

Illusions and Greek Special Cases

May 2023

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UCITS DO NOT HAVE GUARANTEED PERFORMANCE AND PAST RETURNS DO NOT ENSURE FUTURE ONES

3K Investment Partners

- An independent asset management company
- Long presence in the Greek market, (established in 1990)
- Representative of Goldman Sachs Asset Management in Greece and Cyprus
- Offers to the public a series of mutual funds, portfolio management and investment advisory services to individuals, legal entities, as well as to institutional investors.
- Employs multiple distribution networks
- Approximately 97.5% of the firm is owned by its executives and employees

ESG

As of March 2021,

The company's policies are in line with the new institutional framework of the European Commission (EU Sustainable Finance Reporting Directive, the EU Climate Change Taxonomy) and the specific specifications concerning the integration of sustainability risk assessment criteria in the process of making investment decisions and designing new products, the provision of investment advice, as well as the relevant information to investors

Investment Philosophy

- We buy pieces of companies run by people we respect
- Market price maybe different than the intrinsic value of a company. We have long term investment horizon and a lot of patience
- Given that we do not control the companies and there could be uncertainties we demand an adequate margin of safety

3K Greek Value

(Authorization: Decision 240/13.05.2015 of HCMC)



3K Greek Value Retail share class Evolution of fund's NAV versus Benchmark



Source : Bloomberg

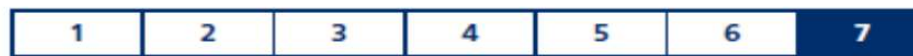
3K Greek Value

Risk Profile

Synthetic Risk and Reward Indicator (SRRI)

Lower Risk-Typically lower rewards
rewards

Higher Risk-Typically Higher
rewards



Historical data may not be a reliable indication of the future performance of this fund.

There is no guarantee that the risk indicator will remain unchanged, it may shift over time.

The lowest category of risk (1) does not mean that the investment is risk-free.

The mutual fund is in category (7) because it invests mainly in stocks which may fluctuate considerably. Hence the risk level is considered high.

The material risks associated with the mutual fund are the following:

Market risk, i.e. the risk of decline in market prices and the consequent fall in prices of some of the securities contained in the mutual fund's portfolio is high given that the fund invests in equities.

The expected credit risk (the risk of an issuer being unable to discharge its obligations) is low, because the mutual fund invests only slightly or not at all in debt securities.

The mutual fund's liquidity risk is low. Liquidity Risks arise when a specific underlying position is difficult to be liquidated, causing possible difficulty to redeem your investment from the mutual fund.

Study Case Studies

- “History never repeats itself, but it does often rhyme.” **Mark Twain**
- “Those who cannot remember the past are condemned to repeat it.”
George Santayana
- “The big difference between those who are successful and those who are not is that successful people learn from their mistakes and the mistakes of others.”
Sir John Templeton

