



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.

When making investment recommendations Blue Point Investment Management, a Maryland, Texas and Virginia Registered Investment Adviser, uses the fiduciary standard, which requires client specific information to determine what is in the clients' best interest.

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

Blue Point Investment Management

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



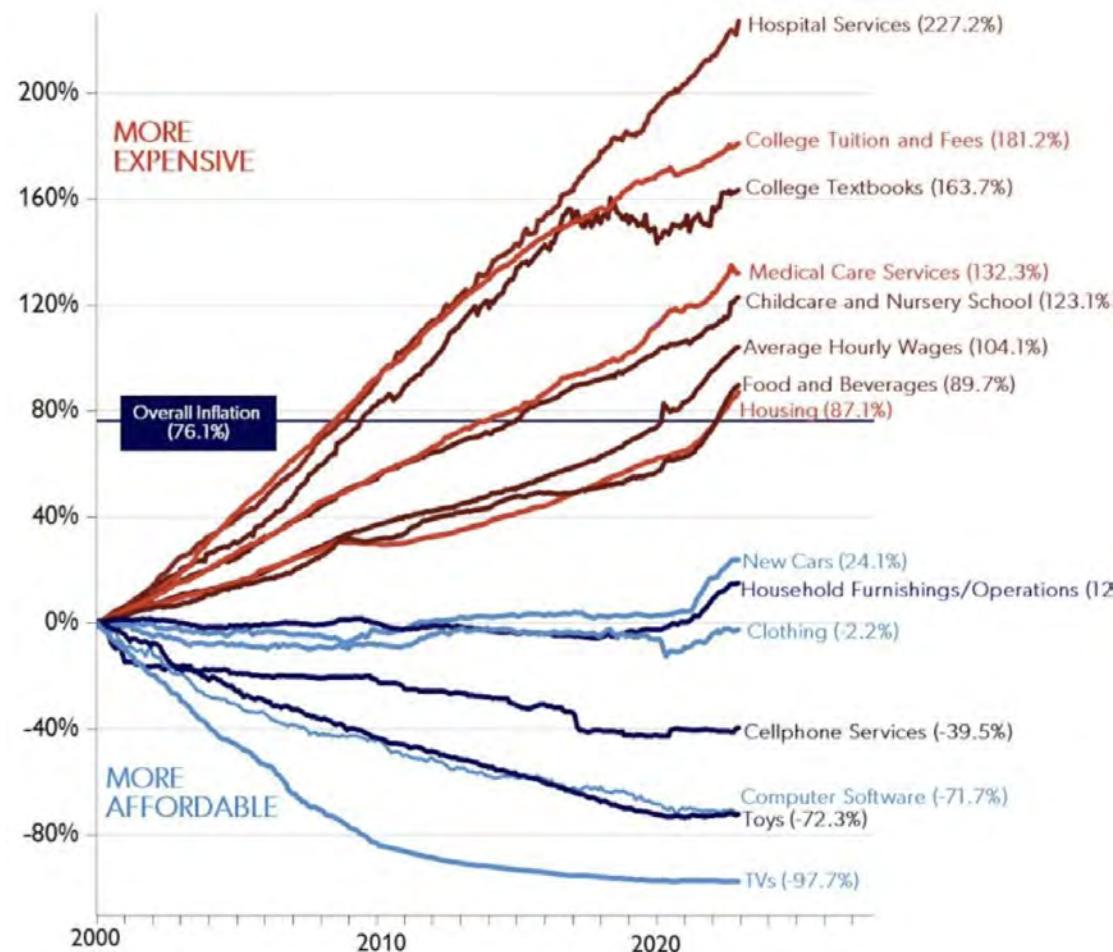
Source: Bloomberg

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 | +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 | +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 | +375.53 | ■ | +0.71% | ■ | -35.56% 04/16 c | 24 / 12 | 13.70 | 11.25 | 10.24 | 3.79 | +7.08% +13.19% |
| IBOVESPA | | 129650.03 | +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 | -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 | +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 | -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 | -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 | -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 | -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 | +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 | +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 | +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 | -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 |

