

# Separating the signal from the noise and the facts from the feelings



# The Art and Science of Investing



# Who We Are

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## Founder and CIO: Ashvin Murthy



- 18 years+ as trader and investment manager across interest rates, equities, FX and commodities
- 10 years in UBS and Natixis working in 5 different teams in Hong Kong, Zurich, London and Singapore before starting AVM Capital 7 years ago
- MSc Science Engineering (Ecole Centrale Paris), MSc Financial Engineering (Columbia University)

## Head of Business Development: Leon Lee



- 20+ years in Asset Management, Family Office and Private Banking
- Former MD at Bank of Singapore and Citi Private Bank
- B.Comm (Accounting and Finance), UWA, CFA charterholder

# Investor Psychology



## **Significant Periods:**

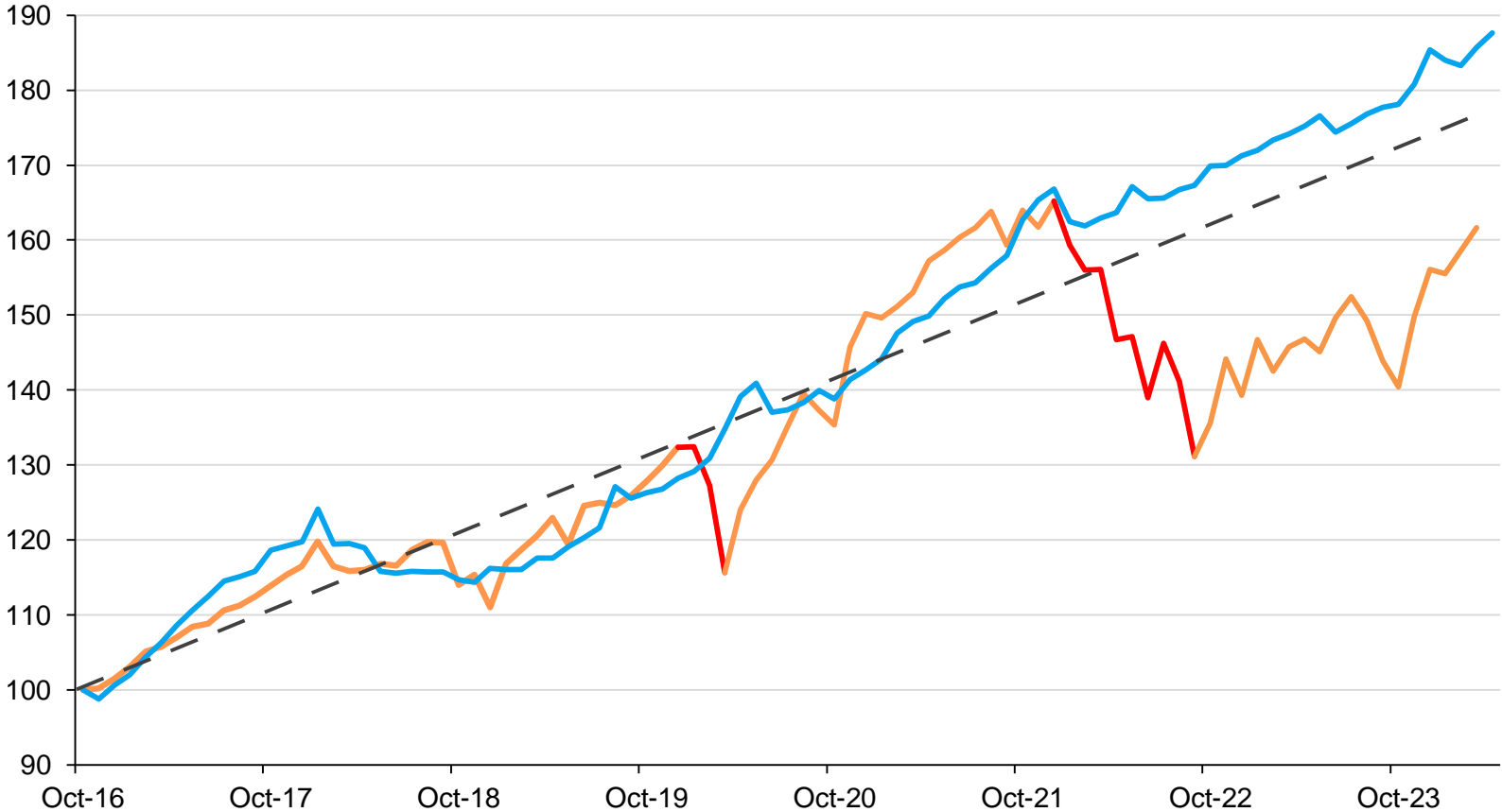
GFC 2008 / 2009  
COVID Mar 2020  
No Where to Hide 2022

