



Record Currency Management

Strategie di investimenti valutari come fonte alternativa di redditività

Michele Di Stefano

Seminario Tecnico Mefop

20 Maggio 2015

Agenda

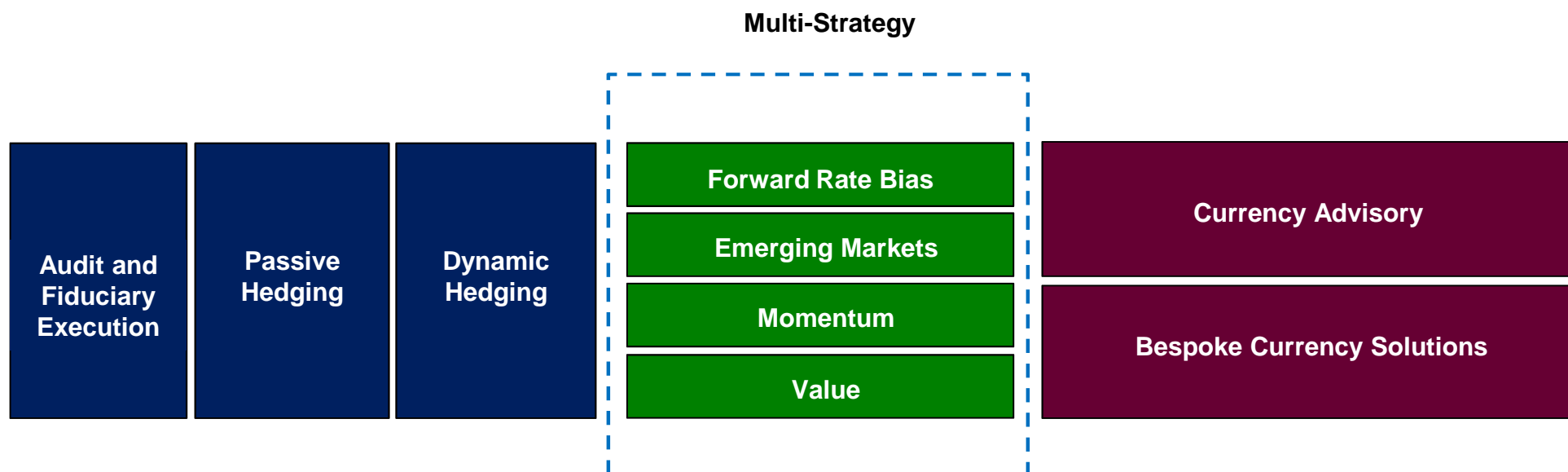
- Background
- Contesto Macro Economico
- Prodotto Multi-Strategy
- Descrizione componenti
- Ritorni

Record Currency Management



- Società specializzata in investimenti valutari e gestione del rischio valutario, fondata nel 1983
- 66 dipendenti
- Sede centrale a Windsor, Gran Bretagna e presenza negli Stati Uniti ed in Svizzera
- Patrimonio in gestione €51.6mrd
 - Passive Hedging €38.3mrd
 - Dynamic Hedging €8.6mrd
 - Currency for Return €4.4mrd

