



Skänderbeg

Investment Management

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Put into perspective

Ahead of the mainstream

May 2019

Written by
Bruno Schneller, CAIA & Miranda Ademaj

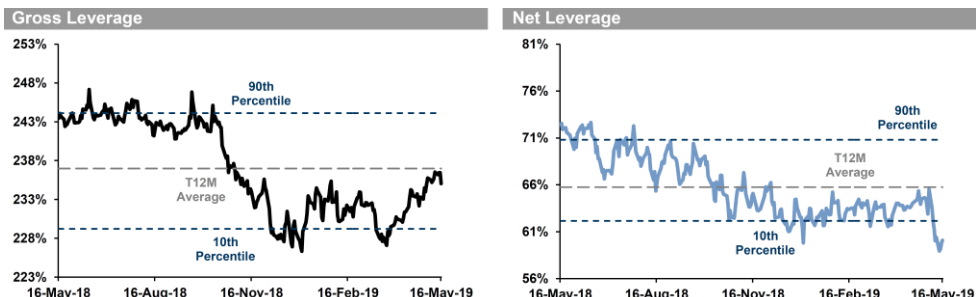
Contents:

- Hedge funds (page 3)
- Markets (page 5)
- Think tank (page 15)
- Time out (page 18)

***"If you're short vol, you make money... but eventually die.
But if you're long vol, you die before you make money."
– Nomura***

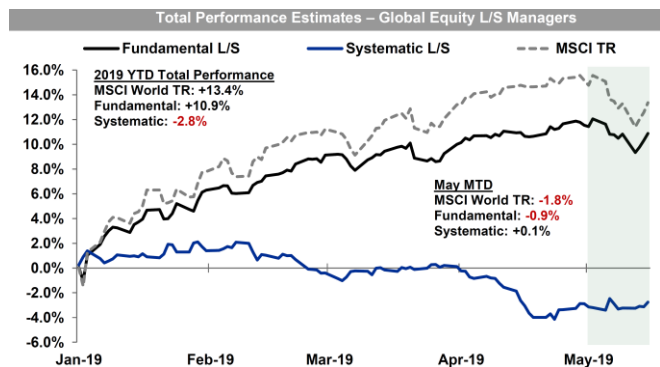
HEDGE FUNDS

Gross and net leverage are -1.9% and -5.7% below their respective trailing twelve-month averages



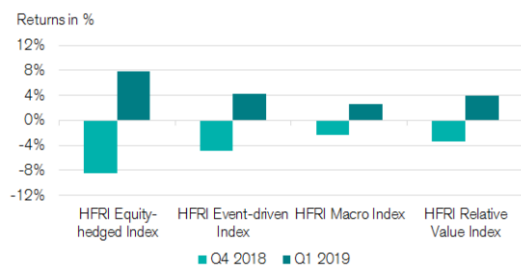
Goldman Sachs

Performance gap narrowed between fundamental and systematic L/S funds month-to-date



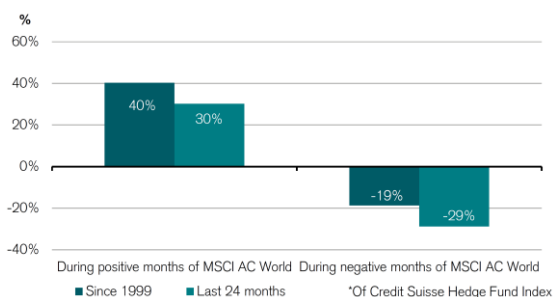
Goldman Sachs

1Q19 performance is a mirror image of 4Q18



Credit Suisse

Upside/downside capture ratios (as percent of MSCI AC World)



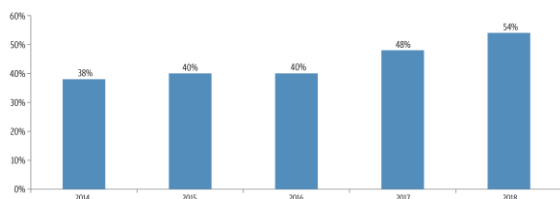
Credit Suisse

Average fees paid to managers (2018)

		Management fee							Total
		Less than 1%	1-1.24%	1.25-1.49%	1.5-1.74%	1.75-1.99%	2%	Greater than 2%	
Performance fee	Less than 15%	5%	2%	3%	1%	0%	0%	0%	10%
	15-17.49%	0%	7%	12%	10%	0%	0%	0%	30%
	17.5-19.99%	1%	3%	10%	22%	10%	0%	0%	46%
	20%	0%	2%	1%	4%	1%	3%	0%	11%
	Greater than 20%	1%	0%	0%	0%	0%	0%	1%	3%
Total		7%	14%	25%	37%	12%	4%	1%	100%

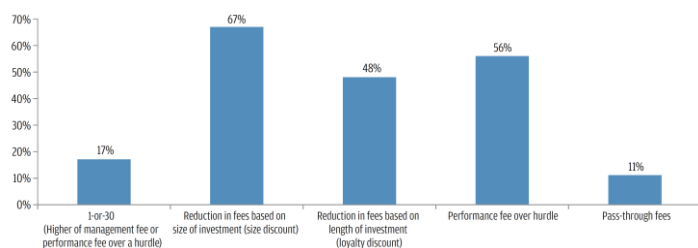
JP Morgan

Respondents of JP Morgan's "Institutional Investor Survey" who have negotiated or will negotiate fees



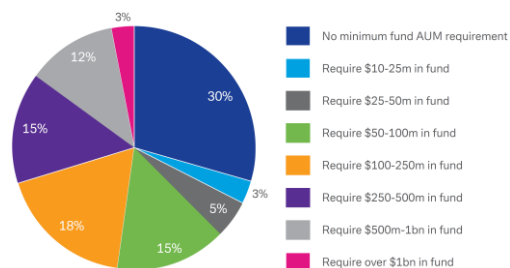
JP Morgan

Fee structures used (2018)



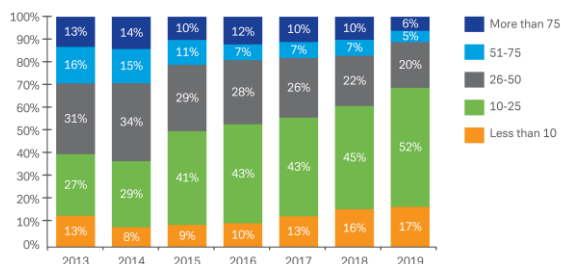
JP Morgan

Minimum fund AuM requirements



Deutsche Bank

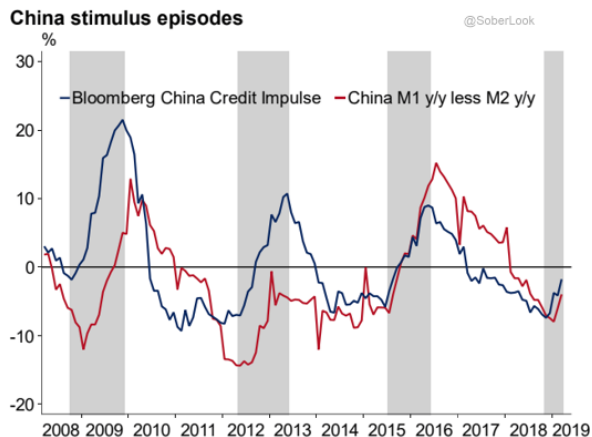
Total number of direct single hedge fund managers per portfolio



