



University of Zurich Guest lecture Roger Hilty – LGT Capital Partners

Commercialisation of models or how to pitch



21 November 2016



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- II. Research & manager selection
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- IV. Manager monitoring
- V. Hedge Funds in portfolio construction
 - Excursion – Managed Futures portfolio

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Legal information

A global multi-alternatives platform

>USD 50bn AuM	>350 staff	Privately owned
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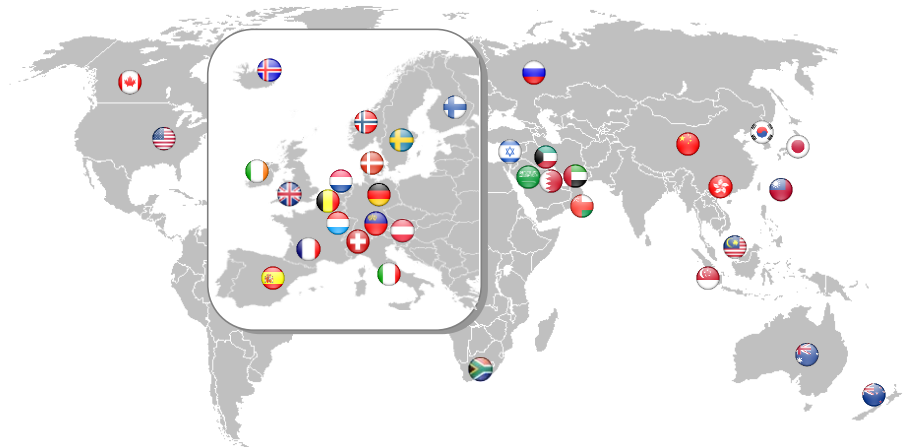
Investment competencies

Private markets	Liquid alternatives	Multi-assets
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AuM figures as of 30 September 2016 and are estimated and subject to change. Private equity and real estate assets are stated in terms of committed capital. LGT Capital Partners ("LGT Capital Partners") includes: LGT Capital Partners Ltd., LGT ILS Partners Ltd., LGT Investment Partners Ltd., LGT Capital Partners (FL) Ltd., LGT Capital Partners (Dubai) Limited, LGT Investment Consulting (Beijing) Ltd., LGT Capital Partners (Asia-Pacific) Limited, LGT Capital Partners (Japan) Co., Ltd., LGT Capital Partners (Australia) Pty Limited, LGT Capital Partners (U.K.) Limited, LGT Capital Partners (Ireland) Limited, LGT Capital Partners (USA) Inc. Past performance is not a guarantee, nor an indication of current or future performance. Source: LGT Capital Partners

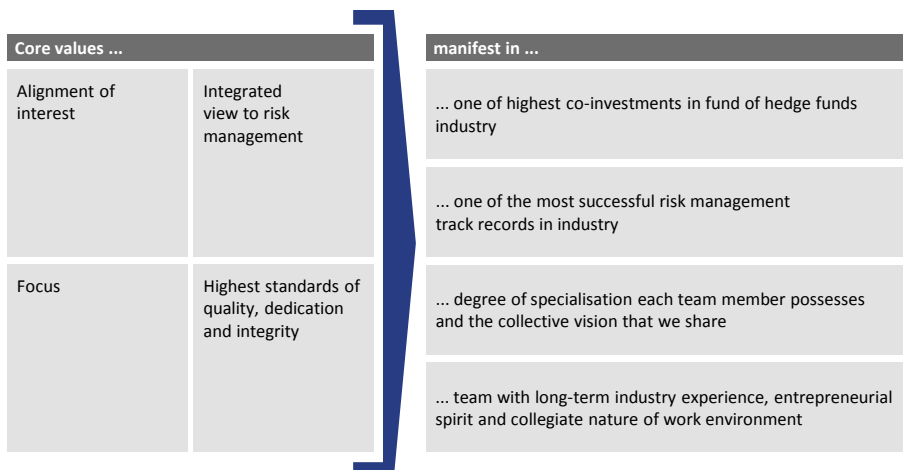
Sophisticated institutional investor base

>450 clients	36 countries	5 continents
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Investment philosophy

How we manage hedge fund money



Program offering

Hedge fund programs		
Multi-strategy <ul style="list-style-type: none"> LGT Alternative Invest LGT Castle LGT Crown Select Opportunities LGT Crown Multi-Strategy UCITS Crown Asia Pacific Balanced 	Style-specific <p>Trading</p> <ul style="list-style-type: none"> LGT Crown Managed Futures LGT Crown Managed Futures UCITS LGT Crown Global Macro <p>Credit/Arbitrage</p> <ul style="list-style-type: none"> Crown Distressed Credit Opportunities (closed) Crown Distressed Credit Opportunities II (closed) Crown Debt and Credit Opportunities III LGT Crown Relative Value <p>Long/Short Equity</p> <ul style="list-style-type: none"> LGT Crown Equity Long/Short 	Mandates <p>Parameters/objectives</p> <ul style="list-style-type: none"> Return Standard deviation Correlation Liquidity Transparency Concentration Legal structure
Theme-based <ul style="list-style-type: none"> LGT Crown Corporate Activity LGT Crown Emerging Markets 		

Investment process – overview

Disciplined and integrated with clear responsibilities throughout

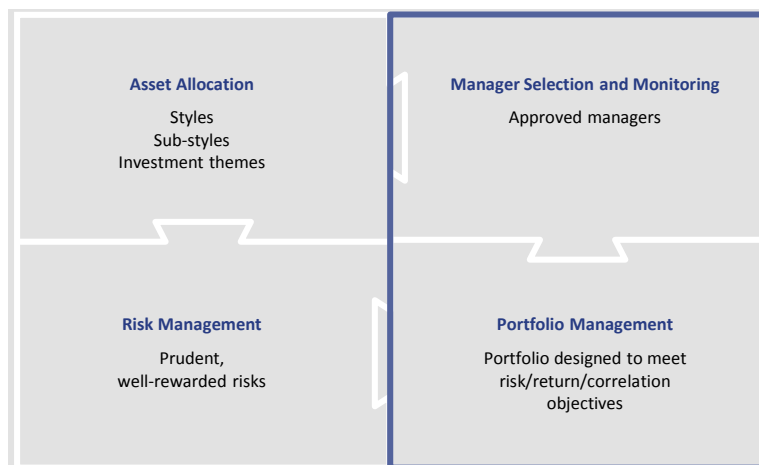
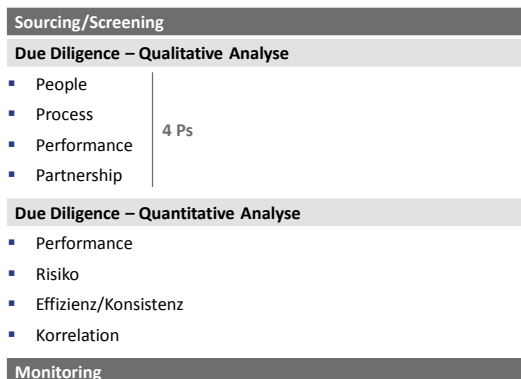


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Hedge Funds manager selection process



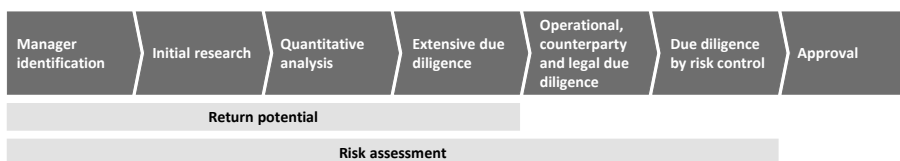
Source: LGT Capital Partners

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Hedge Funds manager selection – process overview



- Systematic, disciplined process
- No predefined hurdles, yet stringent criteria
- Evaluated, analyzed and filtered by specialist teams
- All relevant communication distributed and logged in proprietary database

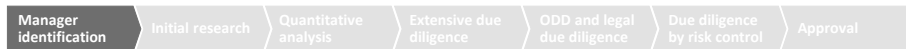
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Hedge Funds manager identification

- Sourced via industry network, references and conferences
- Review key documents
- What are we looking for?
 - High integrity
 - Proven money making and risk management skills
 - Discernible and sustainable edge
 - Significant co-investments and strong alignment of interest

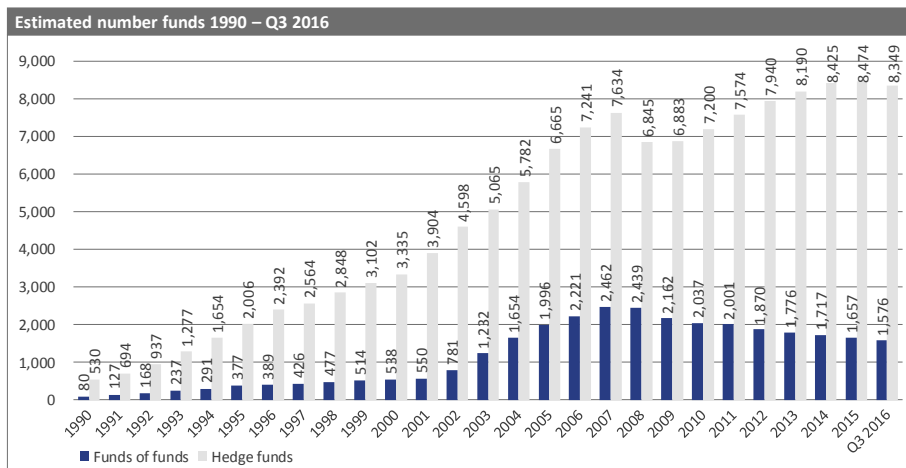


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Hedge Funds and Fund of Hedge Funds universe



