



Finreon Swiss Equity IsoPro®

30/06/2022

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

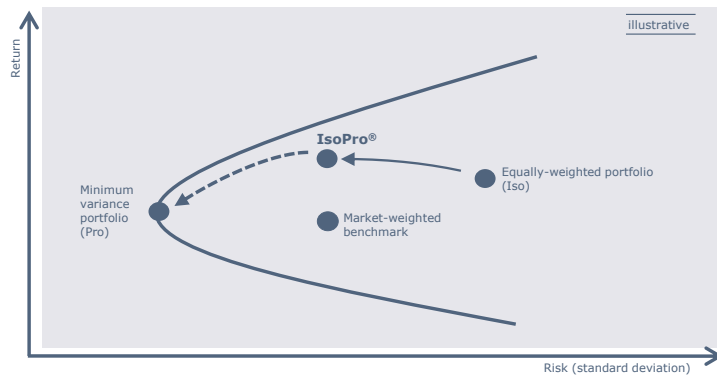
Comment

The Finreon Swiss Equity IsoPro® strategy achieved a return of -8.7% in June and thereby lagged the SPI, which achieved -7.3%.

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	-8.7%	-7.3%
Return year-to-date	-19.8%	-15.9%

IsoPro® concept

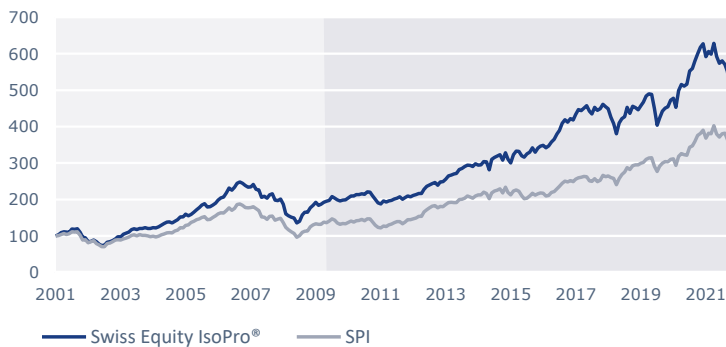


- IsoPro® combines the benefits of equal weighting (Iso) and optimization (Pro)
- Starting with an equal weighting a quantitative optimization shifts the portfolio towards the minimum-variance portfolio
- Liquidity, tradability and transaction costs of the stocks are taken into account
- The non-linear 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

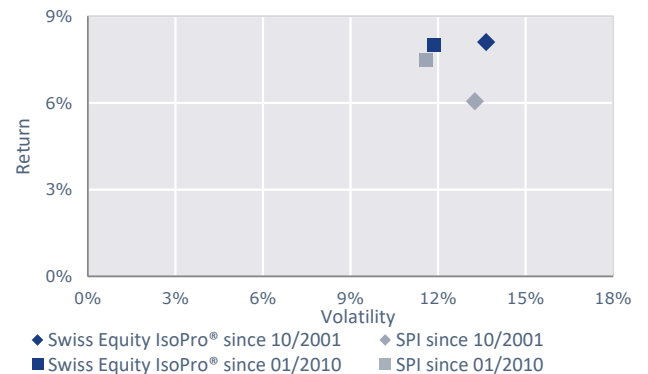
Return / risk figures

	10/2001 - 06/2022		Since inception (01/2010)	
	Swiss Equity IsoPro®	SPI	Swiss Equity IsoPro®	SPI
Return p.a.	8.1%	6.1%	8.0%	7.5%
Volatility	13.6%	13.3%	11.9%	11.6%
Return / Volatility	0.59	0.46	0.68	0.64
Downside volatility ¹	9.1%	9.1%	7.7%	7.6%
Upside volatility ¹	10.3%	9.7%	9.3%	9.0%
Correlation ²	0.92	n.a.	0.92	n.a.
Downside correlation ^{2,3}	0.86	n.a.	0.83	n.a.
Upside correlation ^{2,3}	0.79	n.a.	0.82	n.a.
Max. drawdown	-45.1%	-48.8%	-19.8%	-16.9%
Positive months	63.9%	62.2%	64.4%	62.4%

