

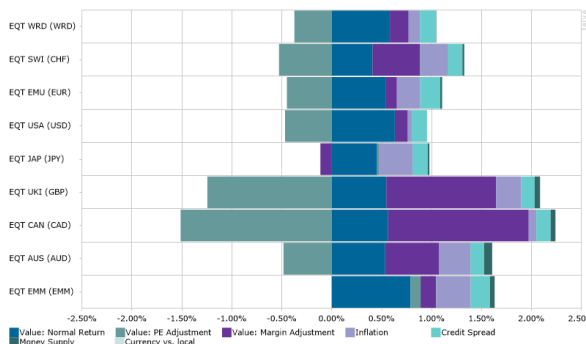
# JAIVE

- ... is a decision support system for the top-down allocation of more than 300 asset classes. It is based on the latest insights of quantitative financial market research – **neutral, transparent, systematic.**
- ... helps to reduce complexity and to focus on what is really important in the financial markets, allowing well-founded investment decisions to be made – **focused, straightforward, easy-to-understand.**
- ... has successfully been used by numerous banks, pension funds, and insurance companies for twenty years – **proven, successful, reliable.**

## From sound fundamental analysis...

Investors observe and analyze fundamental data together with market developments, and derive conclusions with respect to their tactical asset allocation. But what, for instance, do high profit margins, cheap credit, and a generous money supply by central banks imply for the attractiveness of equities compared to bonds? Or more specifically, for European telecommunication companies compared to American utilities? What does it mean for alternative investments? To what extent should the foreign currency exposure be hedged?

These are just the kinds of questions for which **jaive** provides answers. It analyses crucial fundamental information from a neutral point of view, and shows their impact on more than 300 different asset classes in a simple and easy-to-understand way. It provides a sound and transparent support that allows for truly fact-based investment decisions to be made.



Using regional stock markets as an example, the diagram above shows how return potentials in **jaive** are broken down into well-defined fundamental components.

Interested? Our experience tells us that once you have evaluated **jaive**, you will not want to forgo anymore its systematic and easy-to-understand approach to global tactical asset allocation.

## Kraus Partner Investment Solutions AG

Kraus Partner Investment Solutions AG is an independent investment advisor based in Zurich. It has a strong focus on systematic and quant-based investment approaches. Since 2001 the company supports institutional clients in their tactical asset allocation process.

„Innovation in Quant Finance“ is both, basis and goal of the company’s activities. The company’s services are founded on the latest insights of quantitative financial market research. These innovations are implemented for the benefit clients as transparent solutions with strong performance results.

## ...to top-down asset allocation

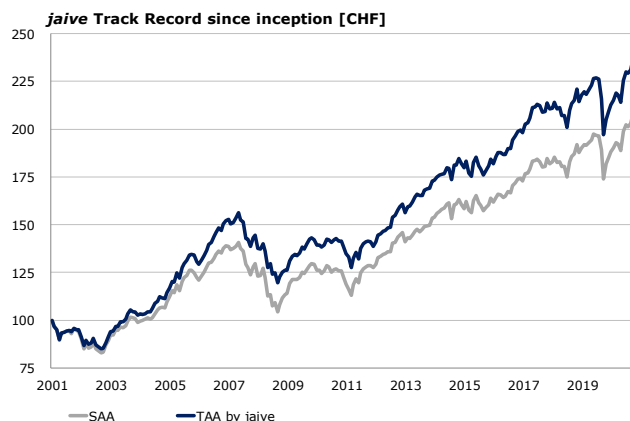
Based on the fundamental market analysis, individual asset allocation decisions need to be made. Together with return expectations, risk and diversification effects are to be taken into consideration. Should a negative outlook for the Swiss stock market lead to an underweight of 10 % or maybe just 3 % when considering risk and diversification effects? Should foreign exchange rate risks currently be completely hedged or only partially?

Here the ‘Allocator’ comes into play, an easy-to-use Excel-tool specifically developed for **jaive**. With just two mouse clicks, an individual recommendation for a tactically optimized portfolio allocation is generated. Individual expectations or third-party inputs can be included in the analysis as well.

| Group               | Asset class      | Weights SAA  | Tactical deviations |
|---------------------|------------------|--------------|---------------------|
| <b>CASH</b>         |                  | <b>3.0%</b>  | <b>1.2%</b>         |
|                     | Cash CHF         | 3.0%         | 1.2%                |
| <b>Obligationen</b> |                  | <b>47.0%</b> | <b>-6.2%</b>        |
|                     | SBI              | 25.0%        | -1.8%               |
|                     | Bonds FW (hdg)   | 20.0%        | -2.4%               |
|                     | Bonds EMM HC     | 2.0%         | -2.0%               |
| <b>Aktien</b>       |                  | <b>50.0%</b> | <b>5.0%</b>         |
|                     | Schweiz          | 15.0%        | 1.6%                |
|                     | Welt             | 30.0%        | -1.6%               |
|                     | Emerging Markets | 5.0%         | 5.0%                |

The table above shows an output of the ‘Allocator’. Against the backdrop of one’s own strategic asset allocation, the optimized recommendation for tactical over- and underweights are shown in red and green.

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



| 06:01 - 03:21             | TAA by jaive | SAA    |
|---------------------------|--------------|--------|
| Return since inception    | 131.2%       | 102.9% |
| Return p.a.               | 4.5%         | 3.8%   |
| Return YTD                | 3.4%         | 3.2%   |
| Volatility p.a.           | 7.3%         | 7.6%   |
| Downside volatility p. a. | 8.5%         | 8.9%   |
| Sharpe ratio p.a.         | 0.58         | 0.46   |
| Beta                      | 0.94         |        |
| <b>Alpha p.a.</b>         | <b>0.9%</b>  |        |
| Tracking error p.a.       | 1.7%         |        |
| Information ratio         | 0.41         |        |

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

The outperformance was generated with a **reduced risk**, especially downside-risk. The reason is that **jaive** takes on risks if and only if they are compensated attractively.

The diagram shows the track record of *jaive*. The model has been live since 2001. The benchmark allocation was defined in Q1 2004, and the tactical recommendations have since been published on a regular basis. For the time period before 2004 a thorough out-of-sample back testing has been performed. Afterwards the track record reflects all model upgrades in real time.

The strategic asset allocation (benchmark) consists of cash (10%), government bonds (24%), credit (12%), equities (45%), and alternatives (9%). Tactical ranges are +/- 10%. The Swiss Franc serves as reference currency. FX risks can be managed in the form of overlays. In 2009 and 2020 there were minor adjustments to the strategy; however, they were not integrated into the track record retroactively.

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