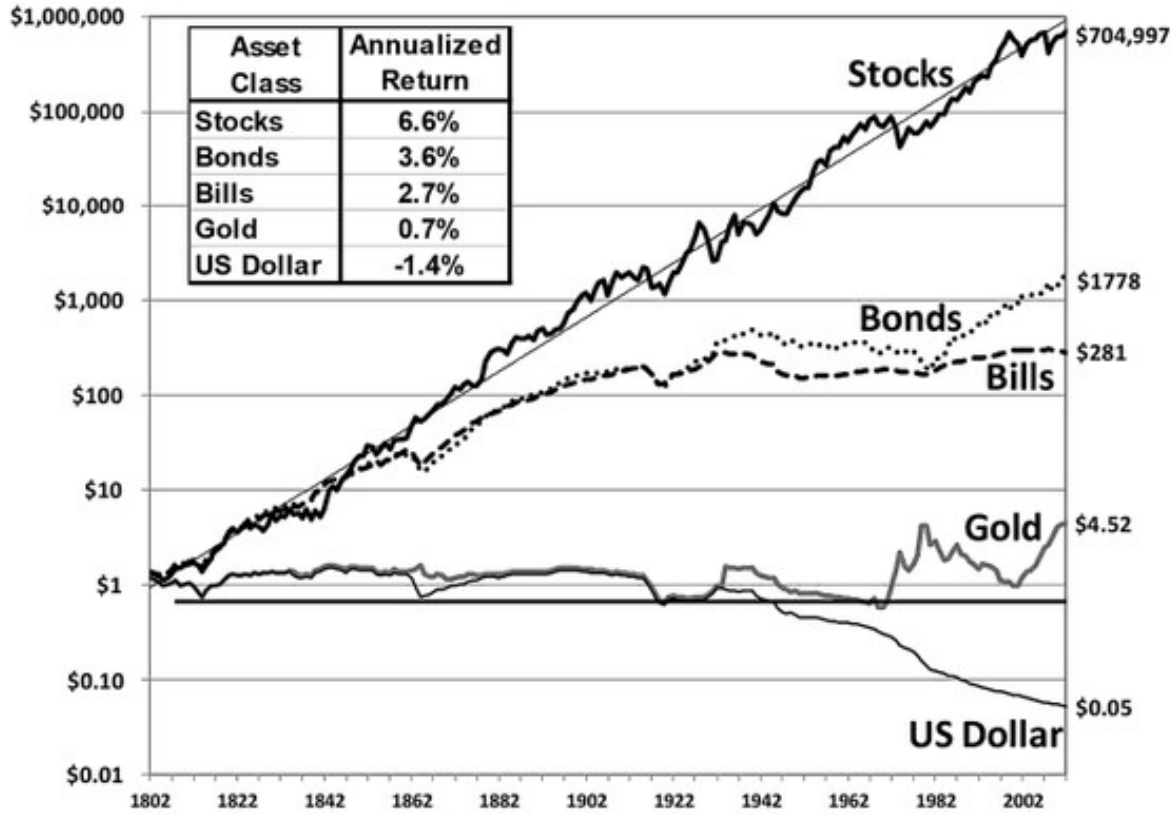
Illusions

- Cash is King
- Volatility is Risk
- Smart people make money

Money is losing power

FIGURE 1-1

Total Real Returns on U.S. Stocks, Bonds, Bills, Gold, and the Dollar, 1802–2012



Source : Stocks for the Long Run, Jeremy Siegel

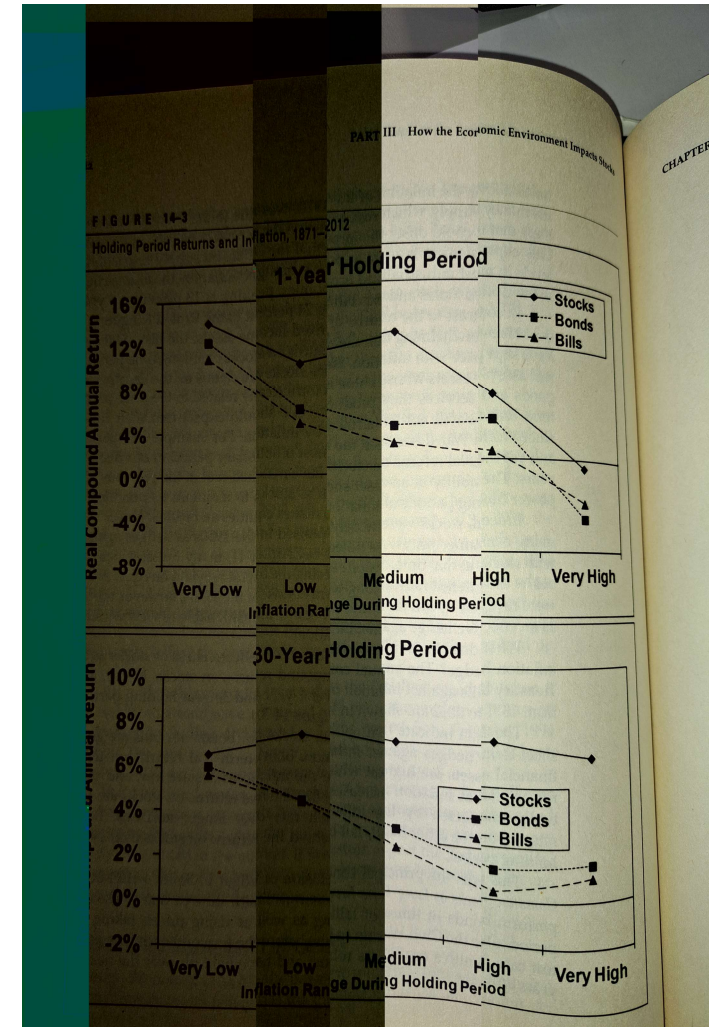
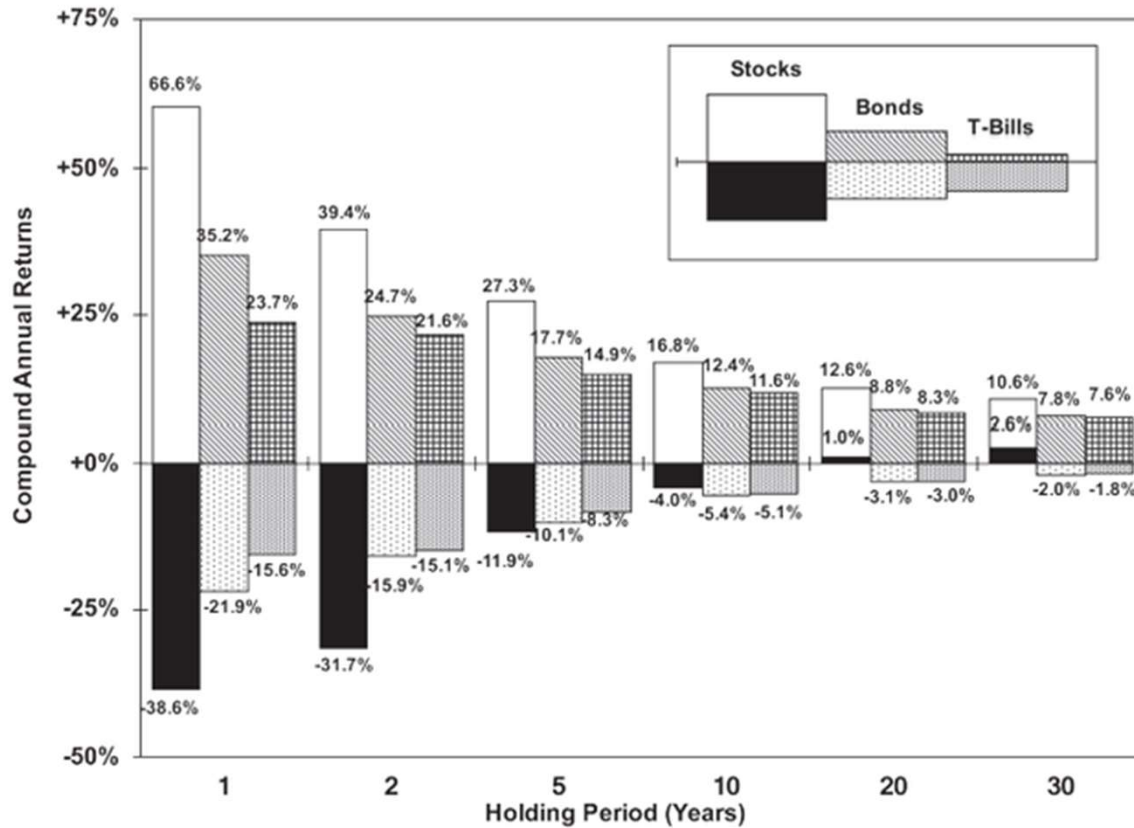
Διαφάνεια 9

TL4

Καλύτερα να γράψεις το κεντρικό συμπέρασμα σε μία πρόταση στο πλαίσιο που έχω προσθέσει
Theodoros Lizardos; 4/5/2023

Stocks are more volatile but safer in the Long Run

Maximum and minimum real holding period returns, 1802–2021



Source : Stocks for the Long Run, Jeremy Siegel

Διαφάνεια 10

TL5

Το ίδιο σχόλιο με πριν
Theodoros Lizardos; 4/5/2023

High IQ is not enough : LTCM

LTCM was founded in 1994 by John Meriwether, the former vice-chairman and head of bond trading at Salomon Brothers. Members of LTCM's board of directors included Myron Scholes and Robert C. Merton, who three years later in 1997 shared the Nobel Prize in Economics for having developed the Black–Scholes model of financial dynamics

List of Major 1998 Trades

Fixed Income Arbitrage

Short US swap spread / Euro Cross-Swap / Long US mortgages hedged / Swap curve Japan / Italian swap spread / Fixed income volatility / On-the-run/off-the-run spread / Junk bond arbitrage

