


Zeitler & Co



Stable Return AMC

Introduction

The alternative investment sector, encompassing assets beyond stocks and bonds, offers diverse opportunities with stable return potential, including music royalties, catastrophe bonds, club deals, private credit, and various hedge funds. These uncorrelated investments often face challenges such as high entry barriers and limited transparency, leaving them underutilized by many investors. Leveraging our research, we have identified compelling opportunities to build a diversified portfolio with an exceptional risk-return profile. To capitalize on this, we are launching an absolute return-focused certificate designed to deliver stable and predictable returns, independent of benchmarks.

Core Strengths

Stable Returns

- An exceptional portfolio of carefully curated, absolute return-focused investment products, built on years of in-depth research.

Lower Risk

- Low Correlation to Global Equity Markets: Enhances diversification and reduces reliance on traditional market trends.
- Minimized Drawdown Risk: Aims to protect capital during market downturns.

Exclusive Access

- Gain access to exclusive and hard-to-reach investment opportunities typically unavailable to the broader market.

Comprehensive Assessments

- Comprehensive Due Diligence: Rigorous evaluation process to ensure quality and reliability.
- On-Site Visits: Direct inspections of offices and assets to validate investments.

Diversification

- A diverse selection of alternative investment products, offering a range of different risk exposures. This includes:
 - Club Deals
 - Litigation Financing
 - Royalties
 - Cat Bonds
 - Private Credit
 - Private Assets
 - Long/Short Strategies
 - Macro Strategies

Minimal Correlation

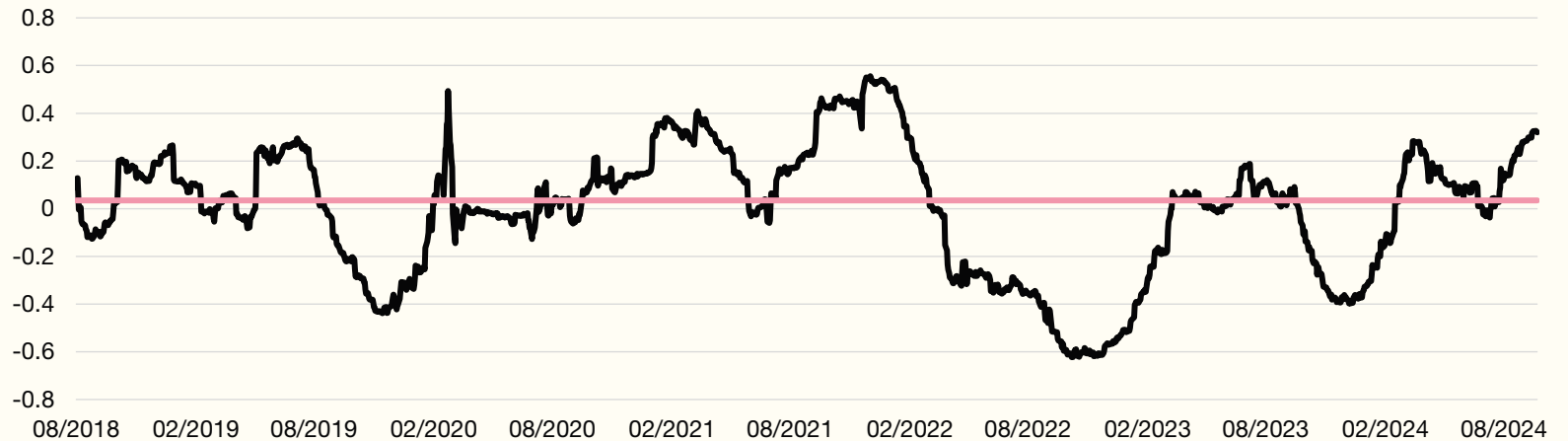
Low Interrelation with Equity Returns

Here are two examples of absolute return-focused products with publicly available daily data. As demonstrated, their returns exhibit minimal correlation with equities, with a median correlation close to zero. This independence significantly reduces systematic risk in a diversified portfolio, while the expected returns are often comparable to balanced portfolios.