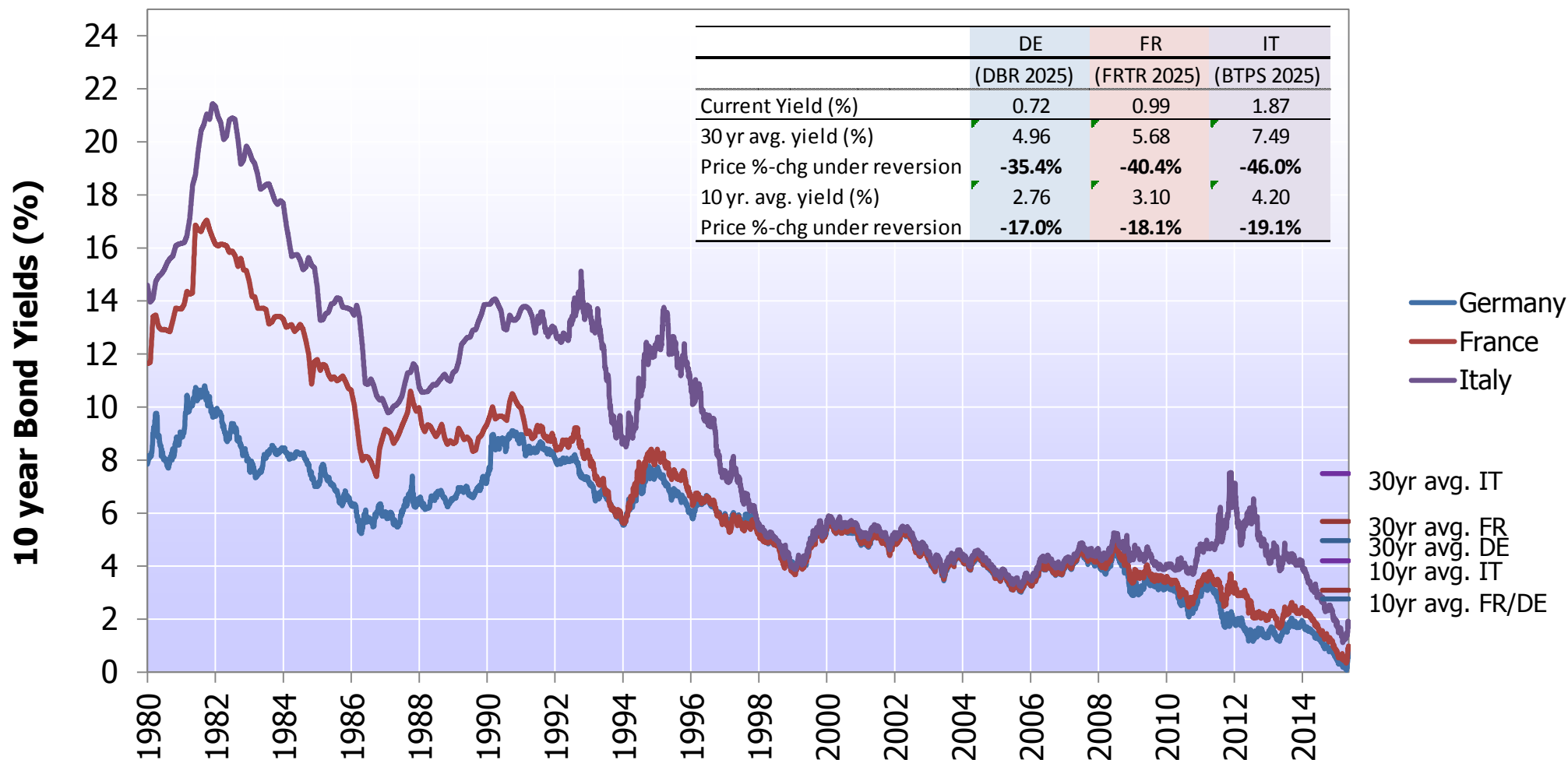
Source: Record. Note: AuME data is at 31 March 2015 and expresses the total notional exposure of Passive and Dynamic Currency Hedging and Currency for Return products (expressed on an ungeared basis). Record Currency Management (Inc.) is a wholly owned subsidiary of Record plc. *Includes all Group employees and contractors



Agenda

- Background
- Contesto Macro Economico
- Prodotto Multi-Strategy
- Descrizione componenti
- Ritorni

Tassi d'interesse - Eurozona



Source: Record; Macrobond; Bloomberg.

Agenda



- Background
- Contesto Macro Economico
- Prodotto Multi-Strategy
- Descrizione componenti
- Ritorni

Strategia Multi-Strategy



Ritorni attesi: 2-3% più
cash*

Volatilità attesa:
3-4%*

Quattro comparti di
investimenti valutari:
Carry, Emerging
Markets,
Momentum and Value

Prodotto liquido e
diversificato

Caratteristiche portafoglio:

- Allocazione rischio delle quattro strategie a pesi costanti (25%) o variabili (dal 15% al 35%)
- Leva finanziaria flessibile
- Implementazioni: funded or unfunded
- Volatilità modesta
- Liquidità giornaliera

* At a gearing 1 level.

Comparti della strategia

Strategy	Return Driver	Characteristics
Forward Rate Bias (FTSE FRB10)	Tendenza delle divise con alti tassi nominali di sovra performare rispetto a divise a basso interesse	Lungo valute con alti tassi di interesse, corto valute di paesi G10 con bassi tassi di interesse
Emerging Markets	Convergenza dei tassi di cambio reali dei Paesi Emergenti che posseggono determinati caratteristiche	Lungo EM valute, corto valute dei mercati sviluppati (JPY, USD, EUR, GBP). EM strategia basata sulla scelta di divise EM con tassi reali positivi che compensano nel tempo eventuale deprezzamento del cambio (come nel caso del FRB10)
Momentum	Trend ascendente o discendente di un gruppo di divise in un arco temporale di corto medio termine	Lungo valute con trending ascendente, corto valute con trending discendente. Selezione basata su recente apprezzamento/deprezzamento
Value	Tendenza di un gruppo di divise di regredire verso un livello di equilibrio (fair value) nel lungo termine	Lungo valute sottovalutate rispetto al fair value (o PPP), corto valute sopravvalutate

Source: Record, Bloomberg.

Portafoglio Multi-Strategy

- I quattro componenti della strategia offrono il beneficio di un'ampia diversificazione e bassa correlazione anche all'interno della stessa asset class
 - Fonti di ritorno altrettanto diversificate che riducono la volatilità del portafoglio rispetto ad investimenti in singole strategie valutarie
 - Diversificazione anche in momenti di forti oscillazioni dei corsi di cambio ed incertezza dei mercati globali
 - Alternativa ad investimento obbligazionario con ritorni equiparabili (2.5-3% per anno) e ripetibili anche in arco temporale di medio lungo termine
 - Investimenti de-correlati da investimenti obbligazionari ed azionari
-