Source: HFR Quarterly Report Q3 2016

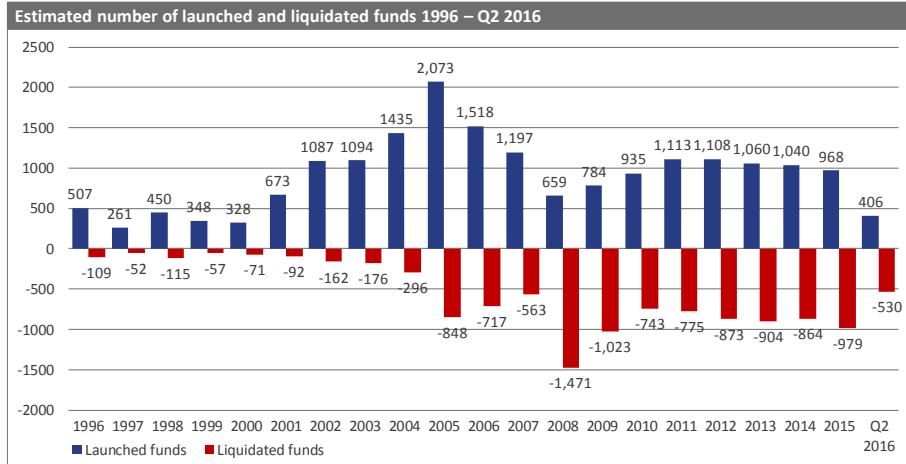


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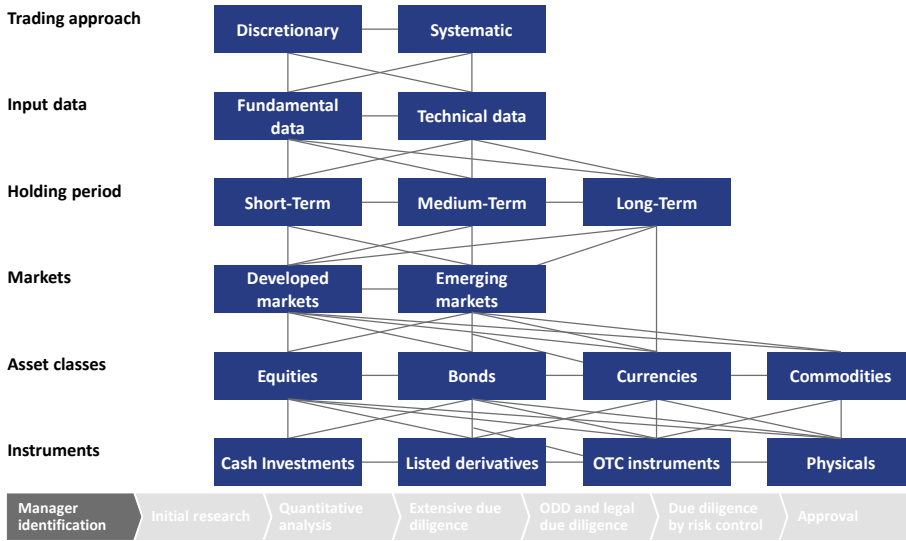
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Hedge Funds and Fund of Hedge Funds launches/liquidations

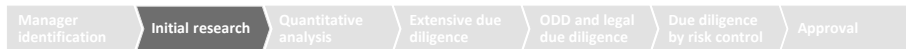


Investment strategies – classification framework

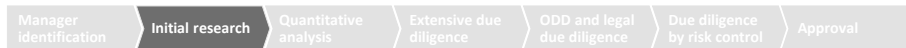


Initial research

- Schedule meeting or call to understand
 - Company and team
 - Investment strategy and investment examples
 - Performance and drivers
 - Risk management
 - Competitive edge
- Conclusion
 - Conduct extensive due diligence
 - Short list
 - Prospect
 - No immediate follow up, but on “radar”
 - Candidate
 - Below average, no further work
 - Not investable
 - Not interesting

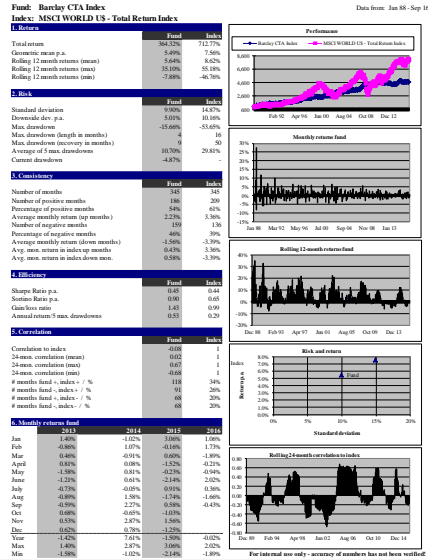


Global presence with offices worldwide



Quantitative analysis

- Analyze historical performance over time vs. peers and benchmarks
 - Return
 - Risk
 - Correlation
 - Efficiency
 - Consistency
 - Drawdowns
 - Exposures



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Manager identification – HF-Styles and HF-Substyles Performance

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	YTD Q3 2016
Barclay Gov/Credit 12.10%	HFR1 Emerging Markets 39.36%	HFR1 Distressed 18.89%	HFR1 Emerging Markets 21.04%	HFR1 Emerging Markets 24.20%	HFR1 Emerging Markets 24.92%	HFR1 Gov/Credit 6.09%	HFR1 RV ConvertArb 60.17%	S&P 500 15.08%	Barclay Gov/Credit 9.24%	S&P 500 15.99%	S&P 500 32.36%	S&P 500 13.55%	HFR1 Eq Mkt NetI 4.27%	HFR1 Distressed 9.11%
HFR1 RV ConvertArb 9.05%	HFR1 Emerging Markets 29.56%	HFR1 Emerging Markets 18.42%	HFR1 Equity Hedge 10.60%	HFR1 Equity Hedge 15.94%	HFR1 Macro 11.11%	HFR1 Macro 4.83%	HFR1 Emerging Markets 40.25%	HFR1 RV ConvertArb 13.35%	HFR1 RV ConvertArb 2.09%	HFR1 Relative Value 10.59%	HFR1 Equity Hedge 14.28%	Barclay Gov/Credit 6.32%	HFR1 Distressed 3.32%	HFR1 Emerging Markets 8.03%
HFR1 Macro 7.44%	S&P 500 25.76%	HFR1 Emerging Markets 15.05%	HFR1 Fund Wghtd Comp 9.30%	S&P 500 15.78%	HFR1 Equity Hedge 10.48%	HFR1 Equity Hedge 5.37%	HFR1 RV ConvertArb 26.14%	HFR1 RV ConvertArb 12.23%	HFR1 RV ConvertArb 1.50%	HFR1 Emerging Markets 10.37%	HFR1 Distressed 14.37%	HFR1 Macro 5.58%	HFR1 Macro 9.25%	S&P 500 7.82%
HFR1 Relative Value 5.44%	HFR1 Event-Driven 25.33%	S&P 500 10.50%	HFR1 Distressed 8.27%	HFR1 Event-Driven 13.02%	HFR1 FOF Composite 13.62%	HFR1 FOF Composite 5.72%	S&P 500 26.37%	HFR1 Event-Driven 11.82%	HFR1 Relative Value 13.11%	HFR1 Distressed 12.51%	HFR1 Event-Driven 14.02%	HFR1 Relative Value 4.02%	S&P 500 2.85%	Barclay Gov/Credit 6.98%
HFR1 Distressed 5.28%	HFR1 Fund Wghtd Comp 21.42%	HFR1 Fund Wghtd Comp 9.03%	HFR1 Event-Driven 7.49%	HFR1 Fund Wghtd Comp 14.24%	HFR1 FOF Composite 9.56%	HFR1 Relative Value 18.04%	HFR1 Relative Value 25.81%	HFR1 Event-Driven 11.44%	HFR1 Relative Value 11.44%	HFR1 Event-Driven 3.79%	HFR1 FOF Composite 9.13%	HFR1 FOF Composite 5.25%	HFR1 FOF Composite 0.13%	HFR1 Distressed 6.76%
HFR1 Emerging Markets 3.70%	HFR1 Equity Hedge 20.54%	HFR1 Equity Hedge 7.88%	HFR1 Event-Driven 12.89%	HFR1 Fund Wghtd Comp 8.94%	HFR1 Relative Value 19.03%	HFR1 Relative Value 25.04%	HFR1 Event-Driven 10.25%	HFR1 Relative Value 11.43%	HFR1 Eq Mkt NetI 2.13%	HFR1 RV ConvertArb 8.58%	HFR1 FOF Composite 8.96%	HFR1 Eq Mkt NetI 1.81%	HFR1 FOF Composite 0.27%	HFR1 RV ConvertArb 5.95%
HFR1 FOF Composite 1.20%	HFR1 Fund Wghtd Comp 19.55%	HFR1 FOF Composite 6.88%	HFR1 Relative Value 6.79%	Barclay Gov/Credit 7.75%	HFR1 FOF Composite 21.37%	HFR1 FOF Composite 5.33%	HFR1 Equity Hedge 24.37%	HFR1 Equity Hedge 10.65%	HFR1 Event-Driven 3.35%	HFR1 Equity Hedge 7.41%	HFR1 RV ConvertArb 8.02%	HFR1 Fund Wghtd Comp 0.28%	HFR1 Relative Value 5.73%	HFR1 Relative Value 5.73%
HFR1 Eq Mkt NetI 0.32%	HFR1 FOF Composite 11.61%	HFR1 Relative Value 5.58%	HFR1 Event-Driven 6.20%	HFR1 RV ConvertArb 13.17%	HFR1 RV ConvertArb 7.05%	HFR1 Event-Driven 22.82%	HFR1 Fund Wghtd Comp 13.58%	HFR1 FOF Composite 10.22%	HFR1 RV ConvertArb 4.20%	HFR1 FOF Composite 6.95%	HFR1 Equity Hedge 7.07%	HFR1 Equity Hedge 1.81%	HFR1 Equity Hedge 0.97%	HFR1 Equity Hedge 4.19%
HFR1 RV ConvertArb -0.87%	HFR1 RV ConvertArb 9.93%	HFR1 Macro 4.83%	HFR1 Eq Mkt NetI 6.22%	HFR1 RV ConvertArb 10.39%	HFR1 Equity Hedge 6.61%	HFR1 Relative Value 25.20%	HFR1 RV ConvertArb 11.65%	HFR1 Macro 8.02%	HFR1 RV ConvertArb 5.16%	HFR1 Fund Wghtd Comp 5.07%	HFR1 Relative Value 6.66%	HFR1 Equity Hedge 1.69%	HFR1 Fund Wghtd Comp 1.12%	HFR1 Fund Wghtd Comp 4.15%
HFR1 Fund Wghtd Comp -1.45%	HFR1 Relative Value 9.72%	Barclay Gov/Credit 4.54%	HFR1 Relative Value 6.02%	HFR1 FOF Composite 10.39%	S&P 500 5.45%	HFR1 Relative Value 26.65%	HFR1 RV ConvertArb 11.47%	Barclay Gov/Credit 6.99%	HFR1 FOF Composite 5.27%	HFR1 RV ConvertArb 4.79%	HFR1 Emerging Markets 5.47%	HFR1 Equity Hedge 1.69%	HFR1 Macro 1.26%	HFR1 RV ConvertArb 2.12%
HFR1 Event-Driven -8.20%	HFR1 RV ConvertArb 7.47%	HFR1 Eq Mkt NetI 4.15%	S&P 500 4.91%	HFR1 Macro 8.15%	HFR1 RV ConvertArb 5.33%	HFR1 RV ConvertArb 31.73%	Barclay Gov/Credit 4.11%	HFR1 FOF Composite 4.11%	HFR1 RV ConvertArb 4.11%	HFR1 Eq Mkt NetI 4.11%	HFR1 RV ConvertArb 4.11%	HFR1 Event-Driven 1.65%	HFR1 Emerging Markets 2.28%	HFR1 Eq Mkt NetI 1.65%
HFR1 Equity Hedge -4.71%	Barclay Gov/Credit 5.07%	HFR1 RV ConvertArb 4.08%	HFR1 RV ConvertArb 2.82%	HFR1 Eq Mkt NetI 7.32%	S&P 500 5.29%	HFR1 RV ConvertArb 35.39%	HFR1 Macro 4.83%	HFR1 RV ConvertArb 4.83%	HFR1 Equity Hedge 4.83%	HFR1 RV ConvertArb 2.76%	HFR1 Macro 4.64%	HFR1 Distressed 1.65%	HFR1 Relative Value 5.52%	HFR1 FOF Composite 4.11%
S&P 500 22.09%	HFR1 Eq Mkt NetI 2.44%	HFR1 RV ConvertArb 1.86%	HFR1 RV ConvertArb 4.67%	HFR1 FOF Composite 5.08%	HFR1 Emerging Markets 37.26%	HFR1 RV ConvertArb 4.11%	HFR1 Eq Mkt NetI 1.43%	HFR1 Emerging Markets 2.85%	HFR1 Macro 14.01%	HFR1 Macro 0.06%	HFR1 RV ConvertArb -2.47%	HFR1 Emerging Markets 2.56%	HFR1 Distressed 8.00%	HFR1 FOF Composite 0.25%