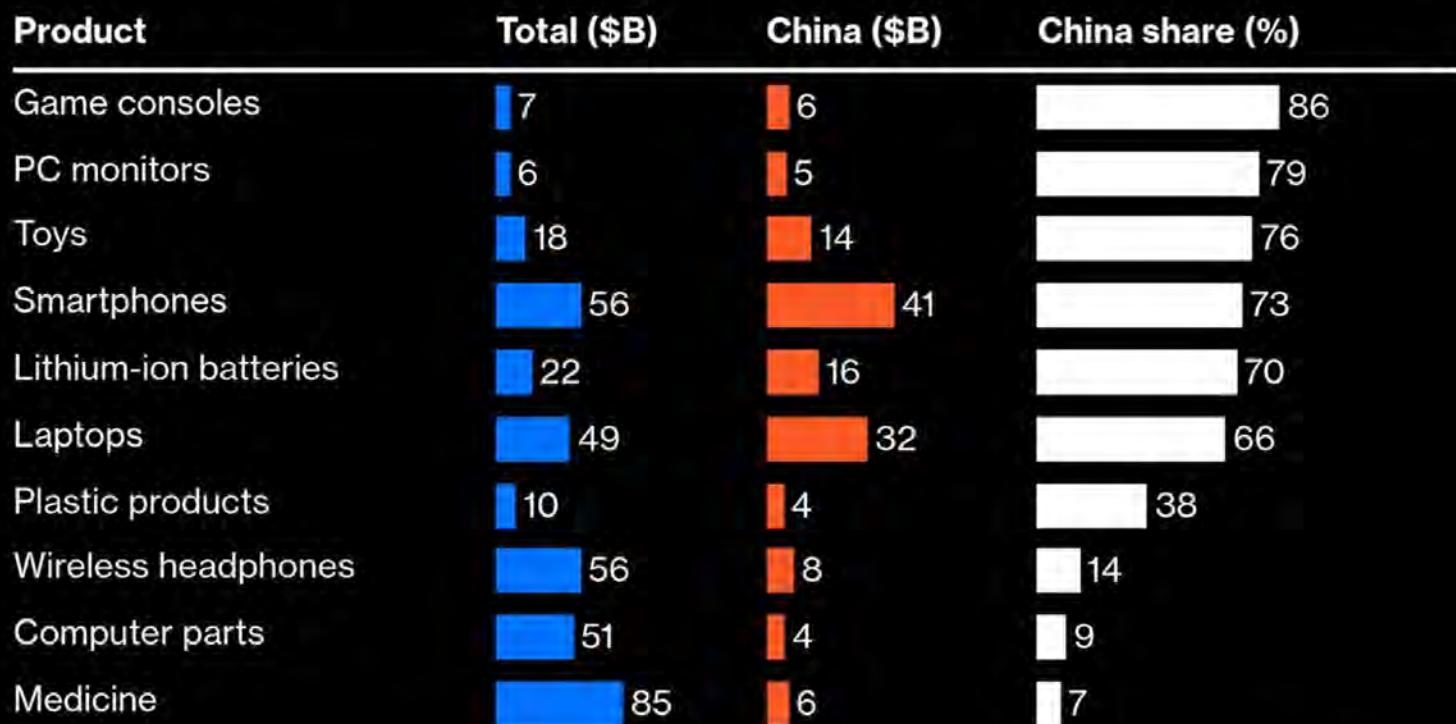
Source: Bloomberg Economics

Bloomberg

Chinese Tech Dominance

US Dependent on China for Smartphones and Game Consoles

Top 10 US imports from China by value in 2024



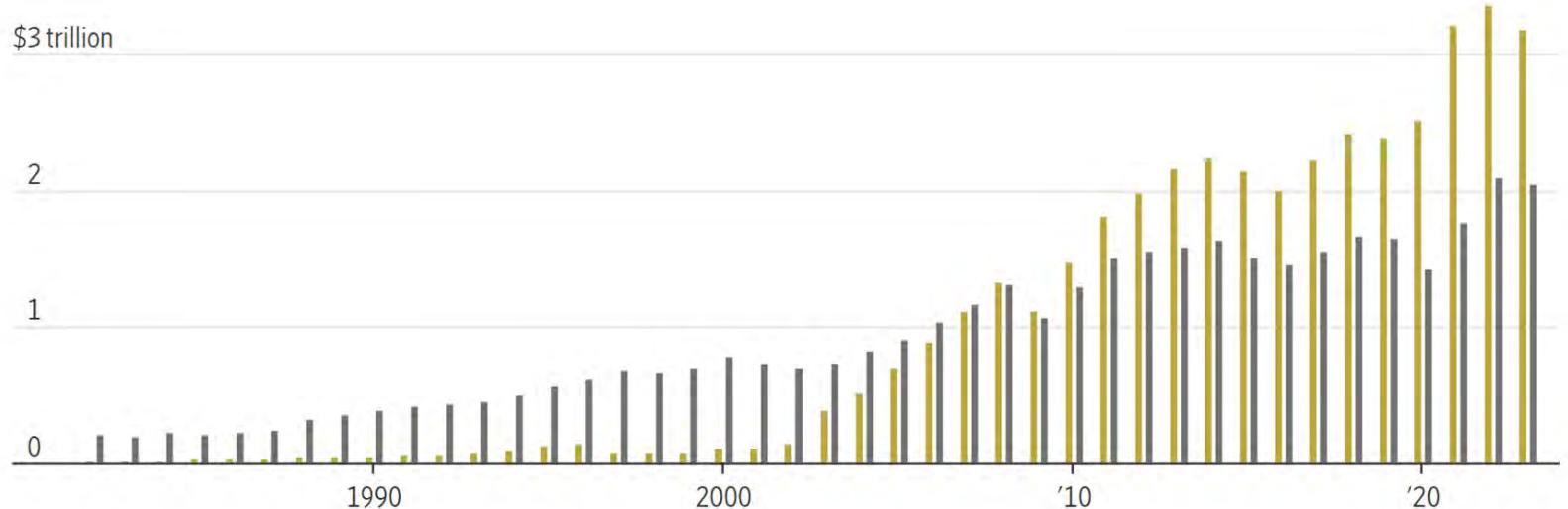
Source: US International Trade Commission

