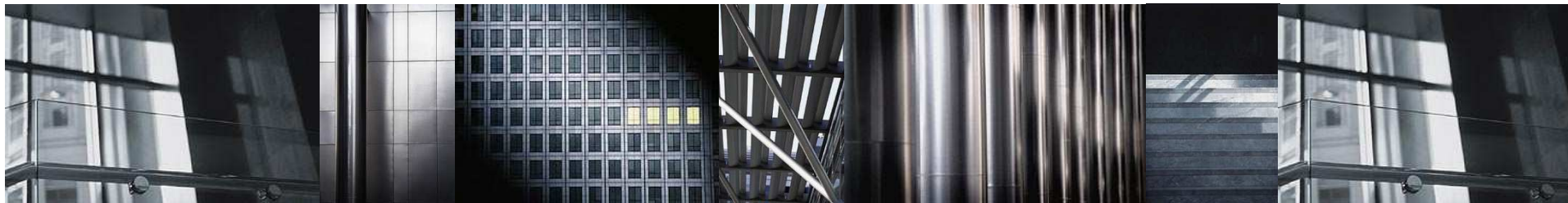


# **VFS CORE SATELLITE STRATEGIES**

## **Classic & Alternative Style**



**The average gives the world its substance, the exceptional its value.**

Oscar Wilde

## **IV INVESTFUNDS FORUM**

**4th ANNUAL CONFERENCE FOR INSTITUTIONAL INVESTORS**

Philippe H. Berthoud, MBA



# Agenda

1. Core Satellite Strategies
  - A. Classic Style & CORSA Box construction
  - B. Alternative Style
2. GLAXX Global Asset Allocation Indexes (back tested to 1995)
3. Summary CORSA Box
4. **Global Cooperation Opportunities & Investment Product Portfolios**
  - A. VFS Product Portfolio
  - B. VFS Partner Funds (mandated fund portfolio)
  - C. PROs Fund – Umbrella Fund Structure, Domicile Liechtenstein, FL
5. Company Info



# 1. Core Satellite Strategies – Classic Style

Classic Core Satellite Strategies aims to combine the best of passive and active portfolio management:

1. CORE : **passively managed portfolios** , approx. **2/3** of invested capital  
Focused on covering basic asset allocation and investment strategy.  
Low cost, liquid, efficient, flexible, mostly managed through ETFs.
2. SATELLITE : **actively managed portfolios**, approx. **1/3** of invested capital  
Focused on alpha-generating products but as well on complementing diversification to the combined investment strategy. Therefore aims to down-balancing market and portfolio risk.

## **Benefits :**

1. Global diversification
2. Liquidity
3. Transparency
4. Performance at lower cost
5. Flexibility



# CORSA Box Construction – Classic :

1. Based on GLAXX Global Asset Allocation Indexes, composing asset allocation and risk profiles of CORE strategies.
2. Based on CORE strategies, evaluation of ETFs Portfolios, following a top down macro economic process & through geographic/regional allocation such as Global, USA, Europe, Asia-Pacific & BRIC.  
>> **Top-Down research process**
3. Evaluation of SATELLITE Portfolios following a bottom up process to select investment managers & products without or few correlation to global traditional markets **and/or** are outperforming their sector / peer group.  
>> **Bottom-Up research process**

The CORSA BOX is **unique, innovative and performing** due to its global diversified, daily liquid and low cost CORE ETF Portfolios combined to the well-selected alpha-generating SATELLITE Portfolios.

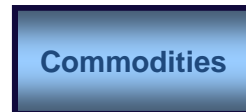
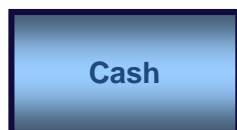
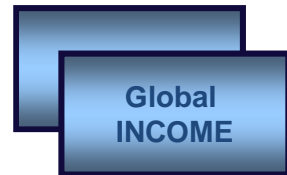
**CORSA BOX enables to create MULTIPLE CORE SATELLITE STRATEGIES**



# Proposal of **Classic** Core Satellite Strategies

CORE ETF Products based on GLAXX Indexes (top-down research process)

**SATELLITE Products**  
combined to  
**CORE ETF Products**



VFS CORSA BOX  
Strategy 1

VFS CORSA BOX  
Strategy 4

VFS CORSA BOX  
Strategy 2

VFS CORSA BOX  
Strategy 5

VFS CORSA BOX  
Strategy 3

All Strategies 0 – 10%



# Core Satellite Strategies – Alternative Style

Alternative Core Satellite Strategies aims to combine uncorrelated, steady performance as CORE investment and a mix of various investment strategies according to the basic strategic asset allocation.