Source: HFR Quarterly Report Q3 2016



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Extensive due diligence and proposal preparation

- Numerous interactions with various members of hedge fund
 - Portfolio manager(s)
 - Analysts
 - Risk manager
- Minimum of one onsite visit by lead analyst and style head or member of Hedge Fund Research Committee
- Discuss and assess
 - Company history and background of team
 - Investment philosophy, strategy and edge
 - Performance and risk/return drivers
 - Risk management
 - Portfolio composition and transparency
 - Ownership and alignment of interests
 - Fund terms, existing investors
- Review and analyze all relevant documents
- References



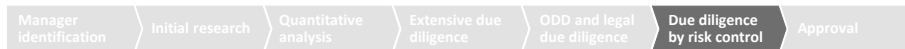
Operational, legal and counterparty due diligence

- Operational due diligence team
- Proprietary due diligence questionnaire
- Onsite due diligence meeting
- Assessment of managed account capabilities
- Ranking



Due diligence by Risk Control

- Risk Control team
 - Independent from investment side but integrated into process and sharing of information
- Understand risk management concepts and application in practice
 - Adequacy of framework and systems given specific trading strategy
 - Decision making process, roles and responsibilities
 - Actual decisions and results in the past
 - Independent estimation of expected drawdown and other risks
- Additional risk reports
 - Start up risk
 - Life cycle considerations
 - Behavior risk
 - Fraud
 - Significance of analytics
 - Investor base related risks
- Verification and probing



Customised risk and monitoring reports

Asset	YTD 0.06	6 months	12 months	24 months	36 months	54 months	72 months	90 months	108 months	126 months	144 months	162 months	180 months	216 months	252 months	288 months	324 months	360 months	
ASAP	7.4%	low	12.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
CARD	6.4%	low	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
CARD2	4.4%	low	7.7%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Z	6.3%	low	8.6%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
CAB	4.0%	low	6.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
LACB	4.0%	low	6.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
CADIV	8.2%	low	12.4%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
SLIAB	12.4%	past entry	17.6%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
CARD3	6.1%	low	7.6%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Z	6.1%	low	7.2%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
ASIAN	4.0%	low	6.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
COST C	18.0%	repeated entry	18.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
CONF	2.3%	low	3.6%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
COEMBA	10.0%	low	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%



Approval by Hedge Fund Research Committee

Meetings and decision making

- Research Summary
 - Contains all conclusions
- Pre-approval
 - Lead analyst presents investment rationale
 - Interactive forum to challenge and identify potential stumbling blocks
 - Open items and pending questions consolidated for follow-up
- Approval
 - Determine if manager meets due diligence criteria
 - A veto or two “votes of non-support” prevent an approval of a manager
- Disapproval
 - A veto or two “votes of non-support” disapproves a manager
 - Enforced by style head/lead analyst or voting member

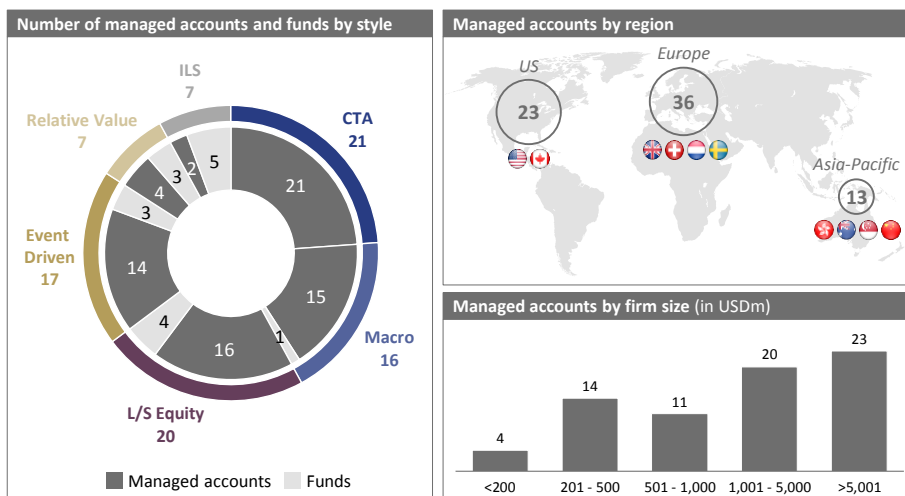


Example – systematic short term trading CTA

Manager identification	Initial research	Quantitative analysis	Extensive due diligence	ODD and legal due diligence	Due diligence by risk control	Approval
Determine universe of suitable managers	Overview of company and strategy	Analyze historical performance	In-depth research and analysis	Operational due diligence	Risk management concepts and practice	Formal approval and rating assigned
Portfolio Managers <ul style="list-style-type: none"> ▪ Communicated the need for short-term tactical trading advisors capable of reallocating risk dynamically given the quickly changing market regime Style Head <ul style="list-style-type: none"> ▪ Discussed research needs within team Assigned lead analyst <ul style="list-style-type: none"> ▪ Sourced managers via database and network 	Lead Analyst <ul style="list-style-type: none"> ▪ Due diligence meetings/calls Outcome <ul style="list-style-type: none"> ▪ Managers eliminated due to: <ul style="list-style-type: none"> – Deficient research and/or model development process – Unsophisticated portfolio construction/as set allocation methodology – Deficient risk management techniques – Subpar background and experience of key team members 	Quantitative Analyst <ul style="list-style-type: none"> ▪ Ranked universe by risk adjusted returns compared performance results against other managers in the portfolio ▪ Filtering out those with unattractive return characteristics Outcome <ul style="list-style-type: none"> ▪ Over half of the advisors eliminated due to unreasonably high correlation to existing managers or disappointing risk/return characteristics 	Lead Analyst <ul style="list-style-type: none"> ▪ Onsite visits and in-depth research Outcome <ul style="list-style-type: none"> ▪ Two managers eliminated due to: <ul style="list-style-type: none"> – Key departures – Lack of transparency into model development 	Op DD Team <ul style="list-style-type: none"> ▪ Onsite meetings with back office operations professionals including the COO, CFO and controller ▪ Calls with manager counterparties including administrators and brokers Outcome <ul style="list-style-type: none"> ▪ Several concerns regarding operational set-up in two cases 	Risk Control <ul style="list-style-type: none"> ▪ Call with risk manager and portfolio manager ▪ Detailed quant analysis Outcome <ul style="list-style-type: none"> ▪ Risk management procedures and performance characteristics deemed acceptable 	Lead Analyst <ul style="list-style-type: none"> ▪ Investment proposal Hedge Fund Research Committee <ul style="list-style-type: none"> ▪ Approval



