



Understanding International Equity Investments

International Financial Management Course



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Disclosures

Thoughts expressed are my personal opinion. The information provided is not an investment recommendation.

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The presentation is based on current public information that is considered reliable, but it is possible the information could be restated.

Going into 2025 the Magnificent 7 and U.S. Equities Were Dramatically Over Owned



Source: Bloomberg & Jonathan Baird, CFA

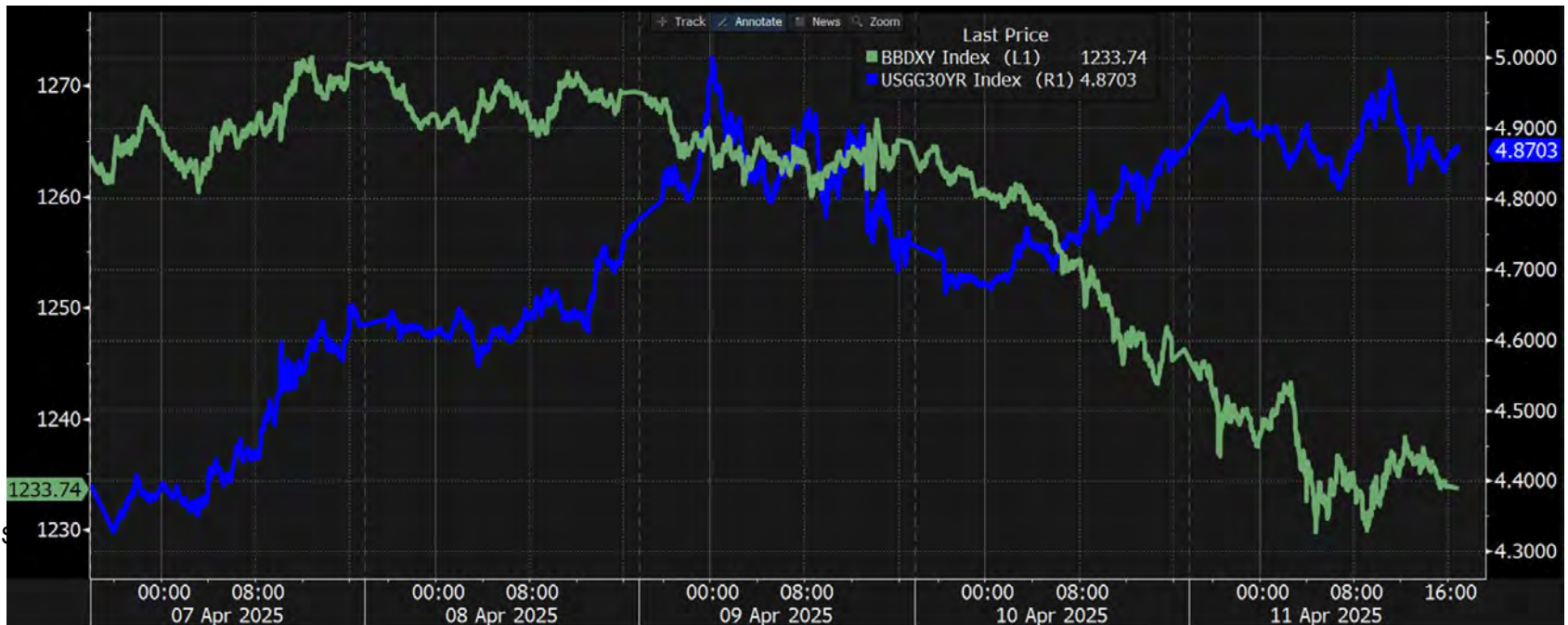
The U.S. Equity Market is Like an Upside Down Cake with Large Cap Stocks on Top



Source: Deuce Events











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30 Year U.S. Treasury Yields Are Going Up while the Value of the Dollar Falls - Foreign Capital is Leaving the U.S.



