

ARR Global L/S Equity Strategy Investor Letter, First Quarter 2024



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PARTNERS

Dear Valued Friends and Investment Partners,
I hope that this message finds you in good health and spirits.

I am glad to share with you the results of Q1 2024 when we generated a 15.2% net return. During the quarter, we made a total of 122 trades, with the number of profitable and loss-making trades almost equal at 60 and 62, respectively. We earned almost twice as much on an average profitable trade (0.66%) than what we lost on a loss-making one (-0.34%), achieving an average risk-reward ratio of 1:2. This result was enabled by a combination of a strict adherence to our risk management policy and successful identification of attractive investment opportunities. The most profitable trades made during the quarter are described below:

1. Long Viking Therapeutics: This name was the largest performance contributor to our Q1 2024 results. The company fits into our dynamic profit growth bucket as it develops several perspective medicines, including in a budding weight-loss drug market. In February, the company reported positive results of the latter's trial, which indicated that the drug it develops is potentially better than its analogues by the major competitors. Additionally, as some big pharmaceutical companies lack similar products, Viking Therapeutics could become an M&A target. As initially the company's share price reaction to the trial results was muted, we saw an attractive entry point in terms of risk-reward. The stock increased by more than 100% in February.

2. Long semiconductors and related stocks: We saw that underlying business drivers of companies such as NVIDIA, Super Micro Computer, and ACM Research have significantly improved compared to the last year. At the same time, their share prices were in a sideways move since last August. When those companies provided upbeat outlooks in the beginning of the year, we found good

entry points to take long positions in these names. SMCI increased by more than 120%.

3. Long gold and silver producers: We noticed an increasing divergence between gold price and gold miners' stocks. Gold was trading in a range of around 1,650-2,000 USD/oz for the last 4 years. At the same time, gold miners' shares were down by around 40% from their peaks over the same period as over time their cash costs were rising. The breakout of gold prices from the aforementioned range was a trigger for us to buy a gold mining ETF as well as select single stocks. We see gold miners benefitting from a strong operational leverage effect on the back of rising gold price and, at the same time, cash costs remaining under control.

We had many other profitable positions from various industries and geographies. As a few examples, during the quarter we profited from Kazakh financials, Brazilian banks, healthcare companies, internet security companies, etc.

As a part of our risk management, we had stop losses triggered across a number of our positions. Our least successful theme during the quarter was being long certain crypto miners. Historically, we had a negative stance towards these companies due to their high and increasing mining costs. However, with the Bitcoin price rising by approximately 300% since the beginning of 2023 and by more than 100% since the end of last October, we became more positive towards the sector. In particular, we thought that the Bitcoin price dynamics would offset the negative influence of the upcoming Bitcoin halving and deficiency of crypto miners' business models, reducing their bankruptcy risk. This trade fitted into our rebound pattern, but, in hindsight, even such a significant Bitcoin price growth was not enough to offset the negatives inherent in crypto miners' business models. As share prices declined, we were stopped out of our long positions in these names.

Another source of losses was our hedging positions in certain futures and the VIXY ETF as we were stopped out from some of them.

Business development

I am glad to announce that our exceptional performance was once again featured in BarclayHedge's monthly performance rankings. Our strategy was ranked 3rd by performance in the Equity Long/Short category for February 2024 when we achieved a net return of 12.1% in USD.



I am thrilled to announce that during the quarter Nicola Recchia joined our team as a senior financial analyst. His extensive experience in trading and financial analysis complements our existing expertise and provides a fresh perspective to our investment decision-making. His expertise and dedication are already visibly contributing to the results of our strategy, and I am looking forward to opportunities that lie ahead for our now larger investment team.

Should you have any questions or require more information, please do not hesitate to reach out to me. I look forward to a future marked by shared success and prosperity.

I appreciate your continued trust and support in my team and me.

Best regards,

Christian

Net Monthly Returns Since Inception

(%)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	ARR Cumulative	CS L/S Equity Cumulative
2015	3.3	7.9	1.0	7.0	2.7	1.8	-0.7	3.1	-3.4	9.7	3.2	-1.0	39.5	39.5	3.6
2016	5.4	-4.6	-2.4	-1.3	-1.5	-2.1	1.7	0.3	-0.5	-2.2	0.7	6.0	-0.9	38.3	0.0
2017	3.7	2.4	-1.7	4.6	3.2	-1.7	1.2	2.0	5.7	-2.6	0.8	0.5	19.2	64.8	13.4
2018	7.1	-1.4	-0.8	0.8	-1.5	0.3	-1.5	-0.5	3.8	-2.5	0.4	-3.3	0.5	65.7	8.2
2019	3.6	-3.0	-3.8	1.7	-3.0	3.6	0.7	-1.5	-0.3	-1.9	0.9	1.4	-2.0	62.4	21.3
2020	3.2	0.5	18.3	-2.2	-0.5	0.7	5.8	2.5	-7.0	1.1	8.0	3.9	34.6	118.6	30.9
2021	2.4	-4.3	-4.5	2.5	3.8	-4.6	-3.6	1.5	-7.2	3.1	-6.7	-4.6	-20.5	73.9	41.8
2022	-2.5	5.7	16.0	4.0	5.3	2.4	4.5	8.4	1.4	-3.1	-1.4	-0.2	46.8	155.2	33.4
2023	4.7	-4.2	6.0	-1.0	2.2	0.0	-0.2	0.4	0.2	-0.7	9.8	5.4	24.5	217.6	47.0
2024	0.1	12.1	2.7										15.2	265.9	56.4

Source: InteractiveBrokers, Credit Suisse, time-weighted performance of first managed account in USD, net of fees; performance from 2015-2023 verified by Spicer Jeffries accountancy; as of 31.03.2024. CS L/S Equity Index is reported with a one-month delay.

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