



## Finreon SGKB Tail Risk Control (World) ESG

28/02/2025

### Strategy

The Finreon Tail Risk Indicator measures the risk of major crashes on the equity markets systematically and on a daily basis using a variety of market factors and thereby controls the equity exposure from 0% (for high measured risks) to 100% (for low measured risks) depending on the measured risk regime. The hedging is done with liquid index futures.

The equity quota is determined via a sustainable and broadly diversified portfolio. The starting point for the equity selection is the sustainable global universe (Equities World ESG Leaders) which includes companies that exhibit the best ESG ratings within their sectors (Best-in-Class approach). In addition, further exclusion criteria are applied. The strategy is suitable for investors who wish to participate in the development of the global, sustainable equity markets in a risk-controlled manner, but while avoiding major losses of substance. The overall risk corresponds in the long term to a benchmark consisting of 50% sustainable equities (Equities World ESG Leaders) and 50% SOFR ("Benchmark 50/50").

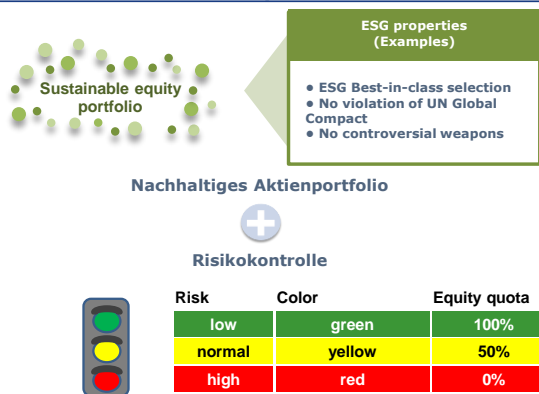
### Current month

In February, the Finreon Tail Risk Indicator measured green throughout the month and it is green (low crash risk) at the end of the month. The Finreon SGKB Tail Risk Control (World) ESG strategy is therefore 0% hedged at the end of the month.

The Finreon SGKB Tail Risk Control (World) ESG strategy generated a return of -1.6% in February, underperforming the benchmark, which achieved a return of -0.6%.

	Tail Risk Control (World) ESG	Benchmark (50/50)
Return current month	-1.6%	-0.6%
Return year-to-date	0.3%	0.8%

### Finreon Tail Risk Control® concept

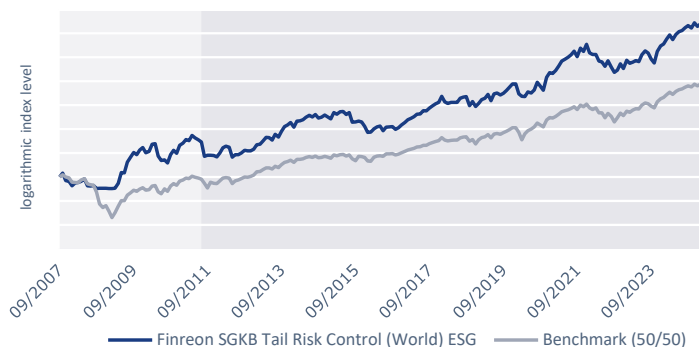


- **Sustainability:** Sustainability: The equity quota is determined via a sustainable and broadly diversified portfolio. The starting point for the equity selection is the sustainable global universe (World Equities ESG Leaders). In addition, further exclusion criteria are applied.
- **Tail Risk Indicator:** The probability of severe tail events (crashes) is measured by means of various market factors on a daily basis and is illustrated by a risk signal light.
- **Risk signal:** The Finreon Tail Risk Control® strategy differentiates between three risk regimes and accordingly controls the equity quota: Ranging from green (low probability of tail events = 100% equities) to red (high probability of tail events = 0% equities).
- **Drawdowns:** Larger drawdowns should be avoided. Risk regimes can mostly be recognized.
- **Benchmark:** The benchmark is 50% Global equities ESG Leaders NR / 50% USD SOFR TR. The strategy has an average equity exposure of 50% and therefore a long-term volatility which corresponds to a 50% equity investment ("Benchmark 50/50").