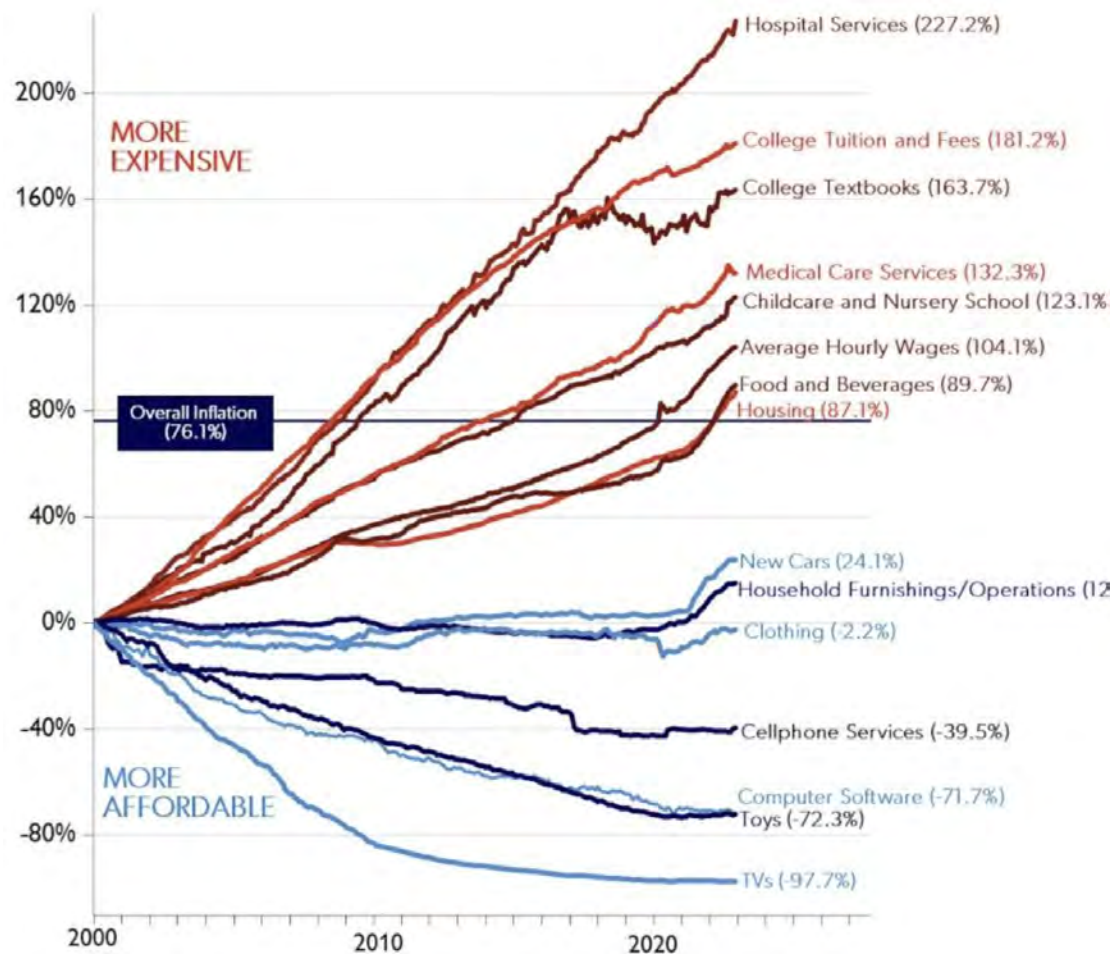
Source: Bloomberg

Powerful Currency Impacts on World Equity Returns

Index	2Day	Value	Net Chg	%Chg	Δ AVAT	Time	Adv/Dcl	P/E	Est FY1	Est FY2	DvYld	%Ytd	%YtdCur
Americas													
DOW JONES		39142.23	-527.16	 -1.33%	 -32.74%	16:55 c	20 / 9	19.86	19.08	16.80	1.82	-8.00%	-8.00%
S&P 500		5282.70 d	+7.00	 +0.13%	 -33.07%	16:20 c	384 / 118	21.51	19.81	17.61	1.43	-10.18%	-10.18%
NASDAQ		16286.45	-20.71	 -0.13%	 -28.01%	17:00 c	2073 / 1053	28.09	24.39	20.61	0.81	-15.66%	-15.66%
S&P/TSX Comp		24192.81 d	+86.02	 +0.36%	 -30.27%	16:20 c	136 / 79	16.03	15.04	13.61	2.93	-2.16%	+1.73%
S&P/BMV IPC		53018.57 d	+375.53	 +0.71%	 -35.66%	04/16 c	24 / 12	13.70	11.25	10.24	3.79	+7.08%	+13.19%
IBOVESPA		129650.03 d	+1333.14	 +1.04%	 -18.11%	16:22 c	70 / 14	11.26	7.55	6.93	7.10	+7.79%	+14.60%
EMEA													
Euro Stoxx 50		4935.34 d	-31.16	 -0.63%	 -52.46%	11:50 c	20 / 30	14.15	14.12	12.96	3.24	+0.80%	+10.66%
FTSE 100		8275.66 d	+0.06	 +0.00%	 -40.84%	11:35 c	52 / 47	12.09	12.26	11.26	3.81	+1.26%	+7.33%
CAC 40		7285.86 d	-44.11	 -0.60%	 -51.24%	12:05 c	14 / 25	14.12	14.20	12.87	3.35	-1.29%	+8.36%
DAX		21205.86 d	-105.16	 -0.49%	 -47.54%	04/17 c	13 / 26	15.81	14.79	13.14	2.64	+6.51%	+16.92%
IBEX 35		12918.00 d	-24.10	 -0.19%	 -46.46%	11:35 c	15 / 20	11.33	11.78	11.22	3.80	+11.41%	+22.30%
FTSE MIB		35980.43 d	-87.14	 -0.24%	 -50.71%	11:40 c	17 / 23	9.70	10.70	9.92	4.82	+5.25%	+15.54%
OMX STKH30		2355.58	-17.02	 -0.72%	 -61.17%	11:35 c	5 / 25	14.34	16.91	14.08	4.13	-5.14%	+9.09%
SWISS MKT		11660.96 d	+62.34	 +0.54%	 -26.44%	16:06 c	15 / 5	17.23	16.86	15.52	3.23	+0.52%	+11.30%
Asia/Pacific													
NIKKEI		34377.60 d	+457.20	 +1.35%	 -38.70%	02:45 c	203 / 20	18.34	17.51	16.01	2.07	-13.83%	-4.90%
HANG SENG		21395.14 d	+338.16	 +1.61%	 -52.01%	04:08 c	74 / 6	10.14	9.70	8.97	4.07	+6.66%	+6.72%
CSI 300		3772.22 d	-0.60	 -0.02%	 -37.62%	04/17 c	107 / 176	14.75	14.75	12.71	3.06	-4.13%	-4.13%
S&P/ASX 200		7819.14	+60.23	 +0.78%	 -30.31%	04/17 c	164 / 31	17.90	17.11	16.05	3.78	-4.17%	-1.01%

Bloomberg as of 4-17-25

U.S. Inflation Is About to Flip From Services to Goods



Source: Bureau of Labor Statistics and American Enterprise Institute

US Trade Grievances

Bloomberg Economics estimates of potential contributors to reciprocal tariffs

Top 15 Trade Deficit Partners	US Goods Deficit 2024	Tariff Rate Differentials	VAT Rate	Non-Tariff Measure (Ad Valorem Equivalent)	Total of all Grievances
Mainland China	\$-295B	1%	13%	40%	54%
Mexico	-172	0	16	4	20
Vietnam	-123	7	10	35	52
Ireland	-87	3	23	32	58
Germany	-85	3	19	17	38
Taiwan	-74	4	5	NA	28
Japan	-68	2	10	9	21
South Korea	-66	2	10	4	16
Canada	-64	1	8	30	38
India	-46	12	18	24	53
Thailand	-46	8	7	10	25
Italy	-44	3	22	35	60
Switzerland	-38	4	8	20	33
Malaysia	-25	4	10	23	37
Indonesia	-18	5	12	13	30