Volatilità – crisi 1992-2011



	Record Multi Strategy		60/40 Mix of MSCI World and Barclays Global Aggregate		HFRI Fund of Funds 100% hedged*	
	Cumulative total return	Internal peak to trough	Cumulative total return	Internal peak to trough	Cumulative total return	Internal peak to trough
Black Wednesday – ERM Crisis – Q3-4 1992	2.2%	-1.2%	5.0%	-2.2%	9.5%	0.6%
Asian Crisis – Q3 1997 – Q2 1998	7.0%	-1.7%	15.7%	-4.2%	9.0%	-2.5%
Russian Default – Q3 1998	-1.7%	-3.4%	-2.0%	-6.4%	-10.3%	-10.3%
DotCom Bubble Peak and Burst – Q2-Q4 2000	5.3%	-0.7%	-6.8%	-8.2%	-3.7%	-5.1%
Credit Crisis – Commodity Rally – Q1 2008	-0.6%	-0.8%	-5.3%	-5.3%	-4.4%	-4.4%
Credit Crisis – Bank bailouts & Equities Bear Market – Q3-4 2008	-0.3%	-1.4%	-17.3%	-21.5%	-20.3%	-20.3%
Onset of Euro Crisis – Q1-2 10	-0.1%	-2.5%	-13.3%	-13.3%	-1.2%	-3.4%
Euro Crisis Extending – Q3-4 11	-2.8%	-3.3%	-5.3%	-8.9%	-5.3%	-5.8%

Source: Record, FTSE, MSCI, Barclays, Bloomberg. Dec 1988 to Dec 2014; CAD base. Return statistics show total returns and are stated gross of fees. Record EM Strategy returns are for the period Dec 1997 to Dec 2014.

Agenda

- Background
- Contesto Macro Economico
- Prodotto Multi-Strategy
- Descrizione componenti
- Ritorni

Strategia Forward Rate Bias



- Paesi con deficit di partite correnti offrono più alti tassi reali di interesse per attrarre capitali stranieri
- Investitori esteri sono ricompensati con alti tassi di interesse per il rischio valutario assunto
- La strategia Record FRB10 replica l'indice FTSE FRB10
- Mantenere la divisa con tasso più alto a mezzo di contratti a termine ad 1 mese
- Quando i tassi di interesse delle due divise si invertono, la posizione (lungo/corto) è invertita

Strategia Emerging Markets

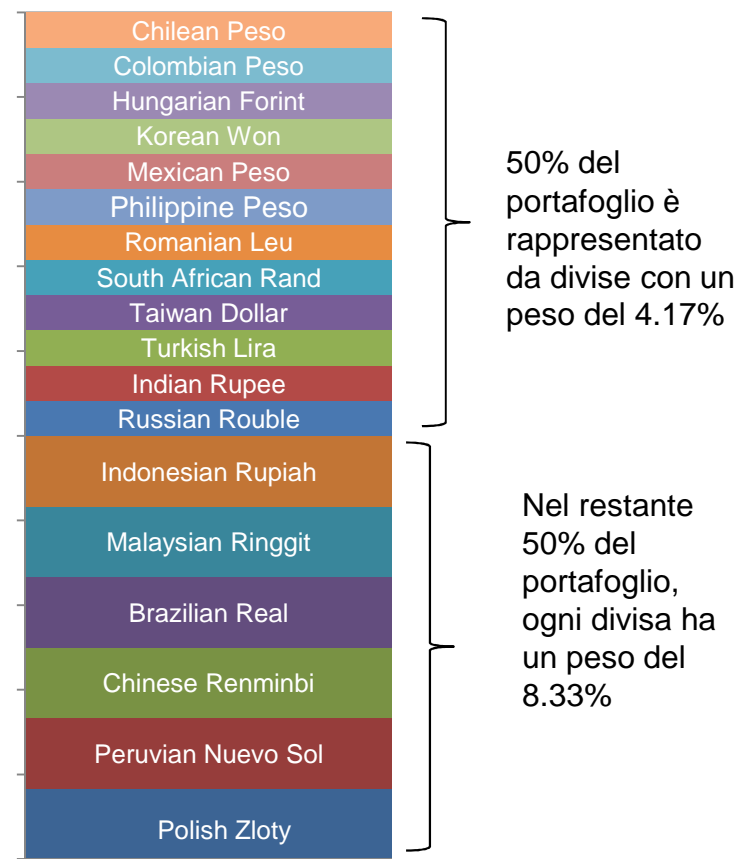
RECORD

■ Valute dei Paesi Emergenti offrono tassi di interesse più alti rispetto a valute dei mercati sviluppati

- Posizioni lunghe su valute dei paesi emergenti catturano queste fonti di ritorno

■ Lungo 19 EM valute – preferenza strategica per valute con tassi di interesse reali più alti

■ Finanziato da posizioni corte su quattro valute dei mercati sviluppati (EUR, GBP, JPY, USD)



Al 31 Marzo 2015

* As at March 31 2015. Please note that the CZK is currently suspended from the EM strategy as a result of an IMG intervention.