1. CORE :                      Instead of passively managed portfolios, distribute approx. **2/3** of invested capital into uncorrelated investment products which gain steady returns at any global economy and market circumstances on a monthly basis. Focused on low volatility and/or niche products, such a portfolio is down-balancing portfolio risk, please verify :

**PROs Global Opportunity Fund    and    PROs Global Income Fund.**

2. SATELLITE :              Focusing on the basic strategic asset allocation and distributed approx. **1/3** of invested capital to a mix of various actively a/o passively managed investment products.

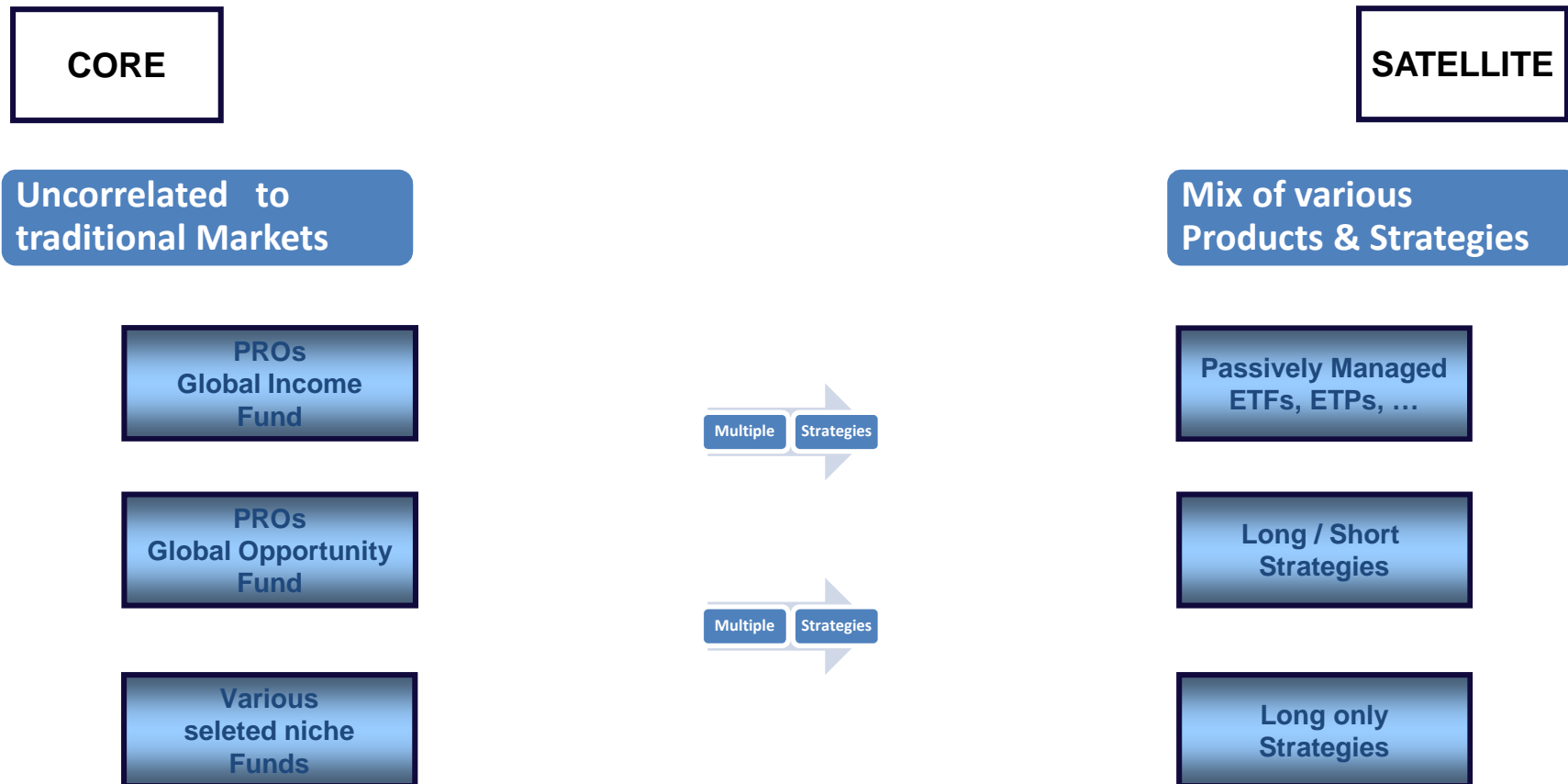
## **Benefits :**

1. Global diversification
2. Steady returns
3. Risk sensitivity
4. Niche strategies
5. No or few exposure to traditional markets



# Proposal of **Alternative** Core Satellite Strategies

CORE Products based on PROs Fund-of-Funds (bottom-up research process)



## 2. GLAXX Global Asset Allocation Index

### Selected Asset Classes (5)

As mentioned, we have selected following traditional asset classes:

**Income:** Bonds & Real Estates

**Growth:** Equities, Commodities & Hedge Funds

We have not selected Private Equity as a separate asset class. Further more, we calculated 100% distribution to the selected asset classes, contrary to common practice where money market investments are part of every asset allocation.

### Classic Risk/Return-Profiles (3)

**Defensive** = 75 : 25 75% allocated to INCOME, 25% to GROWTH asset classes as defined above.

**Balanced** = 50 : 50 Income/Growth allocation proportionally balanced

**Growth** = 25 : 75 Opposite to Defensive Risk/Return-Profile, larger proportion to GROWTH asset classes.

With the creation of the index at the same time a consistent basis is created relative to the selected sub-indices (14) and the question of global diversification. Due to its standardization any outperformance could be realized probably by a better tactical allocation over-/underweight individual asset classes or to improve the management of the individual sub-indices – e.g. better selection of investment instruments such as ETFs.

