AMC Portfolio Construction (CHF)

Three CHF AMC strategies -- Conservative, Balanced, Aggressive

Full asset-allocation rationale, instrument-selection arguments, and crisis stress testing on real market data.

Reference currency	CHF
Structure	Actively-managed certificate (AMC) -- manager discretion within mandate
Market data as-of	26 June 2026 (verified, sourced)
Risk regime (NWCA Risk API)	ELEVATED -- score 59 / 100
Method	Historical scenario replay (engine stress.py approach)
Prepared by	New Way Capital Advisory

Reference build, published by New Way Capital Advisory in its own name. Forward return/volatility figures are estimates built from current real yields plus risk premia (assumptions, not data). All market levels are real and dated. Final ISINs / share classes confirmed against the live KID at execution.

How to read this document -- an actively-managed certificate

Each of the three books is presented as an actively-managed certificate (AMC): a securitised strategy with a defined investment policy and a named strategy manager who exercises discretion within mandated bands. Two layers run through every page, and they should not be confused:

- The investment policy (permanent): the strategic-allocation bands per profile, the role of each sleeve, the currency policy, and the protection mandate. This is the product; it does not change with the market.
- The manager's current view and positioning (as at the issue date): the regime read and market levels in Section 1, and the indicative target weights shown for each book. These are discretionary choices made today, within the policy bands, reviewed and rebalanced periodically -- not fixed properties of the certificate.

So where the document notes, for example, that implied volatility is fairly priced and the protection overlay is therefore set near the middle of its budget, that is a positioning decision as at the issue date -- not a permanent feature. The mandate, not the level, is the product.

The discretion the manager operates within

Lever	Policy band (Conservative / Balanced / Aggressive)	How the discretion is used
Equity	10-30% / 33-53% / 45-65%	Tilt within the band on valuation and regime; factor vs cap-weighted mix.
Alternatives (cat bonds, trend, gold, infra)	16-32% / 16-32% / 12-26%	Sized for diversification, not market timing.
Private markets (Aggressive only)	-- / -- / 8-22%	Locked-capital sleeve funded from cash; sized to liquidity capacity.
Protection overlay	0-2% / 0-3% / 0-5% premium budget	Sized to implied volatility -- larger when cheap, smaller when rich, zero when very rich.
Cash / dry powder	0-15%	Raised in stress, deployed into dislocation and capital calls.
Currency	yield sleeves hedged to CHF; equity FX left open	Hedge where it protects a yield; leave equity FX as a diversifier.

1. Market view -- the manager's read as at the issue date

The table below is the manager's read of conditions as at the issue date (all figures real and dated 26 June 2026). It informs the discretionary positioning within the policy bands set out above and is refreshed at each review -- it is not a permanent feature of the certificate. The instruments are chosen against this regime and, critically, against the CHF reference currency the book is measured in.

Variable	Level	Read
NWCA risk regime	ELEVATED -- 59/100	Not danger, but not a buy-the-dip tape. Reduce uncompensated risk.
S&P; 500	7,375; fwd P/E ~22	~85th percentile valuation. Earnings yield ~4.5% vs UST 4.49% -- the US equity risk premium is roughly NIL: no cushion.
VIX	19.0	Near its ~19-20 long-run median. Protection is fairly priced -- worth owning structurally, not chasing it after a shock.
UST 10Y	4.49%	Real yield healthy; but see the hedge math.
Bund 10Y	2.87%	ECB at 2.25% (hiked 17 Jun) -- first hike since 2023. European reflation is live.
Swiss Confed 10Y	~0.30%	The home-currency problem in one number.
SNB policy	0.00%	Drives the CHF hedge-carry trap (below).
HY OAS	~271 bp	~10th percentile tight. You are NOT paid to own credit risk.
IG / BBB OAS	~80 / ~100 bp	Same story, investment grade.
Gold	~USD 4,040/oz	Central-bank buying + debasement bid; the haven premium has eased with the US-Iran de-escalation.

Three reads shaping the manager's current positioning:

1. Equities are expensive AND credit is expensive simultaneously (fwd P/E ~22x, HY OAS ~271bp). Both legs of the classic 60/40 are richly priced. The edge in 2026 is diversification away from beta, not more of it.
2. Protection is fairly priced (VIX ~19, near its median), so the discretionary protection overlay currently sits mid-budget -- owned structurally, not chased after a shock.
3. The CHF carry trap (next section). This is the part most model portfolios get wrong.

2. The CHF carry trap -- why the home currency reshapes the book

A Swiss-franc-referenced client cannot naively buy 'global bonds yielding 5%.' Covered interest parity means the FX hedge back to CHF costs roughly the rate differential:

- USD to CHF hedge cost ~ Fed 3.625% minus SNB 0.00% ~ -3.5% / year
- EUR to CHF hedge cost ~ ECB 2.25% minus SNB 0.00% ~ -2.25% / year

So a 10-year UST at 4.49%, hedged to CHF, nets ~0.9% -- barely above a Swiss Confederation bond, with more duration risk. A USD IG bond at ~5% nets ~1.4% hedged. The yield you see in USD is mostly an illusion once you pay to come home to francs.

Implications that shape all three portfolios:

- CHF income must come from CHF/EUR direct credit, equity dividends, and alternatives whose yield survives the hedge (cat bonds at ~10% net ~6.5%) -- not from hedged USD government bonds.
- Where USD duration is wanted (a recession hedge), it is taken UNHEDGED and small, accepting franc appreciation risk -- sized as crisis ballast, not as income.
- Gold needs no hedge (a real asset, not a yield instrument), which makes it unusually efficient in a CHF book right now.

3. The protection mandate (sized at the manager's discretion)

The certificate carries a standing mandate to run a downside-protection overlay: a defined premium BUDGET (a band, not a fixed number) that the manager deploys in long-optionality form. The manager sizes it within the band using implied volatility as the primary input -- nearer the top when vol is cheap, toward zero when vol is rich. The mandate is permanent; the sizing is a discretionary, issue-date decision. Protection is genuinely 'bought' only where there is long optionality: min-volatility equity reduces beta but does not monetize a volatility spike, so it is not part of the overlay. The eligible expressions:

Expression	Book	Long protection?
S&P; put-spread / structured note	Aggressive	Yes -- directly buys index optionality.
Convertibles	Aggressive & Balanced	Yes -- bond + long equity call; the embedded call is genuine long optionality.
Managed futures / trend	All three	Long-vol-ADJACENT -- convex in a sustained selloff, but can whipsaw; not literal gamma.
Min-volatility equity	Conservative / Balanced	No -- reduces beta; cushions, does not monetize a spike.

As at the issue date, with implied vol near its ~19-20 long-run median (neither cheap nor rich), the overlay sits around the MIDDLE of each book's budget:

- Conservative (budget 0-2%): currently ~1.0% premium/yr on a 12-month SMI put-spread (-5% / -20%) -- home index, CHF-settled, zero FX leakage. A put spread (~1% of notional) vs an outright put (~2.5%). Alternative: convert ~5% of equity into a capital-protected note (CHF floor + participation).

