

ASSET ALLOCATION STRATEGY:
Flexible and Unconstrained





Investment objectives

- ✓ The strategy has been created to manage the personal liquid assets of a private investor and has been developed throughout the past two decades. (Please see real past performance data provided below).
- ✓ The main goal is to protect capital in difficult periods and obtain a stable return within a business cycle.
- ✓ The portfolio is managed with a totally unconstrained strategy, without any link or reference to a given benchmark.
- ✓ Returns and volatility are not targeted ex-ante: the only objective in terms of risk management for the portfolio is to keep the peak-to-through drawdown below 4% during physiological bear markets for risk assets.
- ✓ As returns are not measured in relative terms, underperformance during a bull market is not considered as a problem.



Investment Universe

The strategy invests exclusively in tax harmonized UCITS funds

✓ MULTIASSET FUNDS



There are two types of balanced funds in the portfolio:

- “structural multi-asset programs”: equities/fixed income programs which invests in liquid single stocks and single bonds with a specific security selection method, a rigorous risk management and an active FX allocation. The main sources of returns are linked with the alpha generated from the security selection, the identification of investment themes and the construction of a balanced all-weather “orthogonal” portfolio with a controlled drawdown management. Trading and market timing is not essential as the investment horizon tends to be fairly long;
- Flexible asset allocation programs which invest in indexes, ETFs and other liquid instruments in many asset classes (equities, fixed income, FX, commodities, alternatives) with a top-down macro oriented approach. The alpha here is based on the identification of medium-long term trends in different asset classes and on market timing.

✓ LONG ONLY EQUITY FUNDS



These managers are very unconstrained, completely benchmark ignorant and tend to invest globally in large and mega caps with a precise stock selection method and a clear risk management. There could be from time to time a bias towards income generating strategies, but generally the investment mandate of such managers are very broad.



Investment Universe

✓ FIXED INCOME FUNDS



UP TO 40%

These managers tend to exploit the fixed income universe with an unconstrained approach, a very flexible mandate and an active management of the duration (which could be negative in certain market conditions), the currency exposure and the credit rating exposure.

✓ ABSOLUTE RETURN FUNDS



UP TO 30%

The portfolio invests also in equity long/short, macro, managed futures and occasionally event driven strategies, available in UCITS format with a strong risk management, a transparent, clear and easy to evaluate investment method with an evident competitive advantage and a solid organization behind. The portfolio can also invest in liquid UCITS funds of funds.

WHERE WE DO NOT INVEST

- Offshore vehicles
- Benchmarked strategies designed for institutional investors
- Static risk parity programs
- Illiquid, leveraged and opaque „hedge funds“
- Sector or country specific long only equity or fixed income funds



Portfolio construction

- ✓ The portfolio is constructed with a selection of 12 to 18 managers at any time
- ✓ There are no top-down macro driven decisions taken at portfolio construction level as we are not macro specialists but only manager allocators.
- ✓ All the top-down and market timing investment decisions are delegated to certain underlying managers with a specific expertise and a solid track record.
- ✓ The core of the portfolio is invested in a selection of balanced all-weather funds which are expected to generate a significant part of the return.
- ✓ A satellite allocation is dedicated to long only equities and fixed income funds and to absolute return strategies with the main objective to increase de-correlation and contain the drawdowns during bear markets in risk assets.
- ✓ There is also a structural allocation to Gold (via bullions or ETFs, up to 7,5%) and to USD (using share classes of the underlying funds denominated in USD, up to 10%) for diversification purposes.
- ✓ Cash is actively managed



Investment Process

1

MANAGER SELECTION

- Qualitative analysis (identification of investment skills and competitive edges, due diligence on the organization and the administrative aspects, analysis of the risk management and the transparency of the strategy)
- Quantitative analysis (identification of the sources of profits and losses, correlation analysis, ability to react at fat tails events)