Bloomberg

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

Total goods exports to rest of world

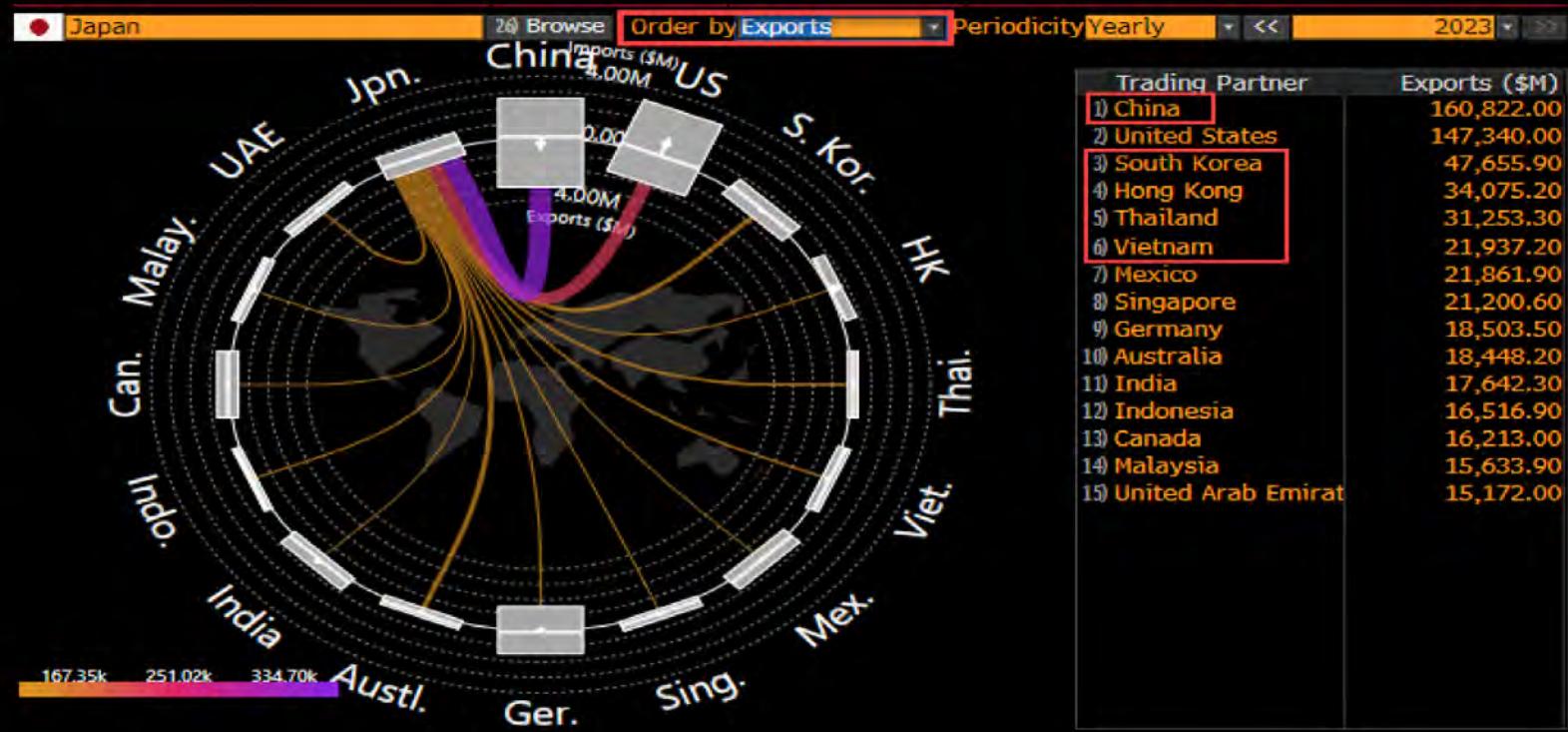
■ China ■ U.S.



