



## Finreon Tail Risk Control® (Swiss)

31/05/2024

### Strategy

The Finreon Tail Risk Indicator (TRI) measures the probability of large tail events (crashes) on equity markets systematically and on a daily basis by means of various market factors. Accordingly, the fund's equity quota is set between 0% (high measured risks) and 100% (low measured risks), depending on the prevailing market regime as indicated by the TRI.

The equity share is held via a portfolio which tracks the performance of the SPI 20 TR. The cash portion is invested in a portfolio of money market instruments. The strategy is suitable for investors who intend to participate in the risk-controlled performance of the Swiss equity market while avoiding large drawdowns. Total risk born by the investor is similar to a benchmark consisting of 50% equity and 50% SARON ("Benchmark 50/50").

### Current month

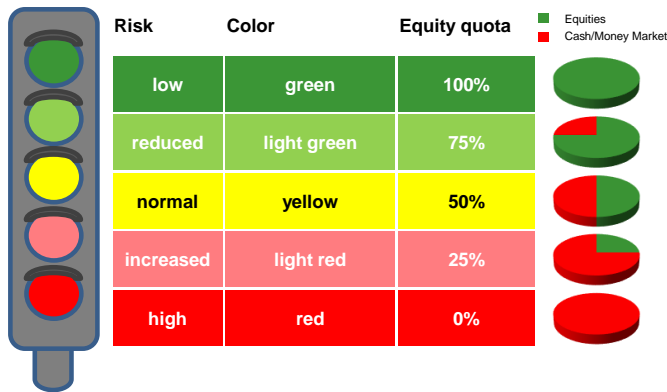
#### Comment

During May, the Finreon Tail Risk Indicator measured green throughout the month and is green (low crash risk) at the end of the month. The Finreon Tail Risk Control® strategy is therefore 100% invested in Swiss equities.

In the current month the Finreon Tail Risk Control® (Swiss) strategy achieved a return of 6.7% and therefore outperformed the benchmark, which achieved 3.5%.

	Tail Risk Control (Swiss) <sup>1</sup>	Benchmark (50/50)
Return current month	6.7%	3.5%
Return year-to-date	10.4%	5.6%

### Finreon Tail Risk Control® concept

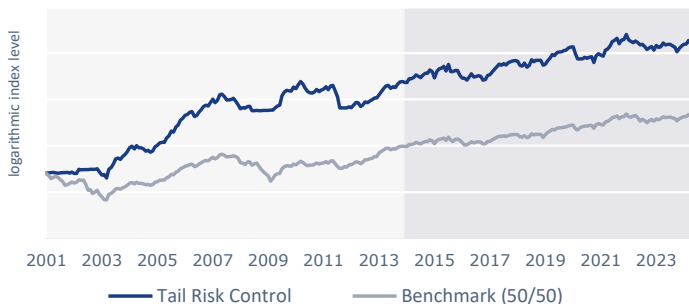


- **Tail Risk Indicator:** The probability of severe tail events (crashes) is measured by means of various market factors on a daily basis and is illustrated by a risk signal light
- **Risk signal:** The Finreon Tail Risk Control® strategy differentiates between five risk regimes and accordingly controls the equity quota: Ranging from green (low probability of tail events = 100% equities) to red (high probability of tail events = 0% equities)
- **Efficient implementation:** Risk-controlled equity exposure of 0-100% in a portfolio of SPI 20 single stocks (passive) resp. in money market instruments
- **Benchmark:** The benchmark is 50% SPI 20 TR Index / 50% CHF SARON - the strategy has an average equity exposure of 50% and therefore a long-term volatility which corresponds to a 50% equity investment ("Benchmark 50/50")
- **Drawdowns:** Larger drawdowns should be avoided. Risk regimes can mostly be recognized

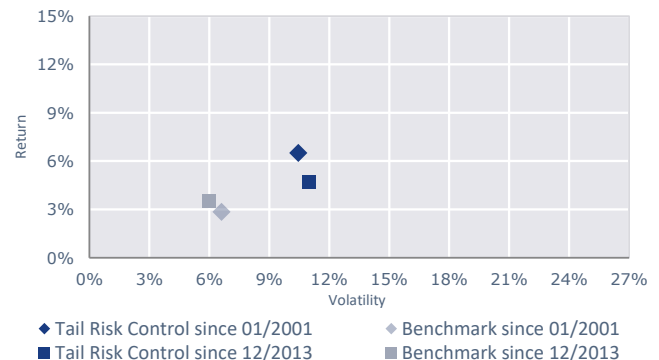
### Return / risk figures

	01/2001 - 05/2024		Since inception (12/2013)	
	Finreon Tail Risk Control®	Benchmark (50/50)	Finreon Tail Risk Control®	Benchmark (50/50)
Return p.a.	6.5%	2.8%	4.7%	3.5%
Volatility	10.5%	6.6%	11.0%	6.0%
Sharpe Ratio	0.63	0.42	0.52	0.69
Downside volatility <sup>2</sup>	6.6%	4.6%	7.3%	3.9%
Upside volatility <sup>2</sup>	8.2%	4.8%	8.3%	4.6%
Correlation <sup>3</sup>	0.81	n.a.	0.93	n.a.
Downside correlation <sup>3,4</sup>	0.26	n.a.	0.77	n.a.
Upside correlation <sup>3,4</sup>	0.81	n.a.	0.84	n.a.
Positive months	64.1%	63.0%	60.8%	64.8%

