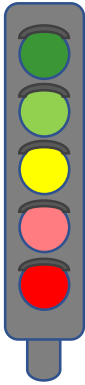


Finreon Tail Risk Control®:

Proven risk management of the equity allocation since 2011

Risk measurement



Low Tail Risk

Reduced Tail Risk

Normal Tail Risk

Increased Tail Risk

High Tail Risk

Increase of the equity allocation



Strategic equity allocation



Reduction of the equity allocation

- Finreon Tail Risk Control® systematically **measures the risk for a major crash on stock markets** forecast-free and on a daily basis.
- The Finreon Tail Risk Control® strategy reduces (increases) the equity allocation when the measured risks in the market are high (low).



10 years of Finreon Tail Risk Control® - a success story!

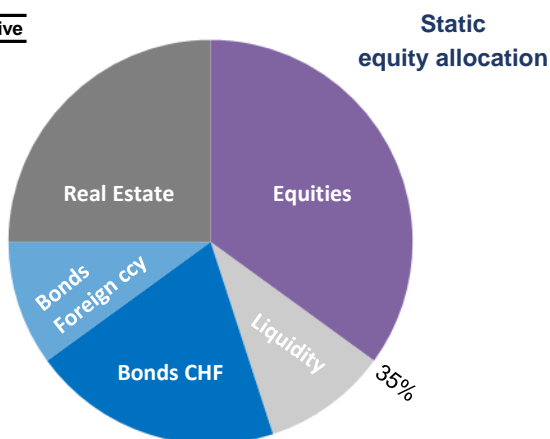
- **Full participation** in the stock market during market phases with **low crash risk**
- **Reduction of losses** during **high-risk phases** such as in Q1/2016, Q4/2018 and Q1/2020
- As a result, significantly **better utilization** of the risk budget
- **Risk controlled equities world**: Absolute performance of 8.1% p.a. and an **outperformance of 2.4%** vs benchmark (50% equities world ex CH + 50% LIBOR) **since launch (09/2011)**

Analysis: Comparison of a typical Swiss pension fund without and with risk management

