

# Berunda Capital

Prudence | Quantitative Insights



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# About.

About Berunda Capital

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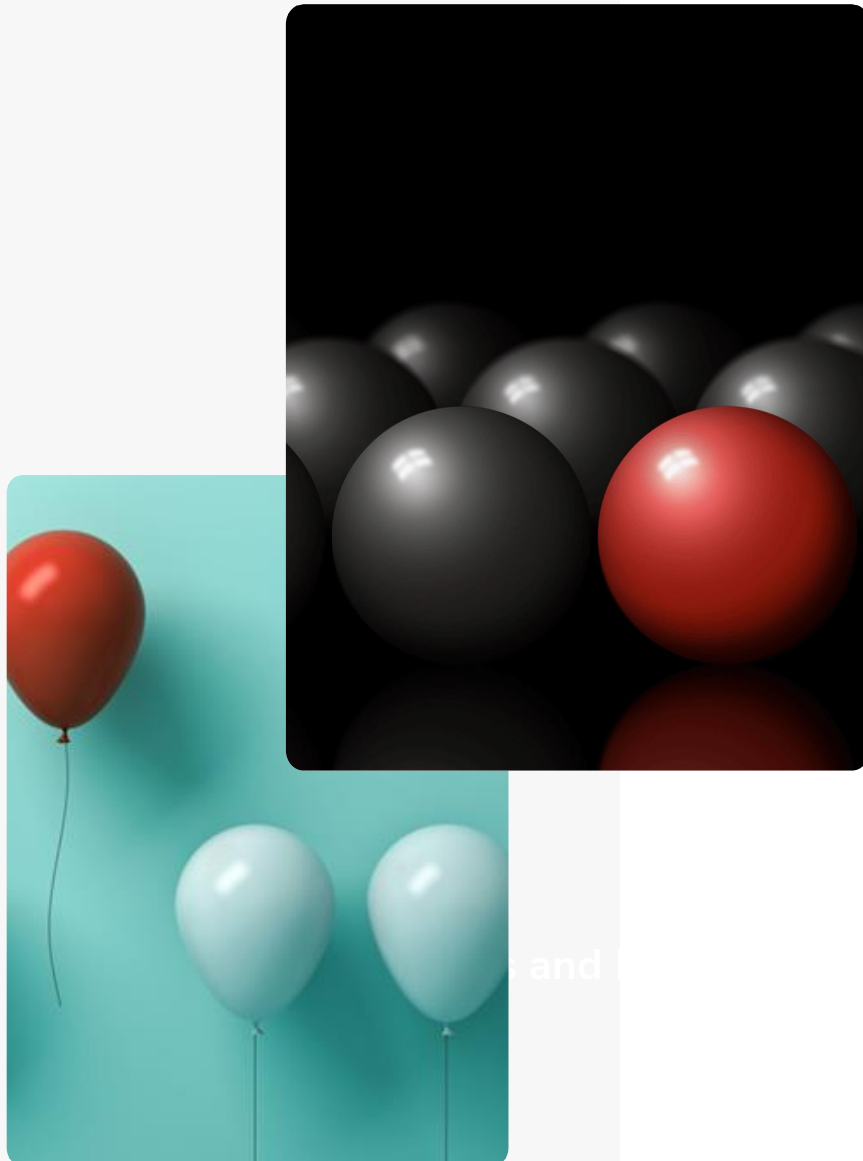
# Who We Are

## Advisor Focused on Differentiated Asset Allocation Strategies

- Rapidly Growing Registered Investment Advisor (Princeton, New Jersey).
- Our services are comprehensive and include financial, retirement and investment planning
- Within investment planning, we offer a unique holistic view of asset allocation, portfolio optimization and security selection across multiple asset classes, as appropriate in today's volatile market conditions.
- Customized risk/return profile for each of our clients

## Offering a Wealth of Experience and Insights

- Over two decades of experience on Wall Street
- Wharton Finance MBA and two Master's Engineering degrees in Operations Research, with over 20+ years of Industry experience in Quant methods
- Supported by a team of fundamental and quant analysts and a highly qualified knowledgeable advisory board.



