



**ALPHA CENTAURI RISK**

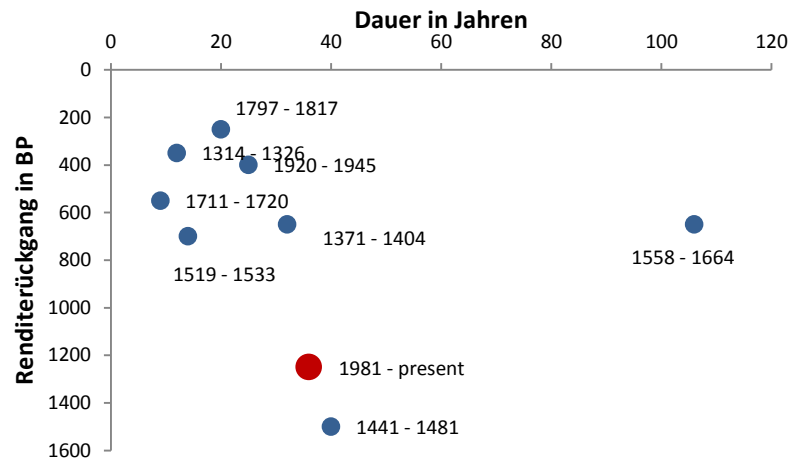
# Risk Solutions as a Service



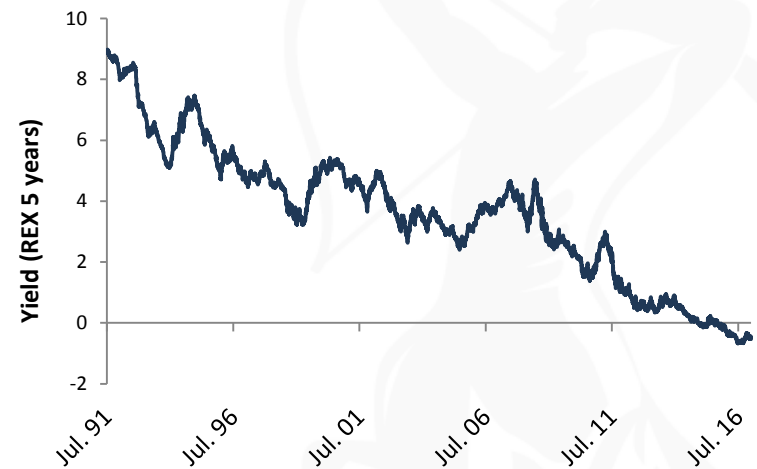
# Bull market in bonds finally over

Reminiscence of Nikkei, Nasdaq etc. in terms of duration, shape, positioning

## One of the greatest Bond-Bullmarkets...



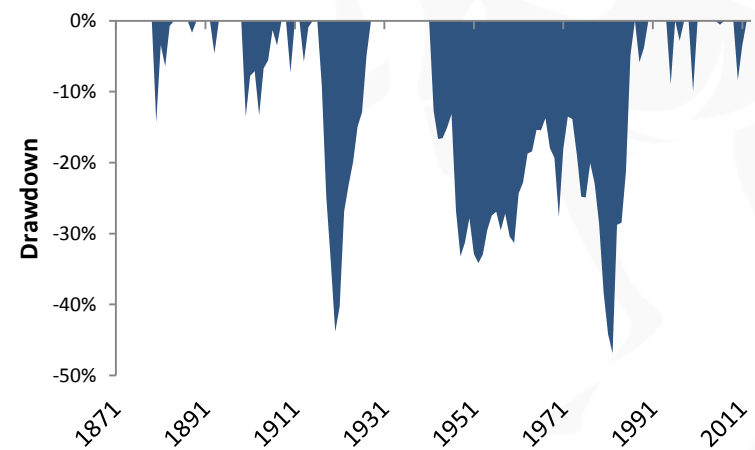
## ... finally coming to an end



## Positioning extremely high

Asset Class	Weight**
Bonds	86,4%
Equity	4,5%
Private Equity	3,4%
Real Estate	3,7%
Other Assets	2,0%

