



Finreon Swiss Equity IsoPro®

28/02/2025

Strategy

The investment universe of Finreon Swiss Equity IsoPro® includes 75 of the largest stocks of the Swiss equity market. In a first step, equal weights are applied to all positions (Iso). In a second step, the weights are optimized towards the minimum-variance portfolio (Pro). The strategy follows a quantitative approach.

The characteristics of the Finreon Swiss Equity IsoPro® strategy ensure a broad diversification. Concentration risks are explicitly avoided. The return and risk can therefore deviate from the Swiss Performance Index (SPI). The total risk born by the investor is similar to a well diversified Swiss equity investment.

Current month

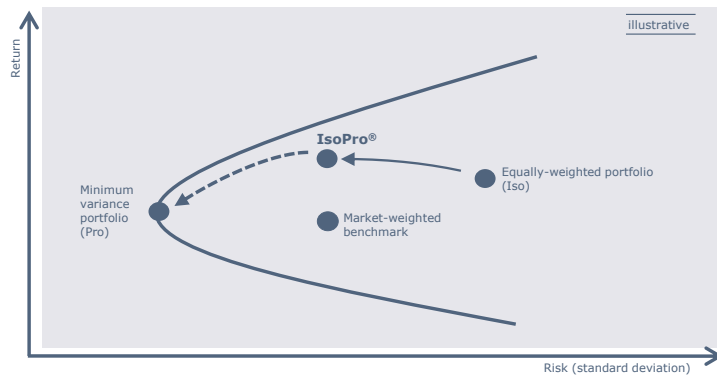
Comment

The Finreon Swiss Equity IsoPro® strategy achieved a return of 0.7% in February and thereby underperformed the SPI, which achieved 2.4%.

The relative performance of IsoPro® is partly driven by avoiding cluster risk and thus underweighting large capitalization stocks. Moreover, due to the optimization part, stocks with low volatility and low correlations are overweighted and the portfolio exhibits defensive characteristics.

	Swiss Equity IsoPro®	SPI
Return current month	0.7%	2.4%
Return year-to-date	7.6%	10.8%

IsoPro® concept



- IsoPro® combines the benefits of equal weighting (Iso) and optimization (Pro)
- Starting with an equal weighting a quantitative optimization shifts the portfolio towards the minimum-variance portfolio
- Liquidity, tradability and transaction costs of the stocks are taken into account
- The non-linear weights between minimum variance and equal weighting are calibrated to achieve a long-term volatility similar to the benchmark
- Maximum weight per single stock is 5%
- Optimized and efficient weights on single stock level

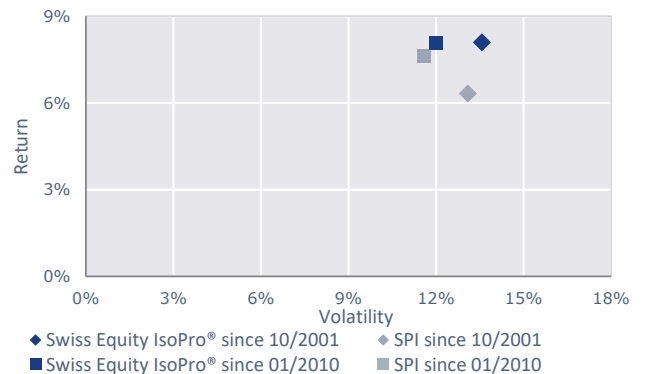
Return / risk figures

	10/2001 - 02/2025		Since inception (01/2010)	
	Swiss Equity IsoPro®	SPI	Swiss Equity IsoPro®	SPI
Return p.a.	8.1%	6.3%	8.1%	7.6%
Volatility	13.6%	13.1%	12.0%	11.6%
Sharpe Ratio	0.63	0.52	0.73	0.72
Downside volatility ¹	9.1%	9.0%	7.7%	7.4%
Upside volatility ¹	10.3%	9.7%	9.5%	9.2%
Correlation ²	0.92	n.a.	0.92	n.a.
Downside correlation ^{2,3}	0.87	n.a.	0.83	n.a.
Upside correlation ^{2,3}	0.79	n.a.	0.83	n.a.
Max. drawdown	-45.0%	-48.8%	-25.4%	-19.9%
Positive months	62.3%	61.6%	63.6%	61.3%

Performance



Return / risk



All figures are annualized. Backtesting is based on Total Return data.