## **What We Witnessed:**

Asset prices falling in unison  
Explosion in volatility  
Liquidity drying up

# What do investors REALLY want?

**Capital  
Preservation**



**Strong  
Compounded  
Returns**

# What Investors Do NOT Want

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- Negative surprises – but positive surprises are ok!
- Margin calls

*This can change depending on whether we are in a bull or bear market*

# What Bankers Do NOT Want

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- Big drawdowns in portfolios
- Clients becoming cynical and losing faith in the bank/banker
- Trading revenues drying up when clients refuse to trade during periods of market dislocation

→ **Stress on bankers who are trying their best to help clients**



# What Bankers Want

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- Fulfilling jobs that pay good salaries and bonuses
- Strong and steady growth in career, AuM and revenues
- Clients who value their advice and their friendship

Why aren't investors getting what they want?

# Why Aren't Investors Getting What They Want

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## Poor Portfolio Construction

- Exposure is not aligned with risk and return objectives
- Too much concentration in one asset class or instrument
- Getting into complicated products that are difficult to understand



# Why Aren't Investors Getting What They Want

## Inadequate risk management

- Position sizing is based on how much investors want to make rather than how much they are willing to lose
- Trimming gains too early and letting losers run for too long



# Why Aren't Investors Getting What They Want

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## FOMO

- Chasing returns and getting into an investment at the tail end of a trend purely based on recent performance
- Trusting the underlying narrative rather than looking at the hard data and doing your homework



How do we give investors what they really want?

# 3 Golden Rules of Investing



- Rule 1: Don't lose money
- Rule 2: Don't forget Rule 1
- Rule 3: Make as much money as possible

