

# Finreon Premium Stable Income

St. Gallen Asset Management Solutions based  
on the latest findings in financial research.  
Innovative. Scientific. Systematic. Independent.



# Stocks and their dividends enable participation in long-term economic growth

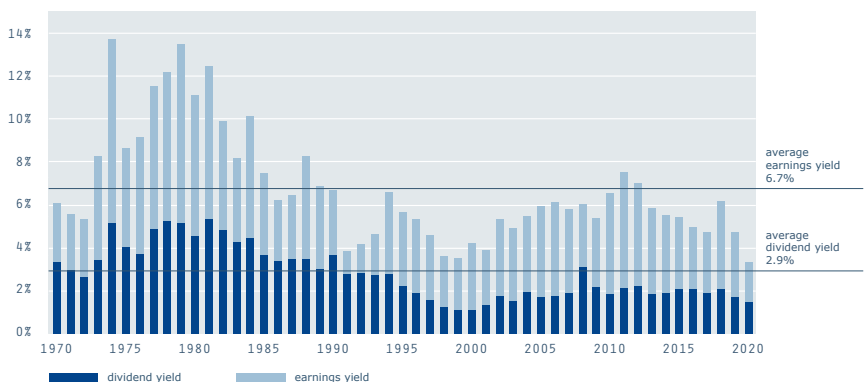
## The importance of equity as an asset class is growing –

For many years, it was possible to generate revenues without risks. In the current environment, however, many asset classes are no longer yielding satisfactory returns. This situation thus forces investors to take on additional risks in order to generate positive returns.

**Participation in economic growth** – Driven by corporate earnings growth, the economy as a whole shows a continuous and positive development in the long term. Stocks and their dividends are a very suitable form of investment to participate in this long-term growth of the economy.

**Stable returns through dividends** – The dividend yield is a simple and efficient way to skim off a significant portion (approximately 40%) of the earnings yield in order to generate a continuous income stream.

## Earnings yield and dividend yield



Data as of 31.12.2018. Time period from 31.12.1970. 12-month gross dividend yield as well as earnings yield of the S&P 500 Index. Source: Bloomberg and Finreon Research.

# Finreon Premium Stable Income: Stable returns with moderate capital fluctuations

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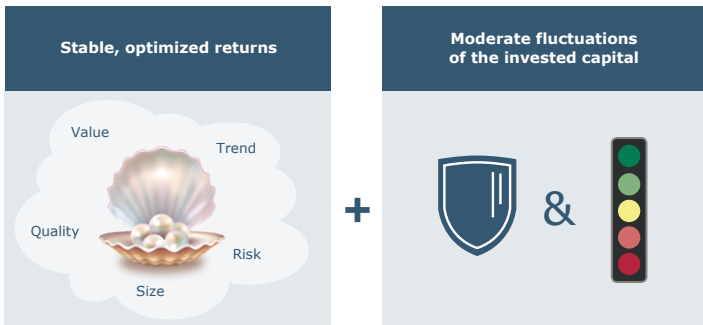
**Stocks are subject to substantial risks** – With high-dividend equity portfolios, investors are able to generate attractive returns. However, equity as an asset class is subject to substantial risks – in particular the risk of severe drawdowns during periods of market crashes.

**Moderate fluctuations of the invested capital** – Finreon Premium Stable Income combines the selection of high-dividend quality stocks with a defensive portfolio construction as well as with a systematic risk management. Hence, risks are only taken if they are acceptable for the investor.

**Best practice** – The investment methodologies used by Finreon for stock selection, portfolio optimization and risk management are well established and have been applied successfully by institutional investors for many years.

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## Concept of Finreon Premium Stable Income



# Finreon Premium Stable Income: A holistic investment process

**Step 1: Selection of quality stocks** – Based upon patented Finreon strategies, quality stocks are selected according to investment styles (factors) proven in research as well as in practice.

**Step 2: Focus on high-dividend stocks** – Among the selected stocks, a special focus is placed on high-dividend stocks in order to increase the robustness of the returns.

**Step 3: Defensive portfolio construction** – In a next step, the defensivity of the portfolio is increased with well-established methodologies for portfolio construction. This allows for the reduction of fluctuations in the invested capital.

**Step 4: Risk-overlay** – The equity exposure of the portfolio is managed with a state-of-the-art risk engine. Risks are only taken if they are acceptable for the investor. The result is a robust, high-dividend portfolio with continuous returns and substantially reduced capital fluctuations.

## Investment process at a glance



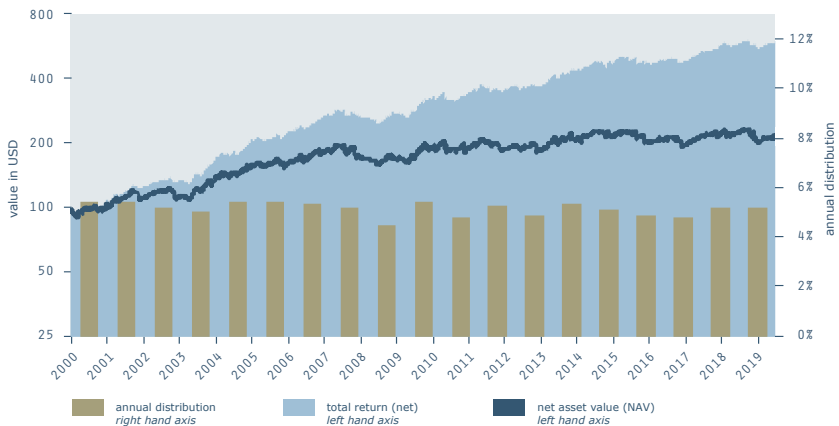
# Finreon Premium Stable Income: Attractive risk/return characteristics

**Stable, regular income** – The selection of high-dividend quality stocks results in attractive performance characteristics. Capital distributions of approximately 5% p.a., which is significantly above the average dividend yield of the stock market, ensure recurring returns and a stable income.

**Moderate fluctuations** – The defensive portfolio construction and the systematic risk management both limit the invested capital's fluctuations. The maximum drawdowns can be significantly reduced in comparison with conventional equity investments.

**Efficient implementation** – The implementation takes place within an efficient UCITS structure. Investors can choose from various share classes, including distributing, accumulating and currency-hedged share classes.

Performance of Finreon Premium Stable Income



Data as of 30.06.2019. Period as of 31.12.1999. Distributions after withholding taxes. Returns in net total return. Net total return is based on the assumption that the distribution will be reinvested. Live risk signals from Finreon since 09/2011. Live data from Finreon's selection mechanism from 11/2014.

# Finreon Premium Solutions

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**Finreon Premium Line:** Leading institutional investors are invested in Finreon solutions. **Finreon Premium Solutions** enable **wealthy private clients, family offices** and **foundations** to invest like the leading institutional investors.

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