- La tendenza di una divisa di apprezzarsi ulteriormente dopo un iniziale apprezzamento e deprezzarsi dopo un precedente deprezzamento
- Inefficienza del pricing
- Strategia funziona su un orizzonte breve/medio
- Sfrutta i trends di 35 potenziali combinazioni di divisa del G10

Fattori che amplificano il trend

Velocità di reazione degli operatori cambi dei trend e all'interpretazione delle informazioni

Opinioni contrastanti sul fair value

Impatto di flussi interbancari derivati dall'aggiustamento del delta nei portafogli dei derivati nei cambi

Ricerca di monete rifugio in periodi di forte turbolenza nei mercati

- Sostanziali deviazioni dei tassi di cambio rispetto ai livelli fondamentali sono insostenibili
- Il valore fondamentale è stimato usando il PPP dall'OECD
- Tendenza dei corsi di cambio di oscillare nel lungo termine intorno ai livelli di equilibrio (fair value) determinate dall'indice PPP

Fattori che contribuiscono alla convergenza verso il PPP

Arbitrage di beni e servizi

Aggiustamenti nei prezzi dei beni e servizi

Indice di produttività (Balassa-Samuelson)

Intervento Banche Centrali

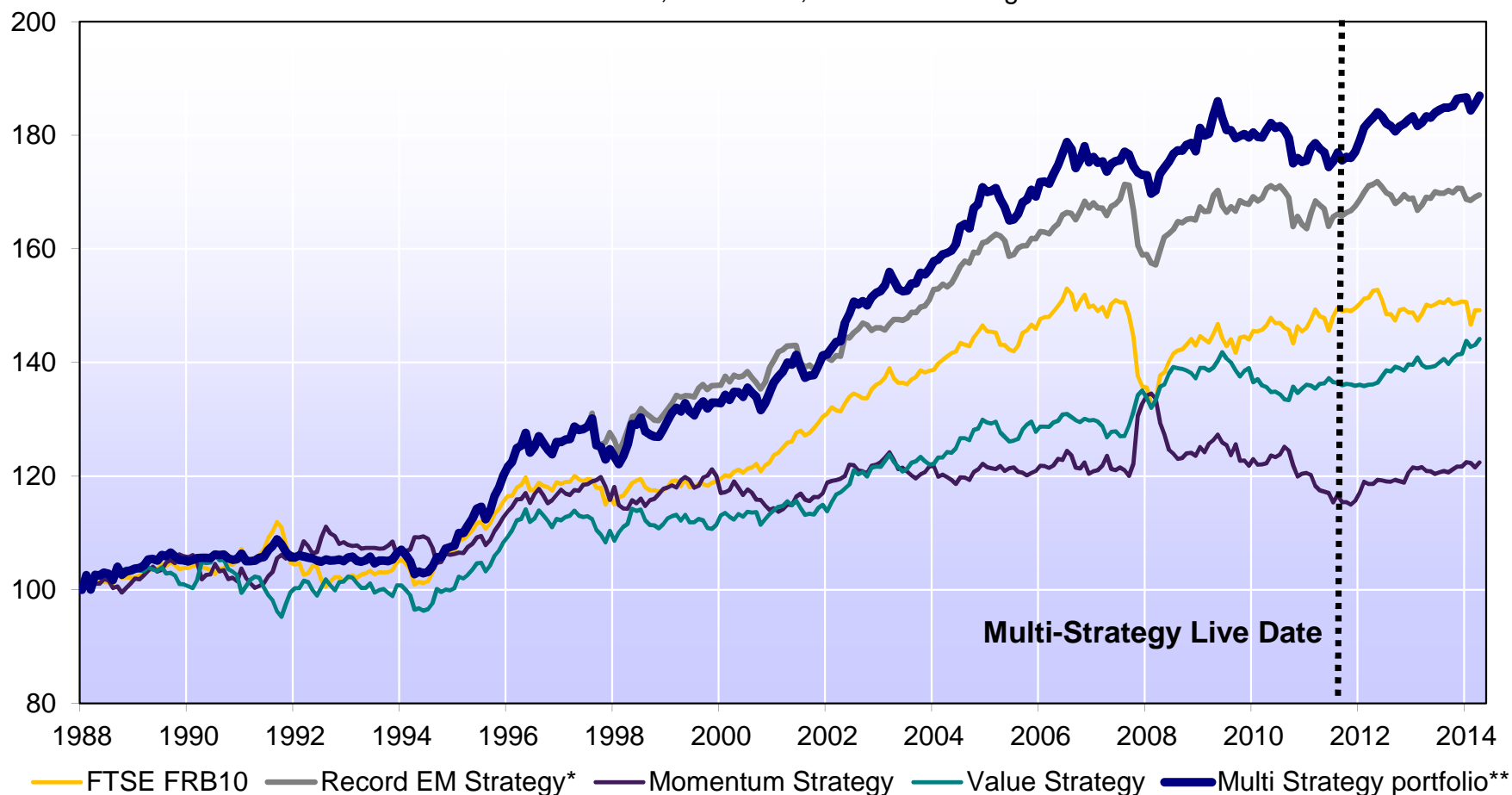
Agenda

- Background
- Contesto Macro Economico
- Prodotto Multi-Strategy
- Descrizione componenti
- Ritorni

Ritorni storici della strategia

RECORD

Record Multi-Strategy portfolio and the four constituents
31 Dec 1988 - 31 March 2015; EUR base; simulated +live gross excess returns



Source: Record; FTSE. *Record EM Strategy Returns are for period 31 Dec 1997 to 31 Mar 2015. **The portfolio is an equally-weighted blend of the four component strategies to Jul-12 with live weights (ranging from 15% to 35%, summing to 100%) thereafter; All Strategies in the chart are geared to match 3.4% volatility; which is the long term gearing 1 volatility for the Multi-Strategy product. The gearings applied are as follows: FTSE FRB10 0.7 x geared; Record EM Strategy 0.4 x geared; Record Momentum Strategy 0.7 x geared and Record Value Strategy 0.6 x geared. All gross returns are simulated until 31 Jul 2012, and presented for illustration purposes only.