# How We Are Different

## From Large Broker-Dealers

- Fees-Only: Advisory fees only, no trading commissions, marketing fees by selling mutual funds, insurance products
- 100% Independent Fiduciary
- No cookie cutter large firm approach and no pushing company products
- Hands-on Partner will work with your assets (no junior associates)
- Faster response times during volatile market times
- Investment focus, rather than a basket of services

## From Other Large “Independent” Advisors

- Transparency in performance metrics
- True Independence but small enough to serve you better
- Personal Investments side-by-side with you
- Real Advisor-Client relationship (100% Local)
- Highly qualified personnel
- Competitive pricing and significantly less overhead (so can be cost-effective)
- Personal reputation at stake (growing brand)





# Services Offered

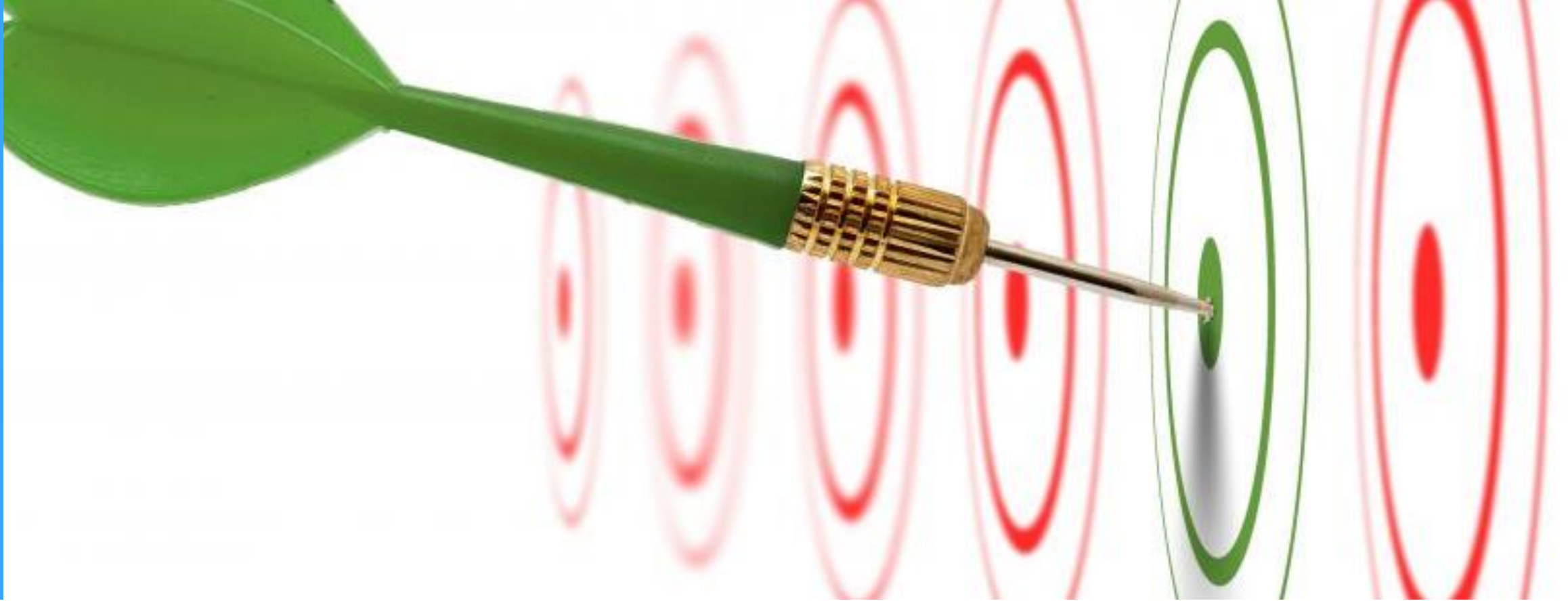
## Financial Planning

- Development of Comprehensive Initial Financial Plan with Client Input
- Scenario Analysis for Retirement Planning
- Initial Recommendation of Financial Plan
- Monthly Monitoring of Financial Plan
- Timely Client meetings to discuss changes in retirement goals, income needs and other inputs, on an as-needed basis
- Answer ad-hoc questions on financial plan