Performance



Return / risk



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

Performance Finreon Swiss Equity IsoPro®: Backtesting until 12/2009, 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 %

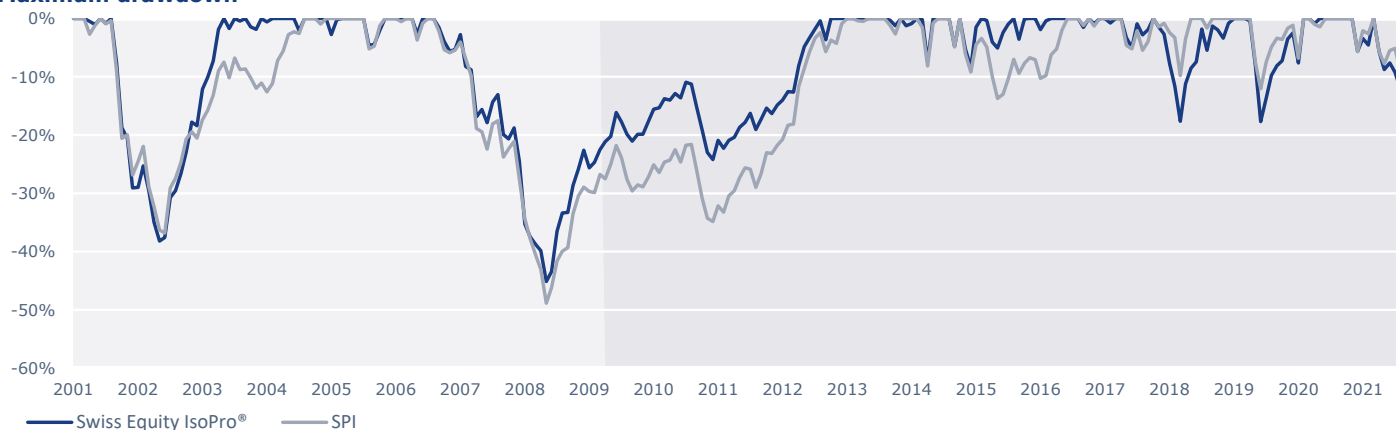
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2006	4.1	3.6	4.0	2.0	-4.6	0.3	2.4	2.9	4.5	2.7	1.2	5.6	32.1
2007	6.3	-2.6	3.6	4.6	1.3	-1.5	-2.4	-1.8	0.3	2.7	-5.6	-0.6	3.7
2008	-8.9	1.5	-2.7	4.3	1.5	-7.8	-1.0	2.4	-7.0	-14.3	-3.3	-2.1	-32.8
2009	-1.8	-8.8	3.1	12.2	4.9	0.2	6.9	4.1	4.3	-3.9	1.3	2.9	26.5
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	1.1	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							-19.8

YTD: year-to-date

● Backtesting until 12/2009.

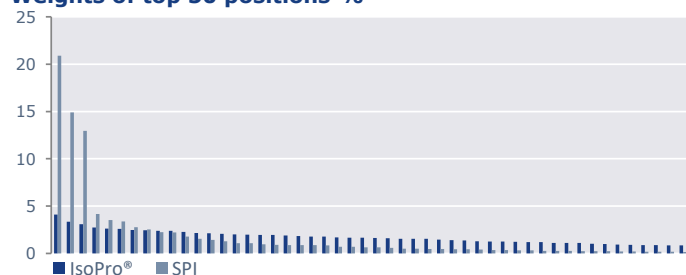
● Finreon Swiss Equity IsoPro® composite net returns from mandates since 01/2010, Fund Class-D since 02/2014.

