



# Neo technology fund

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# Why invest in disruptive technology?

Today's financial scenario is full of uncertainty, but one thing remains clear: the world is completely different than it was 10 years ago. Investing in technology is investing in the future. Technology continues to rewrite history.



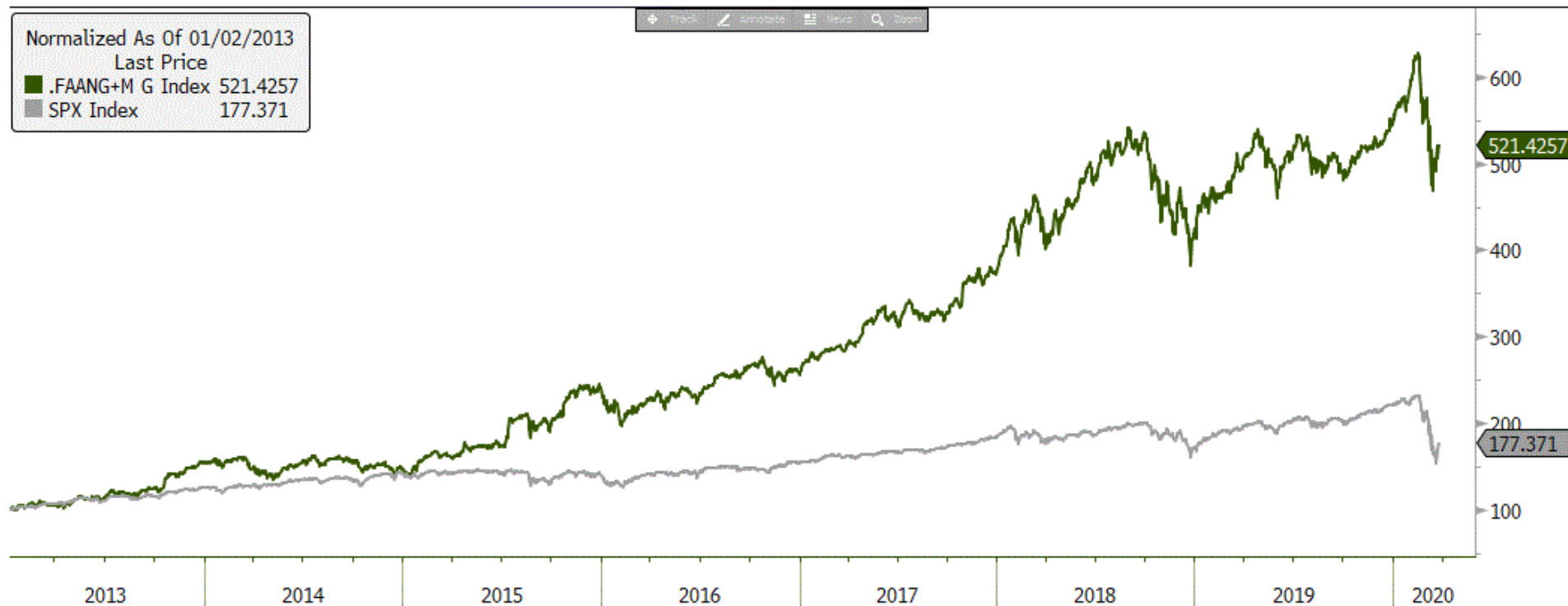
Life expectancy of an S&P 500 company

- ✓ The most valuable companies today are those who changed the rules of the game.
- ✓ Disruptive technology has reduced the average life expectancy of companies substantially.
- ✓ Back in 1964 life expectancy used to be 33 years, in 2016 it was reduced to 24 years, and for 2027 it's expected to be 12 years.

Sources: "2018 Corporate Longevity Forecast: Creative Destruction is Accelerating". Innosight

# Why invest in disruptive technology?

Tech companies presented larger growth curves because they keep innovating



# Why invest in disruptive technology?

**“We capitalize revolutionary projects”**



- ✓ Key players of disruptive technologies
- ✓ 100% stocks with high expectations of long-term growth
- ✓ Active management
- ✓ Transparent structure with minimized costs