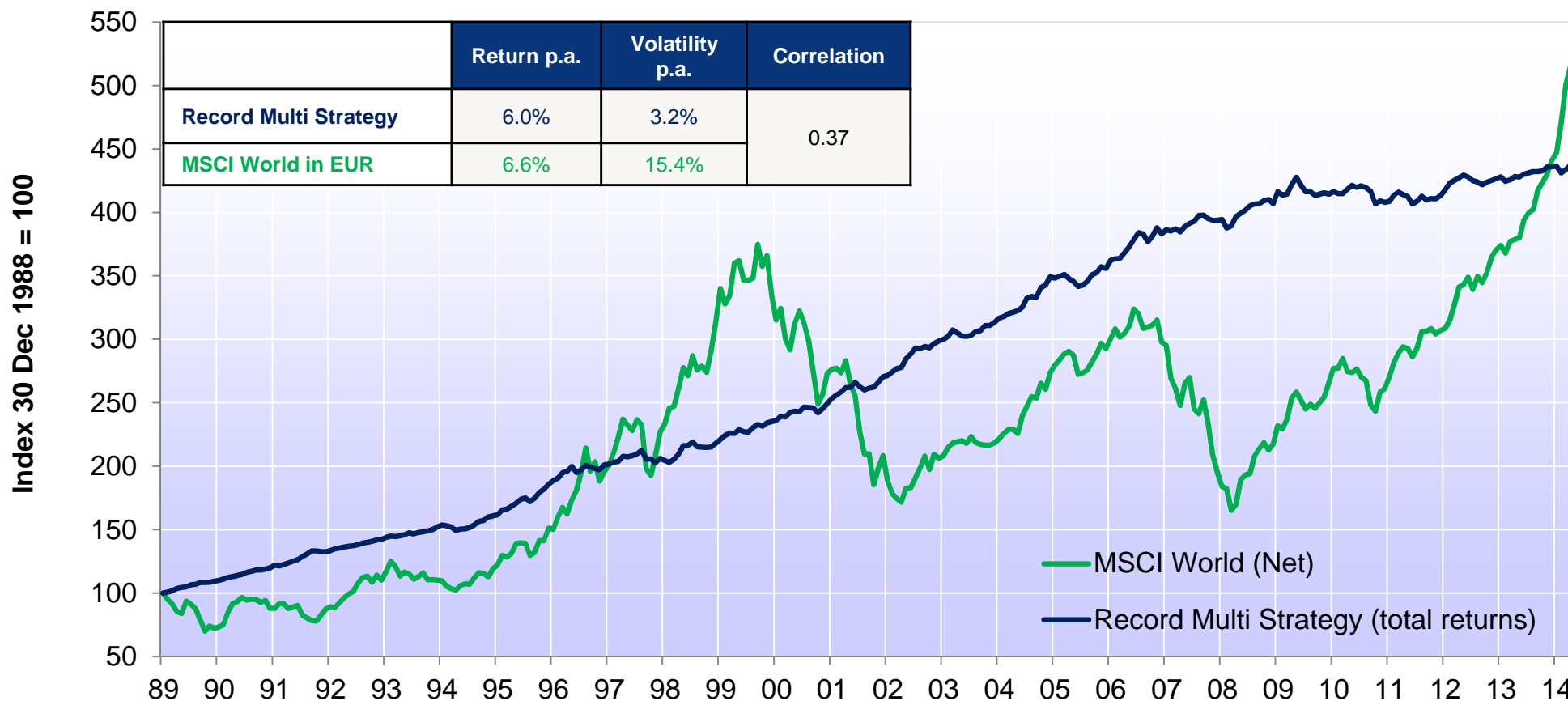
RECORD CURRENCY MANAGEMENT

A risk diversifier



Record Multi Strategy vs MSCI World (Net Income Reinvested)