**Say NO to FOMO!**



# Investor Psychology chart

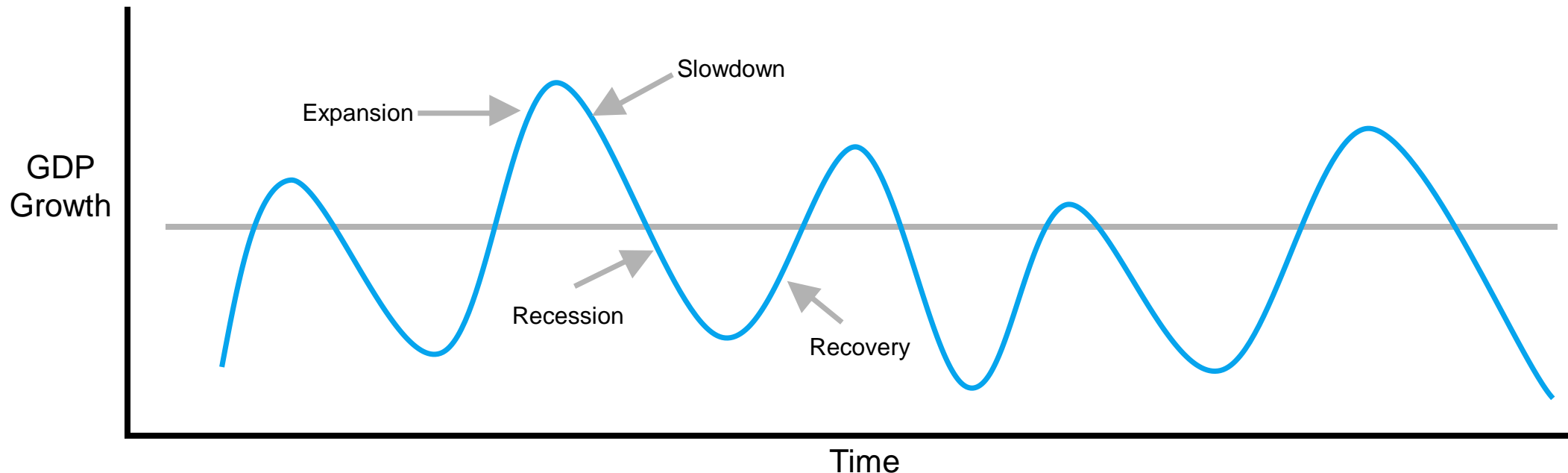


# A Repeatable Investment Process


# Build a repeatable investment process

Economic cycles may not be the same, but