- Balanced (budget 0-3%): currently ~1.5% premium/yr on a 12-18m S&P; put-spread collar (buy -5/-20 put, sell ~+12-15% call to finance), plus a ~3% convertible slice for long gamma.

- Aggressive (budget 0-5%): currently ~3% put-spread / note + ~3% convertibles.

The mandate is identical across the three books: a defined premium budget the manager deploys when implied vol is cheap and lets run toward zero when it is rich, so the book can stay at target equity weight instead of selling into a rally. What differs by issue date is only where, within that budget, the overlay currently sits.

4. Conservative book

Mandate: capital preservation in CHF. Target CHF total return +2.5% to +3.5%/yr, expected volatility ~4-5%, max drawdown tolerance ~ -8%.

The weights below are the manager's current target positioning within the policy bands (see 'How to read this document'); they are reviewed and rebalanced periodically, not fixed.

Weighted TER (ongoing fund charges): ~0.35% / yr.

Weighted by allocation; ETF/fund ongoing charges per latest KID (ranges taken at midpoint, gold+miners blended). Cash, T-bills and the option-hedge line carry no TER -- the hedge premium is a separate stated cost. Private-markets sleeves shown at a representative ~1.0-1.25% management fee; performance carry is excluded.

Sleeve	Wt %	Vehicle / ISIN	TER	Ccy
Global min-volatility	8	iShares Edge MSCI World Min Vol -- IE00B8FHGS14	0.30%	USD
Swiss dividend	7	iShares Swiss Dividend -- CH0237935637	0.15%	CHF
Global quality	5	iShares Edge MSCI World Quality -- IE00BP3QZ601	0.30%	USD
CHF corporate IG	15	iShares Core CHF Corporate Bond	~0.15%	CHF
CHF government 3-7y	10	iShares Swiss Domestic Govt 3-7 -- CH0102530786	~0.15%	CHF
EUR IG corporate	8	iShares Core EUR Corp Bond -- IE00B3F81R35	0.20%	EUR
US TIPS	5	iShares USD TIPS -- IE00B1FZSC47	0.10%	USD
US Treasury 7-10y	4	iShares USD Treasury 7-10y -- IE00B1FZS798	0.07%	USD unhdg
Catastrophe bonds	8	GAM Star Cat Bond, CHF-hedged -- IE00B416MD15	1.41%	CHF-hdg
Physical gold	8	ZKB Gold ETF, CHF-hedged -- CH0139101593	~0.40%	CHF-hdg
Managed futures / trend	6	Man AHL Trend Alternative UCITS	~1.2%	CHF/USD
Swiss real estate	4	UBS ETF SXI Real Estate Funds	~0.45%	CHF
Equity downside hedge	1	12m SMI put-spread -5/-20 (premium budget)	--	CHF
Cash + USD T-bills	11	Call CHF + iShares USD T-Bill 0-1y (IE00BGSF1X88)	0.07%	mixed

Why each line -- with the data

Min-vol over market-cap equity (8%). At a ~22x forward P/E with the equity risk premium at roughly nil (earnings yield ~4.5% vs UST 4.49%), full beta is refused in a preservation mandate. MSCI Min Vol has historically captured ~70-80% of upside with ~25-30% less volatility and shallower drawdowns (it lost materially less in 2022 and Q4-2018). That asymmetry is what a conservative book wants when valuations are still this rich.

Swiss dividend (7%). Swiss large-caps (Nestle, Novartis, Roche, Zurich) yield ~2.8-3.5% in CHF -- real CHF income with no hedge cost, defensive earnings, a natural fit to the reference currency. This is the income engine the bond book cannot be.

CHF corporate + government (25% combined). Where preservation capital actually lives. CHF IG yields ~0.8-1.3% -- unexciting but real CHF return with no FX leakage. Duration kept short-to-intermediate (3-7y); at ~0.30% on the 10y you are not paid for the convexity.

EUR IG (8%). The ECB hike to 2.25% means EUR credit now yields ~3-3.5%. Held partly unhedged as deliberate EUR exposure -- a CHF-referenced client typically has EUR liabilities (property, lifestyle), so EUR is a partial liability match, not pure FX speculation.

TIPS (5%). The ECB hiking into reflation while gold prints records says the live tail is inflation re-acceleration, not deflation. TIPS hedge that directly; held unhedged because the inflation protection is the point.

US Treasury 7-10y, unhedged (4%). The deflation/recession ballast. In a genuine risk-off event the franc tends to strengthen (safe-haven), partly offsetting the unhedged USD -- but UST price gains in a flight-to-quality dominate. Sized small precisely because of the hedge trap.

Catastrophe bonds (8%) -- the standout diversifier. Cat-bond returns are driven by hurricane/earthquake frequency, not by rates, earnings or the credit cycle -- correlation to equities near zero over full cycles. Current coupons are elevated (SOFR + ~5-8%). Even after the ~3.5% CHF hedge cost you net ~6%+ from a source that does not care what the S&P; does. The honest risk: a major US landfall season can cause a sharp idiosyncratic drawdown -- which is why it is only 8% and why it diversifies.

Gold, CHF-hedged (8%). At ~USD 4,040 with central banks structurally buying and real rates no longer rising, gold is the debasement/geopolitical hedge. The CHF-hedged ZKB class expresses gold, not a backdoor USD short. The CHF-hedge costs ~the USD-CHF rate differential (~3.5%/yr) -- set by the currency gap (covered interest parity), NOT by the coupon -- so the CHF-hedged class lags USD gold by roughly that much. We accept that cost deliberately to strip USD FX out of the sleeve in a preservation mandate; it buys low CHF-terms volatility on the position, it is not free. (The alternative is to hold gold unhedged, saving the ~3.5% but taking full USD/CHF exposure on the sleeve.)

Managed futures / trend (6%). The crisis-alpha sleeve. CTAs were up double digits in 2022 while both stocks and bonds fell -- they go short bonds and short equities systematically when trends turn. Convexity the 60/40 legs cannot provide.

Swiss real estate funds (4%). Indirect Swiss property yields ~2.5-3% distribution, low correlation to equities, CHF-denominated. Caveat flagged to the client: these funds trade at an agio (premium to NAV), historically 15-30%; add only on agio compression and keep modest.

US T-bills unhedged (5%). The one place the carry is deliberately TAKEN rather than paid -- 3m USD bills yield ~3.6% vs ~0% CHF. The trade-off is honest USD/CHF FX risk on 5% of the book; at this size it is a return enhancer, not a bet.

Net expected. Roughly +2.8% CHF (income ~2.0% + alternatives carry + modest growth), with the alternatives sleeve carrying the diversification load so the whole book does not move as one block.

5. Balanced book

Mandate: growth with controlled drawdown. Target CHF +4% to +5.5%/yr, volatility ~8-9%, drawdown tolerance ~ -15%.

