

**Absolute Return:** Pure Quantitative Approach: Advanced Behavioural Finance R&D

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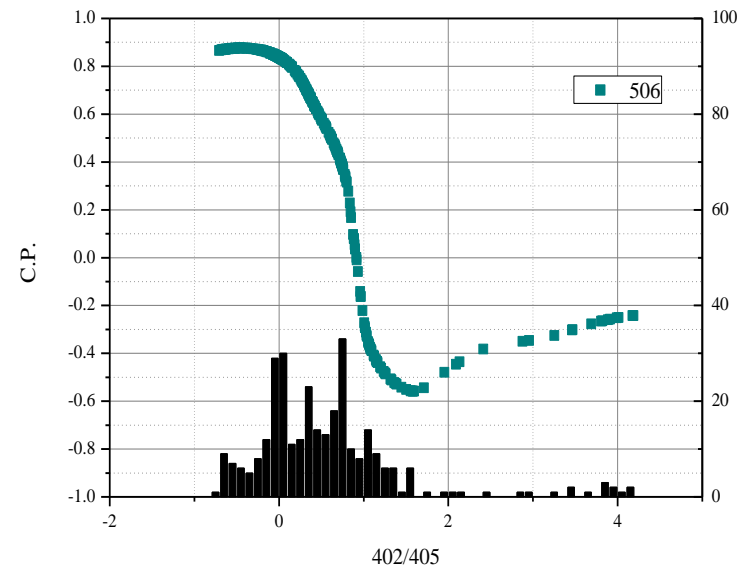
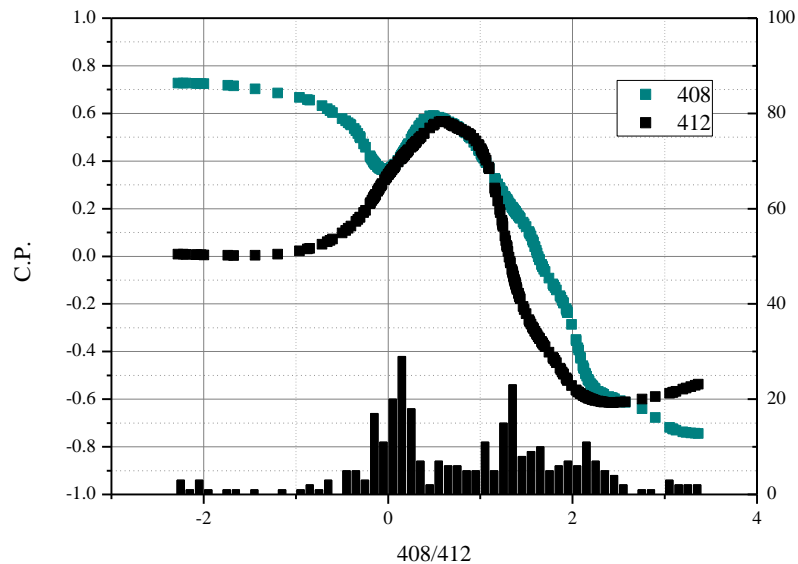
Pareturn GVC Gaesco Absolute Return Fund

# GVC Gaesco Absolute Return. Description of the Models

## 1. "Flow of Funds" Strategy

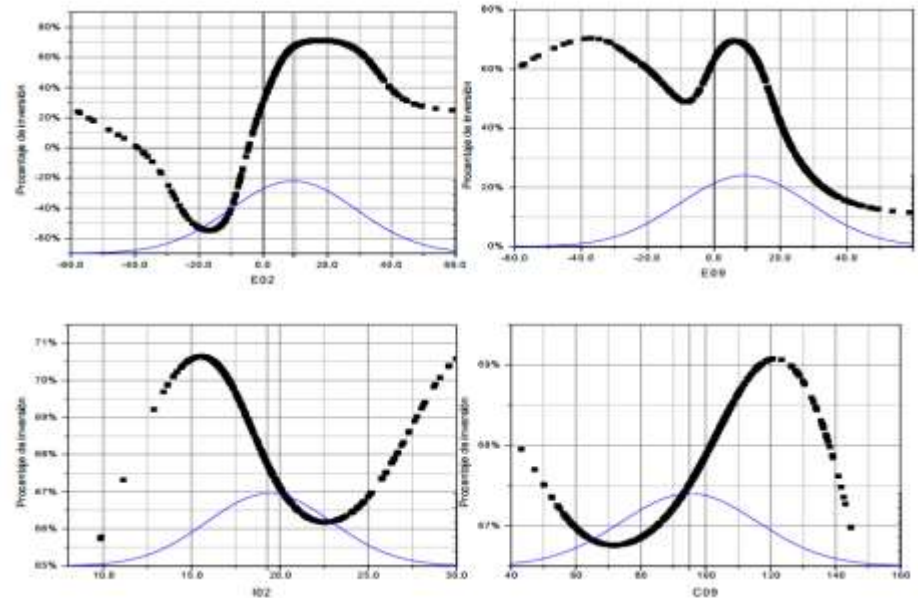
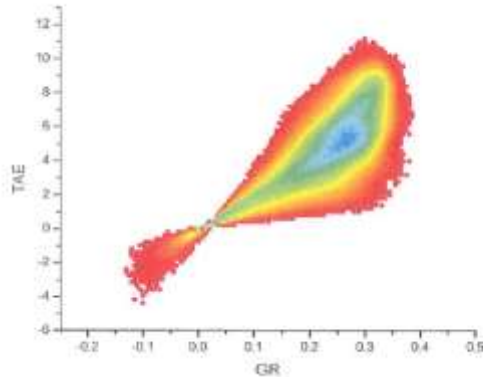
- Rationale:** Net subscriptions in both, equity funds and fixed income funds, are used as inputs for the equity exposure of the Strategy. It is benefiting from the fact that investors usually buy the assets that have already performed instead of buying the cheap assets as EMH supposes.