2

PORTFOLIO CONSTRUCTION

- Allocation between different sub-strategies
- Sizing of each position based on the evaluation of expected stable returns, potential drawdowns, de-correlation capability, transparency

3

RISK MONITORING

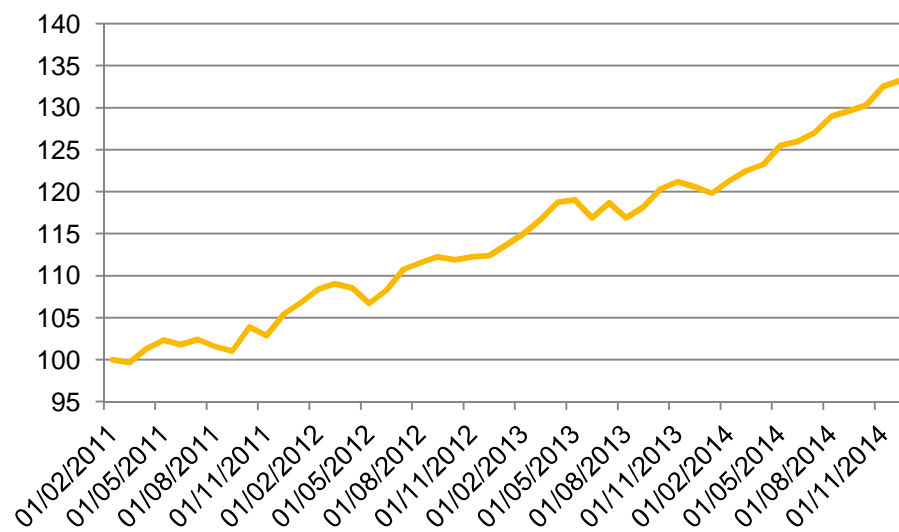
- On a quarterly basis each position is monitored with on-site managers meetings and the analysis of all the main risk parameters of each strategy. The goal is to identify as soon as possible red flags which could trigger further due diligence on the position or a redemption order.
- On an yearly basis all the Audited Financial Statements are reviewed to identify inconsistencies and problems.



Selection of Target Funds

EXAMPLE: UNCONSTRAINED STRUCTURAL FUND

- This “structural” balanced fund invests in a selection of single bonds and single stocks with a long term approach and a value bias.
- There is a focus on stable companies with high visibility of future cash flows and interesting valuations.
- The goal is to generate stable returns with a controlled risk management and to recover fast from drawdowns.
- The strategy is managed by a large Nordic Asset manager mainly for private unconstrained investors.



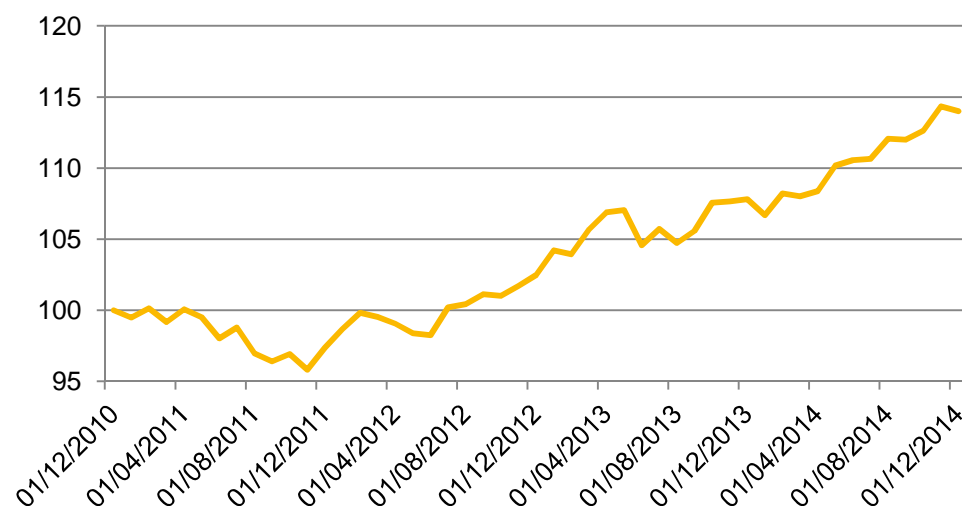
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2011			-0,34	1,64	1,02	-0,50	0,59	-0,84	-0,51	2,81	-0,99	2,51	5,42
2012	1,31	1,45	0,64	-0,47	-1,67	1,45	2,31	0,70	0,62	-0,31	0,31	0,15	6,61
2013	1,15	1,14	1,50	1,77	0,22	-1,81	1,55	-1,52	1,10	1,82	0,72	-0,50	7,27
2014	-0,64	1,22	0,99	0,63	1,82	0,41	0,82	1,56	0,47	0,53	1,72	0,52	8,08



