

Cerno Capital

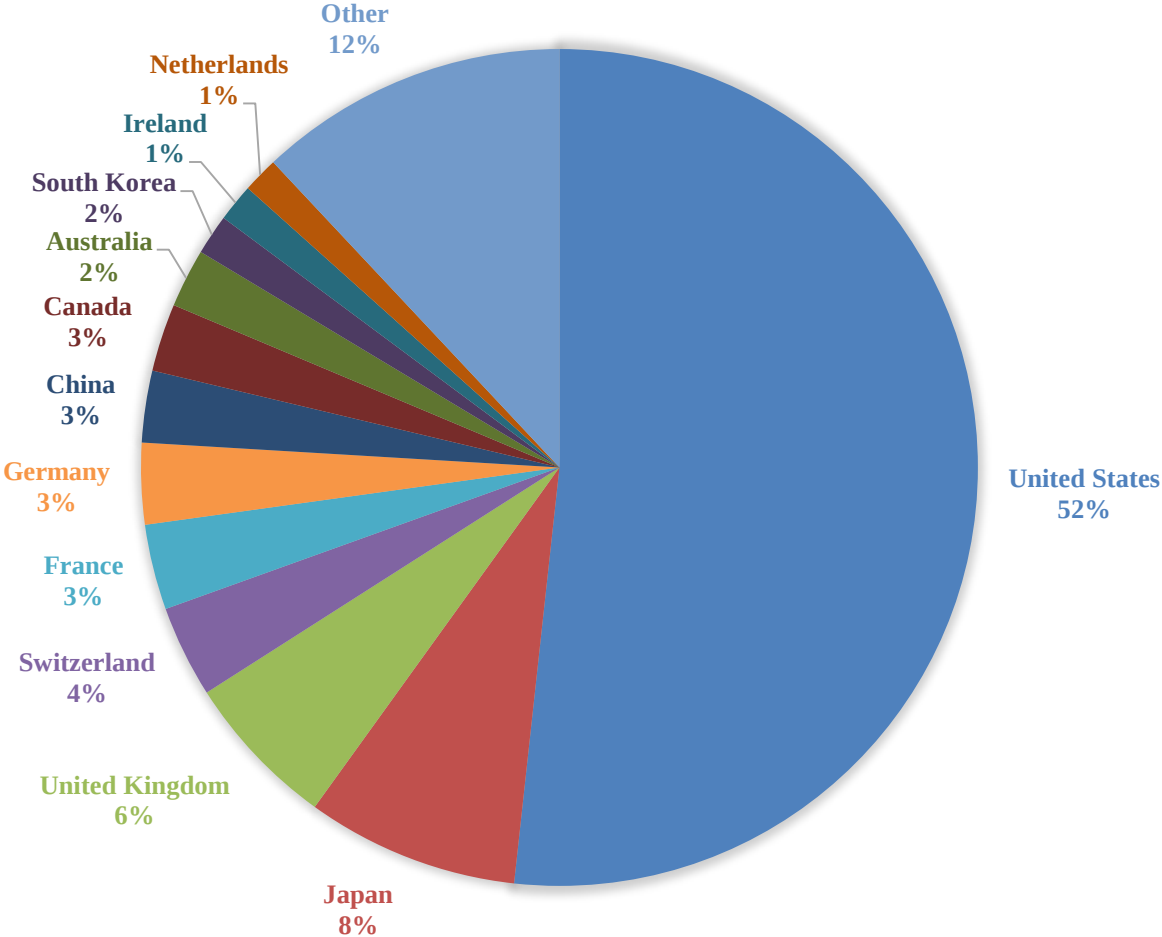
January 2016 Update

1: Bear Market Has Already Begun

Market	Peak in 2015	Fall since Peak
S&P 500	21/05/2015	-11.8%
FTSE 100	27/04/2015	-17.4%
Euro Stoxx	13/04/2015	-19.7%
Nikkei 225	24/06/2015	-18.3%
CSI 300	08/06/2015	-39.8%