**Implementation:** On a monthly bases, the volume of net subscriptions on mutual funds feeds a neuronal network that calculates the exposure to equities.



## 2. “CCC” Strategy

- CCC uses confidence indexes:
  - Entrepreneurs
  - Investors (proprietary index)
  - Consumers
- **Rationale:** Some agents might behave as if the economic cycle didn't exist, even if there is a strong evidence of it
- **Length of investment:** One month



**Description:** These charts plot the distribution function of each confidence index (blue line) and the exposure to equities consistent with it. The final exposure of the strategy blends all the information in an optimal way.

### Two new models: Portfolio Managers Bias & Fund Selector Bias

- **Portfolio Managers Bias: Implemented since November 2016**
  - **Rationale:** Professional European equity fund managers confidence level used as a leading indicator.
- **Fund Selector Bias: Implementation in 2Q18**
  - **Rationale:** Fund selectors might have some behavioral bias that might be a leading indicator

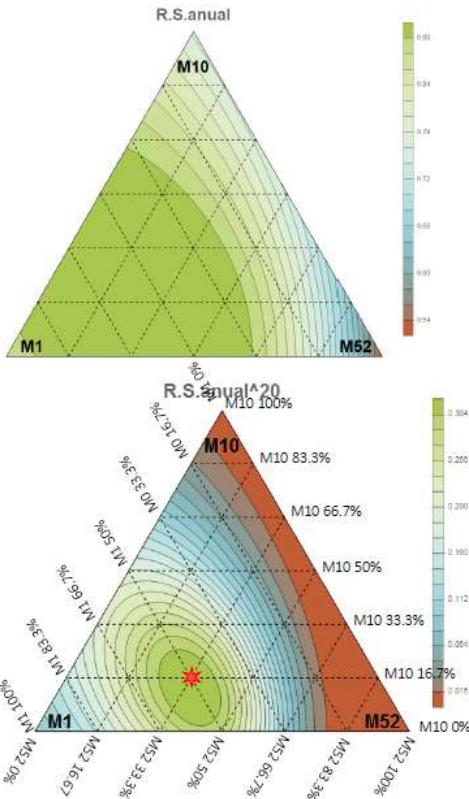


## GVC Gaesco Absolute Return. Strategies & Models

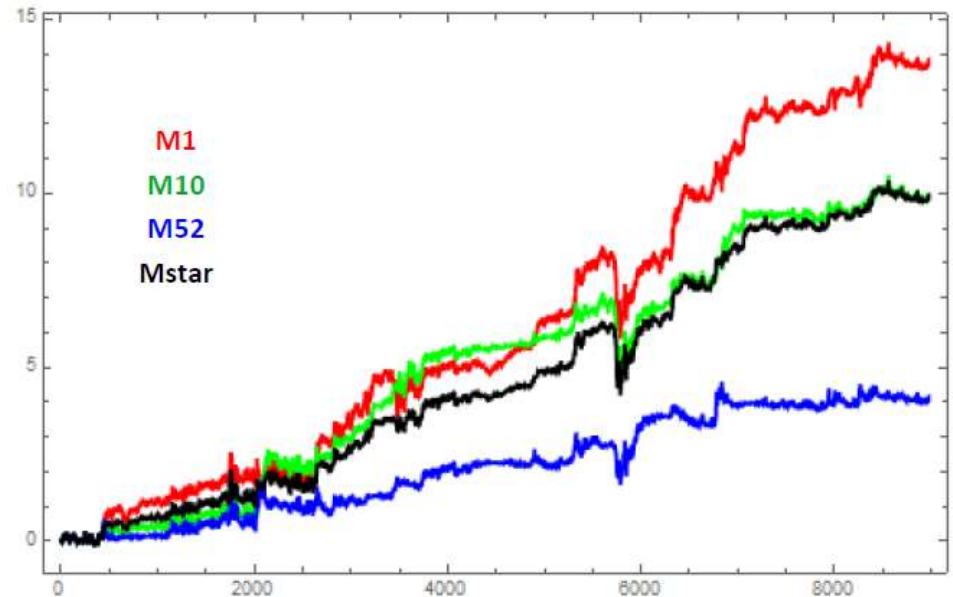
Strategy	Model	Underlying	Product	Number of Tecnic	Actual Weights	Leveraged Weights	Avg. Duration	Order Generated	Execution
<b>Volatility Player</b>					<b>7.4</b>	<b>12.6</b>			
	Volatility	VIX/Vstoxx/ VDAX	Futures	3	7.4	12.6	12	A	M
<b>Currency Mean Reversion</b>					<b>2.2</b>	<b>3.8</b>			
	Currency	6 Currencies	Futures	8	2.2	3.8	12	A	M
<b>Trend Follower</b>					<b>34.6</b>	<b>47.4</b>			
Long / Short					<b>26.4</b>	<b>39.2</b>			
	Equity Trends	124 Holdings	Equity	4	8.1	8.1	113	A	M
	Currency trends	6 Currencies	Futures	6	4.4	7.5	121	A	M
	Persistence	Stock Exchange	Futures	14	13.9	23.6	15	A	M
Long Only - Trends					<b>4.9</b>	<b>4.9</b>			
	Mov. Average	1000 Holdings	Equity	3	0.6	0.6	191	A	M
	RSI	1000 Holdings	Equity	6	0.5	0.5	126	A	M
	MACD	1000 Holdings	Equity	4	1.8	1.8	145	A	M
	RSI-MACD	1000 Holdings	Equity	4	1.8	1.8	54	A	M
Long Only - Corrections					<b>3.3</b>	<b>3.3</b>			
	Support	1000 Holdings	Equity	1	1.1	1.1	24	A	M
	Fibonacci	1000 Holdings	Equity	2	2.2	2.2	93	A	M
<b>Behavioral Fiance Core</b>					<b>48.8</b>	<b>82.9</b>		A	M
Long / Short					<b>34.6</b>	<b>58.8</b>			
	CCC	S&P 500	Futures	1	3.7	6.2	30	A	M
	Investor Flows	S&P 500	Futures	1	8.6	14.6	30	A	M
	CCC+	S&P 500	Futures	1	6.5	11.0	30	A	M
	Portfolio Manager Bias	Eurostoxx 50	Futures	1	10.9	18.5	54	A	M
	Zero Effect	Dax	Futures	2	5.0	8,5	0	A	A
Long Only - Trends					<b>14.2</b>	<b>24.1</b>			
	Panic	Eurostoxx 50	Futures	1	0.6	1.1	34	A	M
	Fund Selectors	Sectorial S&P	Futures	4	4.5	7.7	30		
	Seasonally	S&P 500	Futures	1	9.0	15.3	180	A	M
<b>Event Driven</b>					<b>7.0</b>	<b>7.0</b>			
	Special Situations	Equity	Equity	1	7.0	7.0	0	M	M
				<b>68</b>	<b>100.0</b>	<b>153.7</b>			

