



**ALPHA CENTAURI RISK**

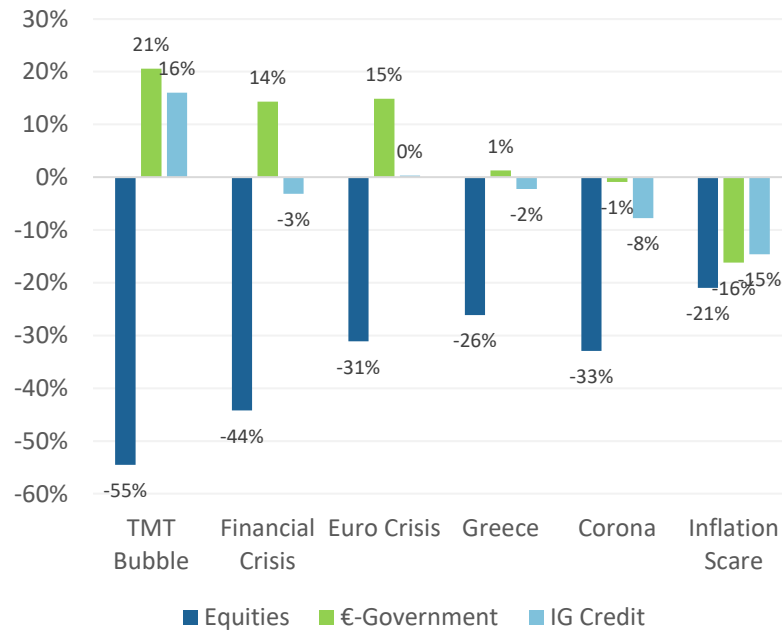
# Risk Solutions as a Service



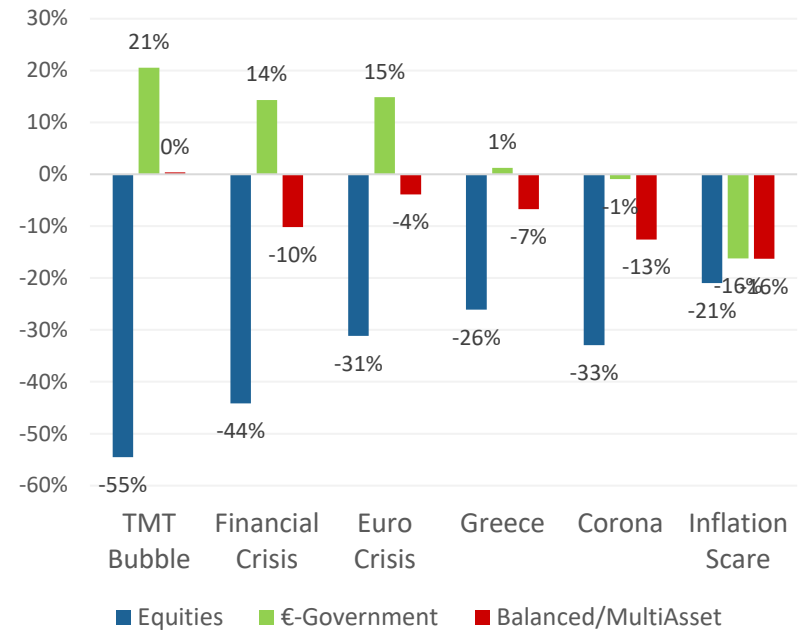
# Status Quo

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

Bonds – „return-free risk“



Higher drawdowns in Multi Asset



- Low Yields and inflation 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

A holistic view on risk is key to avoid return drag and “uncompensated risk”