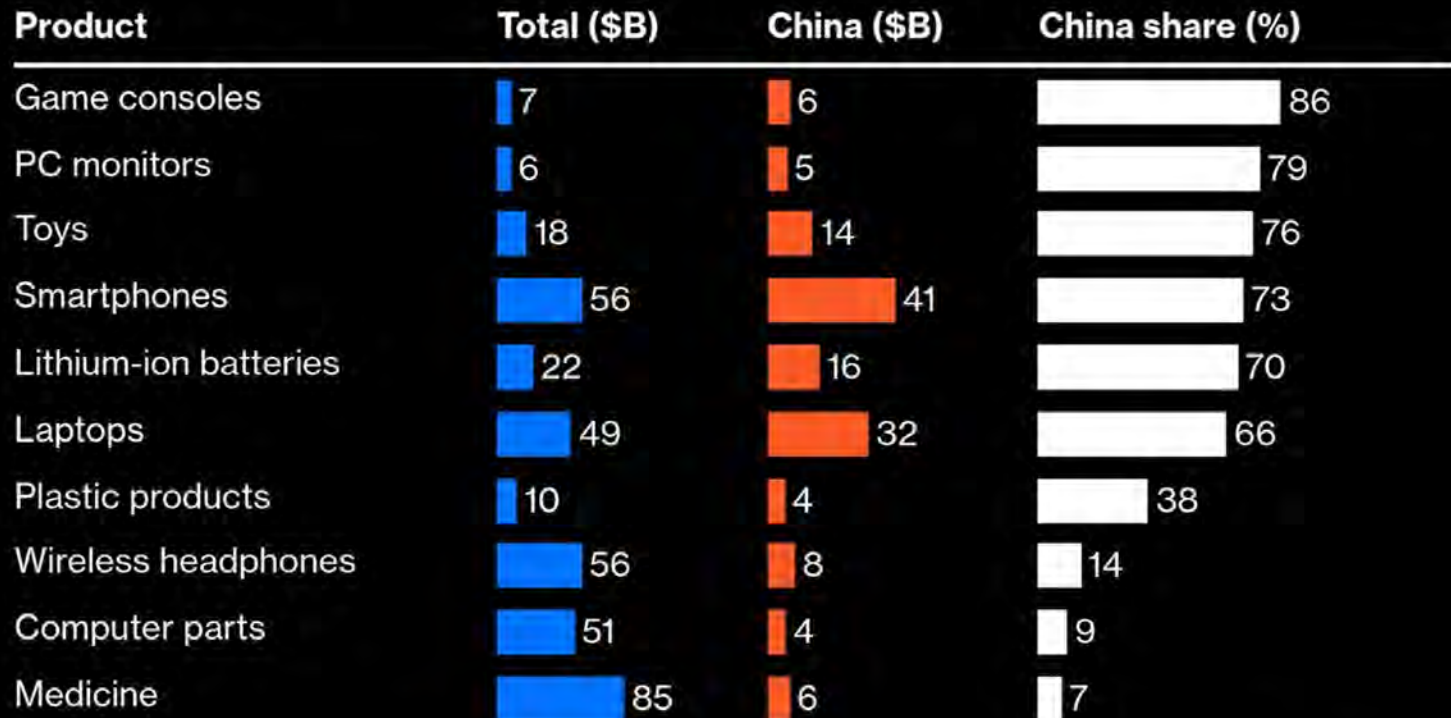
Source: Bloomberg Economics

Bloomberg

Chinese Tech Dominance

US Dependent on China for Smartphones and Game Consoles

Top 10 US imports from China by value in 2024



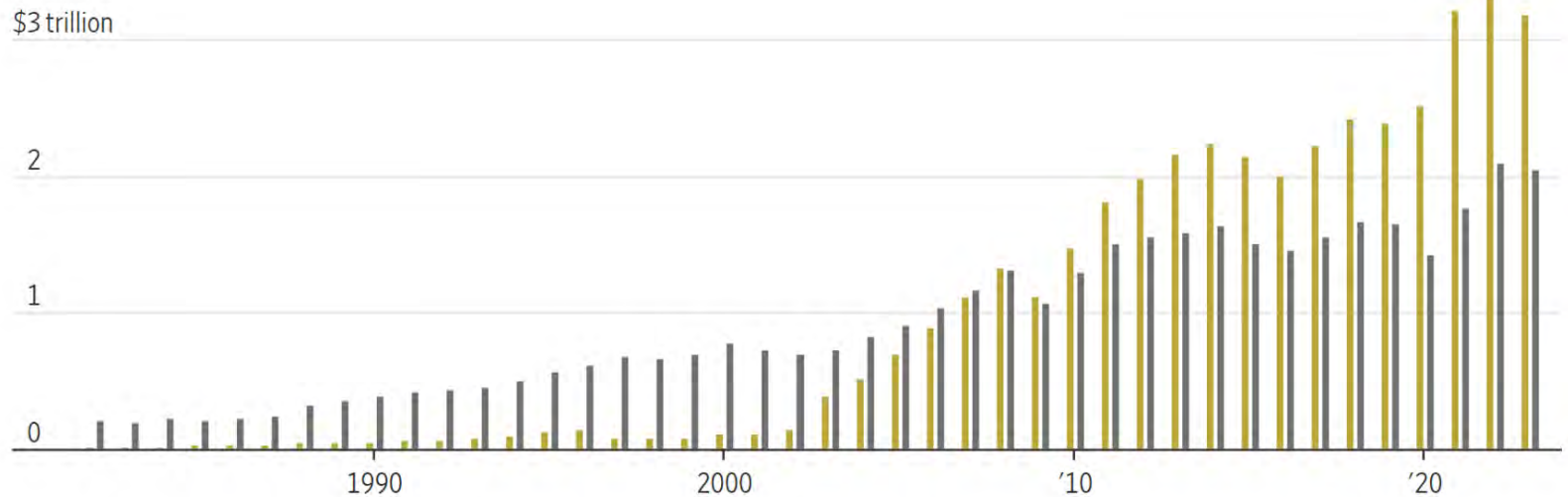
Source: US International Trade Commission