Strategies can be leveraged 1.7x only using

► Taking profit of **media wordings** and how affects the markets



Model Star  
M1: 50 % , M10: 16.67%, M52: 33.33%



## Our Absolute Return Strategy

### ► De-correlation is not our goal

- Final correlation depends on the market conditions: We look for a “good” correlation and try to avoid the “bad” one

Period	Correlation	MSCI World	Patrimonialista
10.12.2007 - 10.13.2009	+33.0%	-38.0%	+4.4%
05.18.2011 - 05.21.2013	+89.7%	+13.3%	+3.8%

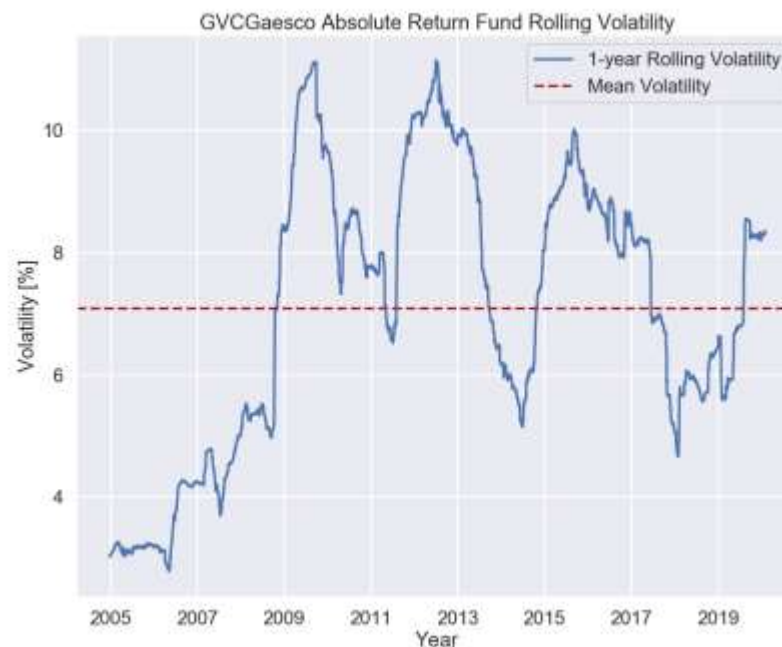
Period	Correlation	MSCI World Ret.	Ret. Absoluto
02.01.2008 - 02.02.2010	+66.0%	-26.1%	+2.3%
06.03.2013 - 06.03.2015	+80.0%	+19.5%	+16.3%

### ► Euros Optimization

- Weight allocated per each strategy its optimized under risk return ratio calculated in Euros.

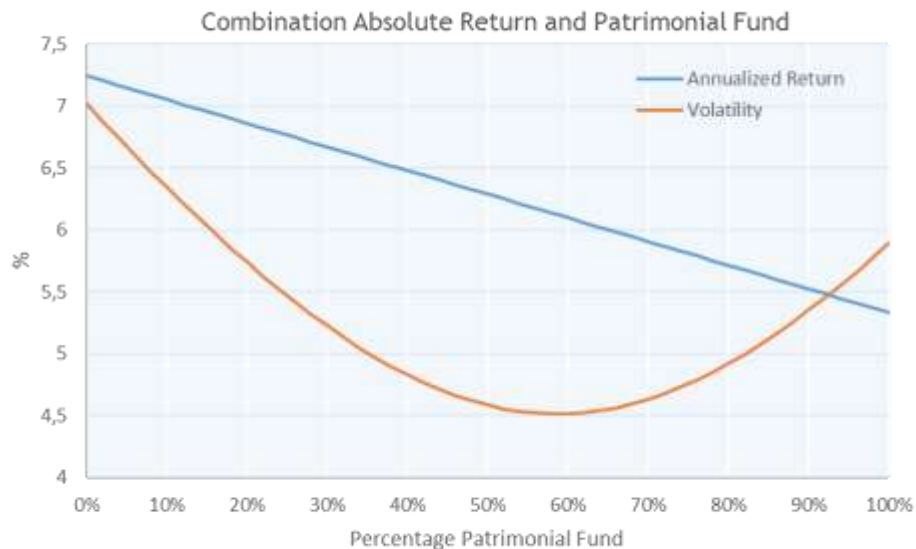
### ► Not Risk Budget utilization

- The Volatility of the fund fluctuates within a controlled range, around the average, but it is not programmed to be stable