The weights below are the manager's current target positioning within the policy bands (see 'How to read this document'); they are reviewed and rebalanced periodically, not fixed.

Weighted TER (ongoing fund charges): ~0.35% / yr.

Sleeve	Wt %	Vehicle / ISIN	TER	Ccy
Global core	12.5	iShares Core MSCI World -- IE00B4L5Y983	0.20%	USD
Global quality	8	iShares Edge MSCI World Quality -- IE00BP3QZ601	0.30%	USD
Global min-volatility	6	iShares Edge MSCI World Min Vol -- IE00B8FHGS14	0.30%	USD
Swiss equity core	7	iShares Core SPI	~0.10%	CHF
Europe ex-UK	5	iShares Core MSCI Europe -- IE00B1YZSC51	0.12%	EUR
EM equity	5	iShares Core MSCI EM IMI -- IE00BKM4GZ66	0.18%	USD
CHF corporate IG	8	iShares Core CHF Corporate Bond	~0.15%	CHF
EUR IG corporate	7	iShares Core EUR Corp Bond -- IE00B3F81R35	0.20%	EUR
US TIPS	5	iShares USD TIPS -- IE00B1FZSC47	0.10%	USD
EM local-currency debt	3	iShares JPM EM Local Govt -- IE00B5M4WH52	0.50%	local
US Treasury 7-10y	3	iShares USD Treasury 7-10y -- IE00B1FZS798	0.07%	USD unhdg
Catastrophe bonds	7	GAM Star Cat Bond, CHF-hedged -- IE00B416MD15	1.41%	CHF-hdg
Managed futures / trend	6	Man AHL Trend Alternative UCITS	~1.2%	CHF/USD
Gold	6	iShares Physical Gold ETC -- IE00B4ND3602	0.12%	USD
Listed infrastructure	5	iShares Global Infrastructure	~0.45%	USD
Convertibles	3	SPDR Refinitiv Global Convertible, USD-hedged	~0.50%	USD-hdg
S&P; put-spread collar	1.5	-5/-20 put financed by +12-15% call (premium)	--	USD
Cash	2	CHF + USD T-bills	--	mixed

The Balanced book -- where the risk budget goes

Equity at ~44%, factor-tilted. A balanced book is not run as pure cap-weighted index at a ~22x P/E. Quality (high ROE, low leverage, stable earnings) is the late-cycle tilt; it outperformed in every post-2000 earnings recession. Core MSCI World gives broad participation cheaply (0.20%).

Explicit Europe overweight (5%) -- a regime call on today's data. The ECB hiking to 2.25% on 17 June, against a Fed on hold, signals European growth/inflation re-accelerating while Europe still trades at a deep valuation discount (MSCI Europe ~14-15x vs S&P; ~22x). A hiking central bank into a cheap, under-owned market is a textbook setup for European equity and the EUR.

EM equity + EM local debt (8% combined). The dollar tends to soften when the Fed stops hiking and others catch up (ECB just did). A softer USD is historically the single best tailwind for EM. EM local-currency debt yields ~6-7% and gives the currency exposure, not just credit.

Fixed income at ~26%, starved of USD high yield. At 275bp OAS, HY pays ~2.75% over Treasuries to take equity-like default risk -- a poor trade. Better to own the equity directly or the uncorrelated alternatives. CHF/EUR IG carries the income; TIPS carries the inflation hedge.

Alternatives at 24%. Where both traditional legs are expensive, the alternatives sleeve is what lets the book target +4-5% without simply leveraging beta. Cat bonds (uncorrelated yield), trend (crisis convexity), gold (debasement), and listed infrastructure -- new here -- which gives inflation-linked, regulated cash flows (toll roads, utilities, towers, pipelines) with ~3-4% yields often contractually tied to CPI. With the ECB telling us inflation is the live risk, CPI-linked real assets earn their place.

Drawdown design. In a 2022-style stock-and-bond selloff, the cat bond (~flat), trend (positive) and gold sleeves are designed to offset equity losses -- the combination is why the target drawdown is ~ -15% rather than the ~ -20%+ a naive 60/40 took in 2022.

6. Aggressive book

Mandate: long-horizon capital growth in CHF. Target CHF +6.5% to +8.5%/yr, volatility ~13-15%, drawdown tolerance ~ -25%. Assumes UHNW status and ability to lock up part of the capital (illiquidity premium).

The weights below are the manager's current target positioning within the policy bands (see 'How to read this document'); they are reviewed and rebalanced periodically, not fixed.

Weighted TER (ongoing fund charges): ~0.42% / yr.

Indicative all-in cost incl. performance carry: ~0.52-0.62% / yr. The private-equity (7%) and private-credit (6%) sleeves also bear performance carry -- typically ~15-20% of gains over a hurdle -- which is performance-based, not an ongoing charge, and so sits outside the TER above. On an illustrative mid-single-digit net excess return it adds an estimated ~0.10-0.20% / yr; actual carry depends on realised performance. The listed-PE proxy and all cash / option lines bear no carry.

Sleeve	Wt %	Vehicle / ISIN	TER	Ccy
Global core	16	iShares Core MSCI World -- IE00B4L5Y983	0.20%	USD
US large-cap	8	iShares Core S&P; 500 -- IE00B5BMR087	0.07%	USD
Global quality	7	iShares Edge MSCI World Quality -- IE00BP3QZ601	0.30%	USD
Europe ex-UK	6	iShares Core MSCI Europe -- IE00B1YZSC51	0.12%	EUR
EM (incl. China/India)	8	iShares Core MSCI EM IMI -- IE00BKM4GZ66	0.18%	USD
Thematic AI / semis	5	iShares/VanEck Semiconductors	~0.35%	USD
Swiss small/mid-cap	5	iShares SLI / SPI Mid	~0.25%	CHF
Private equity (evergreen)	7	Partners Group / EQT Nexus evergreen	mgmt+carry	EUR/USD
Private credit / direct lending	6	Apollo / BNP ELTIF 2.0 evergreen	mgmt	EUR
Listed PE proxy	3	Partners Group Holding (SIX: PGHN)	--	CHF
Managed futures / trend	6	Man AHL / Lynx UCITS	~1.2%	CHF/USD
Catastrophe bonds	5	GAM / Plenum / Twelve UCITS, CHF-hedged	~1.1-1.4%	CHF-hdg
Gold + gold miners	5	iShares Physical Gold (3%) + VanEck Gold Miners (2%)	0.12/0.53%	USD
Convertibles	3	SPDR Refinitiv Global Convertible	~0.50%	USD-hdg
Equity tail hedge	3	Long-dated S&P; put-spread / structured note	--	USD
Cash (dry powder)	7	CHF / USD T-bills	--	mixed

The Aggressive book -- the reasoning

Public equity 55%, not 80%. Even in an aggressive mandate, at a ~22x P/E with the US risk premium at roughly nil, growth is not expressed purely through expensive public beta. The engine is split: cheap broad beta (Core World/S&P; at 0.07-0.20%), a Quality ballast, and real return drivers in private markets and thematics.