Source: Bloomberg

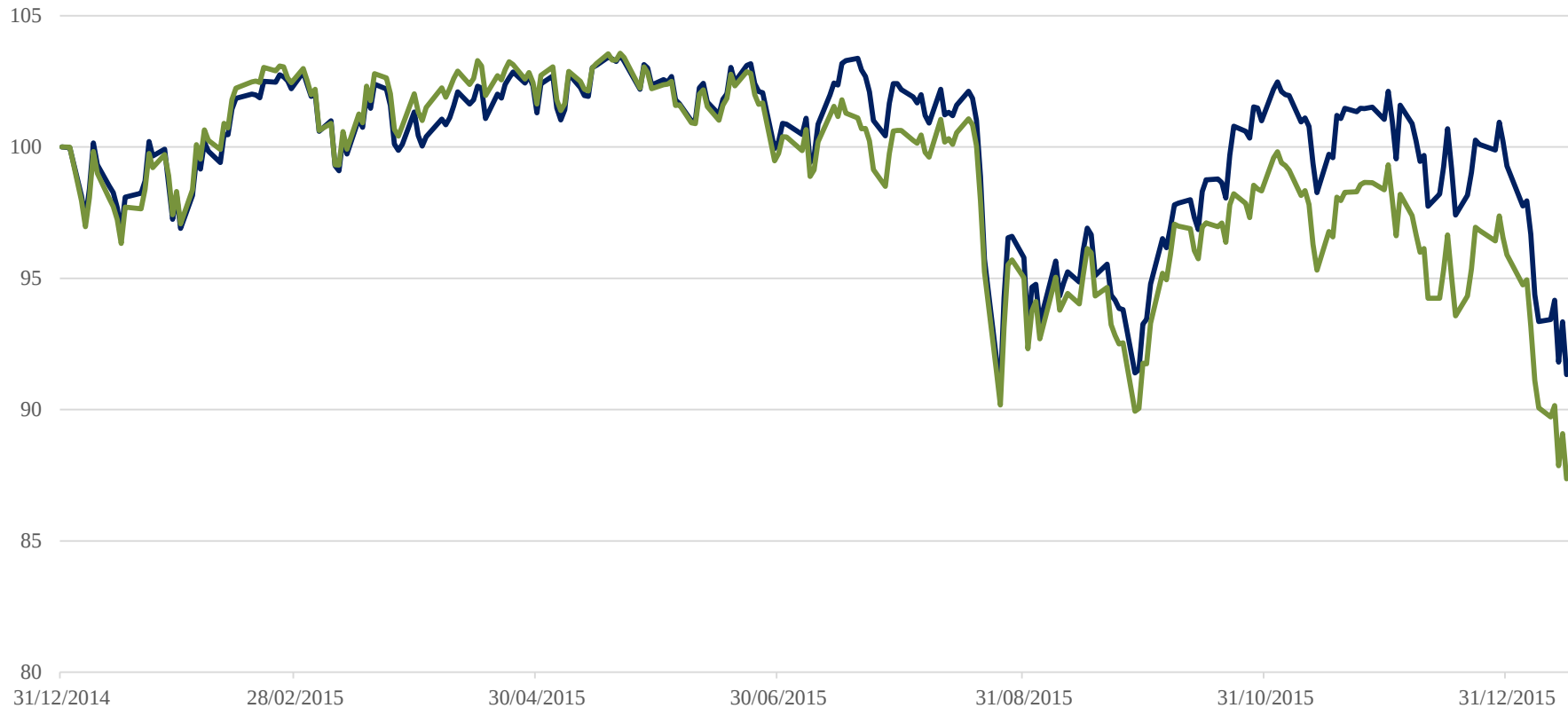
2: MSCI AC World: Weightings



Source: MSCI

3: S&P 500 Equal Weighted: More Pronounced

S&P 500 Index: Mcap-weighted vs. Equal-weighted
(2014-15)



