

# Style Rotation on Swiss Long-Only Equity Factors Funds

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## Funds Profile

Our client is a large Swiss pension fund who has a substantial allocation to Swiss equities. He is a firm believer of risk premia and is fully convinced by the long-term benefits of tilting his portfolio to reap the benefits of well-known risk premia. With no particular view on which risk premia is best suited for him, he wants to go for a diversified approach. He is nevertheless concerned by the time-varying nature of factor returns and fears of being unable to cope with a too long period of underperformance of one given factor. He is therefore thinking about the potentials of adjusting his exposures to the various risk premia over time and make his portfolio more dynamic. He is willing to give a mandate for managing a dynamic long-only portfolio of risk premia on the Swiss market. Tracking error is also a concern for him.

Following our mandate, we will propose three types of funds (i.e. defensive, balanced and dynamic) with various risk-returns trade-off and results. Nonetheless, our objective is to create capital growth over the long-term with actively managed funds exposed to the Swiss market.

Fund Managers: Sebastian Gorgoni, Florian Perusset, Florian Vogt

## Fund Facts

Asset Class	Equities
Geographical Focus	Swiss Market
Investment Style	Long-Only - Factor Investing
Fund Advisor	QARM Capital
Fund Domicile	Switzerland
Custodian Bank	UNIL Bank
Launch Date	01.01.2009
MSCI ESG Score	AA

## Portfolio Performances

	Benchmark	Defensive	Balanced	Dynamic
Ann. Return (%)	10.086	11.352	13.075	13.738
Ann. STD (%)	12.051	10.602	11.462	12.219
SR	0.869	1.107	1.174	1.156

## Cumulative Performances



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## Defensive Portfolio

Our defensive portfolio aims to provide an investment solution with low risk and strong returns with a full exposure to Swiss equities with long-only positions. This portfolio allows to obtain similar performances as the benchmark, thus keeping a low tracking-error. Using advanced techniques (i.e. Ridge Regression), we are able to appropriately tilt our factor exposure to construct an optimal portfolio. This portfolio is appropriate for investors which are risk-averse.

Fund Managers: Sebastian Gorgoni, Florian Perusset, Florian Vogt

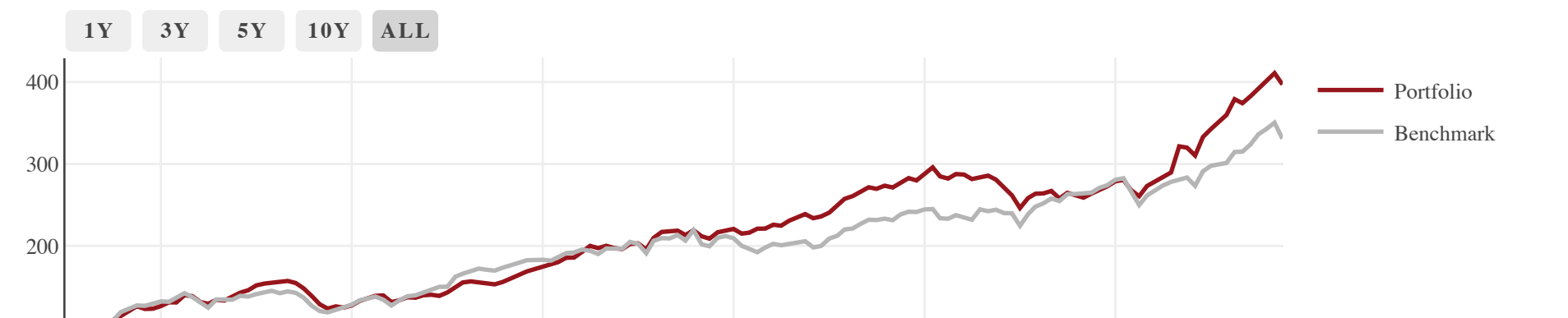
## Portfolio Performances

	Benchmark	100% Portfolio	80% Portfolio, 20% Benchmark
Ann. Return (%)	10.086	11.352	11.099
Ann. STD (%)	12.051	10.602	10.511
SR	0.869	1.107	1.092
Max DD (%)	-18.161	-21.496	-20.751
Hit Ratio (%)	66.234	66.883	66.234
TE Ex-Post (%)	0.0	7.308	5.846
Info. Ratio	0.0	0.173	0.173
VaR (%)	3.671	3.041	3.076
ES (%)	4.885	3.997	4.107