Bloomberg

China's Growing Exports Are Indicative of It's Growing Dominance of Manufactured Goods

Total goods exports to rest of world

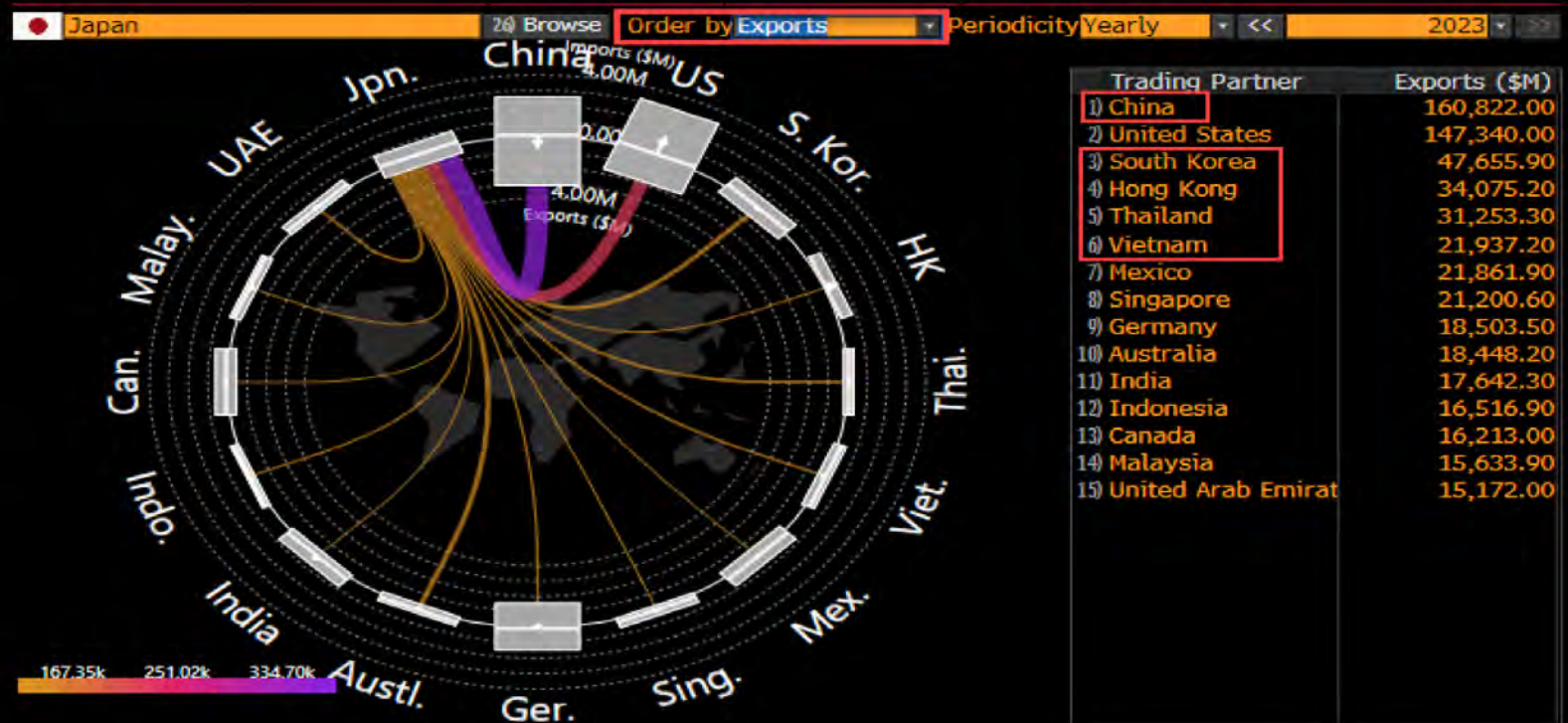
■ China ■ U.S.



Source: World Bank and Wall Street Journal

Japan Stands to Benefit from the U.S.'s Need for Technology Goods and Manufacturing Tools

