

**Fanvestments Corporation**  
*Global Investments - Global Returns*  
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FVAM Fund Quarterly Portfolio Report  
Q4 - 2020

***Fanvestments FVAM Diversified Private Alternative Investment Fund  
(FVAM)***

This Report describes the Fanvestments Diversified 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 4th Quarter of 2020, 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".

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## **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, currency, and commodities, 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 looking at earnings, revenue, growth rates, and valuation, to analysing historical data and projecting future expectations. Combining fundamentals with technical analysis, technicals, 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 macro research on top of 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 tend 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, utilizing more of a "buy the blood" strategy - 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 alongside 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. 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. Such as Diversification and Position sizing - asset allocation management, always monitoring positional exposure relative to risk of that position and overall portfolio size. As well as other portfolio management strategies such as performance monitoring and risk management, selling portions of gains and decreasing higher risk exposure.

Another major objective of this fund is to begin replacing the "40" of a typical "60-40" portfolio, where 60% is towards stocks, 40% in Bonds. This bond exposure is meant to reduce volatility and risk in a portfolio, with bonds normally having a lower return. FVAM's risk management strategy and diversification should also reduce overall risk relative to stock investing, but have a much higher probability to outperform bonds and CDs. 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 indices. 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.

## Q4 Highlights

For the 4th Quarter of 2020, the FVAM fund was positive, producing an 8.3% return, one of the fund's best quarters ever. The fund was down -1.2% in October, up 7.4% in November, and up 2.1% in December. For the Quarter, the S&P 500 was up about 9.8% (although the index was down -4.2% in October). The ACWX etf, which tracks stocks around the world excluding the United States, was up about 14.6% for the quarter after being down -7.7% through the 1st 9-months of 2020. 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 around 85% of the fund, the fund's performance and volatility is analyzed against the index, an all-stock index. Another reference point, a more relative and important comparative benchmark for the fund, is Warren Buffett's Berkshire Hathaway. Using the BRK/b shares, Berkshire was up ~9% for the 4th quarter of 2020, but only finishing the full year of 2020 up about 2%. FVAM for the full-year finished up by 10.2%, providing its first double digit return, first of many more to come, and best 1-year return since its inception.

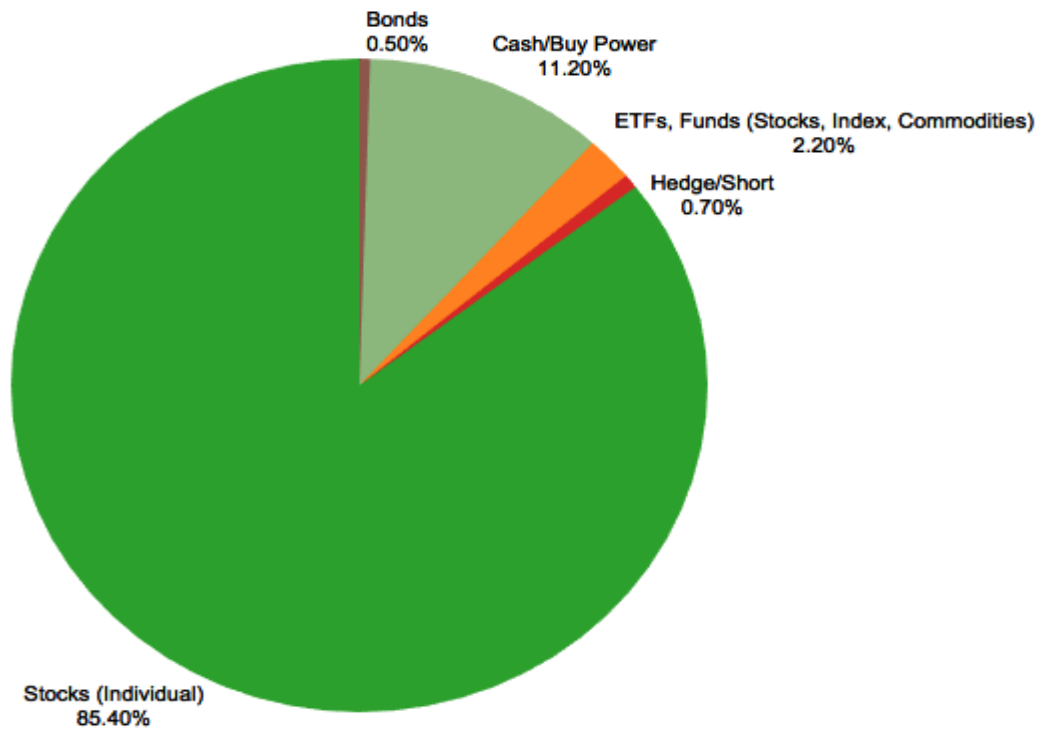
For the Full-year 2020, the fund's top performing investments were Tesla (TSLA), Baidu (BIDU), and Wynn Resorts (WYNN) as the top three. Following them up were DraftKings (DKNG), Aerojet Rocketdyne (AJRD, position sold after news of sale to Lockheed Martin), and Abbvie (ABBV), with Canopy Growth (CGC), Apple (AAPL), Raytheon (RTX), and Toll Brothers (TOL) rounding out the top 10 investments for the year. Some moves in the quarter, increased investments in Wynn Resorts (WYNN), Abbvie (ABBV), DraftKings (DKNG), GCP Applied Technologies (GCP), and Raytheon (RTX). Slack Technologies (WORK), bought around \$30/share, was sold in full just below \$40/share, when Salesforce reported it would be acquiring Slack for ~\$27.7 billion. Fund began selling gains in Baidu (BIDU) and Toll Brothers (TOL). Baidu was first initiated in 2019 at \$103.05/share, and began selling between \$140 to \$220/share. Toll Brothers, first bought in July 2020 at \$36.64/share, and began selling in October above \$47/share. Fund initiated new core positions in Vertex Pharma (VRTX), Alibaba (BABA), as well as Salesforce (CRM), all intended for longer-term investments. Fund began buying Salesforce in December, and currently has an average cost at \$222.50/share. Stock hit a high at \$285 around September, and pulled back towards \$200 into early 2021. In the last 12 months, Salesforce produced \$21.3 billion in Sales, up 24% year-over-year, earning \$4.90/share (non-gaap). 12-month target price at \$320, using a 65x earnings multiple (which equals 1x 2021 earnings growth rate, PEG of 1, where a PEG of 2 would be considered expensive).

Can read more about Salesforce's 4th quarter results here : [Salesforce Q4 Earnings](#)

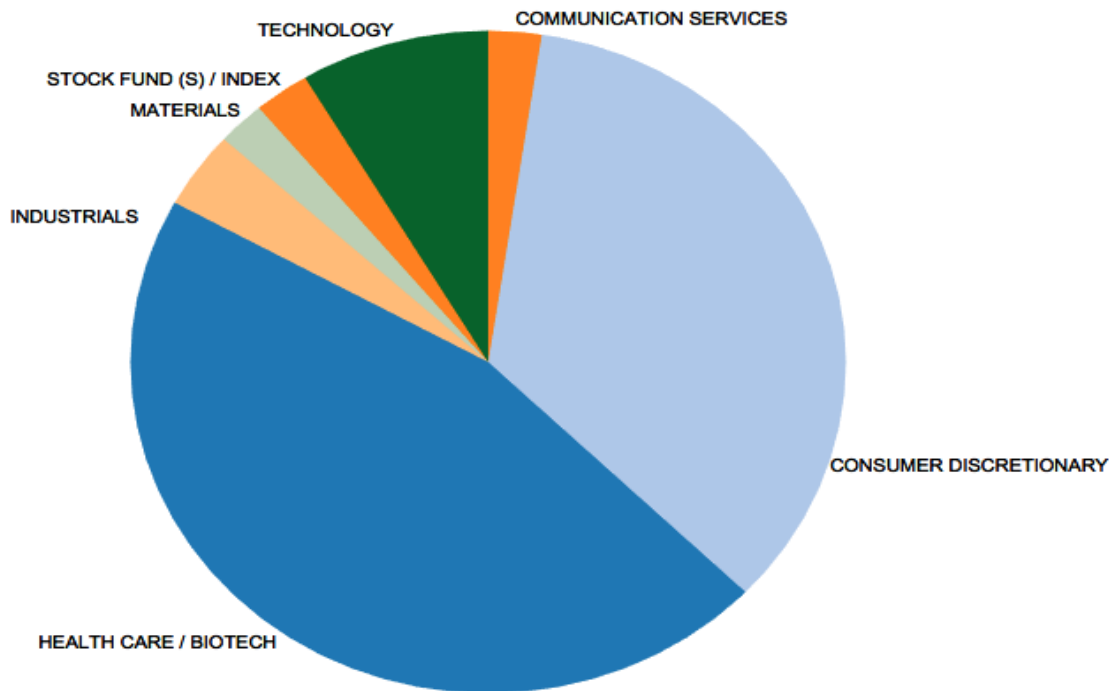
Looking into Q1 2021, new positions were initiated in Spirit Aerosystems (SPR), Citibank (C), and Weight Watchers (WW). Fund sold Vir Biotechnology (VIR) and Tilray (TLRY) for big gains, both of which became two of the fund's top performers with extreme upside moves in the quarter. Looking to add financial exposure to the fund as rates begin to move higher, the fund added Citibank just above \$60/share. Based on book value, out of the financial majors, Citibank looked to be the cheapest with the best potential upside due to Citi trading at a discount to its book value. Price-target looking out 1-2 years at \$104, using 1.2x book value, current average among its peers, and still a discount relative to JP Morgan. Stock also comes with a 2.8% dividend yield, almost double the 10-year treasury yield. Can read more about Citibank here: [Citibank Earnings Report](#) Weight Watchers, now WW International (WW), main focus is a global wellness company, with a major focus on weight management, digital offerings and virtual workshops, as well as personal wellness coaching. WW also has a major partnership with Oprah Winfrey. WW had full year 2020 revenue of \$1.4 billion, with 4.4 million subscribers, an all-time year-end high. The fund started building a position in January and currently has an average price at \$25.10/share, with the stock already moving above \$30. Price target looking out a year at \$48 using a market cap of 2x Revenue, with a target of \$60-\$70 looking out over 2 years. Can read more abouts their WW International here: [WW Investor Information](#)

