



ALPHA CENTAURI

# Risk Reporting & Overlay Management

Professional Investors only

# Who we are

Investmentboutique - focused on Alternative Risk Premia and Equity Factors

## Founded in 2005 – experience in factor investing since 2009

<b>2005 / 2006</b>	Company founded by Wilfried Boysen (former member of the managing board of Tchibo and AMB Generali, member of the supervisory board of Postbank), launch of „Alpha Centauri Aktien“ fund
<b>2007 – 2009</b>	First investments in our own factor-based equity strategies (long only & market neutral)
<b>2010 / 2011</b>	Factor-based investments exceed € 300 Mio; implementation of FIS APT (formerly SunGard APT); Introduction of REUTERS MQA Point-in-Time, „R“, and FIS APT risk model history, launch of bond-premia strategies; 11 employees
<b>2012 / 2013</b>	Initial launch of factor-testing and simulation infrastructure; implementation of market-neutral equity low risk strategies; € 2,8 bln. AuM
<b>2014 / 2015</b>	Founder and owner of the company announces retirement for 2015, MBO by core management and investment team; strategic reorganization and focus on liquid-alternative products and factor-investing strategies; Alpha Centauri allures STOXX and FIS (APT) for strategic partnerships
<b>2016</b>	Company rebranded as Alpha Centauri Investment Management, Alpha Centauri Risk GmbH founded, Introduction of iSTOXX Europe factor indices by STOXX
<b>2017</b>	Alpha Centauri allures SouthPoleGroup for a strategic cooperation, „Going Live“ of iSTOXX Europe Market Neutral factor indices, EUREX introduces first European factor futures on iSTOXX Europe indices, AMUNDI launches (worldwide) first market neutral factor ETF on iSTOXX Europe Multifactor; Equity Europe Long/Short introduced, DekaBank unveils first certificate on the strategy
<b>2018 / 2019</b>	AC Equity Europe Long/Short launched; AMUNDI win´s several innovation awards (L´Agefi / Global Investor Awards) for the marketneutral ETF; Vontobel bond on Equity L/S strategy issued