Private equity & private credit (16%) -- the illiquidity premium done honestly. For a UHNW client who can lock up capital, this is the most defensible high-return sleeve in 2026: private markets are priced off different clocks than the public market's ~22x P/E. Private credit / direct lending is especially compelling: base rates 3.5%+ plus an illiquidity/origination spread put senior secured floating-rate yields at ~9-11% USD, with covenant protection, versus public HY paying only 275bp over Treasuries. Evergreen/semi-liquid structures (Partners Group, EQT Nexus, Apollo/BNP ELTIF) give access without a 10-year drawdown commitment, plus a listed proxy (PGHN) for liquid top-up. Honest cost: 1-1.5% mgmt + carry, gates in stress, NAV-smoothing that understates true volatility -- the real risk is higher than the reported number.

Thematic AI / semiconductors (5%). The one place to pay up for growth, sized as a satellite. This is where the ~22x multiple is concentrated -- and where the earnings growth that justifies it actually is. Capped at 5% because concentration risk is real.

Convertibles (3%). A convertible = bond + equity call. At VIX ~19 the embedded optionality is reasonably priced, so you buy equity upside with a bond floor on fair terms. Convex payoff -- the asymmetry an aggressive-but-not-reckless book wants late-cycle.

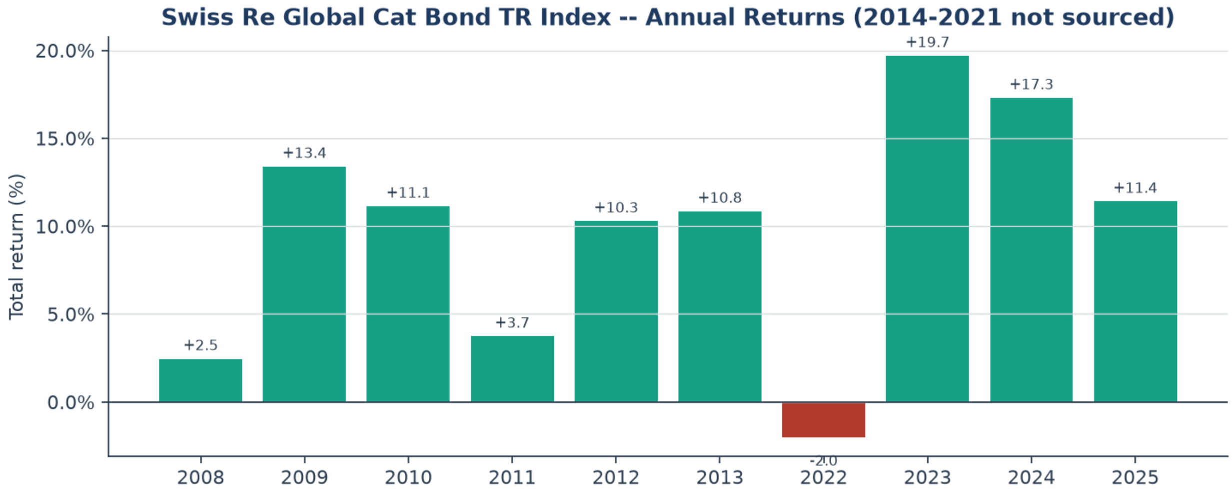
Gold miners added (2%) on top of bullion. Miners are levered to the gold price (operating leverage on a ~USD 4,040 spot vs roughly flat all-in sustaining costs) and have lagged bullion's run -- a higher-beta way to express the same thesis. Higher volatility, hence small.

The explicit tail hedge (3%) -- structural, not opportunistic. With VIX ~19 (fairly priced) and the book 55% long still-rich equity, ~3% is spent on long-dated S&P; put spreads (or a put-spread structured note). It bleeds in a melt-up, but it lets the book stay invested at target equity weight instead of de-risking into the rally -- and it gets cheaper, not dearer, in any vol spike from here. Owning protection structurally, rather than chasing it after a shock, is the whole discipline.

7% cash as dry powder. Not laziness: private-market capital calls need funding, and at an ELEVATED regime score of 66, ammunition for the dislocation the regime is warning about is wanted.

7. Catastrophe-bond sleeve -- term sheet

The case in one line: the Swiss Re Global Cat Bond TR index returned +19.69% (2023), +17.29% (2024), +11.40% (2025), has had only one negative calendar year ever (2022, Hurricane Ian, ~ -2%), ran +2.45% through 2008 and +13.39% in 2009, and carries correlation < 0.2 to both equities and bonds. That return is paid by hurricane/earthquake risk, not the business cycle -- the entire reason it earns a place.



Only one negative calendar year in the series (2022, Hurricane Ian). Correlation < 0.2 to equities and bonds.

The three implementable UCITS, CHF-hedged, with real factsheet data:

	GAM Star Cat Bond	Plenum CAT Bond Dynamic	Twelve Cat Bond
CHF-hedged ISIN	IE00B416MD15	LI1115712963 (I CHF)	IE00BD2B9H19
AUM	~USD 1.6bn	~USD 600m	~USD 4.0bn
Inception	Oct 2011 (longest)	May 2021	Feb 2018
Yield (gross)	Ref rate +4.83% (Oct-25)	MM +650bp; 10.97% (Nov-23)	~8.7% market proxy
Expected loss	1.96% / 2.66% modelled	1.93% (Nov-23)	~2.3% market proxy
TER (CHF)	1.41% + perf fee	~0.35-1.2% by class	~1.00%
Liquidity	Bi-monthly + month-end	Weekly	~weekly; SOFT-CLOSED
DD flag	Mgr changed Fermat->SwissRe May-25	Higher-risk 'Dynamic' sibling	Soft-closed to new money

Recommendation by profile

- Conservative & Balanced (core risk needed): lead with GAM CHF-hedged (IE00B416MD15) -- longest record, core (not 'Dynamic') risk, deepest bench now under Swiss Re. Accept the bi-monthly dealing; for a buy-and-hold 7-8% sleeve that is a non-issue. The one real DD item is the 2025 manager change.

- Where weekly liquidity matters: Plenum (the standard CAT Bond Fund for conservative, the Dynamic only where higher EL is wanted).

- Twelve is excellent but soft-closed -- only viable if capacity is confirmed.

- Hedge-cost honesty: the CHF-hedged class runs ~3-4 pp/yr below the USD class (GAM CHF 5Y +4.36% vs USD +7.61%) -- that gap is the SNB-vs-Fed carry. Even after it, ~4-6% CHF from an uncorrelated source beats the ~0.5% on a Swiss Confederation bond.

- The risk that does not show in the stress table: a single mega-catastrophe can take a cat-bond fund down 10-20% in weeks, independent of everything else. That idiosyncrasy is why it diversifies -- and why it is capped at 5-8%.