Selection of Target Funds

EXAMPLE: UNCONSTRAINED FLEXIBLE FUND

- This is a very flexible and dynamic asset allocation strategy managed by a big UK based asset manager.
- It invests in futures, ETFs and liquid funds (internally and externally managed) in equities, fixed income, FX, alternatives and commodities with a trading approach and a fairly short-mid term time horizon.



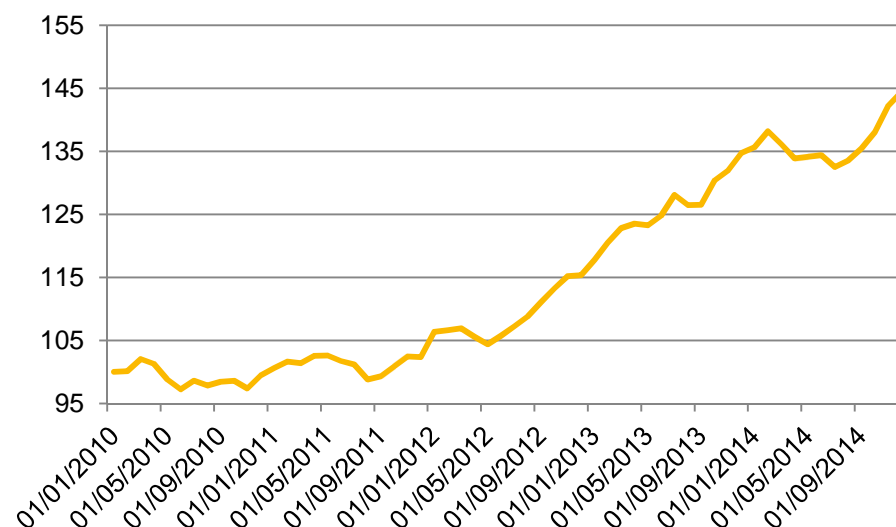
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2011	-0,51	0,65	-0,97	0,91	-0,55	-1,51	0,78	-1,83	-0,59	0,54	-1,13	1,60	-2,64
2012	1,35	1,16	-0,29	-0,47	-0,68	-0,14	2,01	0,21	0,71	-0,11	0,69	0,75	5,26
2013	1,69	-0,26	1,65	1,16	0,14	-2,32	1,11	-0,95	0,82	1,89	0,08	0,13	5,19
2014	-1,04	1,44	-0,19	0,32	1,68	0,35	0,07	1,28	-0,06	0,56	1,53	-0,29	5,76



Selection of Target Funds

EXAMPLE: EUROPEAN EQUITY LONG/SHORT

- This fund employs a liquid European Equity Long/Short strategy with a gross exposure between 150% and 250% and a net exposure between 0% and 30%
- The stock selection method is systematic, based on inputs provided by external contributors part of the sell-side brokerage community in Europe and collected by the management team with a systematic approach
- Portfolio construction is also driven by top-down analysis in terms of volatility, dispersion of stock returns, ability of the contributors to generate alpha, etc.