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 January 2021)

High Level allocation heat map and pie chart:

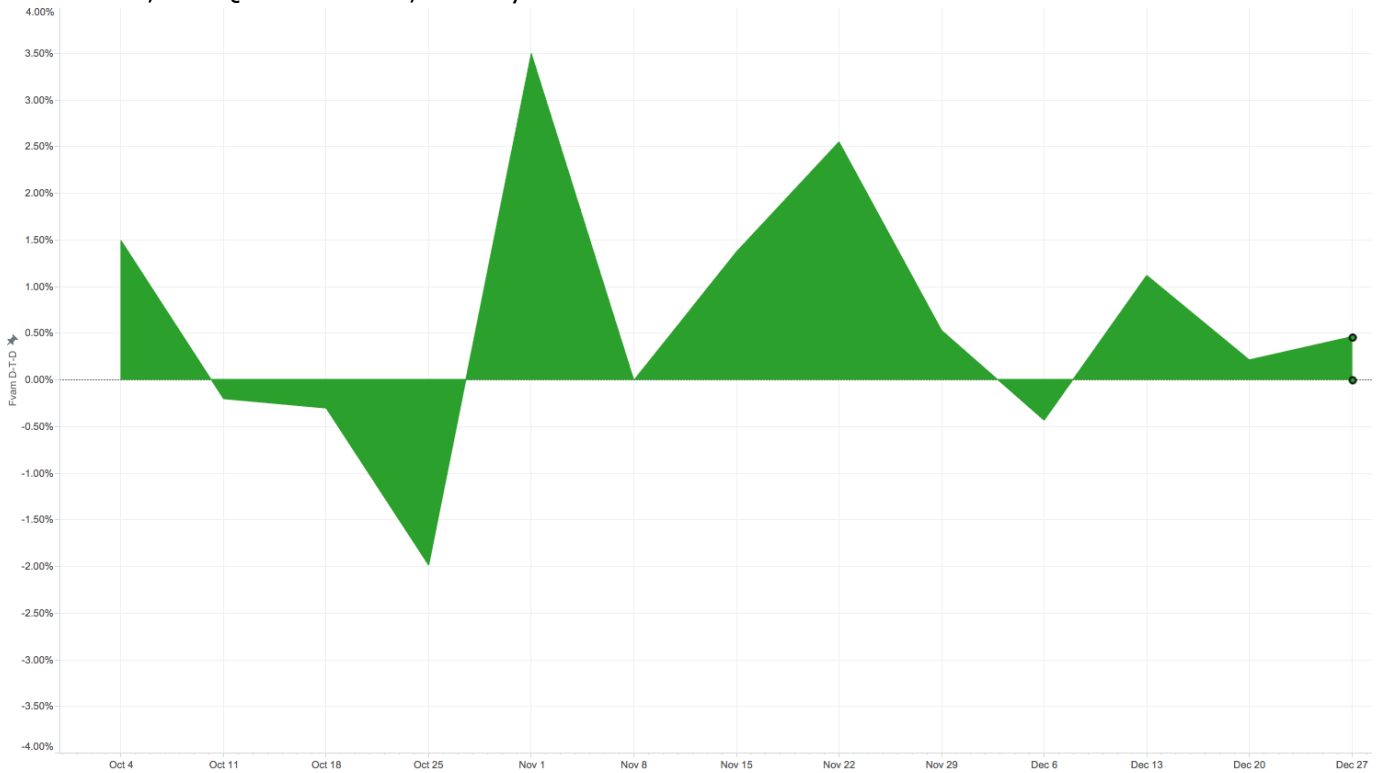


Below shows the further breakdown of only the fund's individual stock exposure. Currently, the heaviest focus of that exposure is allocated towards the Healthcare and Biotech sector, as well as Consumer Discretionary.

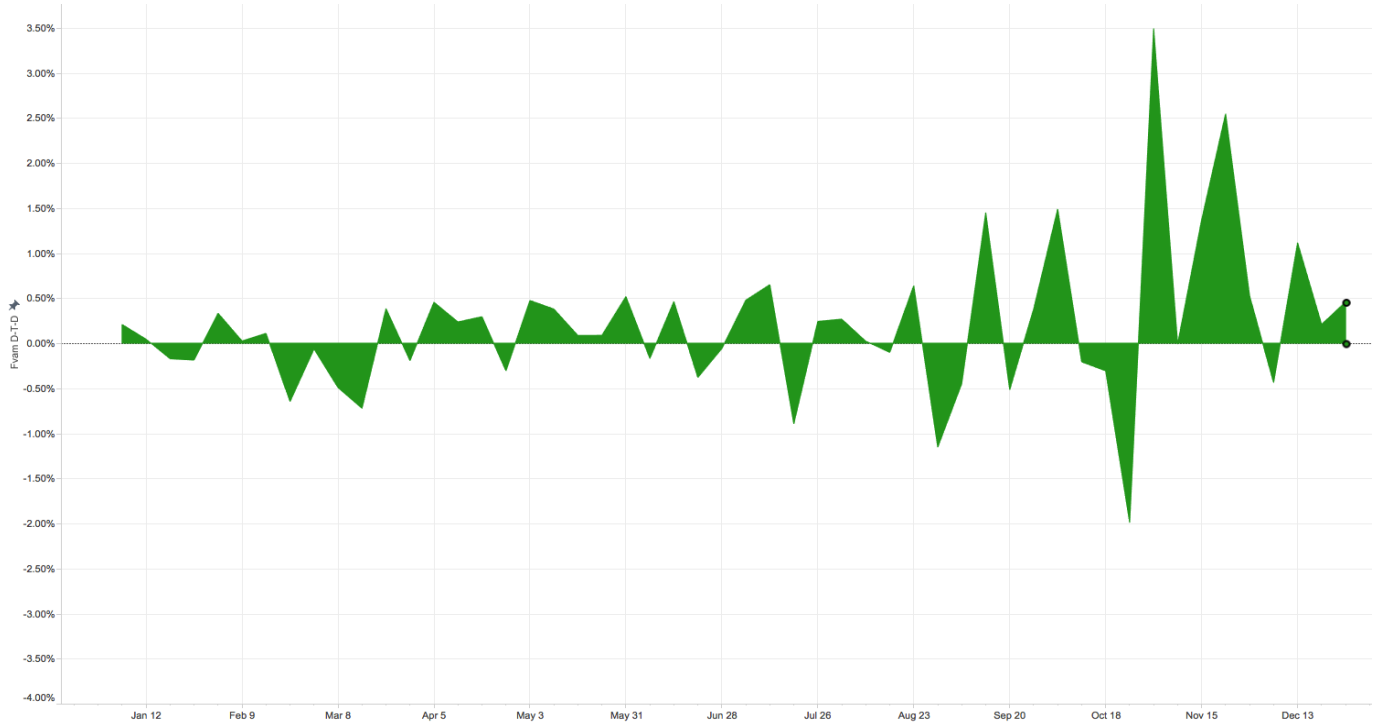


Performance Analysis: Analyzing the breakdown of the Fund's performance, as well as comparisons to other investment vehicles/index, such as the S&P 500, \$BRK-b (Warren Buffett's 'Berkshire Hathaway'), ACWX which tracks Global Markets minus the US (World x-US), and the Russell 2000 small cap index (\$IWM)