Deutsche Bank

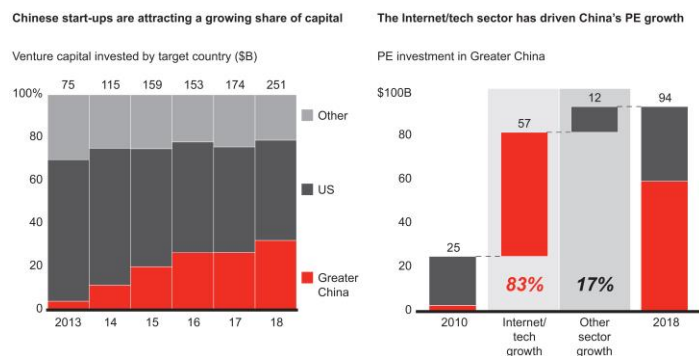
MARKETS

Rise in credit metrics so far is quite modest relative to previous stimulus episodes



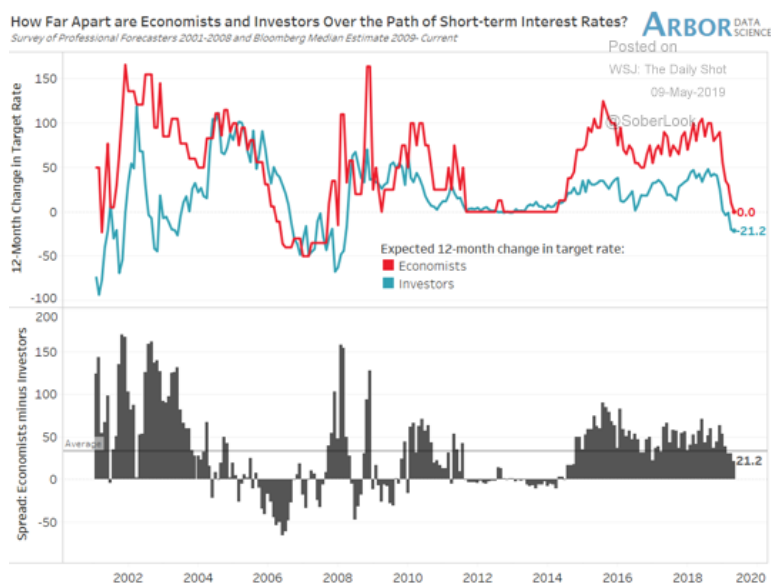
Oxford Economics (via WSJ's Daily Shot)

Greater China's new economy is moving at astonishing speed



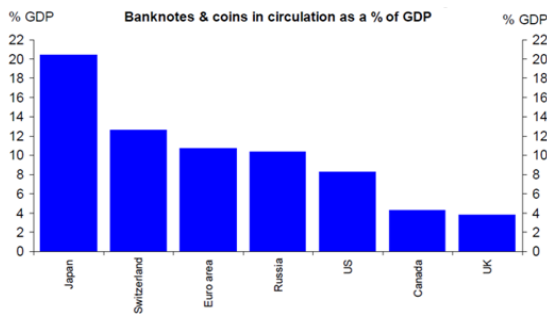
Bain & Company

Economists are converging with the market on the Fed's rate path



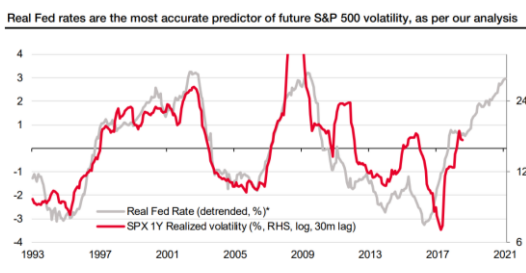
Arbor Data Science (via WSJ's Daily Shot)

Countries with negative interest rates have more cash in circulation



Deutsche Bank Research

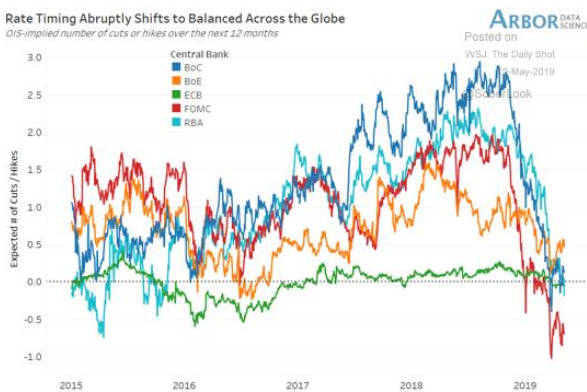
SocGen says this is the best predictor of S&P 500's volatility over the past half-century



*Please contact the team for details on the calculation of real fed funds rate.

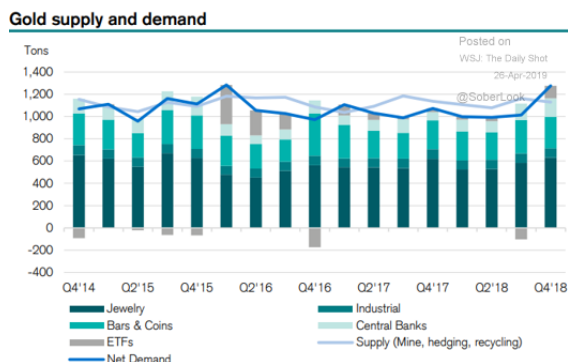
SG Cross Asset Research (via MarketWatch)

Advanced economies' central banks have shifted into neutral



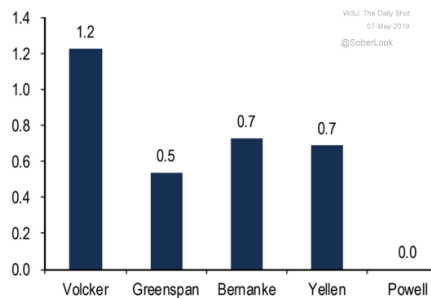
Arbor Data Science (via WSJ's Daily Shot)

Supply and demand dynamics for gold (including sources of demand)



Credit Suisse (via WSJ's Daily Shot)

Average number of FOMC dissents per meeting



BofA Merrill Lynch (via WSJ's Daily Shot)

Over the last 35 years each Fed-on-hold period led to lower rates



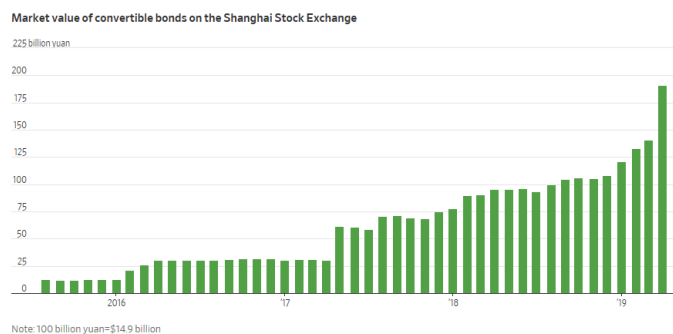
Piper Jaffray (via WSJ's Daily Shot)

NYC minimum wage hike to USD 15 an hour is causing pain for many of the city's restaurants?