## 40 years of real drawdown again ?



Quelle:n

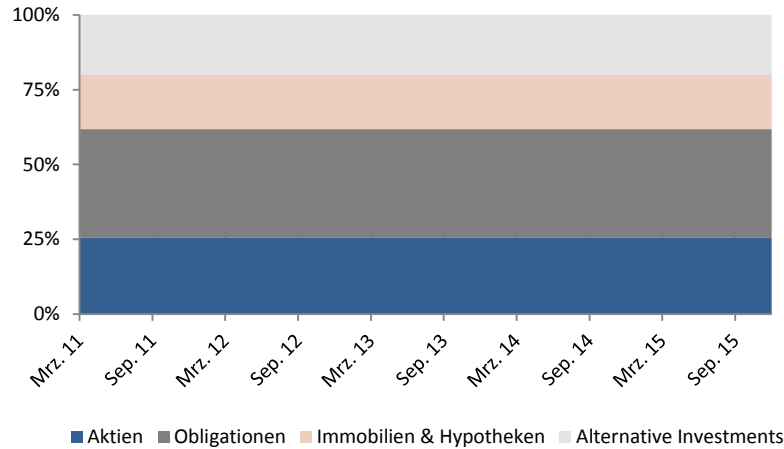
\* Bank of England-blog / Bank underground

