



## Finreon Swiss Equity IsoPro®

31/05/2024

### Strategy

The investment universe of Finreon Swiss Equity IsoPro® includes 75 of the largest stocks of the Swiss equity market. In a first step, equal weights are applied to all positions (Iso). In a second step, the weights are optimized towards the minimum-variance portfolio (Pro). The strategy follows a quantitative approach.

The characteristics of the Finreon Swiss Equity IsoPro® strategy ensure a broad diversification. Concentration risks are explicitly avoided. The return and risk can therefore deviate from the Swiss Performance Index (SPI). The total risk born by the investor is similar to a well diversified Swiss equity investment.

### Current month

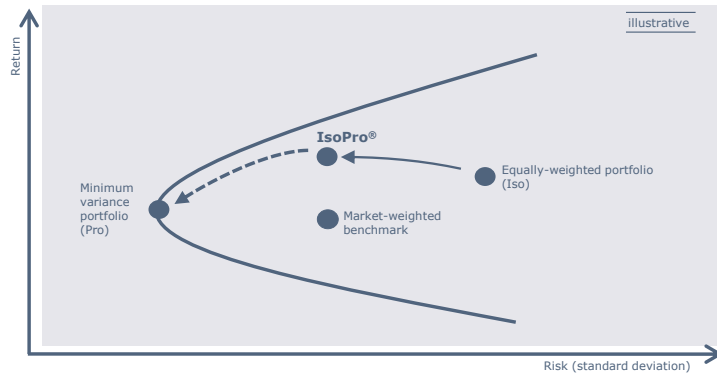
#### Comment

The Finreon Swiss Equity IsoPro® strategy achieved a return of 5.6% in May and thereby lagged the SPI, which achieved 6.1%.

The relative performance of IsoPro® is partly driven by avoiding cluster risk and thus underweighting large capitalization stocks. Moreover, due to the optimization part, stocks with low volatility and low correlations are overweighted and the portfolio exhibits defensive characteristics.

	Swiss Equity IsoPro®	SPI
Return current month	5.6%	6.1%
Return year-to-date	9.4%	9.8%

### IsoPro® concept

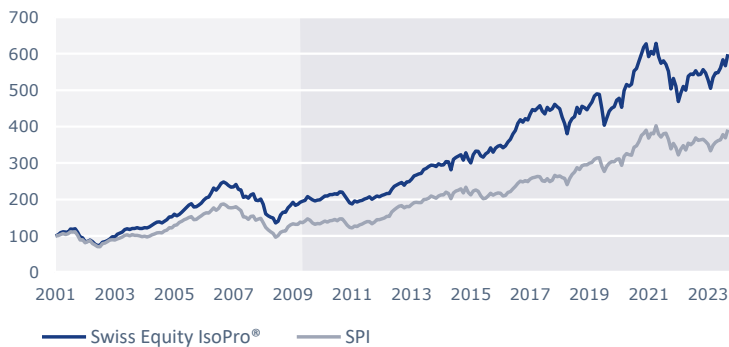


- IsoPro® combines the benefits of equal weighting (Iso) and optimization (Pro)
- Starting with an equal weighting a quantitative optimization shifts the portfolio towards the minimum-variance portfolio
- Liquidity, tradability and transaction costs of the stocks are taken into account
- The non-linear weights between minimum variance and equal weighting are calibrated to achieve a long-term volatility similar to the benchmark
- Maximum weight per single stock is 5%
- Optimized and efficient weights on single stock level