Global manager selection across investment styles



Data as of 30 September 2016
Source: LGT Capital Partners

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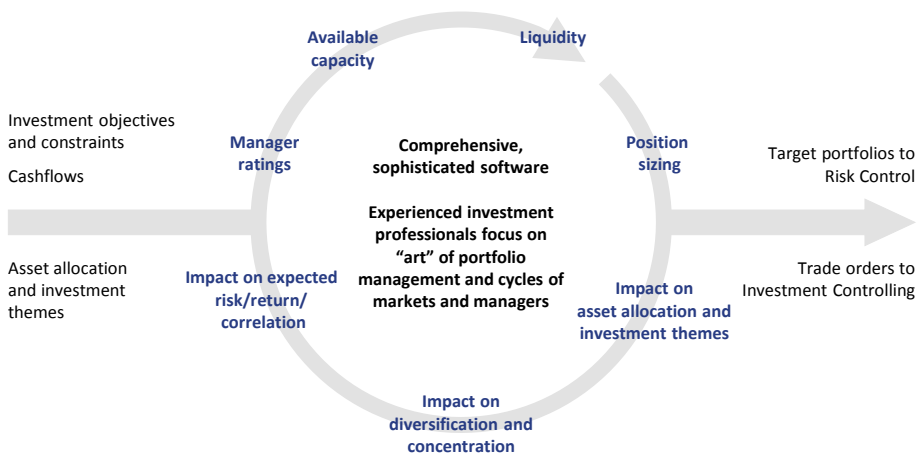
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Process overview

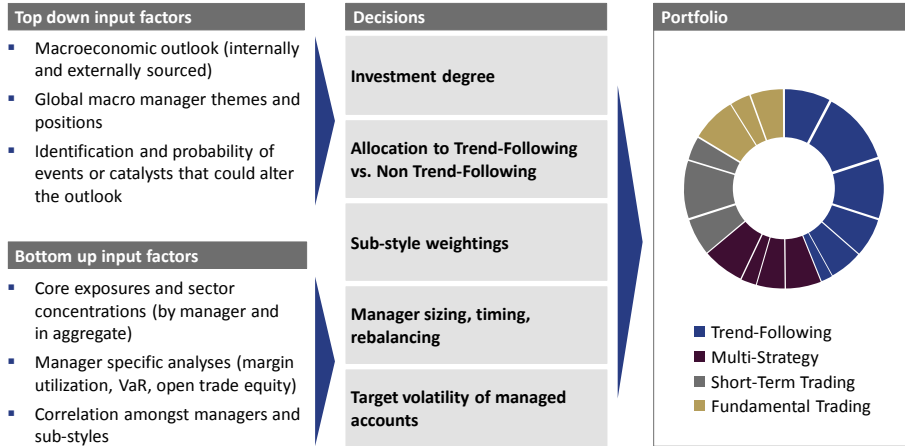


- Investment objectives
 - Understand client’s objectives (commingled or tailor-made)
- Asset allocation input
 - Incorporates both top down and bottom up factors
- Manager characteristics
 - Suitability of individual managers
- Implementation
 - Ensure portfolio exposures managed in line with objectives
- Risk control
 - Comprehensive analytics covering performance, exposures, constraints and liquidity
- Portfolio analysis and attribution
 - Analyze all sources of performance

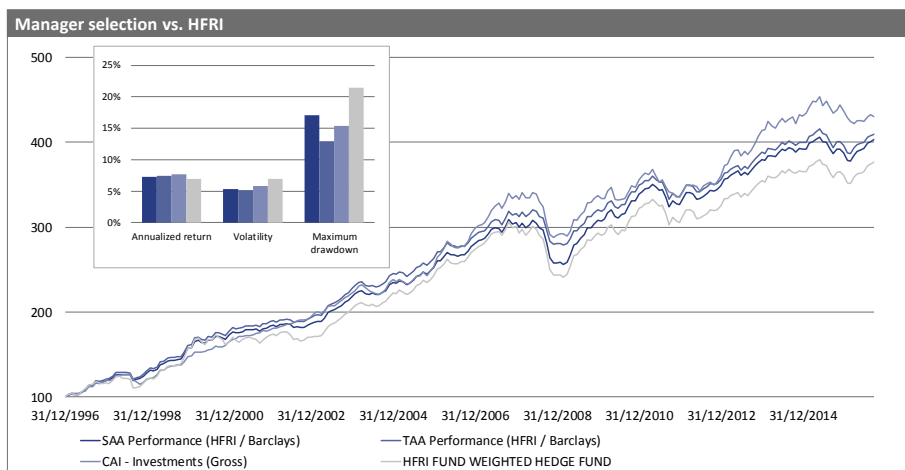
Implementation



Framework for Multi-Manager CTA portfolio

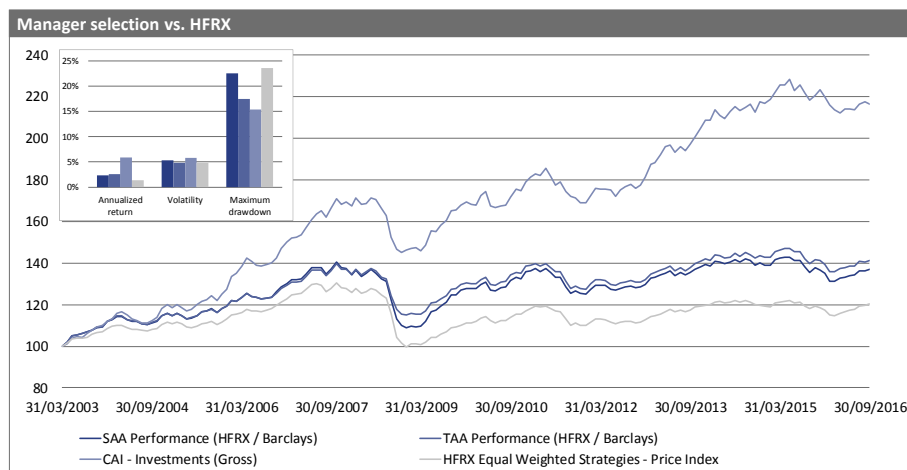


Value added vs. HFRI



Source: LGT Capital Partners, Datastream
 Data and ranges from 1 January 1997 to 30 September 2016 in USD gross of fees.
 Past performance is not a guarantee, nor an indication of current or future performance. Management fees and other fees will influence the performance negatively.

Value added vs. HFRX



Source: LGT Capital Partners, Datastream

Data and ranges from 1 April 2004 to 30 September 2016 in USD gross of fees.

Past performance is not a guarantee, nor an indication of current or future performance. Management fees and other fees will influence the performance negatively.

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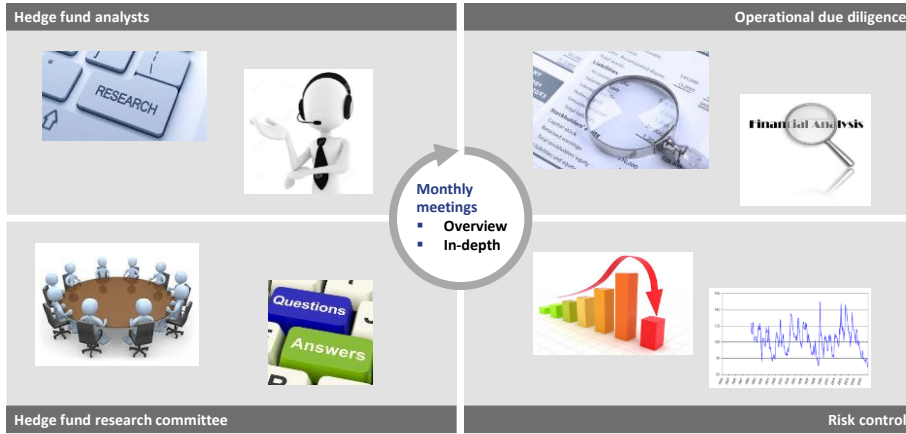
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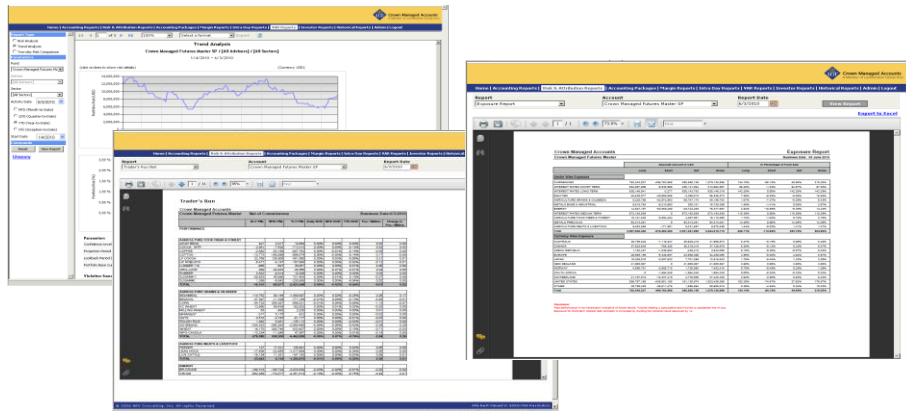
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Manager monitoring



Managed Account platform NAV Consulting – 100% transparency

- NAV Consulting as Application Service Provider – Front-end Platform via Internet Access
 - Individual position transparency for each managed account
 - Various portfolio management reports (e.g. sector breakdown, P/L attribution, margin-to-equity ratio reports)
 - Effective Risk Management through full position transparency and various portfolio risk report



Source: LGT Capital Partners, NAV Consulting

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Hedge Funds in portfolio construction

Portfolios of institutional investors increasingly contain Hedge Funds. The characteristic of an efficient portfolio can be further improved when Hedge Funds are added. The following two major positive characteristics can be mentioned:

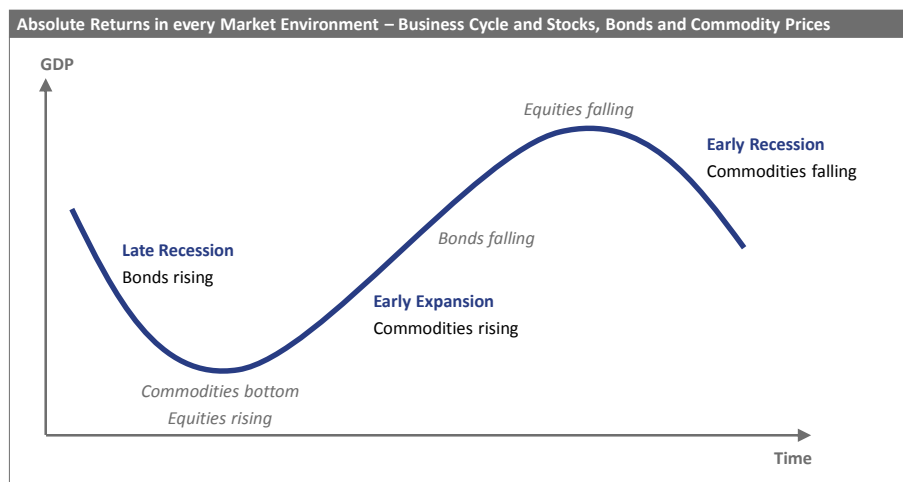
1. **Negative or low correlation**

The correlation between Hedge Funds and bonds respective equities is significantly low or negative. Therefore the addition of Hedge Funds to a portfolio is connected with an aspect of diversification, which is likely to reduce the portfolio volatility.