# Who we are

Strong partnerships

Explore our world class network



ALPHA CENTAURI

**S&P Global**  
Market Intelligence

Empowering  
the Financial World **FIS**

**ISS ESG** 

**E**X **eurex**

**STOXX**

# Who we are

## Partnership with FIS in risk solutions

### 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](http://www.alpha-centauri.com)

### FIS<sup>©</sup>

*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.*

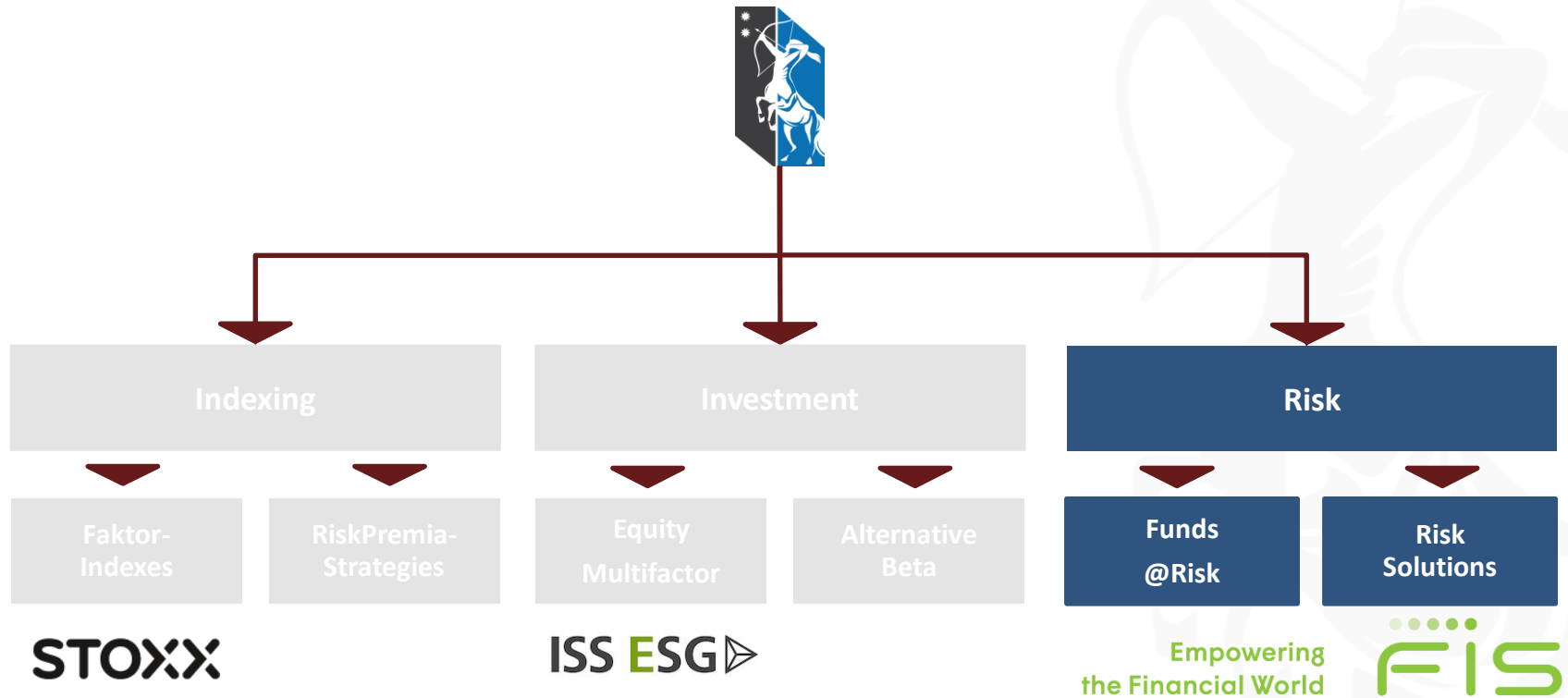
**Empowering  
the Financial World**

**FIS**

[www.fisglobal.com](http://www.fisglobal.com)

# What we do

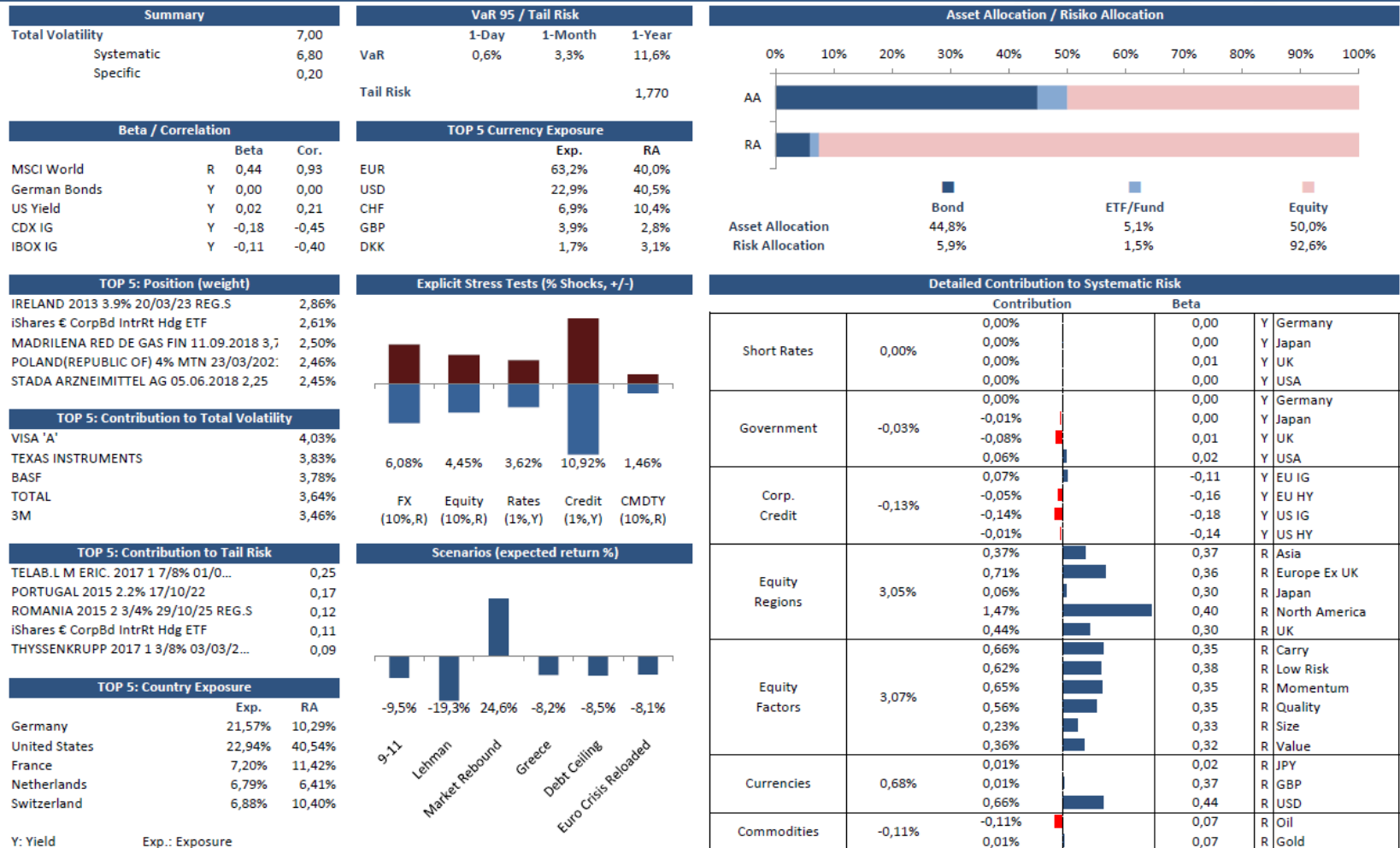
Risk Solutions - one of our core activities