Source: GVC Gaesco

## Combining both GVC Gaesco Retorno Absoluto & GVC Gaesco Patrimonialista



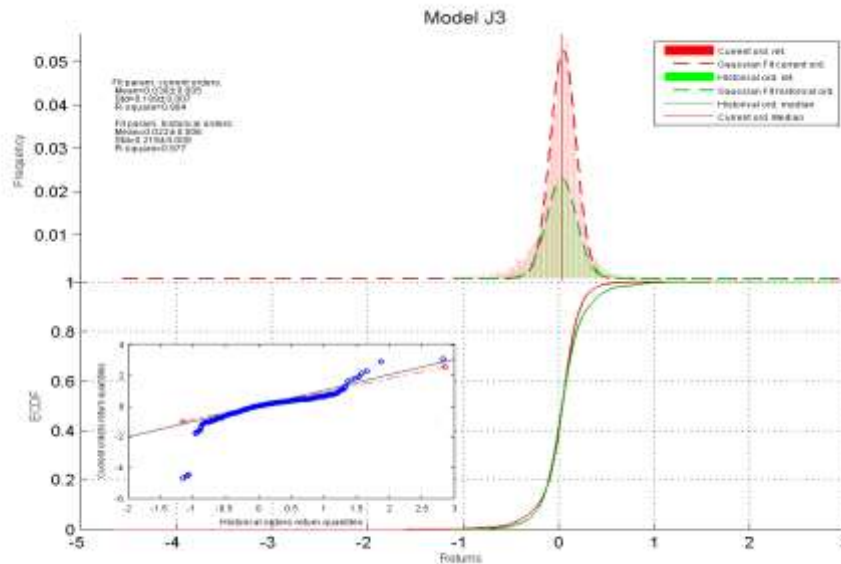
Proforma Data: 1988 - 2018	100% GVC Gaesco Retorno Absoluto	100% GVC Gaesco Patrimonialista	50% / 50%
Net Annual Return	7.24	6.59	6.82
Volatility	6.73	5.44	4.58
Sharpe Ratio	1.03	0.90	1.37
Max. Loss 99% 1Yr.	-6.4	-5.7	-6.28
Max. Drawdown	-13.75	-10.52	-10.24



## ► Double ex-post Models Control: Validity & Execution

- All the models are analyzed semi-annually to determine if they are still able to detect and exploit the market inefficiencies for which they were designed. This monitoring process compares the probability distribution of the returns over different periods.

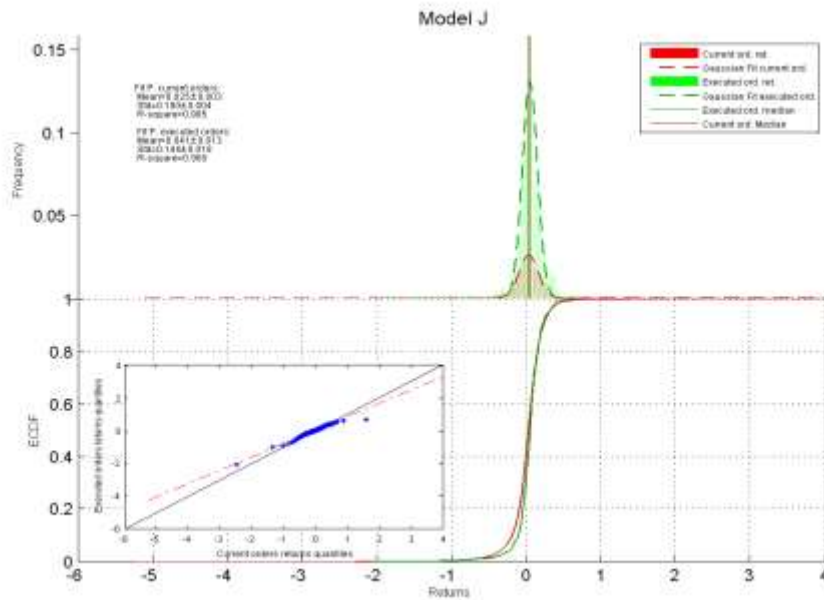
1. **Analysis of the models:** The analysis compares the distribution of returns generated during the implementation period (historical returns) with the distribution of the real returns once implemented.



**Description:** Returns generated during the implementation period of the model (green) and those really obtained once implemented (red). Below, the cumulative distribution and the QQ-plot for the same returns.

## ► Double ex-post Models Control: Validity & Execution

2. **Execution Analysis:** The analysis controls the execution risk, and determines if different factors as slippage, transaction costs or any other execution factor undermines the performance of the models