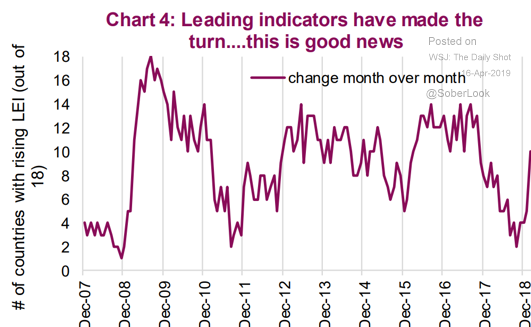
American Enterprise Institute

Hybrid hysteria: China's hybrid debt market is booming



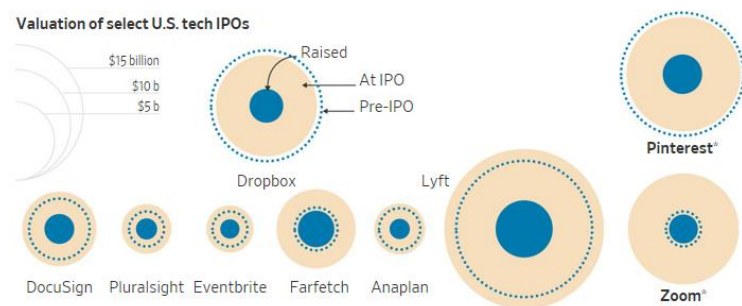
The Wall Street Journal

Leading indicators point to a rebound in economic activity



Richardson GMP (via WSJ's Daily Shot)

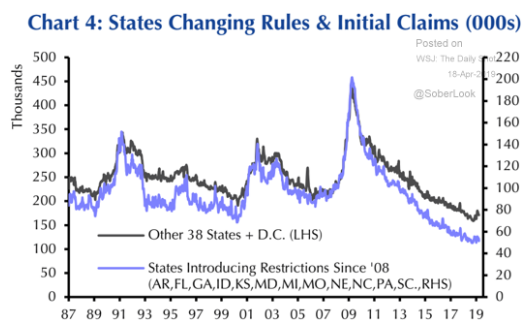
Growing unicorns: Companies typically go public at a higher valuation than their last round of funding



The Wall Street Journal

The multi-decade lows in the US jobless claims overstate the strength of the labor market

According to Capital Economics, many states have tightened their unemployment compensation requirements after 2008, reducing the number of Americans who qualify for these benefits



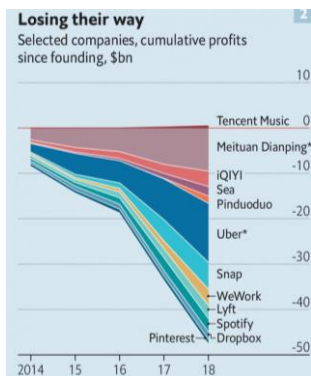
Capital Economics (via WSJ's Daily Shot)

Corporate concentration: Four largest companies' sales as share of 20 largest companies' sales



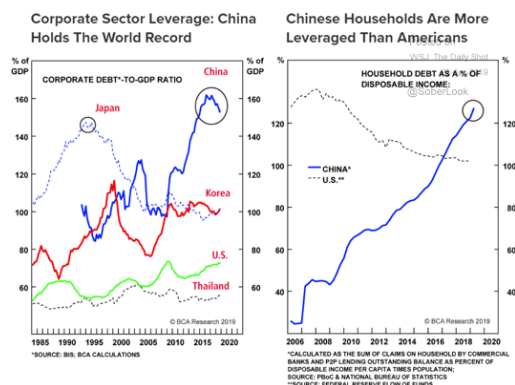
The Wall Street Journal

Silicon Valley's groupthink: "Blitzscaling" doctrine in order to conquer "winner-takes-all" markets



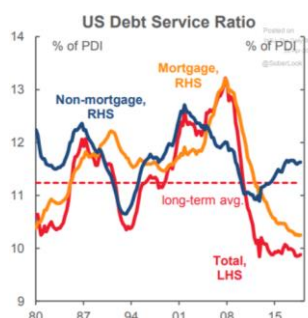
The Economist

China increasingly relies on debt to maintain growth



BCA Research (via WSJ's Daily Shot)

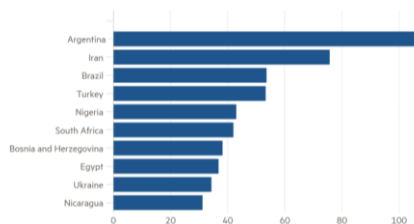
Lower household leverage over the past decade



Scotiabank Economics (via WSJ's Daily Shot)

Inflation has made Argentina one of the most miserable countries

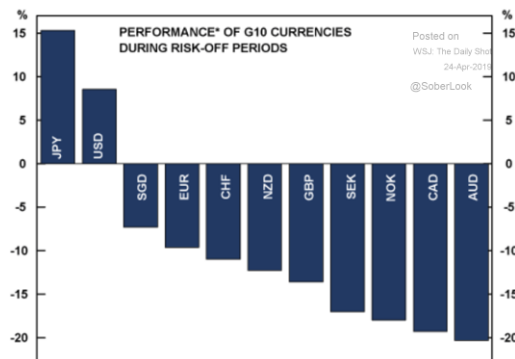
*Misery index measures unemployment, inflation and interest rates



*Does not include Venezuela, which has a misery index reading of 1,746,439.1

The Financial Times

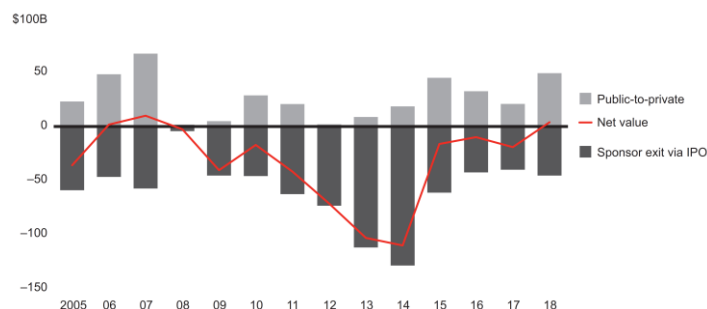
Performance of G10 currencies during risk-off periods



BCA Research (via WSJ's Daily Shot)

Total EV of US take-private deals exceeded that of sponsor-backed IPOs for the first time since 2007

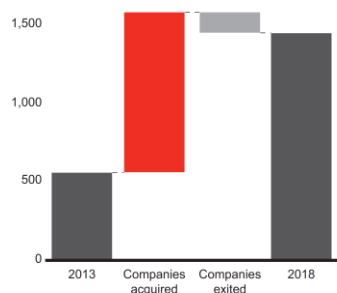
Enterprise value (EV) of US public-to-private deals and sponsor-backed IPOs (for companies with EV of \$2B-\$10B)