8. Private-credit sleeve -- term sheet (Aggressive book)

Benchmark -- Cliffwater Direct Lending Index (CDLI): income return 10.4% (2025), 20-year average total return 9.5% with only one negative year (-5.29% in 2008) and average realized loss ~1.0%/yr. That is HY-plus yield with senior-secured seniority -- versus public HY paying only ~275bp over Treasuries today.

Vehicle	Distribution	Structure / liquidity
Blackstone BCRED	~9.9% (Class I)	USD 80.5bn; quarterly tender capped 5%/qtr; NAV -6.7% from peak
Apollo ADS BDC	8.84%	NAV USD 24.40, -1.9% YoY; quarterly tender
Apollo / BNP ELTIF 2.0	KID (not public)	EUR evergreen, semi-liquid, first-lien European -- cleanest regulated EU access
Partners Group (SIX: PGHN)	~6.4% (CHF)	Listed, fully liquid -- manager equity, not a loan fund

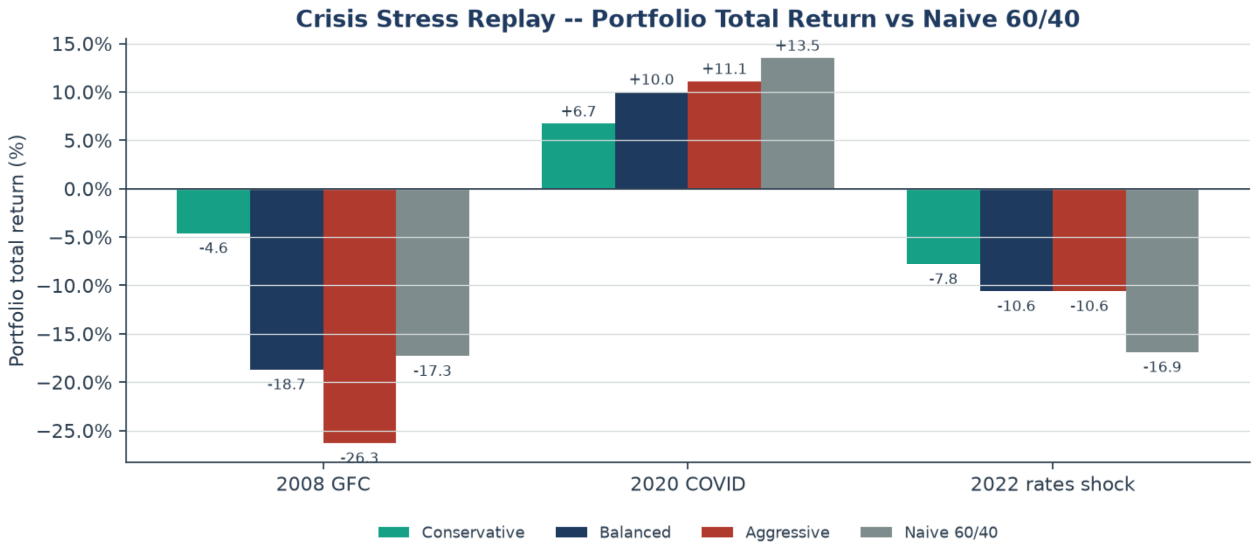
The single most important real-world lesson

In Q1 2026, Blackstone BCRED redemption requests hit ~7.9% of NAV against its 5% quarterly gate -- the gate bound, and redemptions were pro-rated. Pair that with the smoothing gap: CDLI reported +8.5% in 2020, while the liquid BDC proxy BIZD fell ~50% peak-to-trough in March 2020. The brochure NAV is an appraisal; the true economic risk sits between the two. So this sleeve is sized as locked capital only (6%), funded from the dedicated cash buffer, never as a liquidity source.

Default backdrop is benign but turning: Proskauer private-credit default index 2.73% (Q1-26), up from a 1.76% trough; senior-secured recoveries historically ~70%. Broadly-syndicated loan defaults run higher and agency-divergent (Fitch 4.5-5% vs Moody's ~7%, the gap being liability-management exercises) -- a reason to favour direct lending over syndicated.

9. Stress lens -- historical scenario replay

Method (and its limits, stated up front): this is calendar-year historical replay -- the same approach as the engine's stress.py -- mapping each sleeve to its real proxy-index total return for the episode. A daily-frequency EVT is NOT honest here because cat bonds and private credit have no daily marks; for those, real episode returns (cat bonds, sourced) or a deliberately haircut mark to the smoothed CDLI (private credit) are used. Equity/rates/gold/trend/credit/convertibles/infra/Swiss-RE are sourced index TR. Option sleeves are modeled payoffs, conservatively (a calendar figure understates how much a put spread pays at the true peak-to-trough).

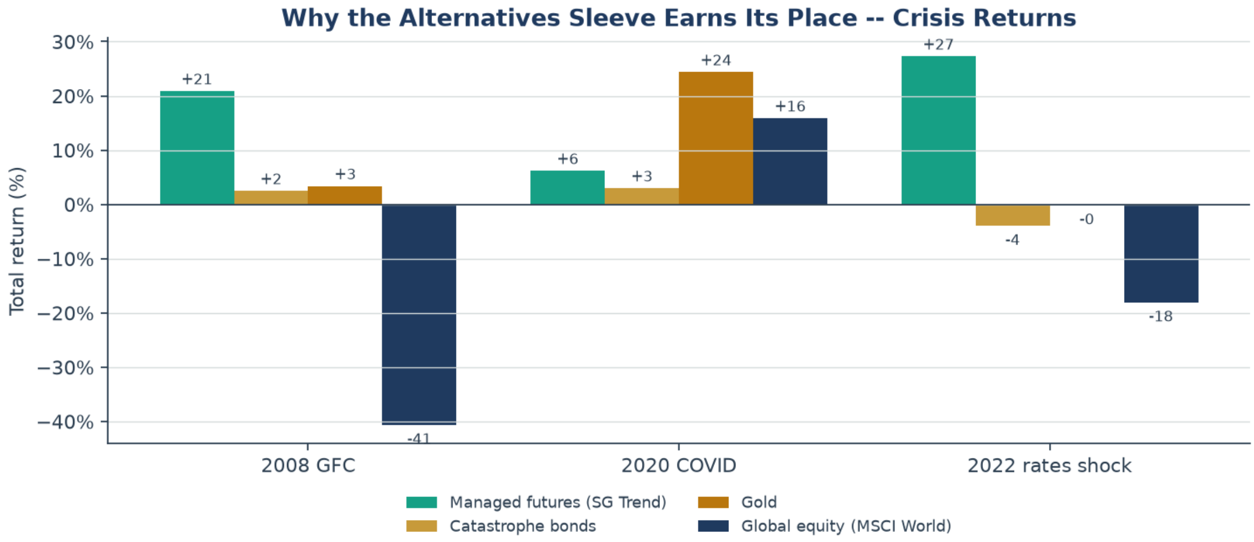


Book	2008 GFC	2020 COVID	2022 rates/inflation
Conservative	-4.6%	+6.7%	-7.8%
Balanced	-18.7%	+10.0%	-10.6%
Aggressive	-26.3%	+11.1%	-10.6%
Naive 60/40 (60 World / 40 UST7-10y)	-17.3%	+13.5%	-16.9%

