, such as Standard Deviation (SDDEV). Excess Return shows relative performance between FVAM and \$SPX (outperformance positive, or underperformance negative). Index C shows plus or minus on a progressive (rolling) basis through the month. The "match (golf)" column also shows that progressive relative performance, but for larger outperformance or underperformance, using a 50bp (+/- 0.5%) differential.

## October 2019



\*SPX (S&P500 index), BRK/B (Berkshire Hathaway) and any other index/fund/investment vehicles' performance using internal data tracking and data from multiple public internet sources, "non-official" data only.



Heat Map for the Nasdaq 100 Index, showing each stock within that index/sector along with its relative size and weight compared to the overall index (**larger the block size the larger percentage that stock makes up within the index**) (\*as of Dec 2019)