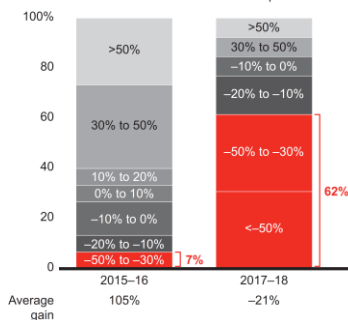
Bain & Company

There are warning signs that China's new-economy bubble may burst

An exit overhang is building up for new-economy deals
Greater China Internet and tech PE-owned companies



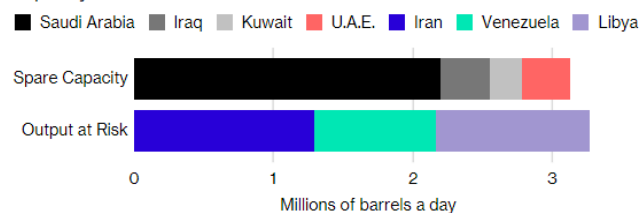
Recent IPOs show signs of fatigue
Market capitalization gain/loss 12 months post-IPO, Greater China Internet and tech PE-owned companies



Bain & Company

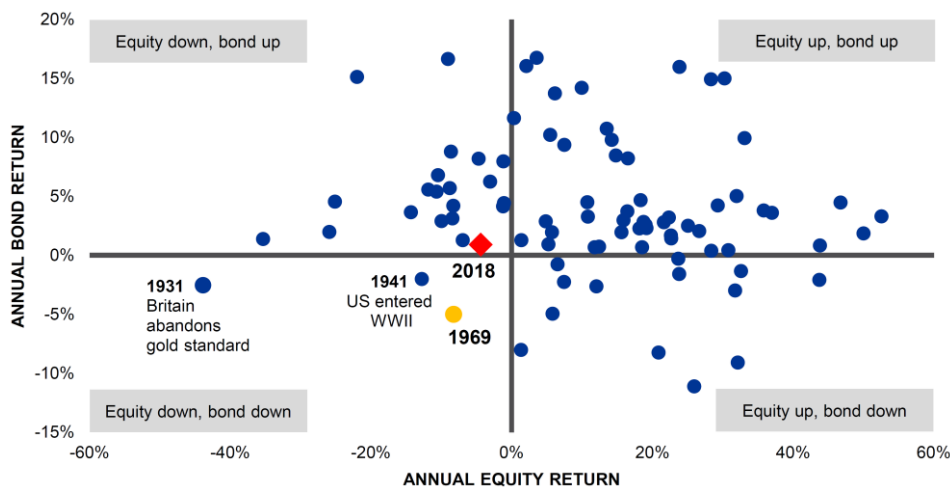
Can OPEC fill the gap?

The amount of supply at risk of disruption could exceed spare production capacity



Bloomberg

Negative returns for both stocks and bonds are rare



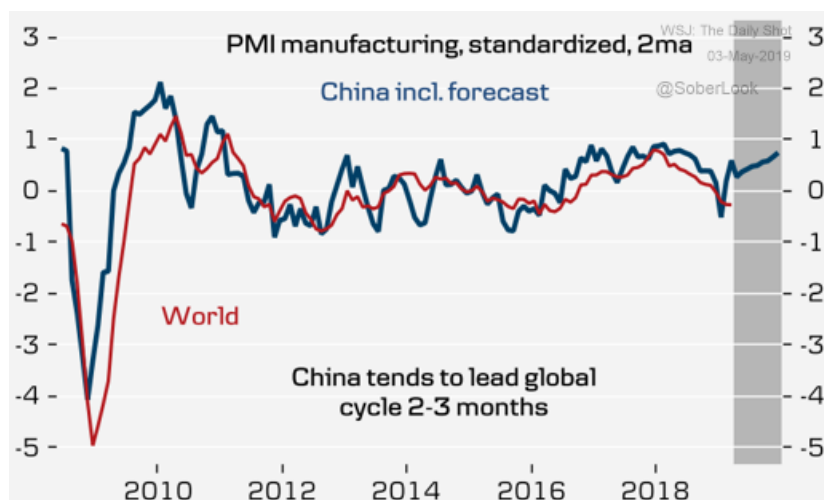
BlackRock

Q42018's drawdown was recovered in just 81 days, typically shorter than other drawdowns of ~20%



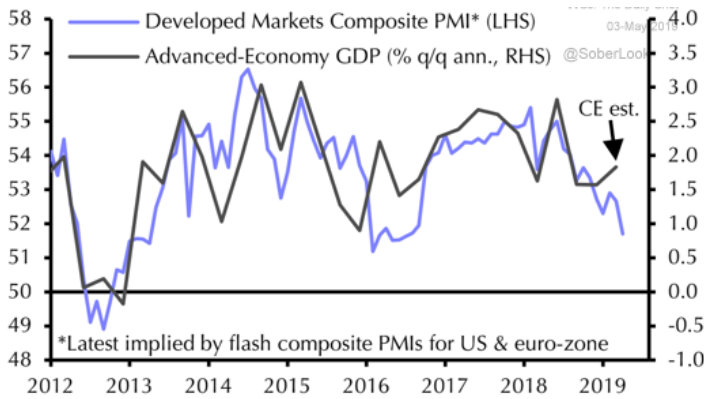
BofA Merrill Lynch (via Driehaus Capital)

Chinese rebound should spill over to rest of world



Danske Bank (via WSJ's Daily Shot)

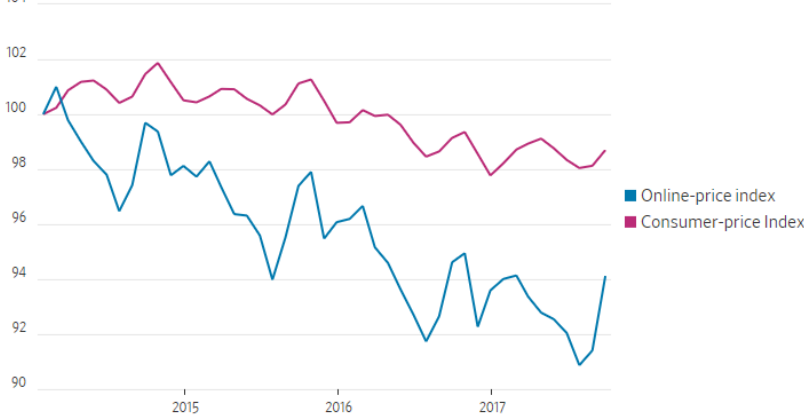
For now, the advanced economies' composite PMI (business activity) points to slower growth ahead



Capital Economics (via WSJ's Daily Shot)

