



ALPHA CENTAURI RISK

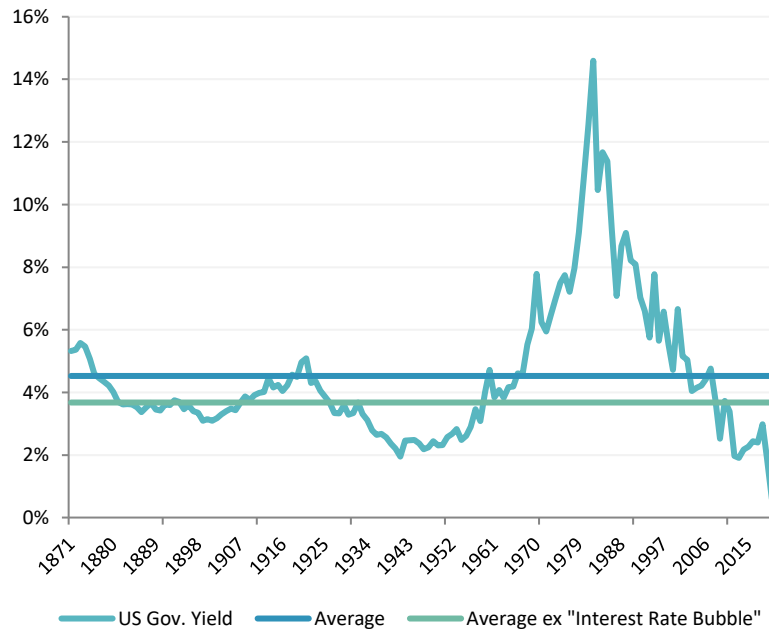
Risk Solutions as a Service



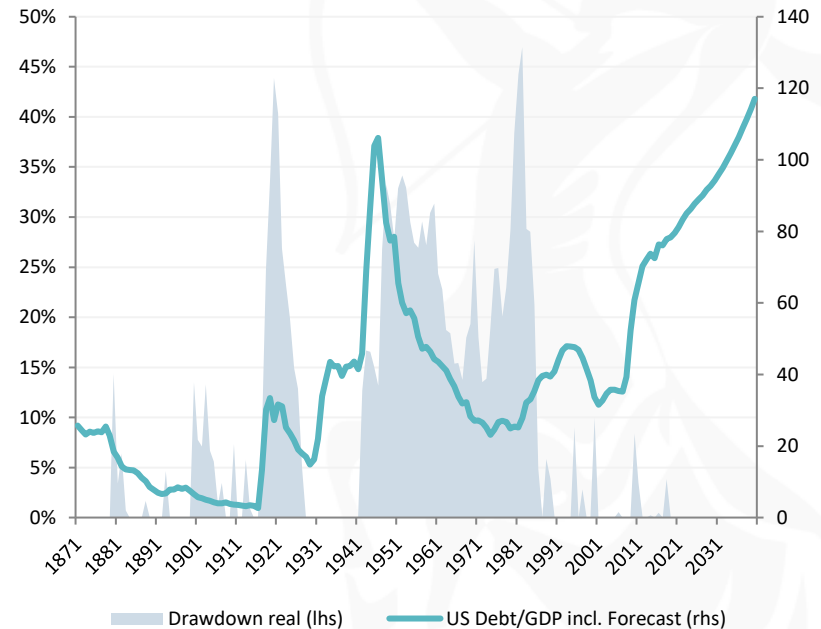
Status Quo

Low or negative bond yields expected to persist for at least one generation

US-Government bond yield*



40 years real drawdown again? ?**

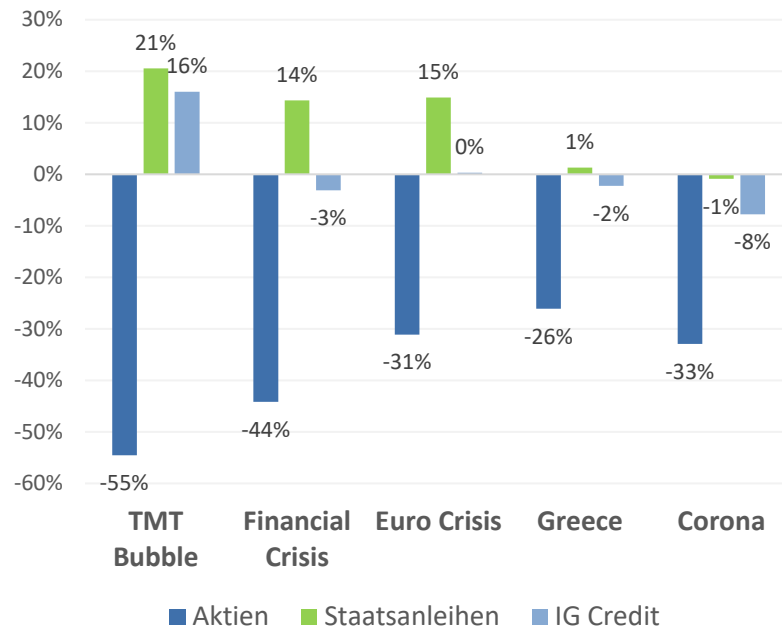


- Low yields are more the rule than the exception in the long run (US 10 yr. average 3,6%)
- “financial repression” the most probable route to reduce Debt/GDP-ratios
- Yield- or yield curve control in form of quantitative easing is the replacement of US-yield ceiling during the 50’s of last century
