



# BlueTower

ASSET MANAGEMENT

## Factsheet for 4th Quarter 2017

All Data is as of December 31, 2017

The Blue Tower Global Value strategy is a concentrated, equity strategy intended for those investors seeking long-term growth of capital.

*“Technological advances have certainly increased the speed at which news and ideas travel the globe, while decreasing the costs and hurdles associated with trading securities.*

*But two things upon which technology has had no impact are the human tendencies towards greed and fear.*

*By combining the pursuit of opportunities hiding in plain sight with an objective approach driven by rigorous analysis, we can confidently take positions in undervalued companies”*



**ANDREW OSKOU, CFA**  
PORTFOLIO MANAGER,  
GLOBAL VALUE STRATEGY

The Blue Tower Global Value strategy has a broad mandate and invests in all sectors, market capitalizations, and countries. Historically, most of these investments have been made in companies operating in the United States. This broad mandate allows us to selectively choose the most attractively priced companies. Investment is a cafeteria where not everything is always on the menu, and a wise investor benefits from being flexible.

One of the firm’s strengths is in our proprietary algorithms which present the most compelling companies (based on SEC filing data) to be vetted by an analyst using classic methods of value investing due diligence. Often times, these companies have good reasons for being cheap and a purely quantitative strategy would be walking into a trap by making an investment. Blue Tower looks for companies that are good businesses which are able to grow and operate with a high return on invested capital, that have “economic moats” which preserve the quality of the business into the future, and have good management that makes capital allocation decisions aligned with investor interests.

Though the holdings in this strategy may exhibit individual short term price volatilities greater than the market as a whole, the long-term investor with a patient temperament can find the resulting opportunities created by this volatility to be rewarding.

### GLOBAL VALUE COMPOSITE RETURN PERFORMANCE

	SINCE INCEPTION (1/2/2014)	YTD 2017	Q4 2017
BLUE TOWER GLOBAL VALUE STRATEGY (GROSS)	96.44%	25.28%	10.42%
BLUE TOWER GLOBAL VALUE STRATEGY (NET)	88.53%	23.93%	10.11%
CRSP Total Market Index (TR)	54.35%	20.88%	6.34%

## PORTFOLIO SECTOR WEIGHTINGS

SECTOR CLASSIFICATION	STRATEGY COMPOSITE
<b>CYCLICAL</b>	<b>45.78%</b>
Basic Materials	2.96%
Consumer Discretionary	3.92%
Financial Services	38.89%
Real Estate	-
<b>MARKET SENSITIVE</b>	<b>34.71%</b>
Telecommunications	-
Energy	-
Industrials	16.73%
Information Technology	17.99%
<b>DEFENSIVE</b>	<b>19.51%</b>
Consumer Staples	4.21%
Health Care	13.89%
Utilities	-
Cash	1.41%

## PORTFOLIO CHARACTERISTICS

Number of Holdings	16
Geometric Average Market Cap	\$82.08 B
Median Market Cap	\$972 M
Weighted Average Forward P/E	13.86
Weighted Average Trailing P/E (TTM)	13.67
Weighted Average Dividend Yield (TTM)	1.41%

## TOP PORTFOLIO HOLDINGS

SECURITY NAME / INDUSTRY	POSITION
EZCORP / Credit Services	17.59%
Joban Kaihatsu Co. Ltd. / Engineering & Construction	13.06%
Sberbank of Russia / Banks - Regional - Europe	11.81%
Fujitsu Frontech Ltd. / Communication Equipment	10.65%
Apple / Consumer Electronics	7.33%
Express Scripts / Health Care Plans	7.30%
Credit Acceptance Corp / Credit Services	4.92%
Enova International, Inc. / Credit Services	4.56%
Tyson Foods, Inc. / Farm Products	4.21%
Fonar Corporation / Medical Devices	3.78%
<b>SHARE OF PORTFOLIO IN TOP 10 HOLDINGS:</b>	<b>85.24%</b>

## MODERN PORTFOLIO THEORY STATISTICS (since inception)

	Global Value	CRSP Total Market
Standard Deviation	15.05%	9.77%
Sharpe Ratio	1.11	1.12

## GLOBAL VALUE STRATEGY COMPOSITE (since inception) vs CRSP TOTAL MARKET INDEX TR

BETA	1.16	UPSIDE CAPTURE	141.44%
ALPHA	3.97%		
R <sup>2</sup>	56.97	DOWNSIDE CAPTURE	127.70%

## CONTRIBUTION OF INDIVIDUAL SECURITIES TO PERFORMANCE (Q4 2017)

### TOP CONTRIBUTORS TO PERFORMANCE

SECURITY NAME	Q4 2017 CONTRIBUTION	POSITION AS OF 12/31/2017
EZCORP	3.89%	17.59%
Sberbank of Russia	1.91%	11.81%
Joban Kaihatsu	1.69%	13.06%

### TOP DETRACTORS FROM PERFORMANCE

SECURITY NAME	Q4 2017 CONTRIBUTION	POSITION AS OF 12/31/2017
Fujitsu Frontech	-1.50%	10.65%
Fonar	-0.96%	3.78%
Ebay	-0.04%	2.00%

The performance of the Global Value strategy composite is calculated and presented in a manner intended to be consistent with Global Investment Performance Standards (GIPS). While these results are unverified and do not claim compliance with GIPS, we believe them to accurately portray the performance of the Global Value Strategy. The composite results reflect the reinvestment of dividends, capital gains and other earnings, where appropriate, and are presented gross of withholding taxes on dividends, interest income and capital gains. Composite returns are presented net of transaction costs. Our portfolio selection and construction process leads to portfolios that tend not to closely track any particular index covering the US equity market. At times, portfolios invested according to the strategy may differ markedly from the comparison index presented here. The portfolio returns may be more volatile than, and/or may not be correlated to this index, which is presented for comparative purposes only, and is intended to serve as a proxy for the US investible equity market. The CRSP Total Market Index TR is an unmanaged, market cap-weighted, float-adjusted index representing nearly 100% of the US investible equity market, owned and operated by the Center for Research in Security Prices at the University of Chicago Booth School of Business. The index performance data include the reinvestment of dividends and other earnings, where appropriate, and is presented gross of withholding taxes on dividends, interest income and capital gains. While investment products exist that seek to track the performance of this particular index, the index by itself is not an investible product, and as such, is presented gross of any fees or transaction costs. For information on the methodology used to arrive at performance or risk characteristic measures, please email [contact@bluetowerasset.com](mailto:contact@bluetowerasset.com). Performance prior to December 6, 2014 was achieved when the portfolio manager and strategy were affiliated with Allometric Research & Management LLC and is included in accordance with the GIPS portability rule.

**Past performance is not a guarantee of future results.**