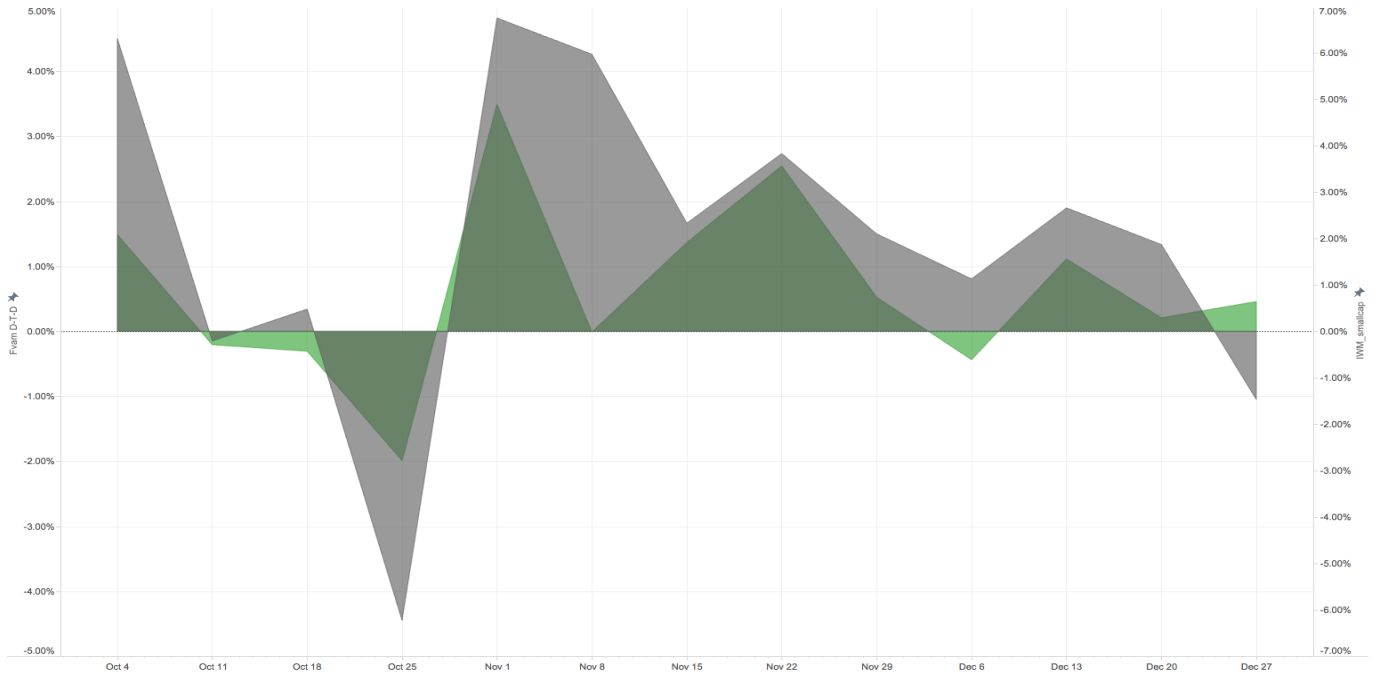
FVAM fund, 4th Quarter 2020 , Weekly



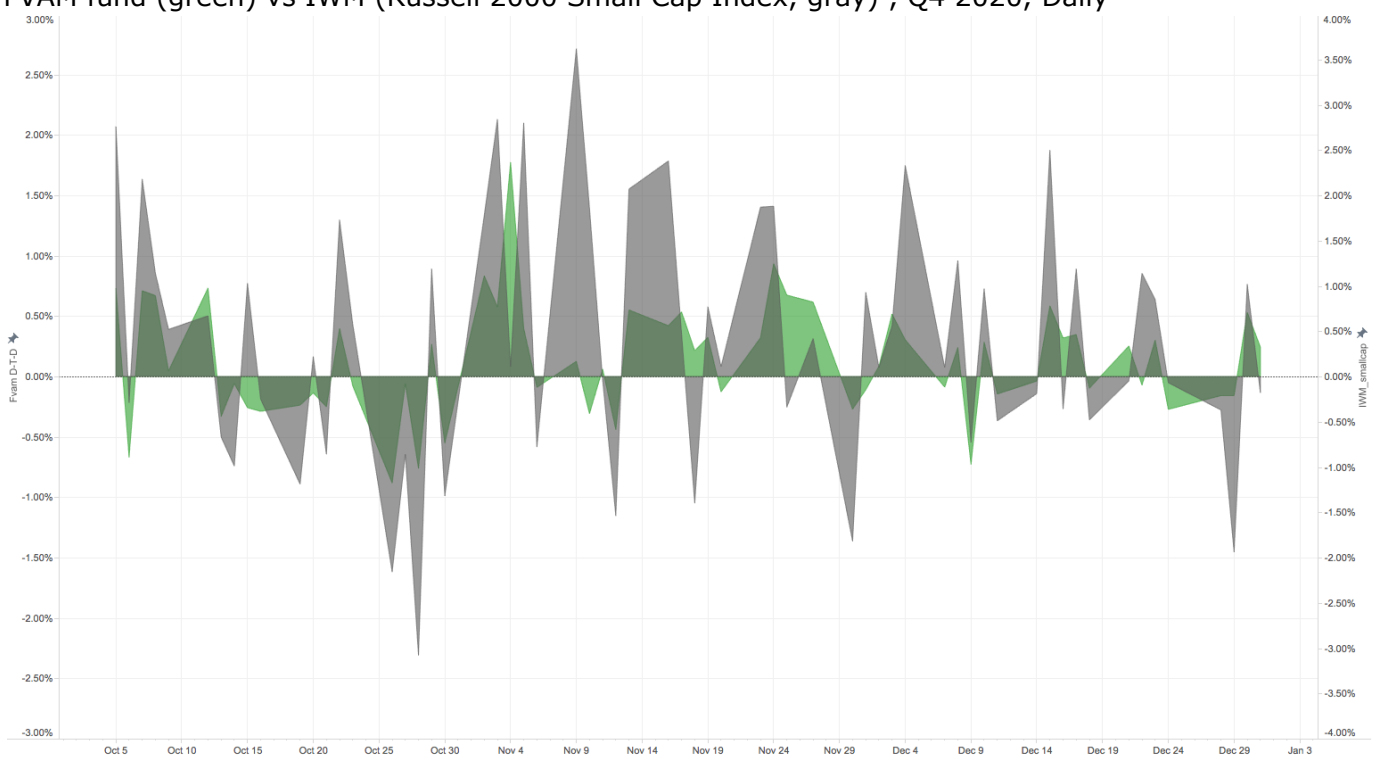
FVAM fund, 2020 Full-Year, Weekly



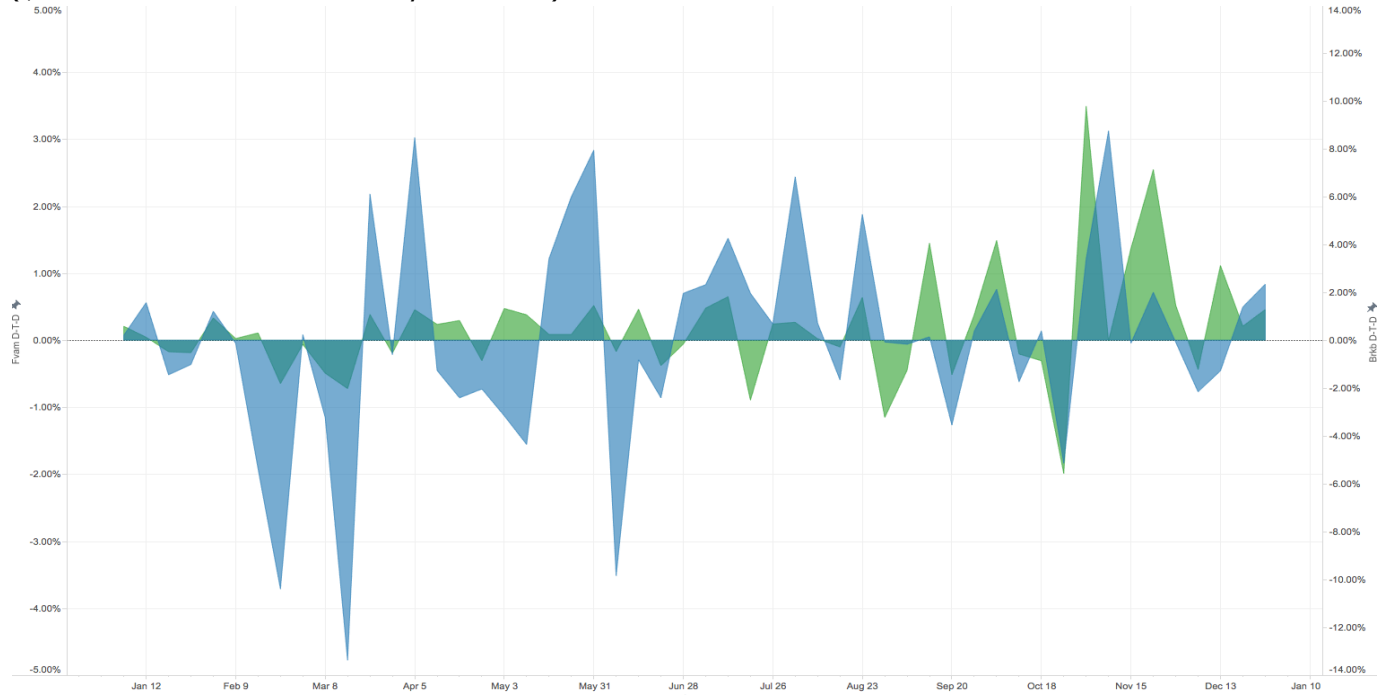
FVAM fund (green) vs IWM (Russell 2000 Small Cap Index, gray) , Q4 2020, weekly