## Investment Planning

- Evaluation of Client Investment Risk through questionnaire
- Thorough existing portfolio analysis
- Recommend long-term/short-term portfolio mix, commiserate with retirement goals
- Portfolio mix is a blend of short-term investments and Berunda strategies (ETFs, CDs, bond ladders and stocks)
- Implement investment choices for client
- Daily monitoring and timely rebalancing of portfolio per market/macro conditions





# Our Vision

Prudence | Quantitative Insights

To offer investors a unique differentiated viewpoint combining economic, fundamental, academic, real-world and quant insights to drive our multi-asset class portfolio performance

## Who We Are

# Our Mission

Offer Investors Best-in-class customized Asset Allocation Strategies with a singular focus on cutting edge research

- True Fiduciary Investment Advisor
- 100% Partnership Alignment with your interests
- Highly Responsive to Client needs
- Fiercely Independent
- Highest Level of Transparency and Integrity
- Practice Academic Level Rigor while maintaining real-world pragmatism







## Strategy Overview

# What is Asset Allocation?

Asset Allocation (AA) strategies are portfolio strategies that adjust allocation to various asset classes (global equities, bonds & commodities), as often as necessary, driven by market conditions

### Why is AA relevant today?

Highly volatile market conditions, along with globally linked macro-economic events and policies imply that investors today need a more nimble and dynamic asset allocation strategy as part of their portfolio strategy framework.

## Strategy Overview

# Why AA now?

Today's low cost trading environments make AA highly feasible for any investor

- More than 50% (as much as 75%) of portfolio returns are driven by asset allocation, rather than security selection
- Typical investment process may therefore be sub-optimal
- Highly bi-furcated valuations post COVID
- Passive indexing strategies set to under-perform
- Bursting bubbles, contagion may need efficient risk management
- Adjusting your risk more often, while not perfectly timing asset class entries and exits, can yield superior performance

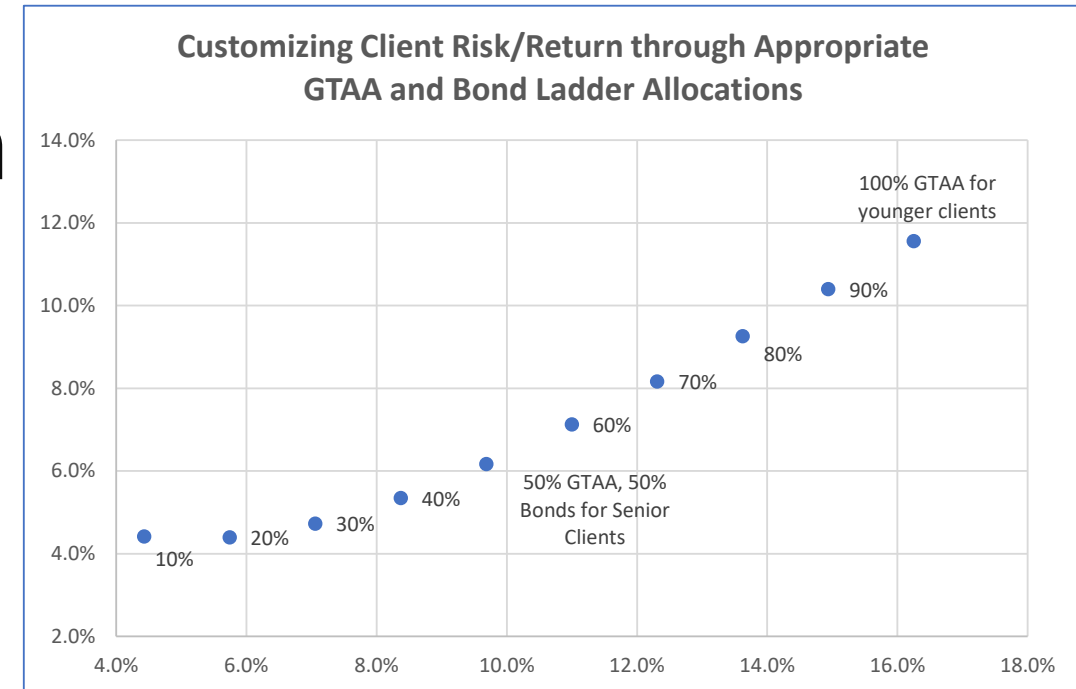


## Strategy Overview

# Matching Risk/Return

Almost all portfolio returns can be mimicked by a changing percentage of equity and bonds. You may heard of the 60/40 portfolio.