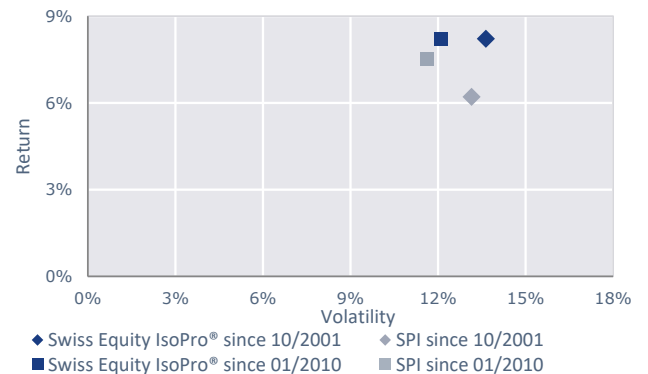
### Return / risk figures

	10/2001 - 05/2024		Since inception (01/2010)	
	Swiss Equity IsoPro®	SPI	Swiss Equity IsoPro®	SPI
Return p.a.	8.2%	6.2%	8.2%	7.5%
Volatility	13.6%	13.2%	12.1%	11.6%
Sharpe Ratio	0.64	0.51	0.69	0.68
Downside volatility <sup>1</sup>	9.2%	9.1%	7.8%	7.5%
Upside volatility <sup>1</sup>	10.3%	9.6%	9.5%	9.1%
Correlation <sup>2</sup>	0.92	n.a.	0.92	n.a.
Downside correlation <sup>2,3</sup>	0.87	n.a.	0.83	n.a.
Upside correlation <sup>2,3</sup>	0.79	n.a.	0.82	n.a.
Max. drawdown	-45.1%	-48.8%	-25.4%	-19.9%
Positive months	63.6%	62.1%	64.0%	62.2%

### Performance



### Return / risk



All figures are annualized. Backtesting is based on Total Return data.

Performance Finreon Swiss Equity IsoPro®: Composite net returns from mandates since 01/2010, Fund Class-D since 02/2014.

1) Average negative (downside volatility) or positive (upside volatility) deviation of returns from zero.

2) Reference value is the benchmark. 3) Correlation for periods when benchmark shows negative (downside) resp. positive (upside) returns.