## Average Factor Weights (%)

Momentum	18.8
Value	0
Size	4.5
Profitability	15.6
Beta	20.9
Volatility	19.8
Dividend	9.6
EPS	10.9

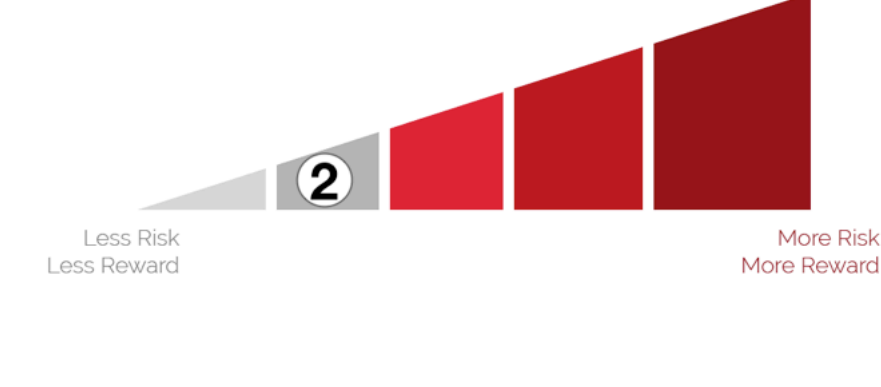
## Cumulative Performances



## Average Annual Returns (%)

	1 Year	3 Years	5 Years	10 Years	Since Inception
Benchmark	16.18	10.77	10.02	10.78	10.09
100% Portfolio	22.3	12.28	10.71	12.14	11.35
80% Portfolio, 20% Benchmark	21.08	11.98	10.57	11.87	11.1

## Risk Potential



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## Balanced Portfolio

Our balanced portfolio aims to provide an investment solution with an optimal trade-off between risk and returns with a full exposure to Swiss equities with long-only positions. This portfolio has the objective to moderately outperform the benchmark, thus keeping a moderate tracking-error. Using advanced techniques (i.e. parametric weights), we are able to appropriately time our factor exposure using the VIX Index as our reference value of market sentiment to construct an optimal portfolio. This portfolio is appropriate for investors which are willing to take a small amount of risk to gain outperformances.

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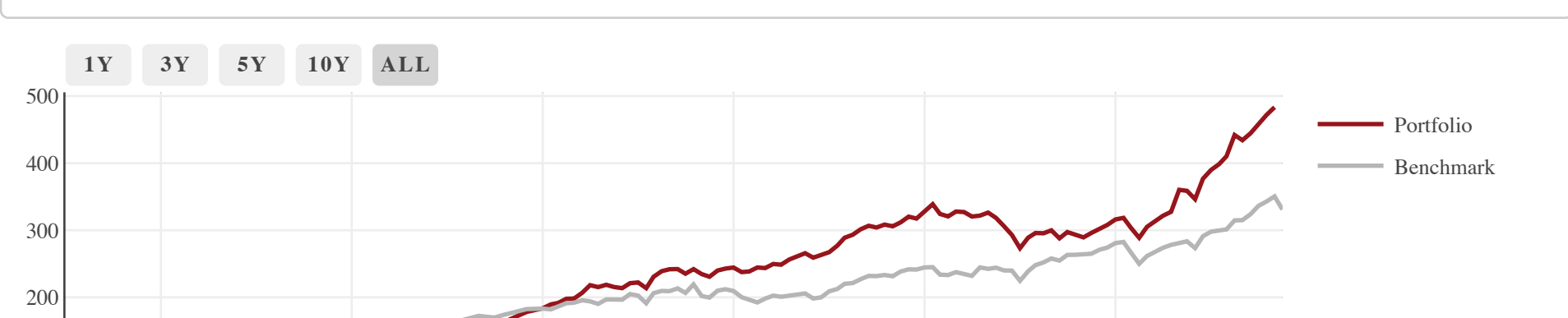
## Portfolio Performances