Equity

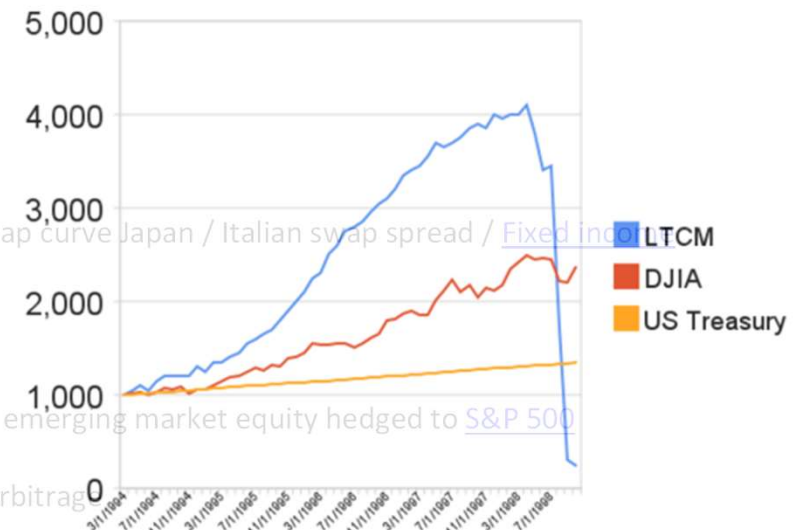
Short equity volatility / Risk arbitrage / Equity relative value

Emerging Markets

Long emerging market sovereigns / Long emerging market currency / Long emerging market equity hedged to S&P 500

Other

Yield curve trades / Short high-tech stocks / Convertible arbitrage / Index arbitrage



- LTCM was initially successful, with annualized returns (after fees) of around 21% in its first year, 43% in its second year and 41% in its third year. However, in 1998 it lost \$4.6 billion in less than four months due to a combination of high leverage and exposure to the 1997 Asian financial crisis and 1998 Russian financial crisis. The master hedge fund, **Long-Term Capital Portfolio L.P.**, collapsed soon thereafter, leading to an agreement on September 23, 1998, among 14 financial institutions for a \$3.65 billion recapitalization under the supervision of the Federal Reserve. The fund was liquidated and dissolved in early 2000.
- LTCM can also be described as using an absolute return strategy in combination with high leverage 1 to 250.

Greek Special Cases

- Folli-Follie
- Greek Financial Bonds
- Jumbo

Folli - Follie

- Inventories
- FCF – dividends – coupons
- Auditors

Piraeus Financial Holding Bond

25) Bond Description		26) Issuer Description	
Pages	Issuer Information	Identifiers	
11) Bond Info	Name PIRAEUS FINANCIAL HLDGS	FIGI	BBG00PGS77B0
12) Addtl Info	Industry Banking (BCLASS)	ISIN	XS2018638648
13) Reg/Tax	Security Information		ID Number AZ2271502
14) Covenants	Mkt Iss EURO MTN	Bond Ratings	
15) Guarantors	Ctry/Reg GR	Currency EUR	Moody's B3
16) Bond Ratings	Rank Subordinated	Series EMTN	S&P CCC
17) Identifiers	Coupon 9.750000	Type Variable	Composite CCC+
18) Exchanges	Cpn Freq Annual	Issuance & Trading	
19) Inv Parties	Day Cnt ACT/ACT	Iss Price 100.0000	Amt Issued/Outstanding
20) Fees, Restrict	Maturity 06/26/2029	Reoffer 100	EUR 400,000.00 (M) /
21) Schedules	CALL 06/26/24@100.00	EUR 400,000.00 (M)	
22) Coupons	Iss Sprd	Min Piece/Increment	
23) Impact	Calc Type (1469)FIX-TO-VARIABLE BD	100,000.00/ 1,000.00	
Quick Links	Pricing Date 06/19/2019	Par Amount	1,000.00
32) ALLQ Pricing	Interest Accrual Date 06/26/2019	Book Runner	GSI,UBS
33) QRD Qt Recap	1st Settle Date 06/26/2019	Exchange	MUNICH
34) TDH Trade Hist	1st Coupon Date 06/26/2020		
35) CACS Corp Action			
36) CF Filings			
37) CN Sec News			
38) HDS Holders			
60) Send Bond			