90-day Correlation: Long/Short Fund to S&P 500



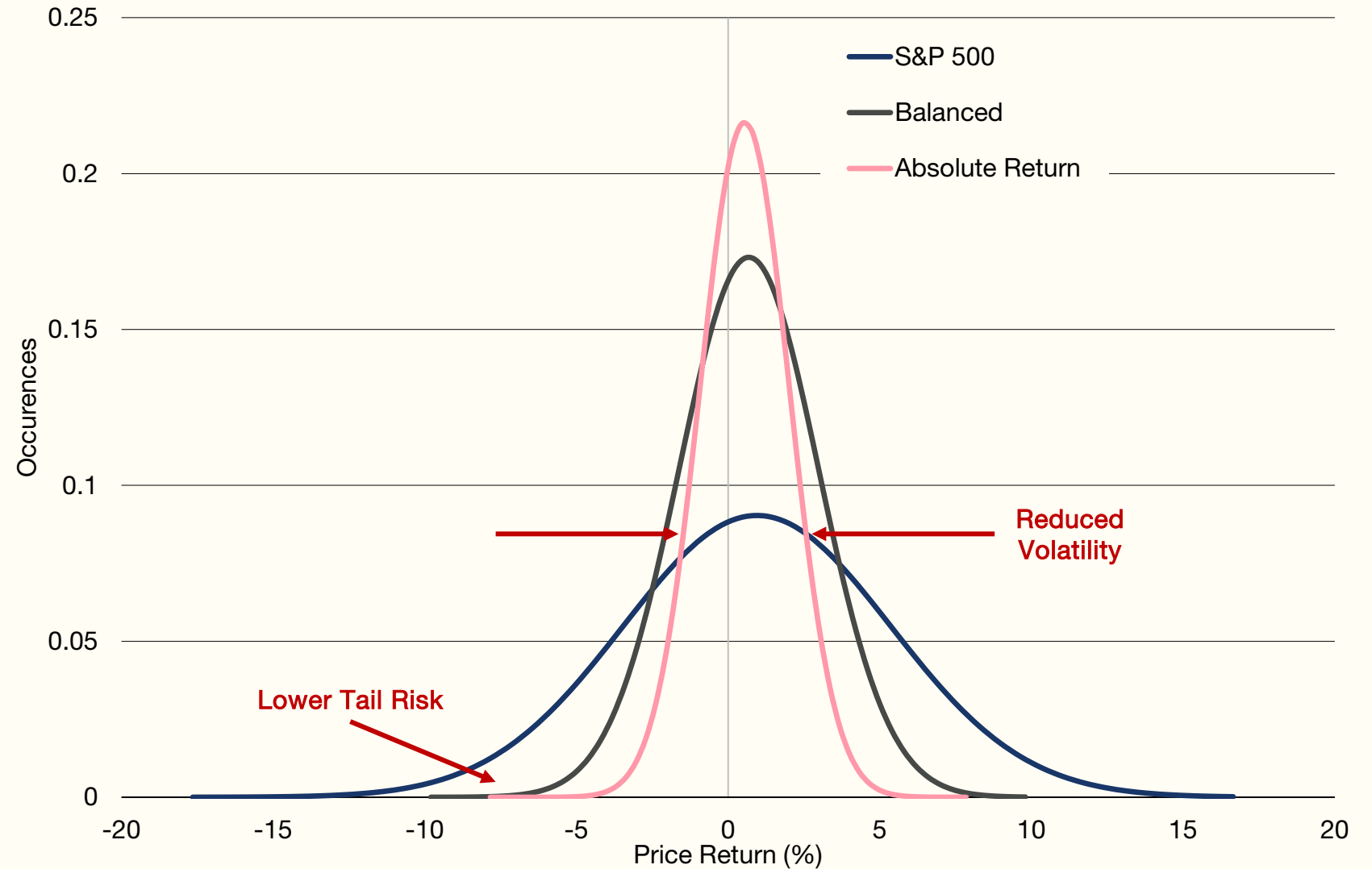
90-day Correlation: Macro Fund to S&P 500