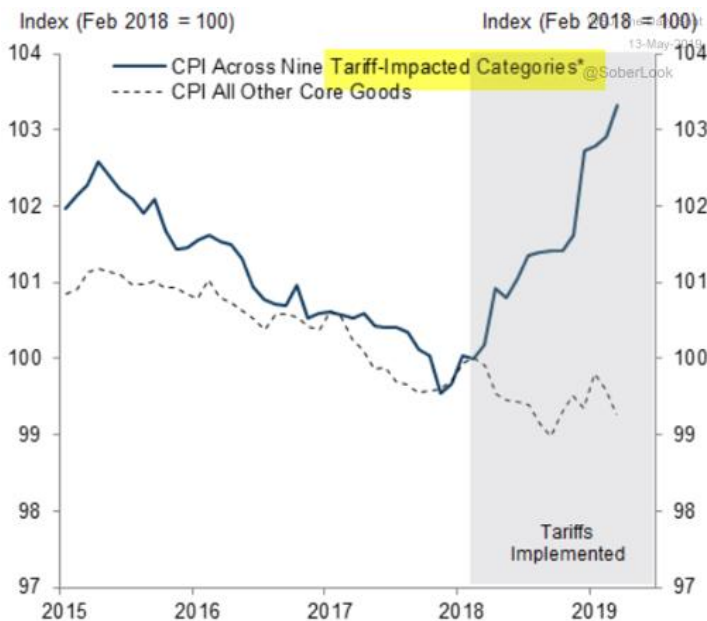
Research comparing online prices and the government's CPI suggest inflation estimates are too high

Note: Prices are indexed to January 2014.
Source: Austan Goolsbee and Peter Klenow (2018)



The Wall Street Journal

The impact of the tariffs on consumer prices is clearly visible



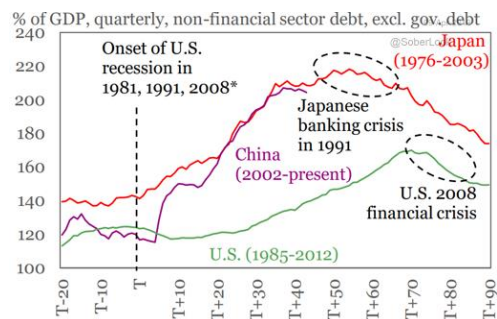
Goldman Sachs (via WSJ's Daily Shot)

World: Worst decline in trade volumes since the 2008-09 recession



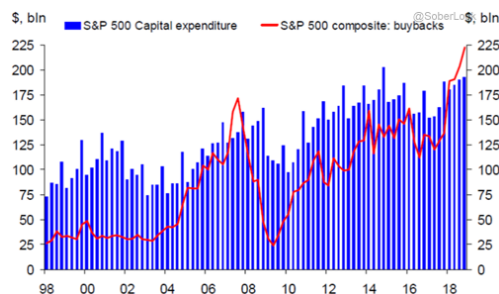
National Bank of Canada

China's debt boom – a different ending this time?



The Institute of International Finance (via WSJ's Daily Shot)

The 2018 corporate tax cut boosted buybacks and not capex



Deutsche Bank Research (via WSJ's Daily Shot)

German factories have quite a bit of inventory to clear



Quill Intelligence (via WSJ's Daily Shot)

Video of the month

Before Madoff fell, this is how he pitched institutions

"We can get you in, but you have to act fast." Jason Klein — then the brand-new CIO of Memorial Sloan Kettering — remembers the suspicious offer.



[Click to watch](#)

[Institutional Investor](#)

Tweet of the month



Ramp Capital 
@RampCapitalLLC

Follow

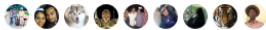
The Fed just got a new nickname

National Geographic  @NatGeo

These special dogs have trained to become "bear shepherds," playing a crucial role in preventing dangerous encounters between bears and humans
on.natgeo.com/2XpEqI7

10:25 AM - 26 Feb 2019

53 Retweets 435 Likes



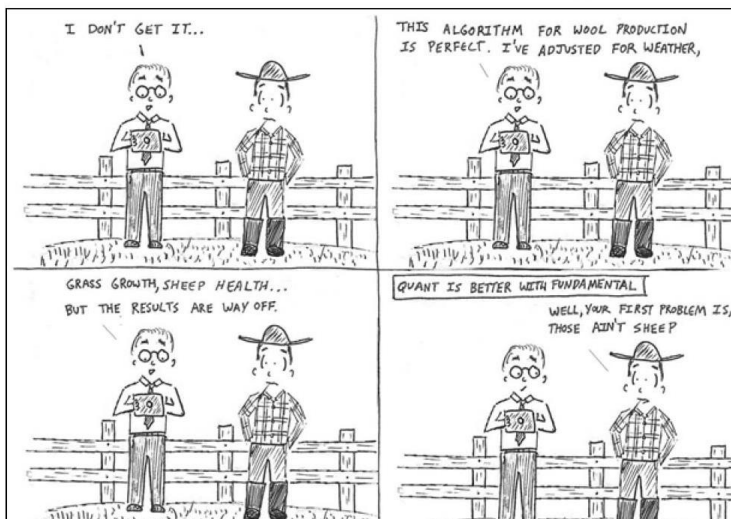
[Ramp Capital](#)

Joke of the month

Orientation during an investment banking internship: "If you don't come to work on Saturday don't bother coming back on Sunday."

Cartoon of the month

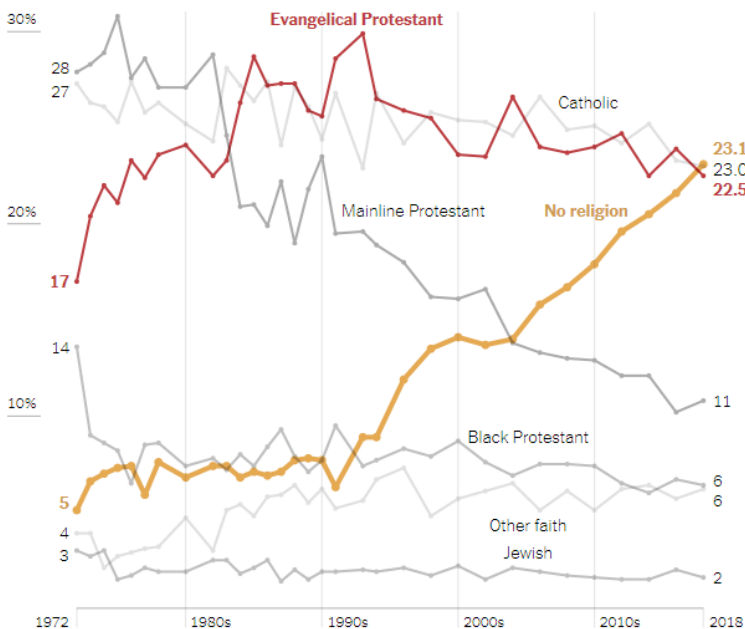
Quant and Fundamental – Better Together



THINK TANK

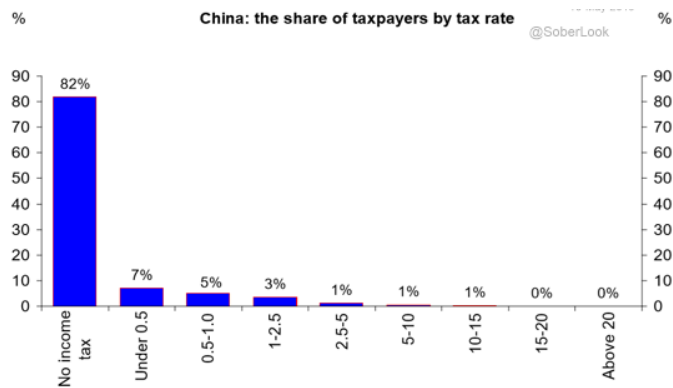
The rise of "no religion"

Percentage of Americans by religious affiliation, or lack of one.