- The key ingredient outside of asset allocation is how much to allocate to more risky equity assets and less risky bond assets
- Here every individual client differs in their appetite for risk and return, given their age, goals and overall net worth
- We sit down with each client to determine their risk and return requirements and accordingly plan their overall allocation to bond ladders versus GAA strategies
- We also can start with current positions outside of Berunda to manage overall tax optimizations/liabilities, rather than be rigid with our own GTAA strategies



A timely approach to appropriate risk/return management is key to managing client portfolios. Therefore, sitting down with our clients more than once a year is necessary, given today's market volatilities

## Strategy Overview

# Why Berunda?

- Dedicated practice
- AA is not all about market timing but mostly risk re-adjustment
- Balancing portfolio turnover with changing future expected returns: highly scalable
- Diversity of team qualifications helps manage fast-paced AA
- Wealth of macro, quant and fundamental analysis experience
- Bottom up security analysis is accomplished with our hand-picked analyst team



# Strategies.

Global Asset Allocation  
Long-Short All-Asset Allocation



## Strategy Overview

# Global Asset Allocation

- Our performance in the first three quarters of 2024 lags the broader US indices returning about 18.7%, compared to the S&P 500 returns of about 22%. This is primarily due to our overweighting of mid-small cap US value stocks and some weighting of non-equity asset classes.
- Our year-to-date 2024 and 4Q2023 has shown significant improvement due to a return to value investing and a move away from select tech names such as AMZN, AAPL and TSLA.
- Despite the ongoing hype of AI and robotaxi, a pullback in the coming months especially in over-valued areas such as mega-cap tech is long overdue.

### The strategy invests in a total of 20-25 asset classes

US equity sectors, Europe and Emerging market equities (80% individual securities in US and ETFs in Europe and Emerging markets. Non-equities include ETFs in bonds, gold, agricultural commodities and the US Dollar.



\*\*See disclosures for full details of assumptions and risks

# GTAA Actuals

Table below outlines the actual recent investment returns in our GTAA strategy. Results may not be indicative of future returns.

## Monthly Returns

2022												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Berunda-GTAA</b>	-3.19%	0.53%	2.23%	-4.20%	3.18%	-10.58%	5.21%	-2.92%	-9.14%	10.65%	4.59%	-2.01%
<b>S&amp;P 500 TR</b>	-5.17%	-2.99%	3.71%	-8.55%	0.18%	-8.25%	9.22%	-4.08%	-9.21%	8.10%	5.59%	-5.76%
<b>MSCI ACWI Index</b>	-4.89%	-2.55%	2.22%	-7.97%	0.19%	-8.39%	7.02%	-3.64%	-9.53%	6.06%	7.80%	-3.90%
2023												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Berunda-GTAA</b>	1.27%	-3.65%	-0.18%	0.42%	-2.76%	6.62%	1.30%	-2.25%	-2.99%	-2.70%	5.38%	3.33%
<b>S&amp;P 500 TR</b>	6.28%	-2.44%	3.67%	1.56%	0.43%	6.61%	3.21%	-1.59%	-4.77%	-2.10%	9.13%	4.54%
<b>MSCI ACWI Index</b>	7.19%	-2.83%	3.15%	1.48%	-1.00%	5.85%	3.69%	-2.75%	-4.10%	-2.98%	9.28%	4.84%
2024												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Berunda-GTAA</b>	1.41%	3.96%	5.27%	-3.10%	2.96%	1.51%	2.33%	2.75%	0.34%			
<b>S&amp;P 500 TR</b>	1.68%	5.34%	3.22%	-4.08%	4.96%	3.59%	1.22%	2.43%	2.14%			
<b>MSCI ACWI Index</b>	0.61%	4.33%	3.20%	-3.26%	4.12%	2.26%	1.64%	2.57%	2.36%			

Annual/YTD Returns					
	2021	2022	2023	2024	Jan 2022- Sep 30, 2024
<b>Berunda-GTAA</b>	24.94%	-7.46%	3.21%	18.68%	13.67%
<b>S&amp;P 500 TR</b>	28.71%	-18.11%	25.65%	22.08%	26.24%
<b>MSCI ACWI Index</b>	18.67%	-18.37%	22.81%	19.08%	19.97%