Lower Risk

Reduced Volatility and Tail Risk

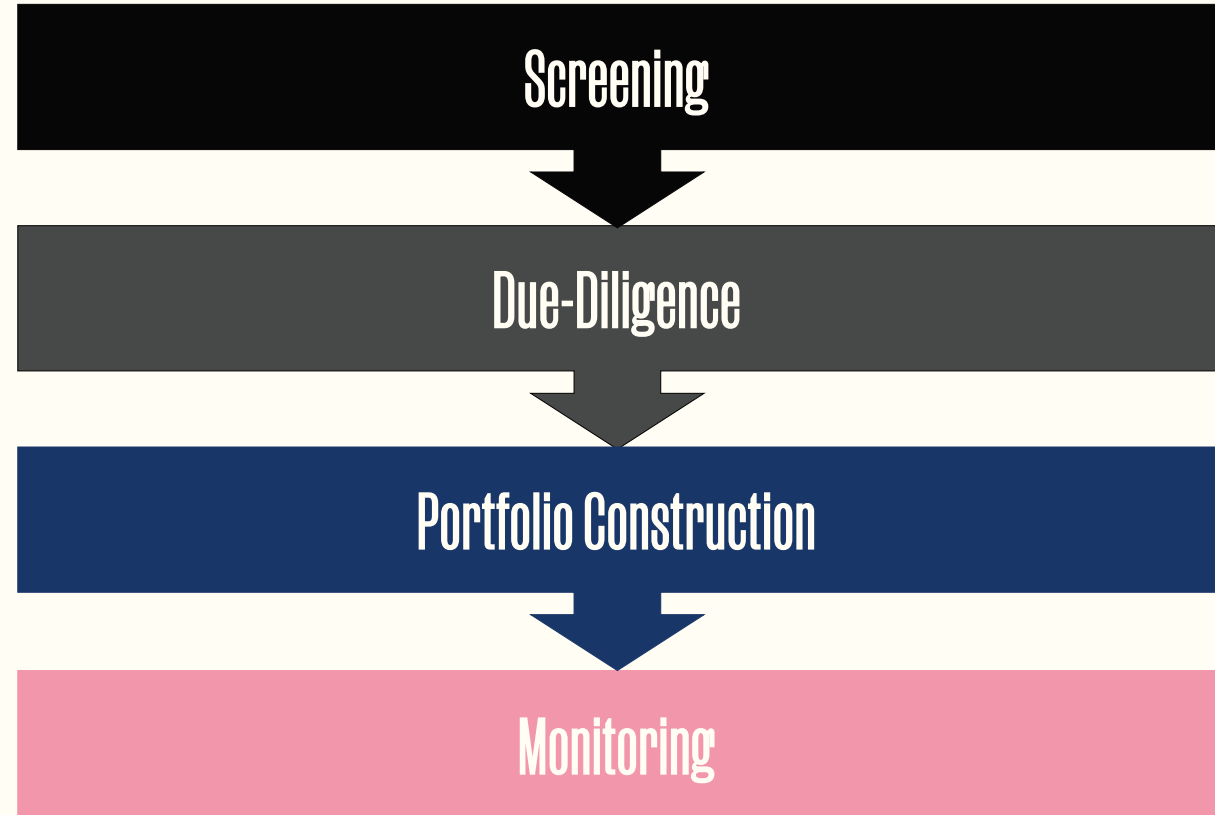
Our Stable Return AMC seeks to mitigate recurring and often unpredictable price corrections in financial markets. This is achieved through a diversified portfolio of absolute-return-oriented investment products designed to minimize correlation with global stock markets and diminish exposure to risk factors. These portfolios are structured to deliver long-term returns comparable to balanced portfolios, while focusing on minimizing volatility and avoiding significant drawdowns. As a result, the distribution of returns is expected to be more consistently centered around the mean, as depicted in the accompanying illustration.



Assessment

A Fundamental Approach

The portfolio is built and managed through a four-step process. It begins with product screening, where a wide range of investment opportunities is thoroughly analysed to narrow down the investable universe. Next, a deep due-diligence phase evaluates the suitability of each potential investment for the portfolio. Once vetted, we determine the product's fit and optimal weighting within the portfolio. The focus is always on minimizing systematic and idiosyncratic risk exposure while targeting attractive long-term returns. Finally, the portfolio is continuously monitored and adjusted as needed.



Example I

Music Royalties

How it works

Royalties are paid to the rights holder for every song that is played, streamed, or sold. Music rights are tradable assets on exchanges and are often purchased by funds to generate returns through a diversified portfolio of music rights.

Income

Earn highly predictable cash-flows that are in line with equity returns.

Growth

Streaming services like Spotify are growing fast and so do the royalties. Since they pay a share of their revenues to the holders of the music rights.

Diversification

Returns from Music Royalty funds are entirely uncorrelated from stocks or bonds. During an economic crisis, and in times of increased unemployment, people tend to listen even more music than usual.



Example II

Litigation Financing

How it works

Litigation financing, also known as legal funding, is the practice of a third party providing financial support to a plaintiff or law firm to cover legal costs in exchange for a fixed yield and or a share of the settlement or judgment.

Income

Achieve exceptionally high returns with zero correlation to global equity markets.

Growth

The fixed-yield component can contribute to stable and relatively predictable returns, with potential upside from a success share.

Diversification

The diversification effect is robust, driven by stable, uncorrelated returns. Litigation financing exhibits zero correlation with global equity markets.



Example III

Cat Bonds

How it works

A CAT bond is a high-yield debt instrument that provides the issuer with funding only in the event of a significant calamity, such as a strong earthquake or tornado.