Performance Finreon Swiss Equity IsoPro®: Composite net returns from mandates since 01/2010, Fund Class-D since 02/2014.

1) Average negative (downside volatility) or positive (upside volatility) deviation of returns from zero.

2) Reference value is the benchmark. 3) Correlation for periods when benchmark shows negative (downside) resp. positive (upside) returns.



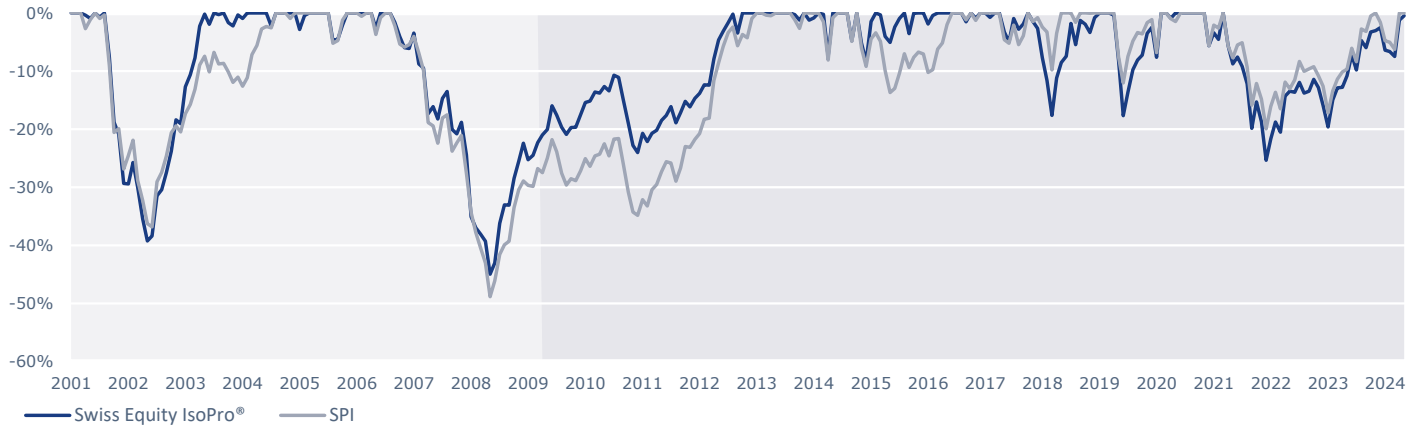
Monthly returns in %

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2008	-8.7	1.5	-2.6	4.4	1.4	-7.6	-1.0	2.5	-6.9	-14.1	-3.0	-1.8	-31.7
2009	-1.9	-9.4	3.5	12.0	4.9	-0.1	6.9	4.2	4.2	-3.7	1.0	2.9	25.5
2010	1.7	1.2	5.1	-1.9	-2.6	-1.5	1.5	0.0	2.7	2.5	0.3	1.8	11.3
2011	-0.3	1.3	-0.9	3.1	-0.4	-4.4	-4.7	-4.8	-1.6	4.4	-1.8	1.8	-8.3
2012	0.7	2.1	1.1	1.9	-3.3	2.2	2.3	-1.1	1.8	1.0	1.7	-0.1	10.5
2013	5.2	3.6	1.6	1.5	1.5	-3.3	4.0	0.3	2.8	3.5	0.9	1.1	24.8
2014	0.4	3.9	1.1	1.8	1.5	-0.3	-1.0	2.4	-1.2	0.4	3.0	-0.2	12.2
2015	-7.2	10.1	1.7	1.2	1.3	-4.8	6.6	-5.2	-3.3	7.5	3.1	-0.3	9.4
2016	-3.7	-1.1	2.8	1.5	3.5	-3.5	3.6	1.5	0.7	-1.9	1.5	3.1	7.9
2017	2.0	3.9	2.6	5.0	2.3	-1.5	2.4	-0.9	3.5	3.2	-0.8	1.6	25.8
2018	1.6	-3.3	-1.8	4.3	-1.9	0.9	2.8	-1.5	-1.2	-5.2	-4.2	-6.8	-15.6
2019	7.8	3.0	1.2	6.1	-3.7	4.4	-0.7	-1.4	2.7	2.1	3.4	1.4	29.0
2020	-0.4	-7.8	-10.3	4.9	4.5	1.8	0.9	4.0	1.1	-5.3	10.2	3.3	5.1
2021	-0.9	1.0	7.0	1.3	3.6	3.3	3.1	1.6	-5.6	2.4	-1.2	5.0	21.9
2022	-5.6	-3.3	1.3	-1.7	-3.3	-8.7	5.7	-4.0	-8.2	5.0	3.7	-2.2	-20.5
2023	7.8	1.0	-0.2	2.0	-2.1	0.4	2.4	-1.6	-3.5	-4.4	5.8	2.5	9.6
2024	0.1	2.3	4.1	-2.8	5.6	-1.3	2.9	0.3	0.6	-4.0	-0.2	-0.9	6.2
2025	6.8	0.7											7.6