# Risk Analytics

A 360° risk view provides the basis for well-informed decision making

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

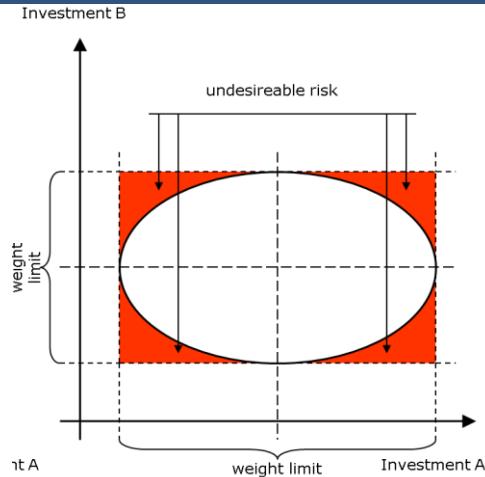


Y: Yield  
R: Return  
Exp.: Exposure  
RA: Risk Allocation

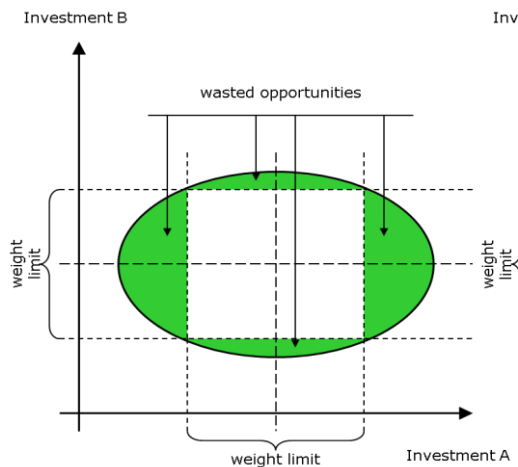
# Overlay Management

OM offers a larger opportunity set than plain vanilla downside protection

## Manage undesirable risks



## Improve returns



## The case for Overlay Management

- helps to balance opportunities with risk budgets
- provides opportunities to diversify or concentrate positions
- solves for the problem of „unintended bets“
- can deliver „portable betas“
  - i.e. transfer factor exposures across factors or back to market
- exploits otherwise „wasted opportunities“

# Risk Reporting & Overlay Management

Risk analysis for each segment and the portfolio as a whole

Advantage No.1. : more transparency within segments and overall portfolio

Top-Level Analysis	Position-Based Analysis	Factor-Based Analysis	Composition	Style
Portfolio	Portfolio	Benchmark	Active Portfolio	
Name	Portfolio	MSCI World		
Total Volatility	14,290%	14,211%	4,966%	
Systematic Volatility	13,289%	14,138%	2,571%	
Specific Volatility	1,001%	0,073%	2,395%	
Total Beta to Benchmark	0,945		-0,055	
Total Correlation to Benchmark	93,93%		-15,88%	