Source: World Bank and Wall Street Journal

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

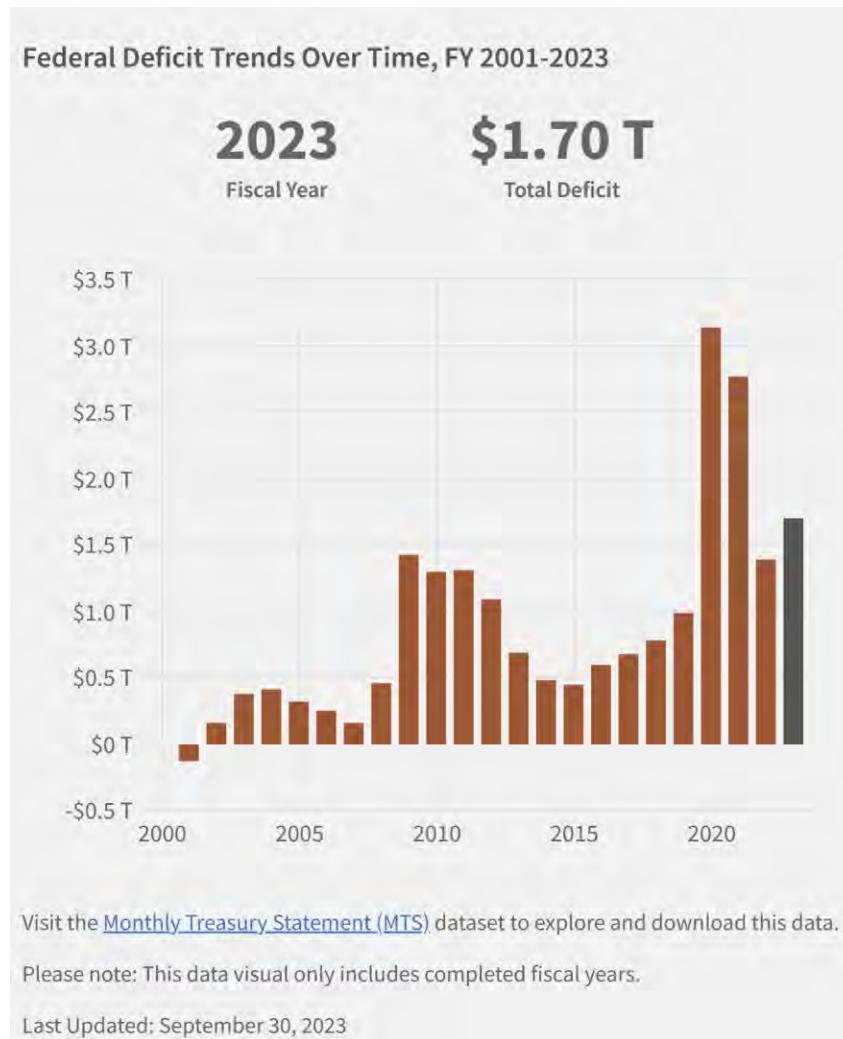
Japan: All Key Trade Partners Heavily Impacted