### Performance



### Return / risk



All figures are annualized.

Specified performance Finreon Tail Risk Control® (Swiss): Finreon Tail Risk Control® 0-100 (CHF) fund Class-D since 12/2013 (net performance).

1) Composite net returns from Finreon Tail Risk Control® 0-100 (CHF) fund Class-D.

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

3) Reference value is SPI 20 TR Index. 4) Correlation for periods when SPI 20 TR Index shows negative (downside) resp. positive (upside) returns.



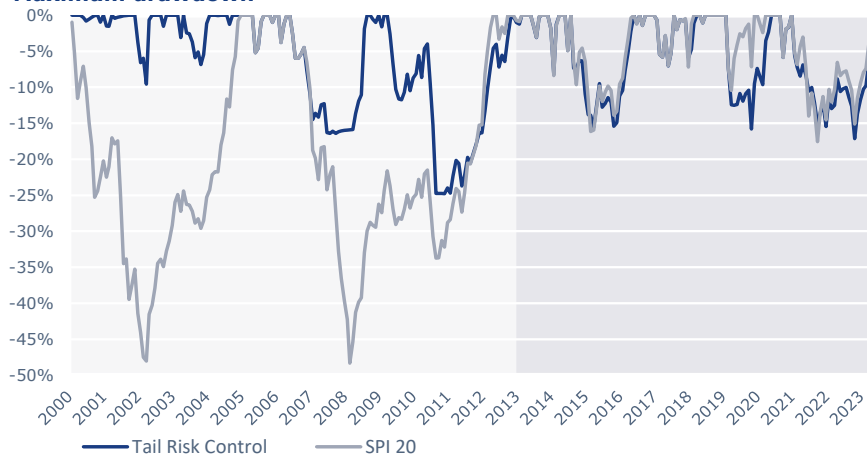
## Monthly returns in %

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2009	0.0	0.0	0.0	2.6	2.0	1.0	10.3	4.5	1.7	-0.6	-0.4	4.6	28.5
2010	-1.6	4.2	3.6	-2.6	-4.3	-3.8	-1.5	-0.1	1.2	2.8	-2.5	2.0	-3.0
2011	0.7	2.7	-3.2	4.4	0.7	-5.6	-6.5	-11.2	0.0	0.0	-0.1	1.1	-16.7
2012	-0.9	3.2	2.8	-0.5	-3.9	1.9	3.3	-1.0	1.7	1.5	1.9	0.0	10.1
2013	3.6	3.4	3.5	2.8	0.6	-3.3	1.8	-0.9	3.6	2.6	0.4	-0.9	18.3
2014	-0.2	4.2	0.2	1.4	2.7	-1.4	-1.7	2.9	2.1	0.0	3.5	-1.8	12.3
2015	-6.5	7.5	2.5	0.6	2.1	-4.9	7.4	-7.3	-0.1	1.2	-0.1	-4.9	-3.7
2016	-3.2	-0.1	-1.9	3.4	3.7	-3.7	0.6	0.9	-0.7	-3.8	0.6	4.3	-0.3
2017	0.9	3.0	2.9	3.0	2.6	-1.2	1.7	-1.4	2.7	1.0	0.8	0.5	17.6
2018	-0.7	-4.8	-0.4	3.1	-4.3	1.9	6.4	-2.0	1.4	-0.2	0.2	-5.3	-5.1
2019	1.2	3.8	2.9	3.9	-1.1	3.2	0.8	0.1	1.2	0.8	2.3	1.1	21.9
2020	0.3	-7.4	-5.5	-0.1	0.1	1.7	-1.2	1.2	0.6	-6.0	7.5	2.3	-7.1
2021	-1.3	-1.1	6.8	1.3	3.1	5.0	1.3	2.3	-5.9	4.2	0.2	5.9	23.2
2022	-5.6	-1.7	-1.4	1.7	-1.5	-2.4	0.6	-2.4	-3.4	1.9	1.5	-3.7	-15.4
2023	5.0	-2.0	0.6	4.2	-1.9	0.4	0.2	-1.5	-1.4	-5.2	4.2	2.3	4.4
2024	1.7	0.5	3.9	-2.6	6.7								10.4

