



## Finreon Tail Risk Control® (World)

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 investments in a diversified portfolio of passive institutional funds, which represent a global equity portfolio (Equities World ex-CH). 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 global equity market while avoiding large draw-downs. Total risk born by the investor is similar to a benchmark consisting of 50% equity and 50% SOFR ("Benchmark 50/50").

### Current month

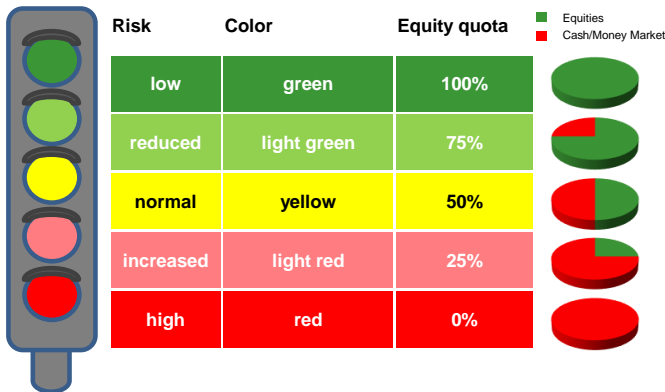
#### Comment

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

The Finreon Tail Risk Control® (World) strategy returned 4.4% in May, outperforming the benchmark return of 2.4%.

	Tail Risk Control (World) <sup>1</sup>	Benchmark (50/50)
Return current month	4.4%	2.4%
Return year-to-date	9.7%	6.0%

### 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).
- **Implementation via institutional funds:** Risk-controlled equity exposure of 0-100% in a portfolio of passive equity funds (Global equities ex-CH) resp. in money market instruments.
- **Benchmark:** The benchmark is 50% Global equities ex-CH NR / 50% USD SOFR TR - 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.

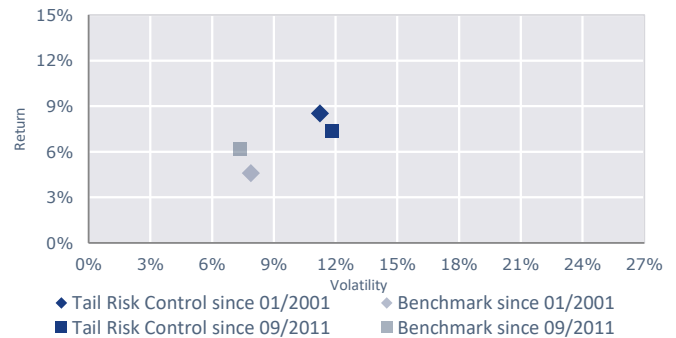
### Return / risk figures

	01/2001 - 05/2024		Since inception (09/2011)	
	Finreon Tail Risk Control®	Benchmark (50/50)	Finreon Tail Risk Control®	Benchmark (50/50)
Return p.a.	8.5%	4.6%	7.4%	6.2%
Volatility	11.2%	7.9%	11.8%	7.4%
Sharpe Ratio	0.63	0.38	0.51	0.66
Downside volatility <sup>2</sup>	7.0%	5.3%	7.6%	4.6%
Upside volatility <sup>2</sup>	9.1%	5.9%	9.3%	6.0%
Correlation <sup>3</sup>	0.78	n.a.	0.88	n.a.
Downside correlation <sup>3,4</sup>	0.36	n.a.	0.78	n.a.
Upside correlation <sup>3,4</sup>	0.64	n.a.	0.66	n.a.
Positive months	66.9%	63.3%	65.8%	67.8%

### Performance



### Return / risk



All figures are annualized.

Specified performance Finreon Tail Risk Control® (World): Mandates 09/2011-12/2012.

Finreon Tail Risk Control® (World) Fund Class-D since 01/2013 (net performance).

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

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

3) Reference value is the Global equities ex-CH Index. 4) Correlation for periods when the Global equities ex-CH Index shows negative (downside) resp. Positive (upside) returns.