certain investment patterns tend to repeat in each cycle.

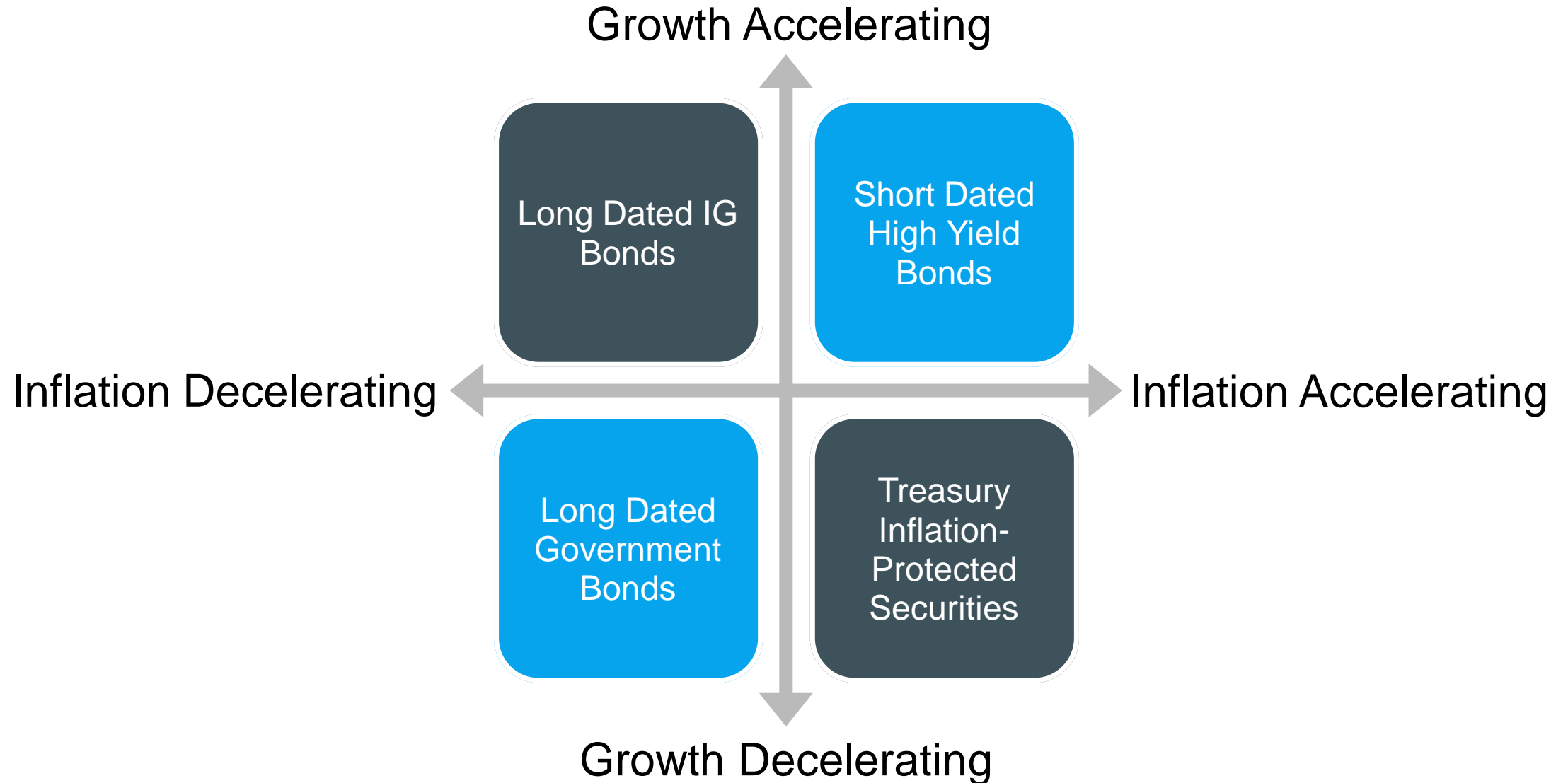
- *Which stage of the economic cycle are we in?*
- *What investments work in this stage of the cycle?*