	Benchmark	100% Portfolio	80% Portfolio, 20% Benchmark
Ann. Return (%)	10.086	13.075	12.578
Ann. STD (%)	12.051	11.462	11.148
SR	0.869	1.174	1.163
Max DD (%)	-18.161	-22.644	-21.678
Hit Ratio (%)	66.234	66.667	65.584
TE Ex-Post (%)	0.0	7.698	6.158
Info. Ratio	0.0	0.323	0.323
VaR (%)	3.671	3.353	3.318
ES (%)	4.885	4.291	4.33

## Average Factor Weights (%)

Momentum	9.57
Value	0
Size	0
Profitability	28.27
Beta	38.35
Volatility	1.71
Dividend	6.07
EPS	16.03

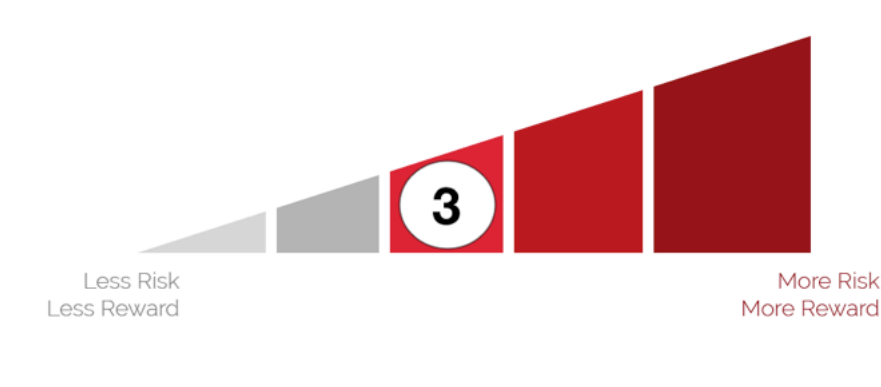
## Cumulative Performances



## Average Annual Returns (%)

	1 Year	3 Years	5 Years	10 Years	Since Inception
Benchmark	16.18	10.77	10.02	10.78	10.09
100% Portfolio	33.63	15.27	12.87	14.17	13.07
80% Portfolio, 20% Benchmark	31.65	14.82	12.56	13.62	12.58

## Risk Potential



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## Dynamic Portfolio

Our dynamic portfolio aims to provide an investment solution generating high returns with a full exposure to Swiss equities with long-only positions. This portfolio has the objective to substantially outperform the benchmark, thus obtaining high returns but also higher risks and higher tracking-errors. Using advanced techniques (i.e. momentum of factors), we are able to appropriately tilt our factor exposure to construct an optimal portfolio. This portfolio is appropriate for investors which are willing to take a moderate amount of risk to gain substantial outperformances.