### Selektierte Subindizes (13)

For the five relevant asset classes, we have chosen existing sub-indices consulted by MSCI Morgan Stanley Capital International, Bloomberg / EFFAS, and Morningstar and S&P Standard & Poors. They have been chosen, as they meet the following requirements: Representative, title weighting according to their capitalization, indexed calculation, transparency and liquid investment opportunities through Exchange Trade Funds (ETFs).





# GLAXX Index Composition vs. Risk/Return Allocation

		<u>Defensive</u>	<u>Balanced</u>	<u>Growth</u>
1	<b>Portfolio</b>	100.0%	100.0%	100.0%
2	MSCI Daily TR Gross North America Local	5.0%	15.0%	20.0%
3	MSCI Daily TR Gross Europe Local	5.0%	12.5%	15.0%
4	MSCI Daily TR Gross Pacific Local	2.5%	2.5%	5.0%
5	MSCI Daily TR Gross Emerging Markets EM Local	5.0%	7.5%	12.5%
6	MSCI EM BRIC Local	2.5%	2.5%	2.5%
7	EFFAS European Market Weighting USD Euro (\$)	20.5%	18.0%	8.0%
8	Bloomberg/EFFAS Bond Indices US TRACKER All > 1 YR Total Return	27.5%	18.0%	8.0%
9	Bloomberg/EFFAS Bond Indices Switzerland Tracker All > 1 Yr TR	2.0%	2.0%	2.0%
10	Bloomberg/EFFAS Bond Indices Japan Tracker All > 1 Yr TR	12.5%	2.0%	2.0%
11	Morningstar Hedge Fund Composite Asset Weighted Index USD	2.5%	5.0%	10.0%
12	S&P GSCI Total Return CME	2.5%	2.5%	7.5%
13	XAUUSD Spot Exchange Rate - Price of 1 XAU in USD	2.5%	2.5%	2.5%
14	S&P Europe Property Index TR (USD)	10.0%	10.0%	5.0%

Exp. Return p.a. (historic, no cost)	7.4%	8.4%	8.4%
Exp. Risk p.a. (calculated)	3.9%	6.3%	8.6%
Sharpe (4% risk free)	0.87	0.70	0.51
Min Monthly Return	-2.3%	-5.8%	-9.2%
Max Monthly Return	3.6%	4.2%	4.7%