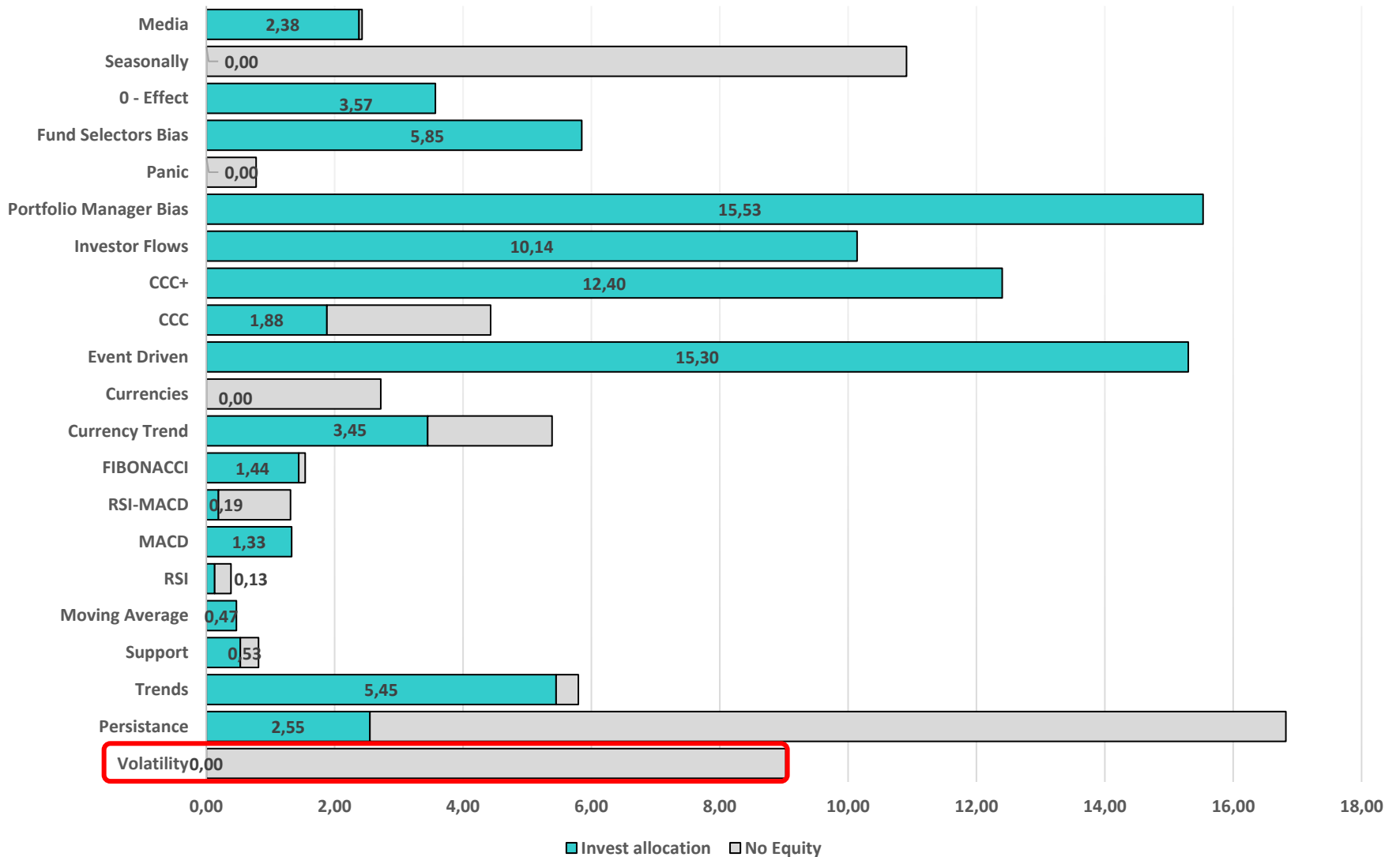
**Description:** Performances through the implementation period (green) and the ones obtained in the last 4 years (red). Below, the performance distribution

# Pareturn GVC Gaesco Absolute Return Fund

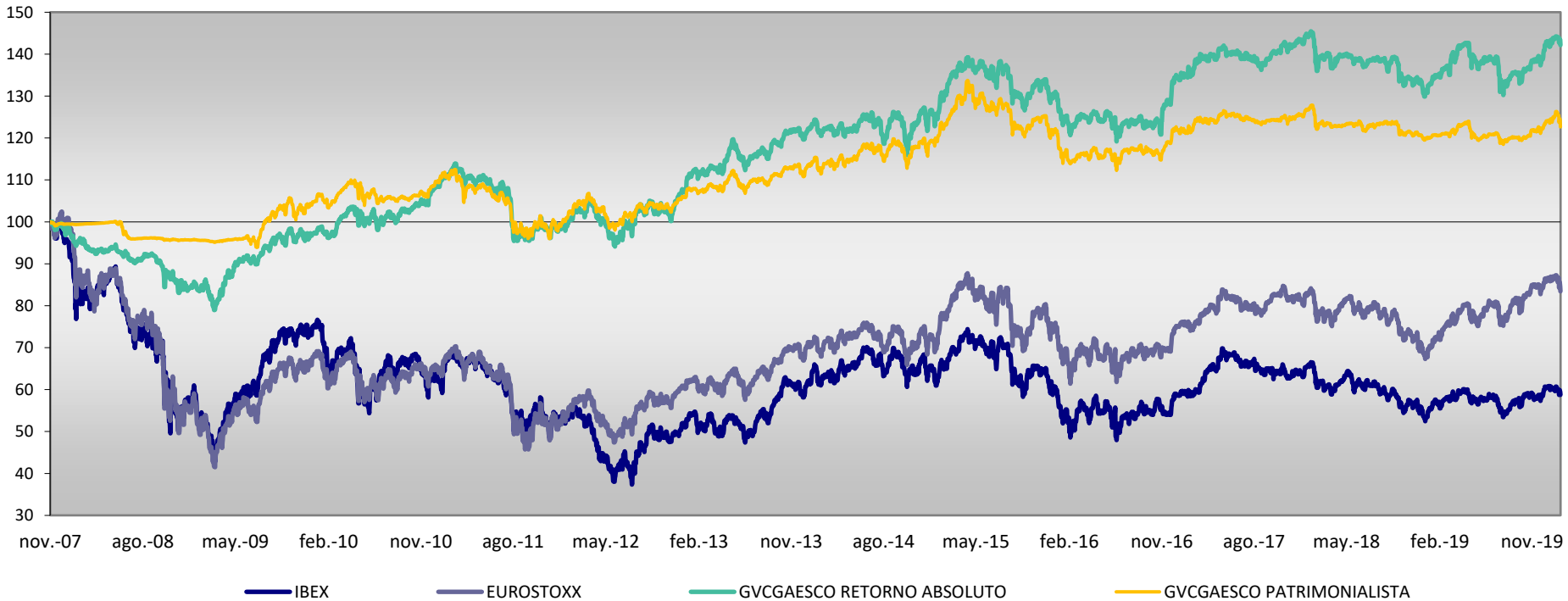
## Utilization rate of the Fund and VAR constrictions