\*\* GDV, Kapitalanlagen der Versicherer 2015

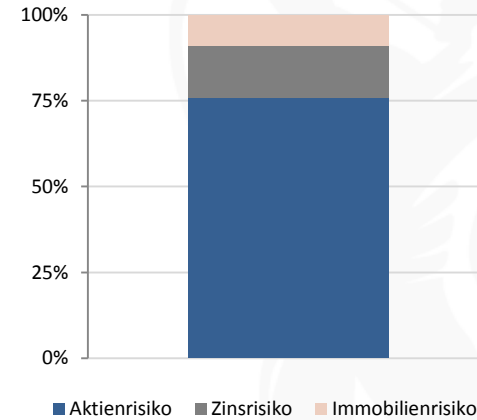
# Bull market in bonds finally over

## Bonds lost return and diversification potential

### Asset Allocation



### Almost no diversification from bonds



### 30% Equities

### 70% Bonds



Deutschland

Deutschland



Deutschland

Schweiz



Deutschland

Japan



### Average drawdown during bear markets

- 4 %

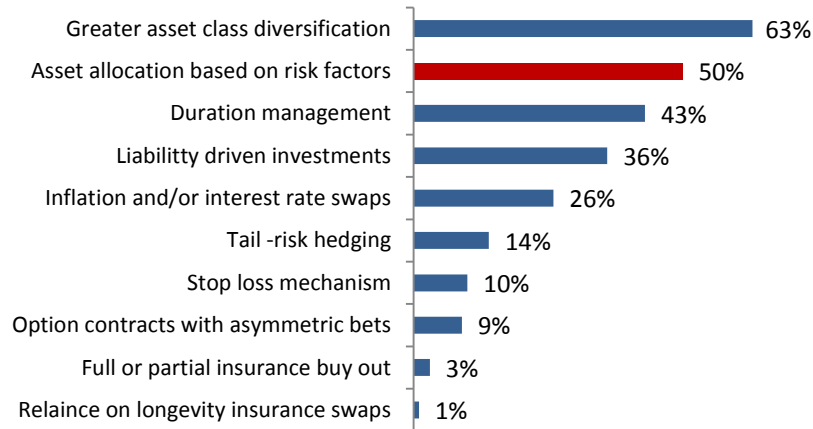
- 5 %

- 7 %

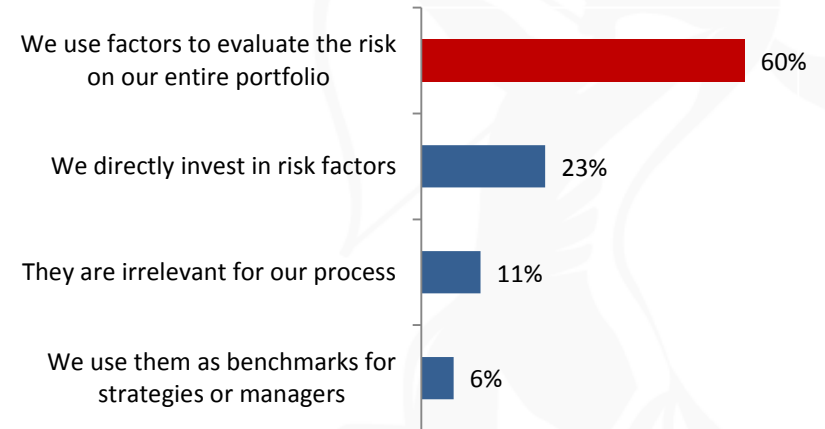
# Alpha Centauri offers intelligent risk management

## Targeting enhanced returns, improved diversification and cost reductions

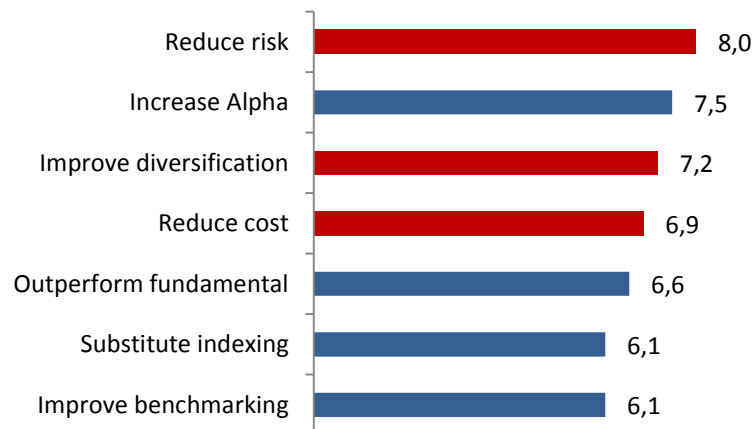
### Approaches to portfolio management\*



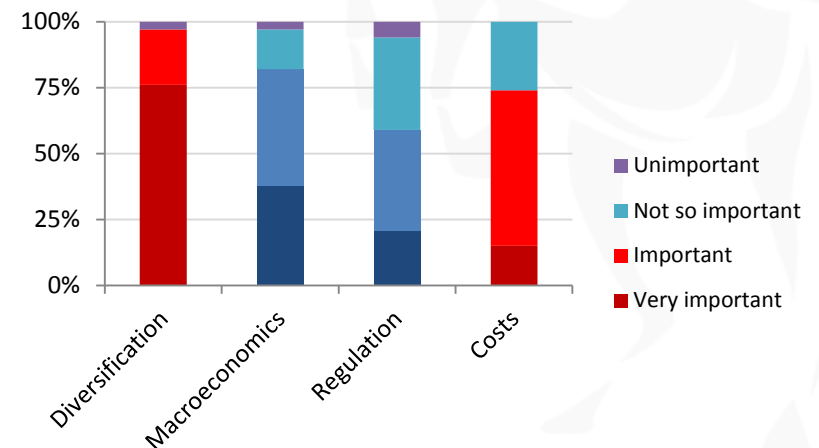
### Use of risk factors in portfolios\*\*



### Drivers of adoption for factors\*\*\*



### Investment parameters of pensions\*\*\*\*



\* Amundi: Coping with financial repression, 2016  
 \*\*\* Invesco: Global factor investing study, 2016

\*\* JP Morgan risk premia conference, 2017  
 \*\*\*\* SFAMA: Investment Decisions of Swiss Pension Funds, 2016



**ALPHA CENTAURI RISK**

“Value added”