Long-term Annualized Performance

# GTAA Hypothetical

Table below outlines the hypothetical investment returns in our pure GTAA strategy with no stock selection from March 2004 to September 2024. Results may not be indicative of future or actual returns. See Disclosures for assumptions

	1-Yr	3-Yr	5-Yr	10-Yr	Since March 2004
<b>Berunda Global TAA (GTAA)</b>	25.50%	7.34%	10.02%	10.67%	12.10%
<b>iShares MSCI ACWI ETF (ACWI)</b>	22.67%	6.24%	8.84%	8.03%	7.67%
<b>ACWI (60%) &amp; AGG (40%)</b>	18.21%	3.19%	5.43%	5.55%	5.84%
<b>S&amp;P 500</b>	36.12%	11.48%	15.96%	13.52%	10.27%



## Strategy Overview

# Long Short All Asset Allocation: LSAA)

- Our LSAA strategy performance in 2024 is up about 19.1% year-to-date and lags slightly behind the S&P 500.
- Due to our continued shorting of over-valued tech, the 2024 gains have been more modest. However, we believe that our short positions will be rewarded in 4Q2024 and 1Q2025
- This strategy primarily differs from the GTAA strategy due to higher shorting ratios assumed in the portfolio

### The strategy actively shorts over-valued US equities and sectors

The LSAA also invests in under-valued US equities and sectors, while typically maintaining an average long-short ratio of about 130/30. In addition to US equities, Europe and Emerging market ETFs and non-equities include ETFs in bonds, gold, agricultural commodities and the US Dollar are considered.



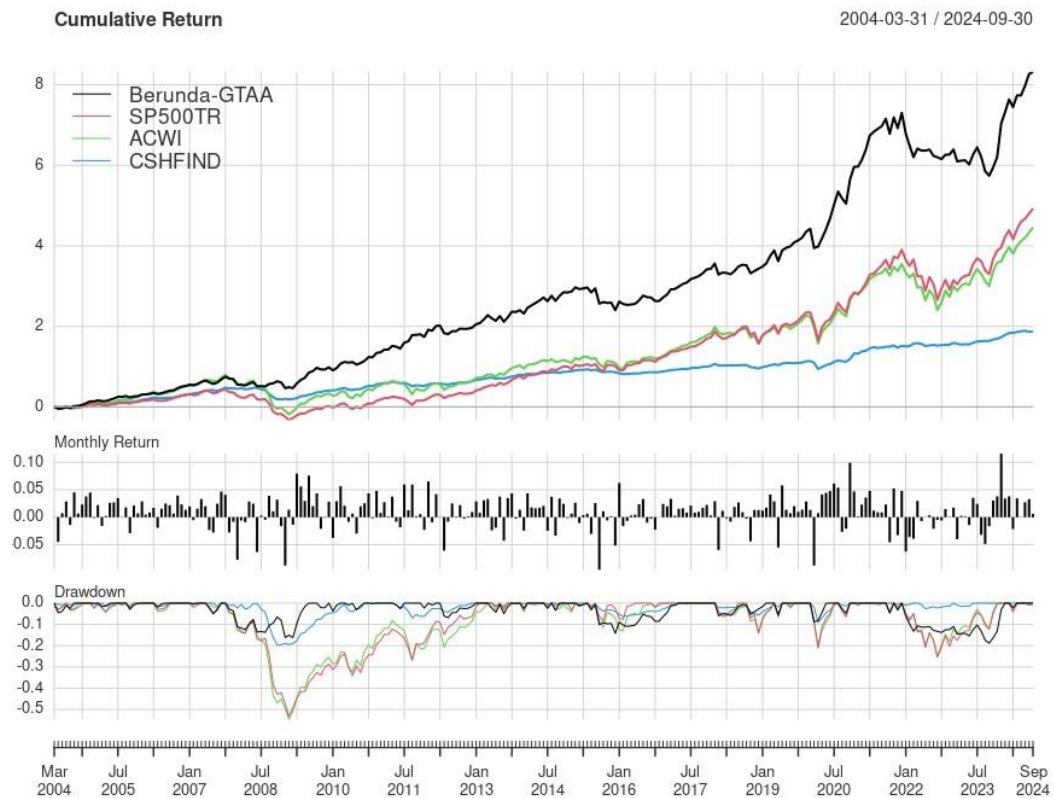
# LSAA Actuals

Table below outlines the actual recent investment returns in our LSAA strategy. Results may not be indicative of future returns.

