Assenagon Alpha Volatility: Stabilität für das Portfolio

Initial situation

Geopolitics is keeping markets in motion. The conflict with Iran is escalating again, while Ukraine is intensifying its attacks on industrial, oil, and gas facilities deep within Russia, weakening the Russian economy. An end to the Chinese real estate crisis is also not currently in sight. Despite these risks, the capital markets are showing remarkable composure. Geopolitical tensions will undoubtedly continue to occupy global politics, the world economy, and businesses until the end of the year. Currently, the strong earnings season, with some companies reporting outstanding quarterly results, is providing support to the capital markets.

However, the aforementioned crises or unforeseen events could lead to significant disruptions in the capital markets and increased volatility at any time. We intend to strategically leverage this environment with the Assenagon Alpha Volatility Fund. Currently, the capital markets appear calm, and implied volatility remains low. The fund already demonstrated its effectiveness as a hedging component against equity market risks in February at the beginning of the Iran conflict. We are again relying on this effect to position the portfolio more robustly against sudden market disruptions.

Investment idea: Focus on Volatility

In an environment of heightened uncertainty, a structured, disciplined investment strategy proves its worth. To maintain the robustness of our portfolios, we find the volatility asset class attractive.

Why volatility is attractive now:

- The Assenagon Alpha Volatility fund invests globally in volatility as an asset class.
- The strategy's return potential is positively asymmetric. High returns can be expected in highly volatile market phases, and active portfolio management allows for systematic profit-taking
- Trading volatility pairs using a selective dispersion approach. This is achieved by buying the higher volatility of individual stocks and simultaneously selling the lower volatility of the index.
- This leads to the following portfolio characteristics:
    - The long volatility bias leads to significantly higher return potential when stock market volatility increases (generally during sharply falling stock markets).
    - Positive carry means that positions generally deliver a positive underlying return over time (through a positive difference between time value loss and gain and interest).
    - A low risk of loss is achieved through exposure to different market phases and an active selection process.
    - The strategy primarily utilizes derivative investment instruments, which typically only tie up a portion of the fund's liquid assets. To offer the highest possible level of security, the remaining liquid assets are primarily invested in top-rated government bonds.

Markus Alefelder
Investment Advisor
Tel. +423 236 07 85

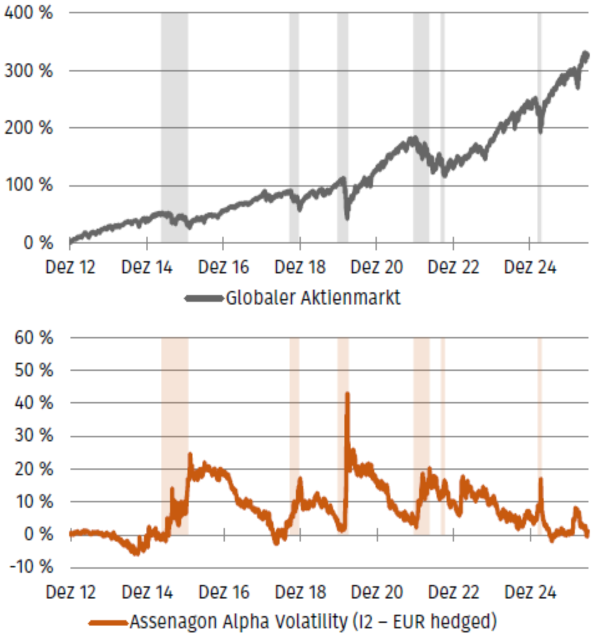
Fabian Bürzle
Private Banking
Tel. +423 236 07 69

Chances & risks:

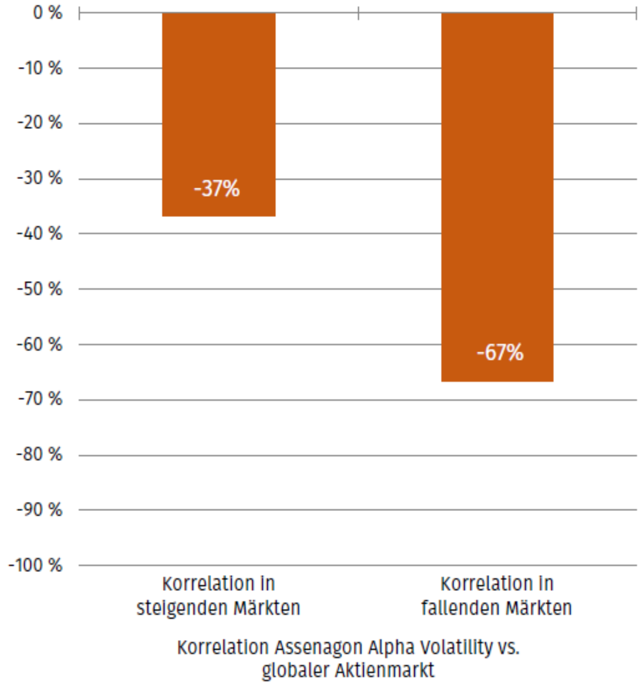
We see potential in this fund through its active portfolio management and broad diversification. This is done via long positions in up to 600 possible individual stocks and 50 indices, as well as short positions in up to 10 highly liquid indices. This asymmetric return potential aims to generate significant positive capital appreciation, particularly in falling markets with increased volatility. Ideally, this can partially offset losses from other positions. However, there is no guarantee of success with this investment strategy. For reliable diversification during periods of market stress, we recommend purchasing the Assenagon Alpha Volatility USITS R2 EUR fund.

ISIN: LU2001393136
TER 1.08%

Performance Assenagon Alpha Volatility vs. globaler Aktienmarkt



Negative Korrelation in Stresszeiten, niedrige Korrelation in steigenden Aktienmärkten



Quelle: Assenagon Equity Derivatives Database

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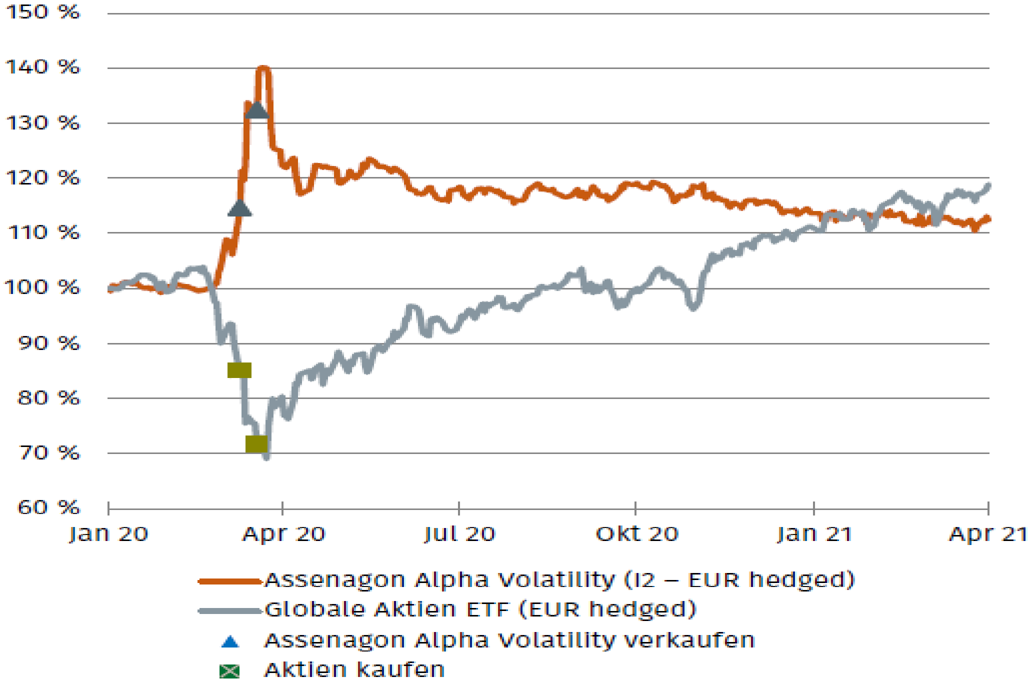
Corona-Krise 2020:
Assenagon Alpha Volatility vs. globale Aktien



Quelle: Assenagon Equity Derivatives Database, Bloomberg

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