2. **Returns**

Hedge funds generate absolute returns and often perform when other asset classes are performing weakly. In the past Hedge Funds have performed well in situations of market stress during which the value of both equities and bonds suffered significant losses. From this perspective Hedge Funds add additional value in situations when it is required to balance a given portfolio.

Asset Classes in the Business Cycle



Source: LGT Capital Partners

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Investments in Fund of Hedge Funds (FoHF)

Advantages

- **Retailing** – smaller minimum investment than single HF
- **Access** – to soft-closed and/or hard-closed HFs
- **Diversification** – portfolio with different HS styles
- **Expertise** – manager selection with specialized HF analysts
- **Due Diligence (DD)** – initial and ongoing DD/monitoring

Disadvantages

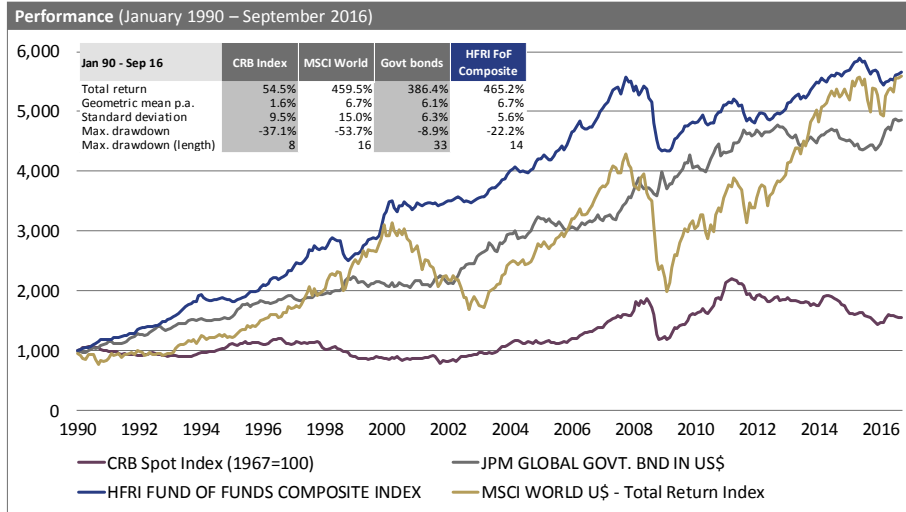
- **Fees** – additional Fund of Hedge Funds fee layer
- **Performance** – selection partly based on historical performance
- **Diversification** – FoHF portfolio maybe over-diversified

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Funds of Hedge Funds vs. traditional Indices

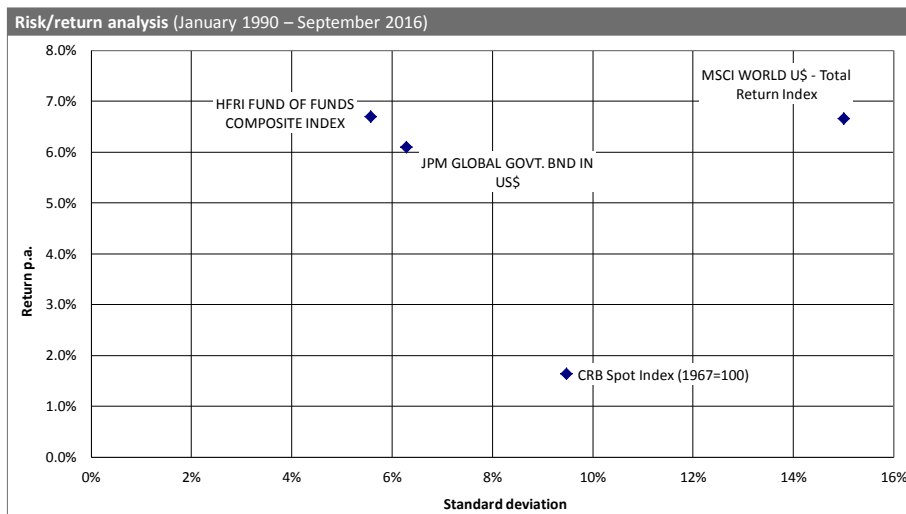


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Funds of Hedge Funds vs. traditional Indices

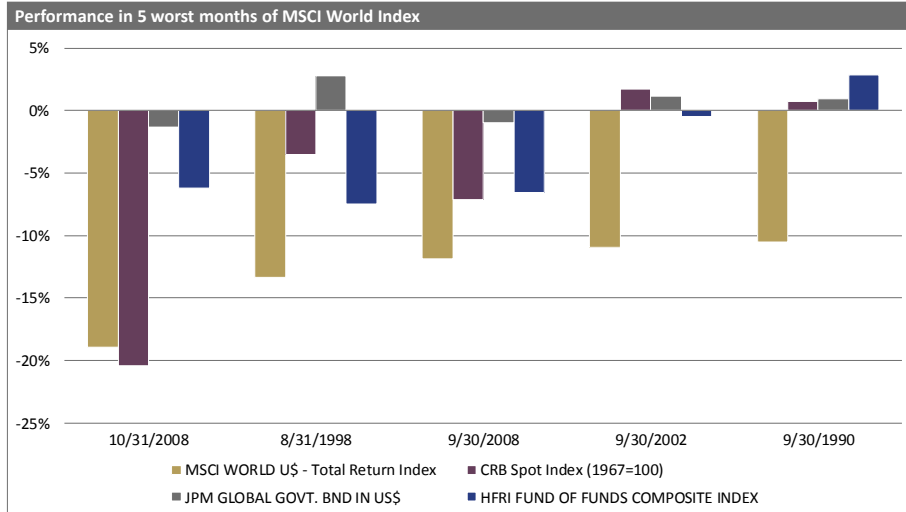


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Funds of Hedge Funds vs. traditional Indices



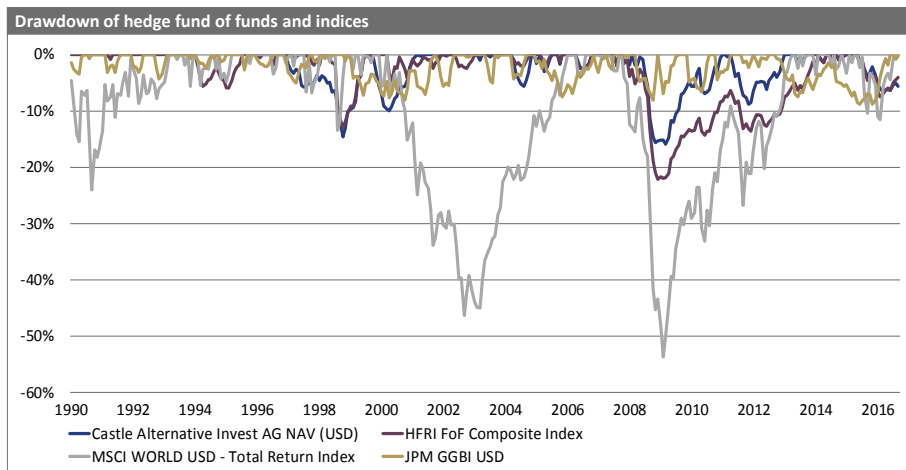
Source: LGT Capital Partners

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Hedge Funds have shown much lower drawdowns



Data from December 1989 to September 2016, in USD and gross. Castle returns in USD net of 1.5% management fee and 10% performance fee.

Source: Bloomberg, Hedge Fund Research

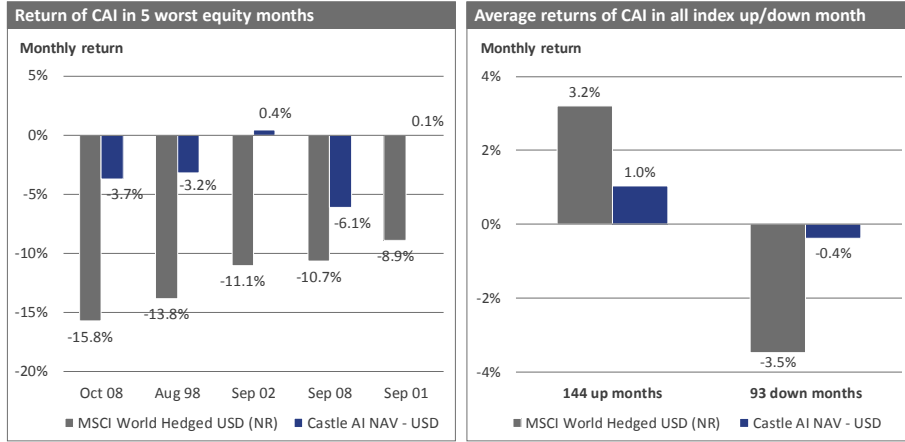
Positive performance in the past is not a guarantee of positive performance in the future. Forecasts are not a reliable indicator of future value developments. The risk of price and foreign currency loss and of fluctuations in returns as a result of unfavorable exchange rate movements cannot be ruled out. Investments open up new opportunities, but also involve risks. Please consult the legal information at the end of this presentation.