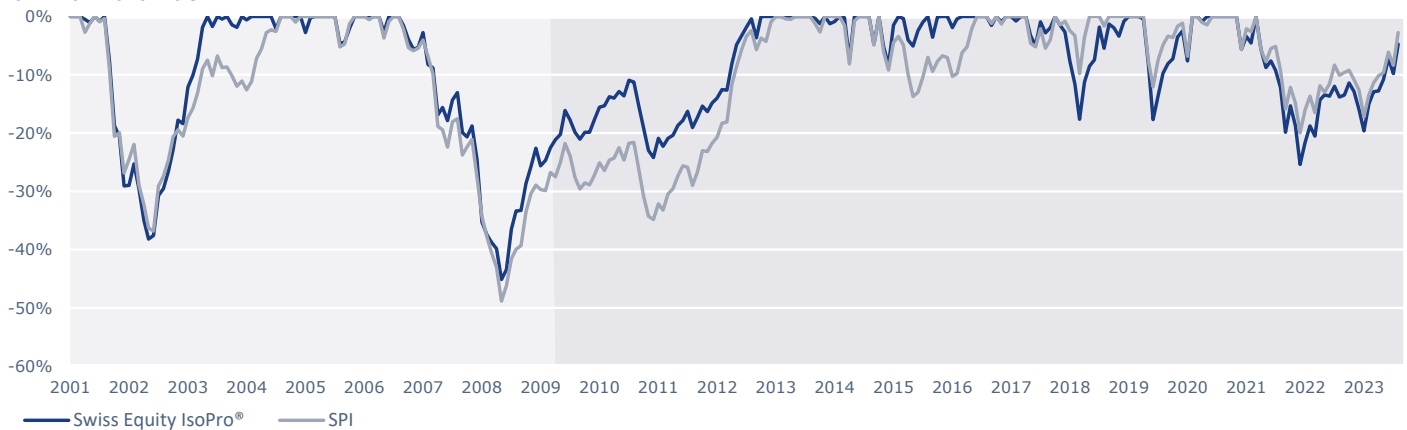
## Monthly returns in %

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2008	-8.9	1.5	-2.7	4.3	1.5	-7.8	-1.0	2.4	-7.0	-14.3	-3.3	-2.1	-32.8
2009	-1.8	-8.8	3.1	12.2	4.9	0.2	6.9	4.1	4.3	-3.9	1.3	2.9	26.5
2010	1.7	1.2	5.1	-1.9	-2.6	-1.5	1.5	0.0	2.7	2.5	0.3	1.8	11.3
2011	-0.3	1.3	-0.9	3.1	-0.4	-4.4	-4.7	-4.8	-1.6	4.4	-1.8	1.8	-8.3
2012	0.7	2.1	1.0	1.9	-3.3	2.2	2.3	-1.1	1.8	1.0	1.7	-0.1	10.5
2013	5.2	3.6	1.6	1.5	1.5	-3.3	4.0	0.3	2.8	3.5	0.9	1.1	24.8
2014	0.4	3.9	1.1	1.8	1.5	-0.3	-1.0	2.4	-1.2	0.4	3.0	-0.2	12.2
2015	-7.2	10.1	1.7	1.2	1.3	-4.8	6.6	-5.2	-3.3	7.5	3.1	-0.3	9.4
2016	-3.7	-1.1	2.8	1.5	3.5	-3.5	3.6	1.5	0.7	-1.9	1.5	3.1	7.9
2017	2.0	3.9	2.6	5.0	2.3	-1.5	2.4	-0.9	3.5	3.2	-0.8	1.6	25.8
2018	1.6	-3.3	-1.8	4.3	-1.9	0.9	2.8	-1.5	-1.2	-5.2	-4.2	-6.8	-15.6
2019	7.8	3.0	1.2	6.1	-3.7	4.4	-0.7	-1.4	2.7	2.1	3.4	1.4	29.0
2020	-0.4	-7.8	-10.3	4.9	4.5	1.8	0.9	4.0	1.1	-5.3	10.2	3.3	5.1
2021	-0.9	1.0	7.0	1.3	3.6	3.3	3.1	1.6	-5.6	2.4	-1.2	5.0	21.9
2022	-5.6	-3.3	1.3	-1.7	-3.3	-8.7	5.7	-4.0	-8.2	5.0	3.7	-2.2	-20.5
2023	7.8	1.0	-0.2	2.0	-2.1	0.4	2.4	-1.6	-3.5	-4.4	5.8	2.5	9.6
2024	0.1	2.3	4.1	-2.8	5.6								9.4

YTD: year-to-date

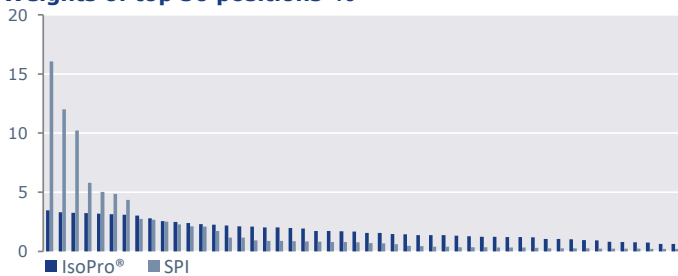
● Finreon Swiss Equity IsoPro® composite net returns from mandates since 01/2010, Fund Class-D since 02/2014.

## Maximum drawdown



## Current portfolio characteristics

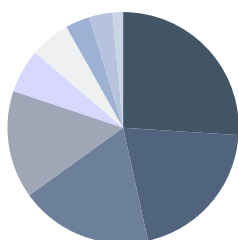
### Weights of top 50 positions %<sup>1</sup>



### Top 5 positions in %

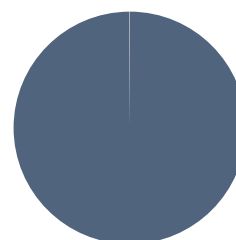
IsoPro®		SPI	
Swiss Re	3.5	Nestlé	16.1
Givaudan	3.3	Novartis	12.0
Zurich Insurance	3.3	Roche	10.2
Roche	3.3	UBS	5.8
Swisscom	3.2	ABB	5.0
Total	16.5	Total	49.1

### Sectors in %



- 26.0 Industrials
- 20.5 Financials
- 18.5 Health Care
- 15.1 Consumer Goods
- 6.1 Basic Materials
- 5.6 Technology
- 3.4 Real Estate
- 3.3 Telecommunication

### Asset classes in %



- 99.9 Equities
- 0.1 Cash & equiv.