# Our investment philosophy: The four pillars

Identifying the tech sectors  
with higher growth potential

01

Assess the impact in \$ on each sector

02

Weighing every sector within the portfolio

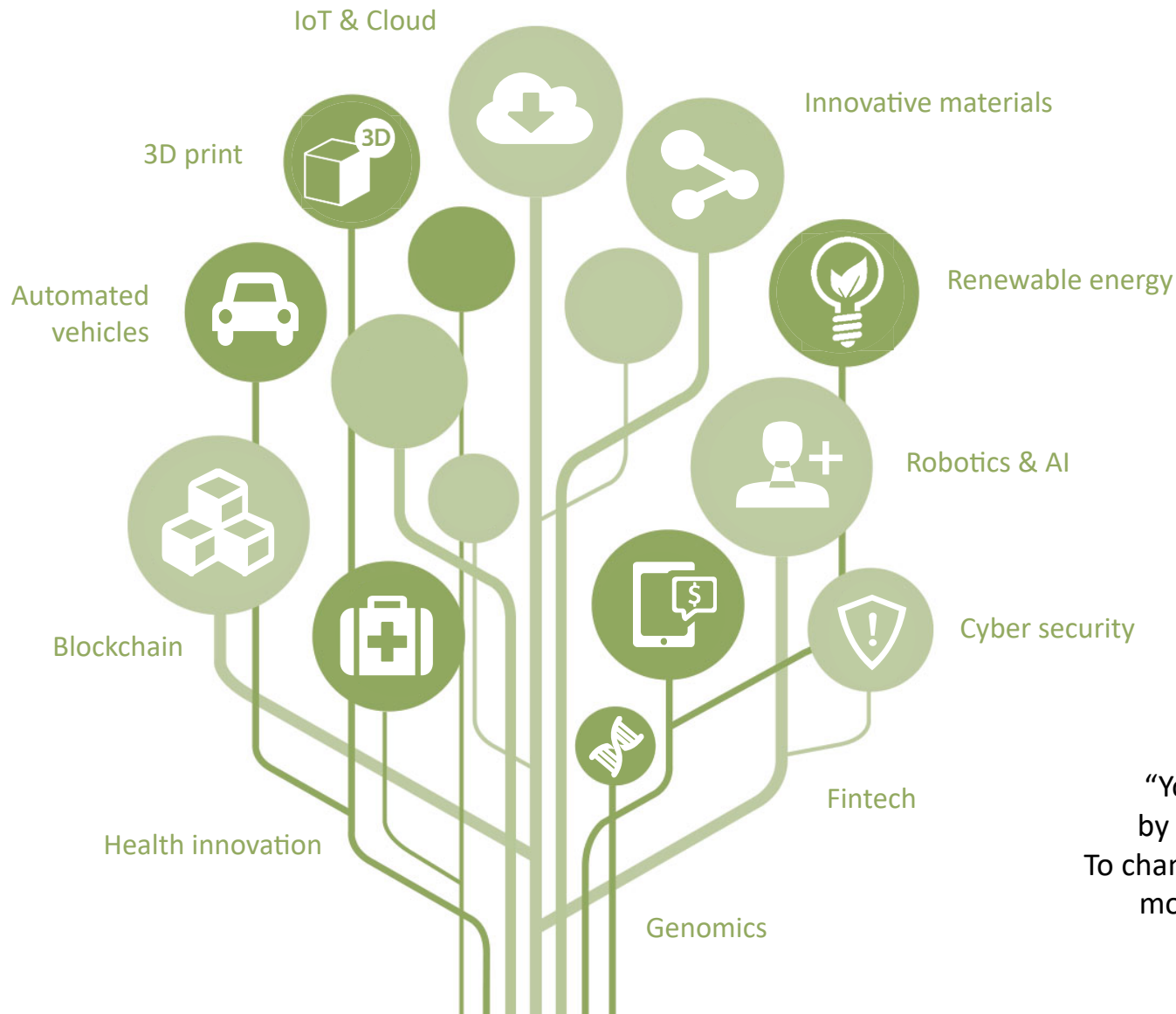
03

Choosing the key players  
on each sector

04



# Our investment philosophy: disruptive sectors



“You can never change things by fighting the existing reality. To change something, build a new model that makes the current paradigm obsolete”.

Tony Seba

# Our investment philosophy: disruptive sectors



*RAAI*

- **“Intersection fields” between:**
  - Robotics: programmable machines that carry out physical processes and can be controlled by a human operator or an AI system.
  - AI: Programming techniques that intend to simulate, and in many cases surpass, aspects of perception, learning, and analysis on a human level.



*IoT, Cloud  
& Big Data*

- Inseparable sectors that complement each other.
- IoT generates massive amounts of data, while the cloud provides a route for these data to reach its destination. Big data allows for the analysis and management of information.
- With the digital transformation, these technologies became essential for all businesses.



*Fintech*

- This industry uses technology to improve financial activities.
- The use of smartphones for online banking, investment services, and virtual currency are clear examples of this technology. Fintech intends to make financial services more accessible to the general public.



*Health  
innovations*

- Disruptive innovations related to the health services sector.



*Automated  
vehicles*

- These are vehicles that can run and operate without (or with minimal) human intervention on many occasions.
- It allows for driving assistance in direction, braking, and avoiding collisions.
- It depends on regulations and the public’s acceptance.
- It presents a technology challenge for RAAI.

# Our investment philosophy: disruptive sectors



## Genomics

- Sequencing of genes quickly and at low costs, advanced analysis, and synthetic biology (“writing DNA”) with the latest big data capabilities.



## Renewable energy

- Clean and renewable energy like wind power and solar energy.
- It includes associated technologies like:
  - Smart Grid: A system in which all parts communicate with each other and work together to enhance efficiency and reliability.
  - Electric energy storing.



## 3D Print

- The creation of solid 3D objects by adding consecutive layers of material.
- It allows for the quick generation of prototypes, health applications (human tissue or 3D prosthesis), and personalized manufacture.



## Innovative materials

- ‘Smart materials’ that have superior characteristics or are revolutionary. They can improve functionality for disruptive innovation, surpassing conventional materials.
- Examples: self-healing, self-cleaning, memory metals, nanomaterials, processors, etc.



