

Healthy portfolios – for any risk profile

State-of-the-art mixed portfolios with Finreon Multi Asset Solutions.
Dynamic risk management and systematic optimization.

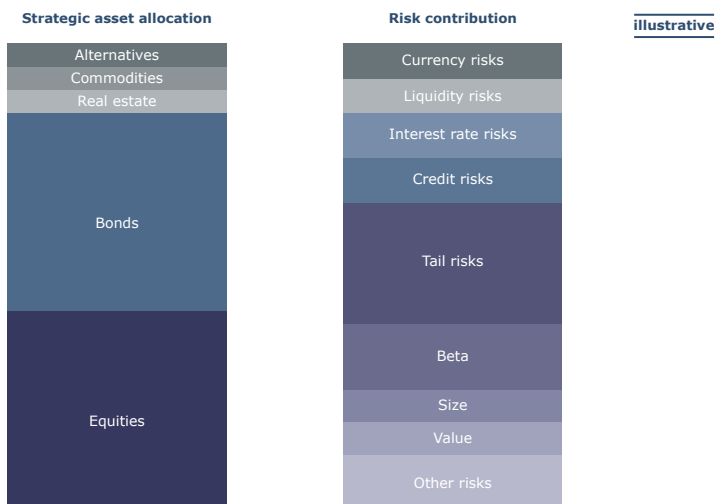


No risk, no return

Systematic risk premia Asset classes bear various risks. Investors taking systematic risks are compensated by a risk premium in the long-run. Each kind of systematic risk thus represents a long-term source of return and contributes positively to the expected return on the overall portfolio. Mixed portfolios allow investors to profit from a wide range of risk premia.

Which and how much risks? Portfolio management always implies risk management. Based on the individual risk capacity (risk budget) as well as on the return requirements, investors decide which and how much equity, interest rate, credit and further risks they are able to bear. Notably, equities make up a major part of the overall risk composition. The risk contribution of bonds tends to increase in the current low interest rate environment.

Risk contribution in a mixed portfolio

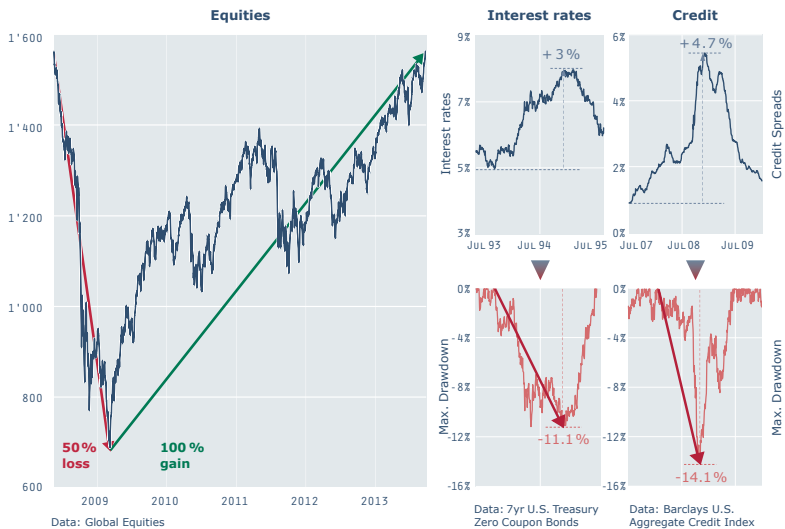


Risk management with the goal of avoiding losses of substance

Losses of substance as an issue While normal fluctuations are tolerable for the investor, crashes inflict heavy damages on the portfolio due to substance losses. Crashes do not only destroy the return, but also the capital with which future returns can be generated. Stock market crashes are as “normal” as volatility – they seldom but regularly occur. Also, sharp interest rate increases and crises in credit markets may lead to losses on bond portfolios.

Dynamic risk control Risk management should hence concentrate on reducing substance losses. A static asset allocation means that the investor fully bears all losses of substance. A dynamic risk control, however, enables investors to profit optimally from their risk budget. While the risk exposure is reduced over high-risk regimes, systematic risk premia can be efficiently earned during phases of lower risks.