Risk Solutions as a Service

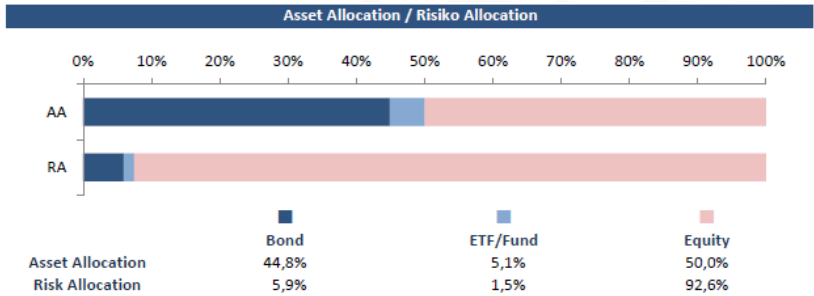
# Alpha Centauri Risk

Take a 360° view on your portfolio and make more well informed decisions

## Asset- and risk allocation, risk contribution and scenarios in a nutshell

Summary	
Total Volatility	7,00
Systematic	6,80
Specific	0,20

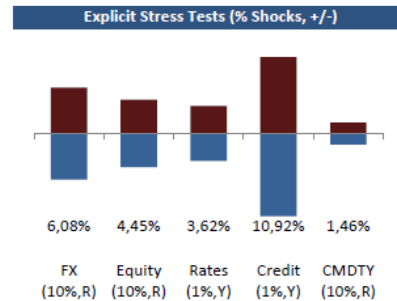
VaR 95 / Tail Risk			
	1-Day	1-Month	1-Year
VaR	0,6%	3,3%	11,6%
Tail Risk			1,770



Beta / Correlation		
	Beta	Cor.
MSCI World	R 0,44	0,93
German Bonds	Y 0,00	0,00
US Yield	Y 0,02	0,21
CDX IG	Y -0,18	-0,45
IBOX IG	Y -0,11	-0,40

TOP 5 Currency Exposure		
	Exp.	RA
EUR	63,2%	40,0%
USD	22,9%	40,5%
CHF	6,9%	10,4%
GBP	3,9%	2,8%
DKK	1,7%	3,1%

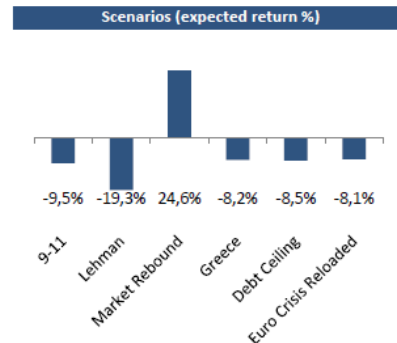
TOP 5: Position (weight)	
IRELAND 2013 3.9% 20/03/23 REG.S	2,86%
iShares € CorpBd IntrRt Hdg ETF	2,61%
MADRILENA RED DE GAS FIN 11.09.2018 3,7	2,50%
POLAND(REPUBLIC OF) 4% MTN 23/03/202:	2,46%
STADA ARZNEIMITTEL AG 05.06.2018 2,25	2,45%



TOP 5: Contribution to Total Volatility	
VISA 'A'	4,03%
TEXAS INSTRUMENTS	3,83%
BASF	3,78%
TOTAL	3,64%
3M	3,46%

	Contribution		Beta	
Short Rates	0,00%	0,00%	0,00	Y Germany
		0,00%	0,00	Y Japan
		0,00%	0,01	Y UK
		0,00%	0,00	Y USA
Government	-0,03%	0,00%	0,00	Y Germany
		-0,01%	0,00	Y Japan
		-0,08%	0,01	Y UK
		0,06%	0,02	Y USA
Corp. Credit	-0,13%	0,07%	-0,11	Y EU IG
		-0,05%	-0,16	Y EU HY
		-0,14%	-0,18	Y US IG
		-0,01%	-0,14	Y US HY
Equity Regions	3,05%	0,37%	0,37	R Asia
		0,71%	0,36	R Europe Ex UK
		0,06%	0,30	R Japan
		1,47%	0,40	R North America
		0,44%	0,30	R UK
Equity Factors	3,07%	0,66%	0,35	R Carry
		0,62%	0,38	R Low Risk
		0,65%	0,35	R Momentum
		0,56%	0,35	R Quality
		0,23%	0,33	R Size
		0,36%	0,32	R Value
		0,01%	0,02	R JPY
Currencies	0,68%	0,01%	0,37	R GBP
		0,66%	0,44	R USD
		0,01%	0,07	R Oil
Commodities	-0,11%	0,01%	0,07	R Gold

