

JAIVE

... is a purely quantitative decision support tool for the top-down allocation of more than 400 asset classes. It is based on the latest insights of quantitative financial market research – **neutral, comprehensible, innovative**.

... helps to reduce the complexity of international financial markets to what is important and essential, allowing well-founded investment decisions to be made – **objective, easy-to-understand, transparent**.

... uses coherent fundamentals-based methodology to create the basis for a sustainable and positive performance contribution – **successful, well-founded, consistent**.

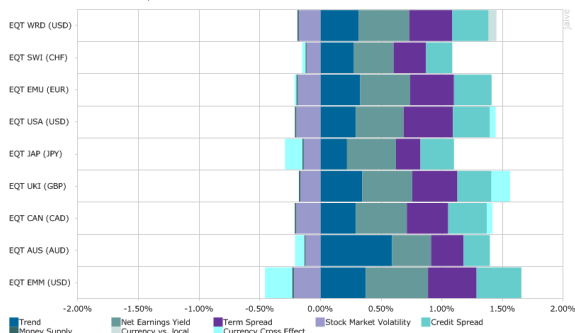
... has been successfully used for ten years by numerous banks and asset managers, and has demonstrated its performance potential through many different market cycles – **simple, reliable, tried and tested**.

From sound fundamental analysis...

Investors observe and analyze fundamental data and market developments, and derive recommendations for their tactical asset allocation. But what, for instance, do high P/E ratios, tight credit markets, and expansive central bank policies mean for the attractiveness of equities compared to bonds? Or more specifically, European telecommunication companies compared to American utilities? What does it mean for alternative investments? To what extent should a foreign currency exposure be hedged?

These are just the kind of questions for which **jaive** provides answers. It analyses crucial fundamental information from an objective point of view, and indicates their significance for more than 400 different asset classes in a simple and easy-to-understand way. It provides a sound and transparent support that allows truly objective investment decisions to be made.

Fundamental Components
1 Month 14.01.2011 in local currency



Using regional stock markets as an example, the diagram above shows how return potentials for different asset classes depend on the fundamental indicators.

Kraus Partner Investment Solutions AG

Kraus Partner Investment Solutions AG puts the latest findings of quantitative financial market research into practice. That's how Kraus Partner closes the gap between top academic research and tangible solutions in asset management. The company's focus lies in:

- ➔ Quantitative decision support for leading asset management companies based on **jaive**, the quant-based software tool
- ➔ Development and management of quantitative investment products

...to top-down asset allocation

Should an investor overweight the asset class for which **jaive** has the highest return potential? And if yes, by how much?

Expected returns alone do not deliver answers with regard to over- and underweights of asset classes in a portfolio context. Risks, correlations and investors' risk profiles need to be taken into account.

The 'allocator' is a strikingly simple tool based on a coherent and quantitative optimization. With just two mouse clicks, investors can obtain an optimized tactical asset allocation for their individual strategic portfolios with respect to the current economic environment.

The portfolios can either be optimized with the return expectations of **jaive** or through the inclusion of the investors' own expectations.

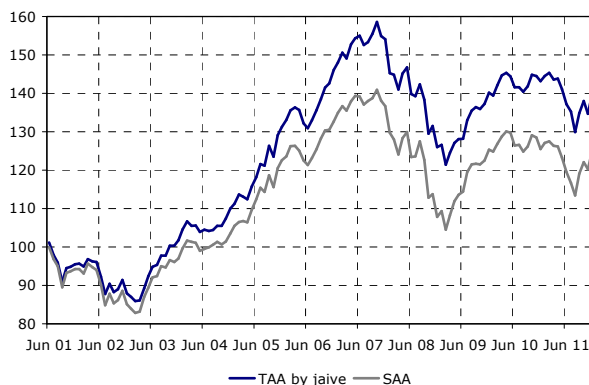
05.01.11 in CHF	Cash		Gov. bonds		Corp. bonds		Equities	
	SAA	TAA	SAA	TAA	SAA	TAA	SAA	TAA
World			0.0%	0.6%	0.0%	0.0%	0.0%	1.4%
Switzerland	10.0%	-0.9%	12.0%	0.2%	4.0%	0.6%	15.0%	-2.6%
EMU	0.0%	0.0%	6.0%	-6.0%	3.0%	-3.0%	10.0%	-2.5%
USA	0.0%	0.0%	4.0%	-4.0%	3.0%	-0.1%	8.0%	0.7%
Japan	0.0%	0.0%	2.0%	1.0%			3.0%	4.4%
Great Britain	0.0%	0.0%	2.0%	-1.0%			2.5%	2.0%
Canada	0.0%	0.0%	1.0%	-1.0%			2.0%	2.0%
Australia	0.0%	0.0%	1.0%	-1.0%			1.5%	1.3%
Emerging markets			2.0%	6.2%			3.0%	-1.8%
Total	10.0%	-0.9%	30.0%	-3.1%	10.0%	-2.5%	45.0%	10.0%

The above table shows an excerpt of the output generated by the allocator. At a glance, over- and underweights of the asset classes are presented.

Interested? You can test **jaive** for three months, including a personalized in-depth introduction to the system and the model by Kraus Partner staff. Our experience tells us that once you have tested it, you will not want to forgo **jaive's** logical and easy to understand approach to global tactical asset allocation (fundamental data → return potentials of different asset classes → tactical asset allocation).

Track record *jaive* - balanced portfolio based on the Allocator (CHF)

Performance from 30.06.2001 to 31.12.2011



	TAA by jaive	SAA
Return since inception	#NAME?	#NAME?
Return p.a.	#NAME?	#NAME?
Return YTD	#NAME?	#NAME?
Volatility p.a.	#NAME?	#NAME?
Sharpe ratio p.a.	#NAME?	#NAME?
Alpha p.a.	#NAME?	#NAME?
Beta	#NAME?	#NAME?
Tracking Error p.a.	#NAME?	#NAME?
Information Ratio	#NAME?	

Historic performance does not serve as an indicator for present or future performance.

The strategic asset allocation of the sample portfolio is composed of cash (10%), bonds (government 30%, corporate 10%), equities (45%) and fund of hedge funds (5%). The reference currency is CHF and the range for tactical bets is set to +/- 10%. Currency hedges can be applied, rebalancing is monthly and benchmark is the strategic asset allocation. The benchmark allocation has been defined in Q1 2004 and is published regularly; the split into 30% government bonds and 10% corporate bonds as of November 2009 (previously 40% government bonds). *jaive* has been live since 2001 with an adaptation of the model in 2004. For the time period before 2004 a thorough out-of-sample back testing has been performed.

The 30% strategic asset allocation (SAA) to bonds consists of the following long government bonds: 12% CHF, 6% EUR, 4% USD, 2% JPY, 1% GBP, 1% CAD, 1% AUD and 2% EMM bonds. The SAA of corporate bonds is 4% CHF, 3% EUR, 3% USD. The 45% equity SAA consists of 15% SWI, 10% EMU, 8% USA, 3% JAP, 2.5% UKI, 2% CAN, 1.5% AUS and 3% EMM.

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