June 2018

AMRAM CAPITAL

Alternative Investments

Family Office Investing: Present and Future

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Macro Economic Environment

Section 1 - Outlook

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1
- Central banks globally are moving away from emergency levels of easing implemented after the financial crisis and the large fiscal stimulus in the US/ EU and other

2
- Corporate and Government debt levels are now higher than before the financial crisis

3
- Interest Rates are creeping up

4
- Asset prices are close to or at the highest levels ever

5
- Corporate spreads are very tight (indicating investors don’t mind not getting compensated for the risk they are taking on)

Macro Economic Environment

Forecast

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The 2018 could well mark the peak for economic growth in this cycle and investors should start preparing for several key risks:

Increased Volatility	As the Fed continues to remove the extraordinary stimulus needed for the economy to recover form the global financial crisis, and simultaneously reducing the size of its balance sheet and hiking interest rates
Unexpected Increase in Inflation	The US is embarking on a path of fiscal stimulus, with the prospect of increased infrastructure spending following the recently enacted tax cuts.
Unusual Stock-Bond Correlation Behaviour	If the economy were to slip unexpectedly into a recession it is likely treasuries would be the best performing asset and the only one with positive returns, yet history has shown that a negative stock-bond correlation cannot be always be relied upon

Macro Economic Environment

Where are we now?

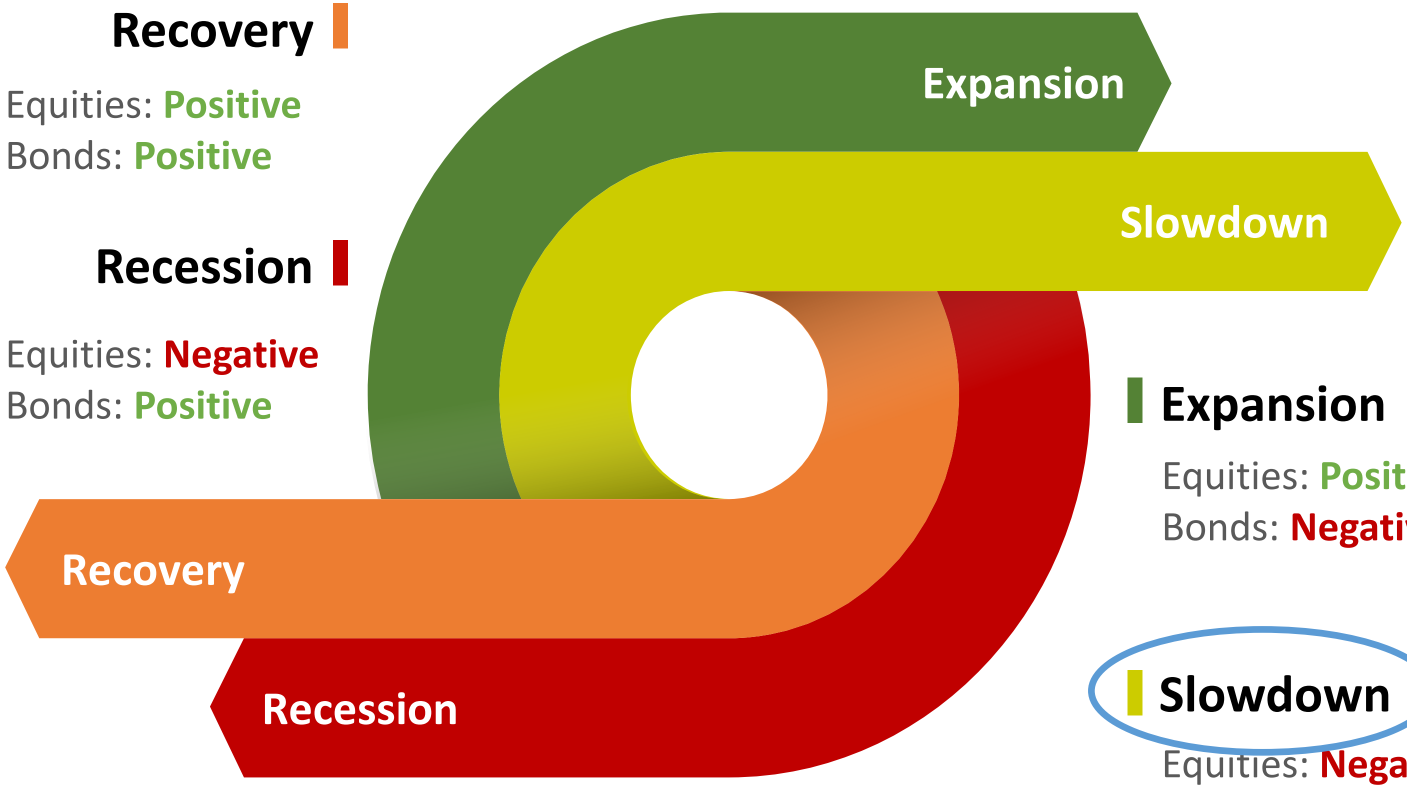
The Global expansion is either nearing its demand-driven peak or in the early of a supply-driven renaissance.