## Cyber security

- Management of security incidents, threats, and compliance. Management of identities and access that allows organizations to protect infrastructure and information from threats and vulnerabilities that can bring harm.

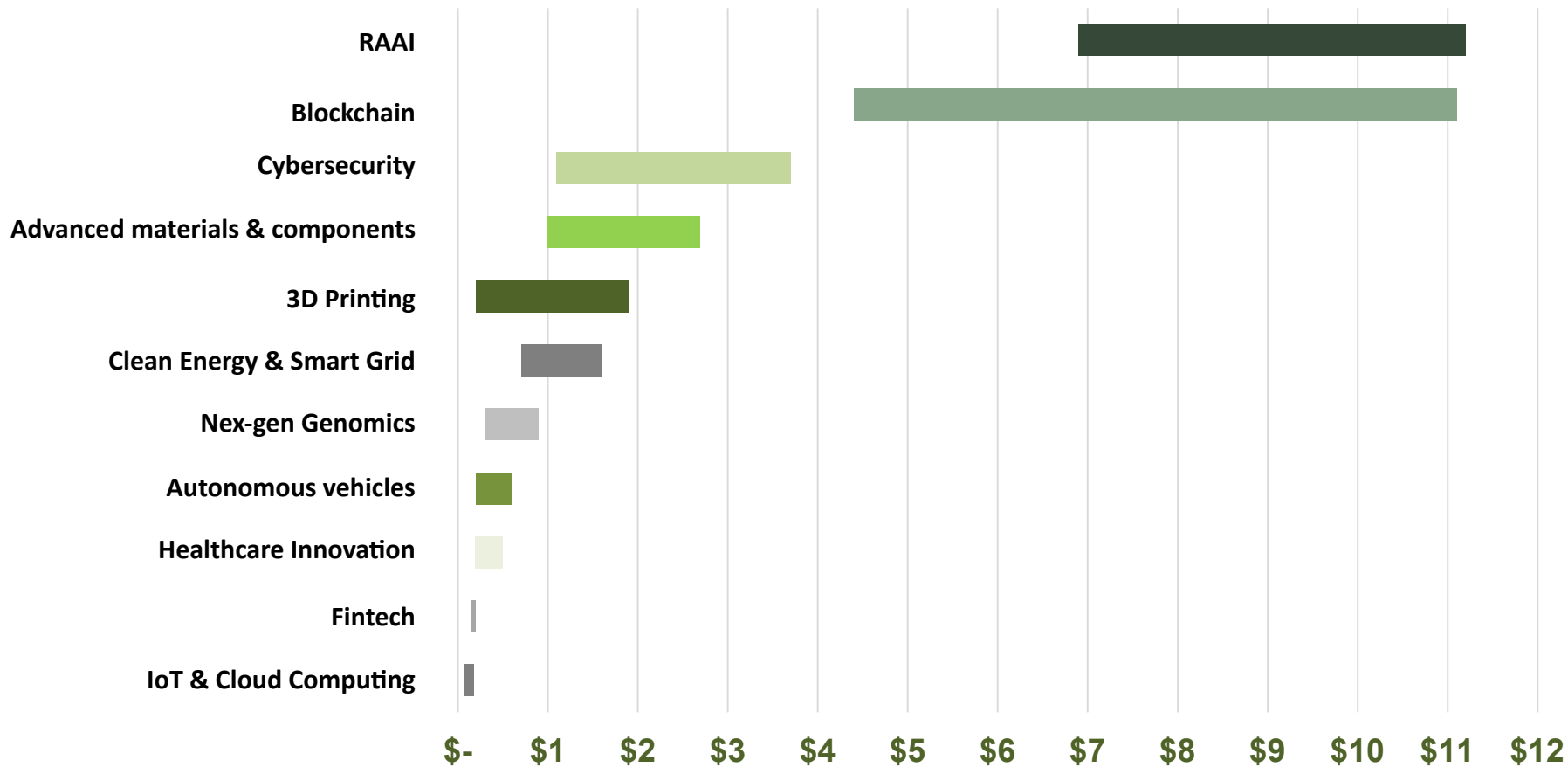


## Blockchain

- Chain of digitalized blocks that are decentralized and public and linked in chronological order. It allows for the storage of information in a secure, verifiable, and permanent way. Although it’s primarily related to digital money, it can be applied to various industries as a safe way to create and manage databases and distribute and keep transaction registers.