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Good upside-/downside capture of diversified HF portfolios



Data from January 1997 to September 2016, in USD net of 1.5% management fee and 10% performance fee.
 Index returns: in USD gross. Source: LGT CP, Datastream, Hedge Fund Research.
 Positive performance in the past is not a guarantee of positive performance in the future. Forecasts are not a reliable indicator of future value developments. The risk of price and foreign currency loss and of fluctuations in returns as a result of unfavorable exchange rate movements cannot be ruled out. Investments open up new opportunities, but also involve risks.

Investable vs. Non-Investable Hedge Funds Indices

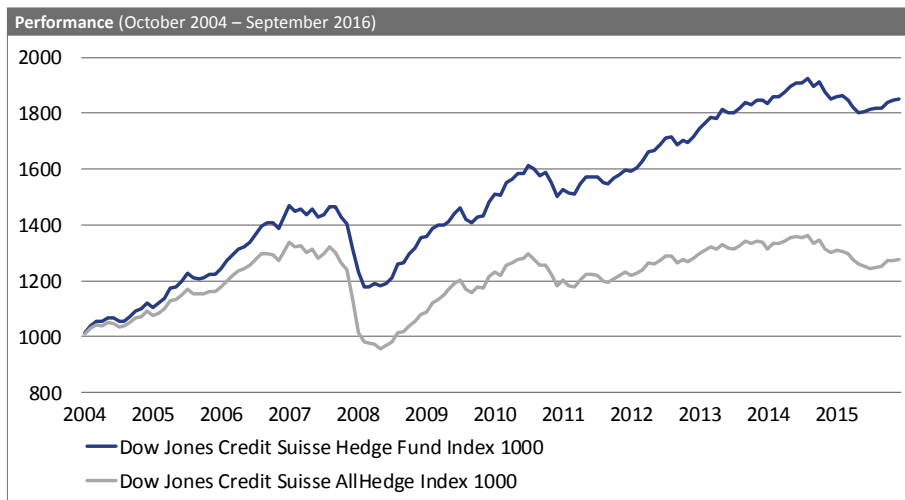


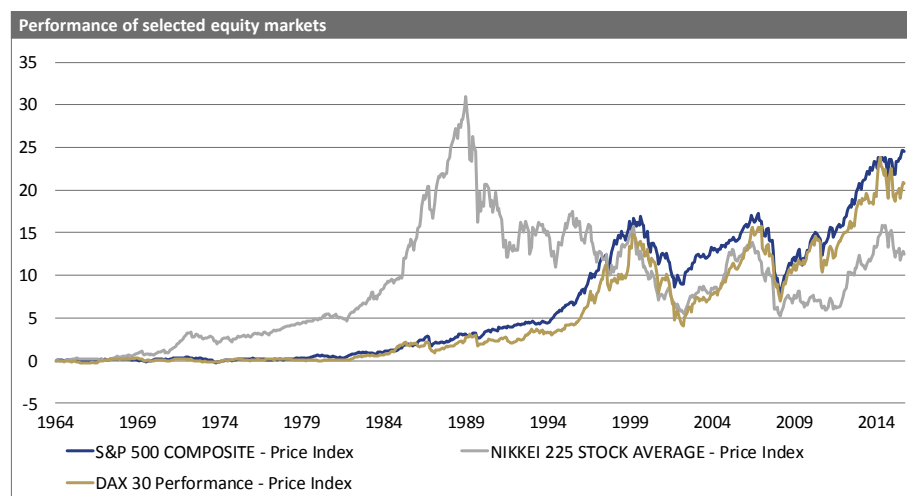
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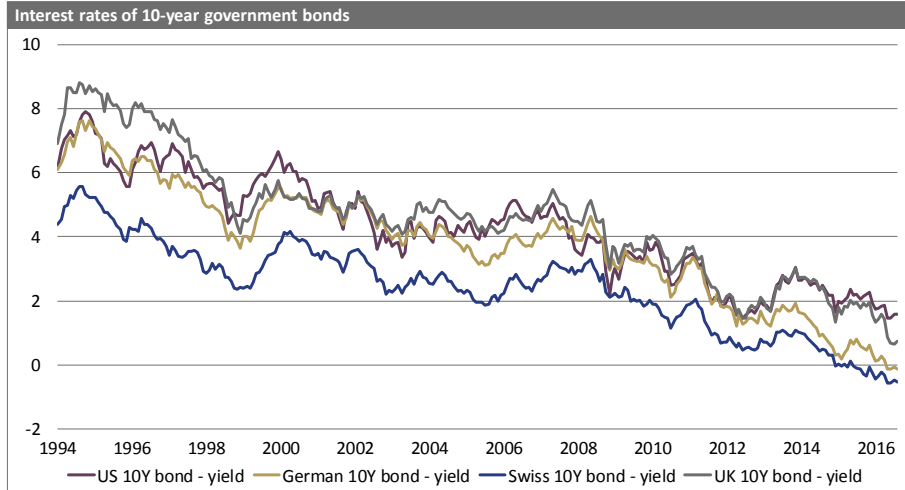
Excursion – Managed Futures portfolio

Equity markets have been volatile



Data ranges from 1 January 1965 to 30 September 2016 and is in USD gross.
Source: LGT Capital Partners, Datastream
Past performance is not a guarantee of future results, nor an indication of current or future performance.

Long-term interest rates are approaching historical lows



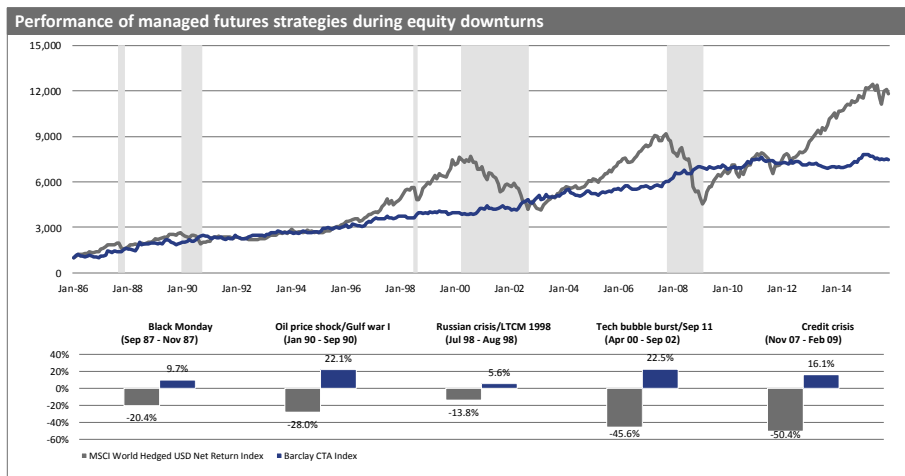
Data ranges from 1 February 1994 to 30 September 2016 and is in USD gross.
 Source: LGT Capital Partners, Bloomberg
 Past performance is not a guarantee of future results, nor an indication of current or future performance.

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Protection during equity market shock



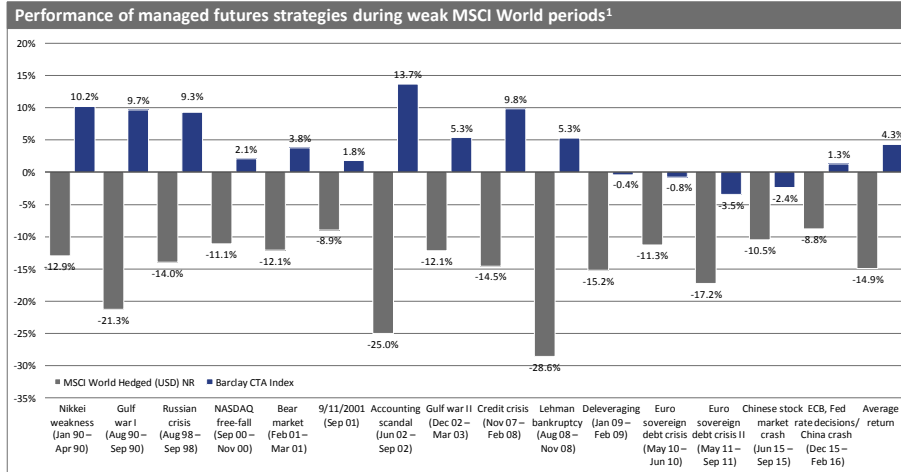
Source: LGT Capital Partners, Datastream
 Data ranges from 1 Jan 1986 to 31 December 2015 in USD.
 Past performance is not a guarantee of future results, nor an indication of current or future performance.

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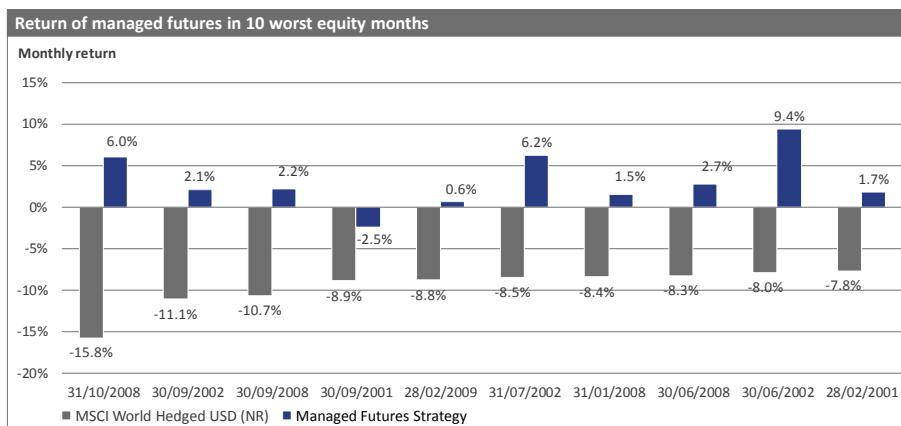
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Protection during equity markets downturns



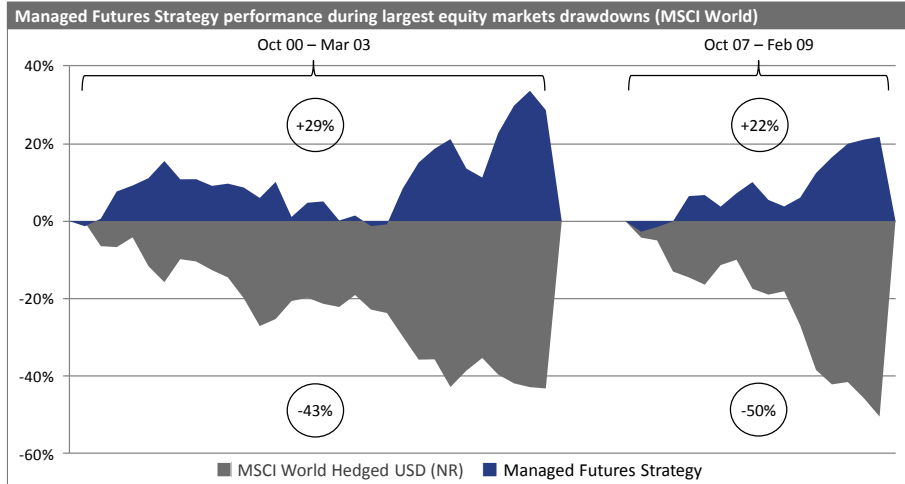
Source: LGT Capital Partners, Datastream
 1 Weak period is defined as a loss of more than 8% within 1 to 6 months (from 1 Jan 1990 to 29 Feb 2016 on a month-end basis). Returns are expressed in USD.
 Past performance is not a guarantee, nor an indication of current or future performance.