YTD: year-to-date

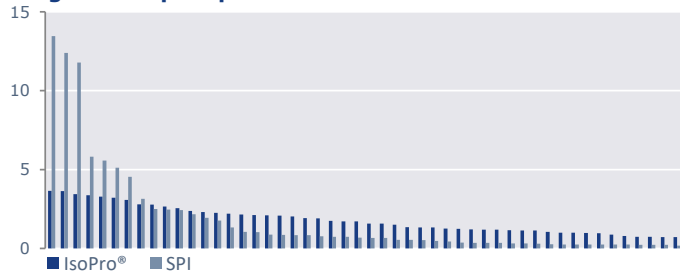
● Finreon Swiss Equity IsoPro® composite net returns from mandates since 01/2010, Fund Class-D since 02/2014.

Maximum drawdown



Current portfolio characteristics

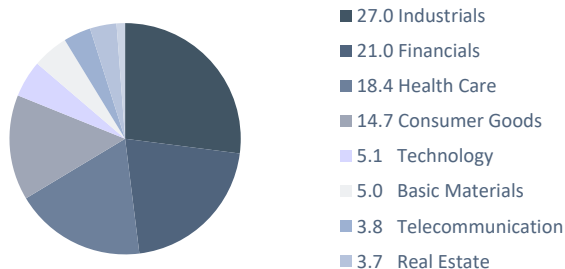
Weights of top 50 positions %¹



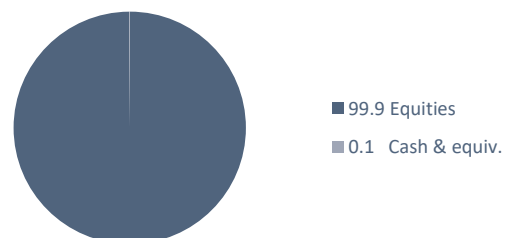
Top 5 positions in %

IsoPro®		SPI	
Roche	3.7	Nestlé	13.5
Swisscom	3.6	Roche	12.4
Novartis	3.5	Novartis	11.8
Zurich Insurance	3.4	Richemont	5.8
Nestlé	3.3	UBS	5.6
Total	17.4	Total	49.0