- 110 % Debt/GDP led to 40 years of real drawdowns in US-Government bonds from 1944-85

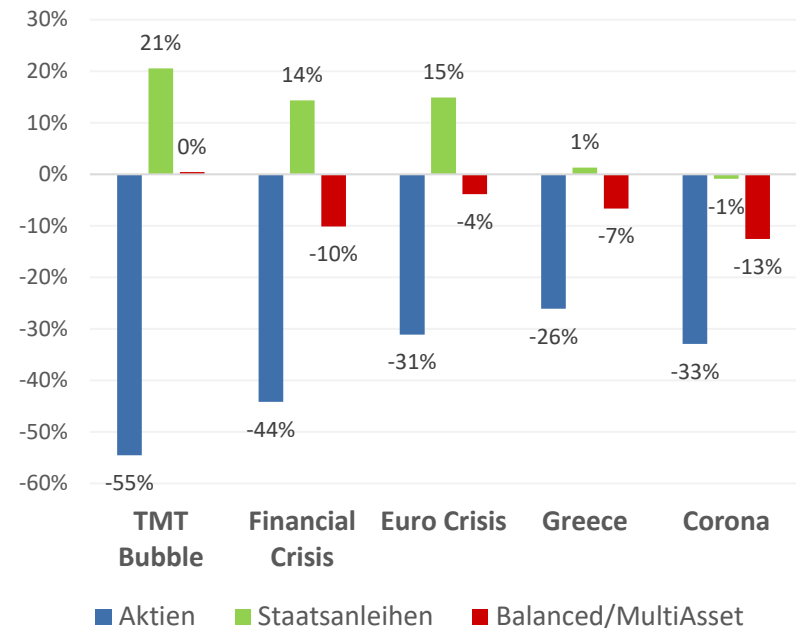
Status Quo

Bonds lost most of their diversification benefits over the last couple of years

Bonds – „return-free risk“



Higher drawdowns in Multi Asset



- Low Yields are a drag on diversification benefits of credit risk free government bonds
- Performance declined with every drawdown in equities
- Compared to former times, investors will have to reduce risky assets or have to look for new sources of diversification