# GLAXX CORE Strategies vs. Pictet BVG 25plus

Quantitative Risk Summary	Defensive	Balanced	Growth	BVG-25 plus
<b>Return</b>				
Return geometric mean p.a.	5.1%	6.1%	5.8%	5.2%
Rolling 12 month mean return	4.9%	6.0%	6.1%	5.1%
Rolling 12 month minimum return	-11.4%	-20.9%	-26.8%	-13.0%
<b>Risk</b>				
Standard deviation p.a.	4.2%	6.8%	8.9%	4.7%
Last 12-months standard deviation	3.9%	6.9%	9.1%	3.4%
Downside deviation p.a. (hurdle = 0%)	3.4%	5.4%	7.1%	3.5%
Max. drawdown (peak-to-trough)	-12.1%	-23.2%	-31.4%	-16.7%
'DaRc' period of max. drawdown in mts.	19	38	49	35
Average of 5 max. drawdowns	-4.8%	-10.0%	-14.4%	-6.4%
<b>Efficiency</b>				
Sharpe ratio p.a.	0.45	0.42	0.29	0.41
Sortino ratio p.a.	1.52	1.12	0.82	1.49
Gain/loss ratio	2.47	1.90	1.60	2.18
<b>Correlation</b>				
Correlation to Comparison Series		0.93	0.82	0.59
<b>Distribution</b>				
Skewness	-0.76	-0.89	-0.93	-0.68
Kurtosis	2.94	2.39	2.06	1.89
Omega with required return= 0.0%	2.07	1.74	1.42	2.10
<b>Value at Risk, Horizon 1 month, Investment: 1'000'000.-</b>				
VaR at 95% confidence level, amount:	19'956.26	32'507.09	42'656.89	22'582.41
VaR at 95% confidence level, %:	2.0%	3.3%	4.3%	2.3%
VaR at 99% confidence level, amount:	28'224.51	45'975.39	60'330.45	31'938.73
VaR at 99% confidence level, %:	2.8%	4.6%	6.0%	3.2%

Statistical comparison of risk/return profiles of GLAXX Risk Strategies versus Pictet BVG-25plus.

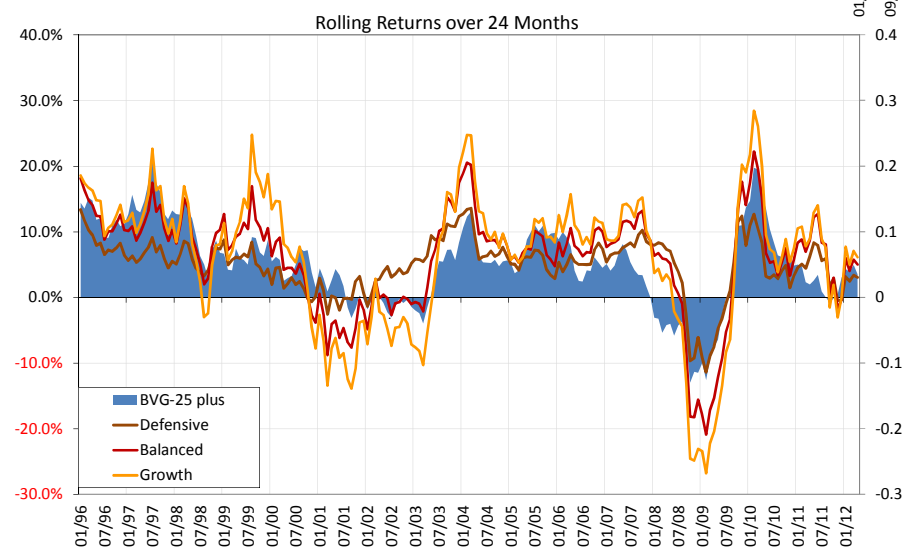
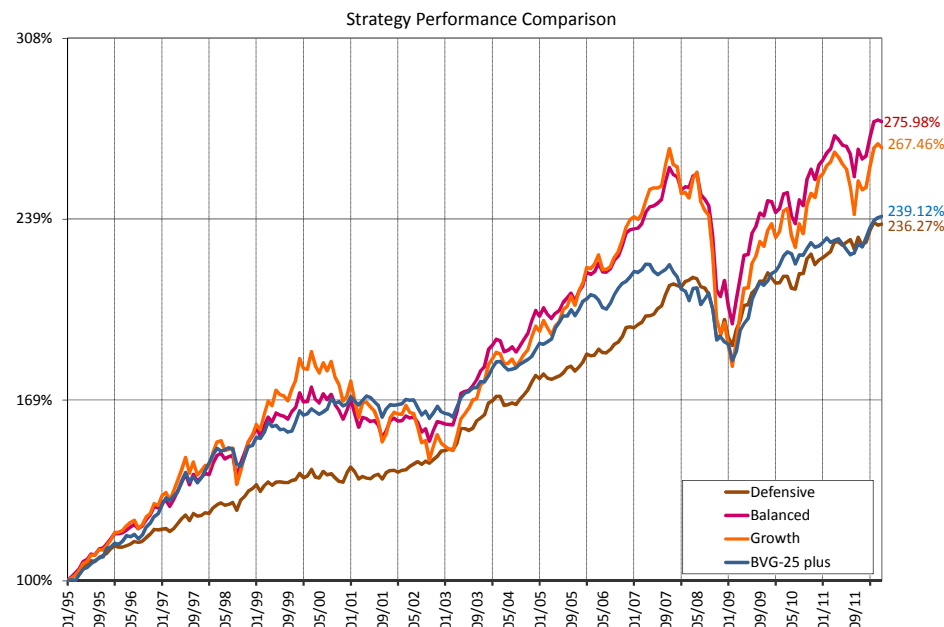
Data period:  
31.1.1995 to 31.12.2012