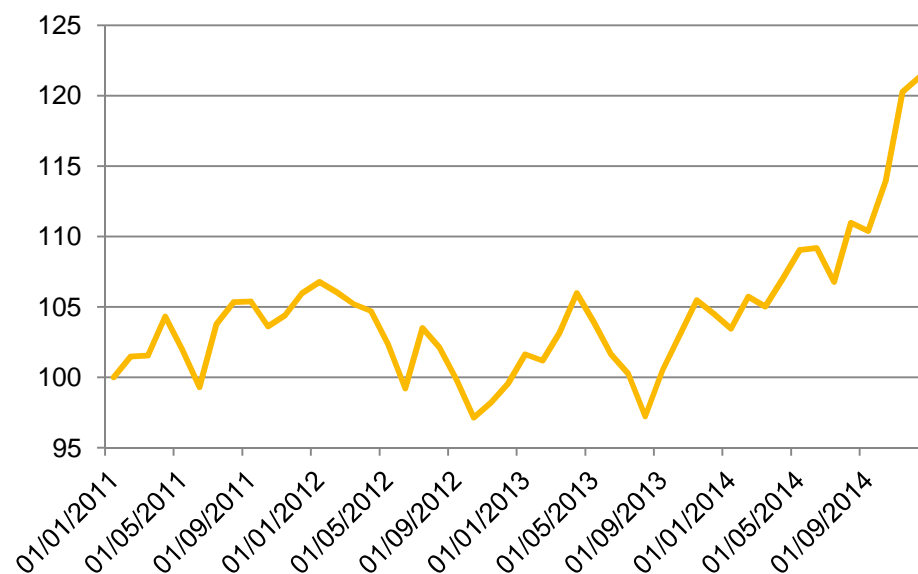
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2010	0,14	0,11	1,93	-0,74	-2,45	-1,62	1,43	-0,8	0,67	0,15	-1,25	2,13	-0,41
2011	1,2	0,98	-0,23	1,13	0,04	-0,81	-0,56	-2,34	0,48	1,58	1,6	-0,1	2,93
2012	3,88	0,27	0,29	-1,24	-1,15	1,28	1,42	1,48	2,06	1,98	1,7	0,13	12,67
2013	2,12	2,3	1,92	0,6	-0,22	1,26	2,63	-1,29	0,04	3,08	1,21	2,1	16,83
2014	0,69	1,85	-1,49	-1,63	0,18	0,2	-1,43	0,8	1,44	1,91	2,98	1,56	2,49



Selection of Target Funds

EXAMPLE: TREND FOLLOWER MANAGED FUTURES

- This is very large and well known managed futures based in the UK.
- It implements a long term systematic strategy to invest in futures of different asset classes based on price dynamics and other technical factors.
- Moreover, up to 20% of the risk is allocated to a systematic equity market neutral strategy based on price movements and a systematic analysis of fundamentals.