Source : Bloomberg – 3K IP

Coupon Schedule

TPEIR 9 3/4 06/26/29 Co Actions Settings Page 12/13 Security Description: Bond

94 Notes 95 Buy 96 Sell

25 Bond Description 26 Issuer Description

Pages

11) Bond Info 51) Coupons 57) Bmrk Fallback

12) Addtl Info

13) Reg/Tax

14) Covenants

15) Comments

16) Bond Ratings

17) Identifiers

18) Exchanges

19) Inv Parties

20) Fees, Restrict

21) Schedules

22) Coupons

23) Impact

24) Quick Trade

25) ALLQ Pricing

26) ORD Qt Recap

27) TDI Trade Hist

28) CACS Corp Action

29) CF Filings

30) CR Sec News

31) HDS Holders

32) Send Bond

Spread 2

Multiplier 1

Multiplier 2

Multiplier 3

Formula Des: Fixed Rate

Formula 9.75000%

Pay Day

Cpn Conv

Day Cnt Conv ACT/ACT

Structure Type

Refix Calendar(s)

Lockback Day(s)

Lockout Day(s)

Obs Shifted Days

Pay Delay Days

In Arrears

First Irreg Cpn Normal

Last Irreg Cpn Normal

Paying Index

Coupons

Index 1 Pay Frequency Annually

Index 2 Refix Frequency

Spread 1 0.75000% Day Calendar(s)

Coupon Formula Schedule

Effective Dt	Reset Idx	Spread	Day Cnt	Pay Freq	Fix Freq	Cap	Floor
06/26/19		9.750%	ACT/ACT	Annually			
06/26/24	EUSA5	9.952%	ACT/ACT	Annually	5 Years		

Source : Bloomberg – 3K IP

Yield

TPEIR 9 3/4 06/26/29 Corp		Settings		Apr 15 EDSF Bench: Transition to SOFR Futures				Yield and Spread Analysis		
95.433/96.839		14.315/12.850		BGN @ 12:58		Notes		Buy	Sell	
1) Yield & Spread		2) Graphs		3) Pricing		4) Description		5) Custom		6) Calls
TPEIR 9 3/4 06/26/29 (XS2018638648)						Coupon Schedule				
Spread		963.50 bp vs		1yBTF 0 04/17/24		Fix Coup...		Pay Date		Frequency
Price		96.839		G.P. 105.280		97.011		12:58:08		9.7500 06/26/2...
Yield		12.850		Call		3.215		Ann		9.7500 06/26/2...
Wkout		06/26/2024 @ 100.00		Duration		Yld 3 3				
Settle		05/08/23		05/08/23		Coupon Method F Euro Swaps Curve				
Default Swap curve is used for projecti...										
Spreads		Yield Calculations		Workout		Maturity		Benchmark		Float Frequency 1
1) G-Sprd		973.6		Street Convention		12.850		12.745		EUSAS - 5 YEAR 2.9930 %
2) I-Sprd		909.0		Equiv 2 /Yr		12.462		12.363		+ 995.20 (bps) spread
Basis		N.A.						Assumed Cpn		12.9450 %
Z-Sprd		N.A.						First Floater Fix Date		06/26/2024 to
ASW		N.A.		*Risk calculations done to the end of the				Maturity Date		06/26/2029
Calculate OAS		fix coupon period - 06/26/2024								
Risk		OAS		Workout		Reset Invoice				
M.Dur		Dur		1.043*		1.043*		Face		1,000 M
Risk		Convexity		0.973*		0.973*		Principal		968,390.00
DV1 on		1,000 M		97*		97*		Accrued (316 Days)		84,410.96
Benchmark Risk		0.902*		0.902*		Total (EUR)		1,052,800.96		
Risk Hedge				1,079M		1,079M				

Source : Bloomberg – 3K IP

Jumbo

From 1998 to 2021

- Book Value €12mln-> € 1.3bln [23%]
- Earning Power €1.5mln-> €216mln [25%]

The adjusted price that Jumbo entered Athens Stock Exchange was €0.16.
If someone had bought it 10 times higher would still get annually more than 10%



Source : Bloomberg – 3K IP

Jumbo: annualized stock performance 22.7%



Source : Bloomberg – 3K IP

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