# GVC Gaesco Retorno Absoluto, FI. Utilization grade per Strategies 31.3.21

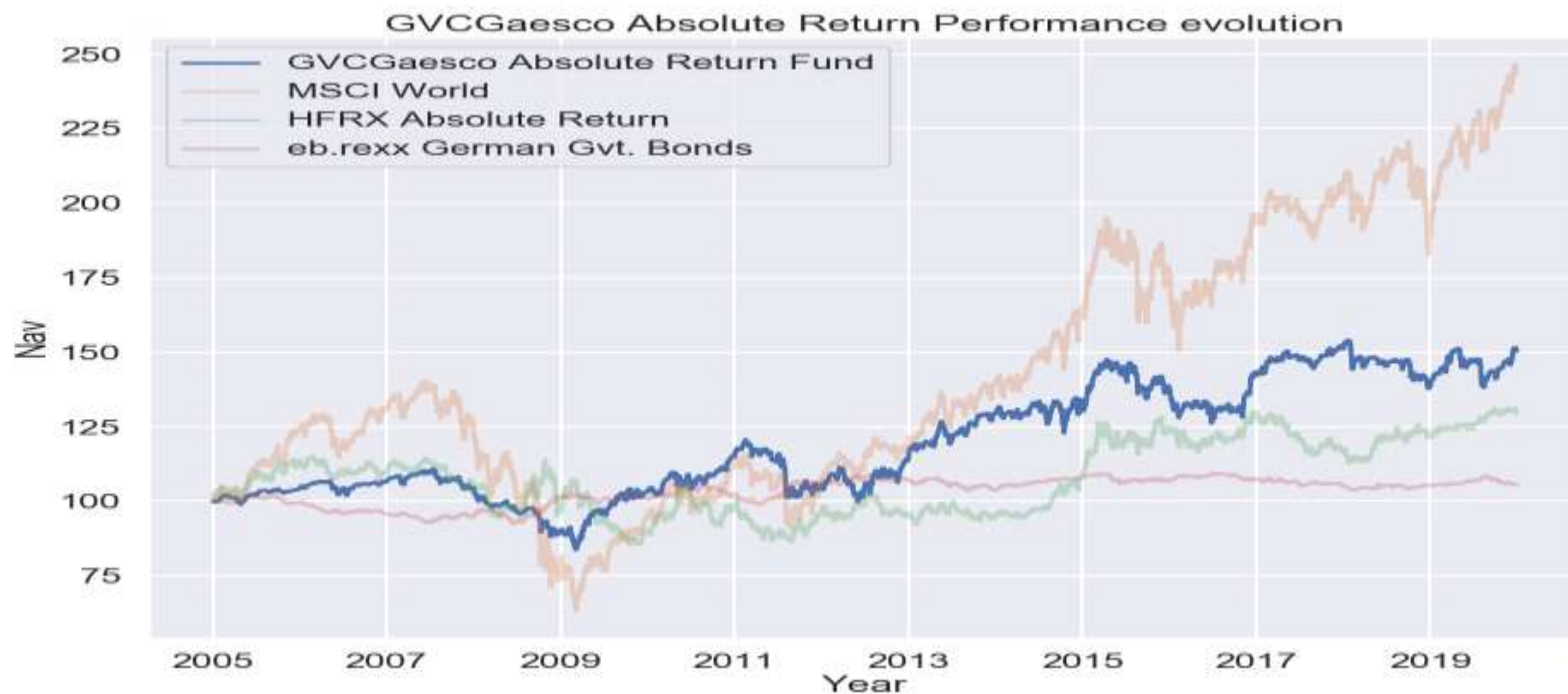


## Absolute Return is not a myth – Jan 2020



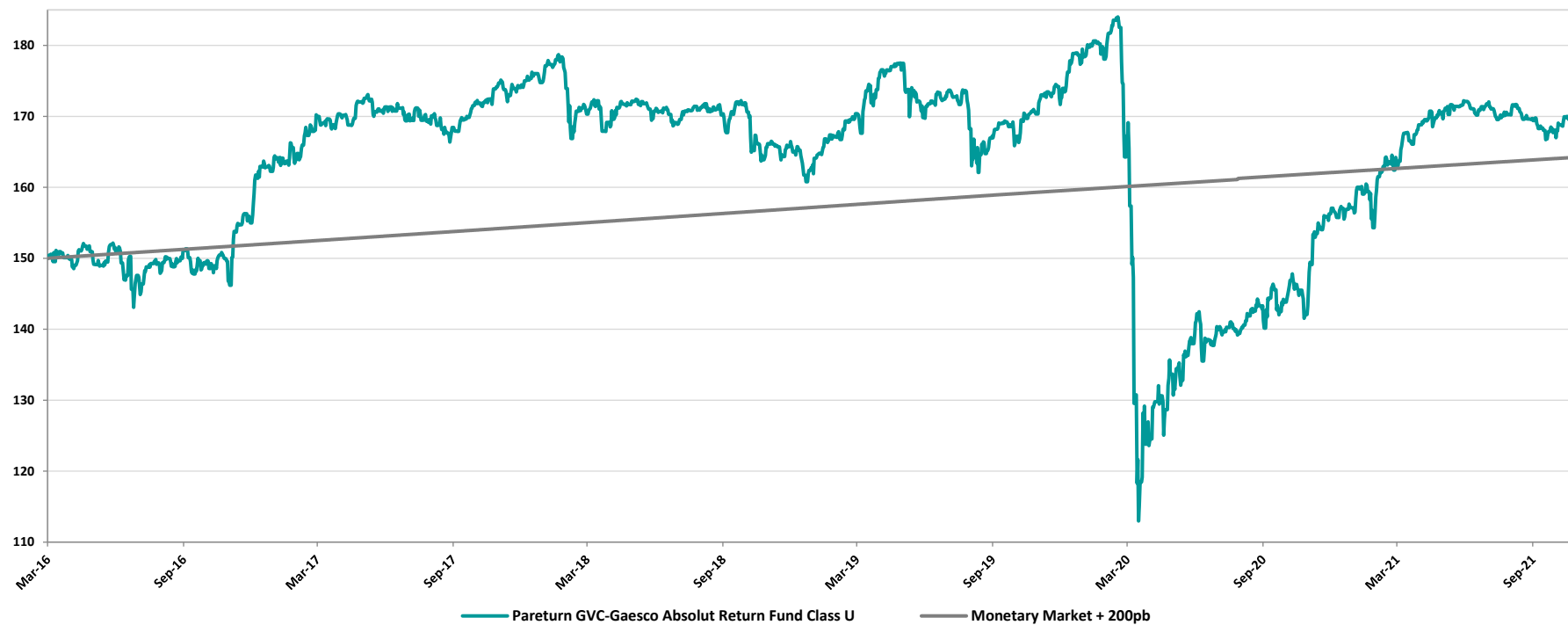
Acumulative Return (March 2009 - Jan 2019)			
Fund	Fund	Benchmark	Dif.
GVC Gaesco Retorno Absoluto, FI	71.66%	25.42%	46.24%
GVC Gaesco Patrimonialista, FI	28.62%	25.42%	3.20%

## Absolute Return Performance & Ratios – Jan 2020



	Pareturn GVCGaesco Absolute Return Fund	MSCI World	HFRX Absolute Return	eb.rexx German Gvt. Bonds
CAGR	1.88	4.11	1.24	0.29
Max. Drawdown	-24.58	-54.99	-25.96	-9.49
Sharpe Ratio	0.24	0.33	0.10	-0.16
Total Return	41.04	89.72	27.11	6.23
Volatility	7.58	14.94	9.05	2.81

## Pareturn GVC Gaesco Absolut Return Fund U Class



Year	YTD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Set	Oct	Nov	Dec
2016	8,17%			0,02%	0,61%	0,59%	-3,18%	1,60%	0,54%	-0,52%	0,13%	4,26%	4,05%
2017	7,71%	0,69%	2,86%	1,38%	0,98%	-0,92%	-0,63%	-0,13%	-0,83%	2,25%	1,53%	0,08%	0,28%
2018	-6,87%	1,03%	-2,99%	-1,25%	1,48%	-1,15%	-0,32%	1,12%	-0,48%	0,86%	-3,52%	0,07%	-1,81%
2019	9,09%	2,71%	1,54%	2,38%	2,15%	-4,33%	1,54%	-0,47%	-2,73%	1,36%	0,66%	2,27%	1,92%
2020	-11,51%	0,29%	-7,74%	-22,72%	5,30%	3,20%	0,67%	0,38%	2,77%	0,65%	-1,48%	9,34%	1,15%
2021	9,25%	-1,79%	5,27%	3,49%	1,33%	0,75%	-0,14%	-0,66%	-0,37%	-1,13%	2,35%		