Recovery

Equities: **Positive**
Bonds: **Positive**

Recession

Equities: **Negative**
Bonds: **Positive**



Expansion

Equities: **Positive**
Bonds: **Negative**

Slowdown

Equities: **Negative**
Bonds: **Negative**

CBOE Volatility Index

Investors were anticipating a more volatile 2018, but few expected the severity and frequency of the swings seen so far.

The S&P 500 has moved by at least 1% around 40% of the time so far this year.

Global Equities had a very strong year in 2017 and momentum can be carried on if global recovery continues, although many share the view that the economies are overheating.

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MSCI Developed Markets

- When considering investing in equities, the most important aspect to consider is timing. It’s true that markets today are in a positive trend, but as the graph shows, if an investor had bought stock in 2007 it would have taken 8 years for them to recover their losses, let alone make profits

Source: Bloomberg

MSCI Emerging Markets

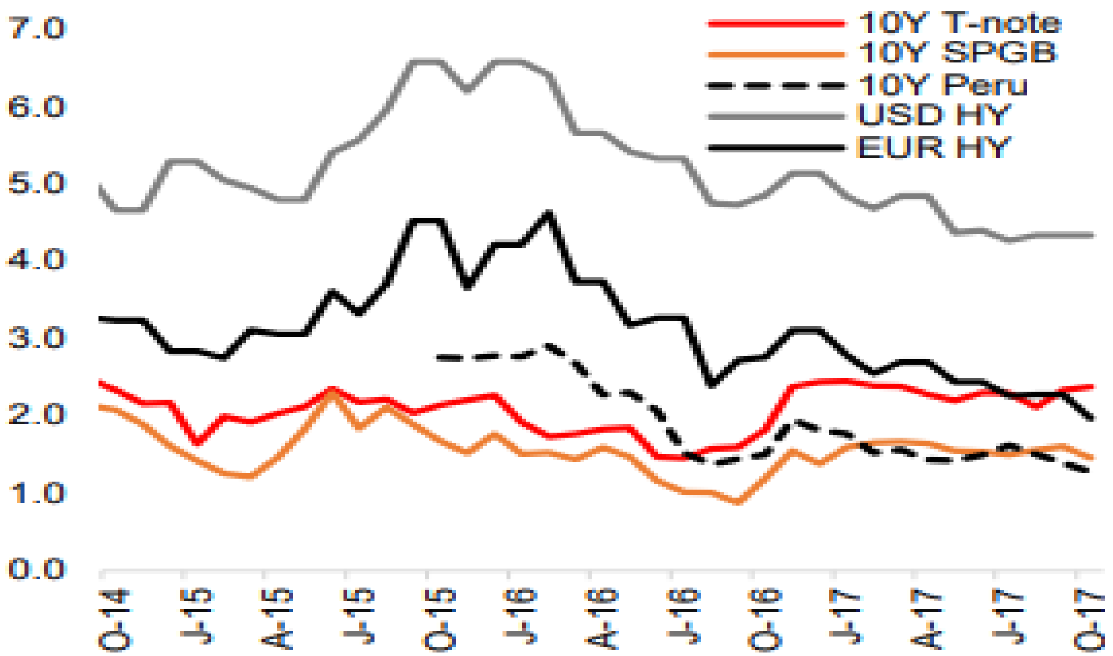
- The same goes for emerging markets as well, timing is very important when investing in equities
- The graph shows that it would have taken 11 years for investors buying in 2007 to recover their losses and even today in 2018 they would still not have recovered his losses

Source: Bloomberg

Traditional Asset Classes

Fixed Income

Yield on HY Debt vs. Governments (%)



- Investment grade credit has spreads across most sectors now at their narrowest levels since before the financial crisis
- End of QE from the ECB and rising rates will put pressure on spreads. Geopolitical risk caused by the turmoil in Italy amongst others, all of this will make it difficult to invest in the Bond Market

Source: Bloomberg

Traditional Asset Classes

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Fixed Income

Yield on HY Debt vs. Governments (%)

19.1%

1975

1.7%

2018

If we were to look at the historical performance of interest rates, the graph above clearly shows how there has been a lowering trend since the 80's and as compared to before how little are the yields generated in the economy today.