Income

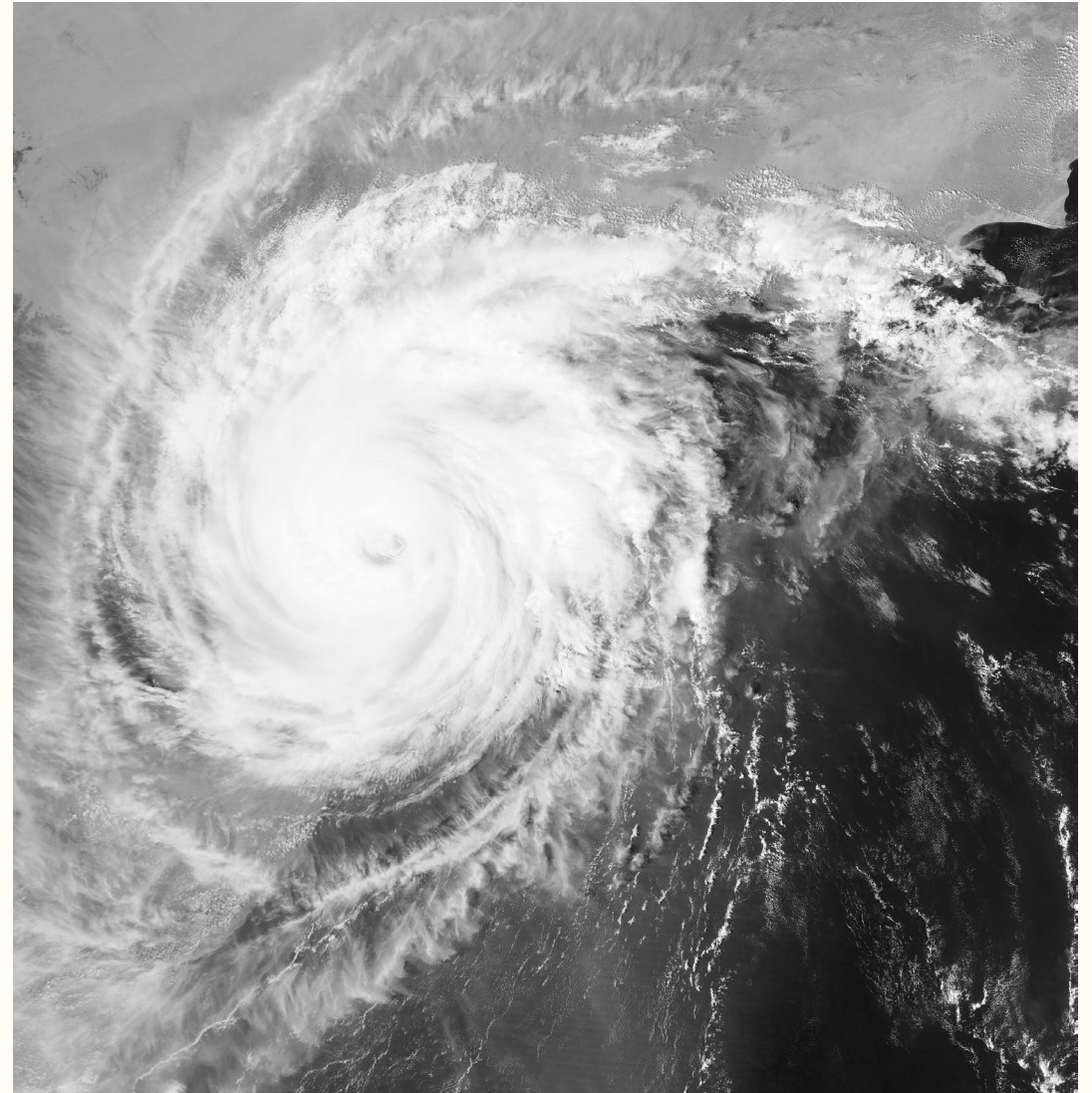
The CAT market has seen few significant drawdowns, with only two instances exceeding 5% since 2002, while past and expected returns are equity-like.

Growth

Risk continues to ascend as environmental catastrophes become more frequent, but premiums are rising overproportionately, leading to wider risk-spreads.

Diversification

The upside is predictable due to contractually fixed yields for investors, with drawdowns typically occurring only in the event of a major catastrophe, such as a hurricane or a strong earthquake. Consequently, the risk and returns of cat bonds are largely uncorrelated with traditional equities or bonds.



Example IV

Club Deals

How it works

Investments through club deals in tangible assets like turbines, airplanes, or freight trains provide stable and predictable performance through long-term lease agreements. These investments are rather illiquid but offer attractive and uncorrelated returns.