# Our investment philosophy: assessment of sectors

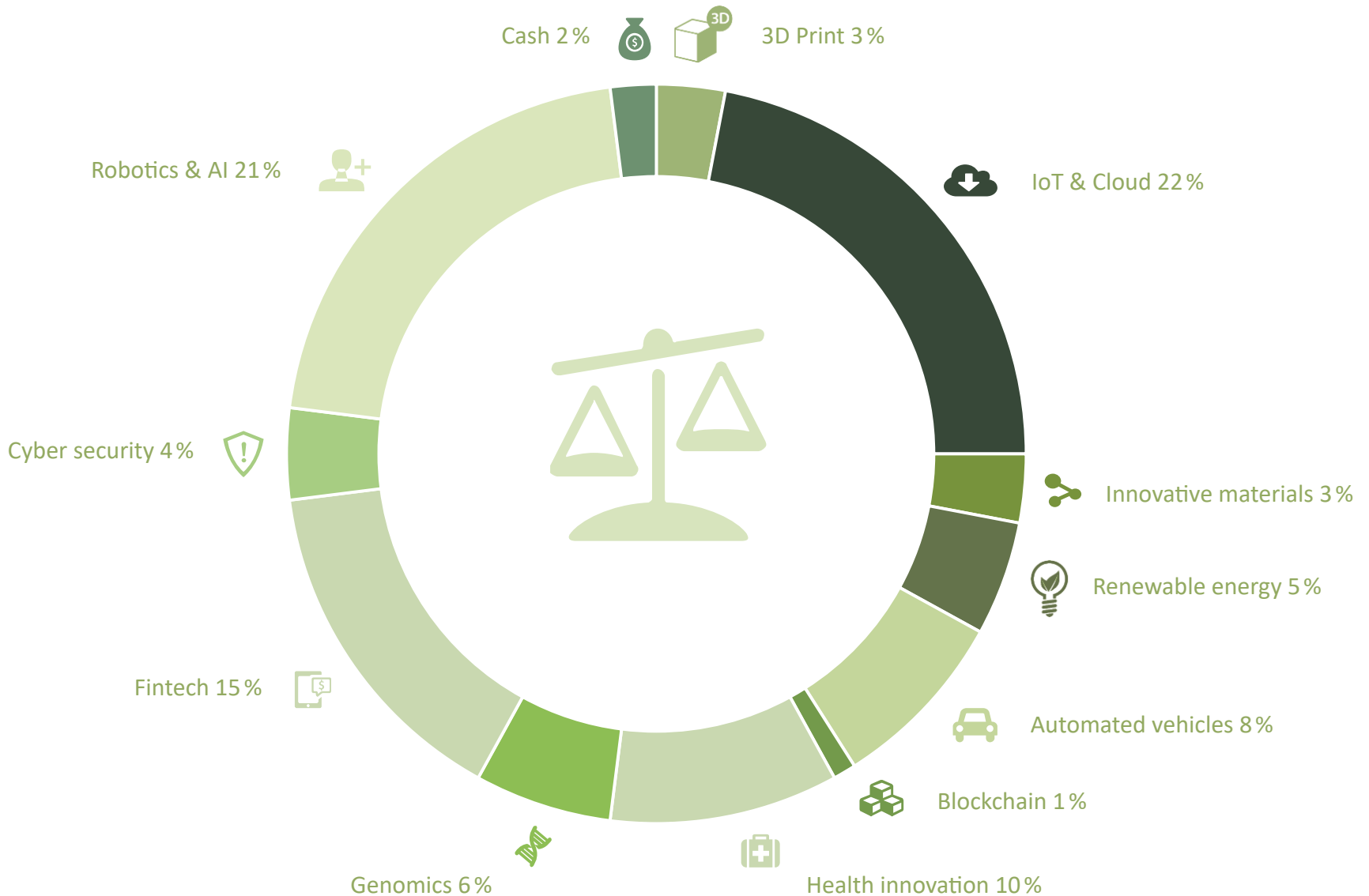


*Projection of each sector's value identified by a larger impact for the year 2025*

**Disruptive technologies will have over 33 \$ Tn in the world economy by 2025**

Sources: PWC, Bloomberg, Forbes, McKinsey, Business Insider, Le Nouvel Economiste, Tech Crunch, Wired, Gartner, The Financial Brand, Business Wire, CSO Online...