Status Quo

Shortcomings in risk management are a drag on performance

Northern Trust – results from a four-year study of institutional portfolios

Investoren halten 2x mehr
unkompensierte als
kompensierte active Risiken

Portfoliobestände heben sich
gegenseinander auf –
und kosten Performance

Versteckte Risiken sorgen für
unerwartete Performance-
Ergebnisse

Veraltetes „Style Investing“
führt zu Indexperformance mit
höheren Kosten

„Über-Diversifikation“
beeinträchtigt die
Performance

Timing bei der Manager-
Selektion mit schlechten
Ergebnissen

Quelle: Northern Trust / The Risk Report;
<https://tinyurl.com/3sy67t7a>



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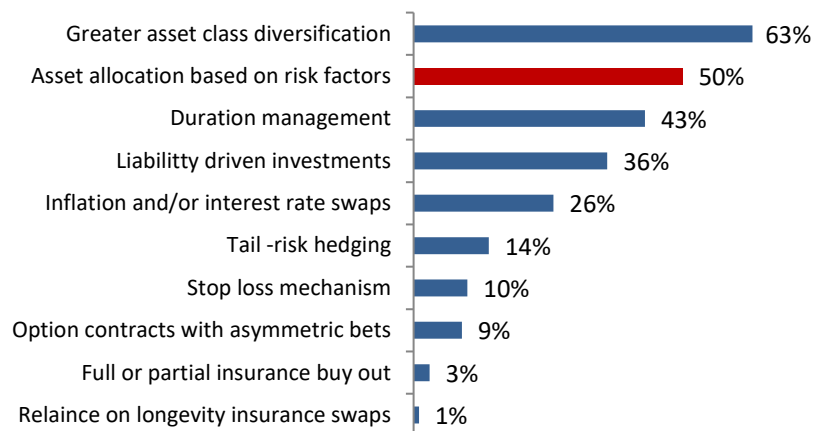
Risk Solutions as a Service...

Coping with the challenges of a
low return environment

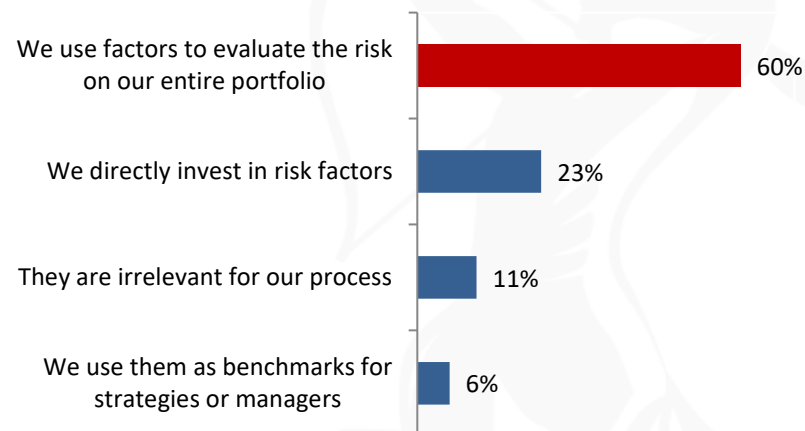
Alpha Centauri offers intelligent risk management

