

Providing modern portfolio management with a clear focus

FACTUM

Consistent growth

Factum AG Vermögensverwaltung can look back on more than 20 successful years as an independent asset management company in Liechtenstein. CEO and Partner Ralf Ackermann summarises what has been an exciting time, marked by a number of landmark decisions. Christian Kranz, CIO of the company, explains the solid basis for addressing the challenges to come.

FACTUM AG
Vermögensverwaltung

Zollstrasse 32
P.O. Box 174
LI-9490 Vaduz

T +423 235 40 50
info@factum.li
www.factum.li

HOME
OF
FINANCE
www.home-of-finance.li



Managing assets is a complex business. Together with their team, they therefore build on their independence and on competences that go beyond the traditional approach: Ralf Ackermann and Christian Kranz, Management Board of Factum AG Vermögensverwaltung.

Mr Ackermann, Factum AG is growing. The assets under your management recently passed the two-billion Swiss francs mark. How do you explain this positive trend that happened under rather difficult conditions

Ralf Ackermann: Essentially, I can summarise this with one of our principles: we always go the extra mile for our clients. We never stand still, we are active, we focus on our clients' needs and are always looking forward.

Can you give us a specific example for this?

Ackermann: Firstly, we have invested in our team, and have recruited experienced specialists in both our Portfolio Management and front-office areas in order to further expand our expertise. We also have an infrastructure in place that is unparalleled in the Liechtenstein market. With regards to tapping into new markets, we already took a major step towards Eastern Europe in 2016 when we opened our branch in Vienna. At present, we are about to open a representative office in Moscow.

Christian Kranz: We also adopt a forward-looking approach in our day-to-day work. Our services are based on clearly defined processes that we critically review at regular intervals. We look at new approaches and product developments, and integrate these into our investment model according to the situation. After all, financial markets are in a state of flux more than ever, and global economic conditions are anything but stable.

What sort of challenges can portfolio managers expect in the years to come?

Kranz: With regard to equity markets, geopolitical developments require an increased focus. Although stock markets are not usually impacted by these over the long term, we take these events into account when making investment decisions and we temporarily hedge our portfolios against any price losses. One of the greatest challenges, however, are the low interest rates that we see around the world. While it was previously possible to generate returns of 4 to 6 per cent from government

bonds with almost no risk, now we have to pay the government 0.2 per cent for their 10-year bonds. We are responding to this situation by making active use of the full array of instruments from the investment universe. We invest in both high-yield and emerging-market bonds as well as in bond funds which offer protection against inflation or active duration management.

So, in addition to potential returns, risk considerations also play a key role?

Ackermann: Most definitely. We focus on reducing the correlation between the individual asset classes and within the asset classes themselves. In addition, we also monitor the portfolios and compliance with our internal processes. Clients should get what they asked for, and it must be possible to measure our success in implementing this. Furthermore, we want to be able to respond quickly whenever this is necessary.

Kranz: To meet clients' needs going forward, we have to think out of the box. For example, we make use of products with asymmetric payout profiles, thus efficiently exploiting temporary price distortions. In addition to traditional equities and bonds, we also work with alternative asset classes. One example of this is our investment in a fund for listed private equity investments following the 2008 financial crisis. At the time, we were able to profit from the absurd discounts on intrinsic values. At present, there is upside potential in the now more friendly equity market.

You seem to have a very prominent forward-looking approach. Is this something your clients can rely on?

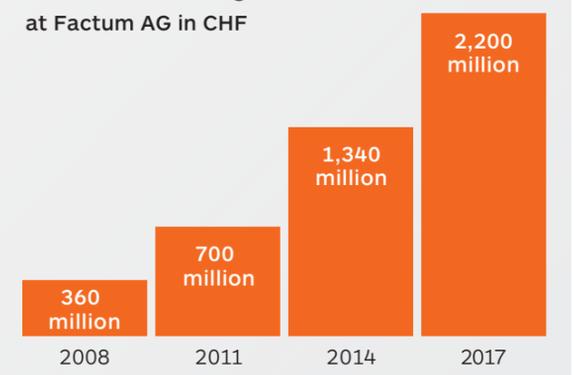
Ackermann: Of course! Our domestic and international clients and business partners have extremely high expectations. By focusing on our core competence, we can guarantee that they will have a future-oriented specialist at their side. In addition to institutional clients and charitable organisations, there is an increasing number of affluent individuals and families who appreciate the benefits we offer as an independent asset

manager. A great many fiduciary companies also successfully work with us as a partner in order to expand their service ranges. We are a knowledgeable, well-organised company, whose activities are always focused on the long-term growth-oriented performance of our clients' investments. Or to put it differently: we are a modern portfolio management company with a clear focus.