Income

Earn attractive and highly predictable cash-flows that are uncorrelated to most other assets.

Growth

The expected growth is rather limited. However, in a stable return context, these investments provide highly attractive risk-return profiles.

Diversification

Lease agreement result in returns that are largely uncorrelated with other asset classes. However, during economically challenging times, returns may face pressure due to payment defaults and difficulties in contract renewals.



Example V

Long/Short

How it works

Long/short hedge funds are investment funds that aim to profit in both rising and falling markets by taking long positions in undervalued securities and short positions in overvalued securities.

Income

Returns are typically slightly lower than global equity markets. However, depending on the long-short ratio, the correlation with equities can approach zero.

Growth

Returns tend to be more stable than global equity markets, but the upside potential is more constrained.

Diversification

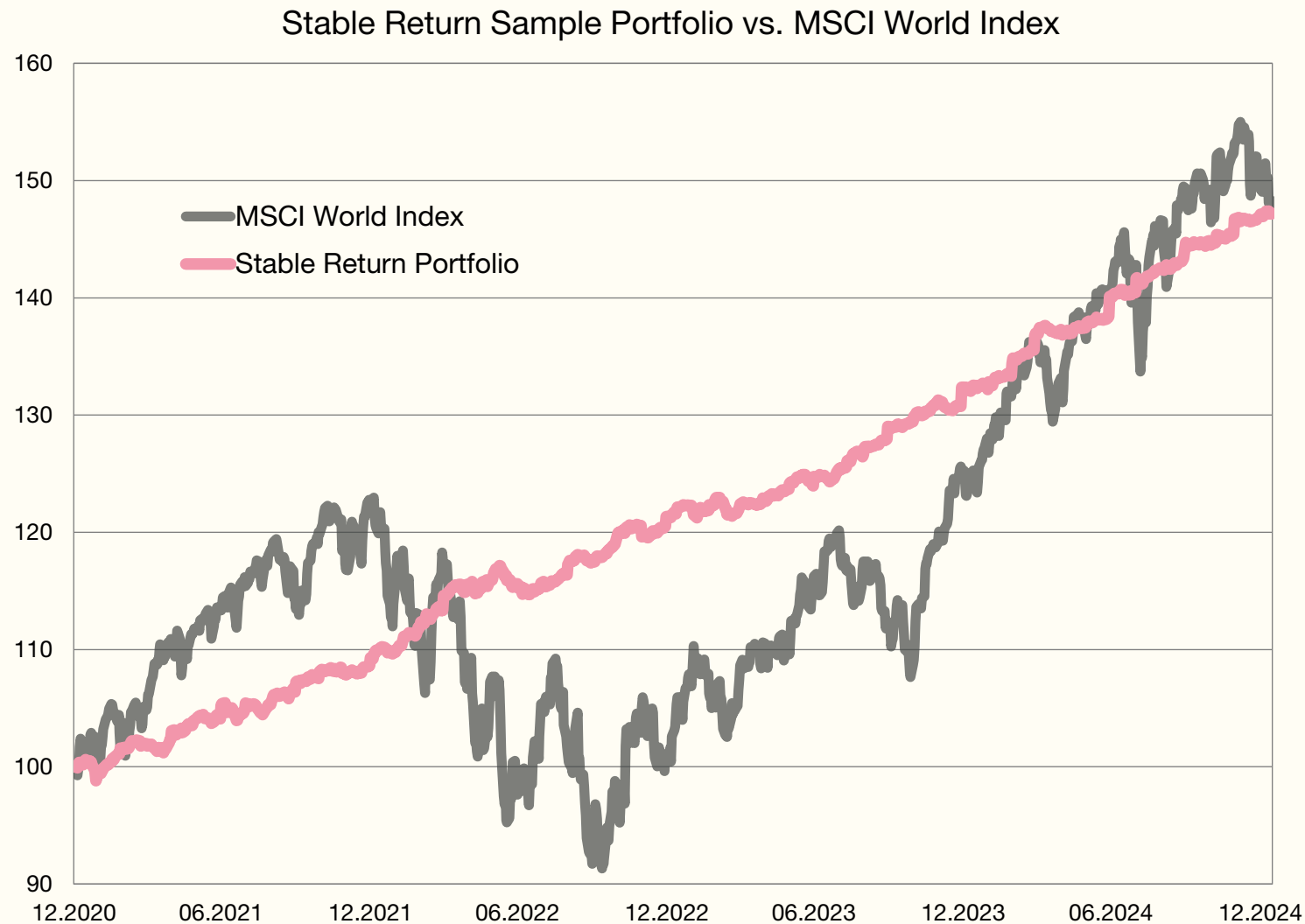
The diversification effect is significant, driven by the typically near-zero correlation with global equity markets.