Targeting enhanced returns, improved diversification and cost reductions

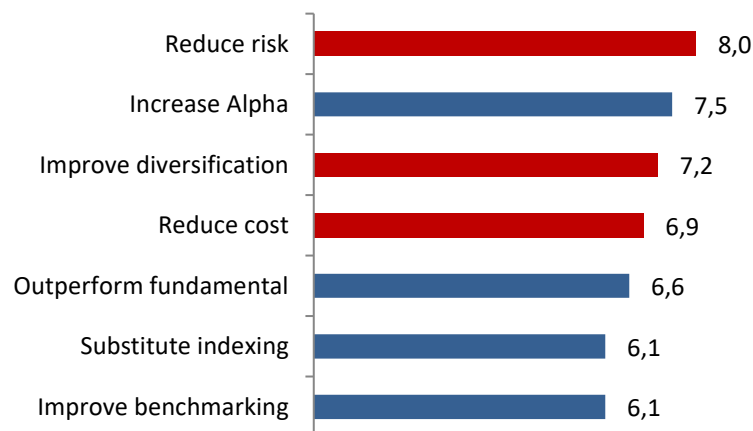
Approaches to portfolio management*



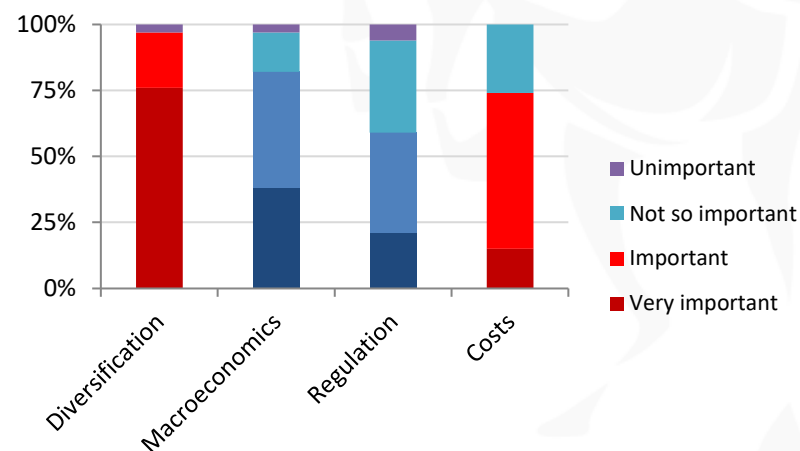
Use of risk factors in portfolios**



Drivers of adoption for factors***



Investment parameters of pensions****



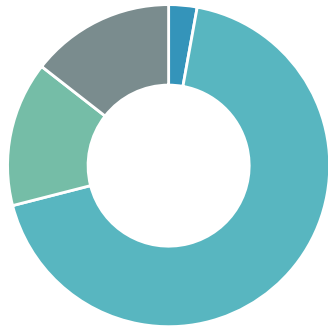
* Amundi: Coping with financial repression, 2016
 *** Invesco: Global factor investing study, 2016

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

Risk Management in a multi-dimensional world

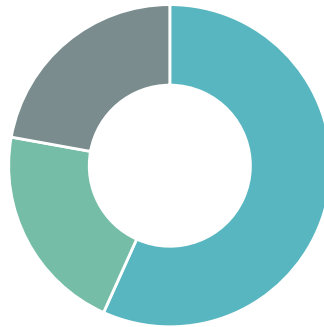
Getting the „nutritious“ right is more important now than the „ingredients“

Asset Allocation



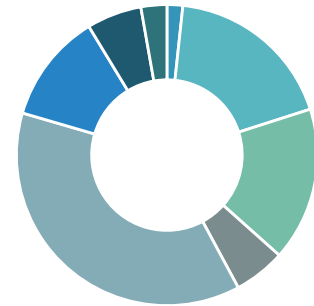
■ Liquidity ■ Bond ■ Equity ■ Alternatives

Risk Allocation



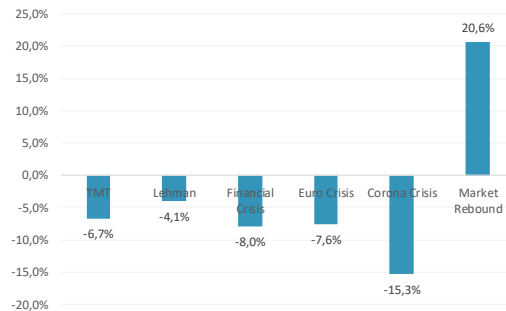
■ Liquidity ■ Bond ■ Equity ■ Alternatives

Risk Attribution

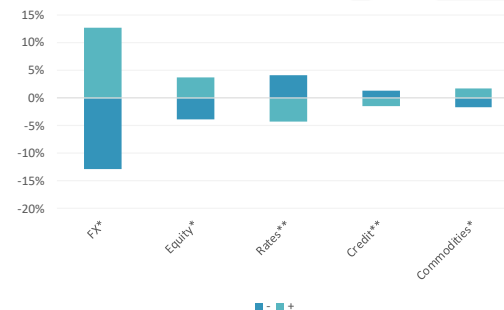


■ Money Market ■ Short Rates ■ Bond Yield ■ CDS Spread
■ Corporate Credit ■ Equities ■ Others ■ Specific