Source: Bloomberg

Traditional Asset Classes

Cash

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1
- ECB's asset purchase program will continue to distort the risk premium in both the sovereign and credit markets, likely ensuring yields remain deep in negative territory

2
- ECB's balance sheet will continue to grow, supplying excess liquidity to financial markets

3
- Cash investors will likely continue to experience frustration as they seek to maintain principal in a negative yield environment

4
- Bank deposits, money market funds, and short-maturity government bonds are not immaterial to credit risk, and for long periods of time the yield may not be enough to maintain the purchasing power of the money invested

5
- This is the case when the yield falls below the rate of inflation, like following the 2008 financial crisis

Traditional Asset Classes

Performance

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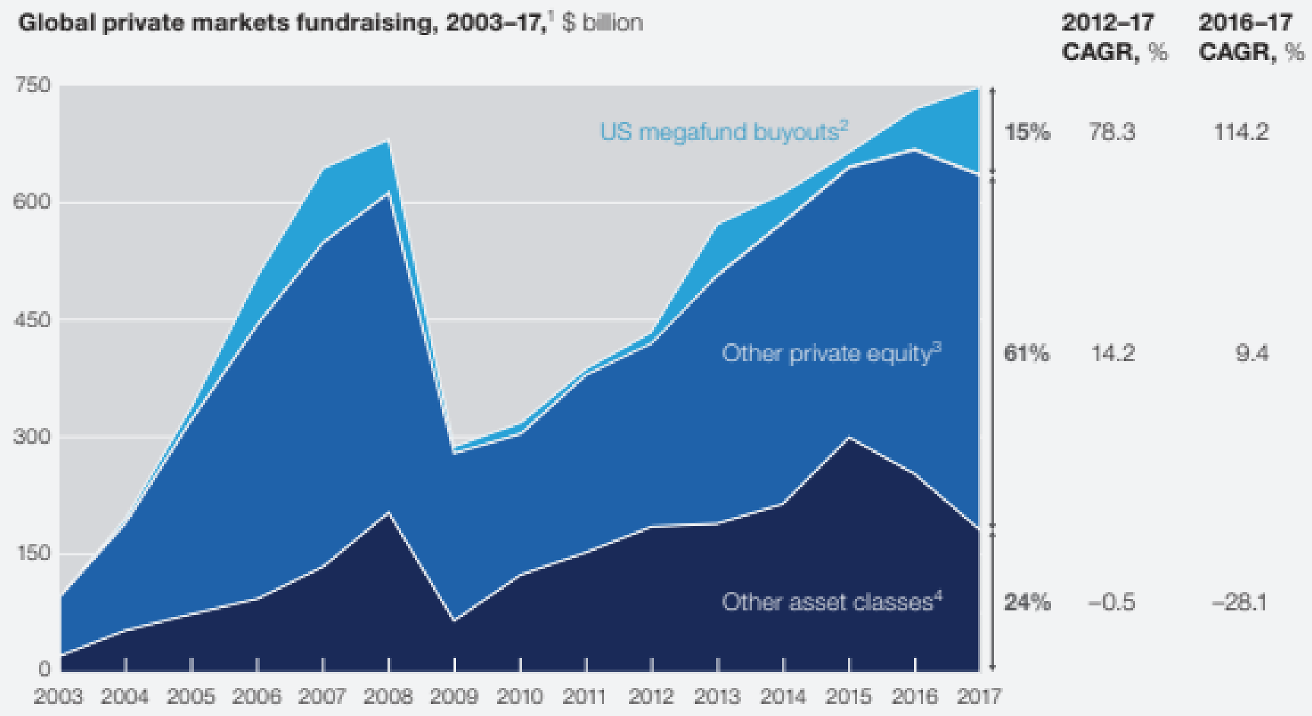
Asset Classes	Estimated Market Capitalisation	Market Capitalisation Portfolio Weight	Estimated Frequency of Negative One-Year Return
Cash and Short-Maturity Bonds	5	6%	0%
Developed Government Bonds	23	29%	2%
Investment Grade Bonds	8	10%	6%
High Yield and Emerging Markets Bonds	5	6%	20%
Developed Markets Equities	30	38%	31%
Emerging Markets Equities	3	4%	38%
Commodities	2	2%	43%
	(USD Trillions)	(Rounded)	

Source: Barclays Asset Allocation Report 2018

US mega buyouts record 15% of all private markets fundraising 2017

Huge rise in assets and shift in investor base. Alternative assets are expected to grow between now and 2020 to reach more than $15.3tn.