Maximum drawdown



Current portfolio characteristics

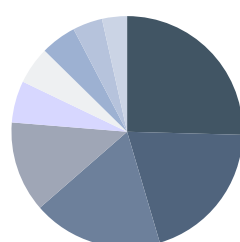
Weights of top 50 positions %¹



Top 5 positions in %

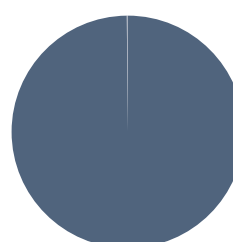
IsoPro®		SPI	
Swisscom	4.1	Nestlé	20.9
Nestlé	3.3	Roche	14.9
Roche	3.1	Novartis	12.9
Alcon	2.8	Zurich	4.2
Zurich Insurance	2.6	Richemont	3.5
Total	15.9	Total	56.4

Sectors in %



- 25.2 Industrials
- 19.8 Health Care
- 18.0 Financials
- 12.6 Consumer Staples
- 5.8 Basic Materials
- 5.2 Consumer Discretionary
- 4.9 Real Estate
- 4.1 Telecommunication

Asset classes in %



- 99.9 Equities
- 0.1 Cash & equiv.

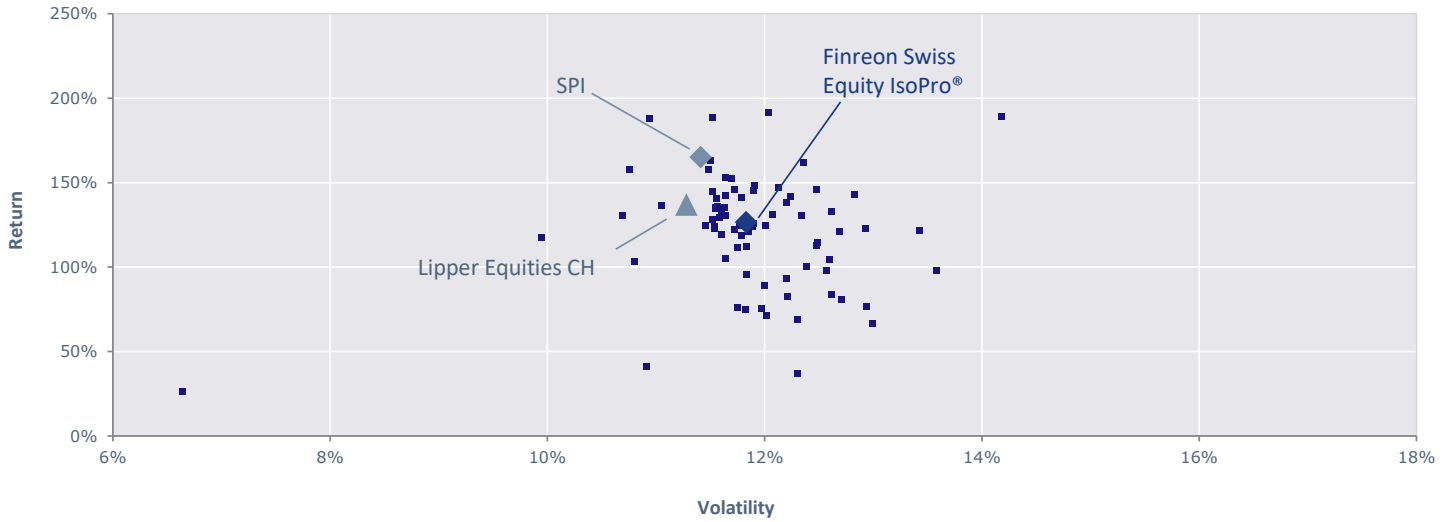
Performance Finreon Swiss Equity IsoPro®: Backtesting until 12/2009, composite net returns from mandates since 01/2010, Fund Class-D since 02/2014.