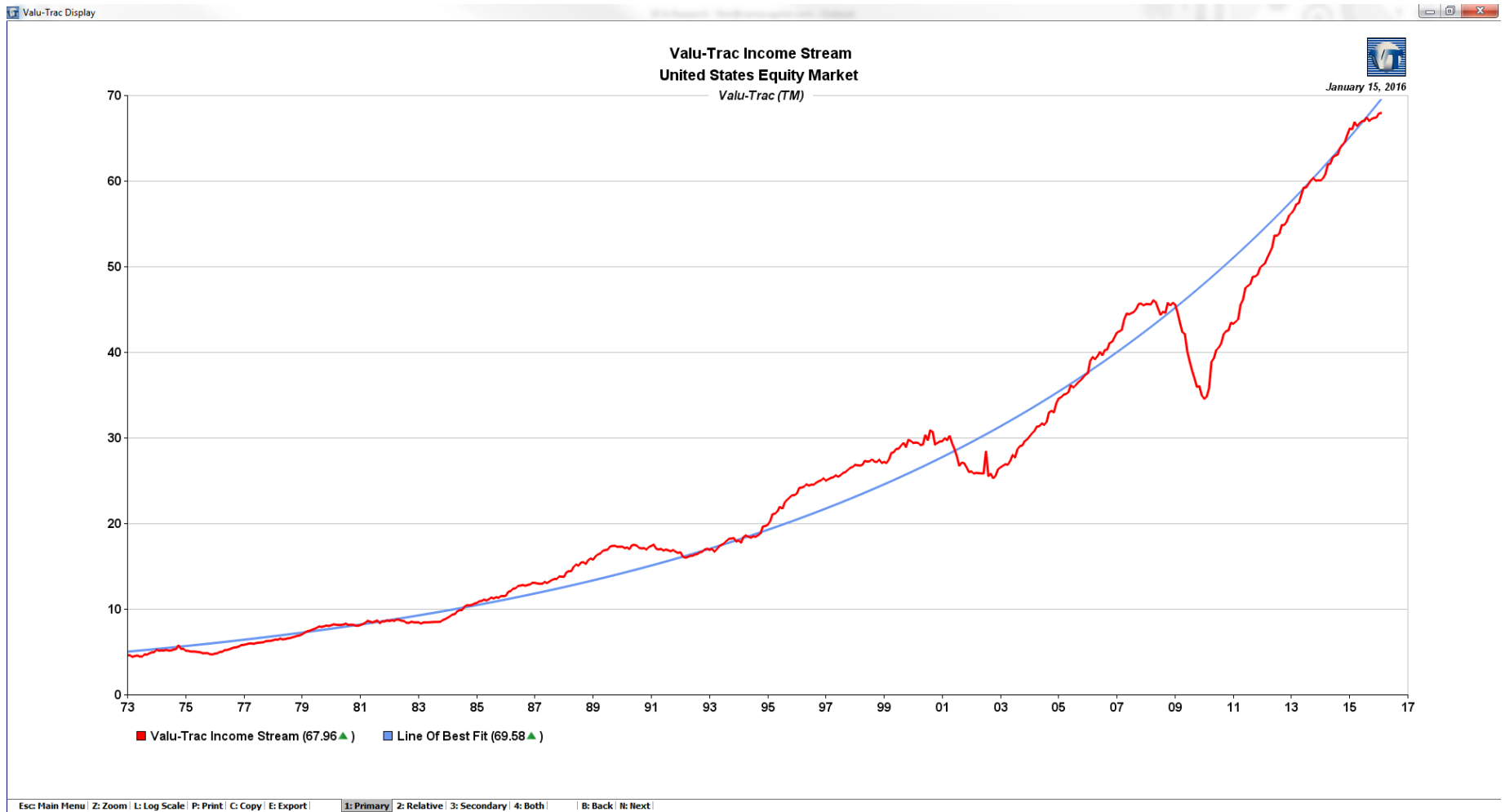
Source: Bloomberg

4: USD strength



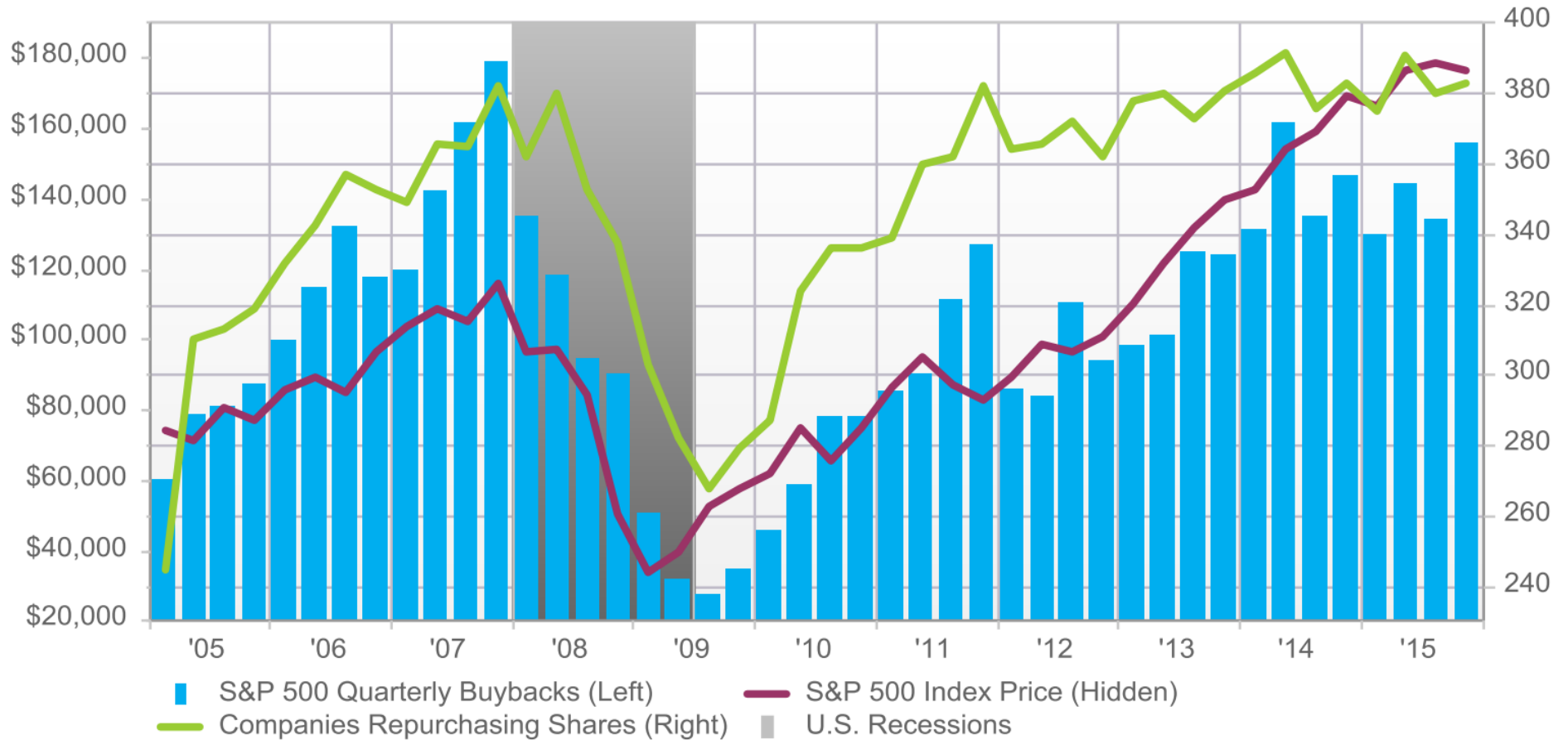
Source: Bloomberg