Holding up well in 10 worst global equity months and past crisis scenarios



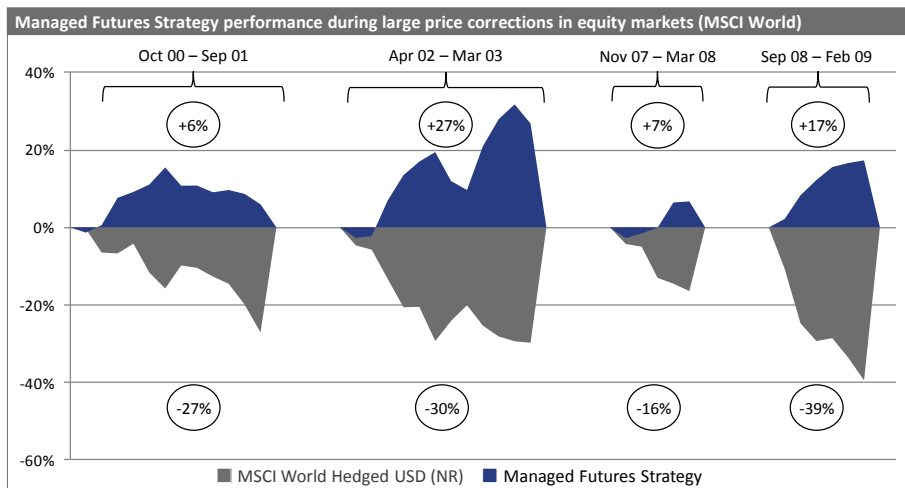
Source: LGT Capital Partners, Datastream, Bloomberg
 Data from 1 October 2000 to 30 September 2016, in USD net of 1% management fee and 7.5% performance fee. Index returns in USD gross of fees.
 Past performance is not a guarantee, nor an indication of current or future performance.

Managed Futures offer protection in long lasting equity market drawdowns ...



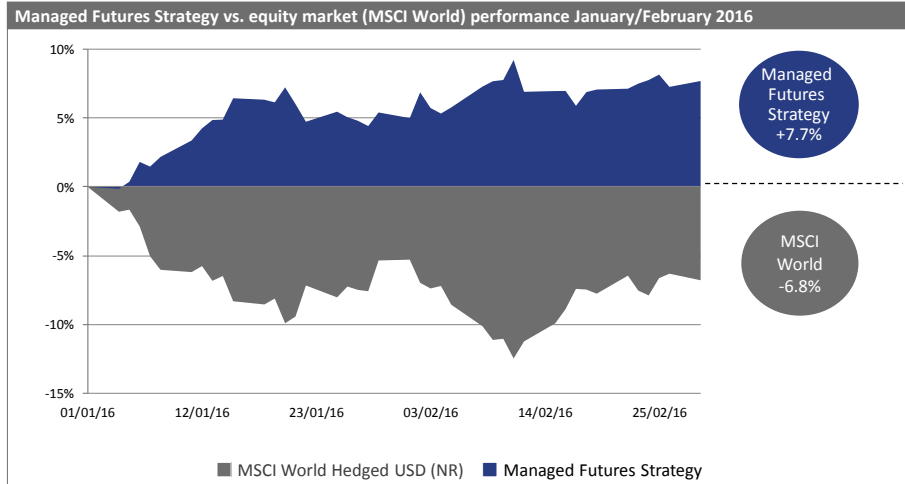
Source: LGT Capital Partners, Bloomberg.
 Data ranges from 1 October 2000 to 31 March 2016, in USD net of 1% management fee and 7.5% performance fee. Past performance is not a guarantee, nor an indication of current or future performance.

... in medium-term equity market corrections ...



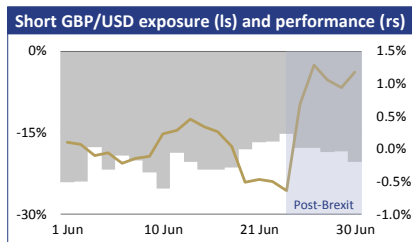
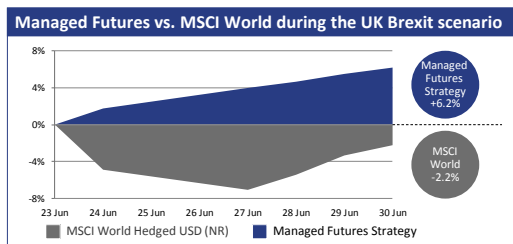
Source: LGT Capital Partners, Bloomberg.
 Data ranges from 1 October 2000 to 31 March 2016, in USD net of 1% management fee and 7.5% performance fee. Past performance is not a guarantee, nor an indication of current or future performance.

... and short-term drawdowns



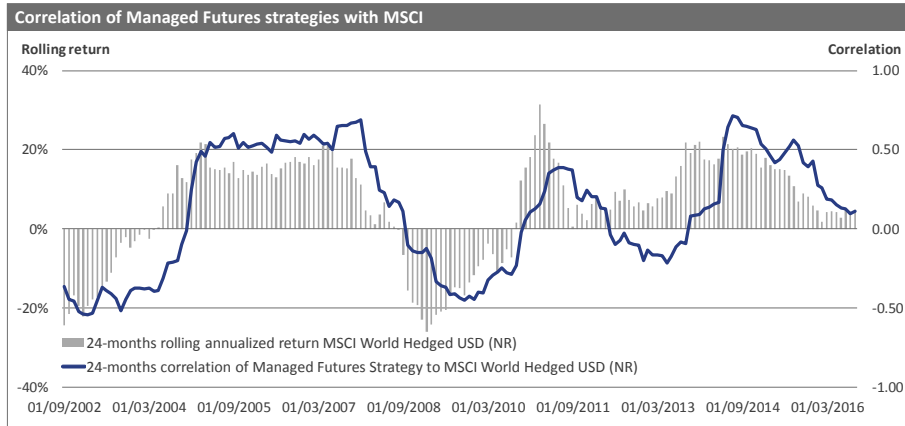
Source: LGT Capital Partners, Bloomberg.
 Data ranges from 1 January 2016 to 29 February 2016, in USD net of 1% management fee and 7.5% performance fee. Past performance is not a guarantee, nor an indication of current or future performance.

Managed Futures and UK Brexit on 24th June 2016



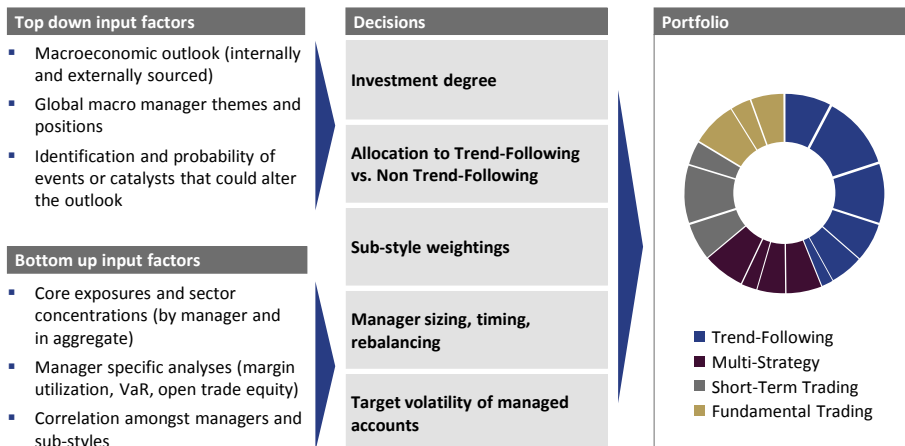
Source: LGT Capital Partners, NAV Consulting, Bloomberg.
 Data ranges from 1 June to 30 June 2016, in USD net of 1% management fee and 7.5% performance fee. Past performance is not a guarantee, nor an indication of current or future performance.

Proven negative correlation to global equity markets over several business cycles

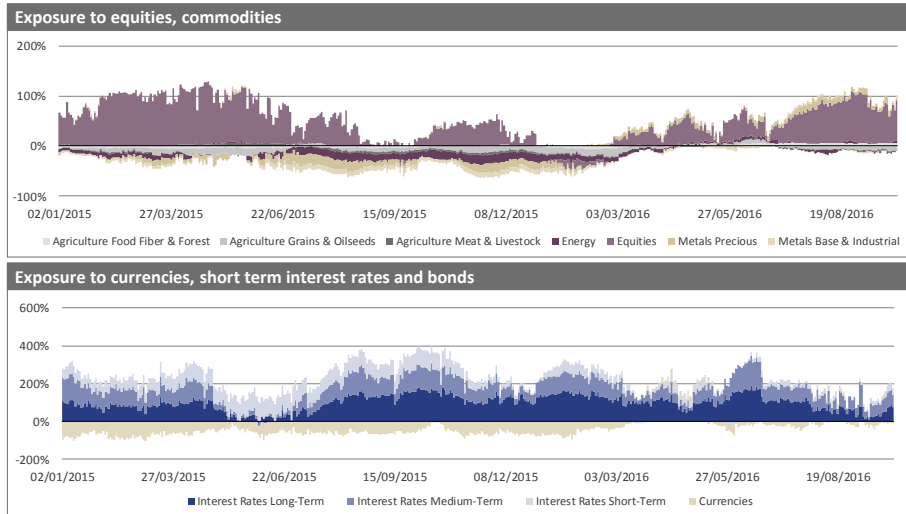


Source: LGT Capital Partners, Datastream, Bloomberg
Data from 1 October 2000 to 30 September 2016, in USD net of 1% management fee and 7.5% performance fee. Index returns in USD gross of fees.
Past performance is not a guarantee, nor an indication of current or future performance.