Name	Portfolio Weight	Contribution to Portfolio Total Volatility	Contribution to Total Tracking Error	Active Weight	Contribution to Benchmark Total Volatility	Benchmark Weight	Contribution to Total Percentage Tracking Error
▶ Total (1630 securities - Filtered)	100,00%	14,290%	-4,966%	0,00%	14,211%	100,00%	100,00%
⊕ BECTON DICKINSON (1 security)	3,65%	0,485%	0,057%	3,49%	0,020%	0,16%	1,15%
⊕ NEXTERA ENERGY (1 security)	3,71%	0,163%	0,035%	3,52%	0,008%	0,19%	0,70%
⊕ MCDONALDS (1 security)	3,83%	0,354%	-0,003%	3,52%	0,029%	0,31%	-0,05%
⊕ CASH ALLOCATION (1 security)	4,01%	0,000%	0,000%	4,01%			0,00%
⊕ ADOBE (NAS) (1 security)	4,40%	0,857%	0,245%	4,09%	0,054%	0,31%	4,93%
⊕ MICROSOFT (1 security)	5,39%	0,978%	0,069%				
⊕ AMAZON.COM (1 security)	5,96%	1,324%	0,237%				
⊕ MASTERCARD (1 security)	6,21%	0,952%	0,106%				
⊕ APPLE (1 security)	6,24%	0,929%	0,120%				
⊕ WIPACORP (1 security)	6,40%	1,070%	1,433%				
▶ Total	100,00%	14,290%	-4,966%	0,00%	14,211%	100,00%	100,00%
⊖ Systematic							
⊕ Currencies							
⊕ MSCI Sectors							
⊕ Countries							
⊖ Unspanned							
⊖ Unspanned							
⊖ Specific							
▶ Total	100,00%	14,290%	-4,966%	0,00%	14,211%	100,00%	100,00%
⊖ Systematic	93,00%	13,289%	-4,966%	0,00%	14,138%	99,49%	51,77%
⊕ Currencies	3,93%	0,163%	0,035%	3,52%	0,008%	0,19%	10,84%
⊕ MSCI Sectors	39,87%	1,195%	0,212%	37,97%	0,021%	0,17%	8,00%
⊕ Countries	46,99%	1,030%	0,033%	44,55%	0,008%	0,07%	23,60%
⊖ Unspanned	2,21%	0,000%	0,000%	2,21%			9,34%
⊖ Unspanned	2,21%	0,000%	0,000%	2,21%			9,34%
⊖ Specific	7,00%	0,971%	0,000%	6,49%	0,054%	0,31%	48,23%



# Risk Reporting & Overlay Management

Risk analysis for each segment and the portfolio as a whole

## Advantage No.2.: detailed and aggregated risk views

Summary Analysis		Top 15 Contributors to Risk		Factor-Based Attribution (RiskScan)		Contribution to T	
Portfolio	Portfolio	Benchmark	Active Portfolio				
Name	ABC Fund of Funds	MSCI World					
Total Volatility	8,180 %	11,272 %	4,514 %				
Systematic Volatility	7,444 %	11,180 %	3,477 %				
Specific Volatility	0,736 %	0,092 %	1,037 %				
Total VaR (68 %, 1 month)	3,998 %	5,671 %	2,091 %				
Total VaR (95 %, 1 month, Chebyshev)	9,735 %	13,915 %	5,011 %				
Total VaR (95 %, 1 month, Gaussian)	3,824 %	5,269 %	2,110 %				
Total Beta to S&P 500	0,552	0,795	-0,243				
Total Beta to FTSE 100	0,405	0,625	-0,220				
Total Beta to DJ Euro STOXX	0,422	0,636	-0,214				
Total Correlation to Ben							
Total Beta to Benchmark							

Name	Portfolio Weight	Contribution to Portfolio Total Volatility	Contribution to Total Tracking Error	Active Weight	Contribution to Benchmark Total Volatility	Benchmark Weight	Contribution to Total Percentage Tracking Error
Total (1835 securities)	100,00%	13,572%	2,905%	0,00%	14,211%	100,00%	100,00%
Unassigned (1626 securities)			4,507%	-100,00%	14,211%	100,00%	155,13%
Portfolio (30 securities)	33,00%	4,573%	-0,302%	33,00%			-10,40%
Portfolio (2) (39 securities)	33,00%	4,180%	-0,465%	33,00%			-16,00%
Portfolio (3) (121 securities)	34,00%	4,810%					
Portfolio (Overlay) (19 securities)	100,00%	0,00%					

	Contribution to Joint Portfolio Percentage Volatility	Contribution to Joint Benchmark / Percentage Volatility	Contribution to Joint Percentage Tracking Error
Total	100,00%	100,00%	100,00%
Systematic	97,54%	99,49%	62,20%
Currencies	4,63%	9,41%	21,06%
MSCI Sectors	37,34%	40,67%	11,67%
Countries	54,29%	48,47%	21,24%
Unspanned	1,28%	0,94%	8,23%
Unspanned	1,28%	0,94%	8,23%
Specific	2,46%	0,51%	37,80%