[1] Private markets refers to private equity, real estate private equity (i.e., closed-end funds), private debt closed-end, natural resources closed-end funds, and infrastructure closed-end funds. Secondaries and fund of funds are excluded to avoid double counting of capital fundraised.
[2] Buyout funds based in the US that closed above $5 billion.
[3] Includes venture, growth, other private equity (balanced, hybrid, private investment in public equity).
[4] Includes closed-end real estate, private debt, natural resources, infrastructure.

- As investors remain under substantial pressure to find returns, they keep turning to private markets, which have history of outperformance. 91% of Limited Partners’ say that the various private asset classes will deliver returns above public markets
- The growth of liquid alternative products, continues to create greater integration between alternative and traditional asset management.

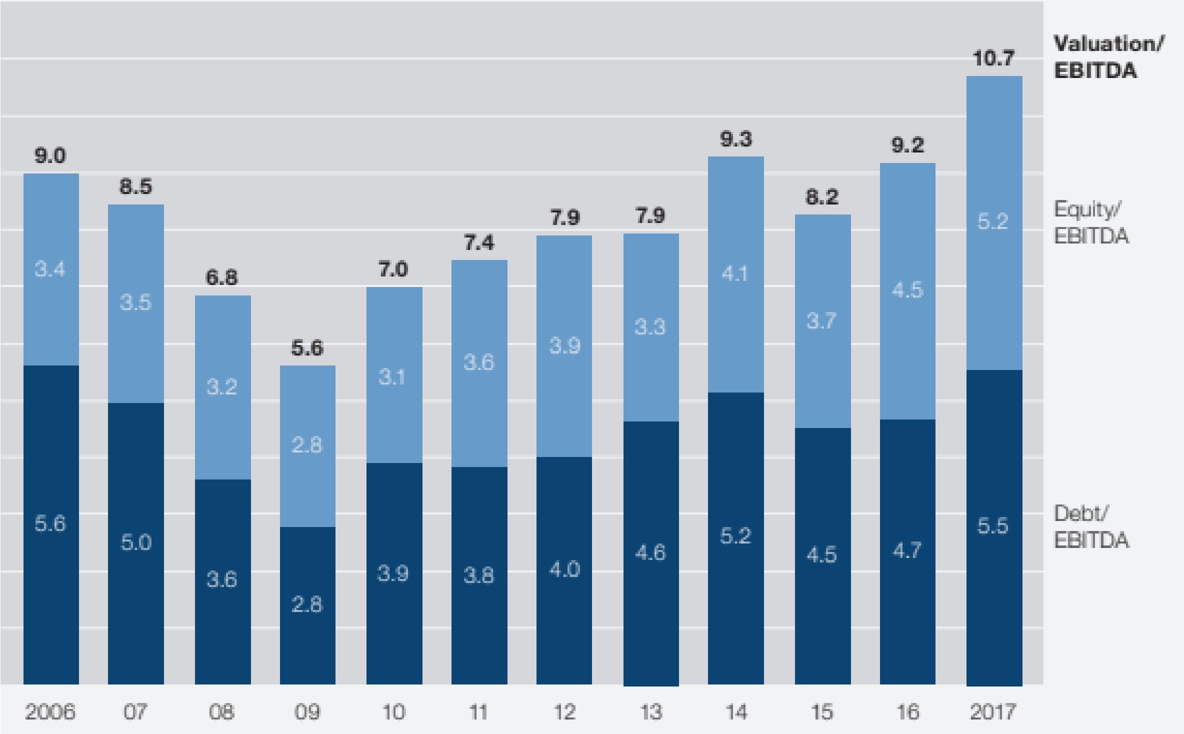
Source: Prequin Mckinsey analysis

Alternative Investments

Private Equity

Global Median Private Equity EBITDA multiples

- Investors expect certain private equity strategies to have lower volatility than listed equities. Private equity is also expected to have a low correlation with traditional asset classes and thus to deliver positive diversification effects



- With multiples high, exits have been relatively painless, so GPs have taken advantage of the environment to sell

- European buyout managers were active in deploying capital, with the €90 billion invested in the space making 2017 the second-best year since the financial crisis and about one-third better than the average level for that period

