

Etsior selects strategies and funds that can bring an edge in asset allocation and portfolio construction.

Etsior focuses on funds that:

- Have an original strategy or approach
- Bring a real diversification
- Offer a good performance coupled with an acceptable risk
- Emerge from a strong idea, a forceful manager's personality or both

Etsior connects Fund Managers (Single Hedge Funds, Funds of Funds managers, Private Equity as well as Long only Funds) with Institutional Investors.

Well introduced in the Geneva area, we are focused on an unparalleled level of service.

Through our website, Etsior offers an easy access to reliable, up to date and accurate information on the funds we introduce as well as on third party funds.

Our selection is always put in the macro-economical perspective to exploit the short to medium market trends.

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The main idea behind Core and Satellite Asset Management is that, on the long term, fund managers do not perform as well as the benchmarks they compare to. So, why not split the portfolio in two parts: the core, which will not be actively managed, but will be extremely correlated to the benchmark, and the satellites investments which will be used to generate more performance (alpha) certainly with more risk, expressed by the volatility? Doing this way presents several benefits:

- **Following the benchmark:** this is the purpose of the core investments. The first step will be to define the benchmark. One extremely simple benchmark can be the 1 year LIBOR in the currency of the portfolio; or a well known index as the DJ EUROSTOXX or the S&P500; or a combination of different indexes. In other words, take a well known or a broadly exposed index to limit the risk. The investment itself will consist of an Index Tracking Fund such as an ETF, or a fund, a fund of hedge funds, consistently yielding performances close or better to the index *with a lower volatility*.
- **The cost can be reduced** if the core investment consists of passively managed products such as an ETF.
- **All the money managing efforts will be focused on the satellite investments**, as the added performance has to be achieved there. This will allow to implement a tactical opinion (the best investment for the present period) and to take more risks on a limited part of the portfolio with more aggressive investments. This will also be a good way to check fund managers on a specified period: if they have performed well, they have their place in these investments; if not, they will be replaced.

We have now different questions to ask ourselves:

- **What is the proportion of the core and of the satellites?** This is actually depending on the profile and of the needs of each investor. An investor willing to accept a potential risk of let's say 20% on the benchmark, will put 20% of his investments in the satellite investments. A conservative investor, accepting a 10% risk on the benchmark, will put only 10% in the satellite investments.
- **What should be the components of the core investments?** We strongly believe that funds of hedge funds should represent a large part of the core portfolio, as on the long run, they offer steady performances and a much lower volatility than stocks or bonds.
- **Liquidity** is also a key factor to be considered in the core portfolio, as it is often the investor's insurance against an unpredictable future.

The investment vehicles Etsior has selected enter into these categories: the **Solid Rock** and the **Eden Rock Structured Finance** Funds of Hedge Funds, as they offer steady returns and a very low volatility, do enter in the core investments.

The **Aegis** funds (small and mid-cap Asia stocks), the **American Pegasus Auto Loan** fund (auto loan financing for sub-prime borrowers), the **Swiss Asia Global Energy and Mining fund** (precious metals shares, mines and physical) as well as the **Cypress Late Stage Venture** fund (investing in private equity late stage deals) seem to us the perfect candidates for satellite investments, as they bring higher returns with a highly focused themes.

We care for you.

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