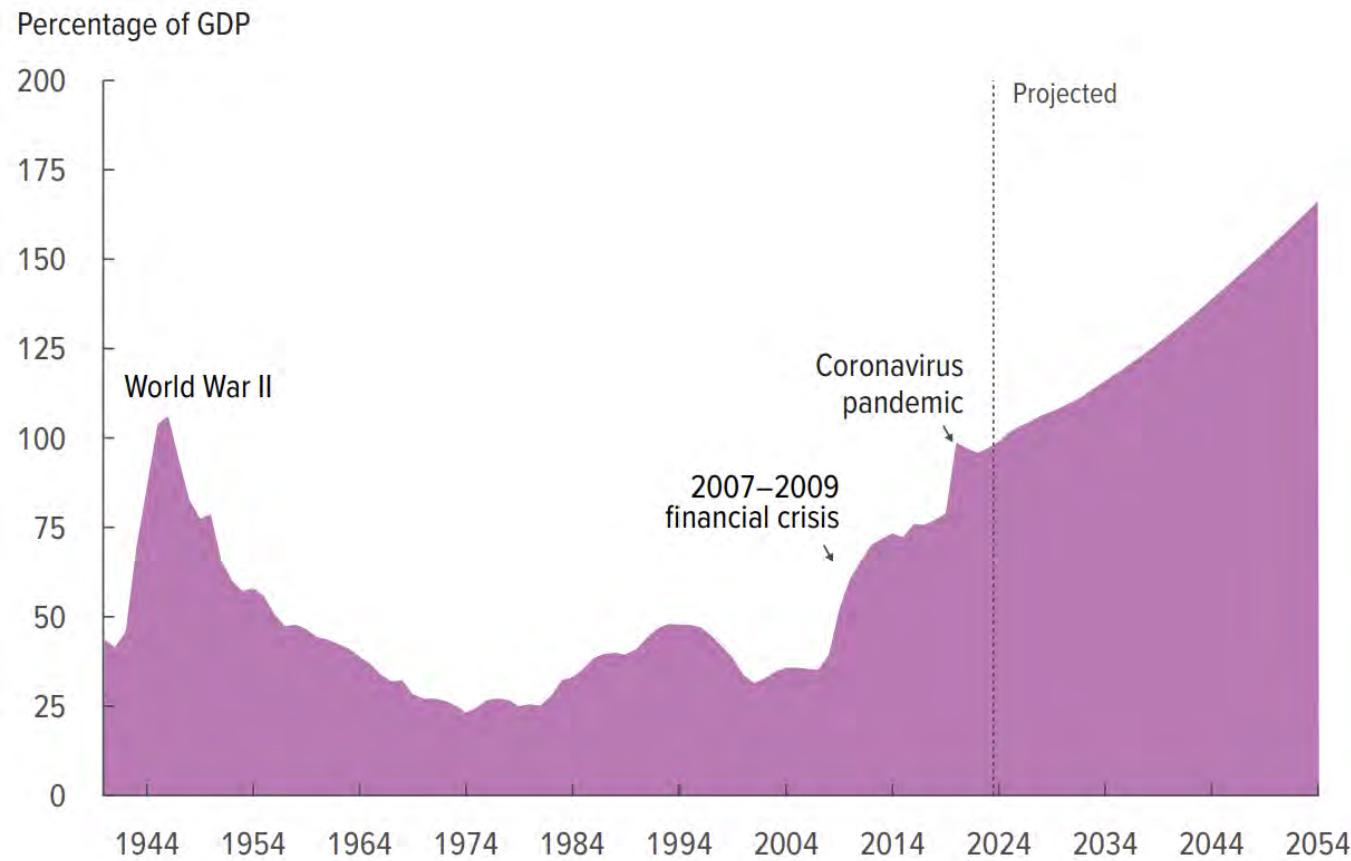
Source: Bloomberg BI

Financially the U.S. is a Failing Country

Deficit Spending is Not Sustainable

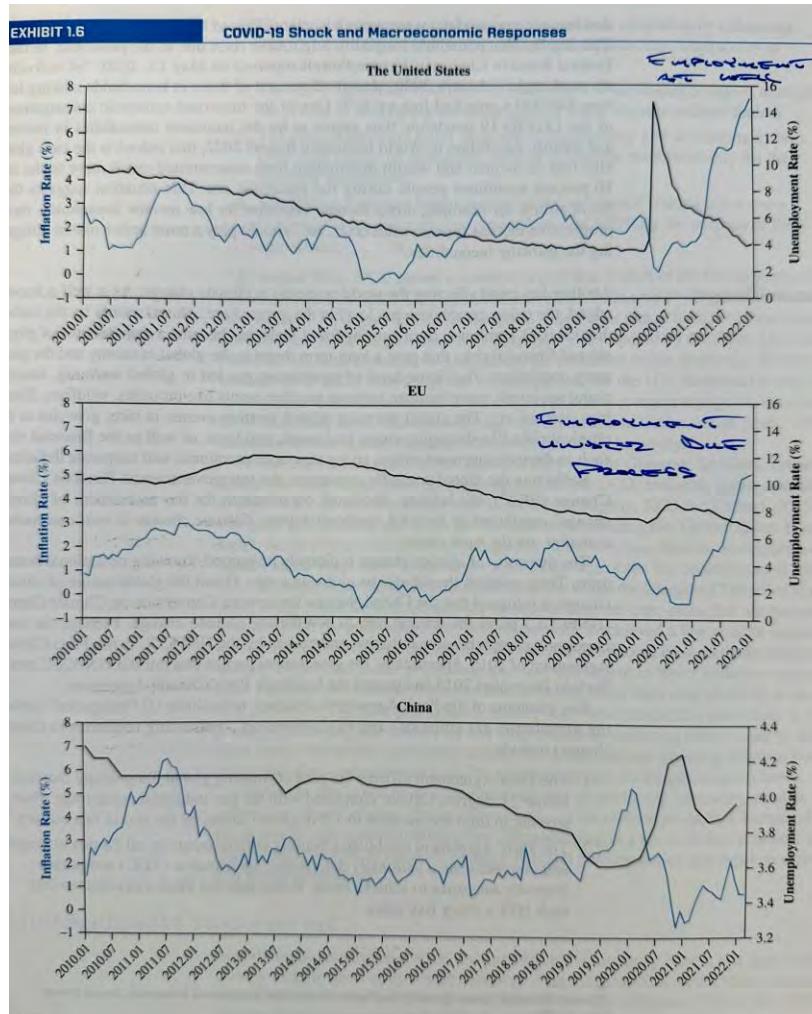


Without Drastic Action the U.S. is Flirting with Interest on Interest and Economic Failure