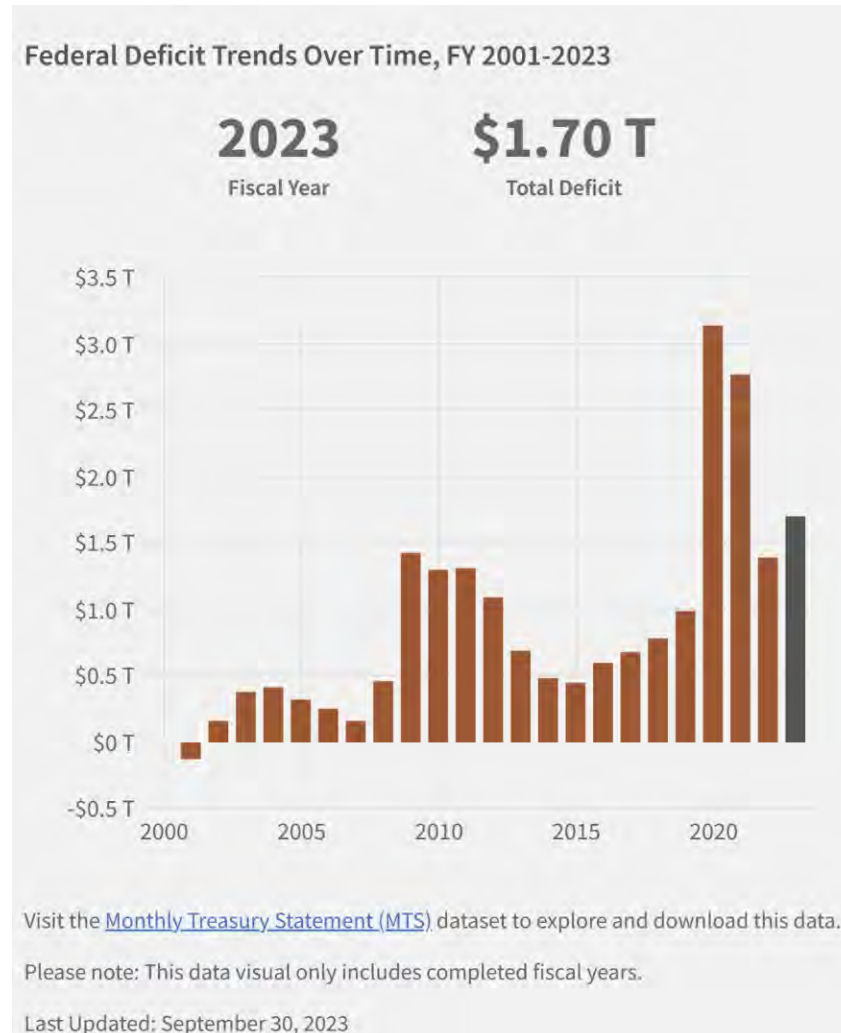
Japan: All Key Trade Partners Heavily Impacted