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



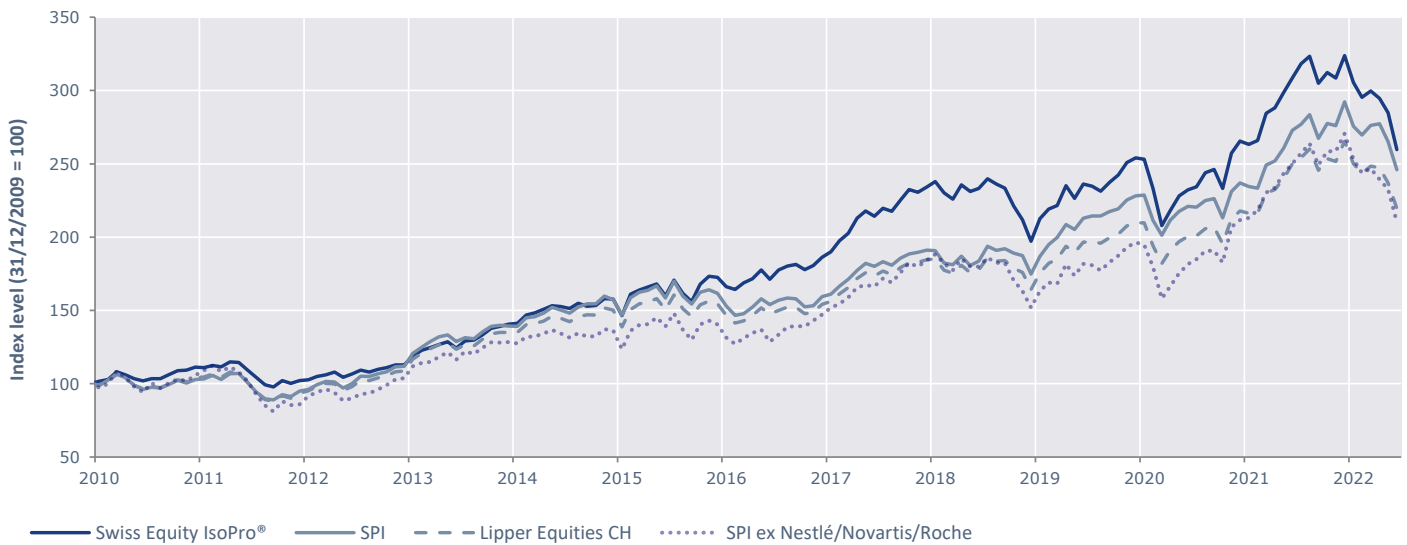
Peer group comparison

Since January 2010, the Swiss Equity IsoPro® performs well in the Lipper peer group review.¹ Due to a materially reduced volatility, Swiss Equity IsoPro® offers a significantly more attractive return/risk ratio than its peers.



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®.



1) Return data obtained from mandates are given for time period 01/2010 - 11/2011; afterwards: Swiss Equity IsoPro® (Class-A).



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			
		Class-A	Class-C	Class-D	
Investment advisor	Finreon Ltd, St.Gallen	Private and qualified investors	Private and qualified investors	Qualified investors only	
Investment manager	St.Galler Kantonalbank	-	> CHF 500'000 ¹⁾	> CHF 5m ²⁾	
Fund management	GAM Investment Management (Switzerland) Ltd	CH0127799929	CH0127799937	CH0210244213	
Custody bank	State Street Bank, Zurich	12779992	12779993	21024421	
Structure	Fund according to Swiss Law, FINMA-regulated	SGKFSEA SW	SGKFSEC SW	SGKFSEG SW	
Marketing licence	Switzerland	CHF	CHF	CHF	
Benchmark	SPI	distributing	distributing	distributing	
Fund AuM	CHF 488.76m	1.50%	0.75%	to be agreed individually	
Total AuM	CHF 1529.17m	28/10/2011	28/10/2011	31/01/2014	
Liquidity and remarks	daily; physical equity investment, no sec lending, no leverage/short-selling	NAV	205.77	212.77	161.46

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.

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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).

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