5: Sustainability of US Earnings Under Question



Source: Valu-Trac

6: US Buyback Binge



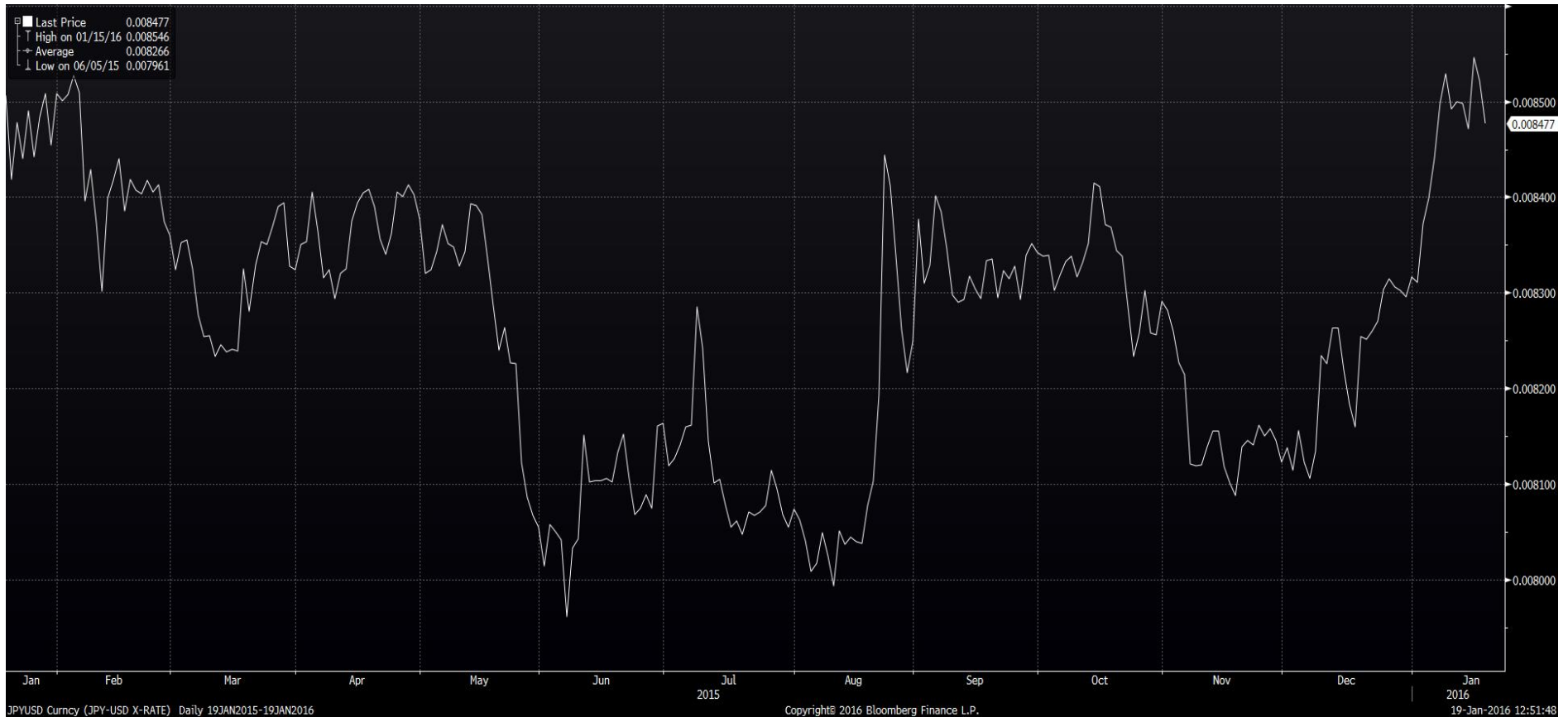
Source: FactSet