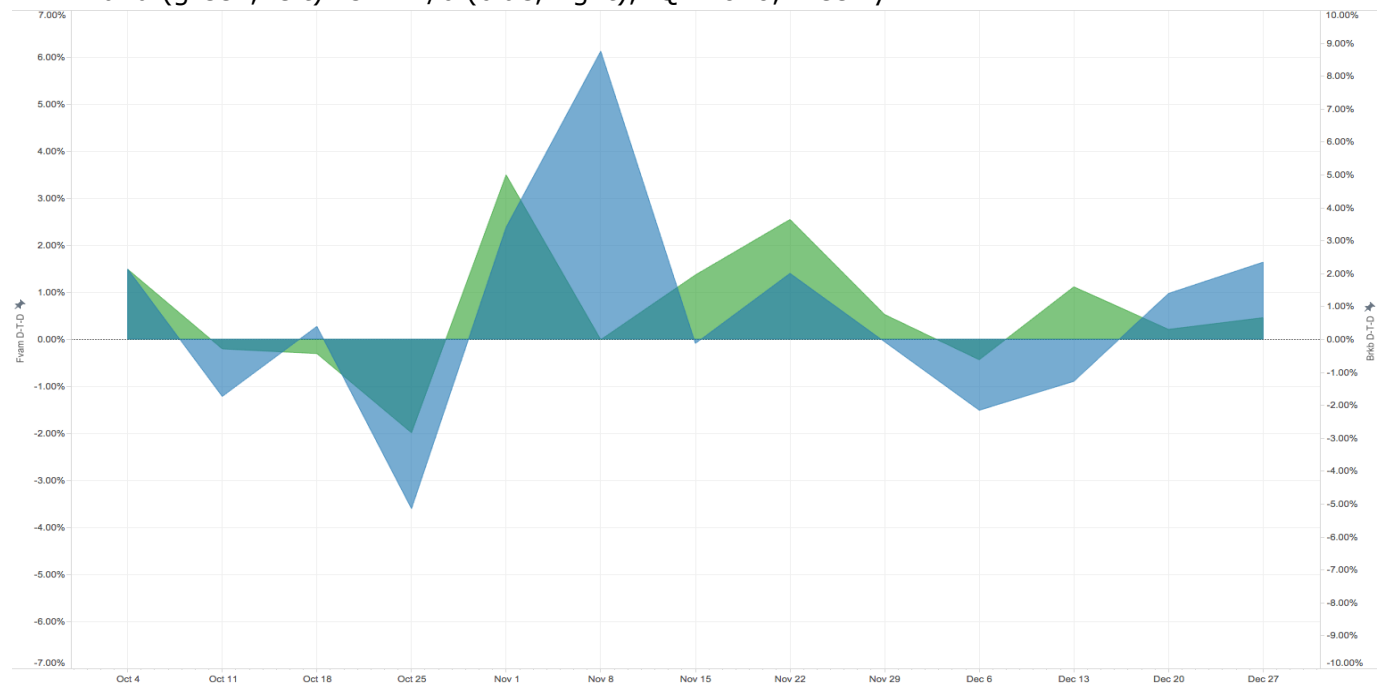
FVAM fund (green) vs IWM (Russell 2000 Small Cap Index, gray) , Q4 2020, Daily



FVAM fund (green, left) vs BRK/b (blue, right), 2020 Full-Year, Weekly  
 (\$BRK-B : Berkshire Hathaway B-shares)