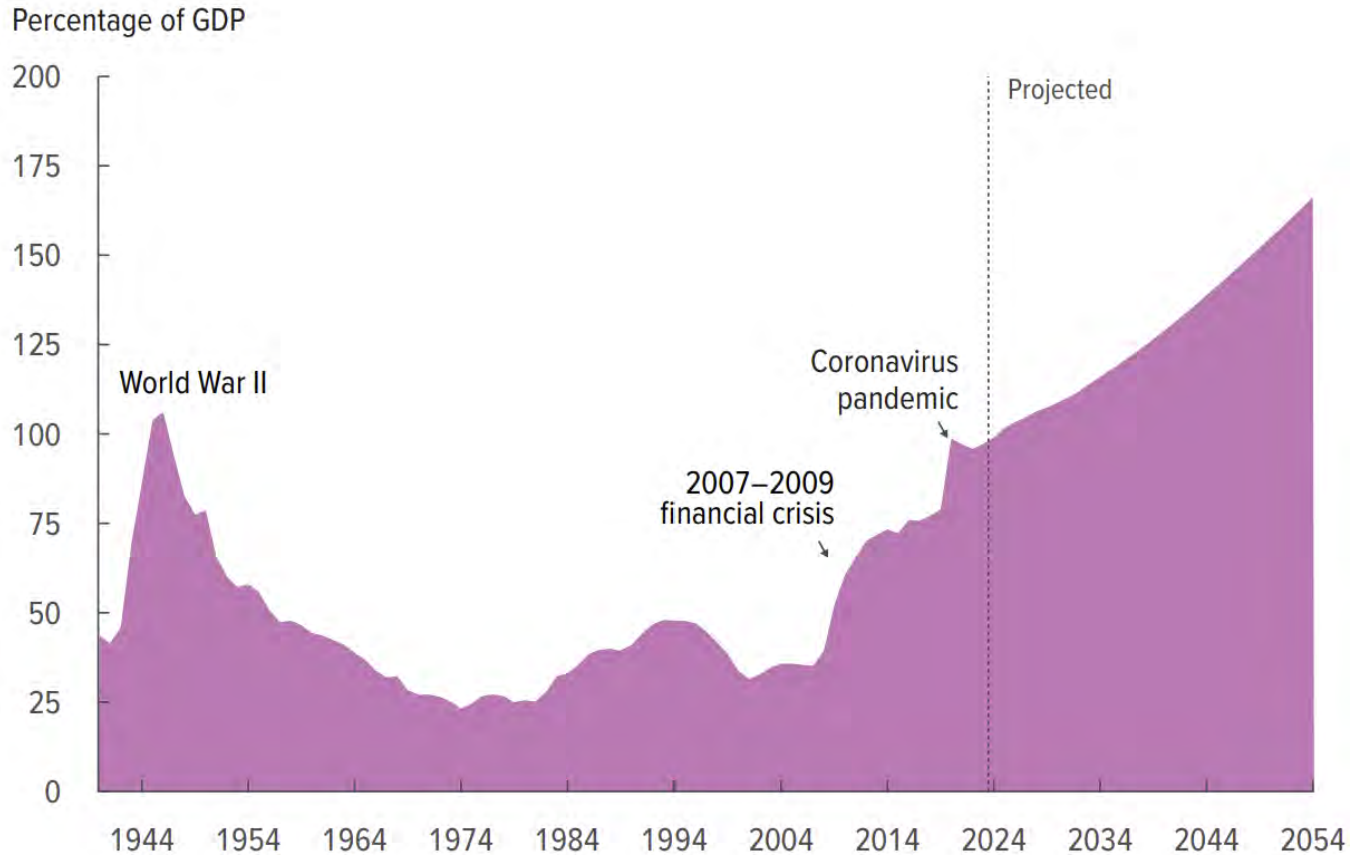
Source: Bloomberg BI

Financially the U.S. is a Failing Country

Deficit Spending is Not Sustainable

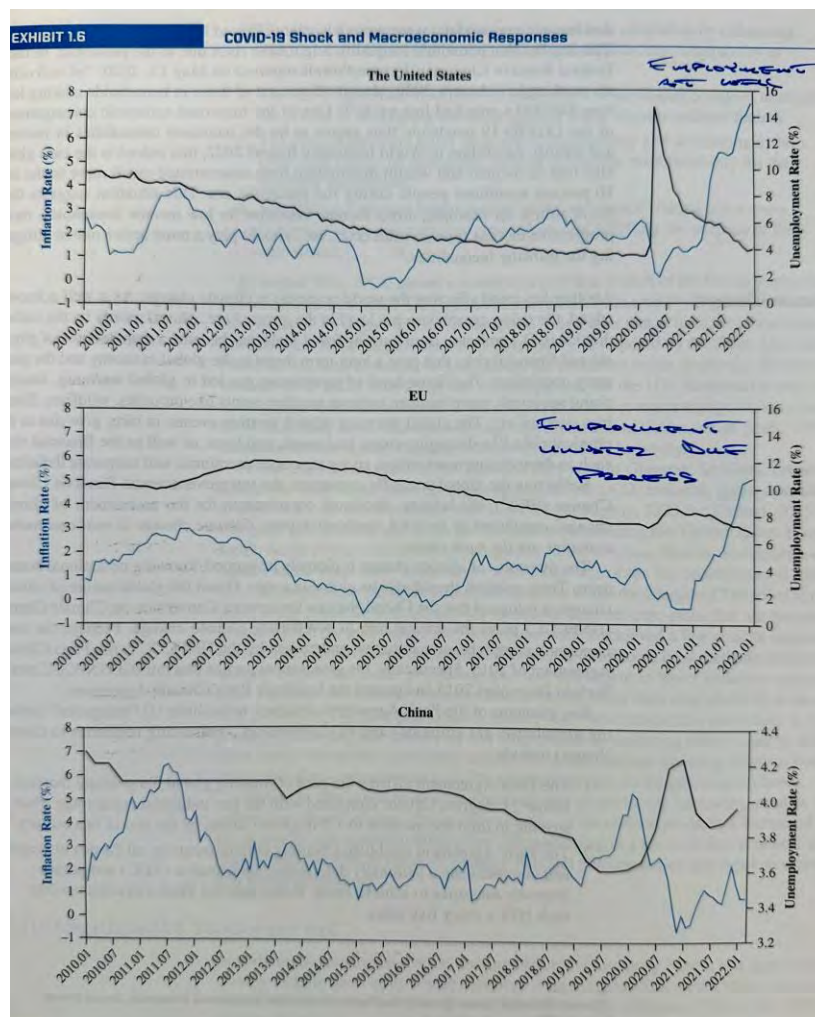


Without Drastic Action the U.S. is Flirting with Interest on Interest and Economic Failure



Source: Congressional Budget Office

An Important Structural Difference At Will versus Under Due Process Employment



Source: International Finance Management, 10th Edition

Overstated Cash Flow and Ownership Shrinkage



Source: Baltimore Business Review Article by Niall O'Malley

Overstated Cash Flow and Ownership Shrinkage

As reported under Generally Accepted Accounting Principles (GAAP)	Zoom Video Communications 10-K (Ticker ZM)			DocuSign 10-K (Ticker DOCU)		
	Shaded values as reported			Shaded values as reported		
	2022	2021	2020	2022	2021	2020
Revenues in thousands	\$4,392,960	\$4,099,864	\$2,651,368	\$2,442,177	\$2,037,272	\$1,381,397
Cash Flows from Operating Activities:						
Net Income	\$103,711	\$1,375,639	\$672,316	(\$97,454)	(\$69,976)	(\$243,267)
Net Income as a % of Revenue	2.4%	33.6%	25.4%	-4.0%	-3.4%	-17.6%
Stock Based Compensation - Add Back	\$1,285,752	\$477,287	\$275,818	\$538,726	\$408,542	\$286,877
Stock Compensation as a % of Revenue	29.3%	11.6%	10.4%	22.1%	20.1%	20.8%
Other Cash Flows from Operating Activities - Net	(\$99,201)	(\$247,660)	\$523,043	\$65,487	\$167,901	\$253,344
Net cash provided by operating activities	\$1,290,262	\$1,605,266	\$1,471,177	\$506,759	\$506,467	\$296,954
Stock Based Compensation Expense Recognized	(\$1,285,752)	(\$477,287)	(\$275,818)	(\$538,726)	(\$408,542)	(\$286,877)
Adjusted net cash provided by operating activities	\$4,510	\$1,127,979	\$1,195,359	(\$31,967)	\$97,925	\$10,077
% Overstated Cash Flows from Operations & FCF	28509%	42%	23%	1585%	417%	2847%
	Fiscal year-end January 31st			Fiscal year-end January 31st		
As reported under Generally Accepted Accounting Principles (GAAP)	Amazon 10-K (Ticker AMZN)			Workday 10-K (Ticker WDAY)		
	Shaded values as reported			Shaded values as reported		
	2022	2021	2020	2022	2021	2020
Revenues in thousands	\$242,901,000	\$241,787,000	\$215,915,000	\$6,215,818	\$5,138,798	\$4,317,966
Cash Flows from Operating Activities						
Net Income	(\$2,722,000)	\$33,364,000	\$21,331,000	(\$366,749)	\$29,373	(\$282,431)
Net Income as a % of Revenue	-1.1%	13.8%	9.9%	-5.9%	0.6%	-6.5%
Stock Based Compensation - Add Back	\$19,621,000	\$12,757,000	\$9,208,000	\$1,294,622	\$1,100,584	\$1,004,853
Stock Compensation as a % of Revenue	8.1%	5.3%	4.3%	20.8%	21.4%	23.3%
Other Cash Flows from Operating Activities - Net	\$29,853,000	\$206,000	\$35,525,000	\$729,322	\$520,747	\$546,019
Net cash provided by operating activities	\$46,752,000	\$46,327,000	\$66,064,000	\$1,657,195	\$1,650,704	\$1,268,441
Stock Based Compensation Recognized	(\$19,621,000)	(\$12,757,000)	(\$9,208,000)	(\$1,294,622)	(\$1,100,584)	(\$1,004,853)
Adjusted net cash provided by operating activities	\$27,131,000	\$33,570,000	\$56,856,000	\$362,573	\$550,120	\$263,588
% Overstated Cash Flows from Operations & FCF	72%	38%	16%	357%	200%	381%
	Fiscal year-end December 31st			Fiscal year-end January 31st		