Back-Test

Sample Portfolio

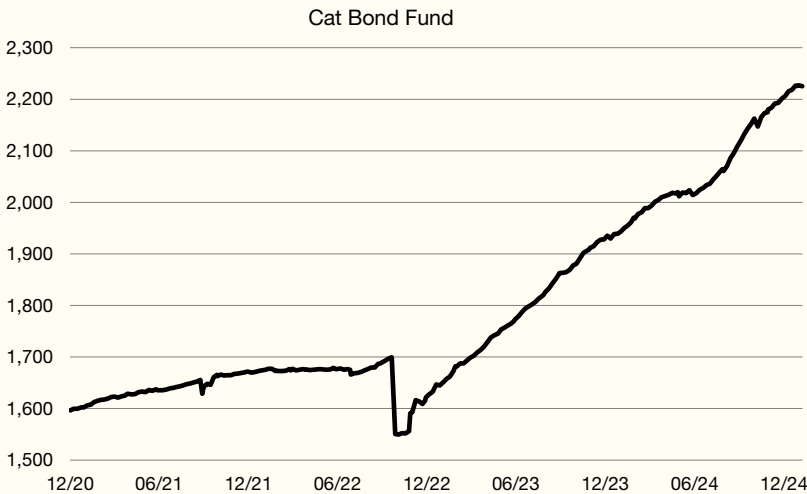
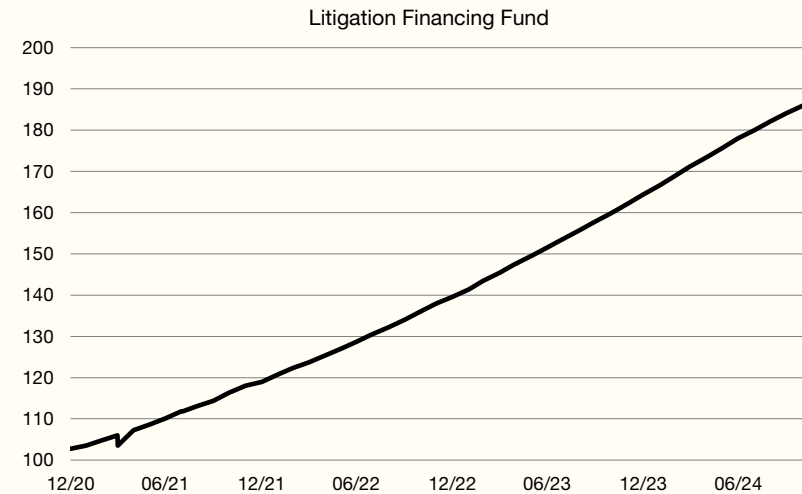
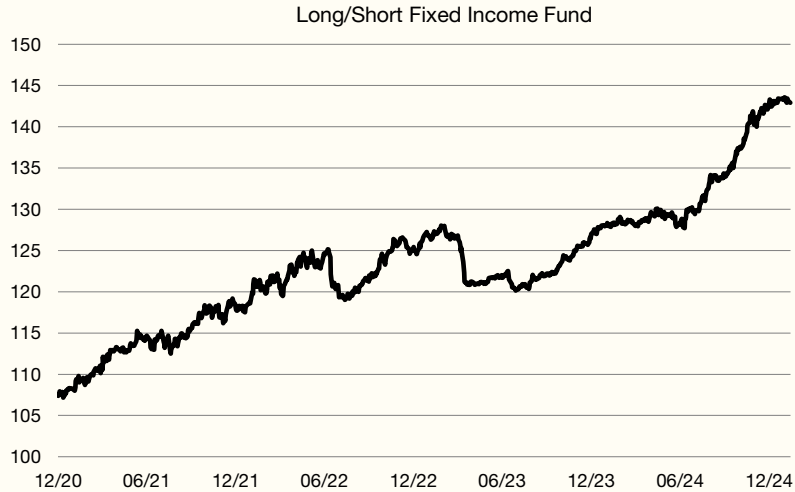
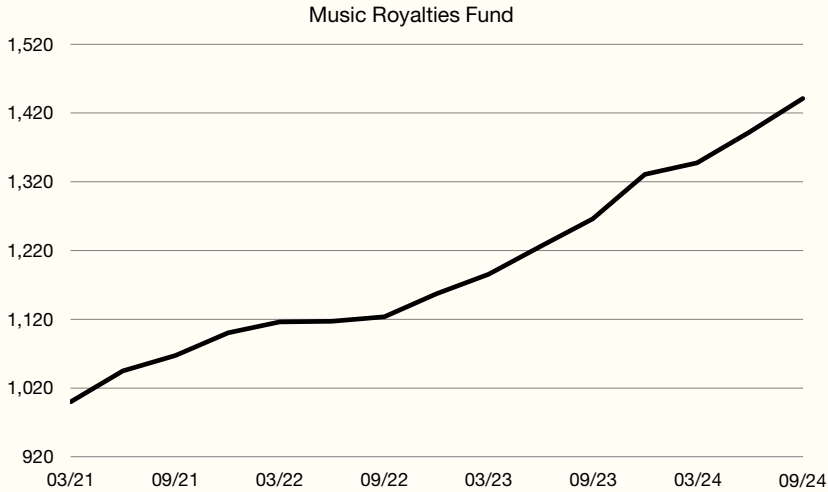
The chart illustrates the historical performance of our straightforward, equally weighted stable return portfolio (ignoring fees) compared to a globally diversified stock index, the MSCI World. The portfolio comprises the 8 products outlined in the following two slides. It clearly demonstrates that a stable return portfolio can deliver similar returns but with significantly lower volatility and smaller maximum drawdowns. The same holds true when compared to a balanced portfolio. With our Stable Return Certificate, we aim to provide a unique investment solution for those seeking long-term, steady returns. The product is designed to offer low expected volatility, minimized potential drawdowns, and optimized liquidity.