7: US Equity Valuations: High on a CAPE Basis



Source: Dr. Robert Shiller

8: Recent Bout of JPY Strength



Source: Bloomberg

9: EM Debt Burden

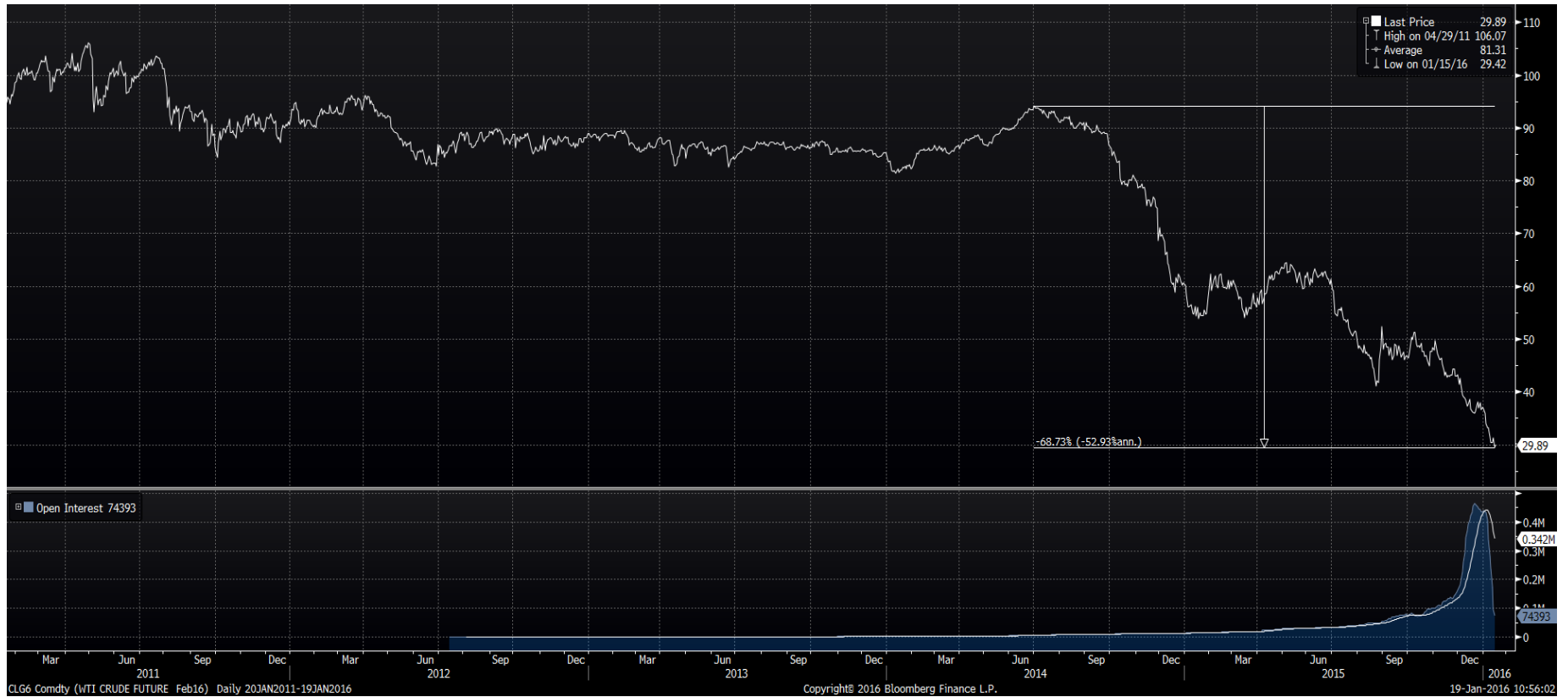
The EM external bond market has expanded dramatically, driven by corporates

Notional outstanding (USD trillion)