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



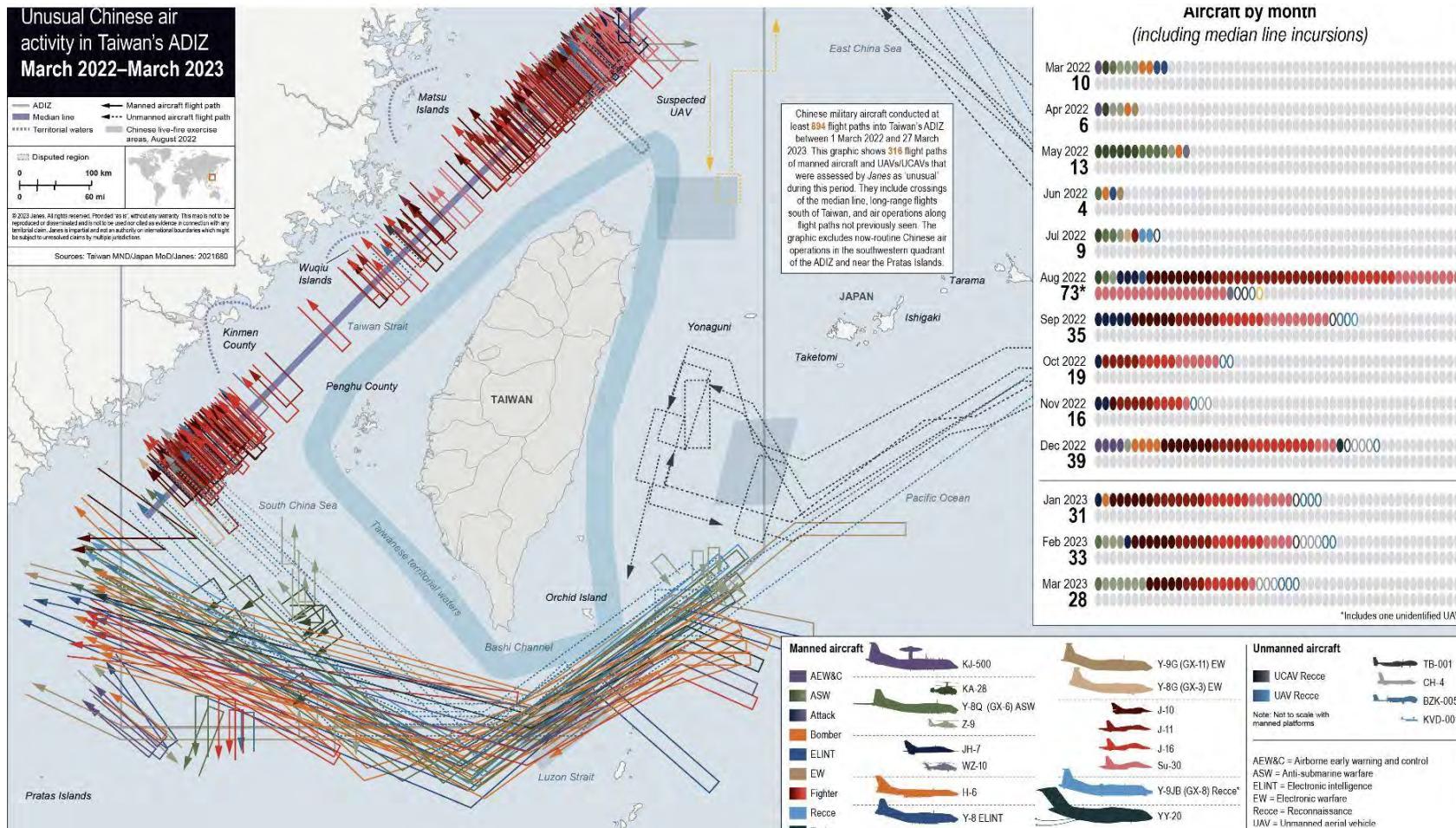
Source: www.finviz.com Market Map function