EUR base currency; Simulated Gross Total Return; Dec 1989 – Apr 2015



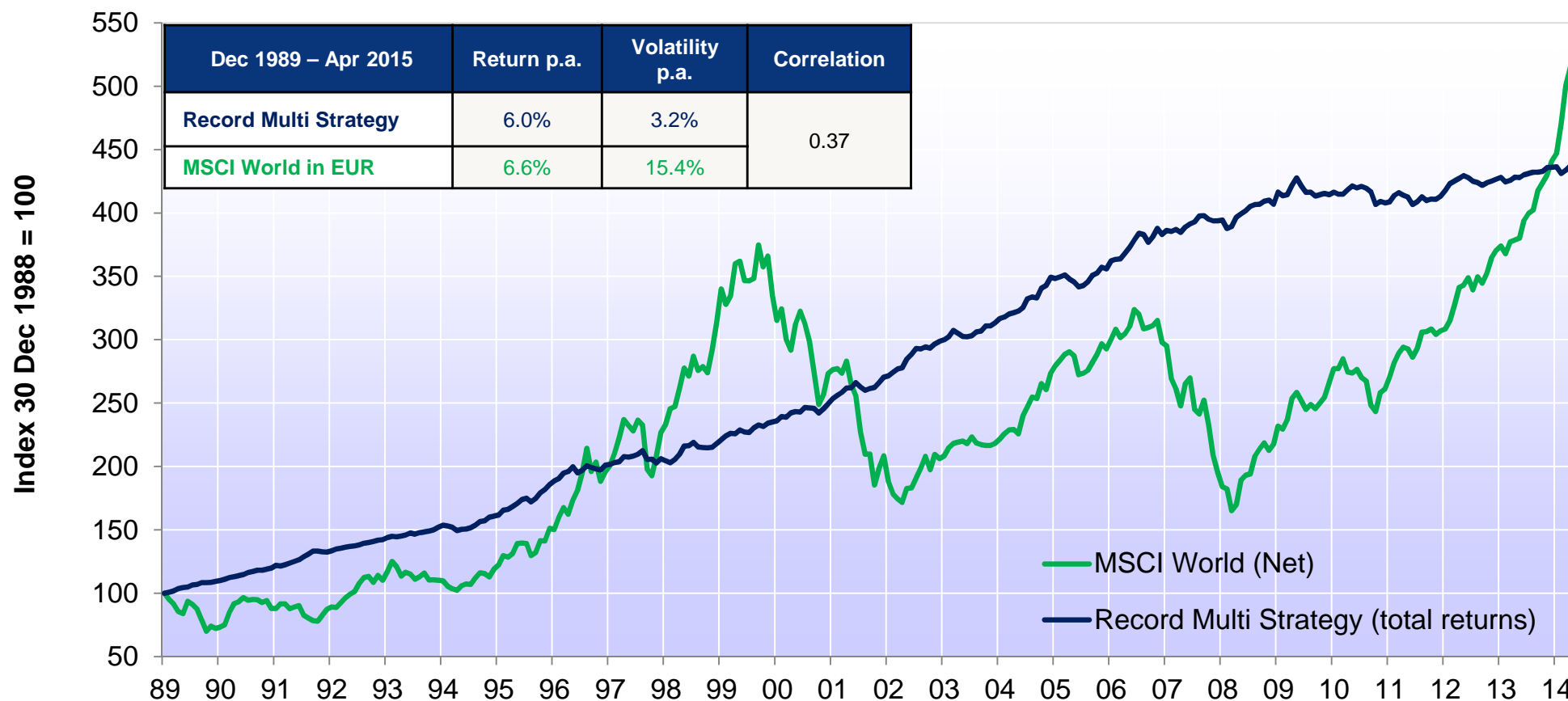
Source: FTSE, Record, MSCI.

Diversificazione del Rischio



Record Multi Strategy vs MSCI World (Net Income Reinvested)

EUR base currency; Simulated Gross Total Return; Dec 1989 – Apr 2015



Source: FTSE, Record, MSCI.

Benefici della diversificazione

	MSCI World Index	Barclays Global Aggregate Index	60/40 mix of the two
FTSE FRB10	0.19	(0.30)	0.08
Record EM*	0.55	(0.25)	0.44
Momentum	(0.12)	0.06	(0.09)
Value	0.33	0.47	0.42
Multi-Strategy portfolio	0.37	(0.01)	0.32

- Momentum aiuta a ridurre correlazioni con investimenti azionari
- I quattro comparti della strategia riducono le correlazioni con investimenti azionari ed obbligazionari

Source: Record, MSCI; Barclays; FTSE. Record EM Strategy returns are for the period 31 Dec 1997 to 31 March 2015; all other gross returns are for the period 31 Dec 1989 to 31 March 2015. Correlations are calculated on gross monthly total returns. MSCI World Index and Barclays Global Aggregate Index returns are unhedged returns. *Correlations with Record EM Strategy are for the period 31 Dec 1997 to 31 March 2015.

Statistiche Ritorni Cumulativi



Combined simulated and live performance of Multi-Strategy and strands (cumulative weighted, MS target vol. 3.5%)
 EUR base gross excess return; live period from end Jul 12 to end Mar 15.

Last Year	Momentum	Value	FRB	EM	Multi-Strat
Gross Return (% p.a.)	0.44%	1.50%	-0.17%	0.20%	1.98%
Volatility (% p.a.)	0.51%	0.90%	0.98%	1.15%	1.81%
Information Ratio	0.87	1.67	-0.18	0.17	1.10
Last 3 Years	Momentum	Value	FRB	EM	Multi-Strat
Gross Return (% p.a.)	0.45%	0.80%	0.18%	0.28%	1.71%
Volatility (% p.a.)	0.74%	0.76%	0.97%	1.52%	2.14%
Information Ratio	0.61	1.05	0.18	0.19	0.80
Live Period	Momentum	Value	FRB	EM	Multi-Strat
Gross Return (% p.a.)	0.60%	0.87%	0.06%	0.54%	2.09%
Cumulative Return	1.62%	2.35%	0.16%	1.45%	5.66%
Volatility (% p.a.)	0.66%	0.77%	0.87%	1.38%	1.94%
Information Ratio	0.91	1.13	0.07	0.39	1.08

Source: Record. End date for all strategy data is 31 Mar 2015. Record Multi-Strategy is an equally-weighted blend of the four component strategies to Jul-12 with live weights (ranging from 20% to 40%, summing to 100%) thereafter. Simulated returns account for assumed trading costs; both simulated and live returns are gross of fees. Multi-Strategy (target vol. 3.5%) and each strand are run unscaled and combined using equal (25%) or live weights summing to 100%.