## Monthly Returns

2022												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Berunda-LSAA</b>	1.50%	3.42%	3.73%	3.42%	4.42%	-10.81%	3.66%	-2.28%	-11.09%	13.16%	6.11%	0.08%
<b>S&amp;P 500 TR</b>	-5.17%	-2.99%	3.71%	-8.55%	0.18%	-8.25%	9.22%	-4.08%	-9.21%	8.10%	5.59%	-5.76%
<b>MSCI ACWI Index</b>	-4.89%	-2.55%	2.22%	-7.97%	0.19%	-8.39%	7.02%	-3.64%	-9.53%	6.06%	7.80%	-3.90%
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<b>S&amp;P 500 TR</b>	6.28%	-2.44%	3.67%	1.56%	0.43%	6.61%	3.21%	-1.59%	-4.77%	-2.10%	9.13%	4.54%
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2024												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Berunda-LSAA</b>	2.55%	4.24%	6.67%	-4.52%	2.93%	1.38%	2.38%	3.29%	-0.87%			
<b>S&amp;P 500 TR</b>	1.68%	5.34%	3.22%	-4.08%	4.96%	3.59%	1.22%	2.43%	2.14%			
<b>MSCI ACWI Index</b>	0.61%	4.33%	3.20%	-3.26%	4.12%	2.26%	1.64%	2.57%	2.36%			

Annual and YTD Returns					
	2021	2022	2023	2024	Jan 2022- Sep 2024
<b>Berunda-LSAA</b>	29.50%	13.51%	-5.60%	19.08%	22.76%
<b>S&amp;P 500 TR</b>	28.71%	-18.11%	25.65%	22.08%	26.24%
<b>MSCI ACWI Index</b>	18.67%	-18.37%	22.81%	19.08%	19.97%



## Hypothetical Performance vs. Major Indices

# Dynamic re-evaluations during volatile times do help

Downside risk significantly less than the stock market, typically 10-15% equity drawdowns, compared to overall equity markets at 50-60% during bear markets such as 2008-9, as well as during 2020-22.

### Security Selection and Country Specialization improve returns

Enhanced portfolio returns during bull markets through careful security and country selection can also improve returns with potential for higher reward at a slightly higher risk

# Process.

Berunda Investment Methodology

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## Investment Process

# Steps

Below, we outline the broad steps in the investment process, adopting a top-down approach to our TAA portfolio management

### Macroeconomic Outlook   Broad Equity Indices   Asset Class Forecasting   Asset Allocation   Security Selection

What is the economic scenario being assumed?  
What are the policy variables and what are the forecasts?

What should the equity returns and volatility be, given the economic variables?

Given the broad equity indices, regime probabilities and volatilities, what should the returns be for each asset class or country?

What should the optimal weights for each asset class assuming a given forecast or distribution of forecasts?

What stocks should I select for each asset class where appropriate? Currently for US sectors only

# Workflow

## How data is managed

We outline here how data and information is managed within our investment methodology



### Data Gathering & re-creation

Use only data available in a timely manner  
Sufficient length to be useful for analysis and validation  
Take into account the lag in actual economic data



### Calibration

Use only well-documented research (academic journals)  
Re-adjust if necessary for real-life efficiencies  
Do not over-emphasize theoretical aspects (Keep it simple)



### Forecasting

Forecast not just point estimates but risk, distributions Use simulations and robust optimization where available



### Validation

Always use out-of-sample performance to validate models  
Select a combination or the best approach to forecasting variables

# Team.

Our Amazing Team

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# Advisory Board



Dr. Radha Radhakrishna is an award-winning educator and scholar, with wide ranging experience in banking and portfolio management. Dr. Radhakrishna is currently a Managing Partner at FAV Partners, a family office firm in Darien, CT and also serves as an Adjunct/Visiting Professor at both Cornell and Columbia. His past experience includes investment banks such as Morgan Stanley, UBS and Manikay Partners, a hedge fund. His academic work on Market Microstructure and Capital Markets have been highly cited. Dr. Radhakrishna holds a Ph.D. in Business Administration and M.A in Economics from the University of Michigan. He also received his M.B.A. from the Indian Institute of Management, and is a Chartered Accountant from Institute of Chartered Accountants of India.