Framework for Multi-Manager CTA portfolio

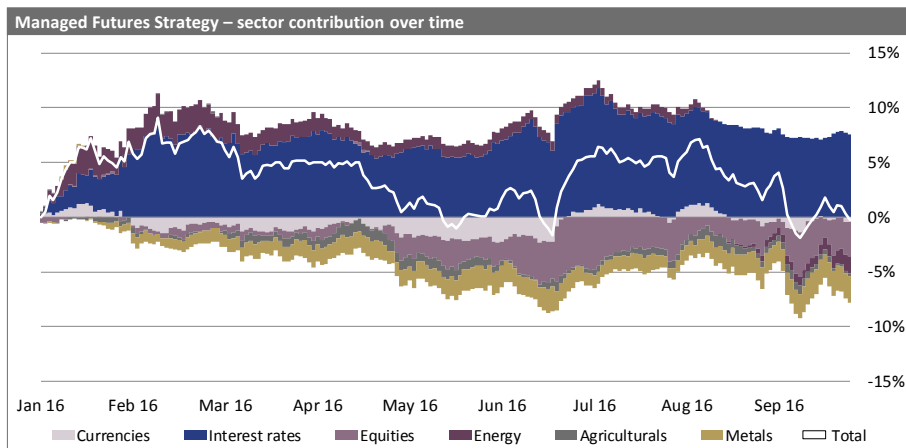


Dynamic changes in exposures



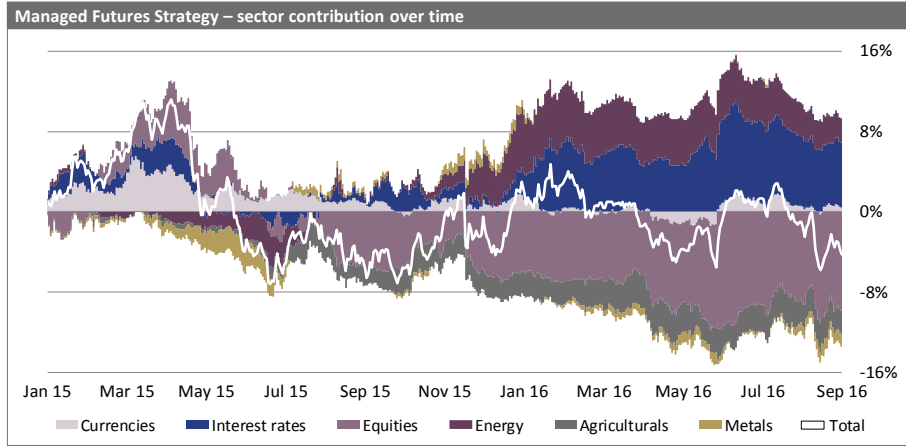
Source: LGT Capital Partners. Data ranges from 1 January 2015 to 30 September 2016. Currencies are shown as net non-US Dollar exposure.

Performance contribution by sector since January 2016



Source: LGT Capital Partners, NAV Consulting
Data ranges from 1 January 2016 to 30 September 2016 in USD net of 1% management fee and 7.5% performance fee. Past performance is not a guarantee, nor an indication of current or future performance.

Performance contribution by sector since January 2015



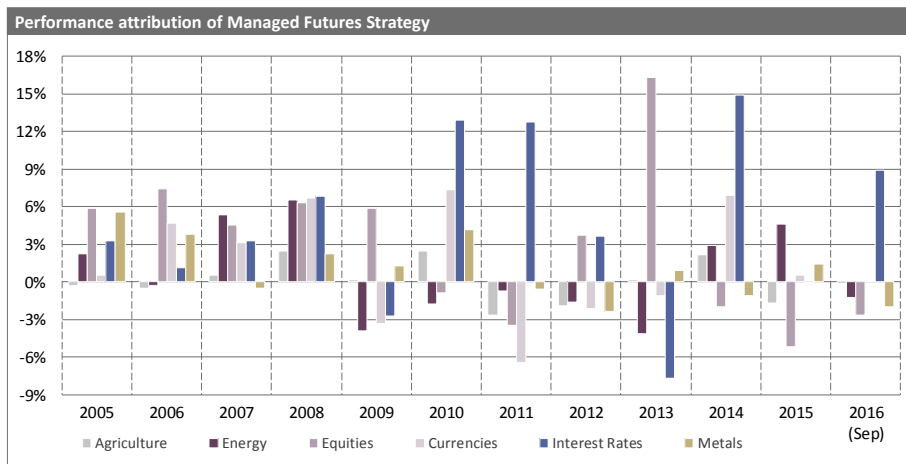
Source: LGT Capital Partners, NAV Consulting
 Data ranges from 1 January 2015 to 30 September 2016 in USD net of 1% management fee and 7.5% performance fee. Past performance is not a guarantee, nor an indication of current or future performance.

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Performance attribution by sector



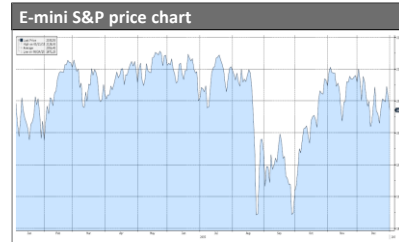
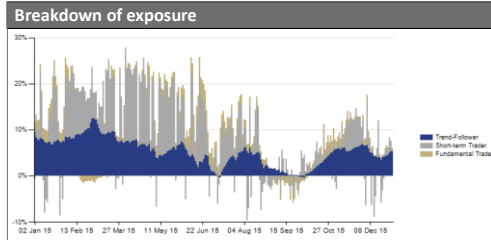
Source: LGT Capital Partners
 Data is in USD and gross of fees.
 Past performance is not a guarantee, nor an indication of current or future performance. Management fee and other fees will influence the performance negatively.

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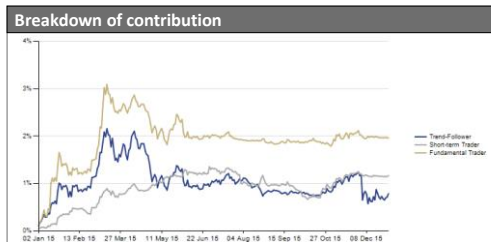
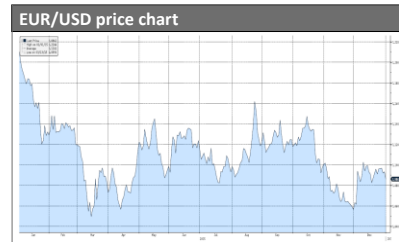
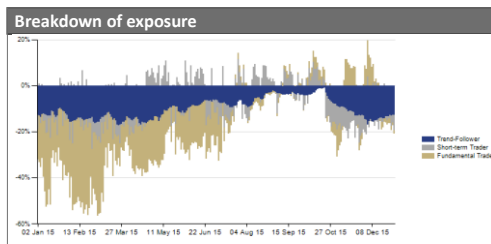
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E-mini S&P trading – sub-strategies comparison



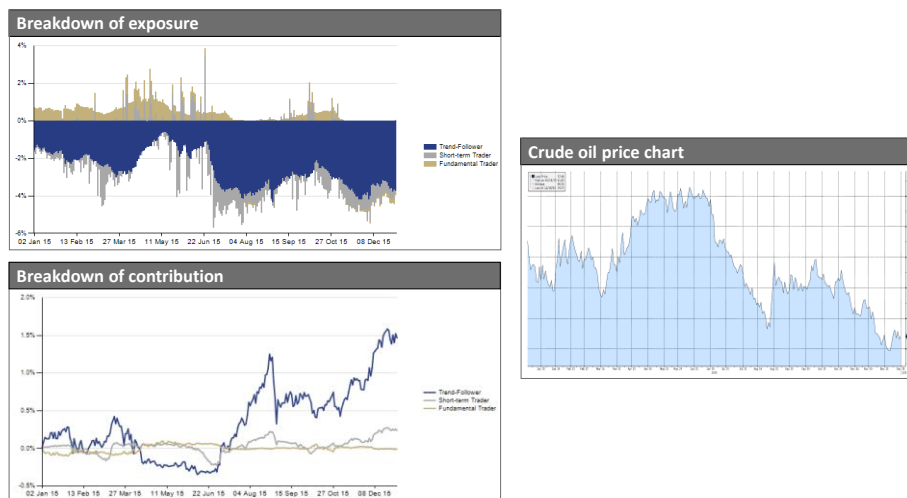
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EUR/USD trading – sub-strategies comparison



Positive performance in the past is not a guarantee of positive performance in the future. Forecasts are not a reliable indicator of future value developments. The risk of price and foreign currency loss and of fluctuations in returns as a result of unfavourable exchange rate movements cannot be ruled out. Investments open up new opportunities, but also involve risks. Please consult the legal information at the end of this presentation.

Crude oil trading – sub-strategies comparison



Positive performance in the past is not a guarantee of positive performance in the future. Forecasts are not a reliable indicator of future value developments. The risk of price and foreign currency loss and of fluctuations in returns as a result of unfavourable exchange rate movements cannot be ruled out. Investments open up new opportunities, but also involve risks. Please consult the legal information at the end of this presentation.

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Legal Information

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