Statistiche dei ritorni

	FTSE FRB10	Record EM*	Momentum	Value	Multi-Strategy portfolio**
Return p.a.	5.95%	6.51%	4.81%	6.08%	6.20%
Volatility p.a.	4.73%	7.63%	5.14%	5.38%	3.33%
Information Ratio***	0.46	0.55	0.21	0.43	0.74
Skew	(0.92)	(1.19)	0.63	0.22	(0.36)
Excess kurtosis	2.69	4.28	5.88	0.45	0.94
Peak to trough	(15.36%)	(18.37%)	(18.49%)	(8.97%)	(4.94%)
<i>In volatility terms</i>	(3.25)	(2.41)	(3.60)	(1.67)	(1.48)
Peak to trough period	Jul-2008 to Jan-2009	Aug-2008 to Feb-2009	Jan-2009 to Oct-2012	May-2010 to Aug-2011	Apr-2010 to May-2012
Worst 12 months	(12.35%)	(11.65%)	(10.31%)	(7.47%)	(3.13%)
Worst 12 month period	Jan-2008 to Jan-2009	Feb-2008 to Feb-2009	Jan-2009 to Jan-2010	May-2010 to May-2011	May-2011 to May-2012

Source: Record; FTSE. 31 Dec 1988 to 31 Mar 2015; EUR total returns; Momentum and Value components are simulated up to 31 Jul 2012, and derived from live CAD returns thereafter. * Record EM Strategy returns are simulated for the period 31 Dec 1997 to 30 Nov 2009 and live thereafter. **The portfolio is an equally-weighted blend of the four component strategies to Jul-12 with live weights (ranging from 15% to 35%, summing to 100%) thereafter. ***Information ratio is calculated on excess returns.

Conclusioni



- Investimento in una classe di attivo gestita con processo quantitativo e qualitativo da team di specialisti
- La strategia offre accesso ad inefficienze strutturali osservabili nel mercato dei cambi
- Diversificazione dagli investimenti di portafoglio in azioni ed obbligazioni
- Strategia a costi equiparabili a strumenti di investimenti non alternativi
- Ritorni sostenibili ponderati in relazione al rischio ed equiparabili a ritorni obbligazionari in arco temporale di medio lungo termine
- Performante in situazioni di mercato mutevoli

Disclaimers



Avvertenze e rischi

Questa presentazione è stata preparata esclusivamente ad uso degli investitori professionali.

Si ritiene che gli investitori professionali posseggano adeguata conoscenza dei principi generali di investimento e degli strumenti finanziari, inclusi i derivati, più comunemente utilizzati.

Riferimenti alla metodologia e strategia di investimento ed i potenziali benefici attesi riflettono l'opinione della Record Currency Management alla data della presentazione.

Ritorni Simulati

I ritorni simulati per la loro stessa natura, non riflettono necessariamente i risultati effettivi di una strategia attiva ed eventuali interventi discrezionali.

In considerazione di tali incertezze e rischi, si avvisano i destinatari di questa presentazione che non devono fare eccessivo affidamento su tali informazioni di carattere previsionale come previsione di risultati effettivi.

I risultati effettivi possono differire significativamente da quelli previsti o impliciti nei dati previsionali. Tali previsioni e stime comportano rischi ed incertezze che potrebbero avere un impatto significativo sui risultati attesi e si fondano su assunti di base.

La Record Currency Management non può garantire che le strategie di investimento applicate genereranno performance superiori in futuro. La capacità di raggiungere i risultati o obiettivi previsti dipende da molti fattori al di fuori del controllo della Record Currency Management.

Le analisi statistiche ed i risultati generati in passato non possono essere usati quali proiezioni e/o essere indicazioni di performance future.

Si avvisano gli investitori di analizzare attentamente le caratteristiche della strategia assicurandosi che siano compatibili con il proprio profilo di rischio e se del caso richiedere pareri indipendenti.

Avvertenze performance

Si richiama l'attenzione degli investitori sul fatto che risultati ottenuti in passato non sono garanzia di risultati futuri. I rendimenti dei portafogli devono intendersi al lordo delle commissioni di gestione e con assunzione del reinvestimento dei ritorni generati. La somma dell'investimento iniziale ed i ritorni generati durante il periodo dell'investimento saranno soggetti a fluttuazione in misura superiore o inferiore all'investimento iniziale.

Per le altre avvertenze e rischi contenuti in questo documento si fa riferimento a quanto indicato qui di seguito.

Si invitano i destinatari di questa presentazione di contattare la Record Currency Management per ulteriori informazioni o chiarimenti.



Assumptions and risk warnings

You have been classified as a professional investor and this presentation has been prepared on this basis.

Certain assumptions around your knowledge of market practices, derivative instruments, gross return streams and the associated risks are assumed as understood.