# Risk Reporting & Overlay Management

## Risk management on total portfolio level

### Advantage No.3: Independence

- Risk management independent from positioning of each segment manager

Scenario (World Bonds Local (EUR))	Portfolio Total Volatility	Portfolio Value	Portfolio Value Change	Total Tracking Error
No Scenario	13,572%	100,00%		2,905%
01_AC_911	20,931%	88,92%	-11,08%	3,142%
02_AC_Lehman	31,197%	74,25%	-25,75%	4,267%
03_AC_MarketRebound	10,021%	112,30%	12,30%	2,752%
03_AC_MarketRebound_Neu	10,007%	118,51%	18,51%	2,794%
04_AC_Greece	30,829%	89,84%	-10,16%	3,339%
05_AC_DebtCeiling	27,089%	87,94%	-12,06%	3,128%
06_AC_EuroCrisis	26,386%	91,29%	-8,71%	4,032%
07_AC_FX_Rm10	13,572%	88,03%	-11,97%	2,905%
08_AC_Equity_Rm10	13,572%	90,77%	-9,23%	2,905%
09_AC_Rates_Yp1	13,572%	96,40%	-3,60%	2,905%
10_AC_Credit_Yp1	13,572%	121,94%	21,94%	2,905%
11_AC_Commodity_Rm10	13,572%	96,64%	-3,36%	2,905%
12_AC_StressTest_Curve_EU_M100	13,572%	101,39%	1,39%	2,905%
13_AC_StressTest_EUR_Equity_Level...	13,572%	92,41%	-7,59%	2,905%
14_AC_Joint	13,572%	99,48%	-0,52%	2,905%

Example: reduction of equity exposure by 30% ( Eurozone -20%, USA -10%)

### Total portfolio status quo

Asset Allocation	Summary Risk	Contribution to Risk (Asset & Sub-Asset Class)		Contr
Portfolio	Portfolio	Benchmark	Active Portfolio	
Name	ABC Fund of Fun...	MSCI World		
Total Volatility	11,301 %	11,272 %	2,700 %	
Systematic Volatility	10,877 %	11,180 %	1,421 %	
Specific Volatility	0,424 %	0,092 %	1,279 %	
Total VaR (68 %, 1 month)	5,628 %	5,671 %	1,121 %	
Total VaR (95 %, 1 month, Chebyshev)	13,772 %	13,915 %	2,578 %	
Total VaR (95 %, 1 month, Gaussian)	5,283 %	5,269 %	1,262 %	
Convexity	0,00	0,00	0,00	
Total Beta to S&P 500	0,768	0,795	-0,027	
Total Correlation to S&P 500	88,36 %	91,70 %	-13,02 %	
Total Beta to Benchmark	0,974		-0,026	
Total Correlation to Benchmark	97,14 %		-10,92 %	

### Total portfolio after simulation

Asset Allocation	Summary Risk	Contribution to Risk (Asset & Sub-Asset Class)		Contr
Portfolio	Portfolio	Benchmark	Active Portfolio	
Name	ABC Fund of Fun...	MSCI World		
Total Volatility	8,180 %	11,272 %	4,514 %	
Systematic Volatility	7,444 %	11,180 %	3,477 %	
Specific Volatility	0,736 %	0,092 %	1,037 %	
Total VaR (68 %, 1 month)	3,998 %	5,671 %	2,091 %	
Total VaR (95 %, 1 month, Chebyshev)	9,735 %	13,915 %	5,011 %	
Total VaR (95 %, 1 month, Gaussian)	3,824 %	5,269 %	2,110 %	
Convexity	0,00	0,00	0,00	
Total Beta to S&P 500	0,552	0,795	-0,243	
Total Correlation to S&P 500	87,74 %	91,70 %	-69,99 %	
Total Beta to Benchmark	0,683		-0,317	
Total Correlation to Benchmark	94,13 %		-79,13 %	

# Summary

## Generating value with “Risk Solutions as a service” + Overlay management

At a glance	
Low Return environment...	<ul style="list-style-type: none"><li>• provides new challenges in investment- and risk management</li><li>• creates a loss of return opportunities as well as diversification potential</li></ul>
Risk Reporting...	<ul style="list-style-type: none"><li>• provides the basis necessary to identify, analyze and manage risk exposures properly</li><li>• shows „unintended bets“</li></ul>
Overlay Management...	<ul style="list-style-type: none"><li>• improves the balance between opportunities and risks</li><li>• can fill „wasted“ risk budgets</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>improvement in diversification and better performance</b></li></ul>

# Contacts

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