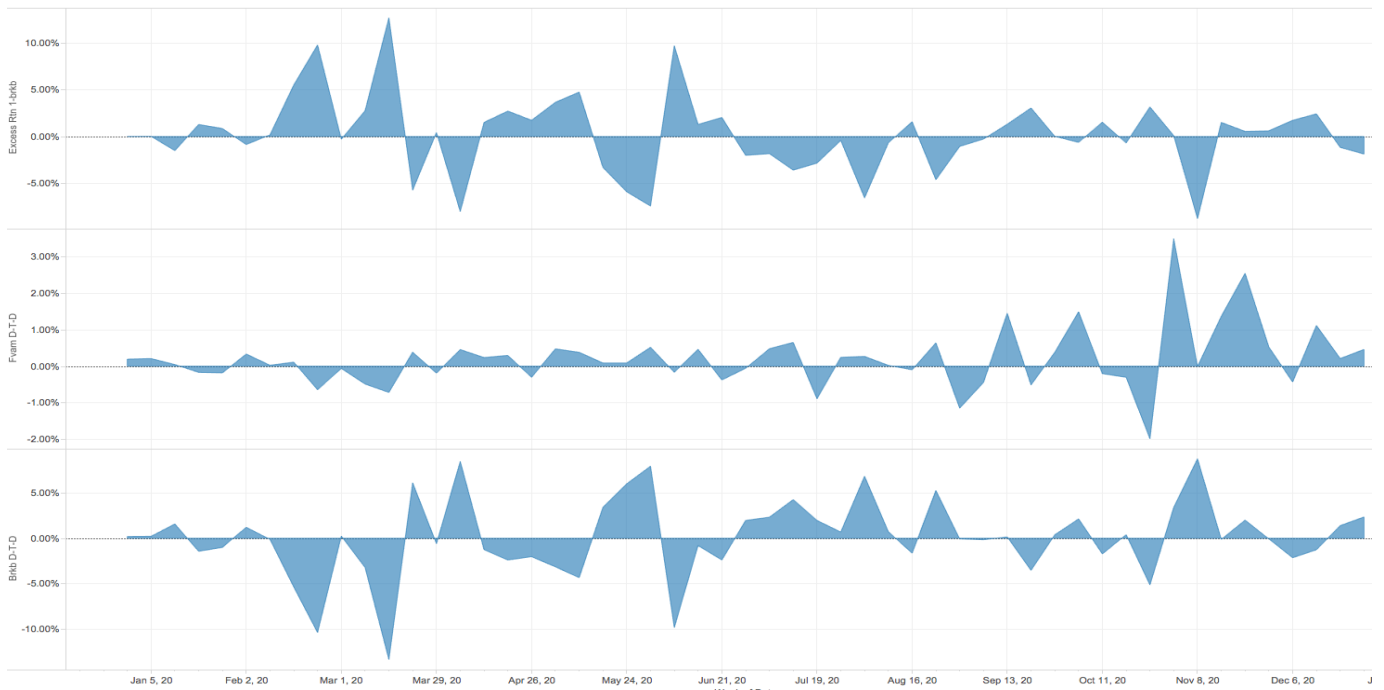


FVAM fund (green, left) vs BRK/b (blue, right), Q4 2020, Weekly

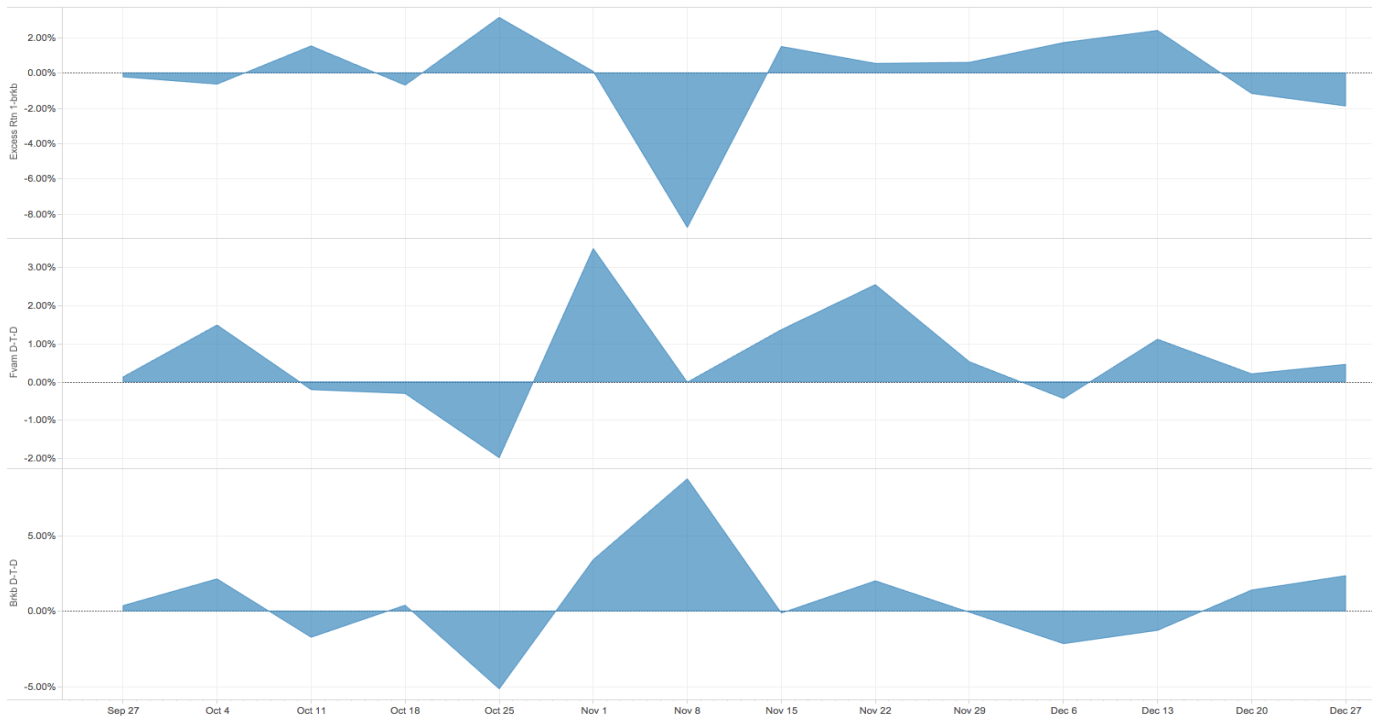




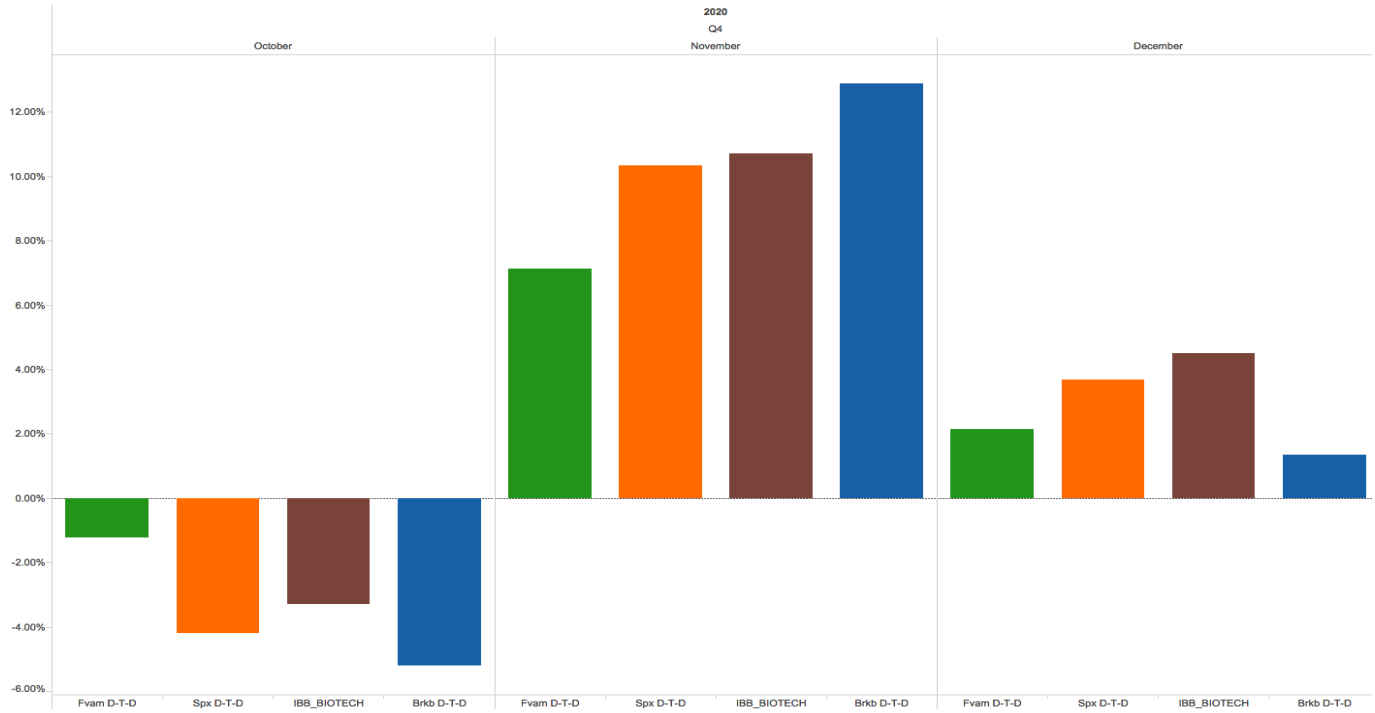
**FVAM vs BRK/b and relative return (FVAM vs BRK/b), weekly, 2020 Full-Year**  
 (excess: positive = outperformance, negative = underperformance)



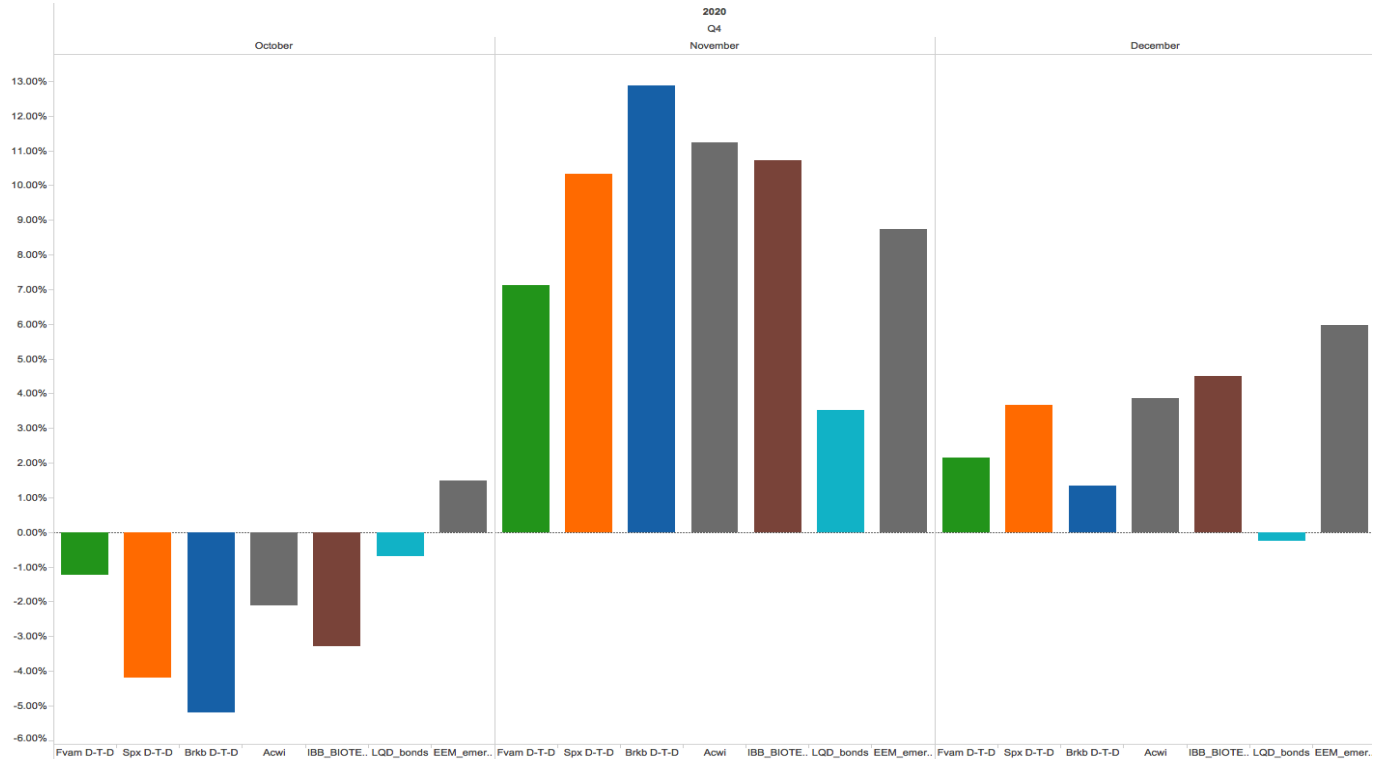
**FVAM vs BRK/b and relative return (FVAM vs BRK/b), weekly, Q4 2020**  
 (excess, positive = outperformance, negative = underperformance)



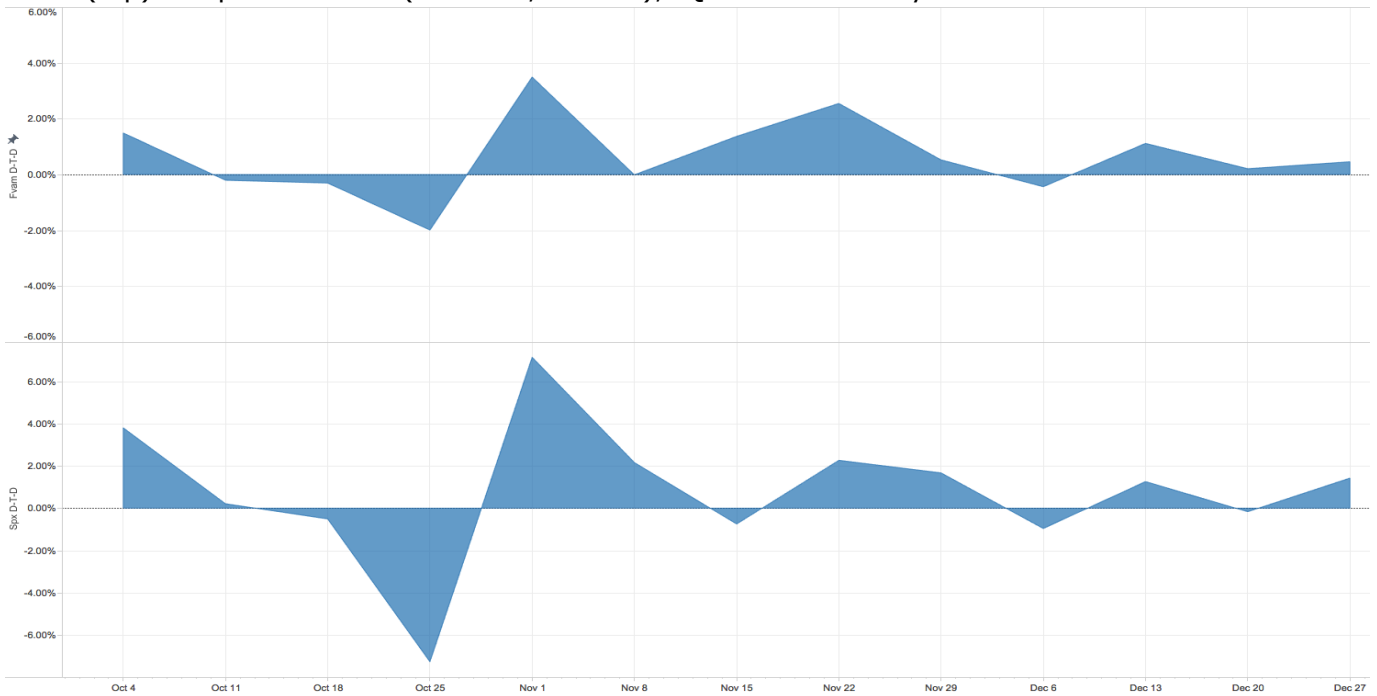
FVAM (Green) vs S&P500 vs IBB (BioTech Index Fund) vs BRK/b (Berkshire Hathaway) , 4th Quarter - 2020