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

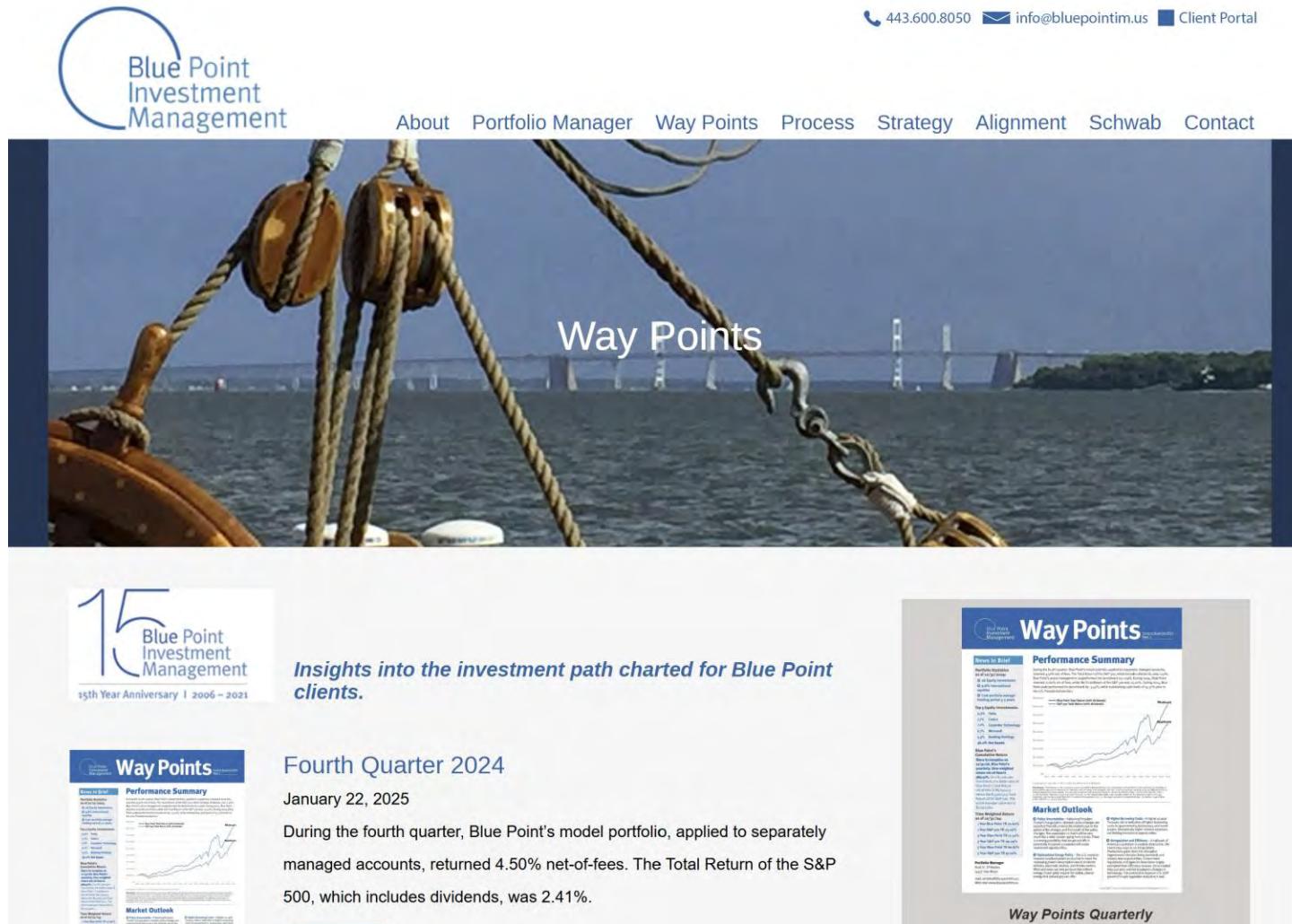


Source: Akhil Kadidal Janes Aviation



Question & Answer

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The screenshot shows the homepage of the Blue Point Investment Management website. At the top, there is a large banner image of a ship's rigging and a bridge in the background, with the text "Way Points" overlaid. The header includes the company logo, a phone number (443.600.8050), an email address (info@bluepointim.us), and links for "Client Portal", "About", "Portfolio Manager", "Way Points", "Process", "Strategy", "Alignment", "Schwab", and "Contact". Below the banner, there is a section for the 15th Year Anniversary (2006-2021) with a "Way Points" newsletter sample and a "Way Points Quarterly" newsletter sample. The "Way Points" newsletter features sections like "News in Brief", "Performance Summary" (with a line graph), "Market Outlook" (with a line graph), and "Portfolio Manager" (with a line graph). The "Way Points Quarterly" newsletter features sections like "Performance Summary" (with a line graph), "Market Outlook" (with a line graph), and "Portfolio Manager" (with a line graph).