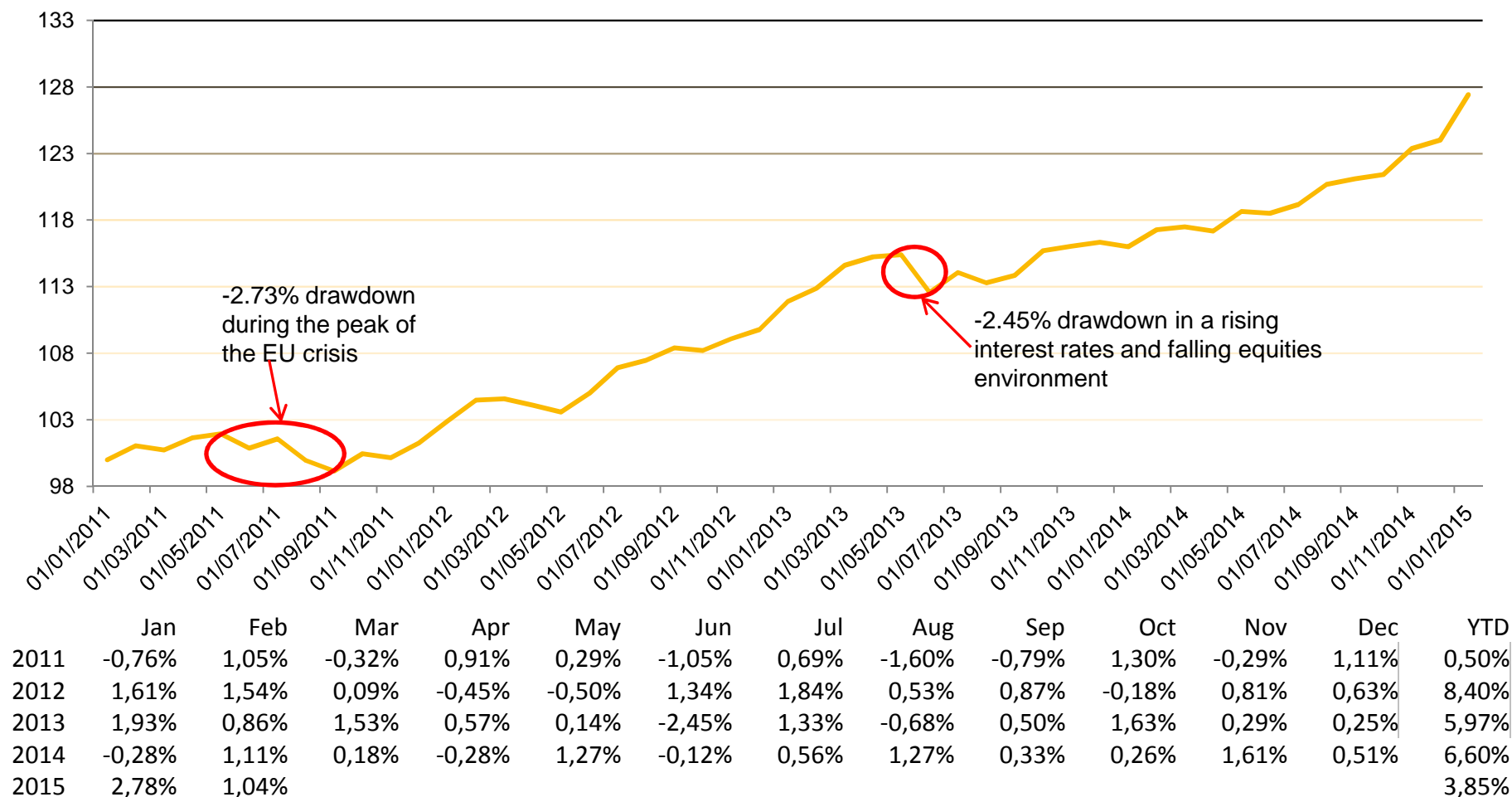


	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2011	0,06	1,48	0,07	2,72	-2,25	-2,61	4,5	1,5	0,06	-1,69	0,76	1,52	5,99
2012	0,74	-0,67	-0,81	-0,46	-2,25	-3,08	4,33	-1,33	-2,28	-2,66	1,1	1,36	-6,08
2013	2,11	-0,46	1,95	2,75	-1,93	-2,21	-1,38	-3	3,35	2,46	2,43	-0,92	4,97
2014	-1	2,21	-0,67	1,86	1,93	0,12	-2,21	3,95	-0,54	3,18	5,6	0,89	16,12