# GLAXX CORE Strategies vs. Pictet BVG 25plus

Performance comparison of GLAXX CORE strategies versus Pictet BVG-25plus.

Data period:  
31.1.1995 to 31.12.2012



Drawdown comparison by 24-months rolling returns of GLAXX CORE Strategies versus Pictet BVG-25plus.

Data period:  
31.1.1995 to 31.12.2012



# 3. Summary CORSA BOX

## Investor Needs:

1. Information
2. Trust
3. Strategy comprehension
4. Investment confidence & flexibility
5. Reliable, low cost products
6. Adequate Risk/Return profile
7. Easy tradable

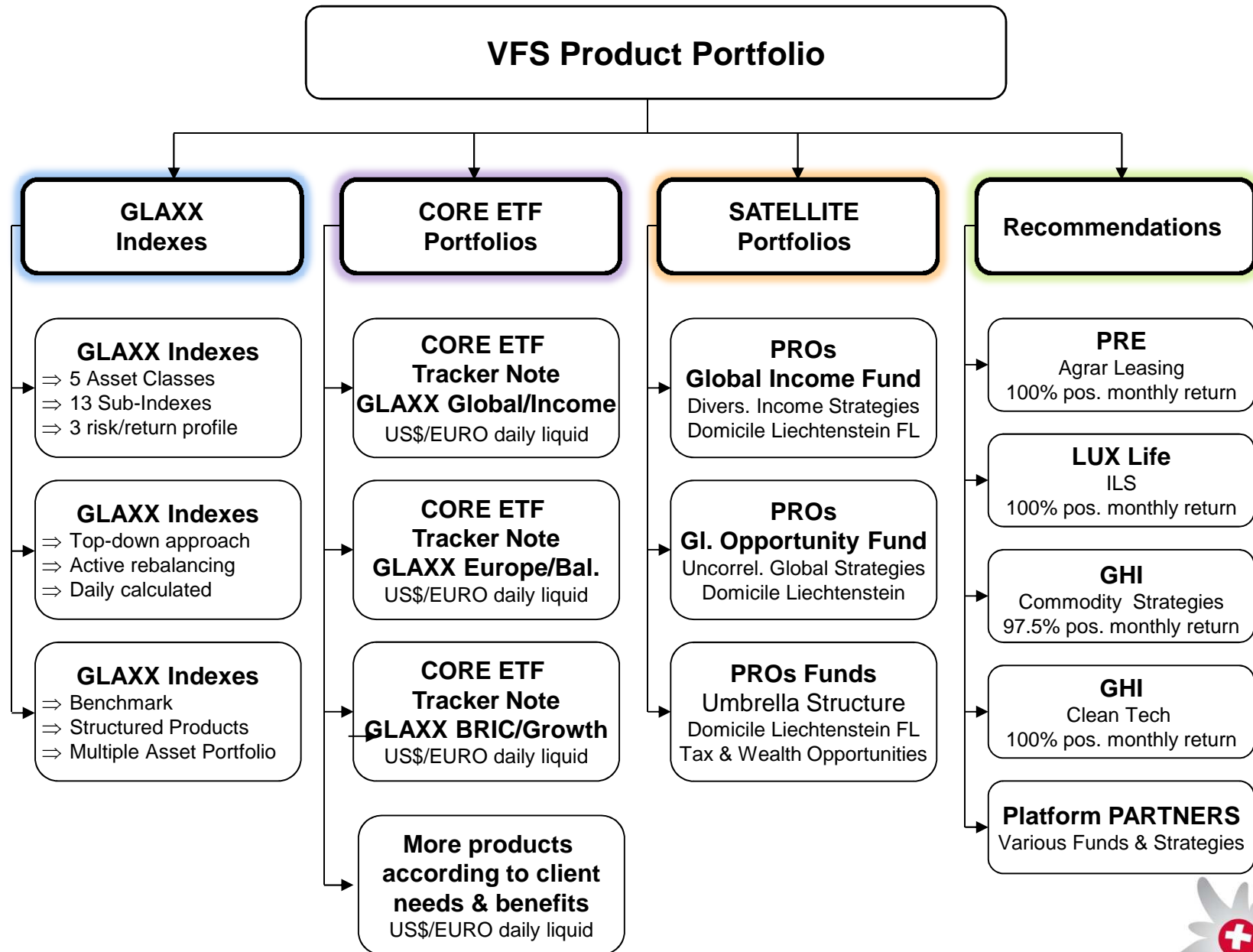
## Benefits through CORSA Box :