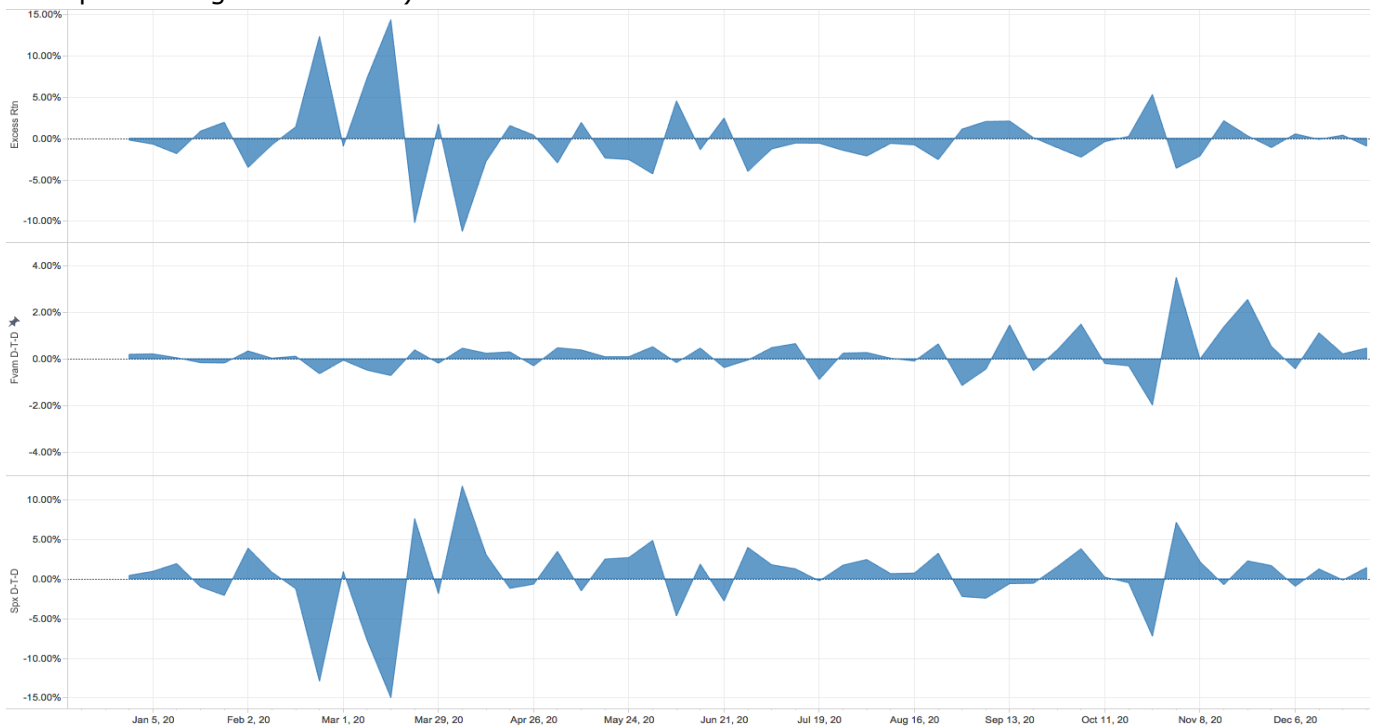
FVAM (green) vs S&P500 vs BRK/b (Berkshire Hathaway) vs ACWI (World Index) vs IBB (BioTech Index Fund) vs LQD (Bonds) vs EEM (Emerging Markets , Q4 - 2020)



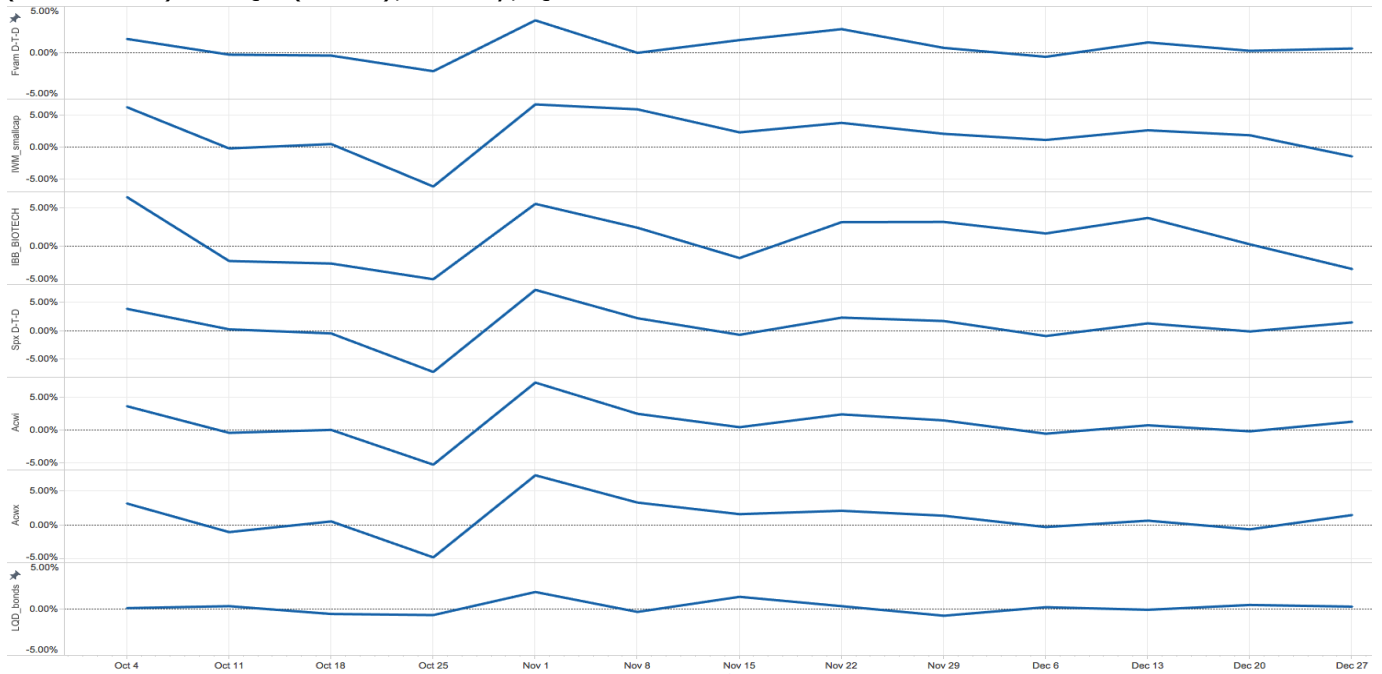
FVAM (top) compared to SPX (S&P 500, bottom), Q4 2020 - Weekly



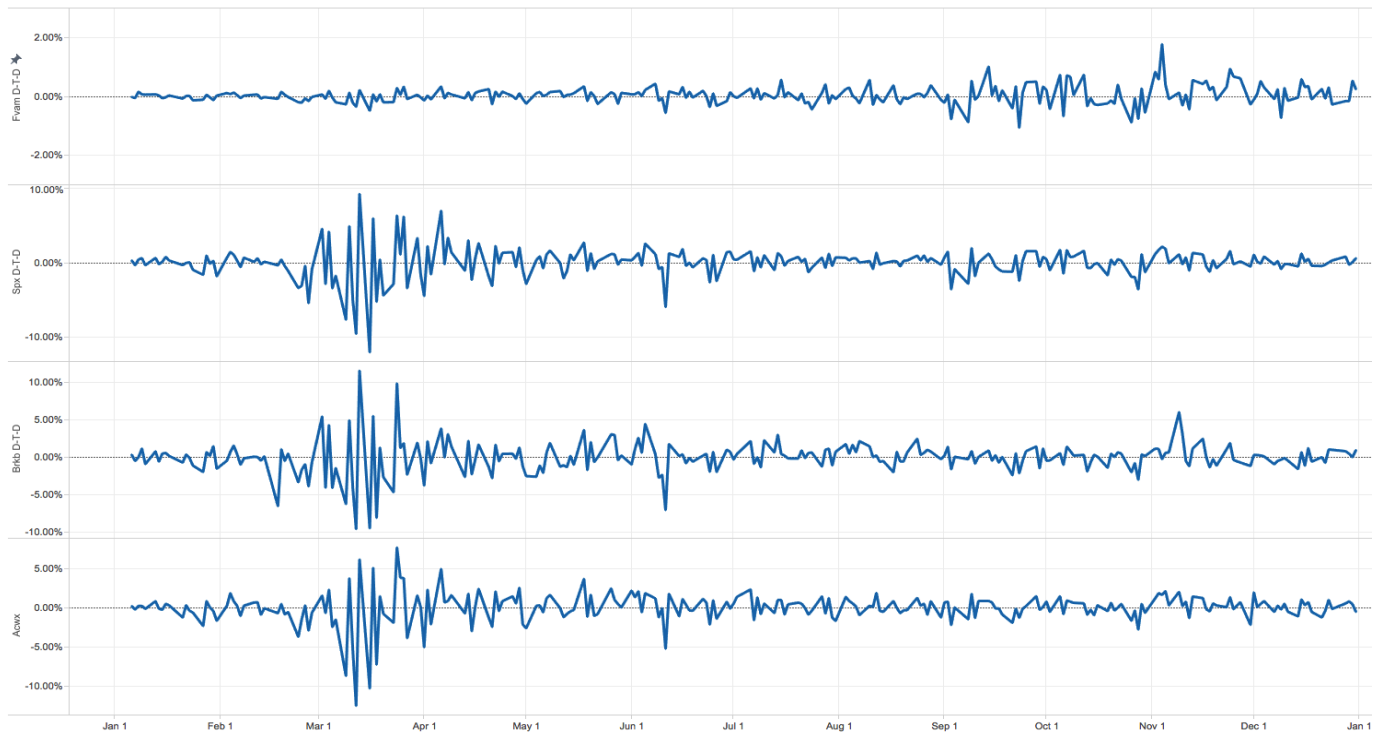
FVAM vs SPX and relative return (FVAM vs SPX), Full Year  
 (\*excess return shows FVAM vs SPX, shows by how much FVAM is outperforming or underperforming the S&P 500)