What the numbers actually say

1. The books are engineered for the 2022 risk -- which is the regime today's data points at. Every book beats 60/40 by ~6 percentage points in 2022 because it is NOT loaded with the long-duration bonds that lost 15%+ that year. With the ECB hiking into reflation, gold at a record, and inflation the live tail, that is the scenario to optimize against.
2. The honest trade-off: a pure 2008-style deflation crash is the book's weakest scenario, by design. In 2008 the one thing that worked was long US Treasury duration (+17.9%) -- and the CHF carry trap forces only a small holding (hedged USD bonds yield ~0.9% in CHF). So Balanced lands near 60/40 in 2008 rather than beating it. The deflation hedges that CAN be held cheaply -- unhedged UST, gold, trend -- are retained. The Conservative book stays shallow in all three (-4.6% / -7.8% worst), which is the point of that mandate.
3. Managed futures (SG Trend) is the MVP of the alternatives sleeve -- +20.9% (2008), +6.2% (2020), +27.3% (2022). The single largest positive contributor in both equity crashes. This is why it sits in all three books.
4. Cat bonds did exactly their job: roughly flat-to-positive in 2008 (+2.5%) and 2020 (+3%), only -4% in 2022 -- and that -4% was Hurricane Ian, not the rate shock. Uncorrelated, as advertised.
5. Private credit is the cautionary line. The semi-liquid sleeve is modeled at -15% in 2020 (haircutting CDLI's smoothed +8.5% toward the liquid BIZD reality) -- and even so it is a drag in a liquidity crisis. Reported on appraisal NAV it would look serene; that serenity is the trap. Locked-capital sizing only.

Why the alternatives sleeve earns its place (crisis returns):

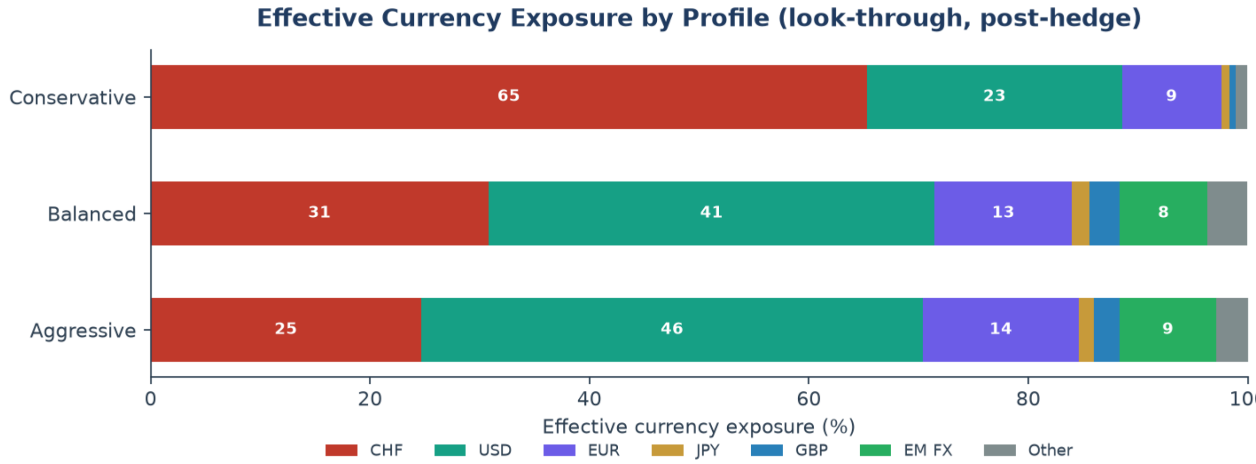


Limits of this replay, stated plainly

(a) Calendar-year figures understate the true Oct-07 to Mar-09 and Feb-Mar-20 peak-to-trough -- the equity-heavy books dipped deeper intra-episode, though the put sleeves also paid far more than the conservative calendar figure shows. (b) The illiquid sleeves use anchored marks, not daily data. (c) None of these three financial-market episodes captures the cat-bond sleeve's own tail (a record catastrophe season): that risk lives on a different axis -- which is precisely why it diversifies the financial-market crashes above.

10. Currency exposure (effective, look-through)

This is the EFFECTIVE currency exposure the CHF client actually bears -- not the funds' quote currencies. Global equity ETFs are looked through to their underlying currency weights (the MSCI basket) rather than booked as USD; CHF/USD-hedged sleeves are counted in their hedge currency. It is the natural companion to the CHF carry trap in Section 2.



Currency	Conservative	Balanced	Aggressive
CHF	65.3%	30.8%	24.7%
USD	23.2%	40.7%	45.7%
EUR	9.0%	12.5%	14.2%
JPY	0.8%	1.6%	1.4%
GBP	0.5%	2.8%	2.4%
EM FX	0.0%	8.0%	8.8%
Other	1.1%	3.6%	2.9%
Total	100.0%	100.0%	100.0%

"Other" = smaller developed-market currencies not broken out separately -- chiefly the Canadian and Australian dollars, the Nordic currencies (SEK / DKK / NOK) and HKD / SGD -- picked up from the MSCI World, MSCI Europe and global-infrastructure look-through. "EM FX" = emerging-market currencies (from EM equity and EM local-currency debt). Neither is an exotic or unhedged-FX risk: it is the long tail of currencies inside the global index funds, none individually large enough to name.

How to read it

- The Conservative book is roughly two-thirds CHF: Swiss equity/bonds/real estate plus the CHF-hedged cat-bond, gold and trend sleeves all sit in francs. That is deliberate for a preservation mandate -- the foreign exposure that remains is mostly the unavoidable USD inside global equity, a deliberate EUR slice (liability match), and the small unhedged USD T-bill carry position.

- The CHF anchor falls as risk rises (Balanced, then Aggressive) because more of the book sits in global equity, EM and private markets. A CHF core is retained even in the Aggressive book via the CHF-hedged trend and cat-bond sleeves, the Swiss equities, and the SIX-listed PGHN.

- USD is the largest single FOREIGN currency in every book -- but most of it is equity-basket USD (the revenue/listing currency of global multinationals), not a USD-rates bet. We deliberately do NOT hedge equity FX: it is a diversifier, and hedging it would cost the ~3.5% CHF carry for no clear benefit. We hedge where the hedge protects a YIELD (cat bonds, the CHF income sleeves) and leave equity FX open.