Dr. Naresh Rao has pioneered the use of data analytics in optimizing operations including the use of ML/AI in bringing about digital transformations. Naresh has worked closely with executives to deliver over \$1B in customer value. He has an extensive background in optimization, statistical modeling, and risk management. His current focus is on advanced data curation and developing methodologies for enhancing the efficiency of DX initiatives. He has a Ph.D. in Operations Research from Virginia Tech and an MBA from MIT-Sloan. He has an undergraduate degree in Mechanical Engineering from Indian Institute of Technology (Mumbai).







# Sri Nagarajan

## Managing Partner

Sri Nagarajan is the Managing Partner of Berunda Capital Partners. Prior to founding Berunda Capital, Sri Nagarajan served as a Senior Research Analyst at various buy & sell-side firms such as Cohen & Steers, FBR Capital Markets & Co., RBC Capital Markets and UBS from 2002-12. From 1993-2000, Sri Nagarajan was a senior manager at Sabre, Inc., managing a team researching efficient scheduling optimization algorithms. Mr. Nagarajan received his B.E. from Anna University, India, an M.S. in industrial engineering from Louisiana State University, M.S. in systems engineering from The University of Arizona, and an MBA in Finance and Strategic Management from The Wharton School of Business.

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# Analyst Team

## Fundamental & Quant Analysis

Our analysts have educational qualifications and experience in both quantitative and fundamental analysis of assets. Our analyst team, based in Chennai, India are typically engineers with an MBA in Finance with strong programming and statistical analysis skills (such as R, Python). Our analysts are typically hand-picked and trained in fundamental equity research and macroeconomics.

The analysts also gain experience in analyzing or understanding specific US sectors and are encouraged to pursue the CFA certification. Analysts typically perform research support for one year (sell-side research support type work) at partner firm, ValAn Global Solutions.

## Fee Structure

# Key Terms

Table below outlines the typical key terms for the GTAA Strategy offered. The strategy is currently offered as a separate managed account only. The terms of investment products listed herein are subject to change. Additional information regarding the strategies listed herein, including fees, expenses and risks of investment, is contained in the specific client advisory agreement and related documents, and should be carefully reviewed.

<b>Management Fees</b>	0.75%-1.5% on a sliding basis (depending on client AUM size)
<b>Performance Fees</b>	10-20% on a sliding basis based on customization** (for accredited and institutional clients only)
<b>Benchmark</b>	ACWI (60%) & AGG (40%)
<b>Account Minimum</b>	\$250,000
<b>Redemptions</b>	30 day written notice
<b>Outsourced Operations</b>	ValAn Global Solutions
<b>Custodian/Broker</b>	Interactive Brokers

\*\*Performance fees are for qualified investors in customized non-IRA, Long-Short accounts only

## Advisory Engagement Process

# Next Steps

### With Berunda:

1. Review regulatory documents (NJ regulatory as well as Berunda's privacy policy) and acknowledge receipt of these documents via email
2. Sign advisory agreement with Berunda via DocuSign

### With IBKR:

1. Open a IRA/individual/trust account with identical name and trustees as needed
2. Answer all personal questions (Choose IBKR Pro as the platform)
3. Upload all required (identification, trust and trustee) documents via PDF
4. Wait for approval
5. Upon approval, fund the account via ACATS transfer from your current broker(usually no paper work needed)
6. Set up Bank and ACH transfer from account on a monthly/quarterly basis, if necessary
7. Link Account to Advisor Account to allow Berunda to place trades on your behalf
  - a. Account Name: Berunda Capital Management LLC (case sensitive, sometimes all caps may work)
  - b. Account Number: F2718335
8. Set up automatic quarterly advisory fee deduction from account

# Contact.

Get in Touch

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Get in touch

# Contact Us

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