Scenario-based stress test



Shock-based stress test



■ - ■ +

Alpha Centauri Risk-Reporting

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

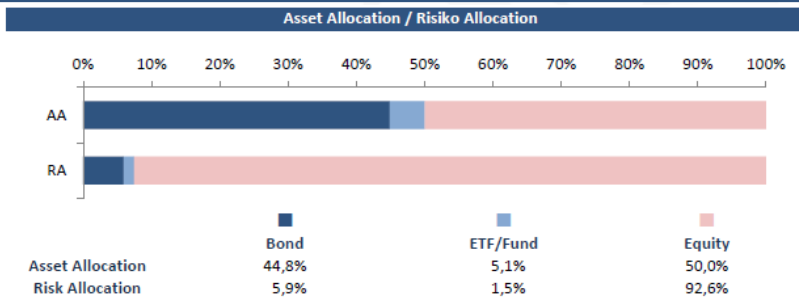
Asset- and risk allocation, risk contribution and scenarios in a nutshell

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

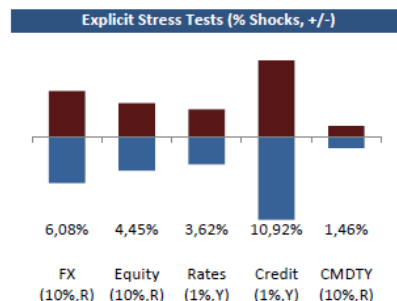
VaR 95 / Tail Risk			
	1-Day	1-Month	1-Year
VaR	0,6%	3,3%	11,6%
Tail Risk			1,770

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

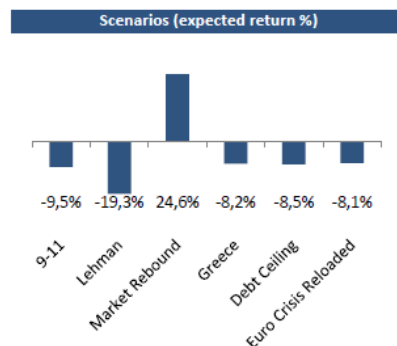
TOP 5 Currency Exposure		
	Exp.	RA
EUR	63,2%	40,0%
USD	22,9%	40,5%
CHF	6,9%	10,4%
GBP	3,9%	2,8%
DKK	1,7%	3,1%



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%



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%

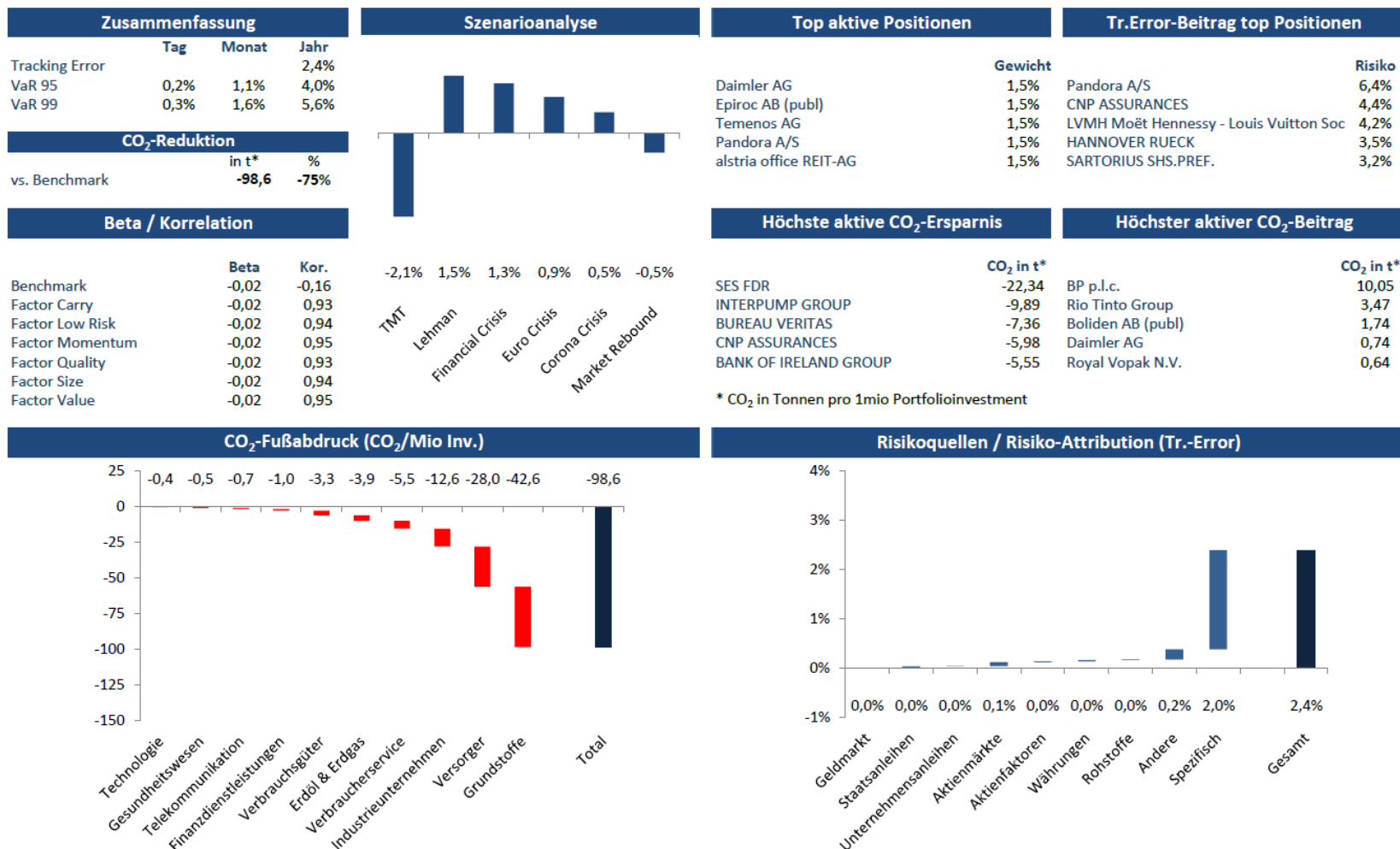
Y: Yield
R: Return
Exp.: Exposure
RA: Risk Allocation