Strategy Performance

The performance of this strategy (gross of all fees and costs) is the following*

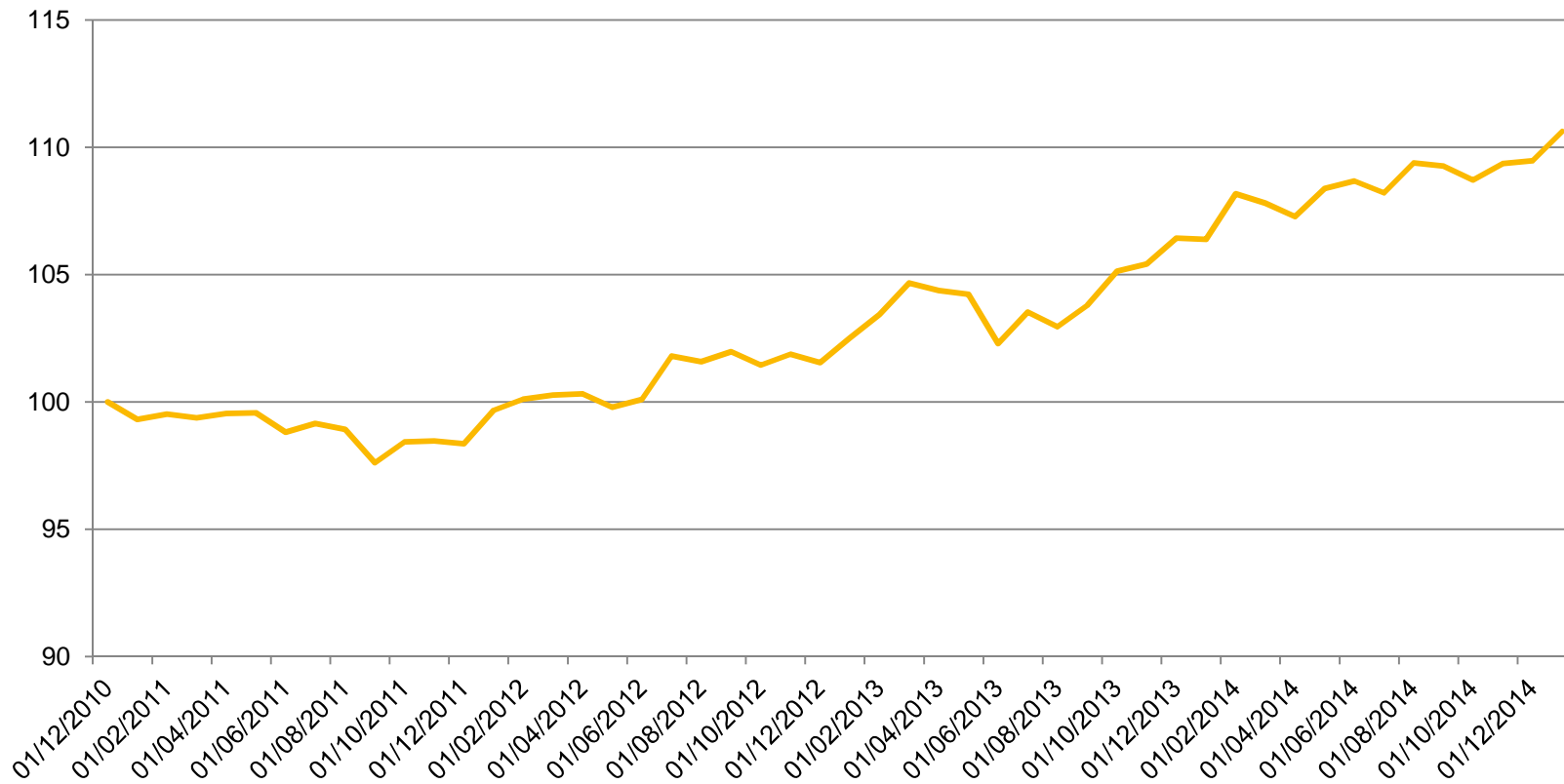


* backtesting from Jan 2011 to Feb 2015



Past Real Performance of similar programs

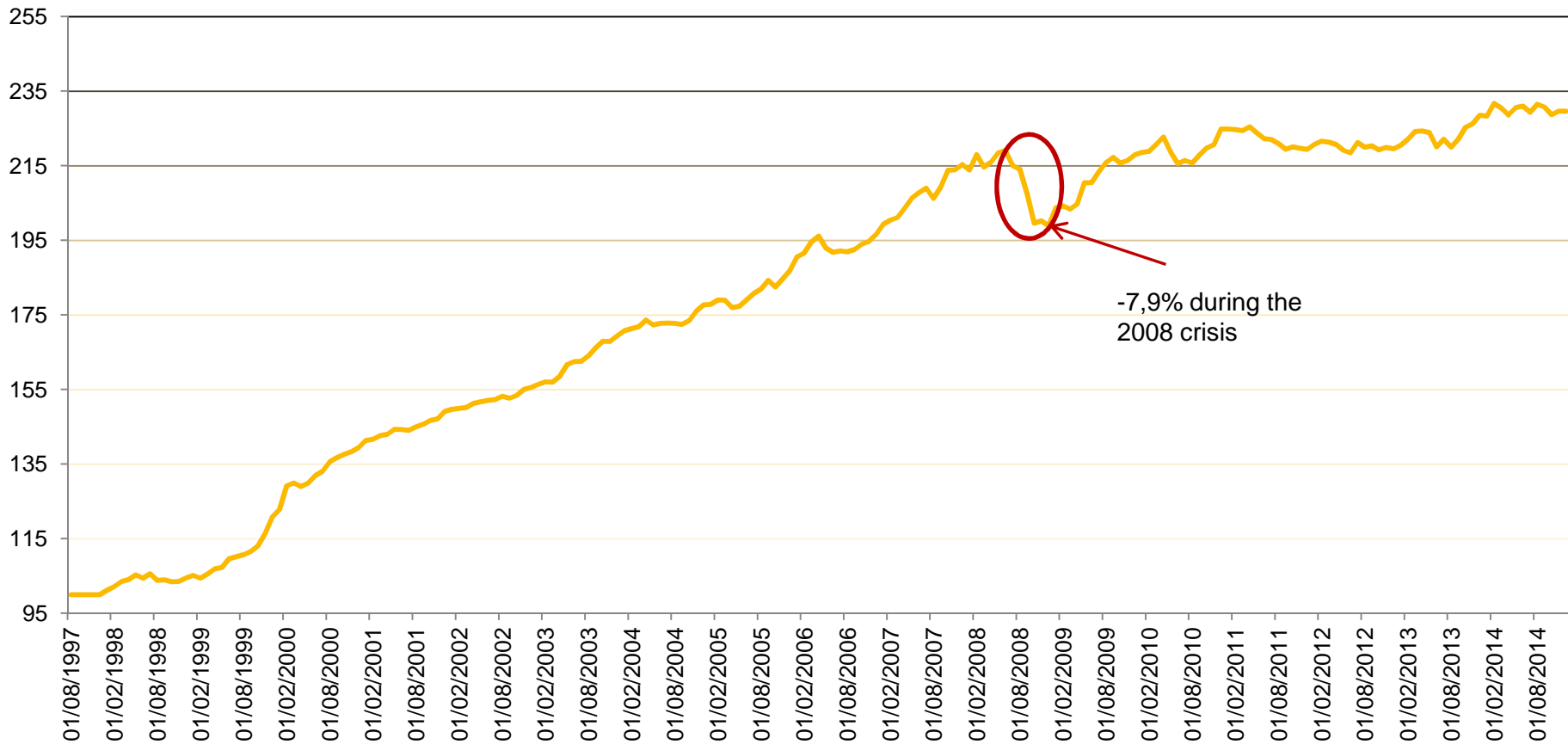
The same manager has been responsible since 1998 of the management of very diversified private portfolio with a significant allocation to absolute return strategies (between 50% and 80%) and exposure to long only strategies. The audited performances since 2011, net of all fees and capital gain taxes (26%) are the following:





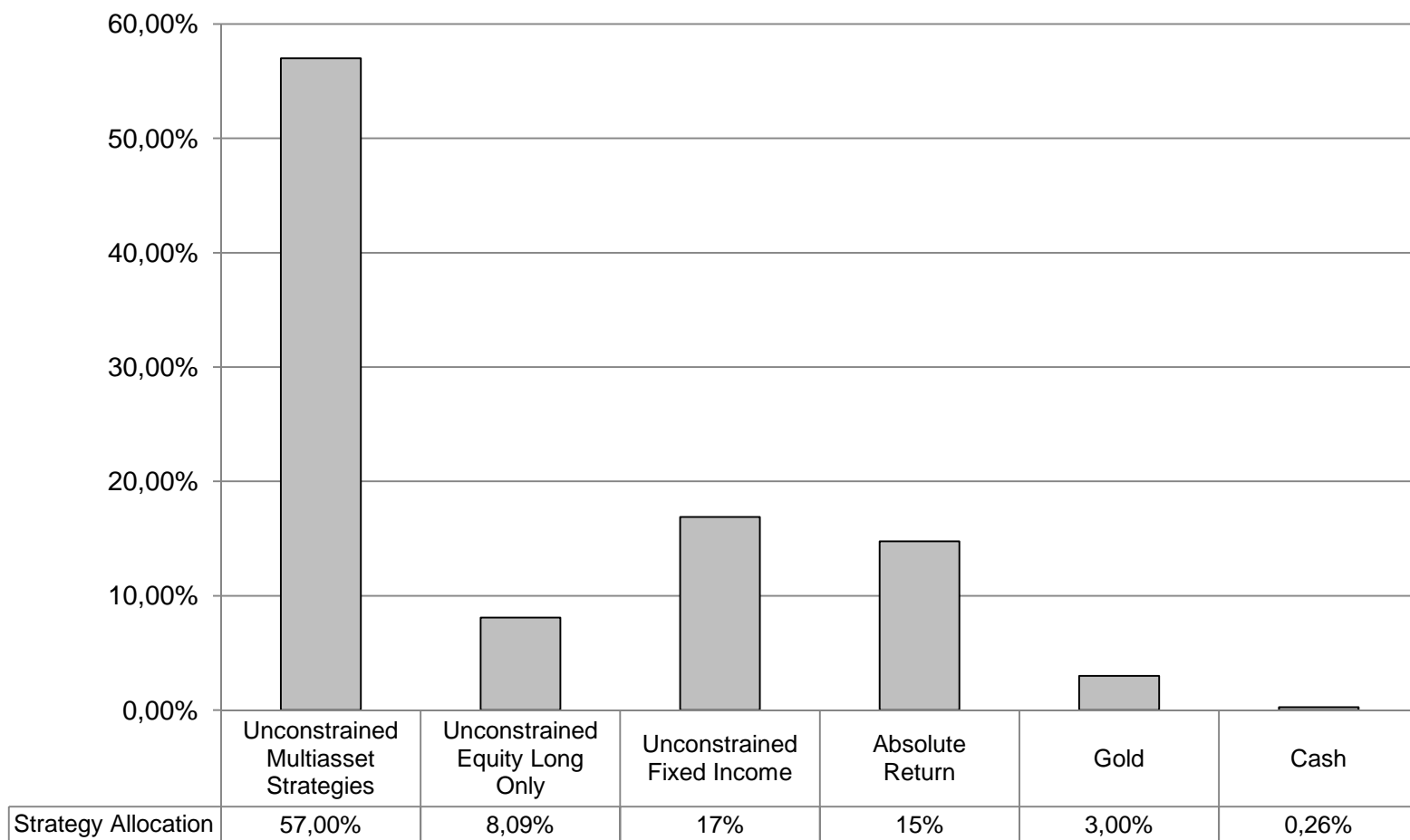
Past Real Performance of similar programs

The same manager has also been responsible since 1998 of the management of a Fund of Hedge Funds. The audited performances are the following:





Strategy Allocation as of February 28th 2015



Net equity exposure: 29.61%