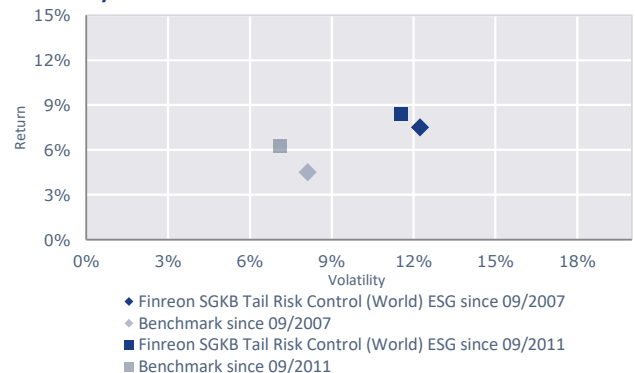
### Return / risk figures

	09/2007 - 02/2025		Since Live Signals TRI (09/2011)	
	Finreon SGKB Tail Risk Control (World) ESG	Benchmark (50/50)	Finreon SGKB Tail Risk Control (World) ESG	Benchmark (50/50)
Return p.a.	7.5%	4.5%	8.4%	6.3%
Volatility	12.2%	8.1%	11.5%	7.1%
Sharpe Ratio	0.54	0.41	0.63	0.74
Downside volatility <sup>1</sup>	7.8%	5.5%	7.2%	4.4%
Upside volatility <sup>1</sup>	9.7%	6.1%	9.3%	5.8%
Correlation <sup>2</sup>	0.81	n.a.	0.87	n.a.
Downside correlation <sup>2,3</sup>	0.40	n.a.	0.65	n.a.
Upside correlation <sup>2,3</sup>	0.67	n.a.	0.69	n.a.
Positive months	63.2%	61.7%	65.9%	66.5%

### Performance



### Return / risk



All figures are annualized.

Live signals TRI since 09/2011.

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

2) Reference value is the Global equities ESG Leaders Index.

3) Correlation for periods when the Global equities ESG Leaders Index shows negative (downside) resp. positive (upside) returns.