TOP 5: Contribution to Tail Risk	
TELAB.L M ERIC. 2017 1 7/8% 01/0...	0,25
PORTUGAL 2015 2.2% 17/10/22	0,17
ROMANIA 2015 2 3/4% 29/10/25 REG.S	0,12
iShares € CorpBd IntrRt Hdg ETF	0,11
THYSSENKRUPP 2017 1 3/8% 03/03/2...	0,09



TOP 5: Country Exposure		
	Exp.	RA
Germany	21,57%	10,29%
United States	22,94%	40,54%
France	7,20%	11,42%
Netherlands	6,79%	6,41%
Switzerland	6,88%	10,40%

Y: Yield  
R: Return  
Exp.: Exposure  
RA: Risk Allocation

# Alpha Centauri Risk

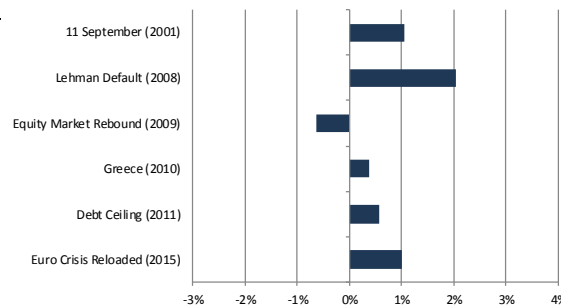
Identify, analyze and manage your exposure - compatible with your views

## Tracking Error Analysis

Total Risk	
Volatility 1 Year	1,95
Volatility 1 Month	0,55
Volatility 1 Day	0,11
VAR 95 % 1 Year	3,23
VAR 95 % 1 Month	0,91
VAR 95 % 1 Day	0,17

Top Ten Risk Contribution			
VAR 99 % 1 Year	1	NOVARTIS AG	12,3%
VAR 99 % 1 Month	1	NESTLE SA	12,2%
VAR 99 % 1 Day	2	HSBC HOLDINGS PLC	11,0%
	3	ROCHE HOLDING PAR AG	9,6%
	4	BP PLC	8,2%
	5	BRITISH AMERICAN TOBACCO PI	7,3%
	6	ROYAL DUTCH SHELL PLC CLASS	7,2%
	7	TOTAL SA	6,8%

### Expected Performance Change



## Tracking Error Risk Scan

### Explanatory Factors

Regions - Asia	Equity Regions
Regions - Emerging Markets	
Regions - Europe Ex UK	
Regions - Japan	
Regions - North America	
Regions - Pacific Ex Japan	
Regions - UK	
FTSE/ICB Basic Materials	Equity Sectors
FTSE/ICB Consumer Goods	
FTSE/ICB Consumer Services	
FTSE/ICB Financials	
FTSE/ICB Health Care	
FTSE/ICB Industrials	
FTSE/ICB Oil & Gas	
FTSE/ICB Technology	Factors
FTSE/ICB Telecommunications	
FTSE/ICB Utilities	
Factor: Carry	
Factor: Low Risk	
Factor: Momentum	
Factor: Quality	
Factor: Size	Credit
Factor: Value	
Europe Investment Grade	
Europe High Yield	
US Investment Grade	
US High Yield	

### Risk Attribution

	-0,041%
	-0,015%
	0,047%
-0,101%	-0,027%
	0,006%
	-0,011%
	-0,067%
	0,005%
	-0,051%
	0,037%
0,033%	0,070%
	-0,003%
	0,043%
	-0,081%
	0,056%
	-0,064%
	-0,045%
	0,112%
	0,011%
0,486%	0,140%
	0,048%
	0,104%
	0,076%
	0,200%
0,387%	0,247%
	-0,002%
	0,038%

<b>Total Risk</b>	<b>2,159%</b>	
Systematic Market Risk	1,253%	(57%)
Attributable to factors*	0,811%	
Others**	0,436%	
Specific Risk	0,907%	(43%)