Facts & Figures

- Independent asset management company active in Liechtenstein and abroad
- Client-oriented investment solutions with transparent cost structure
- 18 employees
- Risk management, compliance and back-office expertise provided by SOLFIN Financial Service Solutions AG with 8 employees
- Privately owned and owner-managed since its foundation in 1994
- Branch in Vienna, representative office in Moscow (in formation)

Assets under management at Factum AG in CHF



The best the fund universe has to offer

Anyone wanting to have their money managed in a diversified and cost-effective way by the best fund managers worldwide can rely on the specialists at Factum AG as skilled and independent partners.

By Pascal Tschütscher

Focusing on sustainably growing our clients' assets, we consistently and systematically search for the best investment solutions. Here we can freely select from the full array of instruments from the investment universe in a cost-conscious manner. Fundamental criteria that we consider very important include currency hedging in the funds, the freedom to choose how returns are used and access to institutional asset classes.

Combination of passive and active investment instruments

We believe passively managed exchange-traded funds (ETF) to be an important and efficient portfolio component for making short-term market gains or where it seems unlikely that an active fund manager will outperform their

benchmark. In markets where it empirically makes little sense to passively replicate the benchmark, we use actively managed funds. Prerequisites for a so-called quantitative analysis include excellent experience and track records in this regard.

Selection according to our bespoke model

We use a fund database to weight the criteria we have determined in line with our own key; based on this, we compile a ranking. The selected candidates then have to pass through an even more detailed analysis before they give their personal view on factors such as the organisational structure, investment process, risk management, experience and stability. If the investment decision following the analysis is positive, we add the fund to our Best of Funds list. One special feature of our process is that we monitor this list on an ongoing basis with analyses that are regularly updated. This means we can intervene in good time if the situation changes or deteriorates.



"The clearly defined fund selection process guarantees that our clients will benefit from an asset management process that pursues the agreed goals at all times." Pascal Tschütscher, Deputy Head of Portfolio Management of Factum AG.

The Factum fund selection process with a proprietary scoring model



The best the fund universe has to offer

Free from conflicts of interest and distribution agreements, we can select from the best fund managers for each asset class and target market. Preselection is based on defined conditions.



Quantitative analysis

Return-based key figures covering various periods, portfolio mix, fees, volumes, etc., are assessed, weighted and aggregated to form an overall score.



Qualitative analysis

Personal interviews with fund managers and product specialists shed light on the investment process, risk management, experience, common interests, etc.



Decision and monitoring

The funds selected are added to a Best of Funds list, which is monitored on an ongoing basis. The analyses are regularly updated, meaning we can proactively take action.

Return-oriented investment solution

Institutional or private investors who, despite the sustained low interest rates, are dependent on ongoing returns will find a tailored solution at Factum AG.

The Income Focus investment profile enables charitable foundations and comparable institutions to generate income, thus ensuring that they can fulfil their purpose in a difficult investment environment. This investment profile is also an interesting alternative for affluent individuals of retirement age wishing to preserve the substance of their investments. Top-performing investments provide recurring dividend and interest payments, while

the professional management approach guarantees that risks are actively managed and the investments are broadly diversified. This also allows factors that negatively impact returns, for example a lack of investment strategy or hidden costs, to be completely excluded. In addition to regular returns, Income Focus clients also benefit fully from the advantages of traditional and methodical asset management, as offered by the specialists from Factum AG.

The target returns for Income Focus are currently 2 per cent (after costs) in CHF, and 3 to 4 per cent in EUR and USD. Interested investors can obtain information from the Business Development team at Factum AG.



Offering specific investment solutions for charitable foundations and affluent individuals: Christof Wille, Marcel Jehle and Stephan Oberhuber, Business Development at Factum AG.

For investors with specific income requirements