Source: SEC 10-Ks

It is Important to Have Financial Statement Screens



Source: Yahoo Finance 4-17-25

A Great Free Daily Screen to Understand the S&P 500



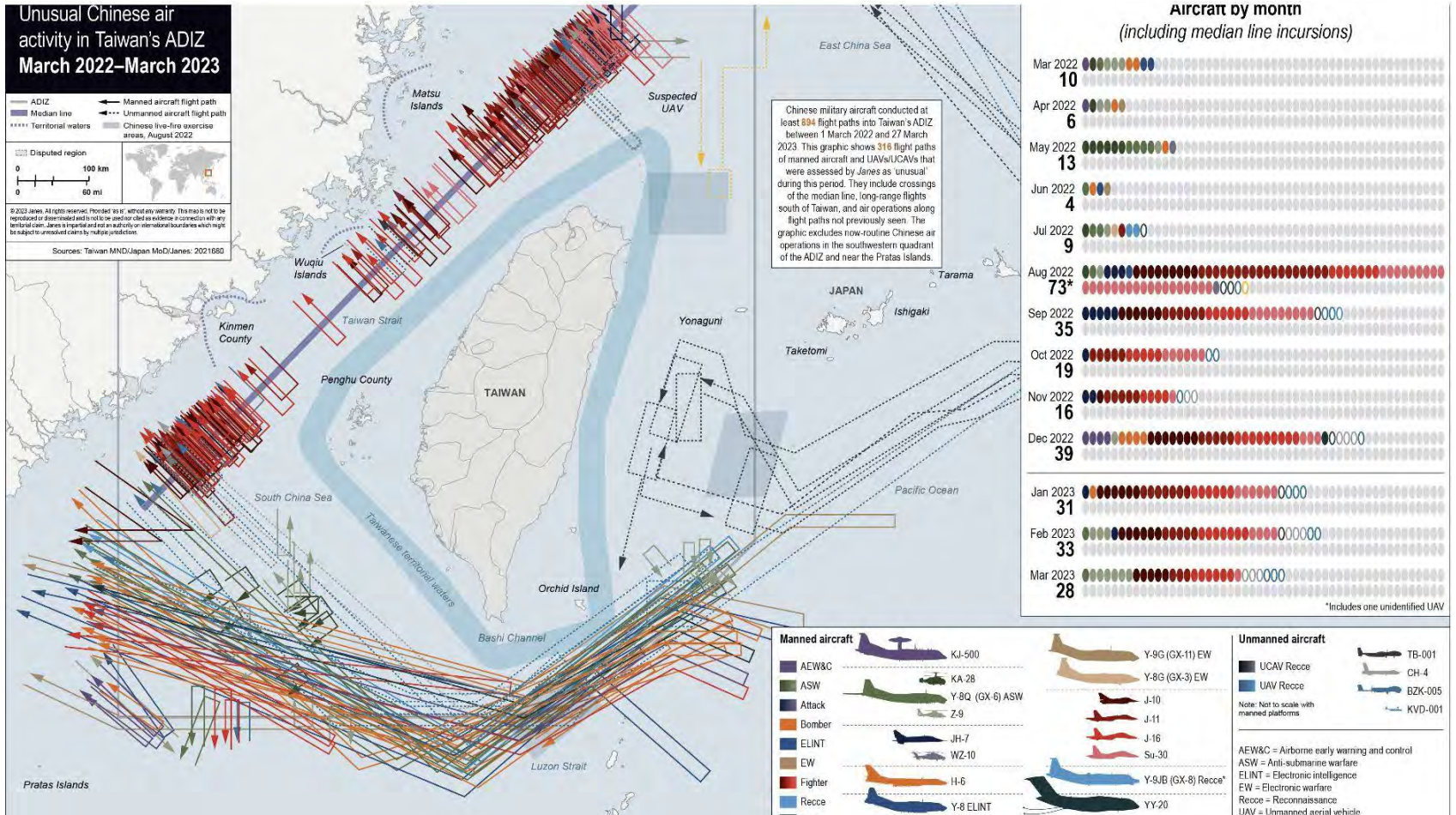
Source: www.finviz.com Market Map function

The Best Free International Stock Tracking Resource



Source: www.simplywall.st A very initiative screening resource for 120,000 companies

Threat of a Third Front in Taiwan



Source: Akhil Kadidal Janes Aviation

Question & Answer

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Way Points



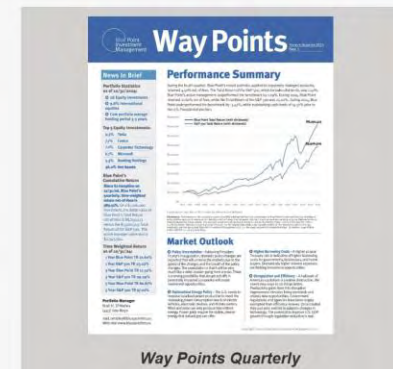
Insights into the investment path charted for Blue Point clients.