YTD: year-to-date

Finreon Tail Risk Control® 0-100 (CHF) Fund Class-D live since 12/2013 (net performance)

## Maximum drawdown

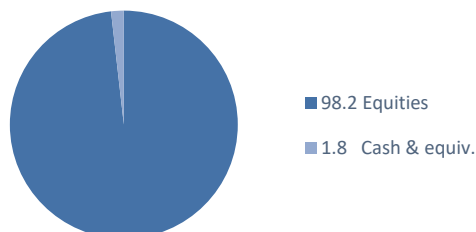


## Top positions in %

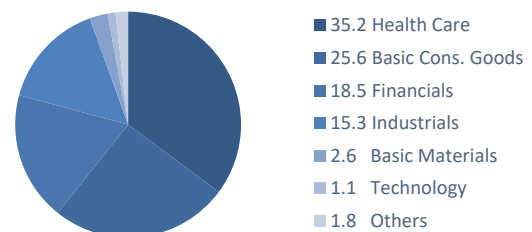
Finreon Tail Risk Control®	
Nestlé	19.65
Novartis	14.70
Roche	12.53
UBS	7.06
Richemont	6.14

## Current portfolio characteristics

### Asset classes in %



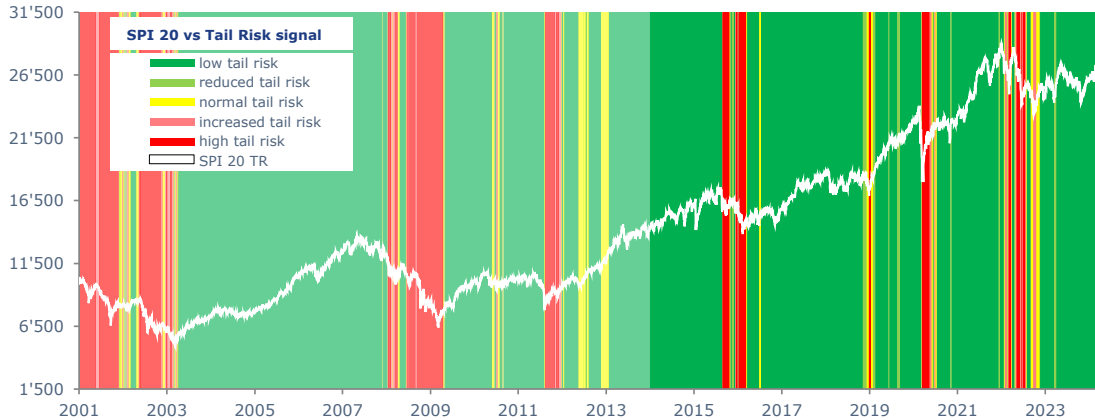
### Sectors in %





## Development of the Finreon Tail Risk Indicator

The Finreon Tail Risk Control® strategy recognizes risk regimes on a consistent basis. During both the burst of the internet bubble in 2001 and the financial crisis the Finreon Tail Risk Indicator indicated a high tail risk. An investment according to the Finreon Tail Risk Control® strategy experienced substantially less severe drawdowns.



Finreon Tail Risk Control® 0-100 (CHF) Fund Class-D live since 12/2013

### Investment opportunities

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

Fund		Share classes			
		Class-A	Class-C	Class-D	
<b>Investment advisor</b>	Finreon Ltd, St.Gallen	Private and qualified investors	Private and qualified investors	Qualified investors only	
<b>Investment manager</b>	St.Galler Kantonalbank		> CHF 500'000 <sup>1)</sup>	> CHF 5m <sup>2)</sup>	
<b>Fund management</b>	1741 Fund Solutions AG	CH0210244270	CH0210244296	CH0210244312	
<b>Custody bank</b>	Bank Julius Bär	21024427	21024429	21024431	
<b>Structure</b>	Fund according to Swiss Law, FINMA-regulated	FINTAIA SW	FINTAIC SW	FINTAID SW	
<b>Marketing licence</b>	Switzerland	CHF	CHF	CHF	
<b>Benchmark</b>	50% SPI 20 TR + 50% SARON	distributing	distributing	distributing	
<b>Fund AuM</b>	CHF 206.3m	1.80%	0.90%	to be agreed individually	
<b>Liquidity and remarks</b>	daily; physical equity investment, no sec lending, no leverage/short-selling	30/04/2014	31/01/2014	29/11/2013	
		NAV	120.06	132.87	132.52

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

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

### SVVK-ASIR Compatibility / Exercise of Voting Rights by ISS

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). Voting rights are exercised systematically, following the recommendations of the voting rights advisor Institutional Shareholder Services (ISS).

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