The views about the methodology, investment strategy and its benefits are those held by Record Currency Management Limited at the time of presentation.

Simulated returns – by their very nature do not reflect a live account or discretionary overrides. Material changes (e.g. simulated becomes live, or restating of prior simulated returns) will be disclosed. It is Record standard practice to use the longest possible track record (either live or simulated) as Record believes this is the best way to ensure the full cycle of illustrative returns are shown.

Representative Accounts – accounts have been selected on either the longest live track record or what Record believes to be a similar account and may be used to derive return streams in other base currencies. However, individual client asset allocations, currencies or other criteria may materially alter the illustrative returns.

This material has been published for one on one distribution to sophisticated investors & consultants. All performance results do not reflect the deduction of advisory or management fees. Therefore actual client results will be reduced by the effect of any relevant fees agreed with each client. Actual returns may differ when a client's fees are above or below the average fees used. Standard fees have been published in Record's Annual Report and Accounts and at the client's request, a representative example of the effect of these average fees, or final fees agreed, can be provided. However, as a professional client the gross returns are typically provided as each fee agreed will be unique.

All data, unless otherwise stated in the footnote of the relevant page is as at 18 May 2015 and may have changed since. This information has been provided for the information of the recipient only and is not for onward distribution.

Issued in the UK by Record Currency Management Limited. This material is provided for informational purposes only and is not intended to reflect a current or past recommendation, investment advice of any kind, or a solicitation of an offer to buy or sell any securities, Record Currency Management Ltd products or investment services.

There is no guarantee that any of the strategies and techniques will lead to superior investment performance. All beliefs based on statistical observation must be viewed in the context that past performance is no guide to the future. There is no guarantee that the manager will be able to meet return objectives and tracking error targets. Changes in rates of exchange between currencies will cause the value of investments to decrease or increase.

Before making a decision to invest, you should satisfy yourself that the product is suitable for you by your own assessment or by seeking professional advice. Your individual facts and circumstances have not been taken into consideration in the production of this document.

Regulated status

Record is authorised and regulated by the Financial Conduct Authority, a registered investment adviser with the Securities and Exchange Commission in the US, and registered as a Commodity Trading Adviser (swaps only) with the US Commodity Futures Trading Commission, is an Exempt International Adviser with the Ontario Securities Commission in Canada, is registered as exempt with the Australian Securities & Investment Commission and is approved by the Irish Central Bank to act as promoter and investment manager to Irish authorised collective investment schemes.

Performance warnings

Past performance is not a guarantee of future results. Portfolio returns are gross of fees and assume the reinvestment of all returns. The investment return and principal value of an investment will fluctuate so that when realised, may be worth more or less than the original investment.



Assumptions and Risk Warnings

Currency for Return

This presentation shows portfolio returns on an unleveraged basis. Any increase of the gearing ratio will lead to greater volatility of the investment and potentially greater losses. Investors with significant leverage must be aware of the risk involved in the investment proposed, including the risk of total loss of the sum invested.

FRB10 Strategy

The FRB10 product often will have high levels of exposure, up to 40% of the total commitment (long or short position), to a single currency therefore investors must be aware that significant losses may be realised in a short period of time due to sudden changes in relative currency values. Changes in rates of exchange between currencies will cause the value of investments to decrease or increase. There is no systematic risk management process given the tracker nature of the product which therefore exposes the investor to potentially greater losses.

Emerging Market Strategy

Emerging Market currencies are typically subject to greater country-specific risks than developed market currencies. As a result of this and other factors, Emerging Market currency pairs are typically more volatile than developed market currency pairs. In addition, many (although not all) Emerging Market currencies are invested in through Non-Deliverable Forwards (NDFs), which are cash settled, and the pricing of which is less deterministic than for deliverable forwards. Investment in Emerging Markets tends to be more volatile than more mature markets and the value of your investments could in some circumstances move sharply either up or down. In some circumstances currencies may become illiquid which may constrain the investment manager's ability to realise the investment. Political risks and adverse economic circumstances are more likely to arise putting the value of your investment at risk.

Multi Strategy

The Multi Strategy product involves passive allocation to strategies during which positions are bought and held. Exposure is maintained to the selections between the periodic rebalancing dates and is not altered due to market factors. The Multi Strategy product is made up of an allocation to a number of the underlying strategies which may also be invested on a standalone basis.

Momentum Strategy

The strategy involves long & short positions and trading decisions are made on the last business day of each month. Any trade direction is maintained until the following trade decision date. In the interest of trading efficiency, positions will be netted either within the strategy or across other strategies while still preserving the net economic effect of this strategy before netting.

Value Strategy

The Strategy involves long & short positions and trading decisions are made on the last business day of each month. Any trade direction is maintained until the following trade decision date. In the interest of trading efficiency, positions will be netted either within the strategy or across other strategies while still preserving the net economic effect of this Strategy before netting.

FRB10

The FTSE Currency FRB10 Index is calculated by FTSE International Limited ("FTSE") or its agent. All rights in the FTSE Currency Indices vest in FTSE and Record Currency Management Limited ("RCM"). "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE under licence. Neither FTSE nor RCM nor their licensors shall be liable (including in negligence) for any loss arising out of use of a FTSE Currency Index by any person.