# Our investment philosophy: Market analysis



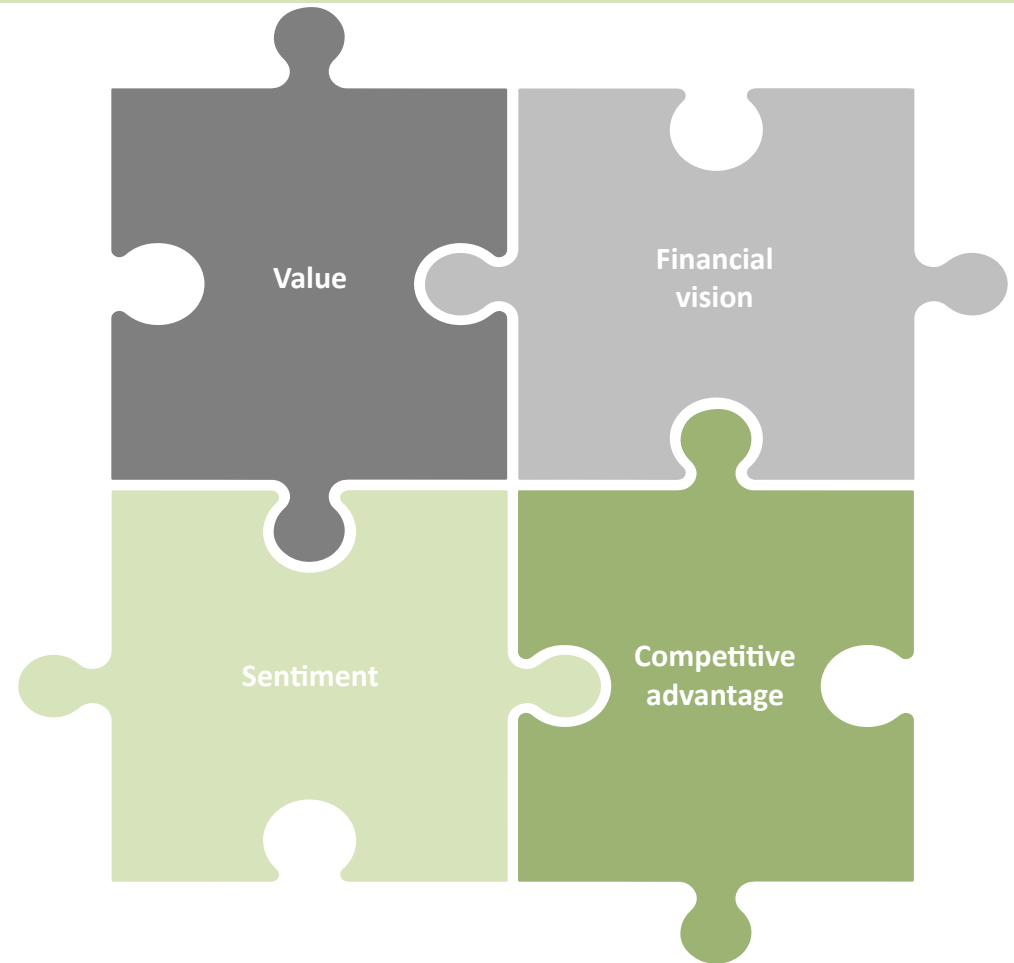
# Our investment philosophy: Choosing stocks



The graphic represents the large asset classes that are part of the fund.

## Choosing high-quality companies

- ✓ Recent sales resulted in new opportunities
- ✓ Transaction from ETF to direct stocks
- ✓ Quality criteria
- ✓ The higher the volatility, the greater the necessity of an active management



## Quality criteria

# Stock selection methodology

## Institutional investigation provider

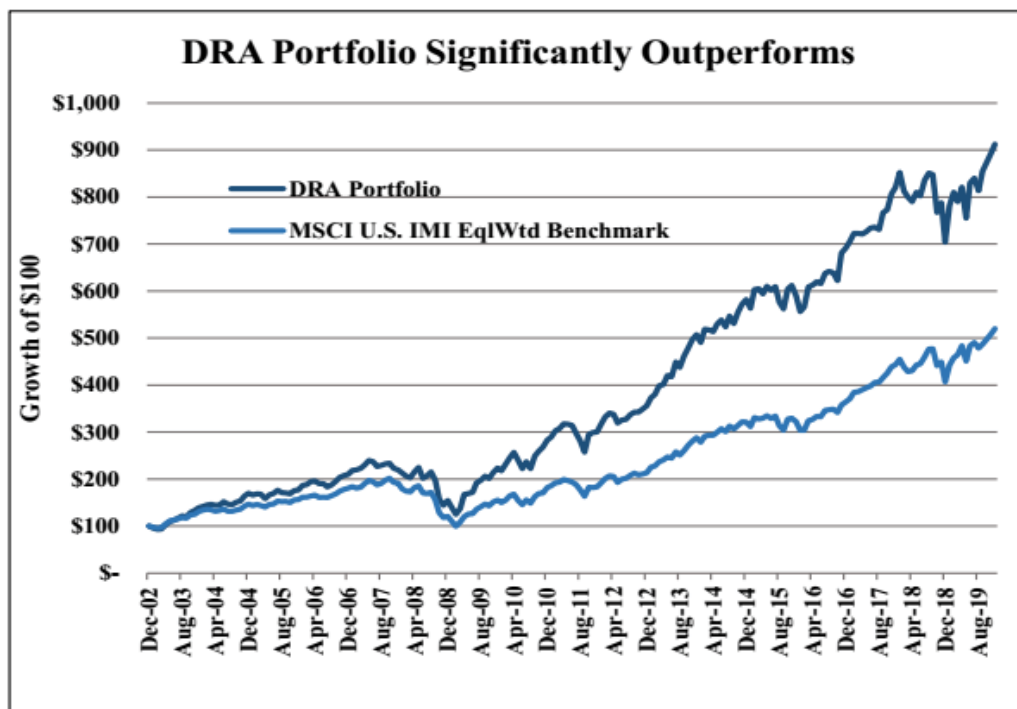


**Revelation  
Investment  
Research**

Analysis based on the Downside Risk Alert (DRA):




- Classification of stocks based on the risk of bearish tendency in the mid-term.
- Identifying specific investment characteristics that tend to precede a mediocre return.