## Useful Data. GVC Gaesco Retorno Absoluto

### ► GVC Gaesco Retorno Absoluto, FI

Category	Retorno Absoluto		A Class	I Class
Risk Profile	Medio - 4 / 7	ISIN	ES0138233038	ES0138233004
Launching date	1/1/2004	Management Fee	1.00% + (0.35% + 7,00% <i>success fee</i> / <i>Master fund</i> )	0.40% + (0,35% + 7,00% <i>success fee</i> / <i>Master Fund</i> )
Benchmark	Euribor a 1 semana + 200 bps	Minimum investment Eur	1	1,000,000
NAV Calculation	Daily	Bloomberg Ticker	FONGAES SM	FONGAES SM
Currency	Eur			
Asset Manager	GVC Gaesco Gestión, SGIC			
Depository Bank	BNP Paribas			

### ► Paretun GVC Gaesco Absolute Return Fund

Category	Absolute Return		G Class	I Class	U Class
Launching Date	03/04/2016	ISIN	LU1144806905	LU1144807119	LU1144806814
Benchmark	Euribor 1 week + 200 bp	Management Fee	1.35% + 7.00% <i>success fee</i>	0,75% + 7,00% <i>success fee</i>	0,35% + 7,00% <i>success fee</i>
NAV calculation	Daily	Minimum investment Eur	300,000	10€	10,000,000
Management Company	MDO	Bloomberg Ticker	PAGARTG LX	PAGARTI LX	PAGARTU LX
Investment Manager	GVC Gaesco Gestión, SGIC				
Transfer Agent	BNP Securities Services Luxembourg				
Depository	BNP Securities Services Luxembourg				
Auditor	Deloitte				
Fund Administration	BNP Securities Services Luxembourg				