1. Research through current PhD dissertation
2. Establishing **GLAXX** Global Asset Allocation Index & **backtesting to 1995**
3. Liquid & low cost CORE ETF Portfolios >> ETF Tracker Notes
4. Global diversification, low volatility and investment flexibility
5. Bottom-up researched, alpha-generating SATELLITE Portfolios
6. Steady performing Global Fund-of-Funds Portfolios
6. Unique for managing Banking-, Insurance- and/or Pension investment / savings products.

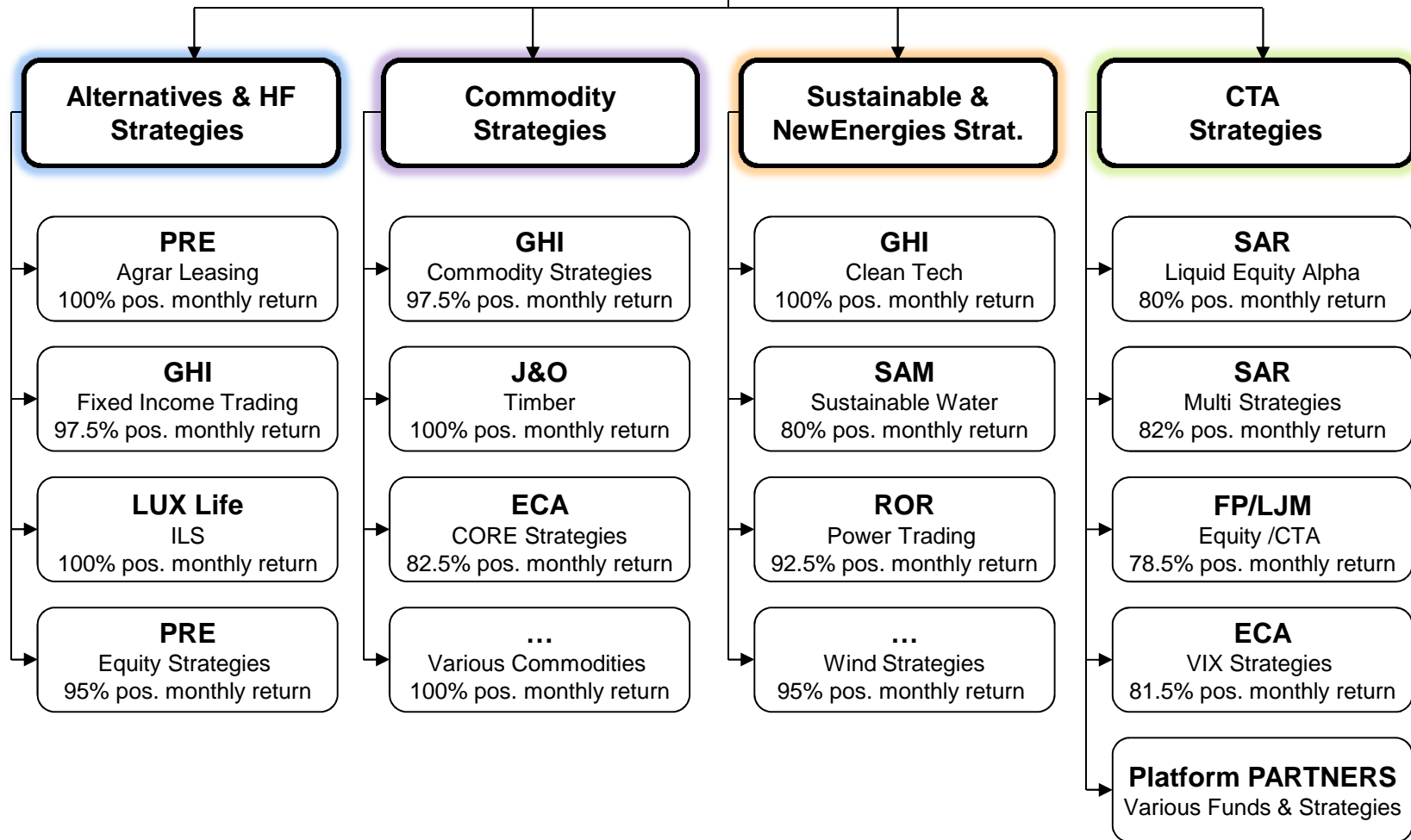


## 4. PROSPEROUS Group Cooperation Opportunities

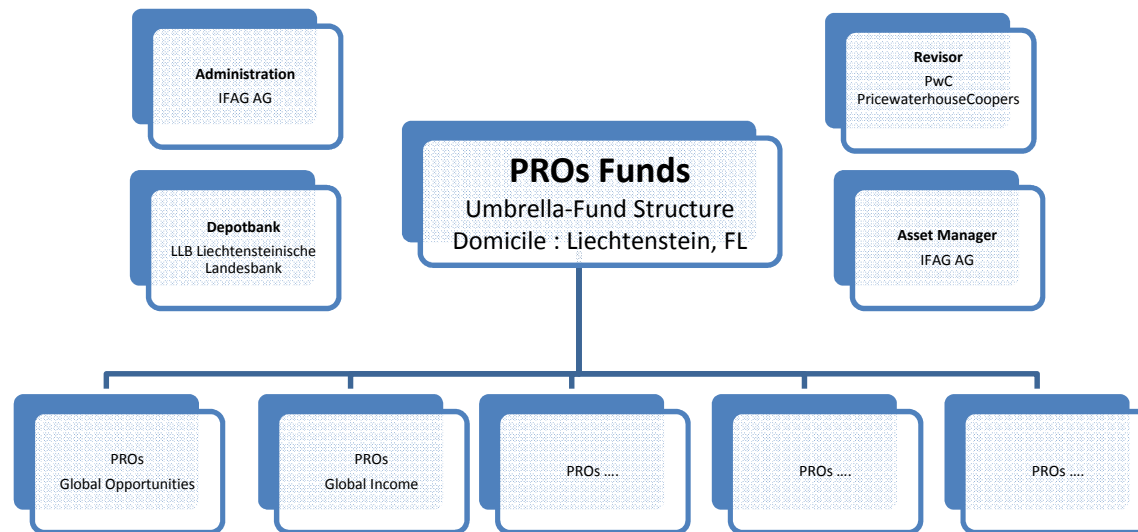
- 
1. Investment Advisory Mandate on Core Satellite Strategies  
Classic **or** Alternative Style
  2. Investment Advisory on  
**PROs Global Income Fund** (focused on uncorrelated income products)  
**PROs Global Opportunity Fund** (focused on various uncorrelated strategies)
  3. Tax and Wealth Solution for  
1. BancAssurance products Private Clients, Family Offices, Banks  
2. Evaluating, modeling & (Luxembourg/Liechtenstein structure)  
3. Domicile Liechtenstein FL, development of Investment Funds  
3. Combined Life Insurance & with/without “PROs Funds” Label  
Investment Strategies
  4. Various investment opportunities in VFS Partner Funds (mandated fund portfolio)
  5. Presentation/Cooperation on **GRiP** Global Russian investment Platform
  6. Various more... e.g. Investment Trading & Deposit Account in Switzerland !