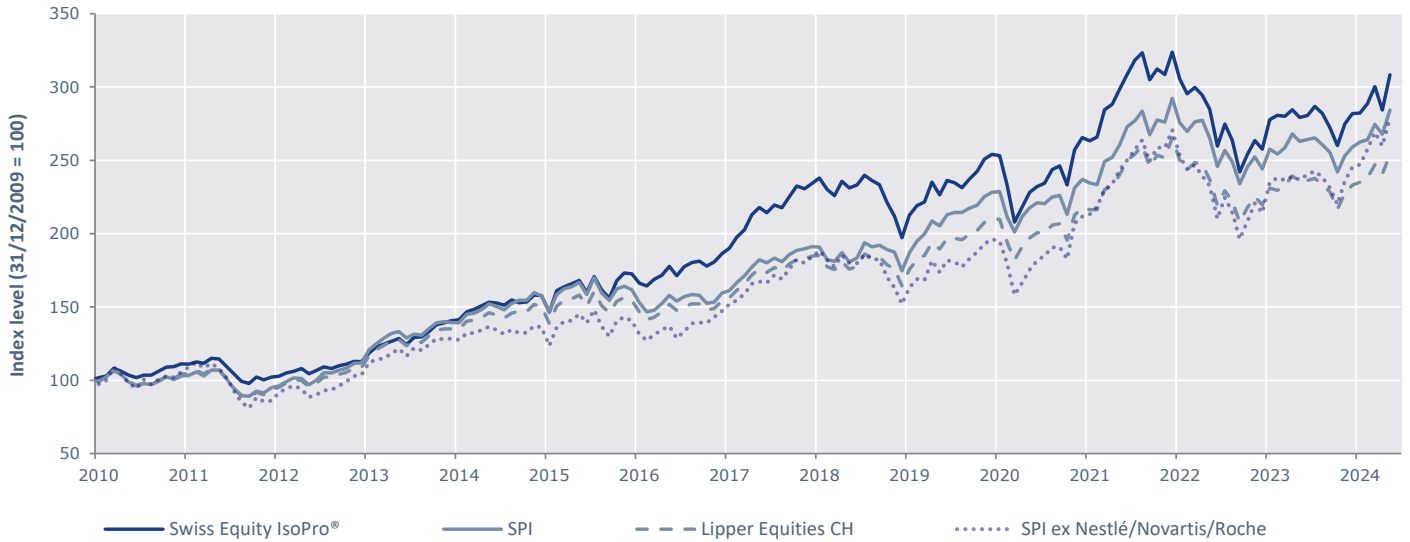
Performance Finreon Swiss Equity IsoPro®: Backtesting until 12/2009, composite net returns from mandates since 01/2010, Fund Class-D since 02/2014.

1) Weights of the largest 50 positions in the IsoPro® portfolio, the SPI index, respectively; top 5 positions are explicitly reported adjoining.



## Concentration risk

Particularly since the middle of 2011 the largest constituents of the SPI - Nestlé, Novartis and Roche - showed a very strong performance. In order to avoid concentration risks, they are, however, significantly underweighted in Swiss Equity IsoPro®.





## Investment opportunities

The Finreon Swiss Equity IsoPro® strategy can be accessed by qualified investors through both investment mandates and collective investment schemes. Please contact us for further information about our mandate solutions. Information about the fund and the individual share classes can be found below:

Fund		Share classes			
<b>Investment advisor</b>	Finreon Ltd, St.Gallen	<b>Investor types</b>	Class-A Private and qualified investors	Class-C Private and qualified investors	Class-D Qualified investors only
<b>Investment manager</b>	St.Galler Kantonalbank	<b>Conditions</b>	-	> CHF 500'000 <sup>1)</sup>	> CHF 5m <sup>2)</sup>
<b>Fund management</b>	1741 Fund Solutions AG	<b>ISIN</b>	CH0127799929	CH0127799937	CH0210244213
<b>Custody bank</b>	Bank Julius Bär	<b>Valor</b>	12779992	12779993	21024421
<b>Structure</b>	Fund according to Swiss Law, FINMA-regulated	<b>Bloomberg</b>	SGKFSEA SW	SGKFSEC SW	SGKFSEG SW
<b>Marketing licence</b>	Switzerland, Germany	<b>Currency</b>	CHF	CHF	CHF
<b>Benchmark</b>	SPI	<b>Distribution policy</b>	distributing	distributing	distributing
<b>Fund AuM</b>	CHF 320.6m	<b>All-in fee p.a.</b>	1.50%	0.75%	to be agreed individually
<b>Total AuM</b>	CHF 1467.08m	<b>Inception date</b>	28/10/2011	28/10/2011	31/01/2014
<b>Liquidity and remarks</b>	daily; physical equity investment, no sec lending, no leverage/short-selling	<b>NAV</b>	234.11	241.80	183.99

1) The investor must have concluded a discretionary mandate agreement with St.Galler Kantonalbank Ltd (SGKB) or the minimum investment is > CHF 500'000.

2) The investor must have concluded a discretionary mandate agreement with St.Galler Kantonalbank Ltd (SGKB) and the minimum investment is > CHF 5m.

## SVVK-ASIR Compatibility

Finreon funds do not invest in companies involved in the development or manufacture of nuclear weapons, biological and chemical weapons, anti-personnel mines and cluster munitions. We are guided by the exclusion list of the Swiss Association for Responsible Investment (SVVK - ASIR).

## Contact

Finreon Ltd.  
Oberer Graben 3  
CH-9000 St.Gallen  
Tel.: +41 71 230 08 06  
E-mail: info@finreon.ch

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