		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
Currencies	0,68%	0,01%		0,02	R JPY
		0,01%		0,37	R GBP
		0,66%		0,44	R USD
Commodities	-0,11%	-0,11%		0,07	R Oil
		0,01%		0,07	R Gold

Alpha Centauri Risk-Reporting

Identify and manage the opportunities and risks of ESG and climate change

CO₂ – Exposures identifizieren und die Risiken des Klimawandels analysieren



First class tools

Alpha Centauri utilizes world class risk models

FIS Client Story



CASE STORY

UNCOVERING FACTOR BETA FOR ALPHA CENTAURI'S INVESTORS

Alpha Centauri, a Hamburg-based investment boutique started to invest in market neutral, single-factor strategies, including earnings momentum, balance sheet quality and dividends in 2009. After three years of outperformance, its investments had topped €200 million by 2012.

While Alpha Centauri was confident in its bottom-up investment style, it soon found itself exposed to unexpected macro risks. The euro crisis severely impacted its portfolio returns.

Alpha Centauri worked closely with our investment risk experts to develop a research and portfolio construction infrastructure to address risk issues. This approach allowed Alpha Centauri to create, test and launch new factor index products in collaboration with STOIC, a

Can you solve this equation?

Innovative investment boutique = 1 European financial crisis + 1 award-winning investment risk technology partner

The answer...

1 partnership that resulted in a new series of successful European factor indices and highly focused risk solutions for asset managers

ALPHA CENTAURI worked closely with our investment risk experts to develop a research and portfolio construction infrastructure to address risk issues. This approach allowed Alpha Centauri to create, test and launch new factor products ...

FIS - Press Release

Empowering
the Financial World



FIS APT is pleased to announce the following addition to our models:

IMPROVEMENT

*“We have added **iStoxx Europe Equity Factor indices** to our models as part of our explanatory factors offering. These indices were constructed by iStoxx in conjunction with our partner and factor investing specialist, **Alpha Centauri**. The factors seek to capture six key risk premia - Value, Carry, Momentum, Size, Low Risk, and Quality.....*

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

www.alpha-centauri.com

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.

**Empowering
the Financial World**



www.fisglobal.com

Summary

Generating additional value via “Risk Solutions as a service”

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

Contact us

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