Year	DRA Portfolio Return	MSCI U.S. IMI EW Ret	Excess Return
2003	39.0%	31.1%	7.9%
2004	22.3%	12.3%	10.0%
2005	4.0%	6.1%	-2.1%
2006	19.0%	15.5%	3.5%
2007	4.3%	6.2%	-1.9%
2008	-29.7%	-37.2%	7.5%
2009	44.7%	29.1%	15.6%
2010	26.7%	17.3%	9.4%
2011	6.1%	0.4%	5.7%
2012	18.5%	16.5%	1.9%
2013	42.6%	35.0%	7.6%
2014	14.8%	11.7%	3.1%
2015	1.5%	0.4%	1.2%
2016	16.9%	12.7%	4.2%
2017	18.7%	21.9%	-3.3%
2018	-14.2%	-8.2%	-6.0%
2019	29.6%	27.7%	2.0%
<b>Annualized</b>	<b>13.9%</b>	<b>10.2%</b>	<b>3.7%</b>
<b>Annualized Portfolio Turnover = 20.0%</b>			



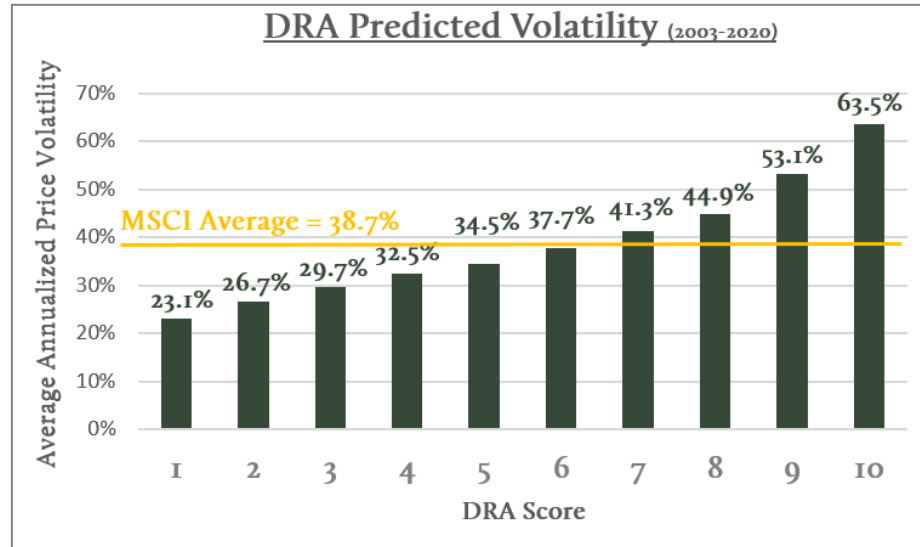
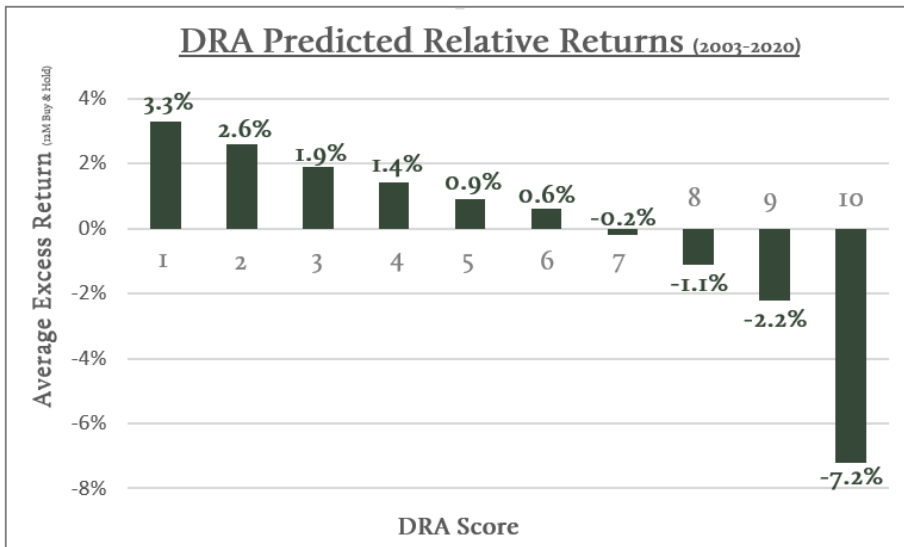
# Stock selection methodology

- 3 wide investment perspectives: Value, finances, sentiment
- 12 research concepts, each one of them predicting a historic bearish risk

	Research Concept	Downside Risk Rationale
 <p><b>Valuation View</b></p>	<p>Valuation</p>	<p>Stocks with low adjusted FCF vs. enterprise values, low forecasted EPS growth vs. earnings yield &amp; low / negative shareholder yields tend to underperform</p>
 <p><b>Financial View</b></p>	<p>Fundamental Growth</p> <p>Fundamental Stability</p> <p>Leverage &amp; Efficiency</p> <p>Cash Sources &amp; Uses</p>	<p>Stocks with weak and inconsistent revenue, income, FCF &amp; dividend growth tend to underperform</p> <p>Stocks with highly variable revenue &amp; CF tend to underperform</p> <p>Stocks with high LT debt &amp; low revenues vs. assets &amp; COGS tend to underperform</p> <p>Stocks with recent external financing &amp; high recent capital expenditures vs. net operating assets tend to underperform</p>
 <p><b>Sentiment View</b></p>	<p>Analyst Forecast Revisions</p> <p>Surprise Persistency</p> <p>Price Volatility</p> <p>Technical Action</p> <p>Short Seller Sentiment</p> <p>Tail Risk</p> <p>Sector Specific</p>	<p>Stocks with recent negative forecast revisions tend to underperform</p> <p>Stocks that consistently report negative EPS surprises tend to underperform</p> <p>Stocks with highly volatile prices tend to underperform</p> <p>Stocks with low recent price correlation to market movements, extreme covariance with long-term market returns , extreme recent share turnover &amp; weak long-term risk-adjusted price performance tend to underperform</p> <p>Stocks with high &amp; growing short interest tend to underperform</p> <p>Stocks with very high or low revenue &amp; EPS growth and gross margins tend to underperform</p> <p>Stocks with weak scores on highly predictive factors within their sector tend to underperform</p>

# Stock selection methodology

## Proven returns



Historically, the DRA predicted relative returns and risks.