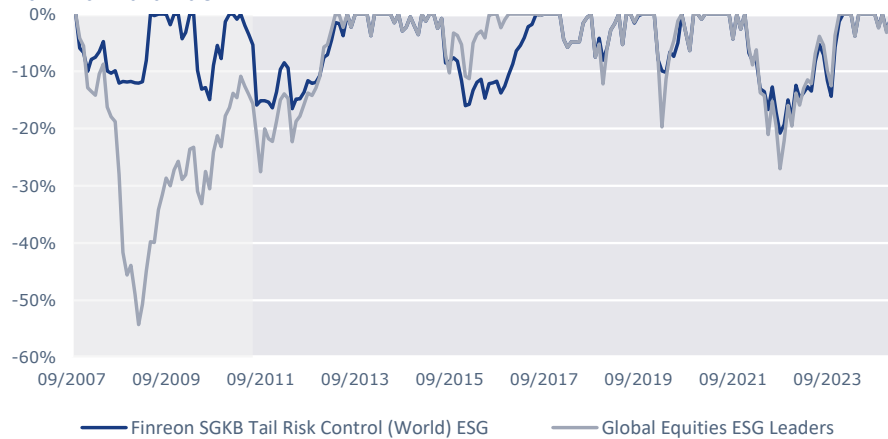
## Monthly returns in %

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2009	-0.2	-0.1	0.3	4.3	9.3	-0.3	9.5	3.9	4.3	-1.8	4.0	2.0	4.2
2010	-4.3	1.1	6.3	0.4	-9.8	-3.6	0.3	-2.5	7.1	3.8	-2.4	7.0	1.9
2011	1.8	2.9	-0.9	4.4	-2.0	-1.6	-1.9	-11.1	0.9	0.0	-0.3	-1.2	-9.3
2012	3.3	4.6	1.3	-1.0	-7.9	2.0	0.0	1.4	2.3	-0.5	0.2	1.3	6.7
2013	3.6	0.5	2.8	3.1	-0.2	-2.1	4.9	-2.3	5.0	3.9	1.5	2.0	24.9
2014	-3.8	5.2	0.2	0.9	2.0	1.8	-1.5	2.2	-3.0	0.7	1.9	-1.6	4.9
2015	-1.6	5.3	-1.2	1.9	0.2	-2.5	1.8	-7.9	0.3	0.7	-0.6	-3.7	-7.7
2016	-5.0	0.3	2.9	1.6	0.6	-3.7	3.0	0.2	0.3	-2.4	1.4	2.2	1.1
2017	2.1	2.5	1.1	1.4	2.0	0.4	2.6	-0.2	2.4	1.8	1.9	1.2	21.0
2018	5.0	-4.4	-1.5	1.0	0.0	0.0	3.4	1.1	0.5	-7.5	3.6	-4.0	-3.5
2019	2.4	3.3	1.2	3.4	-5.3	6.0	0.6	-1.6	1.3	2.5	2.7	2.9	20.8
2020	0.0	-8.0	-2.1	-0.3	4.0	-0.8	2.5	6.6	-3.1	-3.4	11.5	4.0	9.8
2021	-0.9	2.6	3.8	4.3	1.6	1.5	2.3	2.8	-4.3	7.3	-2.6	6.0	26.5
2022	-6.8	-1.4	0.0	-5.4	-0.6	-3.6	4.7	-5.1	-4.4	1.9	5.3	-3.9	-18.3
2023	7.1	-2.5	1.1	1.2	-0.9	6.0	3.2	-1.9	-4.9	-3.1	10.1	4.7	20.8
2024	1.6	4.3	3.4	-3.8	4.5	2.5	0.9	2.3	1.9	-2.2	4.6	-2.9	17.8
2025	2.0	-1.6											0.3

YTD: year-to-date

Live signals TRI since 09/2011.

## Maximum drawdown

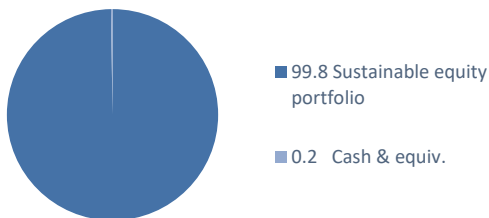


## Top positions in %

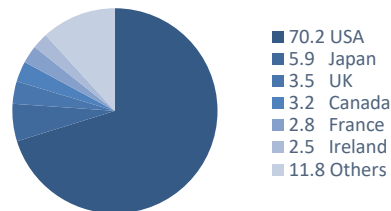
Finreon SGKB Tail Risk Control (World) ESG	
NVIDIA Corp.	7.6
Microsoft Corp.	7.0
Alphabet Inc.	4.5
Tesla Inc.	2.1
Eli Lilly and Company	1.8

