



ACTIVE ASSET ALLOCATION

Who we are

Active Asset Allocation is an investment solution designer providing institutional investors, pension funds and asset managers with state-of-the-art asset allocation techniques.

What we offer

We advise our clients on how to make the best use of the assets they select. To do so, we design dynamic asset allocation models, which take into account each investor's risk and allocation constraints.

Our approach is solely based on downside risk management, through a continuous control of the drawdown levels.

Our advanced risk allocation techniques provide an alternative to traditional asset allocation practices and they do not necessitate speculation on the future performance of asset classes. Our services include absolute return as well as asset & liability management solutions.

- ▶ **Pension funds:** we help them achieve full funding as quickly as possible by locking-in the funding ratio* progresses and minimizing the sponsor's required contributions. Our solutions also fit employee saving plans with defined contributions.
- ▶ **Insurers, Mutual funds and Endowments:** we help improve their asset & liability management in order to comply with regulatory requirements (ex: Solvency 2 - management under SCR constraints) and liquidity constraints.
- ▶ **Asset Managers and Private Banks:** we act as product or solution designers. Our solutions enable investors to maximise performance while limiting the maximum drawdown to their pre-defined level.

Prior to implementation, our asset allocation models are tested and adjusted on a large number of simulated market scenarios. Asset allocation is revised regularly and portfolios are monitored on a daily basis.

* funding ratio = assets / liabilities, in other words, an indicator of the fund's solvency

Horizon Control

We have adapted our drawdown control solutions to address the challenges of the retirement industry. To do so, we have re-explored the principles of Target-Date Funds. Current programs proposed by the industry are highly deterministic and characterized by a time-dependent de-sensitization. But this is far from being optimal for plan members: they are designed based on strong assumptions and expose members to assets with very little or zero reference to risk control.

Active Asset Allocation is introducing a solution that relies on the utilization of several risk-controlled portfolios (DARMs), with different levels of risk. The members' capital is distributed among these portfolios by a de-sensitization that is no longer time-linked, but designed to progressively lock-in gains.



The solution is flexible: investment universe, allocation constraints or risk levels



Capital gains are progressively locked-in

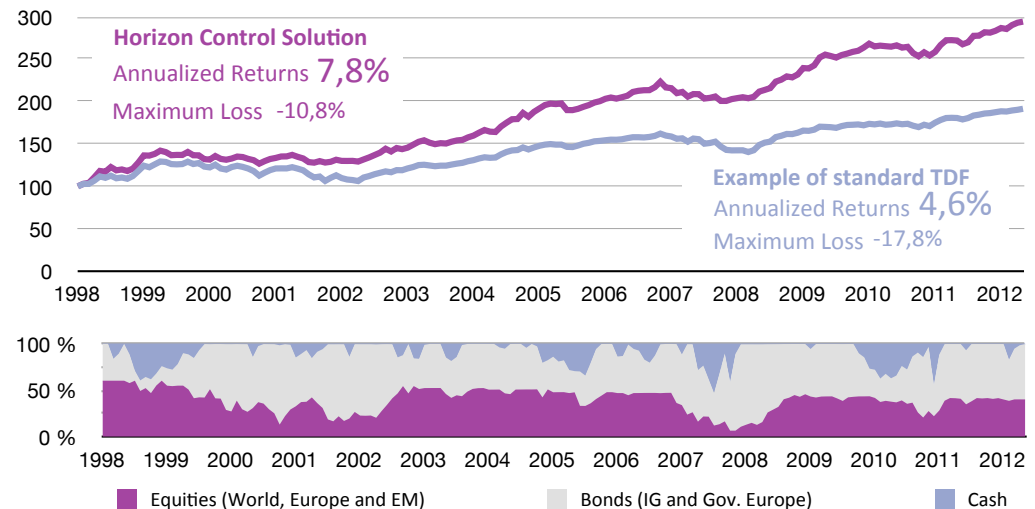


Investor cannot lose more than a pre-defined level of wealth



The percentage of maximum loss decreases with time

Strategy back-tested over a 15-year period: performance and asset allocation



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FOR MORE INFORMATION

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