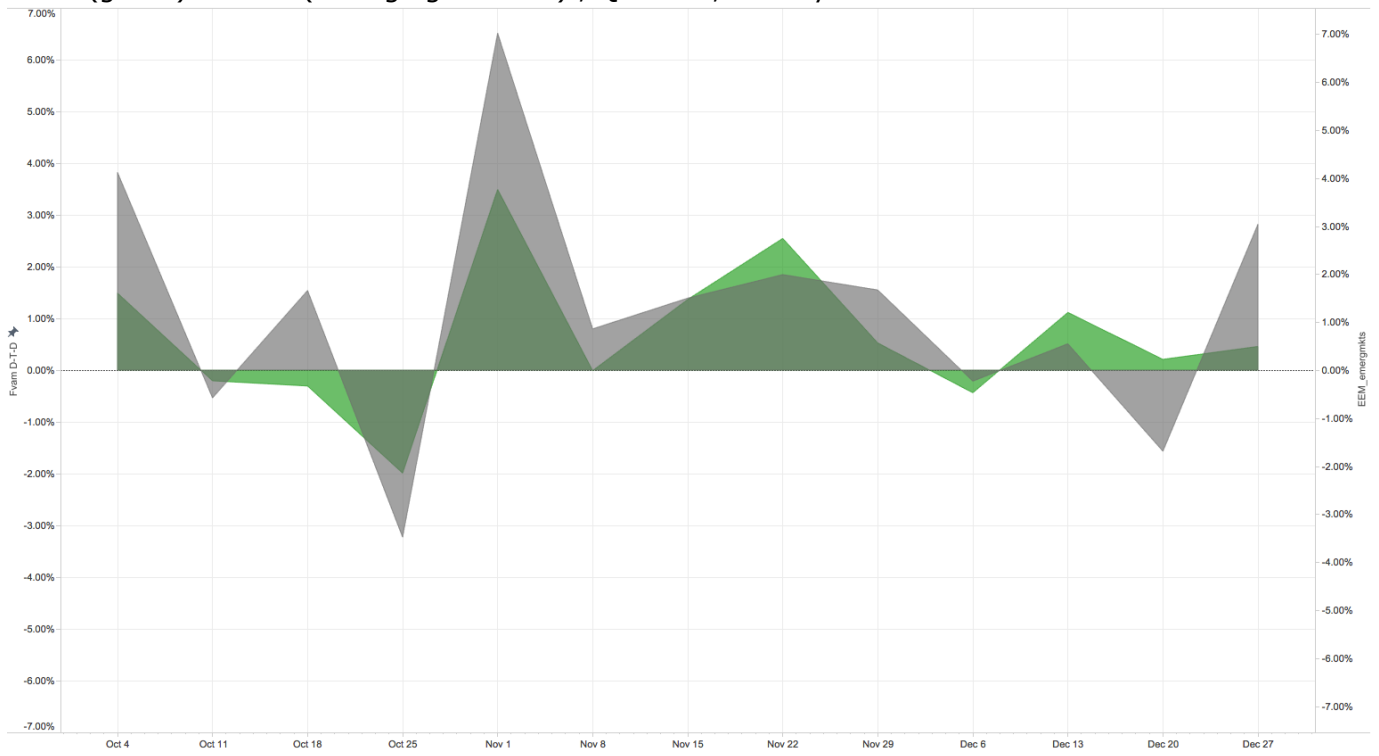
FVAM vs IWM (small caps) vs IBB (biotech) vs SPX (S&P 500) vs ACWI (world index) vs ACWX (world x-US) vs LQD (bonds), Weekly, Q4



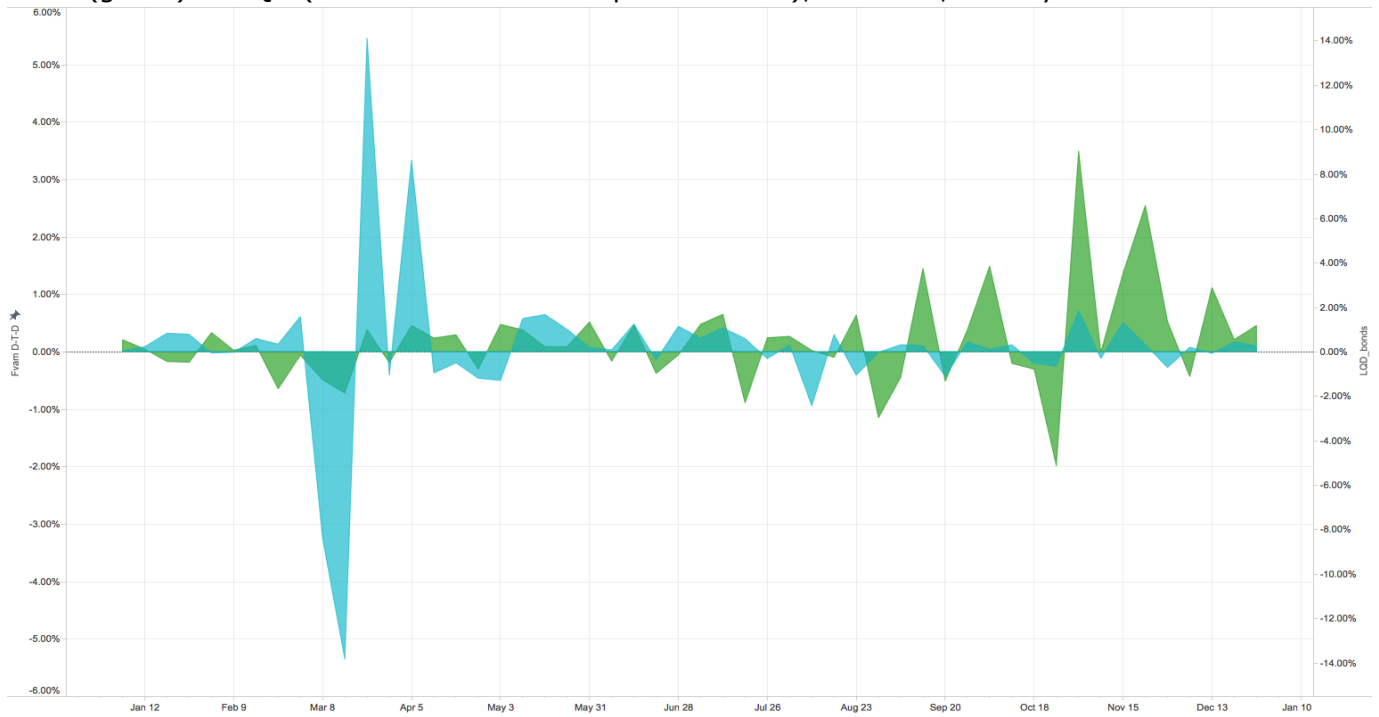
FVAM vs S&P 500 (\$SPX) vs Berkshire Hathaway (\$BRK/b) vs \$ACWX (World Index x-US), Daily, Full-Year



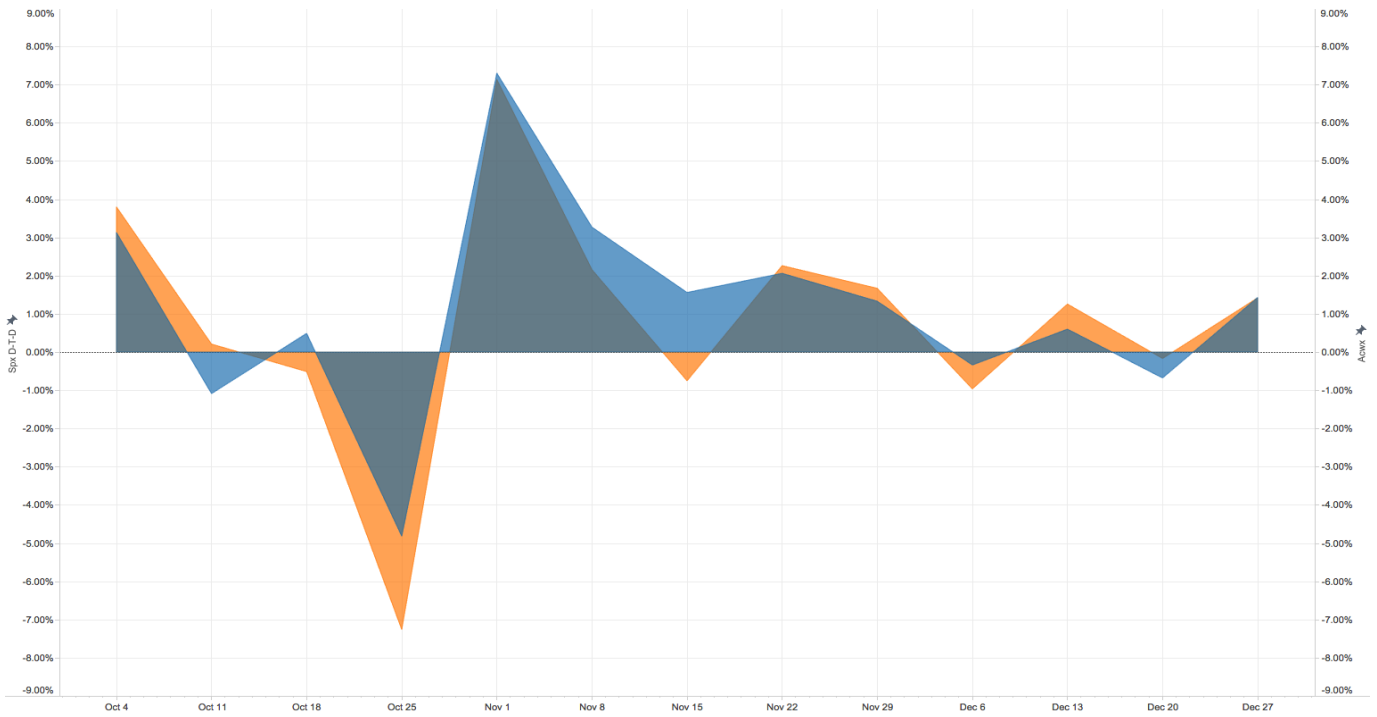
FVAM (green) vs EEM (Emerging Markets) , Q4 2020, Weekly