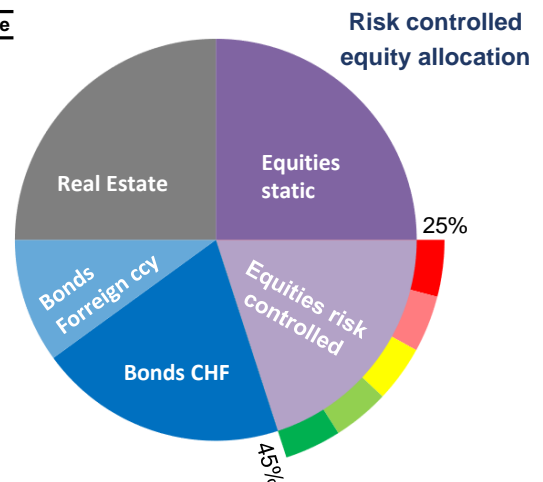
Typical Swiss pension fund

Typical Swiss pension fund with risk management

illustrative



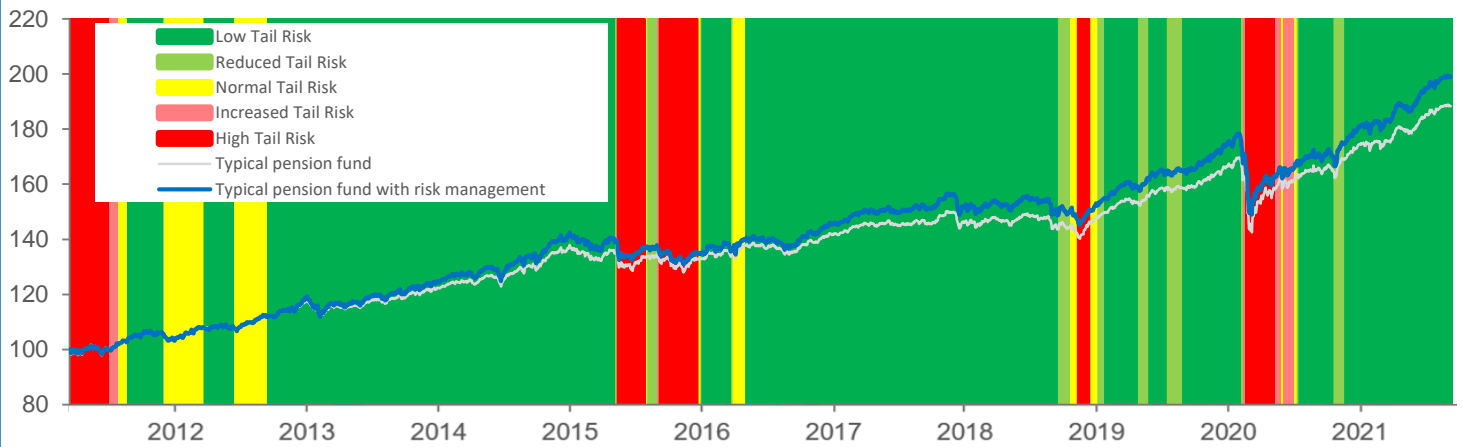
illustrative



- Our analysis assumes a typical Swiss pension fund with a strategic equity allocation of 35% (SAA).
- In order to comply with the SAA, monthly rebalancing is assumed.

- When measured risk is low, equities are overweighted (45%), while high risk is systematically hedged (25%).
- With systematic equity risk management, the **risk budget is evenly utilized**, while the **return-risk ratio can be significantly improved**.

Result Analysis: Value add through risk management



Data: Finreon Research, Refinitive; Data as of: 01.09.2011 – 31.08.2021; Simulation of a typical Swiss pension fund portfolio incl. transaction costs without management fees.

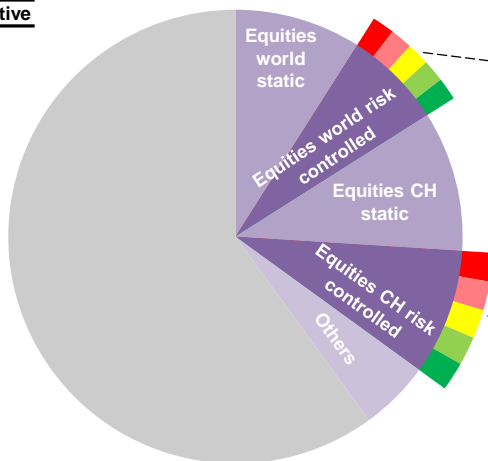
Live period (09/2011 – 08/2021)	Typical Swiss pension fund	Typical Swiss pension fund with risk management	Outperformance
Return p.a.	6.5%	7.1%	+0.6%
Cumulative return	88%	99%	+11%

✓ Risk management has resulted in 11% higher performance (≈ contribution margin) for the typical Swiss pension fund over the last 10 years - and this without any crash!

Implementation

illustrative

Equity allocation



Cost-effective reduction of large asset losses using efficient Swiss funds

Finreon Tail Risk Control® (World)

USD
D-Class: CH0200884606
CHF-hedged
DH-Class: CH0271820919

Finreon Tail Risk Control® (Swiss)

CHF
D-Class: CH0210244312

or as customized mandates

If you have any questions about Finreon Tail Risk Control® solutions, please do not hesitate to contact the Finreon team:

Philippe Kuttler, CFA, Client Advisory, Finreon AG (philippe.kuttler@finreon.ch, +41 71 230 08 38)

Disclaimer: These documents and the information contained therein are intended only for selected qualified investors and are confidential. They are provided for information purposes only. This documentation does not constitute a decision-making aid for economic, legal, tax or other consulting questions, nor does it constitute an offer to conclude any legal transaction. No investment or other decisions may be made solely on the basis of this information. Investments in the investment products described should only be made after the relevant prospectus with integrated fund contract as well as the annual or semi-annual report with all basic legal information contained therein have been studied in detail. Advice from a qualified professional is recommended in all cases. Although Finreon endeavors to keep the content of this document accurate and complete, no guarantee is given for its accuracy, timeliness and completeness. Any liability for damages of any kind arising from this information is excluded. Reproduction or reuse is not permitted. Historical returns are no guarantee of future returns.