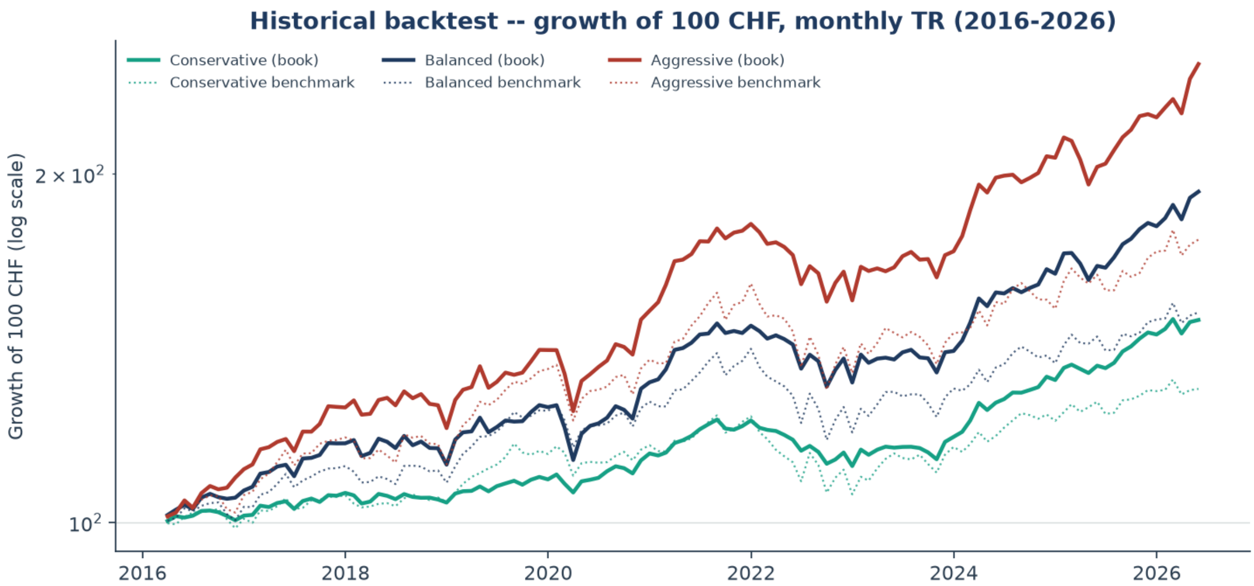
- EUR exposure rises with risk (Europe equity + EUR credit + the EUR ELTIF private-credit sleeve), consistent with the ECB-reflation tilt set out in the Balanced and Aggressive rationale.

Method note: equity look-through uses standard MSCI World / MSCI Europe currency weights; gold held unhedged is shown as USD (it trades in USD) although economically it is a commodity, not a USD-rates exposure. The full *per-sleeve currency matrix with live SUMPRODUCT formulas is on the 'Currency Exposure' sheet of the workbook.*

11. Historical backtest -- 10-year monthly performance

A continuous monthly total-return backtest of each book on real market data, 2016-03-31 to 2026-05-31 (~10 years), to sit alongside the crisis replay in Section 9. Method, stated plainly:

- Monthly total returns. Liquid sleeves use real ETF / index total returns (dividends reinvested, auto-adjusted). The illiquid sleeves -- catastrophe bonds (Swiss Re Global Cat Bond TR index), private credit (Cliffwater Direct Lending Index) and private-equity evergreen -- are reconstructed from their published index returns, because they carry no clean daily marks. Their appraisal smoothing understates true volatility (the same honesty as the crisis replay): the real risk is higher than the reported figure.
- REBALANCING: positioning is set each month WITHIN THE PUBLISHED POLICY BANDS -- the same discretion described in section 5 -- and not restored to a fixed target. One signal drives every lever: the LEI / credit-spread regime cell, scaled by its measured probability of a 20%+ drawdown. Equity moves across its band, the protection sleeve scales on the regime multiplier and is hard-capped at the published premium budget, long-dated fixed income rotates into T-bills, and cash absorbs inside its own band. Alternatives are never timed: the mandate sizes them for diversification. Every band is checked in every regime cell the policy can reach. Transaction costs and ongoing charges are NOT deducted -- see the limitations note.
- CURRENCY: every sleeve is expressed in CHF. Unhedged foreign sleeves bear the realised FX move; sleeves the book hedges back to CHF bear the realised interest-rate carry (home rate minus foreign rate) and no FX. Policy-rate paths are time-varying, from the public central-bank record.
- BENCHMARK: a blend of the LOCAL stock market and LOCAL fixed income -- Swiss equity (SPI proxy) / CHF bonds (Swiss Bond Index proxy) -- with the equity weight set by risk profile: Conservative 30 / 70, Balanced 50 / 50, Aggressive 70 / 30 (equity / fixed income). The benchmark is restored to those weights every month. The book is NOT -- it is managed within its bands -- so the difference between the two carries the rebalancing decision as well as the allocation. They are not separated here.



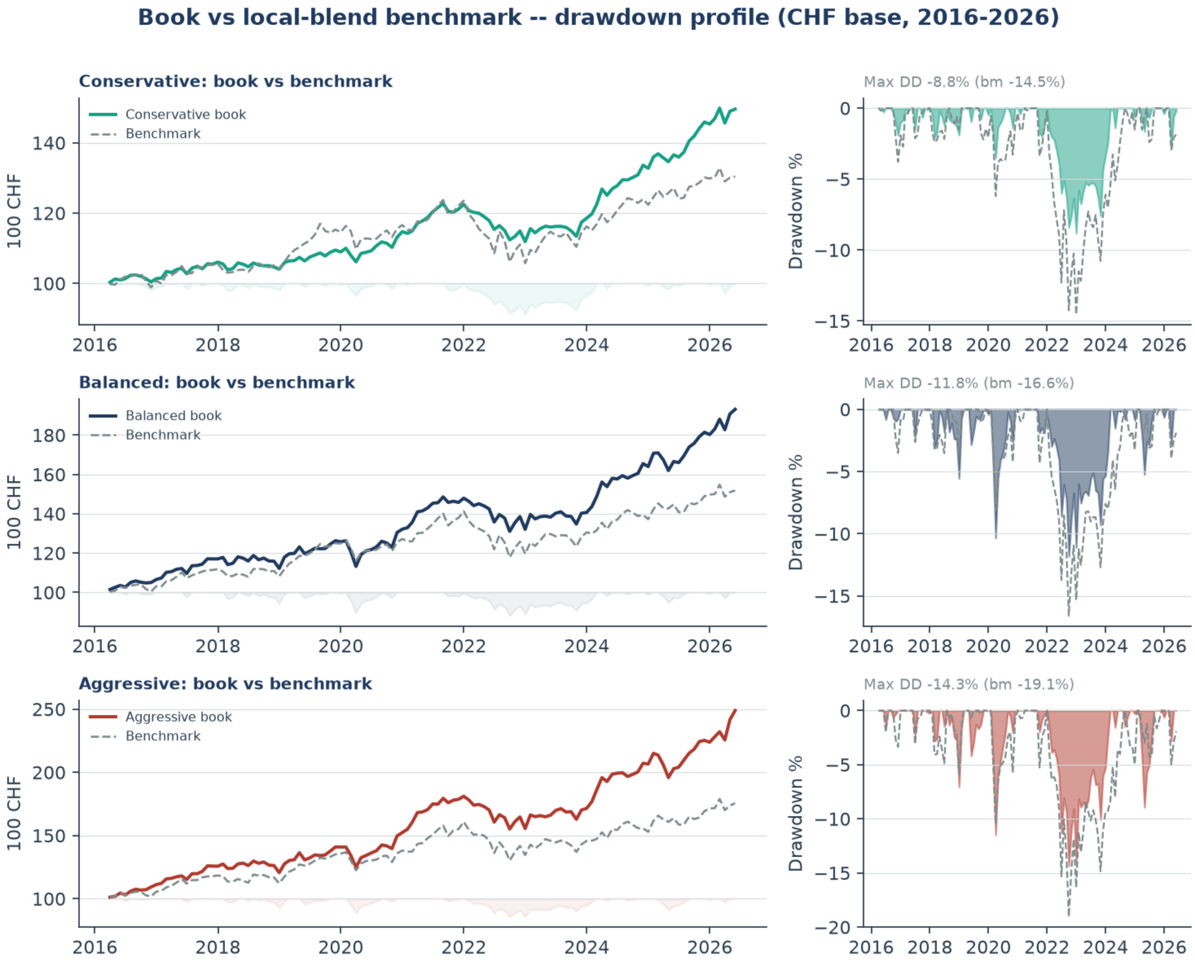
Key statistics -- book versus local-blend benchmark