Crashes in stock, interest rate, and credit markets



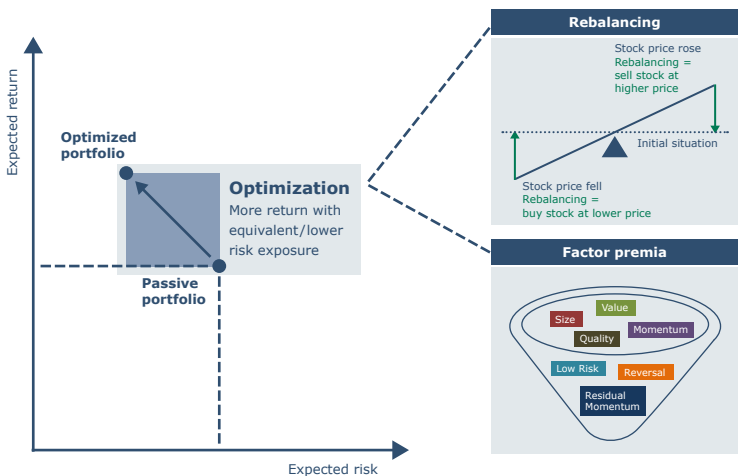
Smart Beta: Systematically higher return per unit of risk

Outperforming the market Investors have two possibilities to earn an outperformance. They can either select an active manager and trust in his forecasting skills (stock picking and timing abilities) and his experience. Or they can decide to seek an outperformance using established, scientifically proven Smart Beta methods in a systematic and non-predictive way.

Systematically more return per risk Active management often goes together with high costs, long-term underperformance and lack of transparency. In contrast to this, Smart Beta approaches are characterized by systematic and transparent optimizations. Anticyclical rebalancing, diversification and/or the exploitation of additional return sources (factor premia) thus contribute to an efficient management of equity investments.

Systematically higher return per unit of risk with Smart Beta

illustrative



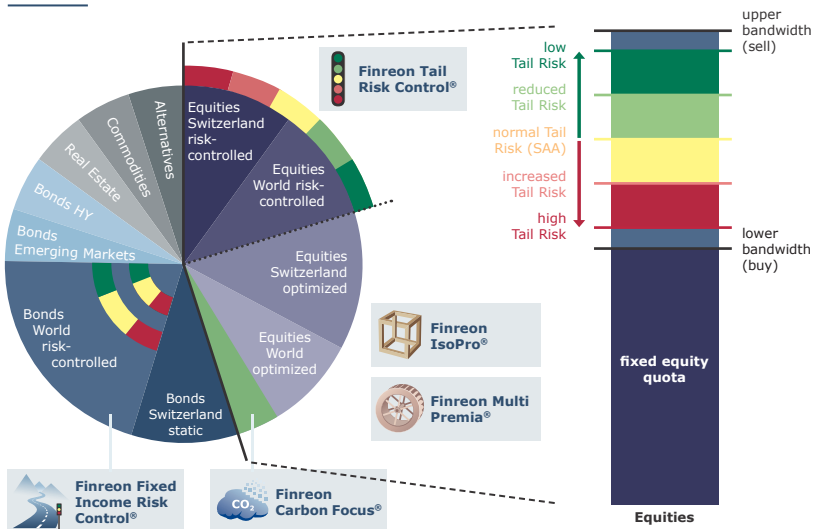
State-of-the-art mixed portfolios: Dynamic risk control and systematic optimization

Finreon Multi Asset Solutions By means of an integrated risk management, Finreon Multi Asset Solutions dynamically manage the most important risks in the portfolio on a daily basis – namely equity, interest rate, and credit risks. Optimizations within the different asset classes further seek to generate a higher return on the risk taken.

Robust portfolios Finreon Multi Asset Solutions are rule-based, free of any prognosis and fully transparent. Mixed portfolios are risk-controlled and optimized to each client's specific risk budget and needs and are fully tailored. The goal is to achieve a more attractive risk/return profile as well as more robust performance characteristics. Finreon offers state-of-the-art mixed portfolios for any risk profile.

Finreon Multi Asset Portfolio

illustrative



Finreon – a spin-off from the University of St.Gallen (HSG)

Finreon, founded in 2009 as a spin-off from the University of St.Gallen (HSG), has established itself as a competent partner for innovative investment concepts in the field of asset management and investment consulting. In its solutions, the company combines many years of investment experience with the latest findings in financial research.

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