The New York Times

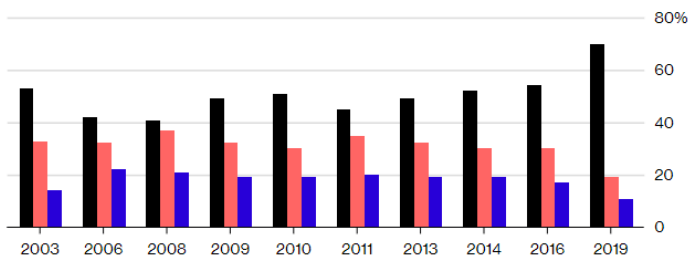
82% of households in China pay no income taxes



Deutsche Bank Research (via WSJ's Daily Shot)

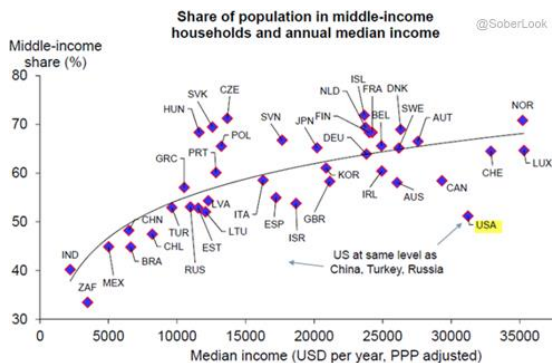
Reassessing Stalin: Russians increasingly think the Soviet leader's role was good for the country

■ Positive ■ Negative ■ Don't know



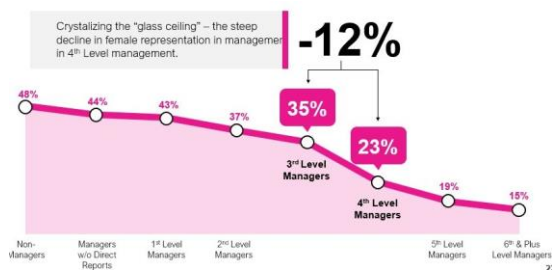
Bloomberg

Rich countries tend to have a bigger middle class, except the United States



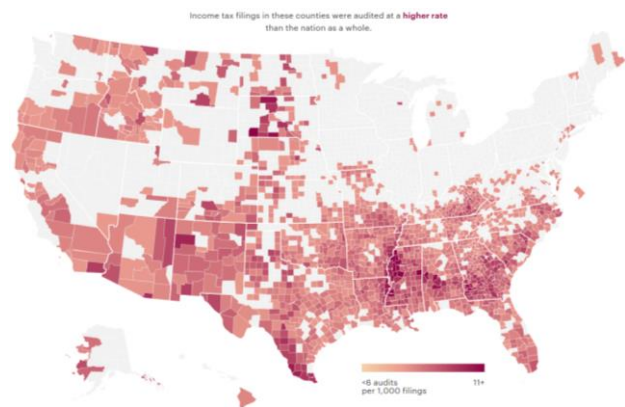
Deutsche Bank Research (via WSJ's Daily Shot)

As women move up management levels, there is a steep decline at the 3rd level of management



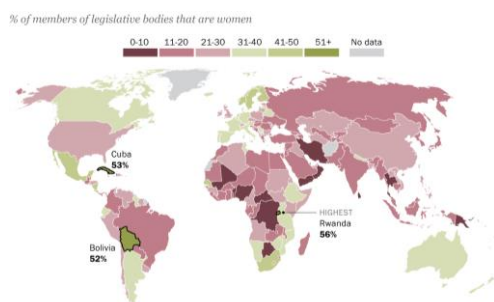
ADP

Where the IRS audits more



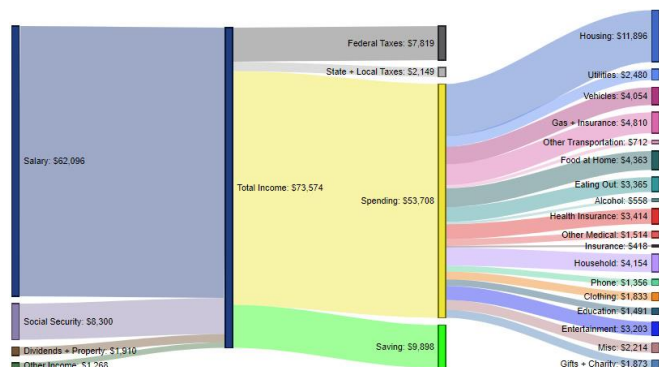
ProPublica

Women make up half or more of nation legislatures in just three nations



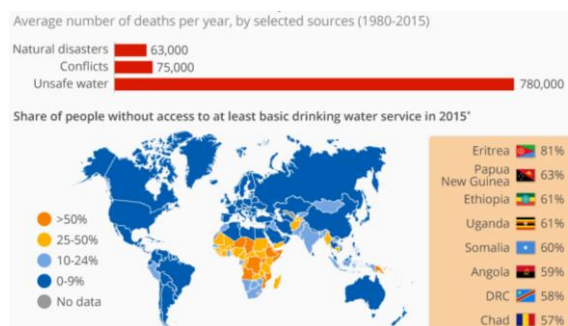
Pew Research Center

How Americans make and spend their money



Visual Capitalist

Unsafe water kills more people than disasters and conflict

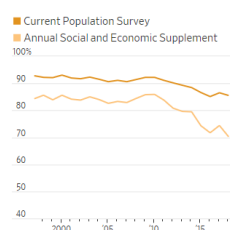


Statista

Searching for answers: Census case points to falling survey-response rates

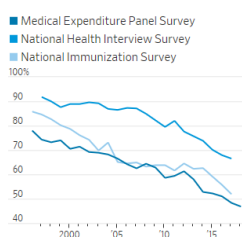
The number of Americans answering the surveys used to calculate unemployment and poverty rates has been dropping.

Survey response rate



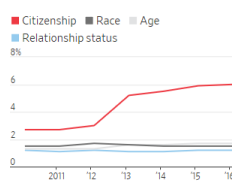
Response rates to government health surveys are also declining.

Survey response rate



Experts worry that adding a citizenship question could lead to higher non-response. On the mandatory American Community Survey, more people are refusing to answer questions about their citizenship.

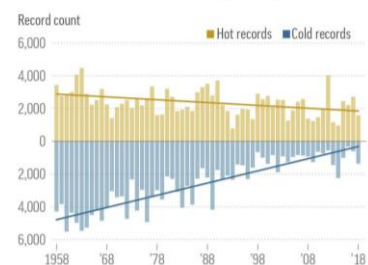
Share of respondents who didn't answer questions on...



The Wall Street Journal

Cold records become harder to set

As time goes on, records become harder to set. Even as annual record counts fall, climate change has made hot records twice as likely as cold over the past 20 years.



AP

TIME OUT

Thinking about losing some weight?



