

# Kairos Capital Investment Strategy

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## Global Macroeconomic Directional Investments plus Tactical Trading.

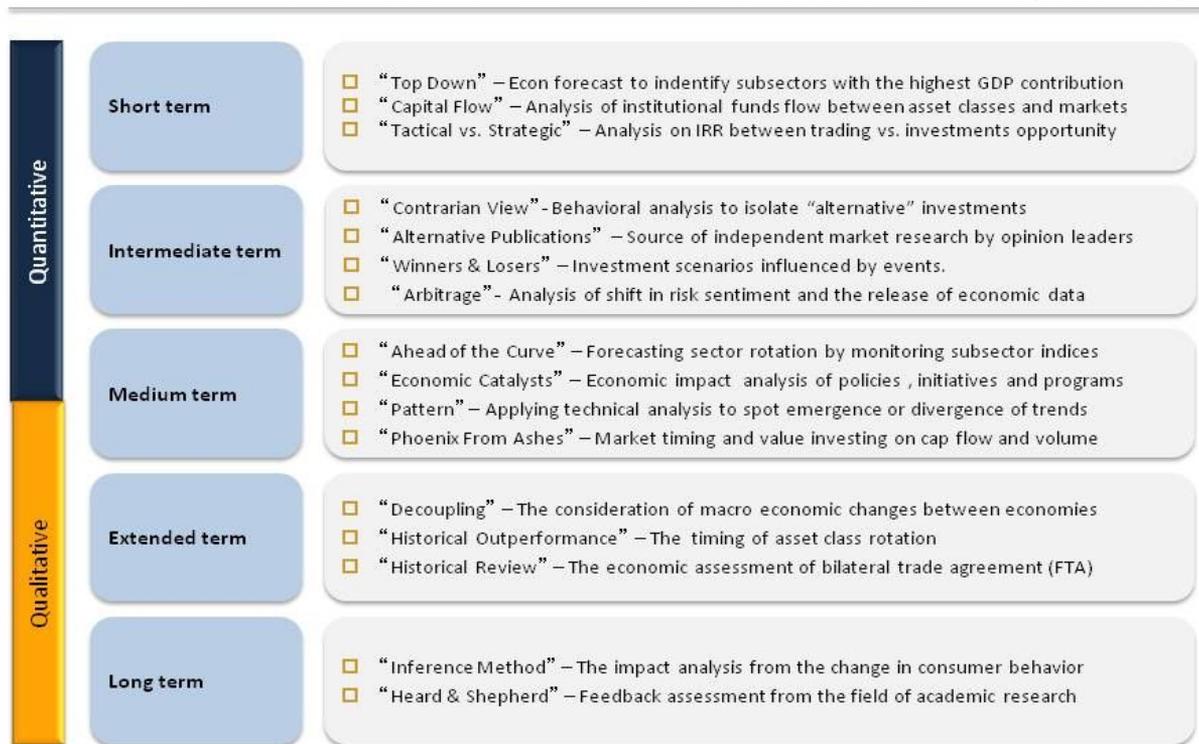
A global macro investment strategy is adopted, providing underlying stability and risk/return efficiency through our investment process which includes an investment idea generation methodology, we call "Global Strategic Mosaic (GSM)". Our location in Asia allows us to leverage the rapid growth in the region. This combination of regional presence and investment strategy is relatively rare and we are confident it will generate healthy returns to our investors

Kairos Global Macro employs a top-down process for buy/sell decisions, focusing on shifts in government policies and deficits, trade balances and worldwide money flows that may impact valuations.

## Ideas Generation - Global Strategic Mosaic (GSM)

GSM is a discipline to drive consistent and lucrative investment idea generation from a several idea categories. In general, ideas tend to be more quantitative in the short to medium term given that there are more data points and information for this time frame. The reverse is true for medium, extended and long term since data are random and rare, thus qualitative

approach is suited . Example: trend analysis, sentiments and opinions seeking are better. Majority of our ideas c.a. 85% tend to derive from short, intermediate and medium term versus 15% from extended to long term. Although, short term ideas are more frequent but not always lucrative compared to qualitative ideas in terms of their return potentials . This is because markets are efficient and flow of information have been priced in.



## Directional Investing Approach

At Kairos Capital, we usually express views through a variety of ultra-liquid asset classes, in government bonds, currencies, commodities and equity and credit indices. The underlying security to implement the directional investment are mainly ETFs. Investment ideas are generated from several key themes such as

1. Event driven imbalances especially in FX and in commodities.
2. Sector Rotation: tactical shifts based on cyclical vs. defensive sector rotation in EM or DM.
3. Country Specific Top Down macroeconomic trend analysis such as equity index, rates and currency.

4. Global Macroeconomic trends such as Capital Flow, Commodity demand analysis, Policy shift and Interest Rate Movement

## Discretionary Tactical Trading

Tactical trading with a short investment horizon can enhance the portfolio return while holding associated risks at bay thus creating a desired adjusted return. Trading strategy may include the following spread trading in bond futures or relative value trades between asset classes e.g. WTI crude and TSR 10 futures.

Tactical trading include:

1. Relative Value Trades.
2. Spread trades (contango and backwardation).
3. Ultra-high liquidity of underlying investment.
4. Generally low beta to traditional asset classes.
5. Ability to profit in trending or directionless markets.
6. Tight risk-management processes.
7. Consistently high liquidity standards.
8. Timely strategy shifts in changing conditions.
9. Trend following and cycle analysis.

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