# Alpha Centauri Risk

Only for our risk clients: identifying factor exposures on a granular level

## iSTOXX Europe – Faktorscores on sector- and portfolio levels

	Active Weight	Low Risk	Quality	Value	Momentum	Size	Carry	Low Carbon
Banks	3,54%	-0,01	0,02	0,04	0,05	-0,11	-0,07	-0,05
Insurance	-0,15%	-0,01	-0,02	0,01	0,02	-0,04	0,01	-0,02
Financial Services	-1,74%	0,00	0,00	0,01	0,00	0,02	0,00	0,01
Real Estate	-1,97%	0,00	0,00	0,01	-0,01	0,03	0,00	0,01
Industrial Goods & Services	-6,43%	0,00	0,00	0,02	-0,02	0,03	-0,03	0,00
Construction & Materials	-1,77%	0,01	0,01	0,01	0,00	0,01	0,01	0,00
Basic Resources	-1,36%	0,01	0,00	0,00	0,00	0,01	0,00	0,00
Chemicals	1,40%	0,02	0,03	0,00	0,00	-0,05	-0,01	0,00
Automobiles & Parts	-1,08%	0,01	-0,02	-0,01	0,00	0,00	-0,01	0,01
Oil & Gas	3,93%	0,06	-0,05	0,00	0,07	-0,08	-0,07	-0,05
Utilities	-2,53%	0,00	0,00	-0,01	-0,01	0,01	0,01	0,01
Technology	-0,65%	0,04	0,02	-0,01	-0,01	-0,02	0,02	0,02
Telecommunications	1,58%	0,01	0,00	0,01	-0,01	-0,04	0,00	-0,04
Media	-2,67%	0,01	0,00	0,00	0,00	0,03	-0,01	0,03
Health Care	7,52%	0,13	0,12	0,12	0,03	-0,19	-0,09	-0,06
Travel & Leisure	-1,74%	-0,01	0,00	0,01	-0,01	0,02	0,00	-0,01
Retail	-2,98%	-0,01	0,01	0,00	-0,01	0,04	0,00	0,00
Personal & Household Goods	3,45%	0,06	0,04	-0,01	-0,04	-0,09	0,00	-0,01
Food & Beverage	3,24%	0,06	0,07	-0,05	0,00	-0,07	-0,01	0,03
Portfolio		0,35	0,25	0,14	0,05	-0,51	-0,25	-0,16



# Alpha Centauri Risk

Analyze portfolio risk and simulate trades – before you execute

## Ex ante hedge- and scenario - simulations; i.e. Corporate Portfolios

Explanatory Factors		Portfolio	Hedge Credit Exposure	Hedge Equity Exposure	Hedge Oil Exposure
			ITRX Europe High Yield: -0,25 CDX US Investment Grade -0,3 CDX US High Yield -0,25	FTSE 100: -0,12 MSCI Emerging Markets: -0,12	Crude Oil: -0,1
Short Rate: Europe	Short Rates	-0,009%	0,483%	-0,028%	0,191%
Short Rate: Japan		-0,008%	-0,005%	0,016%	0,017%
Short Rate: UK		0,020%	-0,022%	0,075%	-0,004%
Short Rate: US		-0,013%	-0,008%	0,015%	0,003%
10y Government: Europe	Government	0,004%	0,022%	0,046%	0,057%
10y Government: UK		0,022%	-0,001%	-0,004%	0,031%
10y Government: Japan		0,007%	-0,002%	-0,007%	-0,017%
10y Government: US		0,012%	-0,004%	-0,017%	-0,006%
CDX Emerging Markets	Emerging Markets Government Credit	-0,022%	-0,002%	-0,005%	-0,028%
Brazil		0,074%	0,008%	0,018%	0,018%
Russia		0,127%	0,023%	0,048%	0,048%
South Africa		0,077%	0,002%	0,022%	0,019%
Turkey		-0,028%	-0,003%	-0,009%	0,058%
United Mexican States		0,136%	0,013%	0,031%	0,030%
ITRX Europe Investment Grade	Credit Market	0,007%	0,183%	0,056%	0,015%
ITRX Europe High Yield		0,768%	0,312%	0,211%	-0,002%
CDX US Investment Grade		0,282%	-0,002%	0,064%	0,099%
CDX US High Yield		0,167%	-0,028%	0,032%	0,036%
10y Industrials: AAA	Credit Sectors	0,002%	0,000%	-0,011%	0,018%
10y Industrials: AA		0,002%	-0,002%	-0,013%	0,017%
10y Industrials: A		0,000%	0,005%	-0,002%	0,035%
10y Industrials: BBB		0,000%	0,015%	0,002%	0,057%
10y Industrials: BB		0,266%	0,077%	0,103%	0,311%
10y Industrials: B		0,398%	0,114%	0,237%	0,195%
Europe ex UK	Equities	-0,005%	0,017%	0,000%	0,012%
Japan		-0,001%	0,001%	-0,004%	0,045%
North America		-0,132%	-0,004%	0,043%	-0,085%
UK		0,171%	0,009%	-0,018%	-0,015%
Emerging Markets		0,304%	0,092%	-0,031%	0,057%
Frontier Markets		0,109%	-0,059%	0,033%	-0,003%
JPY	Currency	-0,005%	0,000%	0,015%	0,018%
GBP		0,004%	0,018%	0,072%	-0,004%
EUR		-0,009%	0,499%	-0,031%	0,195%
Oil	Commodities	0,473%	0,181%	0,159%	-0,009%
Gold		0,010%	-0,006%	0,003%	0,002%
<b>Total Risk</b>		<b>4,141%</b>	<b>3,466%</b>	<b>3,219%</b>	<b>3,905%</b>
<b>Systematic Market Risk</b>		<b>3,450% (83%)</b>	<b>2,345% (68%)</b>	<b>2,075% (64%)</b>	<b>2,046% (52%)</b>
<b>Specific Risk</b>		<b>0,692% (17%)</b>	<b>1,120% (32%)</b>	<b>1,144% (36%)</b>	<b>1,858% (48%)</b>