Instruments I

Past Performance

The charts on the right showcase examples of investable absolute return-oriented products with publicly available past performance. These products exhibit low maximum drawdowns and low volatility. Additionally, all of them have consistently delivered equity-like returns or, at minimum, returns comparable to a traditional balanced portfolio. When these products are combined in a diversified portfolio, overall risk is further reduced while still achieving strong long-term results.

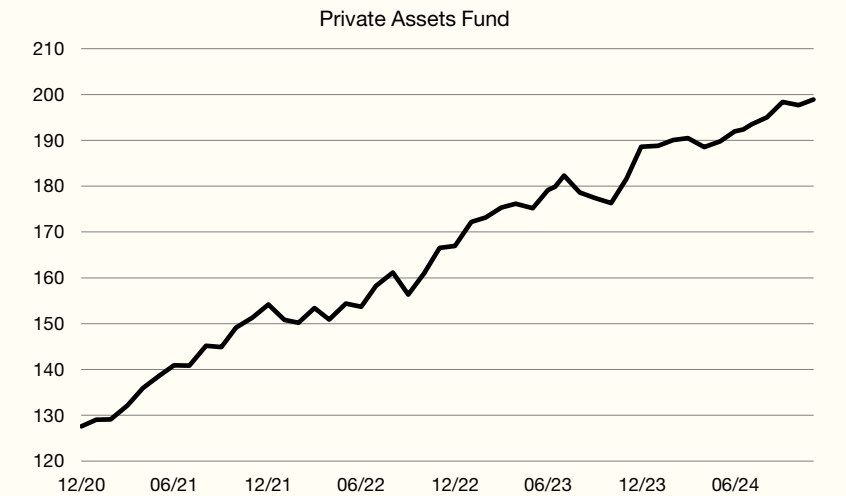
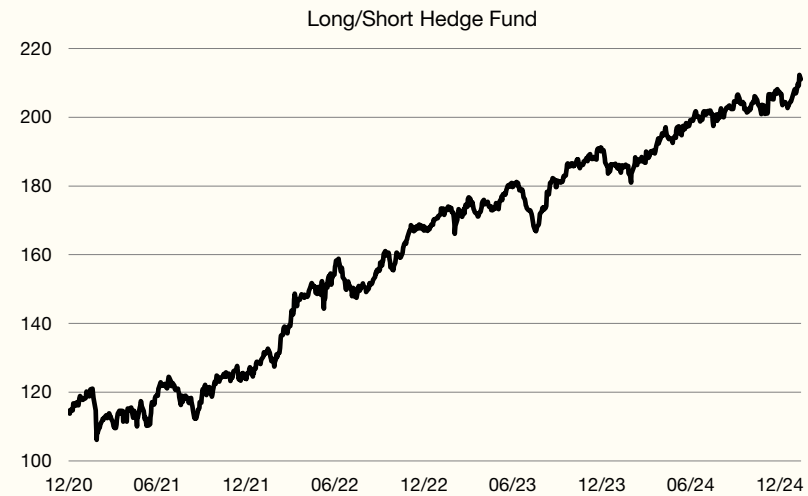
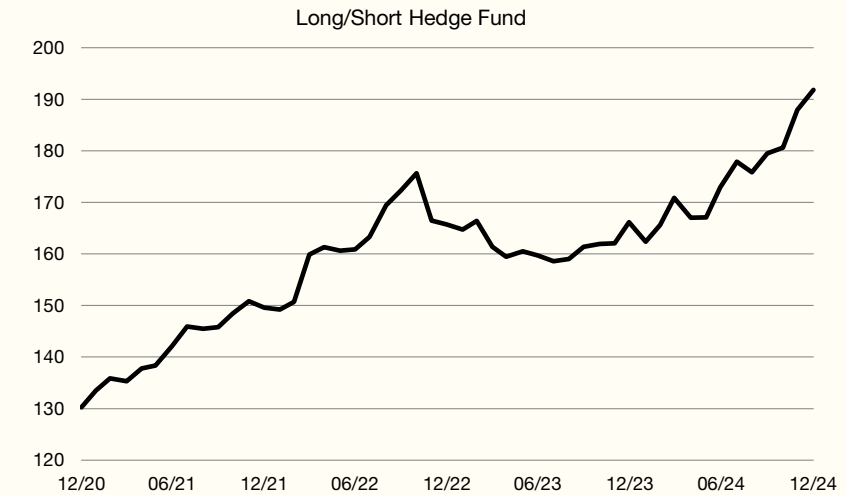
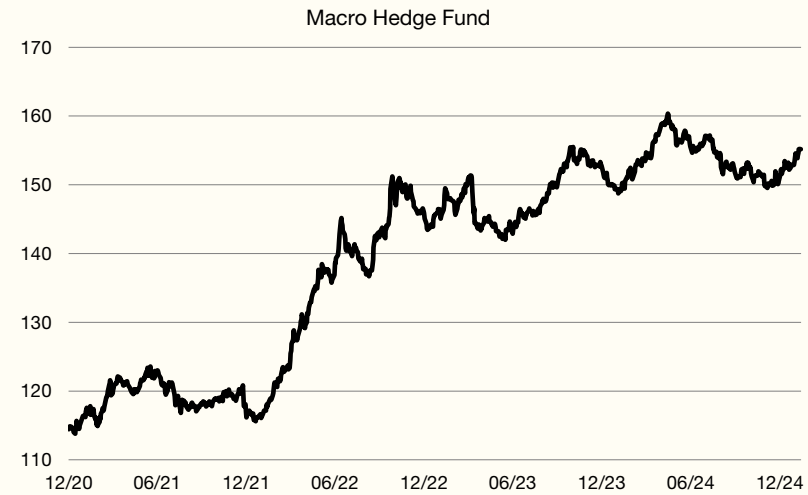