# Stock selection methodology

## DRA: an illustrative example

Ticker	Company Name	Sector	% Prob 1YRet < Mkt	DRA Decile	DRA Score	1W DRA Score Chg	13W DRA Score Chg
AAPL	Apple Inc.	Technology Hardware Storage & Peripherals	43.5	3	20	-1	-8
FB	Facebook, Inc. Class A	Interactive Media & Services	44.0	3	18	1	6
MA	Mastercard Incorporated Class A	IT Services	44.0	3	18	3	8
MDT	Medtronic Plc	Health Care Equipment & Supplies	43.5	3	20	3	2
IBM	International Business Machines Corporation	IT Services	40.5	2	33	-4	0
BIIB	Biogen Inc.	Biotechnology	44.0	3	18	0	4
CTSH	Cognizant Technology Solutions Corporation Class A	IT Services	40.0	1	38	4	4
TMO	Thermo Fisher Scientific Inc.	Life Sciences Tools & Services	53.0	8	-11	-6	-15
GILD	Gilead Sciences, Inc.	Biotechnology	52.0	8	-10	-5	-45

## How to choose the investment environment?

- We only consider stocks with a DRA classification lower than 6
- Any vehicle whose classification is increasing above 6 is a candidate for potential elimination



## Erlanger: An advanced tool



This is an institutional tool focused on providing investors with the market's technical and sentiment indicators

### Objectives:

- It makes taking decisions easier, like buying or selling a stock considering not only the stock's value but also internal technical factors.
- The indicators include:
  - ✓ **Sentiment** (option ratio, short ratio)
  - ✓ **Volume** (volume swing, divergence)
  - ✓ **Triggers** (crossover spread)
  - ✓ **Trends** (displaced moving average channels)
  - ✓ **Temporary patterns**
  - ✓ **Etc....**