Strategy	Cum. TR	CAGR p.a.	Ann. vol	Sharpe	Sortino	Max DD	Calmar
Conservative (book)	+50%	4.0%	4.3%	0.98	1.78	-8.8%	0.45
Conservative benchmark (30/70)	+30%	2.6%	6.1%	0.49	0.67	-14.5%	0.18
Balanced (book)	+93%	6.6%	7.7%	0.90	1.31	-11.8%	0.56
Balanced benchmark (50/50)	+52%	4.2%	7.6%	0.60	0.84	-16.6%	0.25
Aggressive (book)	+149%	9.3%	9.3%	1.02	1.47	-14.3%	0.65

Strategy	Cum. TR	CAGR p.a.	Ann. vol	Sharpe	Sortino	Max DD	Calmar
Aggressive benchmark (70/30)	+76%	5.6%	9.6%	0.64	0.96	-19.1%	0.30

Book rows shaded; benchmark rows in grey. Sharpe and Sortino use the realised CHF cash rate as the risk-free. Max DD and Calmar are computed on the monthly index; the illiquid sleeves are appraisal-smoothed, so their true drawdowns are deeper than shown.

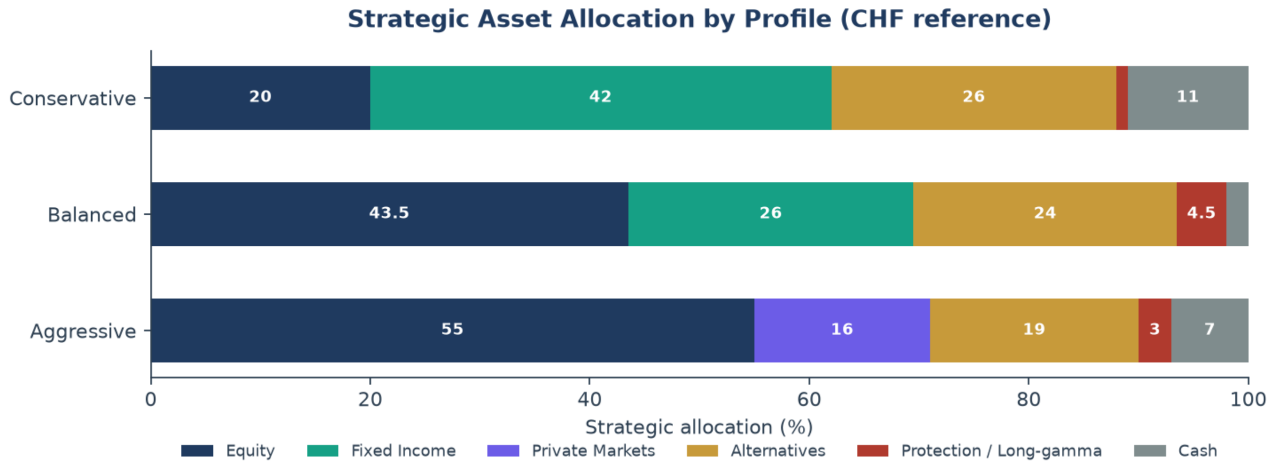
Drawdown profile -- each book against its local-blend benchmark



What the backtest says

Across all three profiles the book earns a HIGHER Sharpe ratio and a SHALLOWER maximum drawdown than the equivalent local-blend benchmark: the diversifier and protection sleeves do their job -- more return per unit of risk, and less ground surrendered in the 2018, 2020 and 2022 drawdowns. The Aggressive book realises a notably lower volatility than a 70/30 local blend, because the smoothed private-market and uncorrelated cat-bond sleeves dampen the equity beta -- with the explicit caveat that that smoothing understates their true economic risk. The figures are a backward-looking, reconstructed-where-illiquid estimate, not a promise: the same regime and instrument logic, measured on the last decade of real data.

Appendix A -- Strategic asset allocation



Appendix B -- Sources (market data, 26 June 2026)

Fed H.15 Selected Interest Rates (16 Jun 2026); ECB monetary policy decision (11 Jun 2026); SNB current interest rates; US 10Y & Germany 10Y (Trading Economics); ICE BofA US HY OAS and BBB Corp OAS (FRED); Gold spot (Trading Economics); S&P; 500 P/E (GuruFocus); VIX & MOVE (StreetStats); SMI (SIX Group); NWCA Risk API regime read ELEVATED 59/100. Cat-bond funds: GAM / Plenum / Twelve factsheets via swissfunddata.ch; Swiss Re Global Cat Bond TR index (Swiss Re methodology, Artemis). Private credit: Cliffwater Direct Lending Index (Cliffwater/PRNewswire, Swedroe); BCRED Q1-2026 update and SEC filings; Apollo ADS SEC 8-K; Partners Group (Investing.com); Proskauer Private Credit Default Index Q1-2026; Fitch/Moody's leveraged-loan outlooks; Cambridge Associates recoveries. Crisis-period returns: MSCI factsheets, upmyinterest (S&P; 500 TR), Yahoo Finance (IEF/TIP/LQD/IEAC/GII), iShares SPI, ycharts (MSCI Europe/EM), SG Trend Index (Hedgeweek/CME), Curvo (SXI Real Estate), Calamos/SSGA (convertibles), bestbrokers/fxcm (gold).

Disclaimer

This document is for discussion with a professional/eligible counterparty and is not investment advice or an offer. Forward return and volatility figures are estimates derived from current real yields plus assumed risk premia; they are not guarantees. Past performance and historical scenario replays are not indicative of future results. Allocations, ISINs, share classes, fund yields, expected losses and TERs are point-in-time and must be confirmed against the current legal documentation (KID/prospectus) before any transaction. New Way Capital Advisory.