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Instruments II

Past Performance

Here are some additional examples of absolute return-oriented investment products.



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Facts

Name	Stable Return AMC (AMC24-4702)
ISIN	CH1213604304
Issue Date	23.01.2025
Currency and Issuance Price	USD 1'000.00
Total Management Fee	1%
Performance Fee	0%
Administration and Depositary Fee	Up to 0.52% ¹
Transaction Fee	Up to 0.5% ²
Agio	Up to 2% ³
Redemption Fee	Up to 1% ⁴
Liquidity	Daily (the AMC may limit redemptions if they exceed 10% of total NAV per quarter)
Notice Period	5 Business Days
Type of Product	Luxembourg based AMC
Asset Manager	Zeltner & Co (FINMA licenced)
Depositary Bank	UBS Group AG
Issuer	Z-Securitisation SA
Paying Agent	ISP Securities AG
Administrator	SoneXus Services SA
Clearing Settlement	SIX SIS AG / Clearstream / Euroclear

¹Fees may vary depending on the AMCs total Net Asset Value (NAV). Minimum Administration Fee USD 25'000.

²Only for secondary market orders. Fees may be lower for larger orders.

³Usually, no agio applies, except when agreed upon with an external distributor or the AMC becomes oversubscribed.

⁴Fees may be applied as a penalty if the position is sold within the first 12 months.

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Main Risks

Risk	Rationale
Macroeconomic Risk	The macroeconomic environment can have a significant negative impact on investments, which can lead to larger price movements.
Counterparty and Regulatory Risk	All counterparties in the AMC structure carry potential risks of default and other complications, such as regulatory issues, which could result in significant drawdowns or exceptional illiquidity.
Liquidity Risk	The fund may invest in highly illiquid assets, which could complicate redemption requests, particularly if they exceed 10% of the net asset value (NAV) per quarter. In the event of significant outflows within a short period, redemptions may be gated on a best-effort basis.
Financial Risk	Past performance is no guarantee for future results. An investment in this product is associated with the risk of high potential losses.

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