## VFS Partner Funds & Sector Allocation



## PROSPEROUS GROUP Umbrella-Fund Structure , Domicile Liechtenstein, FL



Administration:	IFAG Institutionelle Fondsleitung AG, Vaduz, FL
Depotbank:	LLB Liechtensteinische Landesbank AG, Vaduz, FL
Revision:	PwC PricewaterhouseCoopers AG, St.Gallen (CH)
Asset Manager:	IFAG Institutionelle Fondsleitung AG, Vaduz, FL
Advisor:	PROSPEROUS Group AG, Zurich Area (CH)



## 5. Company Info - Corporate Structure

### Board of Directors:

Dr. Patrick Hoch, President

### Director :

Philippe H. Berthoud, MBA

### COO :

Andreas Schultz

**PROSPEROUS  
GROUP**

### Investment Committee:

Maurus Bossi, Asset Allocation & HFs

Nicholas Miller, Legal & Compliance Specialist

K.K., Riskmanager & ETF Specialist

Philippe H. Berthoud, Core Satellite Specialist

**VFS**  
**Vitudurum**  
**Fund Selection**

Excellence Center for  
Core-Satellite strategies  
(CORSA BOX)

Distribution platform for  
investment products

**SSF**  
**Swiss Smart Finance**

Excellence Center for  
Wealth protecting & tax  
solutions (insurance &  
fund products)

Wealth management  
partnerships worldwide

**ProCap**  
**PROSPEROUS Capital**

Investment products

1. Core-Satellite Strategies
2. Certificates on niche funds
3. Tailor made products

M&A solutions,  
Private Equity deals



# Vision & Statements

## Vision

1. Achieve added value through innovation, expertise and professional structure
2. Share global experiences with regional know how
3. Create a multi investment management tool for various markets, products and different investors needs and benefits.

## Statements

Unique through innovation

Expertise through research

Value and protection through diversification

Performance through Core Satellite Strategies



# Background Philippe H. Berthoud, MBA (1966)

## Education

Zurich University of Applied Sciences, School of Management and Law, Zurich (1994)

MBA University of Zurich & Stanford (2005)

Executive studies in Marketing & Sales, Finance, Change and Project Management

Languages: German, French, English, Russian, Italian, Portuguese

PhD Thesis : CORE SATELLITE STRATEGIES (2012-15)

## Work Experience

PROSPEROUS Group

VFS Vitudurum Fund Selection

SFG Group

Fundabilis Group

GiF Zurich

STOXX Limited

JP Morgan Flemings

JML Group

Credit Suisse

Director, Project Manager **GRiP** Global Russian investment Platform

Head Strategies & Markets, Advisory Committee PROSPEROUS Group

President & CEO

Head Business Development

Global Head Marketing & Sales, Co-Founder

Head Marketing & Sales Europe

Advisor to Institutional clients Switzerland

Financial Planning for HNWI's

Career start plus 7yrs within portfolio & asset management



# Contact



## VFS Vitudurum Fund Selection

PROSPEROUS GROUP AG  
Wolleraustrasse 41A  
CH-8807 Freienbach / Zurich area  
+41 (0) 44 5 350 330  
[www.prosperous.ch](http://www.prosperous.ch)  
[www.vfs-solutions.ch](http://www.vfs-solutions.ch)

Andreas Schultz  
Direct: +41 (0) 44 5 350 330  
Mobile: +41 (0) 78 660 76 63  
E-mail: [Andreas.Schultz@vfs-solutions.ch](mailto:Andreas.Schultz@vfs-solutions.ch)

Philippe H. Berthoud, MBA  
Direct: +41 (0) 44 5 350 330  
Mobile: +41 (0) 76 519 29 71 CH  
Mobile: +7 911 836 6908 RUS  
E-mail: [Philippe.Berthoud@vfs-solutions.ch](mailto:Philippe.Berthoud@vfs-solutions.ch)



What do You think,  
how much does it cost  
**NOT TO INVEST**  
in  
CORE SATELLITE STRATEGIES ?