Fund Managers: Sebastian Gorgoni, Florian Perusset, Florian Vogt

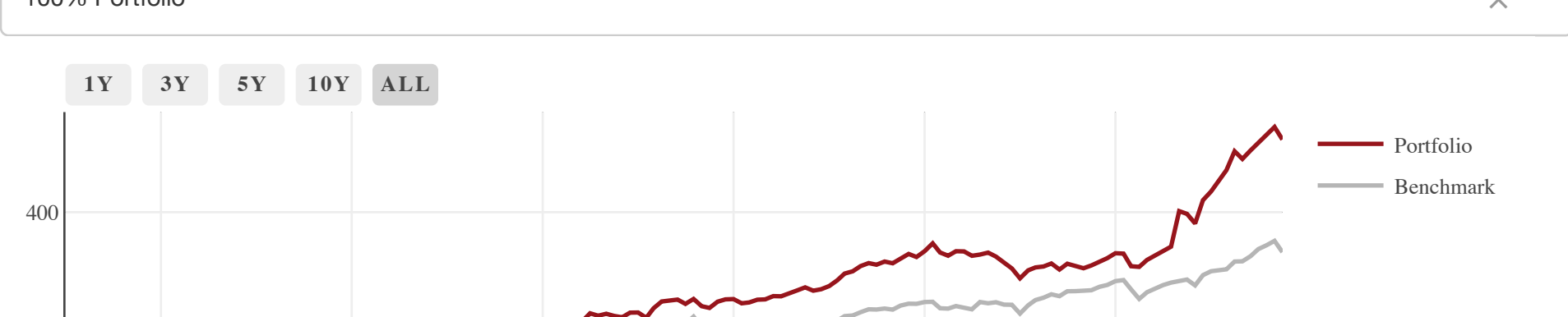
## Portfolio Performances

	Benchmark	100% Portfolio	80% Portfolio, 20% Benchmark
Ann. Return (%)	10.086	13.738	13.007
Ann. STD (%)	12.051	12.219	11.662
SR	0.869	1.156	1.148
Max DD (%)	-18.161	-23.006	-21.974
Hit Ratio (%)	66.234	67.532	66.883
TE Ex-Post (%)	0.0	8.86	7.088
Info. Ratio	0.0	0.412	0.412
VaR (%)	3.671	3.331	3.297
ES (%)	4.885	4.55	4.587

## Average Factor Weights (%)

Momentum	23.38
Value	0.97
Size	10.06
Profitability	19.16
Beta	12.99
Volatility	7.47
Dividend	7.31
EPS	18.67

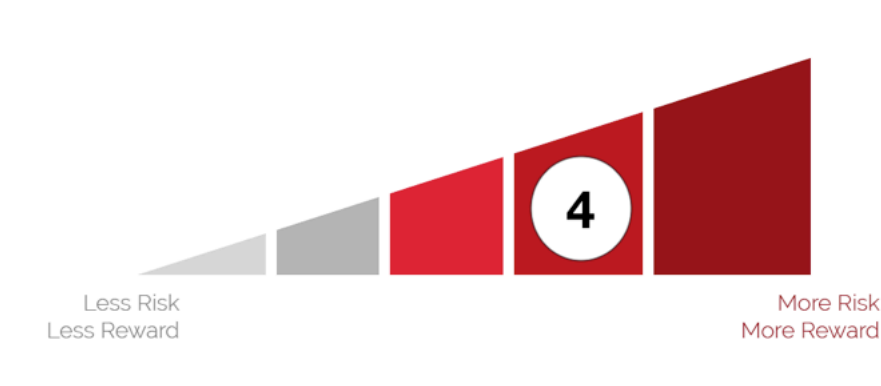
## Cumulative Performances



## Average Annual Returns (%)

	1 Year	3 Years	5 Years	10 Years	Since Inception
Benchmark	16.18	10.77	10.02	10.78	10.09
100% Portfolio	29.41	17.5	14.24	15.51	13.74
80% Portfolio, 20% Benchmark	26.77	16.15	13.4	14.56	13.01

## Risk Potential



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## News in the Swiss Market

- Online gambling sites lose bid to access Swiss market - court - Reuters
- ESG Book aims to 'disrupt' sustainability sector with free data - Reuters
- Chancellor: U.S. bull market can't go on forever - Reuters
- Australia's CSL confirms talks to buy Swiss drugmaker Vifor - Reuters
- Polish financial sector more stable but FX loans still a risk - central bank - Reuters
- VTS launches Switzerland's first SPAC, eyes tech deals - Reuters
- Vontobel to open new Miami office in U.S. wealth push - Reuters
- Galdemba buys U.S. skincare firm Alastin ahead of potential Zurich IPO - Reuters
- Yen and Swiss franc gain as COVID variant dents risk appetite - Reuters

## News in the Global Financial Market

- Russian central bank to seek ban on investment in cryptocurrencies, sources say - Reuters
- Toronto market rises for third day as technology rallies - Reuters
- Chancellor: U.S. bull market can't go on forever - Reuters
- UK energy suppliers to face new stress tests after dozens collapse
- Saudi bourse outperforms most Gulf markets - Reuters
- Why Should You Add Virtu Financial (VIRT) to Your Portfolio?
- Foreign investors pose potential risks to Russian finance sector stability - central bank - Reuters
- Vattenfall stops market making for Nordic power EPAD contracts - Reuters
- Factbox: Building the single EU securities market - Reuters

## Evolution of S&P500 Index



## Evolution of Swiss Performance Index



## Disclaimer

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