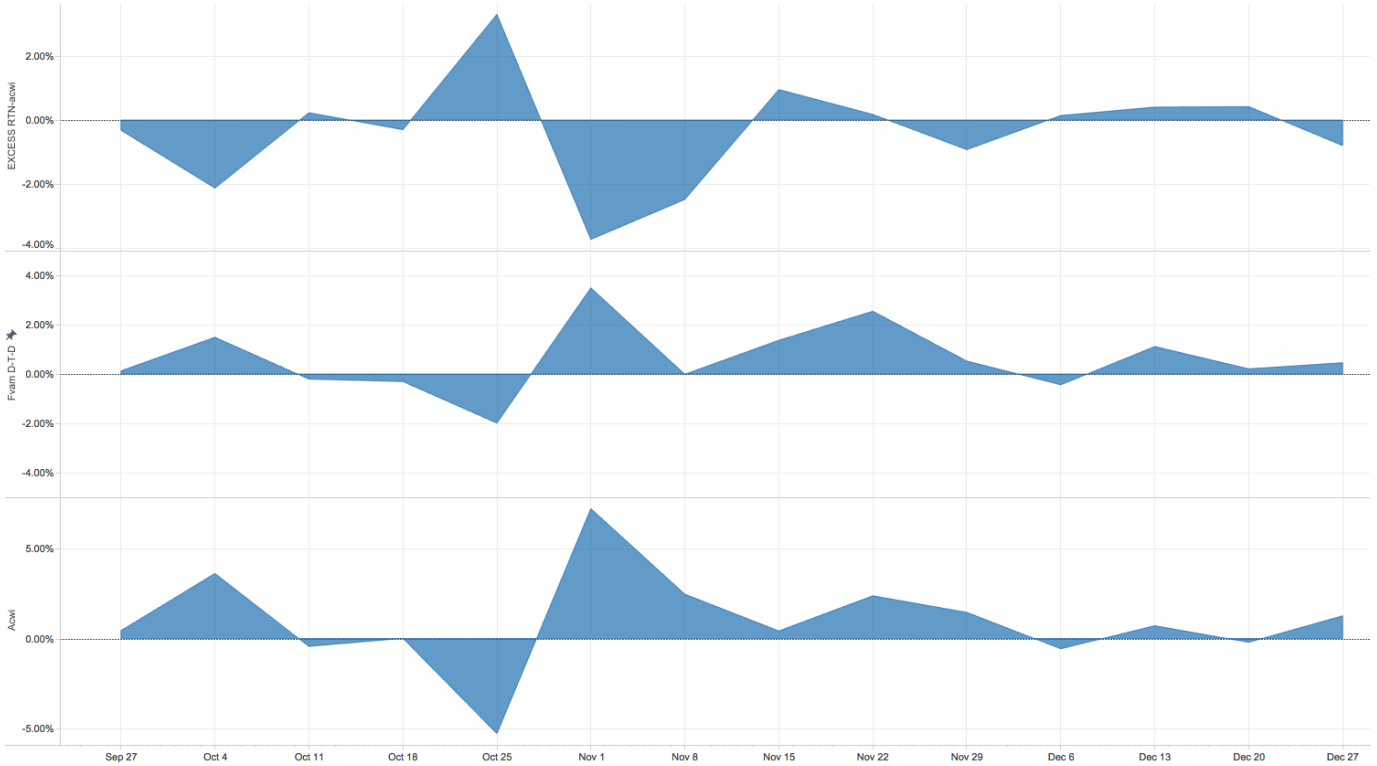
FVAM (green) vs LQD (Investment Grade Corporate Bonds), Full-Year, Weekly



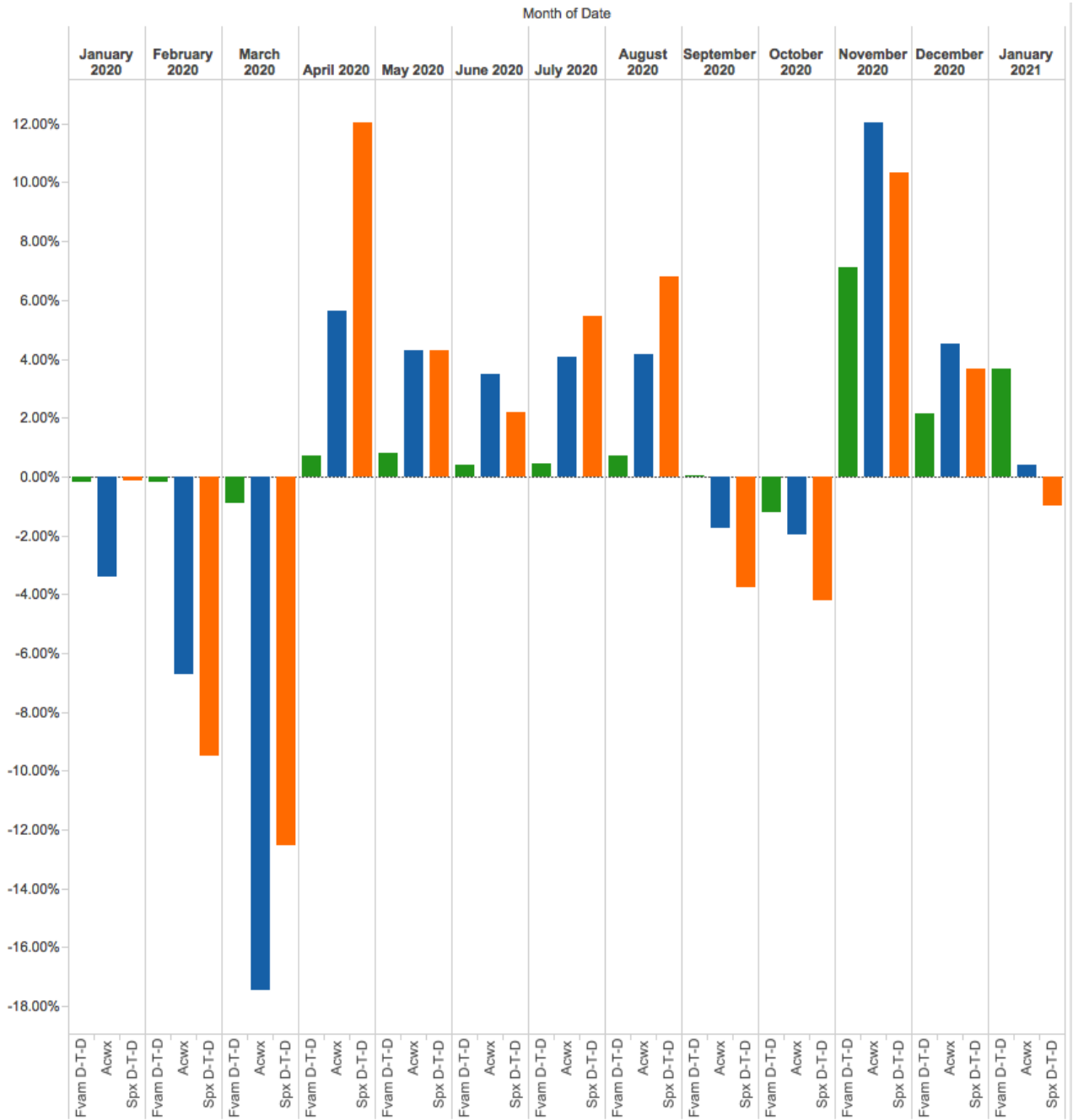
S&P 500 (orange) vs ACWX (World Index minus U.S.), Q4 2020, Weekly



FVAM vs ACWI (World Index), with Relative Return (excess return), Q4 2020, Weekly



FVAM (green) vs ACWX (World Index minus USA, blue) vs S&P 500 (orange), Full-Year (including January 2021, monthly returns







Heat Map for the Dow Jones 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 Feb 2021)