## ▶ Asset Management

- Mutual Funds: ES & LU
- SICAVs: ES & LU
- Portfolio Management: ES & LU
- Pension Funds: ES
- Venture Capital: ES

31	ES Mutual Funds
3	LU Mutual Funds
44	ES SICAV
1	LU SICAV
8	Pension Funds
2	Venture Capital Companies
19	Awards in the last 10 years

## Performance Awards



2017  
2015  
2013  
2011  
2009  
2008  
2007  
2006





### Pareturn GVC Gaesco Absolute Return Fund

Funds People stamp in 2018



### GVC Gaesco Gestión, SGIIC

Awarded by European Funds Trophy in Paris as the best Spanish asset manager in the category



### GVC Gaesco TFT, FI

Top performer of the Spanish sectorial funds in 2017



### Bona-Renda, FI

Top 10 performer of the Spanish balanced funds in 2017



### GVC Gaesco Small Caps, FI

Top 10 performer of all the Spanish funds in 2017

# More than 20 awards in the last 10 years: A recognition of the Company's strategy and investment philosophy

## 2018

### GVC Gaesco Gestión, SGIIC

Ranked Best Spanish Asset Management in its category by the European Funds Trophy

Fund: Paretun GVC Gaesco Absolute Return Fund

In 2018 received Funds People's stamp of approval as a featured product

## 2017

Fund: GVC Gaesco Small Caps, FI,  
Category: Among the Top 10 of the most profitable Spanish Mutual Funds 2017

Fund: Bona-Renda, FI  
Category: Among the Top 10 of the most profitable Spanish Mixed Mutual

Fund: GVC Gaesco TFT, FI  
Category: The most profitable Sectoral Spanish Mutual Fund 2017

## 2015

Funds:  
GVC Gaesco Small Caps, FI,  
GVC Gaesco Op. Empresas Inmobiliarias, FI  
GVC Gaesco Japón, FI,  
GVC Gaesco 300 Places Worldwide, FI

Category: Top 20 Best Performing Spanish Investment Funds in 2015

## 2013

Fund: IM 93 Renta, FI  
Award: Morningstar – El Economista  
Category: Mixed Flexible Euro

## 2011

Manager: Jaume Puig – Mejor Gestor de RV última década  
Award: Interactive Data – Expansión XXV Aniversario Expansión  
GVC Gaesco Small Caps, FI  
Category: Equity

## 2009

Fund: Bona Renda, FI  
Award: Eurofonds Fundclass (Le Monde)  
Category: Mixed Equity

## 2008

Fund: Gaesco Fondo de Fondos, FI  
Award: Eurofonds Fundclass (Le Monde)  
Category: Equity

## 2007

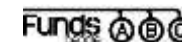
### GVC Gaesco Gestión, SGIIC

Award: Eurofonds Fundclass (Le Monde)  
Category: All Funds

Fund: Gaesco Fondo de Fondos, FI  
Award: Eurofonds Fundclass (Le Monde)  
Category: Equity

Fund: Catalunya Fons, FI  
Award: Eurofonds Fundclass (Le Monde)  
Category: Mixed Equity Spain

Fund: Catalunya Fons, FI  
Award: Eurofonds Fundclass (Le Monde)  
Category: Mixed Equity Europe



## More than 20 awards in the last 10 years: A recognition of the Company's strategy and investment philosophy

### 2006

GVC Gaesco Gestión, SGIC

Award: Lipper – Cinco Días

Category: All Funds

Fund: Gaesco TFT, FI

Award: Standard&Poor's – Expansión

Category: Equity

Fund: Gaesco Fondo de Fondos, FI

Award: Morningstar – Intereconomía

Category: Equity

Fund: Cahispa Emergentes, FI

Award: Morningstar – Intereconomía

Category: Renta Variable

Fund: Bona Renda, FI

Award: Standard&Poor's – Expansión

Category: Mixed Equity

### 2004

GVC Gaesco Gestión, SGIC

Award: Eurofunds Fund Class (Le Monde)

Category: All Funds

GVC Gaesco Gestión, SGIC

Award: Standard&Poor's – Expansión

Category: Best Spanish Equity Asset Management

Funds:

Gaesco Small Caps, FI,

GaescoQuant, FI,

Gaesco Emergentfond, FI,

Gaesco Fondo de Fondos, FI,

Eurofondo, FI,

Bolsalider, FI,

Fondguissona, FI,

Gaesco TFT, FI,

Gaesco Multinacional, FI,

Cahispa Small Caps, FI,

Cahispa Eurovariable, FI,

Cahispa Emergentes, FI,

Cahispa Multifondo, FI

Fund: Fonsglobal Renta, FI

Award: Standard&Poor's – Expansión

Category: Mixed Equity

Fund: FonsManlleu Borsa, FI

Award: Standard&Poor's – Expansión

Category: Mixed Equity

### 2002

Fund: Cahispa Renta, FI

Award: Lipper – Cinco Días

Category: Mixed Fixed Income

### 2001

Fund: Gaesco Fondo de Fondos, FI

Award: Standard&Poor's – Expansión

Category: Equity

Fund: Cahispa Renta, FI

Award: Standard&Poor's – Expansión

Category: Mixed Fixed Income

STANDARD  
& POOR'S

CincoDías

Interactive Data

Expansión

MORNINGSTAR

LIPPER

intereconomía

EUROFONDS

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- Telephone service 914 315 606 / 933 662 727 / 955 328 500 / 961 394 965
- Switchboard telephone / fax 902 237 237 / 915 762 937 / 93 550 47 75
- Corporate e-mail [info@gvcgaesco.es](mailto:info@gvcgaesco.es)

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