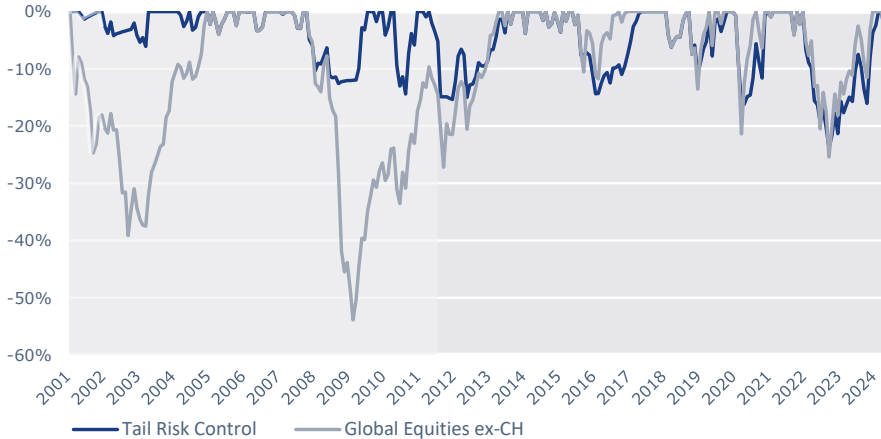
## Monthly returns in %

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2008	-4.8	1.5	-0.2	1.5	1.6	-5.3	-0.3	0.2	-1.3	0.3	0.1	0.1	-6.6
2009	0.0	0.0	0.0	2.3	7.9	-0.4	8.5	4.2	4.0	-1.8	4.1	1.8	34.8
2010	-4.1	1.4	6.2	0.1	-9.4	-4.0	1.9	-3.4	8.3	3.7	-2.1	7.4	4.6
2011	2.3	3.5	-0.9	4.3	-2.0	-1.5	-1.8	-10.2	0.0	0.0	-0.3	-0.3	-7.4
2012	3.8	4.9	1.3	-1.1	-8.1	2.6	0.2	1.4	2.8	-0.6	0.0	0.8	7.7
2013	2.3	0.1	2.4	3.1	0.2	-2.5	5.3	-2.2	4.9	4.0	1.8	2.1	23.4
2014	-3.8	4.9	0.1	1.0	2.0	1.9	-1.5	2.2	-2.7	0.7	1.9	-1.5	4.9
2015	-1.9	5.9	-1.7	2.3	0.3	-2.3	1.6	-7.0	0.0	0.5	-0.5	-3.5	-6.6
2016	-3.9	0.0	2.1	1.5	0.6	-2.0	3.0	0.1	0.5	-1.8	1.6	2.3	3.8
2017	2.3	2.8	1.0	1.4	2.0	0.4	2.4	0.2	2.2	2.0	2.2	1.3	22.3
2018	5.3	-4.1	-2.3	1.3	0.7	-0.1	3.0	1.2	0.6	-7.4	1.7	-5.4	-6.0
2019	2.4	2.4	1.3	3.6	-6.0	6.4	0.5	-2.2	1.6	2.6	2.8	3.0	19.6
2020	-0.7	-8.5	-7.8	0.0	1.6	0.3	3.5	6.8	-3.5	-3.0	12.2	4.2	3.4
2021	-0.9	2.7	3.4	4.6	1.5	1.3	1.7	2.5	-4.0	5.7	-2.2	4.9	22.8
2022	-6.7	-2.4	-1.0	-6.4	-0.9	-3.7	2.8	-4.0	-4.3	3.0	4.9	-4.3	-21.3
2023	7.2	-2.4	1.8	1.5	-0.9	6.2	3.4	-2.4	-4.3	-2.9	9.4	4.9	22.5
2024	1.3	4.4	3.2	-3.7	4.4								9.7

YTD: year-to-date

● Finreon Tail Risk Control® (World) Fund Class-D since 01/2013 (net performance); Mandates 09/2011-12/2012