# Investment strategy

## Erlanger research chartroom

<span>SENTIMENT</span> <span>BIAS</span> <span>SETUPS</span> <span>TRIGGERS</span> <span>TREND</span> <span>MOMENTUM</span> <span>VOLUME</span> <span>SEASONALITY</span> <span>SECTOR</span> <span>GROUP</span> <span>PAIRS</span> <span>EBB</span>																				
New																				
<span>Expr</span> <span>+</span> <span>-</span> <span>~</span> <span>  </span> <span>□</span> <span>+</span> <span>+</span> <span>+</span> <span>+</span> <span>+</span> <span>+</span> <span>+</span> <span>+</span> <span>+</span> <span>+</span> <span>+</span> <span>+</span> <span>+</span> <span>+</span>																				
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	
Symbol	Sector	Sector Rank	ETD:D	Change	Net%	EV:S:D	Power Rank	Tect Rank	Shares Short	Short Intensity Rank	Short Ratio	Heavy Short Intensity Grade	Type	Erlanger Option Rank	CycleR	Seasonal Juice 40	DMA Channel D	DMA Channel W	DMA Channel M	
1	INTC	Technology; Semiconductors	9	Rally	-1.37	-2.47%	-8.68	74%	100%	49819767	21%	2.20	3	2	72%	0.15	22	Above	Below	Above
2	ABT	Pharmaceuticals	3	Rally	-0.43	-0.54%	7.67	97%	100%	23053536	92%	4.63	4	1	74%	0.80	5	Above	Below	Below
3	MSFT	Technology; Software_Serv	4	Rally	-2.52	-1.57%	-0.46	79%	90%	55155212	58%	2.14	4	0	88%	0.44	14	Above	Below	Above
4	BDX	Health Care Equip & Serv	5	Rally	6.90	3.10%	-16.28	72%	90%	4916927	35%	3.78	3	0	66%	-0.32	3	Above	Below	Below
5	JNJ	Pharmaceuticals	3	Rally	-1.88	-1.41%	-13.65	87%	90%	20336177	80%	2.89	3	1	79%	0.62	19	Above	Below	Inside From Above
6	BABA	Technology; Software_Serv	4	Rally	3.21	1.68%	-2.68	69%	90%	31897381	26%	1.96	1	2	72%	-0.58	18	Above	Below	Above
7	AMZN	Retailing	19	Rally	-14.23	-0.72%	4.12	86%	90%	4399459	78%	1.19	3	0	30%	0.93	31	Above	Inside From Below	Above
8	MDLZ	Food Beverage & Tobacco	6	Rally	-1.05	-2.05%	-12.03	84%	90%	13868291	71%	2.21	2	1	74%	0.78	53	Above	Below	Below
9	PM	Food Beverage & Tobacco	6	Rally	0.42	0.58%	-10.10	77%	80%	11426916	71%	2.16	1	1	31%	-0.15	-1	Above	Below	Below
10	AAPL	Technology; Computers_Equip	11	Rally	-0.52	-0.20%	-15.73	60%	80%	38427906	19%	1.30	4	2	91%	0.98	17	Above	Below	Above
11	NKE	Consumer Durables_Apparel	20	Rally	-2.64	-3.09%	-8.58	62%	60%	11996180	67%	1.88	3	0	60%	0.84	6	Above	Below	Below
12	UNP	Transportation	12	Rally	0.84	0.60%	-15.03	54%	50%	10200227	62%	3.25	3	0	83%	0.89	30	Above	Below	Below
13	GOOGL	Technology; Software_Serv	4	Rally	15.64	1.36%	-16.23	67%	50%	4025138	100%	2.53	4	0	63%	0.82	20	Above	Below	Inside From Above
14	IBM	Technology; Software_Serv	4	Rally	-2.00	-1.77%	-18.89	61%	50%	19131600	83%	4.97	3	0	32%	-0.50	-17	Above	Below	Below
15	QCOM	Technology; Computers_Equip	11	Rally	-1.38	-2.00%	-10.36	42%	50%	19770061	26%	1.44	4	0	71%	0.33	26	Above	Below	Below
16	QCOM	Technology; Computers_Equip	11	Rally	-1.38	-2.00%	-10.36	42%	50%	19770061	26%	1.44	4	0	71%	0.33	26	Above	Below	Below
17	FB	Technology; Software_Serv	4	Rally	0.85	0.51%	-13.01	67%	50%	30175034	100%	1.92	1	0	79%	0.41	15	Above	Below	Below
18	MDT	Health Care Equip & Serv	5	Rally	-1.87	-2.03%	-6.12	65%	50%	12232163	94%	2.59	5	0	74%	-0.62	38	Above	Below	Below
19	FB	Technology; Software_Serv	4	Rally	0.85	0.51%	-13.01	67%	50%	30175034	100%	1.92	1	0	79%	0.41	15	Above	Below	Below
20	CRM	Technology; Software_Serv	4	Rally	-5.87	-3.92%	-18.12	37%	40%	13535362	32%	2.46	2	0	85%	0.91	25	Inside From Above	Below	Below
21	PYPL	Technology; Software_Serv	4	Rally	-1.29	-1.33%	-17.63	48%	40%	16121443	64%	2.38	1	0	83%	0.58	23	Inside From Above	Below	Below
22	PEP	Food Beverage & Tobacco	6	Rally	-5.38	-4.29%	-7.75	51%	40%	11962022	74%	2.85	2	0	80%	0.82	21	Above	Below	Below
23	V	Technology; Software_Serv	4	Rally	-4.45	-2.69%	-16.41	46%	40%	30032260	58%	4.04	1	0	80%	0.87	15	Above	Below	Below
24	MA	Technology; Software_Serv	4	Rally	-11.69	-4.62%	-23.18	43%	30%	8223194	70%	2.34	3	3	81%	0.96	23	Above	Below	Below
25	LOW	Retailing	19	Rally	-2.66	-3.00%	-20.04	41%	20%	11594713	82%	2.71	4	3	53%	-0.14	-15	Above	Below	Below
26	BKNG	Retailing	19	Rally	37.09	2.84%	-14.96	43%	20%	1386017	89%	3.53	2	3	65%	0.90	11	Above	Below	Below
27	HON	Capital Goods	14	Rally	2.04	1.55%	-15.77	43%	20%	8447569	89%	3.13	3	3	70%	0.15	30	Above	Below	Below

## Technical analysis combined with fundamentals

Once you've made an investment decision based on our DRA (fundamental analysis), the Erlanger Chartroom (technical analysis) allows you to validate and execute the transaction at the right time.

# Neto Technology fund results

## Evolution history since its release in August 2017



	ENE	FEB	MAR	ABR	MAY	JUN	JUL	AGO	SEPT	OCT	NOV	DIC	ANUAL
2020	1.9%	-1.1%	-3.5%	2.6%	2.2%	0.3%	1.4%	3.2%	-2.6%	-1.6%			2.5%
2019	14.7%	6.8%	0.6%	3.6%	-9.3%	8.6%	-1.2%	-1.9%	-1.2%	2.6%	3.6%	0.6%	28.8%
2018	5.1%	-1.9%	-1.9%	-0.5%	3.7%	-1.8%	2.6%	2.7%	-1.2%	-8.0%	-0.5%	-11.6%	-13.7%
2017								0.9%	0.4%	2.8%	1.3%	-1.0%	4.4%

**Yields since release 19.0%**

**Annual 5.0%**

# Investment terms

Name of the fund	Neo Technology Fund – Class B
Address	Bahamas
Administrator	Genesis Fund Services
Auditor	BakerTilly
Protector	Ansbacher
Liquidity	Daily
Management commission	1.25%
Performance commission	10% (High Watermark)
Release date	August 2017
Minimum investment	\$ 50,000

**You can buy Neo through any investment account**



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