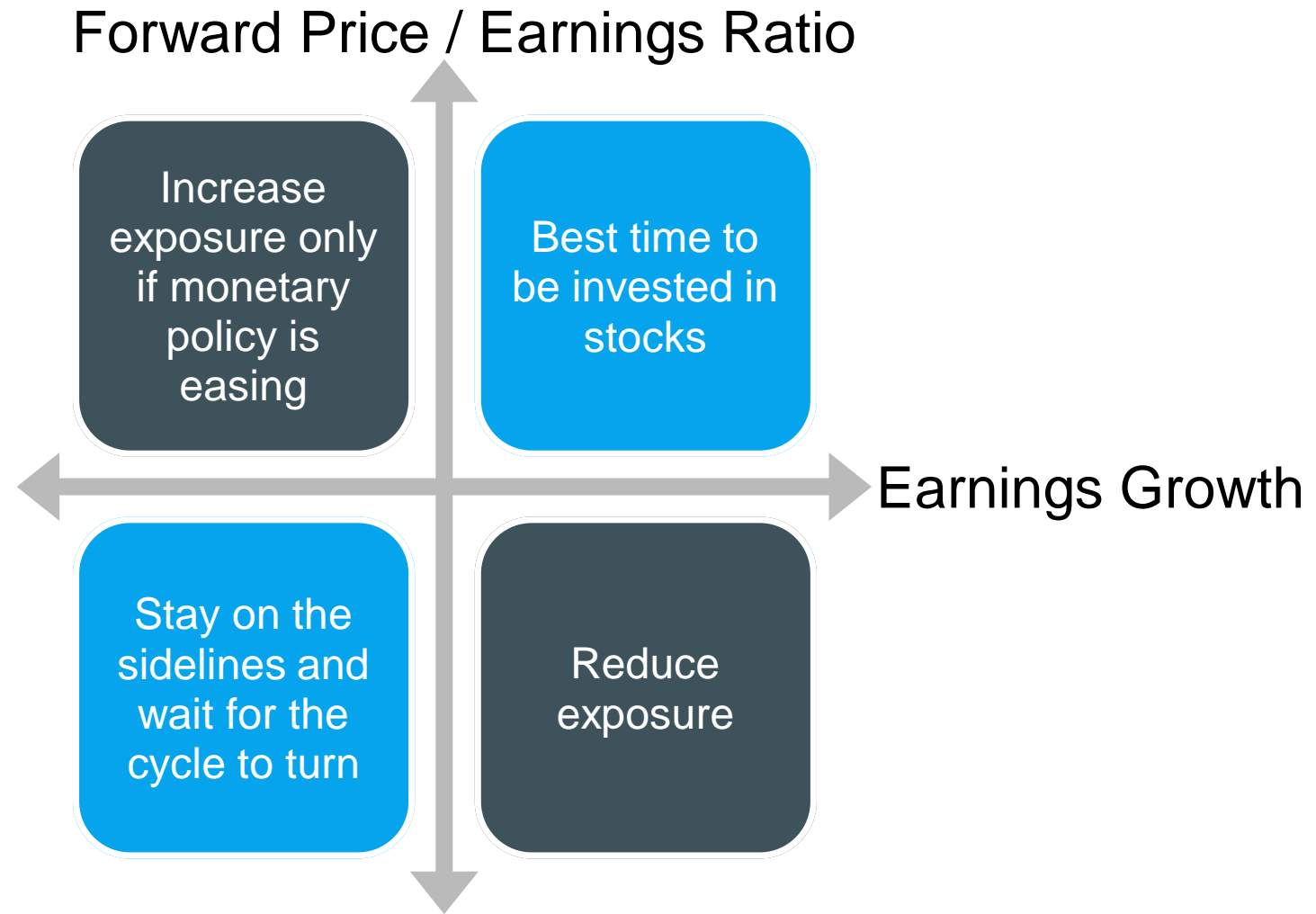
# The State of the Economy

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	
Nominal GDP YoY	2.90	-6.90	-0.20	0.60	4.10	17.00	10.10	11.90	10.70	9.70	9.10	7.10	7.10	5.90	6.20	5.90	5.50					
Real GDP YoY	1.20	-7.50	-1.50	-1.10	1.60	11.90	4.70	5.40	3.60	1.90	1.70	0.70	1.70	2.40	2.90	3.10	3.00					
Headline CPI YoY	1.50	0.60	1.40	1.40	2.60	5.40	5.40	7.00	8.50	9.10	8.20	6.50	5.00	3.00	3.70	3.40	3.50					
10 Yr BBB Bond Yield	3.44	2.39	2.20	2.01	2.84	2.51	2.55	2.72	3.91	5.14	6.07	5.73	5.27	5.53	6.22	5.22	5.48					
Revenue Growth YoY	0.65	-9.94	-2.09	1.93	10.53	25.01	17.19	15.76	13.06	13.59	11.93	6.06	5.17	1.75	2.20	4.91	4.29					
Earning Growth YoY	-14.75	-32.99	-7.11	2.28	45.81	87.27	36.74	28.13	11.07	8.46	4.27	-1.51	-2.00	-4.99	4.07	6.85	5.34					
Forward P/E Ratio	17.11	24.99	26.25	28.40	22.63	22.49	21.37	23.26	19.96	16.61	16.14	17.62	18.83	20.45	19.73	22.12	21.74					
Net Liquidity YoY	23.01	52.31	52.06	55.42	44.42	16.33	25.68	12.17	-0.30	-6.95	-13.49	-13.90	-4.06	1.77	0.94	6.75	-0.62					
Fiscal Impulse YoY	4.43	5.02	2.22	1.08	1.39	-1.78	-0.58	-0.15	-2.25	-1.64	-0.57	0.79	2.73	4.08	4.81	4.64	3.72					

# When to Invest in Fixed Income



# When to Invest in Equities



# Portfolio Construction

# Portfolio Construction

- What is your risk tolerance?
- What is your return objective? Is it in line with your risk tolerance?
- Build a diversified portfolio. Don't put all your eggs in one basket.
- Prudent use of leverage, in line with risk tolerance.