## Maximum drawdown

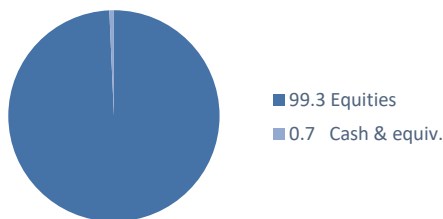


## Top positions in %

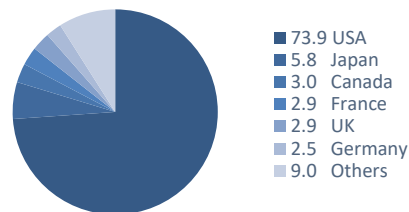
Finreon Tail Risk Control®	
CSIF (IE) MSCI USA Blue UCITS ETF	23.2
CSIF (Lux) Equity Emu Index Blue D	9.0
CSIF Japan Index Blue D	5.9
Microsoft Corp	3.1
CSIF Canada Index Blue D	3.0

## Current portfolio characteristics

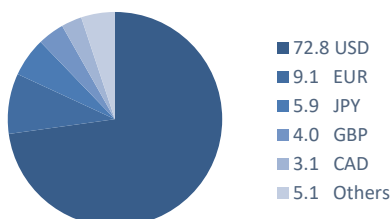
### Asset classes in %



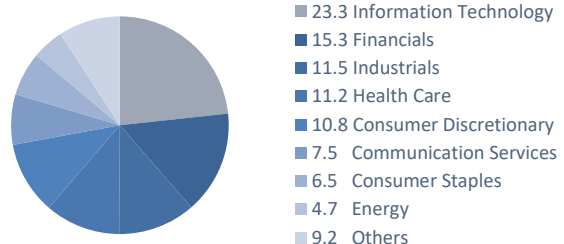
### Countries in %



### Currencies in %



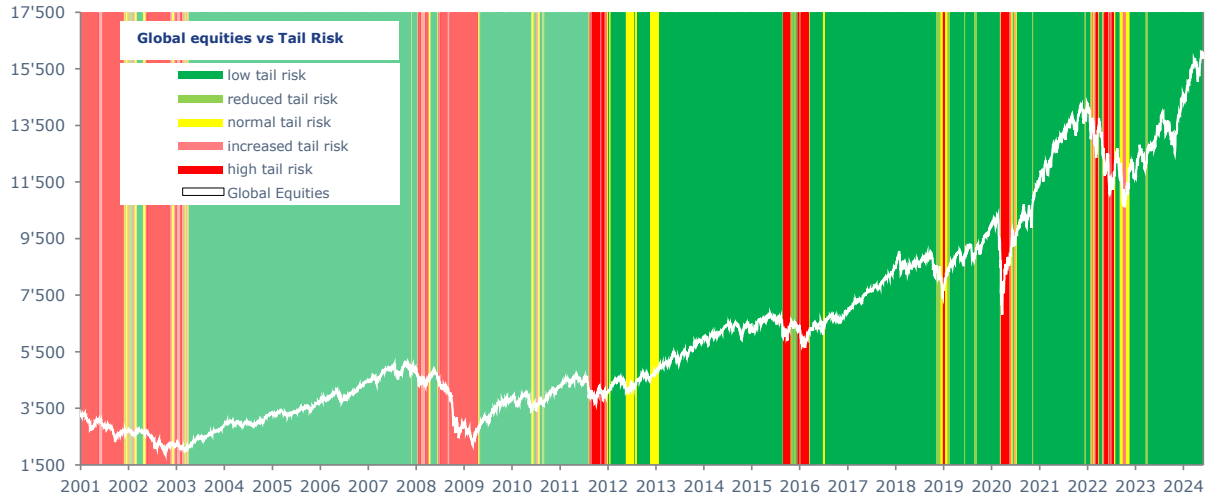
### Equities by sector in %





## 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.



Live-signals TRI from 09/2011, backtesting data Finreon Ltd



## Investment opportunities

The Finreon Tail Risk Control® (World) 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						
Investment advisor	Finreon Ltd, St.Gallen	Structure	Fund according to Swiss Law, FINMA-regulated	Fund AuM	USD 292.59m	
Investment manager	Credit Suisse Ltd, Zurich	Sales registration	Switzerland	Liquidity and remarks	daily; physical equity investment, no sec lending, no leverage/short-selling (Comm 1 / BVV 2)	
Fund management	CS Funds Ltd, Zurich	Benchmark	50% Global equities ex CH NR / 50% USD SOFR TR			
Custody bank	Credit Suisse Ltd, Zurich	Benchmark (CHF-hedged classes)	50% Global equities ex CH NR (hedged in CHF) / 50% CHF SOFR TR			

Share classes	Class-A	Class-C	Class-I0	Class-I1	Class-I2	Class-D
Conditions	-	~ > CHF 0.5m	Institutional clients/ Discr. mandate agreement <sup>1)</sup>	~ > CHF 5m	~ > CHF 10m	Discr. mandate agreement and > ~ CHF 25m <sup>2)</sup>
ISIN	CH0200884432	CH0343986102	CH0343986169	CH0200894639	CH0343986326	CH0200884606
Valor	20088443	34398610	34398616	20089463	34398632	20088460
Bloomberg	FITRCWA SW	FITRCWC SW	FITRCIO SW	FITRCWI SW	-	FITRCWD SW
Currency	USD	USD	USD	USD	USD	USD
Subscription currency	USD and CHF	USD and CHF	USD and CHF	USD and CHF	USD and CHF	USD and CHF