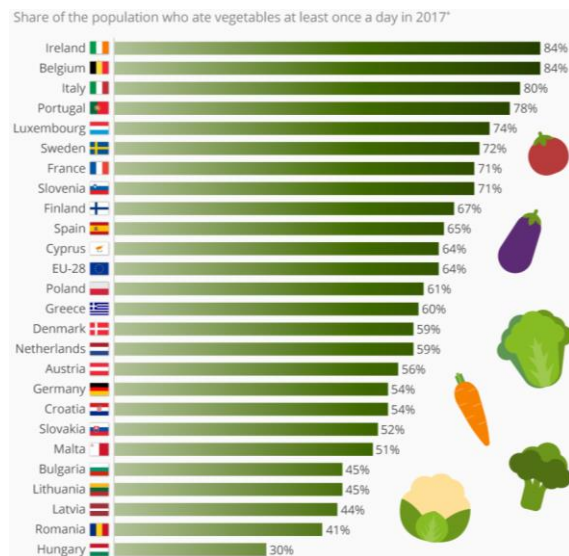
[The Sarcastic Libertarian](#)

China recalls giant pandas from US zoo amid ongoing trade war between countries

Bai Yun has spent more than 20 years at San Diego Zoo after arriving as a tiny cub but now the zoo's conservation loan agreement with China has been axed.

[Mirror](#)

Daily vegetable consumption across the EU

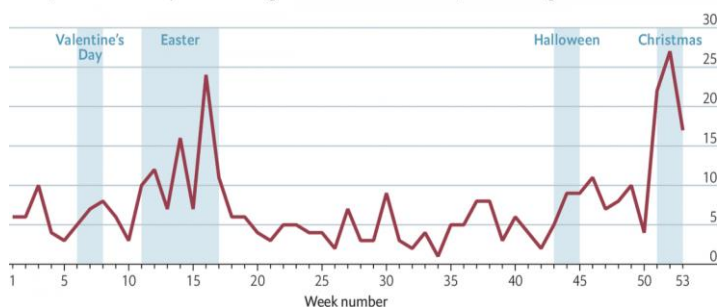


[Statista](#)

Vets report a spike in canine intoxication cases when the Easter Bunny visits

Toxic choc syndrome

Britain, vet consultations per week for dogs with chocolate intoxication, 2012-17 average



[The Economist](#)

Kids these days are not going steady



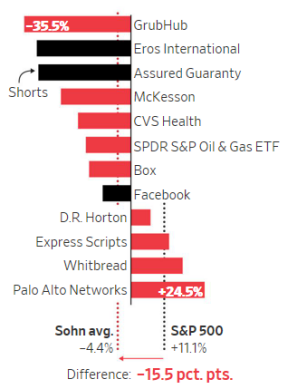
Statista

Randomly selected stocks beat the picks made by last year's Sohn Conference headliners

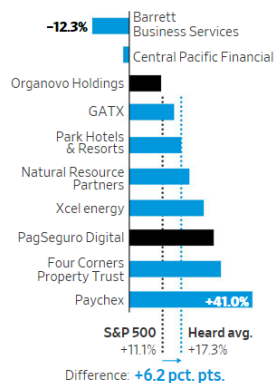
Random Walk Down Heard Street

Absolute return of long or short picks April 23, 2018–April 22, 2019

SOHN EXPERT PICKS



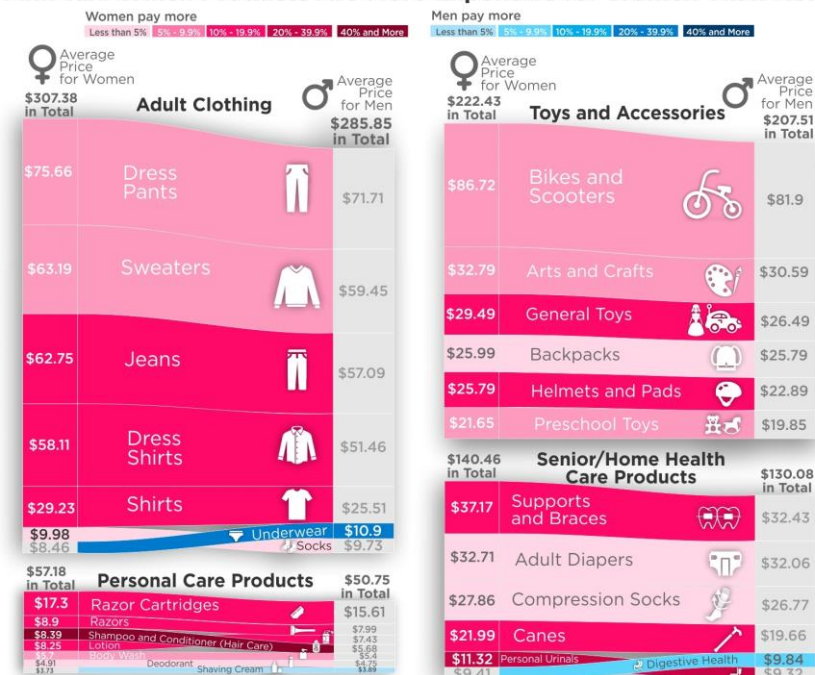
HEARD ON THE STREET'S DART PICKS



The Wall Street Journal

Visualizing the pink tax: The cost of being a woman

Pink Tax: Which Products Are More Expensive for Women Than Men?



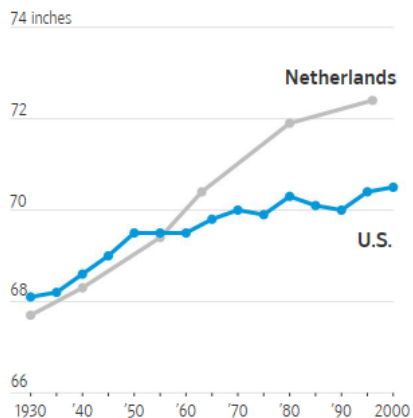
Article & Sources: <https://howmuch.net/articles/pink-tax-which-products-are-more-expensive-for-women-than-men>
 NYC - Study of Gender Pricing in NYC - <https://www1.nyc.gov/>

howmuch.net

HowMuch.net

Walking tall: Americans, once the tallest people, now look up to the Dutch

Average man's height



[The Wall Street Journal](#)

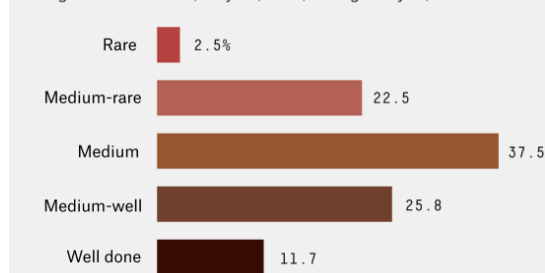
Most popular online passwords

1. Password1
2. Welcome1
3. P@ssword
4. Summer1
5. password
6. Fa\$hion1
7. Hello123
8. Welcome123
9. 123456q@
10. P@ssword1

[The Spectator Index](#)

How Americans order their steak

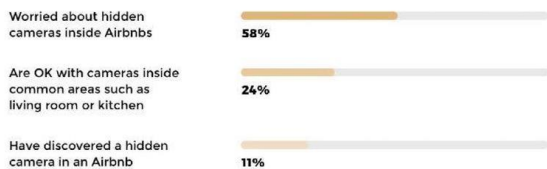
Share of steak orders by preparation method based on data from orders at Longhorn Steakhouse, May 30, 2016, through May 21, 2017