# Proper Risk Management



# Proper Risk Management

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- Determine maximum acceptable leverage beforehand to avoid getting greedy
- Cut your losers
- Trim your winners, BUT do not completely exit the trade if thesis is still valid

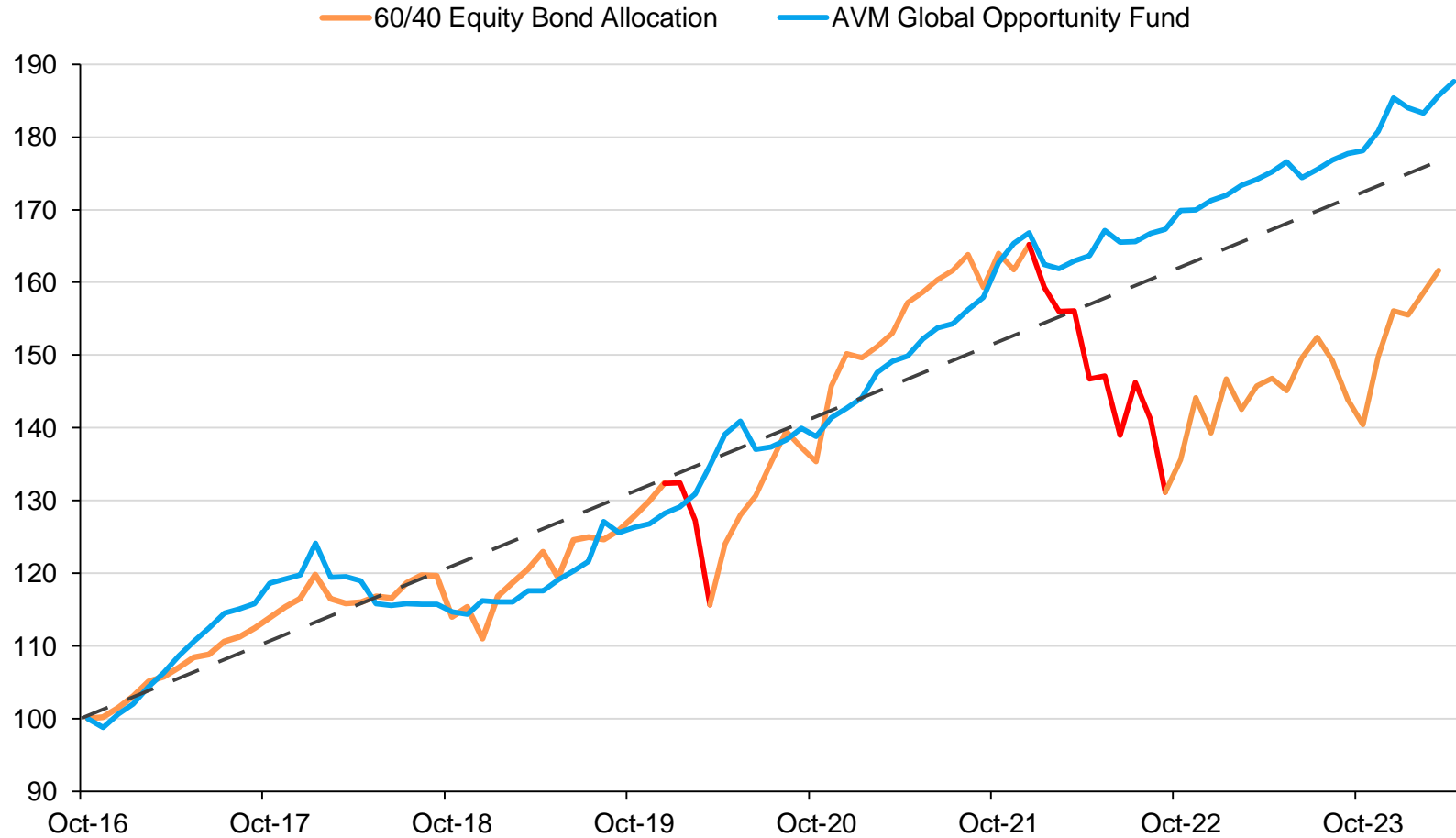


# Proper Risk Management

- Determine the maximum expected drawdown during periods of stress. Use hedges to limit the downside exposure



# Steady Compounded Growth



# Q&A

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