Sectors in %



Asset classes in %



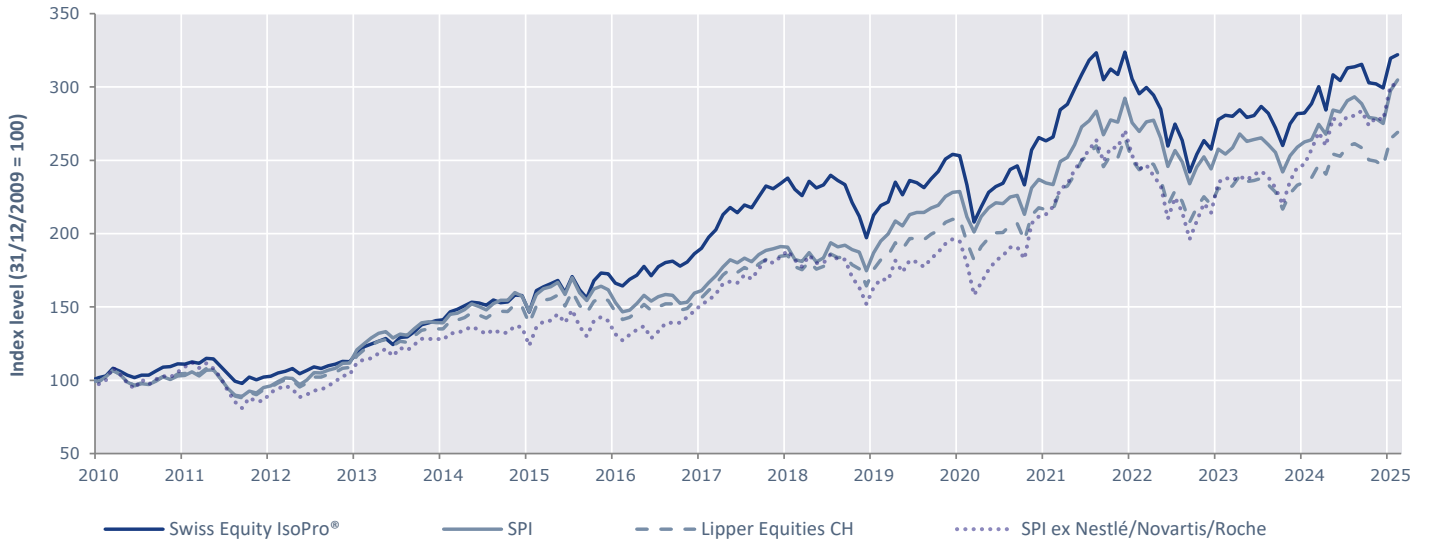
Performance Finreon Swiss Equity IsoPro®: Backtesting until 12/2009, composite net returns from mandates since 01/2010, Fund Class-D since 02/2014.

1) Weights of the largest 50 positions in the IsoPro® portfolio, the SPI index, respectively; top 5 positions are explicitly reported adjoining.



Concentration risk

Particularly since the middle of 2011 the largest constituents of the SPI - Nestlé, Novartis and Roche - showed a very strong performance. In order to avoid concentration risks, they are, however, significantly underweighted in Swiss Equity IsoPro®.





Investment opportunities

The Finreon Swiss Equity IsoPro® strategy can be accessed by qualified investors through both investment mandates and collective investment schemes. Please contact us for further information about our mandate solutions. Information about the fund and the individual share classes can be found below:

Fund		Share classes			
Investment advisor	Finreon Ltd, St.Gallen	Investor types	Class-A Private and qualified investors	Class-C Private and qualified investors	Class-D Qualified investors only
Investment manager	St.Galler Kantonalbank	Conditions	-	> CHF 500'000 ¹⁾	> CHF 5m ²⁾
Fund management	1741 Fund Solutions AG	ISIN	CH0127799929	CH0127799937	CH0210244213
Custody bank	Bank Julius Bär	Valor	12779992	12779993	21024421
Structure	Fund according to Swiss Law, FINMA-regulated	Bloomberg	SGKFSEA SW	SGKFSEC SW	SGKFSEG SW
Marketing licence	Switzerland, Germany	Currency	CHF	CHF	CHF
Benchmark	SPI	Distribution policy	distributing	distributing	distributing
Fund AuM	CHF 306.14m	All-in fee p.a.	1.50%	0.75%	to be agreed individually
Total AuM	CHF 1392.14m	Inception date	28/10/2011	28/10/2011	31/01/2014
Liquidity and remarks	daily; physical equity investment, no sec lending, no leverage/short-selling	NAV	241.89	251.24	192.17

1) The investor must have concluded a discretionary mandate agreement with St.Galler Kantonalbank Ltd (SGKB) or the minimum investment is > CHF 500'000.

2) The investor must have concluded a discretionary mandate agreement with St.Galler Kantonalbank Ltd (SGKB) and the minimum investment is > CHF 5m.

SVVK-ASIR Compatibility

Finreon funds do not invest in companies involved in the development or manufacture of nuclear weapons, biological and chemical weapons, anti-personnel mines and cluster munitions. We are guided by the exclusion list of the Swiss Association for Responsible Investment (SVVK - ASIR).

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