Distribution policy	accumulating	accumulating	accumulating	accumulating	accumulating	accumulating
Management fee p.a.	1.10%	0.85%	0.85%	0.55%	0.45%	to be agreed individually
Inception date	21/01/2013	18/04/2017	16/02/2017	10/12/2012	-	10/12/2012
NAV	1389.81	1624.22	1419.78	2082.96	-	2089.77

Share classes (CHF-hedged)	Class-AH	Class-CH	Class-I0H	Class-I1H	Class-I2H	Class-DH
Conditions	-	~ > CHF 0.5m	Institutional clients/ Discr. mandate agreement <sup>1)</sup>	~ > CHF 5m	~ > CHF 10m	Discr. mandate agreement and > ~ CHF 25m <sup>2)</sup>
ISIN	CH0271820893	CH0343986128	CH0343986193	CH0276707087	CH0343986466	CH0271820919
Valor	27182089	34398612	34398619	27670708	34398646	27182091
Bloomberg	FTRCWAC SW	-	FTRCIOH SW	FTRICCH SW	-	FTRCWDC SW
Currency	CHF	CHF	CHF	CHF	CHF	CHF
Subscription currency	CHF	CHF	CHF	CHF	CHF	CHF
Distribution policy	accumulating	accumulating	accumulating	accumulating	accumulating	accumulating
Management fee p.a.	1.20%	0.95%	0.95%	0.60%	0.50%	to be agreed individually
Inception date	02/03/2015	-	09/12/2016	16/09/2016	-	02/03/2015
NAV	-	-	1245.53	1627.45	-	1276.32

1) The investor must have concluded a discretionary mandate agreement or similar written agreement, or has to be an investor according to Art. 10 Abs. 3 and 3ter KAG.

2) The investor must have concluded a discretionary mandate agreement or a similar written agreement with the fund administrator or with Credit Suisse Ltd., Zurich, or must invest via a financial intermediary, who has concluded a partnership agreement with the fund administrator or with Credit Suisse Ltd., Zurich. Additionally, the investor must have concluded an advisory agreement with Finreon Ltd.. The acquisition of the Class-D must be explicitly permitted in the contracts.

## 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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