Blue Point Investment Management

15th Year Anniversary | 2006 – 2021

Way Points

Insights into the investment path charted for Blue Point clients.

Fourth Quarter 2024

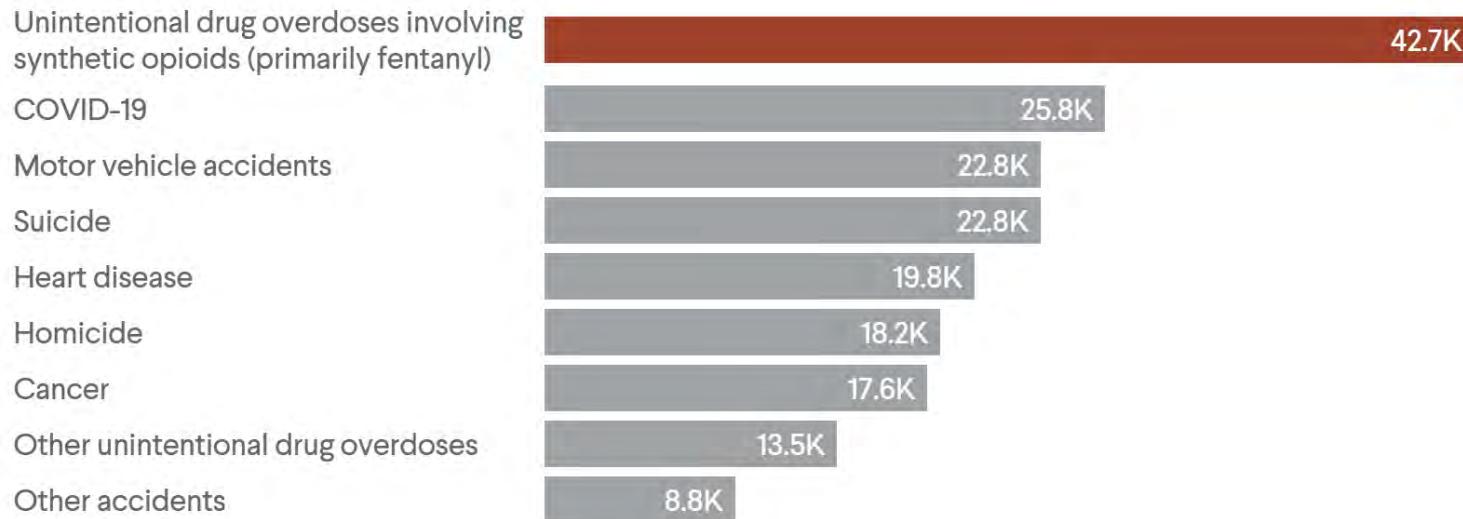
January 22, 2025

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%.

Way Points

Way Points Quarterly

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:

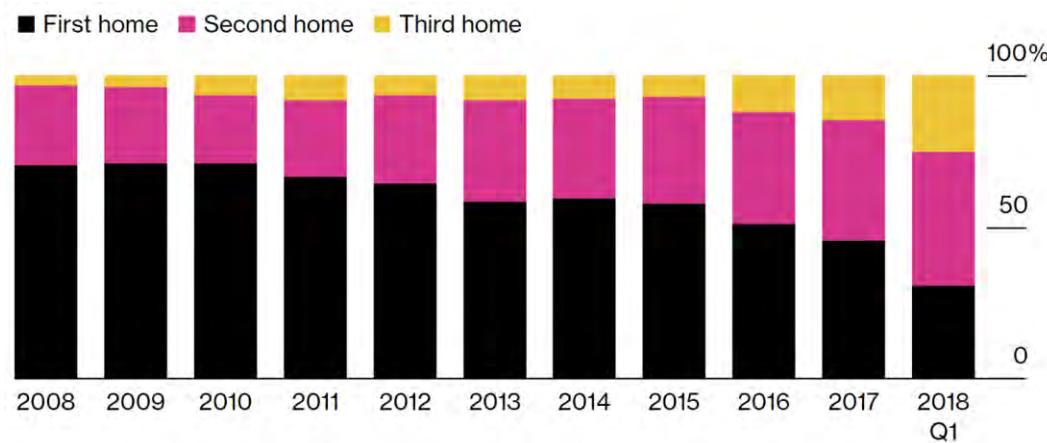
1. In the CDC's data, fentanyl is part of the "other synthetic opioids" category of drugs (code T40.4). Separate work has shown that fentanyl makes up the vast majority of this category, although the exact amount is not available.
2. In the CDC's data, a death has a single "underlying cause" and can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