## Current portfolio characteristics

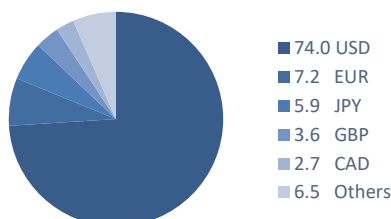
### Asset classes in %



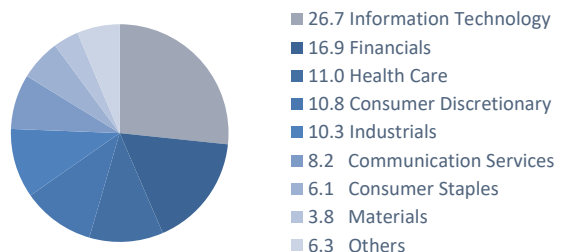
### Countries in %



### Currencies in %



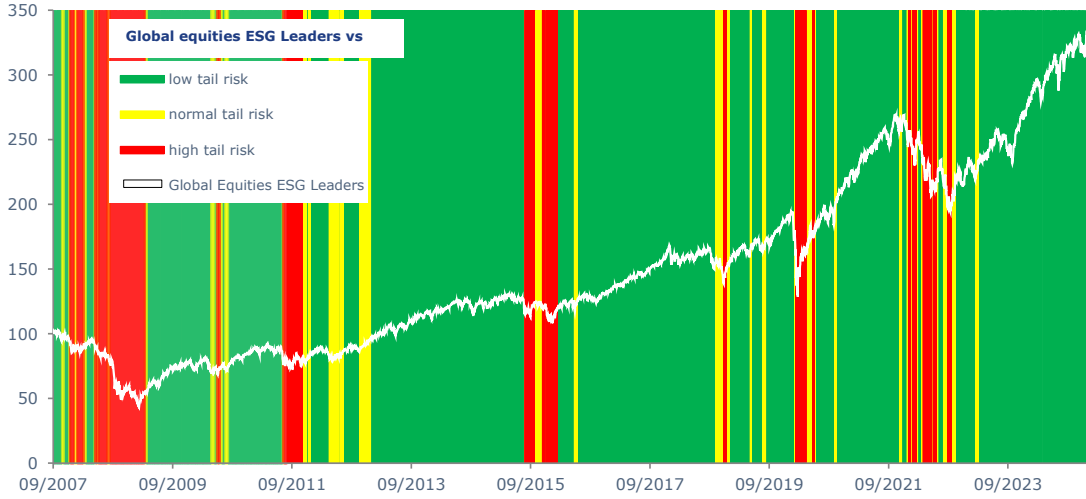
### Equities by sector in %





**Development of the Finreon Tail Risk Indicator**

The Finreon Tail Risk Control® strategy recognizes risk regimes on a consistent basis. During the financial crisis the Finreon Tail Risk Indicator indicated a high tail risk. An investment according to the Finreon Tail Risk Control® strategy experienced substantially less severe drawdowns.



Live-signals TRI from 09/2011, backtesting data Finreon Ltd



## Investment opportunities

The Finreon Tail Risk Control® (World) 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		Structure	UCITS (acc. to German Law)	Liquidity and remarks
Investment advisor	Finreon AG, St.Galler Kantonalbank Deutschland	Sales registration	Germany, (Switzerland)	
Investment manager	Universal Investment	Benchmark	50% World Equities ESG Leaders / 50% USD SOFR	
Fund management	Universal Investment	AuM	CHF 326 Mio.	
Custody bank	State Street Bank International			daily; physical equity investment, no sec lending; additional CHF- and EUR-hedged classes available on request

Share classes	Class-A	Class-C	Class-I	Class-D
Conditions	-	~ > 100'000	~ > USD 5m	~ > USD 25m
ISIN	DE000A3DQ129	DE000A3DQ145	DE000A3DQ152	DE000A3DQ160
Valor (Germany)	A3DQ12	A3DQ14	A3DQ15	A3DQ16
Bloomberg				
Currency	USD	USD	USD	USD
Distribution policy	accumulating	accumulating	accumulating	accumulating
Performance fee	none	none	none	none
All-in fee p.a.	1.50%	1.10%	0.70%	to be agreed individually
Inception date	15.12.2023	25.07.2024	10.02.2023	-
NAV	119.59	106.57	132.85	-

## SVVK-ASIR Compatibility

Finreon funds do not invest in companies involved in the development or manufacturing of nuclear weapons, biological and chemical weapons, anti-personnel mines and cluster munitions in line with the exclusion list of the Swiss Association for Responsible Investment SVVK - ASIR. Voting rights are exercised systematically.

## Contact

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