Source: M&A Stats 2017

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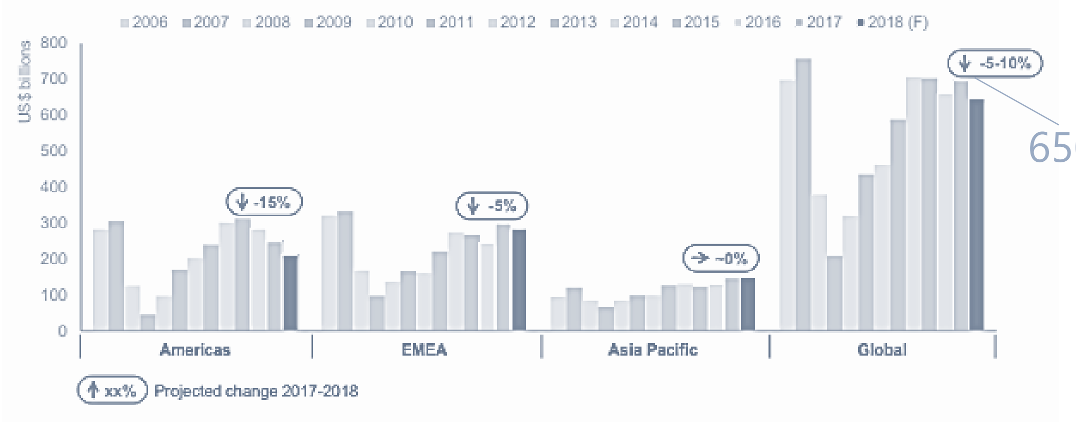
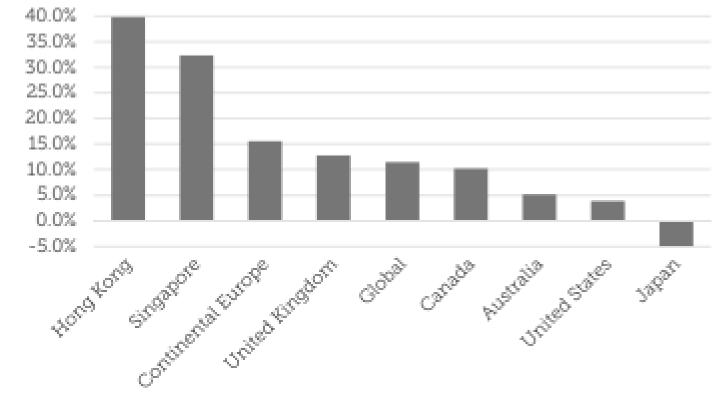
Direct Commercial Real Estate Investment



650 $bn

- The weight of capital seeking to enter the sector is still significant despite being in an extended cycle
- Given its long duration and yields that have exceeded fixed income, Real Estate is seen as particularly attractive by investors that changed their view as a source of alpha to as a source of income

2017 Total Return by Markets



- The culmination of synchronized global growth, improving corporate earnings and supportive monetary policies from central banks pushed nearly half of the world's largest equity markets to multi-year highs in 2017
- Even if in the current cycle, growth has not been great on an absolute basis, demand and supply conditions have been, and currently are, supportive of real estate fundamentals

Source: Bloomberg

Alternative Investments

Private Debt

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1

- Private debt has been one of the biggest success stories to emerge from the global financial crisis as opportunistic managers filled the vacuum left by the retreat of the traditional banks

2

- Assets under management in private debt funds have increased fourfold over the last decade to $595 billion at the end of 2016 and last year, funds raised to invest in private debt grew by 10%

3

- The investment strategy for private debt is still driven by asset-backed portfolios such as real estate or infrastructure, and the private debt market is resilient to rate rises

4

- The investment strategy for private debt is still driven by asset-backed portfolios such as real estate or infrastructure, and the private debt market is resilient to rate rises

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Bridge Financing

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Scope

- Bridge loans are applied to residential or commercial purchases allowing for swift execution on property deals or to take advantage of short-term opportunities in order to secure long-term financing

Timing

- Bridge loans are typically paid back when the property is sold, refinanced with a traditional lender, improved or completed, or a specific change that allows for a subsequent round of mortgage financing to occur

Main Features

- This offers investors a rare opportunity to invest in growth market coupled with underlying security held on real estate assets at sub 100% loan to value, that will generate good returns irrespective of the markets volatility

Lending conditions on finance are currently restricted, creating opportunity for established real estate companies seeking short-term finance to reposition or leverage existing assets.

Whitehall Capital

Section 4 - Fund Description

The Fund will exploit short to medium-term bridging and mezzanine funding opportunities secured against UK real estates and has targeted return of 10% per annum.

The fund lends into a diversified portfolio of UK real estate properties in strategic and proven locations to ensure sustainable valuations.

NAV Whitehall Equity (rebased @ 1,000)

By lending to owners or developers of real estate assets, the fund does not undertake direct purchase of properties this strategy allows the Fund to take advantage of the real estate market, through lending and not direct exposure, generating good returns with a negligible price risk.

Q&A

Questions?

Thank you for your time!