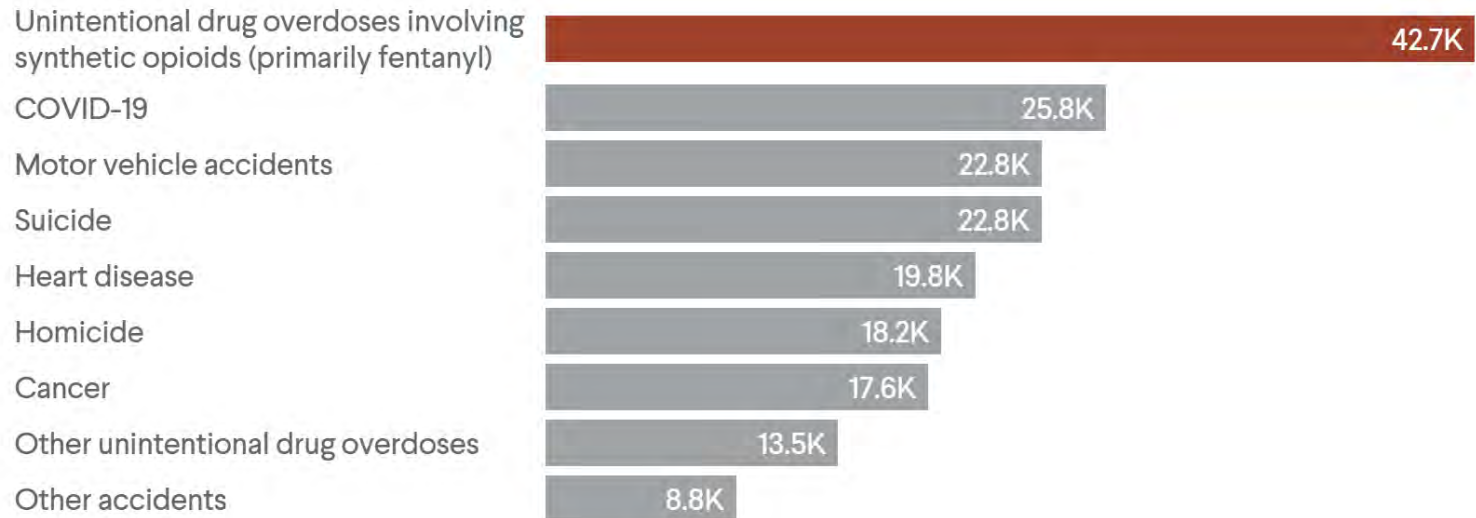
Fourth Quarter 2024

January 22, 2025

During the fourth quarter, Blue Point's model portfolio, applied to separately managed accounts, returned 4.50% net-of-fees. The Total Return of the S&P 500, which includes dividends, was 2.41%.



Covid * 1.65 = the Leading Loss of Human Capital in the U.S. Synthetic Opioids are the Leading Cause of Death ages 18 – 45, 2021



Notes: "Synthetic opioids" excludes methadone. This chart was created using data from the CDC, although the CDC has not stated that fentanyl is the leading cause of death for this age group. This is likely due to two aspects of the data:

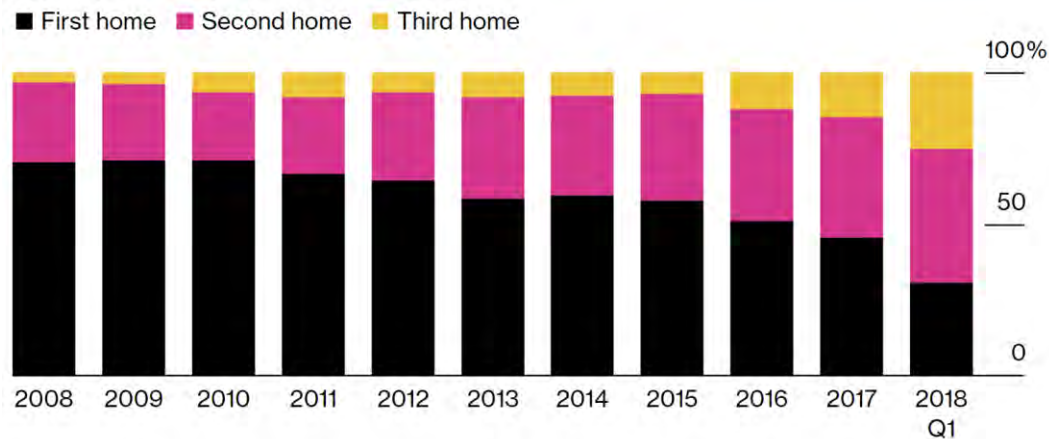
1. In the CDC's data, fentanyl is part of the "other synthetic opioids" category of drugs (code T40.4). Separate work has shown that fentanyl makes up the vast majority of this category, although the exact amount is not available.
2. In the CDC's data, a death has a single "underlying cause" and can have additional "multiple causes," and the "other synthetic opioids" category of drugs (code T40.4) is only available as a "multiple cause."

In 2021 the CDC estimates there were 107,622 drug overdose deaths in the U.S. a 15% year-over-year increase.
Source: CDC and Council of Foreign Relations.

What is the Clearing Price of A Chinese Ghost City?



Source: What Happens if China's Housing Bubble Bursts? Tianducheng, the Paris of China 11-23-21



Source: Research Center for Chinese Household Finance – A Deleted Website

Where do Equity Markets Come From?

Market Structure:

- East India Company in 1600 and Dutch East India Company 1602
- Entrepreneurial merchant class sought trade with the East.
- Balance of Estate becomes Balance Sheet and the continuous corporation is born.
- Joint Stock companies enter an age of importance.
- Trade with the East required long-term capital.

Societal Considerations:

- Does the society endorse entrepreneurship?
- How open is the market? Are disclosures available?
- Why are German equity holdings two thirds less than American equity holdings?