# Summary

Generating additional value via “Risk Solutions as a service”

At a glance	
Better...	<ul style="list-style-type: none"><li>• information for comprehensive and consistent portfolio views</li><li>• features to identify, analyze and intelligently manage portfolio risk</li></ul>
Faster...	<ul style="list-style-type: none"><li>• operational capability within a few weeks</li><li>• access to up to date and detailed risk views</li></ul>
Cheaper...	<ul style="list-style-type: none"><li>• as project costs and project risks are low</li><li>• no own hardware / IT-infrastructure necessary</li></ul>
Client centric...	<ul style="list-style-type: none"><li>• bespoke solutions for all asset classes<ul style="list-style-type: none"><li>• Equity / Bond / Credit</li><li>• Balanced / Multi-Asset</li><li>• Absolute Return</li></ul></li></ul>
Strong Partnership...	<ul style="list-style-type: none"><li>• <b>FIS™</b>: largest producer of financial software worldwide; 55.000 employees; S&amp;P 500 member, 25 bn. \$ marketcap.</li><li>• <b>Alpha Centauri</b>: 10 years track record in factor-based equity investment, since April 2016 iSTOXX Europe factor family; since May 2017 EUREX- Futures on factor indices</li></ul>
<b>Value added</b>	<ul style="list-style-type: none"><li>• <b>more well-informed investment decisions</b></li><li>• <b>improvement in diversification</b></li><li>• <b>maximize transfer-coefficient and achieve better performance</b></li></ul>

# Contact us

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# Strong partnerships

## Alpha Centauri

*Alpha Centauri is an asset management boutique, which has specialised in liquid alternative risk premia and equity factor strategies. Within the investment industry, we are well-known for solutions based on high quality data and our risk management competence.*

*Based on our long-standing know-how in the area of risk management – identification, analysis, and controlling – we offer our clients support in the further development of risk management in the context of joint projects.*



**ALPHA CENTAURI**

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## FIS©

*FIS' investment risk solution (APT) provides award-winning investment technology for multi-asset class risk management, analytics and risk reporting, serving buy-side institutions globally.*

*FIS models market risk and liquidity risk across both liquid and illiquid asset classes, supporting regulatory reporting, portfolio optimization. The solution can be delivered as an installed or cloud-hosted offering, with a managed service component for clients who wish to outsource risk-based business processes.*

*FIS' investment risk customers include institutional asset managers, pension funds, hedge funds, private banks, wealth managers, sovereign wealth funds and life insurance firms.*

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