[FiveThirtyEight](#)

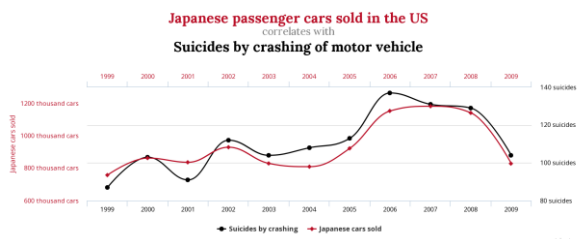
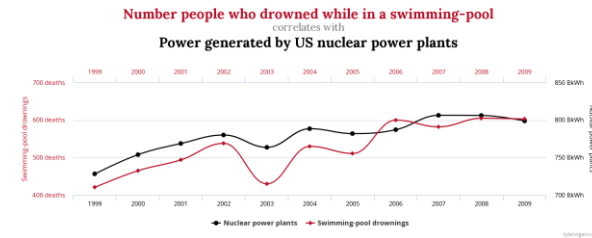
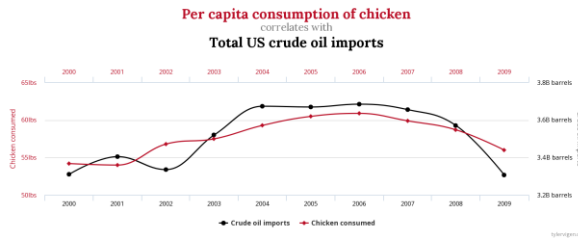
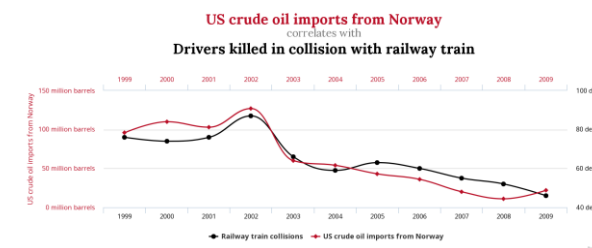
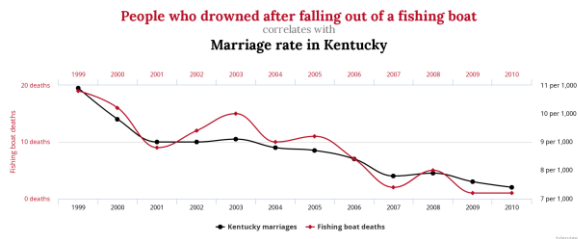
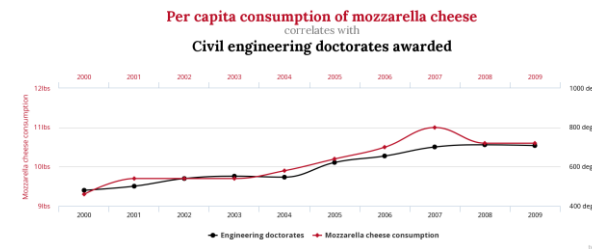
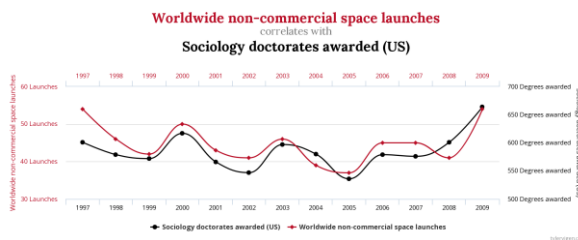
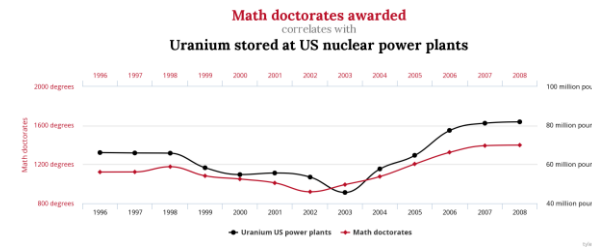
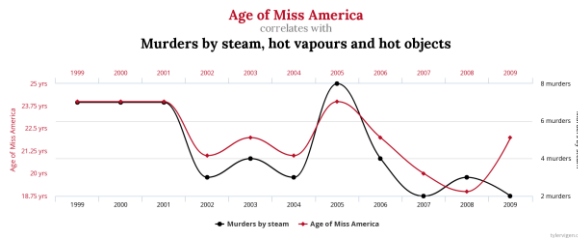
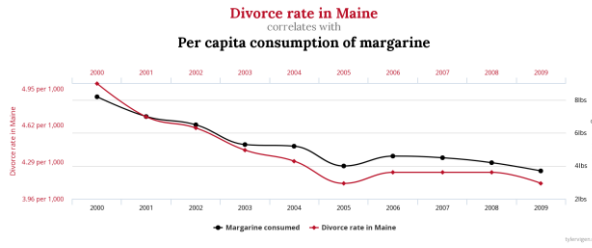
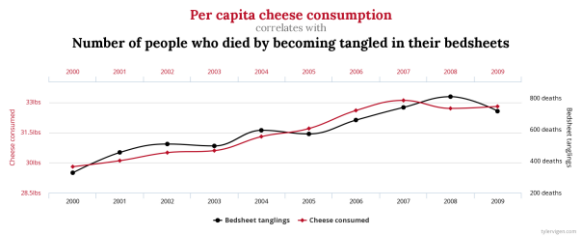
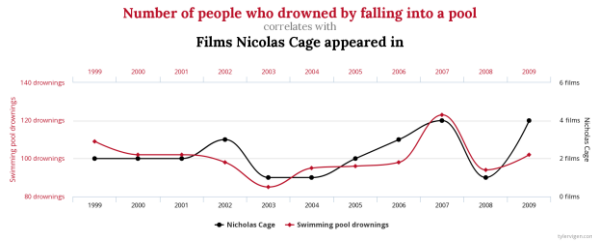
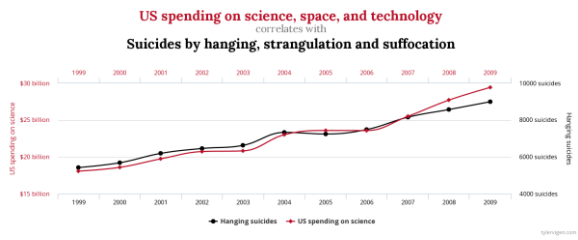
1 in 10 Airbnb guests report discovering hidden cameras in their rentals

Hidden Cameras



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Spurious correlations



Bruno Schneller, CAIA



Bruno Schneller is the co-founder and CIO of Skänderbeg Investment Management AG. Prior to establishing the company, Bruno worked at investment boutique and fund of hedge funds pioneer BrunnerInvest AG.

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About us

Liechtenstein-based **Skänderbeg Investment Management AG**, wholly-owned subsidiary of Swiss-based Skänderbeg Alternative Investments AG, is an asset manager authorized and regulated by the Financial Market Authority Liechtenstein (FMA). The company is incorporated in Vaduz under number FL-0002.579.371-8. To subscribe to our monthly "Put into Perspective" newsletter, please visit www.skenderbeg.li.

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