Results from a Northern Trust portfolio study among institutional portfolios

Institutions had nearly 2x more uncompensated vs. compensated risk

Underlying portfolio holdings cancelled each other out – and hurt performance

Hidden portfolio risks caused unintended outcomes

Conventional „Style Investing“ led to index-like performance with higher fees

„Over-diversification“ diluted performance

Possible attempts to „time“ manager changes may have proved costly

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

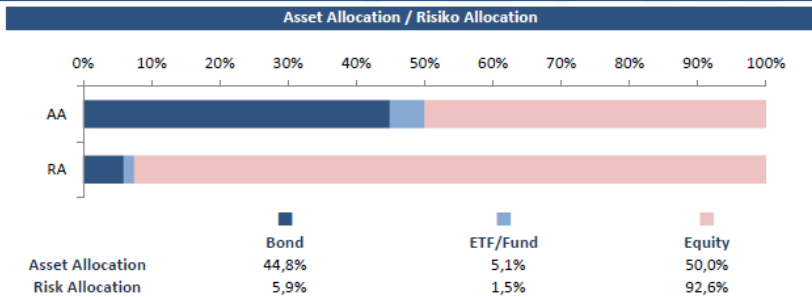
# Alpha Centauri Risk-Reporting

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

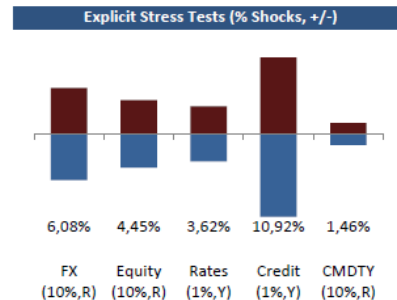
VaR 95 / Tail Risk			
	1-Day	1-Month	1-Year
VaR	0,6%	3,3%	11,6%
Tail Risk	1,770		



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%

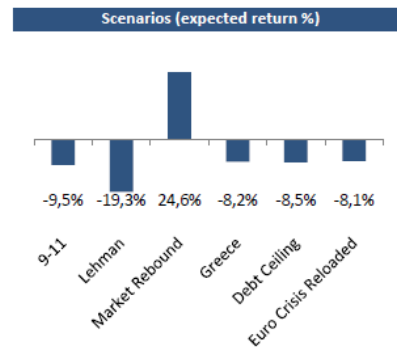
TOP 5: Position (weight)		
IRELAND 2013 3.9% 20/03/23 REG.S		2,86%
iShares € CorpBd IntrRt Hdg ETF		2,61%
MADRILENA RED DE GAS FIN 11.09.2018 3,7		2,50%
POLAND(REPUBLIC OF) 4% MTN 23/03/202:		2,46%
STADA ARZNEIMITTEL AG 05.06.2018 2,25		2,45%



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

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



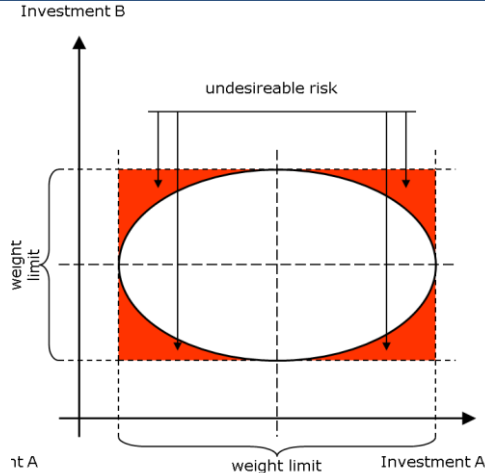
TOP 5: Country Exposure		
	Exp.	RA
Germany	21,57%	10,29%
United States	22,94%	40,54%
France	7,20%	11,42%
Netherlands	6,79%	6,41%
Switzerland	6,88%	10,40%

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

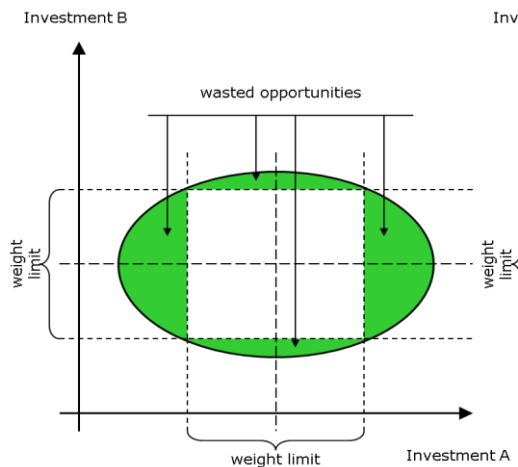
# Alpha Centauri Risk-Reporting

New opportunities – risk management is more than „downside protection“

## Avoiding „unintended risk“



## Improve returns



## Benefits

- Achieve a better balance between opportunities and risk budgets
- Identify and eliminate „unintended“ and „unpaid“ risk factors
- Find new spaces for diversification or concentration
- find more intelligent opportunities for your risk budgets

# 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](http://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**

**FIS**

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

# 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><li>• views on „unintended bets“</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>

# Disclaimer

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