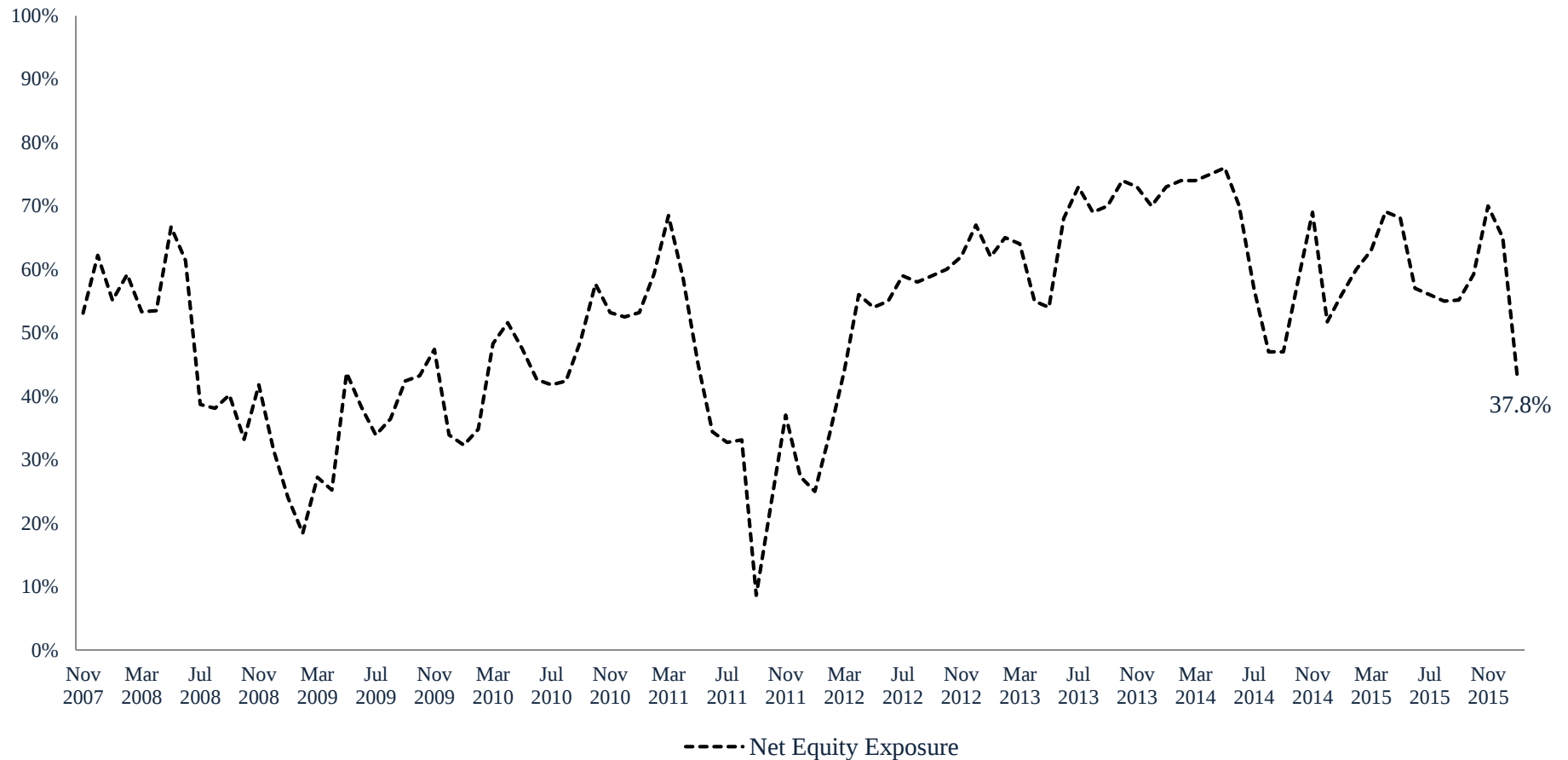
Note: Index-included bonds only. Source: Barclays Research

10: Depressed Oil



Source: Bloomberg

11: Flexible Equity Exposure: Cerno Core Portfolios



Source: Cerno Capital

12: Cerno Core Portfolios: Equity Short, Hedge and non-Equity Positions at 19th January

Position	Fund Type	Fund Style	Geographical Remit	Weight
Equity Short				5.0%
DBX Trackers S&P 500 Inverse	Index Tracker	Index Inverse (Short)	US	5.0%
Equity Long/Short				9.0%
Odey Absolute Return	Active	Equity Value Bias	Global	5.1%
Maga Smaller Companies	Active	Equity Small Cap	Europe	3.9%
Global Macro				9.3%
GAM Star Global Rates	Active	Rates and FX	Global	5.3%
H2O Allegro	Active	Global Macro	Global	4.0%
Precious Metals				7.1%
ETFS Physical Gold Tracker	Index Tracker	Gold	Global	7.1%
Cash & Cash Liquidity				34.4%
TOTAL				64.8%

Source: Cerno Capital

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